

COUNTY OF
SAN BERNARDINO



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

COUNTY OF SAN BERNARDINO
STATE OF CALIFORNIA

FOR THE YEAR ENDED JUNE 30, 2010
LARRY WALKER, AUDITOR-CONTROLLER/RECORDER/
TREASURER/TAX COLLECTOR

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2010**

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



Supervisor Brad Mitzelfelt First District
Supervisor Janice Rutherford Second District
Supervisor Neil Derry Third District
Supervisor Gary Ovitt, Chairperson Fourth District
Supervisor Josie Gonzales, Vice Chairperson Fifth District

Gregory C. Devereaux – Chief Executive Officer

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

**COUNTY OF SAN BERNARDINO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 JUNE 30, 2010**

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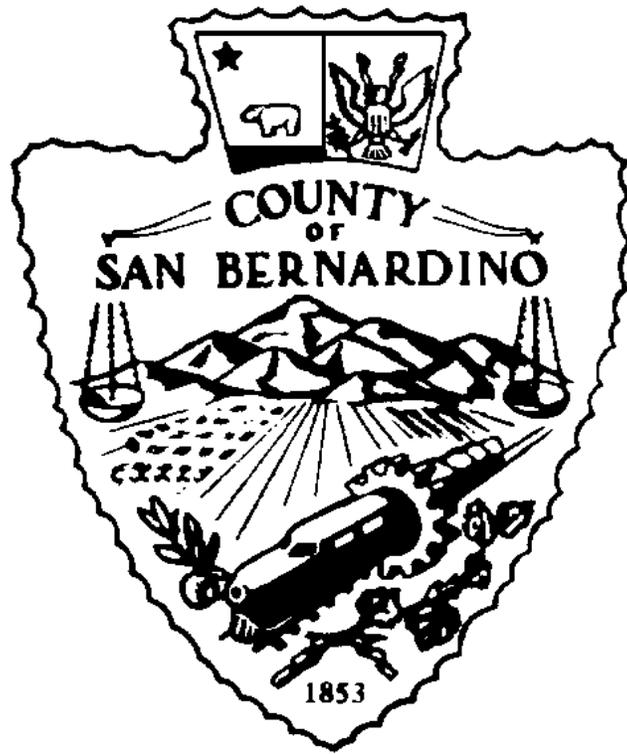
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COUNTY OF
SAN BERNARDINO



AT YOUR SERVICE

INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

AUDITOR-CONTROLLER/RECORDER TREASURER/TAX COLLECTOR COUNTY CLERK



COUNTY OF SAN BERNARDINO

LARRY WALKER
Auditor-Controller/Recorder
Treasurer/Tax Collector
County Clerk

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

TREASURER/TAX COLLECTOR • 172 West Third Street, First Floor
San Bernardino, CA 92415-0360 • (909) 387-8308 • Fax (909) 387-6716

December 17, 2010

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

Honorable Board Members:

The Comprehensive Annual Financial Report of the County of San Bernardino for the fiscal year ended June 30, 2010 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 REPORTING ENTITY AND ITS SERVICES - Continued

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. 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, sanitation, 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/Treasurer/Tax Collector, 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 \$211 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

CASH MANAGEMENT - Continued

market mutual funds, negotiable certificates of deposits and repurchase agreements. The average rate of return on investments during fiscal year 2009-10 was 1.44%.

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, 2010, which is \$16.4 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, 2010 market value analysis indicates an unrealized gain of approximately \$16.4 million. Historically, the Pool has held most of its securities to their respective maturity dates.

At June 30, 2010, approximately \$211 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 \$1.08 billion. The weighted average maturity of all investments at June 30, 2010 was 334 days, with an effective duration of 0.60 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 2009-10. In terms of general fund credit, the County's 2004 and 2008 general fund supported Pension Obligation Bonds received an

DEBT MANAGEMENT - Continued

upgrade from Standard & Poor's in June 2010 from A+ to AA-. In April 2010 Moody's recalibrated the County's long term ratings to a different rating scale, Moody's global ratings scale. As a result of the change in the scale, the Moody's rating on the 2004 and 2008 Pension Obligation Bonds was recalibrated from A2 to Aa3. The following is a summary of the County's short-term borrowing highlights of 2009-10.

SHORT-TERM BORROWING

In July 2009, the County issued Tax and Revenue Anticipation Notes totaling \$165 million. The notes were issued at 2.00% per annum with a yield of 0.40%. Standard & Poor's Rating Service and Moody's assigned ratings of SP-1+ and MIG1 respectively. These notes matured on June 30, 2010. 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 1.70%. It is the County's practice to obtain actuarial studies on an annual basis.

MAJOR INITIATIVES

County Administrative Office Reorganization

The start of the 2010-11 Fiscal Year brought about a significant reorganization in the County Administrative Office designed to improve the flow of information and services from County staff to the Board of Supervisors and in turn to the public. The changes have allowed the Board to focus more on its role as the County's policy-making body by shifting some of the policy-execution functions the Board had accumulated in recent years back to County staff.

The County accomplished this by creating two new units within the County Administrative Office – Intergovernment Relations and Board Projects – and shifting direct supervision of Legislative Affairs from the Board to the County Administrative Officer.

Individual Board members represent the County on the governing bodies of various regional agencies, such as the Southern California Association of Governments and the South Coast Air Quality Management District. These

MAJOR INITIATIVES - Continued

Board members have traditionally received assistance for these duties from members of their own staffs. This practice often inadvertently left other Board members and County staff unaware of the regional agencies' activities and made the learning curve for future Board representatives unnecessarily steep. The Intergovernment Relations unit serves as staff support for Board members on these outside bodies and is tasked with keeping the County informed on issues and policies involving the regional organizations.

The Board Projects unit acts as a liaison between Board offices and County departments to ensure Board offices get the information and assistance they need to serve constituents and complete district-specific projects. This frees up Board members and staff to spend more time working directly with the public and helps keep clear the line between policy-making and policy execution. Moving Legislative Affairs from the Board's supervision to the County Administrative Officer's accomplishes the same objectives.

Fiscal Group Reorganization

In January 2010, the Board of Supervisors unanimously approved the reorganization of operational duties of the County's elected fiscal officers. The new ordinance which went into effect February 25, 2010, transferred the functions of the vacant elected Treasurer-Tax Collector/Public Administrator to the offices of the elected Auditor/Controller-Recorder and Sheriff-Coroner. Also effective, January 3, 2011, is the final phase of the reorganization which will transfer the Recorder-County Clerk functions to the office of the elected Assessor. The final structure creates the new offices of the Auditor-Controller/Treasurer/Tax Collector, Assessor-Recorder-County Clerk, and the Sheriff-Coroner-Public Administrator.

The reorganization enhances fiscal management resources in a larger unified team, integrates related financial functions, and streamlines processes and procedures for greater efficiencies. In addition, the reorganization improves customer service and provides for cost savings with the elimination of duplicate work and overlapping administrative positions.

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 from the prior year. Since that time the County has allocated a minimum of \$15.3 million each year to fund non-major capital projects. 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. For both 2009-10 and 2010-11 the annual allocation for planned future projects has been \$24.0 million.

In recent years the County has cash funded \$166 million in the major capital projects detailed below:

- Remodel of the 6th Floor of the Arrowhead Regional Medical Center to convert administrative office space to medical/surgery space. This project was completed in October 2009 at a cost of \$24.4 million.
- Construction of a new High Desert Government Center in Hesperia. This project was completed in October 2010. It was cash funded in the amount of \$28.2 million.
- Construction of a new medical office building on the site of the Arrowhead Regional Medical Center. This project was completed in September 2010 at a cost of \$25.0 million.
- Construction of a new Central Juvenile Hall. This project has been funded at \$63.6 million and is scheduled for completion in August 2011.
- Purchase of a facility to house a new Crime Lab for the Sheriff-Coroner/Public Administrator. This project has been funded in the 2010-11 adopted budget at \$25.0 million.

In addition to the major capital projects detailed above, design is near completion for a project to expand the Adelanto Adult Detention Facility to increase capacity from 706 to 2,074. The County has received a grant

MAJOR INITIATIVES - Continued

award from the State to fund approximately \$100 million of this project. The County's share of costs is estimated to be approximately \$51.9 million, in addition to what has already been spent on design. The County plans to use cash in specific purpose reserves and/or portions of the County's annual allocation for planned future projects to fund the County's remaining share of this project. The County is also considering a new government center in downtown San Bernardino and is currently reviewing potential sites.

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 2,057,271 in January 2009 to 2,073,149 in January 2010, a mere .8% increase. That is the second 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. These fundamentals have not changed, and forward-looking firms continue to seize the opportunities in the County despite the recession.

Between September of 2008 and September of 2010, the County's labor force declined by 3,800 to 856,700; or .4%. 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 50,600 to 734,700; a 6.4% decrease from a year ago. The unemployment rate climbed from 8.7% in September 2008 to 14.2% September 2010.

The latest official data available indicates that Countywide taxable retail sales declined by 16.5% between the third quarters of 2008 and 2009. The biggest drop came from general merchandise stores, which fell by 17.2%. Auto sales also declined significantly by 15.9%. Economic uncertainty and lack of access to credit severely reduced the purchase of big-ticket items. The dramatic declines in taxable retail sales are having visible impacts on local and State government, but it seems that the worst may be behind us.

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 2011 or even 2012, consumer confidence, which was devastated by the financial crisis of 2008, is unlikely to return to "healthy levels" until several more quarters. 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 2007 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 as low as \$137,000 representing a 64% decline from the peak of the market. It has since rebounded to as much as \$150,000 or higher for the 12 consecutive months ending in September 2010. 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 2009-10, the number of SFR building permits issued was just 1,410; a 9% decline from FY 2008-09 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 2009-10 with 1,120 units permitted for construction. Builders are now seeing multi-family units as more rational for the County. These affordable housing units may sell more quickly in an era of tighter credit.

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 21st century.

LONG-TERM FINANCIAL PLANNING

San Bernardino County's assessed valuation for 2010-11 is down \$7.8 billion, a 4.5% decrease from 2009-10. This is the second consecutive year of assessed valuation declines. For fiscal year 2009-10 assessed valuation was down \$11.2 billion from the previous year, a decrease of 6.2%. The mortgage and economic crisis has resulted in large numbers of foreclosures, a substantial reduction in the median sales price of a home and a reduction in the fair market value of homes, all of which have contributed to the reduction of the County's assessed valuation. The current secured property tax projection for 2010-11 for the County general fund is \$183.5 million. This projection assumes the 4.5% decrease in assessed valuation. This revenue projection has been updated since the adoption of the County's 2010-11 budget, which estimated the assessed valuation decline of 6.7% and secured property tax revenue of \$180.3 million.

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, 2010 general fund reserves totaled \$215 million; \$59.7 million in the general purpose reserve, and a total of \$155.3 million in the specific purpose reserves.

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, coordinates their necessary financing and timing, and estimates operational expenses of the project subsequent to completion.

RELEVANT FINANCIAL POLICIES

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

RELEVANT FINANCIAL POLICIES - Continued

operations for general fund programs based on current service levels and expected future changes to those programs and service levels. 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,

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.

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, 2009. 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.

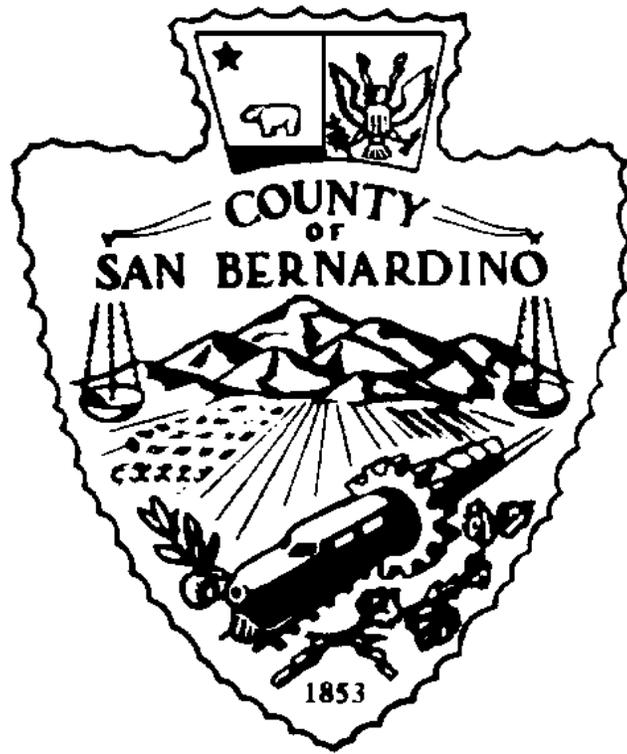
ACKNOWLEDGEMENTS

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/Treasurer/Tax Collector 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/Treasurer/Tax Collector



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

ELECTED OFFICES

COUNTY SUPERVISOR, FIRST DISTRICT BRAD MITZELFELT

COUNTY SUPERVISOR, SECOND DISTRICT *Effective as of December 6, 2010*..... JANICE RUTHERFORD

COUNTY SUPERVISOR, THIRD DISTRICTNEIL DERRY

COUNTY SUPERVISOR, FOURTH DISTRICT (CHAIRPERSON).....GARY C. OVITT

COUNTY SUPERVISOR, FIFTH DISTRICT (VICE CHAIRPERSON)JOSIE GONZALES

ASSESSOR.....DENNIS DRAGER

AUDITOR-CONTROLLER/RECORDER /TREASURER /TAX COLLECTORLARRY WALKER

DISTRICT ATTORNEY MICHAEL A. RAMOS

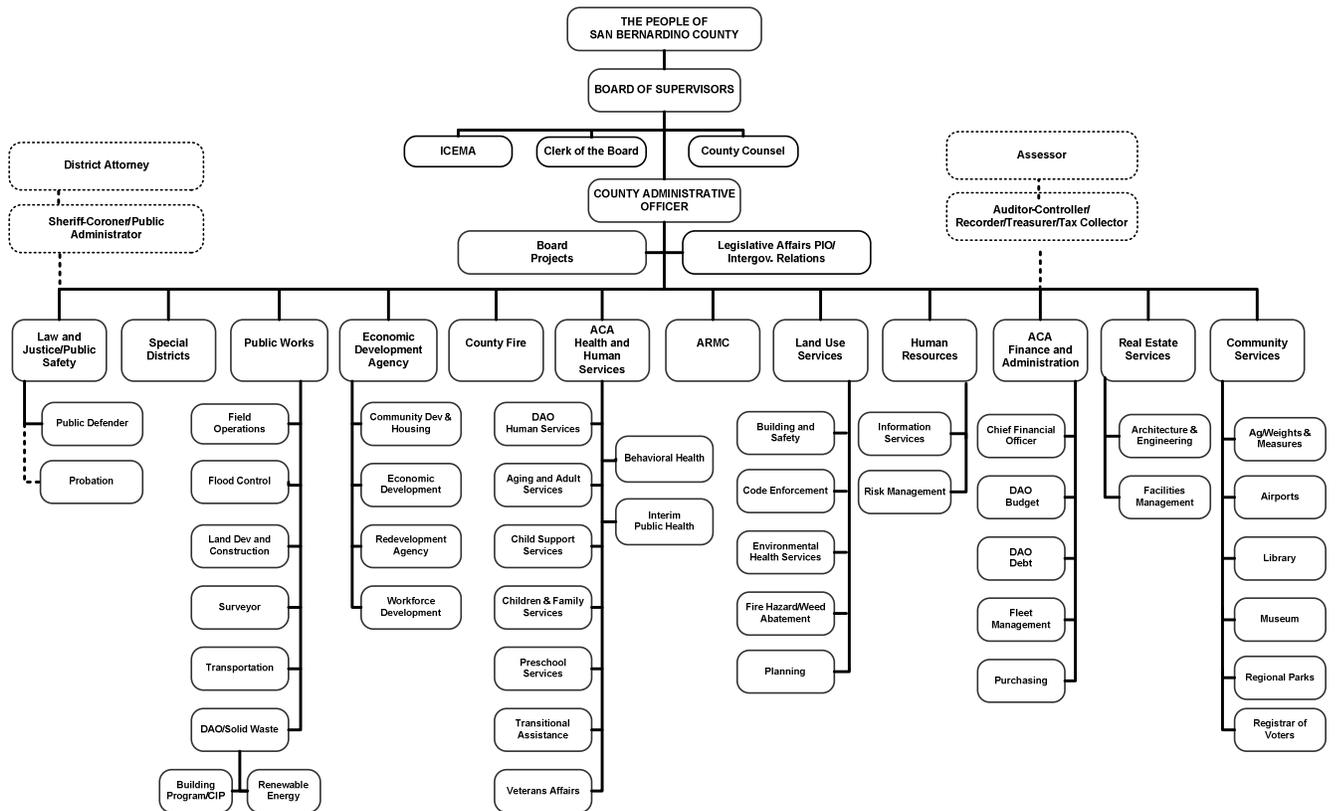
SHERIFF / CORONER / PUBLIC ADMINISTRATOR..... ROD HOOPS

SUPERINTENDENT OF SCHOOLS..... GARY THOMAS

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

APPOINTED

AGING AND ADULT SERVICES	COLLEEN KRYGIER
AGRICULTURAL COMMISSIONER/SEALER	JOHN G. GARDNER
AIRPORTS.....	MICHAEL 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
CHIEF EXECUTIVE OFFICER	GREGORY C. DEVEREAUX
COUNTY COUNSEL	JEAN-RENE BASLE
COUNTY LIBRARIAN.....	ED KIECZYKOWSKI
ECONOMIC DEVELOPMENT AGENCY.....	MARY JANE OLHASSO
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 (INTERIM).....	PHYLLIS KAY MORRIS-GREEN
PUBLIC HEALTH	ALLAN RAWLAND
PUBLIC WORKS	GRANVILLE "BOW" BOWMAN
PURCHASING	LAURIE ROZKO
REAL ESTATE SERVICES.....	DAVID H. SLAUGHTER
REDEVELOPMENT AGENCY	KATHY THOMAS
REGIONAL PARKS	KEITH LEE
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



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, 2009

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.

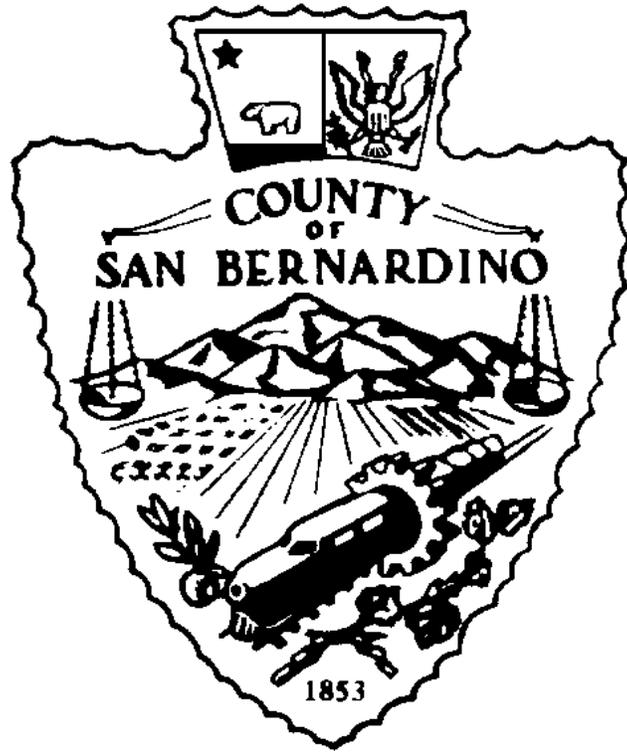


A stylized, handwritten signature in black ink, appearing to be "JHR".

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director



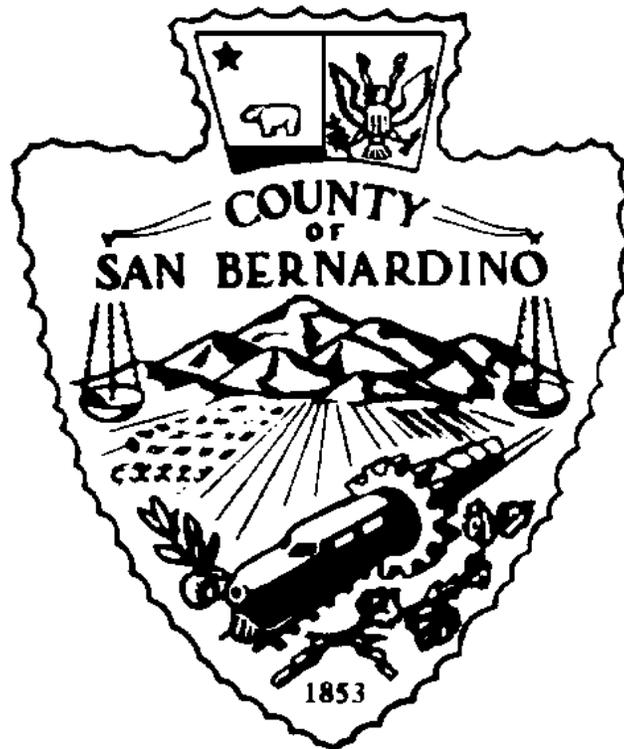
COUNTY OF
SAN BERNARDINO



AT YOUR SERVICE

FINANCIAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT





INDEPENDENT AUDITORS' REPORT

To the Honorable 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, 2010, 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, 2010:

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, 2010, 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 12 to the financial statements, the County has adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, in 2010. As described in Note 3 to the financial statements, the County adopted the provisions of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, in 2010.

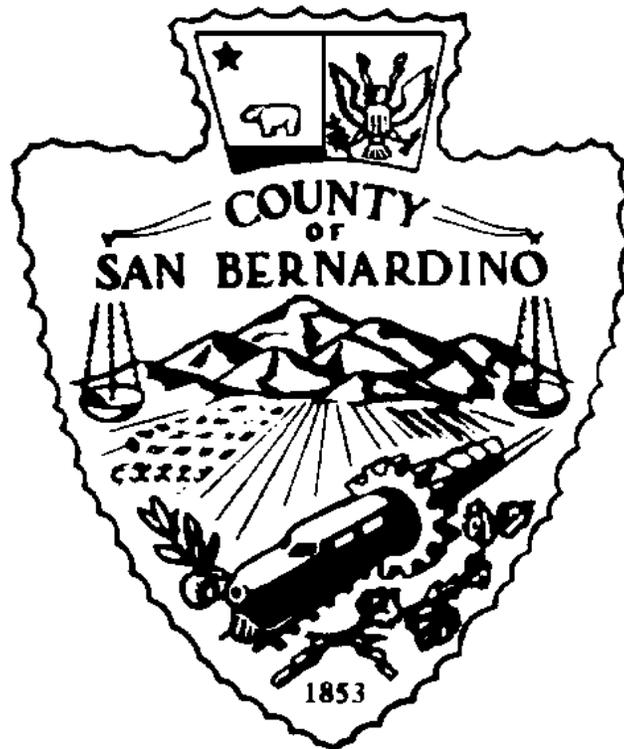
In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2010 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and 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 39 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.

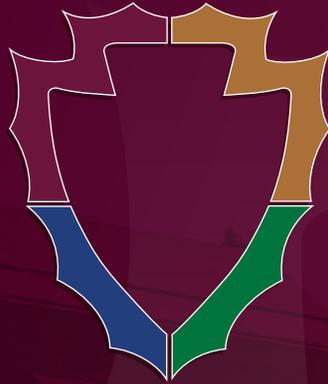
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual non-major fund statements and schedules, and statistical section are presented for purposes of 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.

Vermorel, Tami, Day, Co., LLP

Rancho Cucamonga, California
December 17, 2010



COUNTY OF
SAN BERNARDINO



AT YOUR SERVICE

MANAGEMENT'S DISCUSSION
AND ANALYSIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2010

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, 2010. 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 \$161,310. The net increase is attributable to the \$139,872 increase in governmental activities net assets and the \$21,438 increase in business-type activities net assets.
- As of June 30, 2010, the County governmental funds reported combined fund balances of \$1,168,896, an increase of \$29,094 in comparison with the prior year. Approximately 80% of the combined fund balances, \$935,270 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 \$408,565, or 20.3% of total general fund expenditures. This is a decrease of \$41,367 in comparison with the prior year.
- The County's total capital assets (net of accumulated depreciation) increased by \$94,700 in comparison with the prior year. (See further detail on page 35)
- The County's total long-term debt decreased by \$29,132 in comparison with the prior year. (See further detail on page 37).

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 42-43 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-five 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 classifies and reports the Capital Improvement Fund as a major fund as required by GASB 34.

The governmental fund financial statements can be found on pages 46-48 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 49-51 of this report.

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

Management's Discussion and Analysis (Amounts in thousands)

The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 52-53 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 55 - 109 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 \$2,480,406 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	As Restated		As Restated		As Restated	
	2010	2009	2010	2009	2010	2009
Current and other assets, as restated	\$ 2,450,061	\$ 2,483,984	\$ 342,423	\$ 357,894	\$ 2,792,484	\$ 2,841,878
Capital assets, as restated	1,565,064	1,483,480	578,316	565,200	2,143,380	2,048,680
Total assets	<u>4,015,125</u>	<u>3,967,464</u>	<u>920,739</u>	<u>923,094</u>	<u>4,935,864</u>	<u>4,890,558</u>
Current and other liabilities, as restated	191,929	249,324	55,294	84,771	247,223	334,095
Long-term Liabilities, as restated	1,520,269	1,555,085	687,966	682,282	2,208,235	2,237,367
Total liabilities	<u>1,712,198</u>	<u>1,804,409</u>	<u>743,260</u>	<u>767,053</u>	<u>2,455,458</u>	<u>2,571,462</u>
Net assets:						
Invested in capital assets, net of related debt, as restated	1,318,593	1,218,294	35,704	35,887	1,354,297	1,254,181
Restricted, as restated	804,953	794,489	93,399	37,283	898,352	831,772
Unrestricted, as restated	179,381	150,272	48,376	82,871	227,757	233,143
Total Net Assets	<u><u>\$ 2,302,927</u></u>	<u><u>\$ 2,163,055</u></u>	<u><u>\$ 177,479</u></u>	<u><u>\$ 156,041</u></u>	<u><u>\$ 2,480,406</u></u>	<u><u>\$ 2,319,036</u></u>

The largest portion of the County's net assets of \$1,354,297 reflects investment in capital assets (e.g. land, land use rights, structures and improvements, equipment and software, and infrastructure); less any related debt used to acquire those assets that are 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.

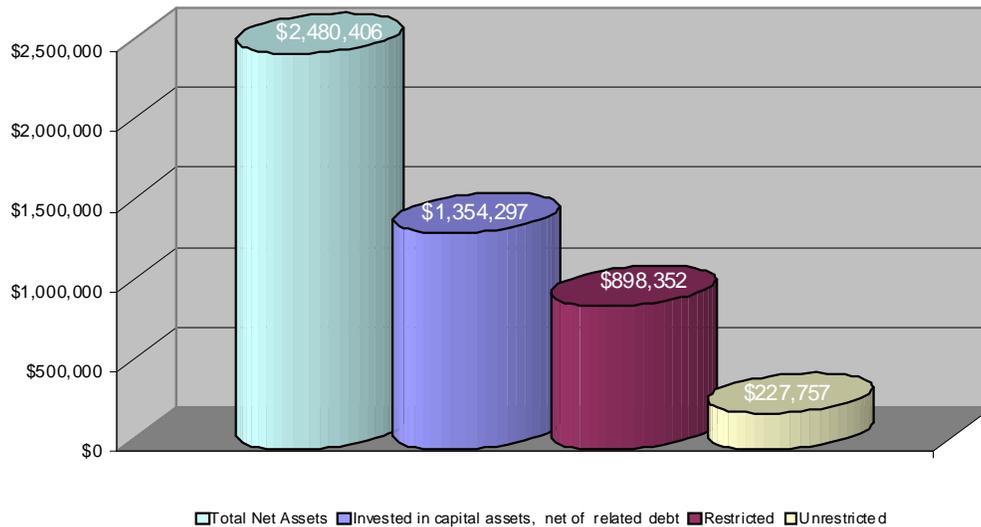
Restricted net assets of \$898,352 represent another significant portion of County net assets. This amount contains external restrictions imposed by creditors, grantors, contributors or laws

Management's Discussion and Analysis (Amounts in thousands)

and regulation of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

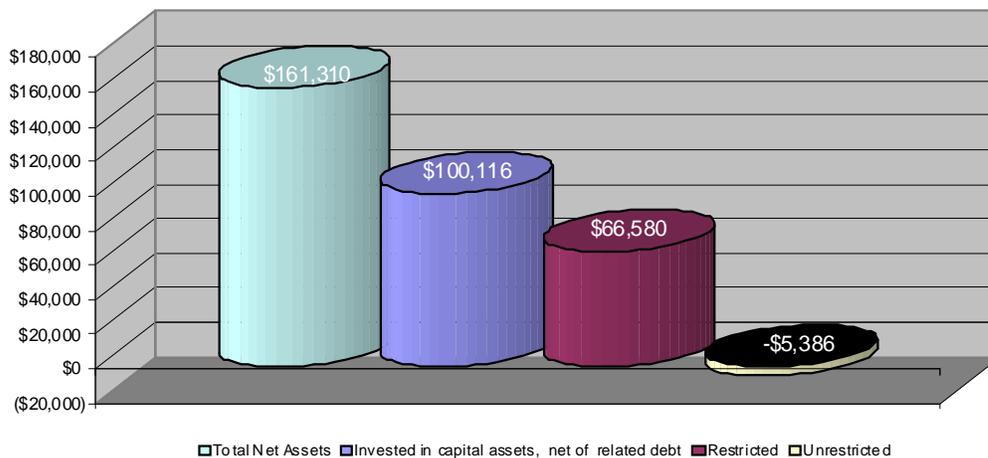
The final component of net assets is unrestricted net assets. Unrestricted net assets are resources that the County may use to meet its current and ongoing obligations to citizens and creditors. The overall unrestricted net assets balance decreased by \$5,386 during the current year. This decrease is primarily a result of restricting the Solid Waste System's assets for closure costs, which exceeded its related liability at June 30, 2010. Meanwhile, the unrestricted portion of net assets for the Solid Waste System also decreased from the prior year.

Net Assets



The County's total net assets increased \$161,310 (\$139,872 increase in governmental activities and \$21,438 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	
	2010	As Restated 2009	2010	As Restated 2009	2010	As Restated 2009
Revenues:						
Program Revenues						
Charges for Services	\$ 429,674	\$ 437,224	\$ 454,091	\$ 446,033	\$ 883,765	\$ 883,257
Operating Grants/Contributions	1,460,508	1,350,074	7,014	8,168	1,467,522	1,358,242
Capital Grants/Contributions	6,576	8,667	19,115	19,554	25,691	28,221
General Revenue						
Property Taxes, Levied for General Purposes	524,857	562,625	3,641	4,500	528,498	567,125
Property Taxes, Levied for Debt Service	15,608	18,528	-	-	15,608	18,528
Public Safety Tax	116,963	126,083	-	-	116,963	126,083
Sales Taxes	17,894	21,992	-	-	17,894	21,992
Other Taxes	12,810	21,847	-	-	12,810	21,847
Unrestricted Revenues from Use of Money and Property	52,445	74,567	8,803	10,182	61,248	84,749
Miscellaneous	59,153	67,055	1,840	13,519	60,993	80,574
Gains on Sale of Capital Assets	2,968	1,655	11	56	2,979	1,711
Total Revenues	2,699,456	2,690,317	494,515	502,012	3,193,971	3,192,329
Expenses:						
General Government, as restated	177,506	177,438	-	-	177,506	177,438
Public Protection, as restated	897,257	921,218	-	-	897,257	921,218
Public Ways and Facilities, as restated	73,251	75,704	-	-	73,251	75,704
Health and Sanitation, as restated	326,590	336,662	-	-	326,590	336,662
Public Assistance, as restated	935,205	882,975	-	-	935,205	882,975
Education	19,693	21,941	-	-	19,693	21,941
Recreation and Cultural Services	22,677	24,697	-	-	22,677	24,697
Interest on Long Term Debt	65,144	83,770	-	-	65,144	83,770
Medical Center, as restated	-	-	441,722	466,933	441,722	466,933
Waste Systems, as restated	-	-	56,688	56,389	56,688	56,389
Water, Sewer, and Sanitation (1)	-	-	16,347	20,885	16,347	20,885
Paramedic and Emergency (1)	-	-	240	307	240	307
Others (1)	-	-	341	287	341	287
Total Expenses	2,517,323	2,524,405	515,338	544,801	3,032,661	3,069,206
Excess (Deficit) before Special Items and Transfers	182,133	165,912	(20,823)	(42,789)	161,310	123,123
Special items	-	-	-	(1,635)	-	(1,635)
Transfers	(42,261)	(61,649)	42,261	61,649	-	-
Change in Net Assets	139,872	104,263	21,438	17,225	161,310	121,488
Net Assets -- Beginning of Year, as restated	2,163,055	2,058,792	156,041	138,816	2,319,096	2,197,608
Net Assets -- End of Year	\$ 2,302,927	\$ 2,163,055	\$ 177,479	\$ 156,041	\$ 2,480,406	\$ 2,319,096

Note: (1) Starting fiscal year 2009-10 business activities previously reported under Other are now reported separately for different identifiable activities, based on the types of goods or services provided.

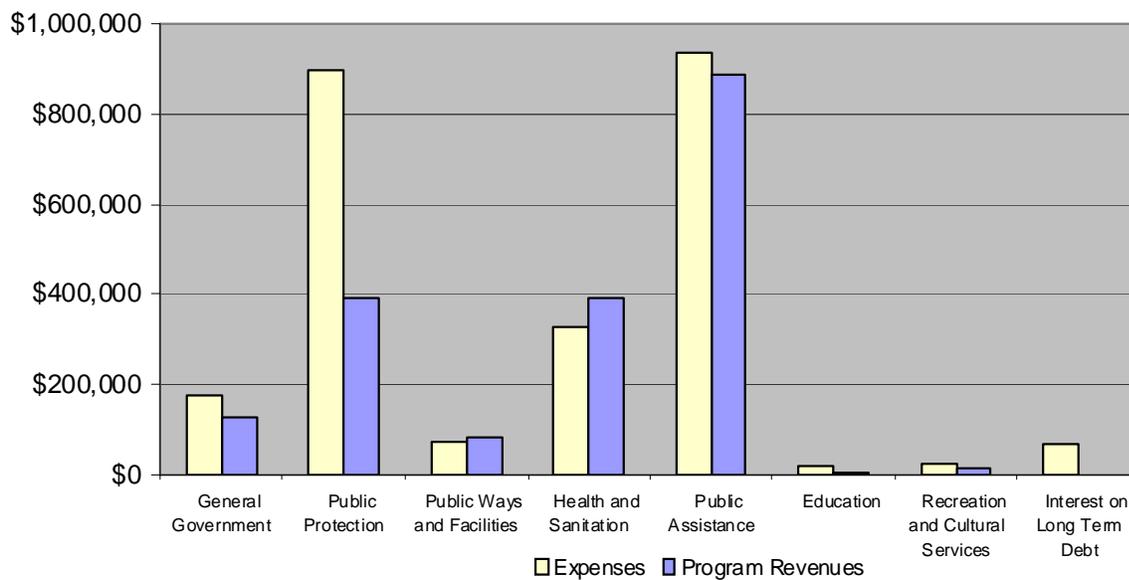
Management's Discussion and Analysis (Amounts in thousands)

Governmental Activities increased the County's net assets by \$139,872. The overall increase in net assets is due to increased amounts in invested in capital assets and restricted assets.

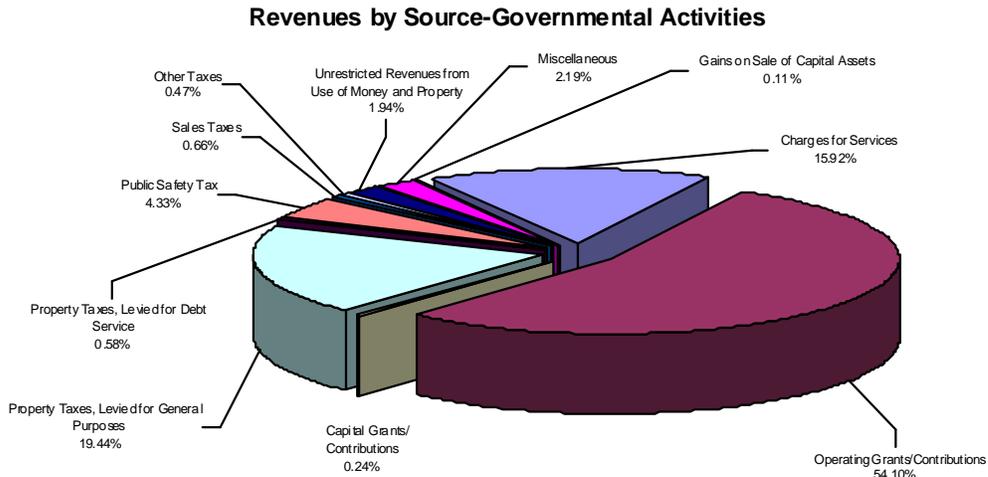
Total revenues of the County's governmental activities increased primarily due to receipt of funding in various state and federal grants to provide health care services, public assistance, public protection, and public ways and facilities. See further discussion on later pages. These increases are partly offset by the decreases in most property related taxes such as current secured, unsecured, and unitary taxes as well as sales related taxes.

Program expenses for the County's governmental activities decreased in salaries and benefits, and services and supplies due to the departmental savings effort resulting from the current economic environment. These decreases are partly offset by increases 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

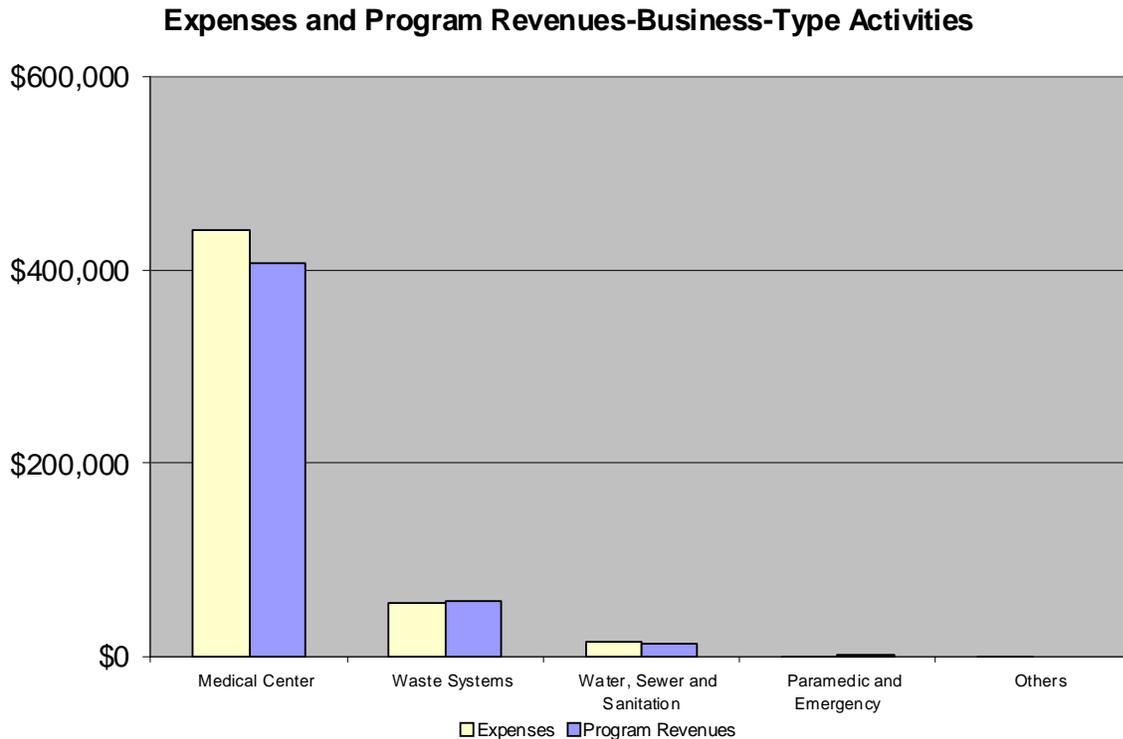


Management's Discussion and Analysis (Amounts in thousands)



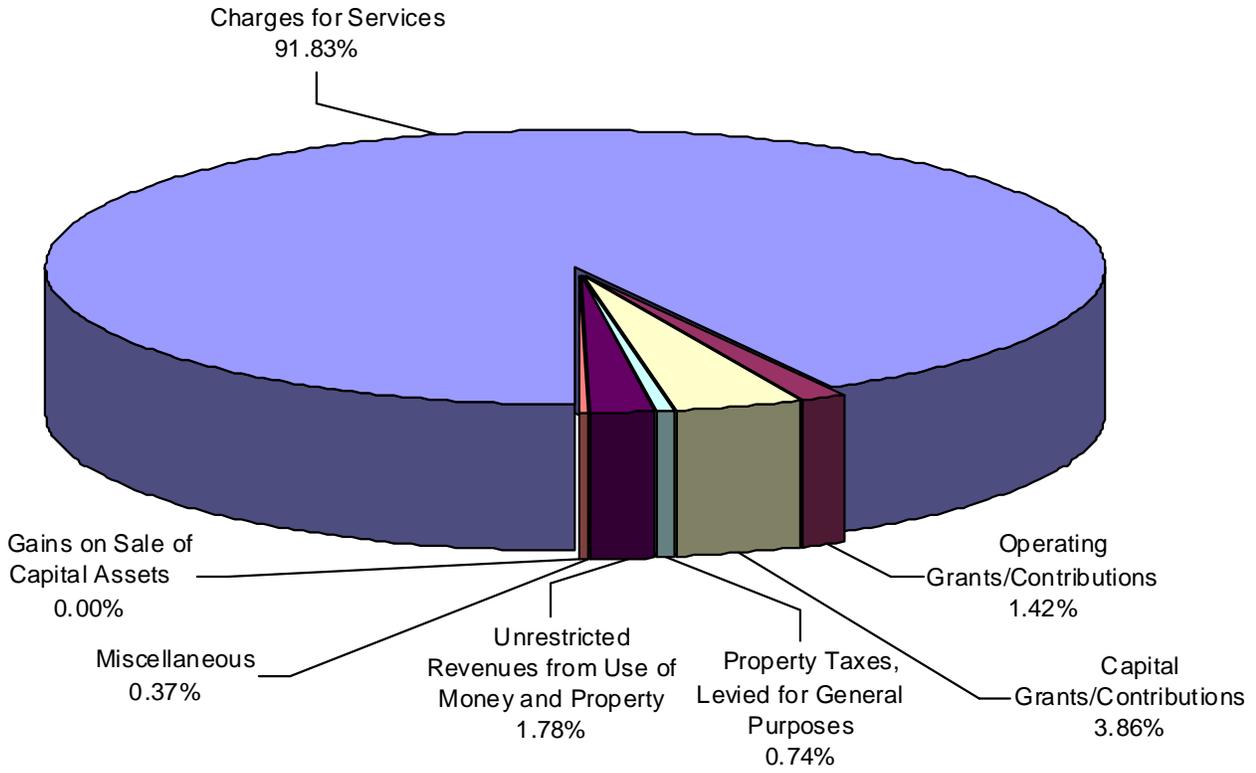
Business-type Activities increased the County's net assets by \$21,438 primarily due to the increase in operating revenues of the Medical Center. The increased net patient care and services revenue of the Medical Center was a result of improved revenue collections.

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



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, 2010, the County's governmental funds reported a total fund balance of \$1,168,896, an increase of \$29,094 in comparison with the prior year. Approximately 80% of the total fund balance, \$935,270 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 \$58,962; 2) to reflect inventories and prepaid assets of \$2,027; 3) to reflect land held for resale of \$21,955; 4) to reflect amounts due as loans and interfund receivable that are long-term in nature of \$56,628 and \$17,516, respectively; 5) to liquidate contractual commitments of the period of \$57,994; 6) to reflect endowments of \$2,201; and 7) to reflect the mandated 1% reserve for property tax losses of \$16,343.

The General fund is the chief operating fund of the County. At June 30, 2010, unreserved fund balance of the General fund was \$408,565 while total fund balance reached \$510,604. 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 20.3% of total fund expenditures, while total fund balance represents 25.3%.

The Capital Improvement Fund accounts for the County's major capital acquisition and construction projects. At June 30, 2010, total fund balance of the Capital Improvement Fund was \$98,314. Of this amount, \$26,995 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 \$408,565 General fund unreserved fund balance, 52.7% is designated. The most significant designations include \$59,734 for General Purpose, \$32,075 for Debt Service (additional reserved designated but not required), \$46,500 for Future Retirement Rate, \$8,367 for Teeter Plan (additional reserve designated but not mandated for property tax losses), and \$55,480 for Future Space Needs. Unreserved undesignated fund balance at year-end was \$193,442.

The total governmental fund balance increased 2.6% or \$29,094 with significant changes in the following funds:

- The fund balance of the Transportation fund increased by \$21 million. The change is primarily due to an increase in revenues from the State Highways User's Tax.

Management's Discussion and Analysis (Amounts in thousands)

- The fund balance of the Special Transportation fund (Measure I) program decreased by \$7 million due to the increase of services and supplies for various roadway resurfacing and widening projects.
- The fund balance of the Mental Health Services Act increased by \$18.6 million. The funding is primarily due to the increase of funds for the Community Service and Support program and Prevention Early Intervention.

Revenues for governmental functions totaled \$2,686,105 in fiscal year 2009-2010, which represents an increase of 0.18% from the prior year.

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

Revenues	2009-10		Over (Under) 2008-09	
	Amount	Percent of Total	Amount	Percent
Taxes, as restated	\$ 684,669	25%	\$ (68,651)	-10%
Licenses, Permits and Franchises	16,959	1%	(7,820)	-46%
Fines, Forfeitures and Penalties	23,877	1%	1,504	6%
Revenues From Use of Money and Property, restated	51,635	2%	(18,267)	-35%
Aid From Other Governmental Agencies	1,464,999	55%	106,256	7%
Charges for Current Services	385,102	14%	(321)	0%
Other Revenues, as restated	58,864	2%	(7,801)	-13%
Total Revenues	\$ 2,686,105	100%	\$ 4,900	

The County's three major funding sources; taxes, aid from other governmental agencies, and charges for current services constitute 94% of all revenues.

Taxes decreased by \$68,651. These revenues are being severely impacted as a result of the mortgage and economic crisis which has had a significant effect on the housing market within the County. The County is continuing to expect a decrease in the assessed valuation of properties within the county. Property related taxes decreased from the prior year by \$40.7 million. Public safety tax (Proposition 172) also decreased from the prior year by \$9.1 million since the County's taxable sales decreased during the current fiscal year.

Aid from other governmental agencies increased by \$106,256. The Human Services Administrative Claim department increased \$13.9 million due to additional assistance from the Federal and State governments to fund social service programs. CalWORKs – All Other Families increased by \$13.2 million due to an increase in aid for public assistance. Transportation had a \$21 million increase in Proposition 1B funds and the Sheriff's Special Projects received a \$10.8 million increase in Federal Grants. Job Employment Services received \$12.1 million in one-time American Recovery and Reinvestment Act (ARRA) funds for four programs. Headstart/Preschool Services increased \$7.4 million mainly due to the receipt of ARRA funds. The Mental Health Services Act increased \$14.2 million due to the increase of funds from the State.

Management's Discussion and Analysis
(Amounts in thousands)

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

Expenditures	2009-10		Over (Under) 2008-09	
	Amount	Percent of Total	Amount Changed	Percent
Current:				
General Government	\$ 164,880	6%	\$ 3,432	2%
Public Protection	876,602	33%	(15,895)	-2%
Public Ways and Facilities	66,084	3%	4,270	6%
Health and Sanitation	324,942	12%	(9,363)	-3%
Public Assistance	930,093	36%	52,748	6%
Education	18,858	1%	(2,125)	-11%
Recreation and Cultural Services	18,697	1%	(2,029)	-11%
Debt Service				
Principal	61,637	2%	12,596	20%
Interest and Fiscal Charges	40,973	2%	(17,340)	-42%
Capital Outlay	116,427	4%	21,242	18%
Total Expenditures	<u>\$ 2,619,193</u>	<u>100%</u>	<u>\$ 47,536</u>	

Total County expenditures increased \$47,536 or 1.85% from the prior year.

Public Protection expenditures decreased by \$15,895. The change was primarily from decreases to salary and benefits of 8.5 million. The changes included the deletion of a number of positions and a decrease to workers compensation costs. Decreases of \$2.6 million in services and supplies were from reductions in postage, general office expense, and non-inventoriable equipment. Funding for the Trial Courts decreased by \$2.4 million.

Public Assistance expenditures increased by \$52,748. The change included a \$12.2 million increase to salaries and benefits, part of which was the conversion of 641 contract employees to the County's payroll and retirement systems. Services and supplies also increased by \$40.5 million for training and summer youth activities & housing related assistance.

Health and Sanitation expenditures decreased by \$9,363. Salaries and benefits decreased by \$10 million due to the deletion or transfer of positions. Services and supplies also decreased by \$3.2 million. Increases in other charges of \$6.9 million were to fund Medi-Cal Managed Care capitation rate increases.

Capital Outlay expenditures increased by \$21,242. The increase is due primarily to the redevelopment/replacement of facilities relating to the Juvenile Detention Center in San Bernardino for \$29.3 million and a decrease of \$9.1 million to the Central Courthouse seismic retrofit/remodel, which is nearing completion.

Management's Discussion and Analysis
(Amounts in thousands)

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

Other Financing Sources (Uses) Governmental Funds	2009-10	Over (Under) 2008-09	
	Amount	Amount Changed	Percent
Transfers to Other Funds	\$ (316,758)	\$ 128,130	-29%
Transfers from Other Funds	275,554	(107,364)	-28%
Inception of Capital Lease Obligations	418	(2,201)	-84%
Sale of Capital Assets	2,968	1,313	79%
Total Other Financing Sources and (Uses)	<u>\$ (37,818)</u>	<u>\$ 19,878</u>	

Total Other Financing Sources and (Uses) decreased by \$19,878.

Transfers to other funds decreased by \$128,130 in 2009-10. The key elements of this decrease are as follows:

- Decrease of \$59.5 million transfer out due to the Central Valley Juvenile Detention and Assessment Center Redevelopment Project in 2008-09.
- Decrease of \$27 million transfer out due to the High Desert Government Center in 2008-09.
- Decrease of \$27.9 million transfer out due to County Fire Reorganization in 2008-09.
- Decrease of \$17.5 million transfer out due to the construction of the new Arrowhead Regional Medical Center medical office building in 2008-09.
- Increase of \$10.9 million transfer out from the Mental Health Services Act (MHSA) to General Fund due to overall increase in program expenditures and new components added to the MHSA, including Prevention and Early Intervention, Work Force Education and Training.

Transfers from other funds decreased by \$107,364 in 2009-10. The key elements of this decrease are as follows:

- Decrease of \$59.5 million transfer in due to the Central Valley Juvenile Detention and Assessment Center Redevelopment Project in 2008-09.
- Decrease of \$27 million transfer in due to the High Desert Government Center in 2008-09.
- Decrease of \$27.9 million transfer in due to County Fire Reorganization in 2008-09.
- Increase of \$10.9 million transfer out from the Mental Health Services Act (MHSA) to General Fund due to overall increase in program expenditures and new components added to the MHSA, including Prevention and Early Intervention, Work Force Education and Training.

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	\$ 2,092,523	\$ 5,437	\$ 588,145	\$ 2,686,105
Expenditures	(2,014,652)	(88,322)	(516,219)	(2,619,193)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>77,871</u>	<u>(82,885)</u>	<u>71,926</u>	<u>66,912</u>
Total Other Financing Sources and (Uses)	<u>(53,523)</u>	<u>30,904</u>	<u>(15,199)</u>	<u>(37,818)</u>
Net Change In Fund Balance	24,348	(51,981)	56,727	29,094
Fund Balance, July 1, 2009 as restated	<u>486,256</u>	<u>150,295</u>	<u>503,251</u>	<u>1,139,802</u>
Fund Balance, June 30, 2010	<u>\$ 510,604</u>	<u>\$ 98,314</u>	<u>\$ 559,978</u>	<u>\$ 1,168,896</u>

In fiscal year 2009-10, the fund balance of total governmental funds increased by \$29,094. 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	\$ 380,954	\$ -	\$ -	\$ 380,954
Charges for Current Services	-	56,865	15,793	72,658
Other	6,968	99	380	7,447
Total Operating Revenues	<u>387,922</u>	<u>56,964</u>	<u>16,173</u>	<u>461,059</u>
Operating Expenses				
Professional Services	42,690	28,096	2,040	72,826
Salaries and Employee Benefits	193,633	7,259	7,424	208,316
Services and Supplies	153,392	16,941	3,828	174,161
Depreciation and Amortization	20,542	4,158	2,539	27,239
Other	1,140	-	779	1,919
Total Operating Expenses	<u>411,397</u>	<u>56,454</u>	<u>16,610</u>	<u>484,461</u>
Operating Income (Loss)	<u>(23,475)</u>	<u>510</u>	<u>(437)</u>	<u>(23,402)</u>
Nonoperating Revenues (Expenses)				
Interest Revenue	6,395	1,856	552	8,803
Interest Expense	(28,191)	(234)	(318)	(28,743)
Tax Revenue	2	-	3,639	3,641
Grant Revenue	19,045	-	116	19,161
Gain (Loss) on Sale of Capital Assets	-	64	(53)	11
Other Nonoperating Revenues	-	37	1,803	1,840
Other Nonoperating Expenses	(2,134)	-	-	(2,134)
Total Nonoperating Revenues (Expenses)	<u>(4,883)</u>	<u>1,723</u>	<u>5,739</u>	<u>2,579</u>
Income (Loss) Before Special Item and Transfers	(28,358)	2,233	5,302	(20,823)
Special Item- Litigation Settlement	-	-	-	-
Transfers to Other Funds	(8,276)	(355)	(3,795)	(12,426)
Transfers from Other Funds	54,514	-	173	54,687
Change in Net Assets	17,880	1,878	1,680	21,438
Net Assets, July 1, 2009, as restated (Note 3)	16,120	42,865	97,056	156,041
Net Assets, June 30, 2010	<u>\$ 34,000</u>	<u>\$ 44,743</u>	<u>\$ 98,736</u>	<u>\$ 177,479</u>

The net increase of \$21,438 in net assets was primarily due to the following reasons:

- The total net assets of the Medical Center increased by \$17,880 primarily due to a \$10,490 increase in net patient care and services revenue were the result of improved revenue collections.
- The total net assets of the Waste System Division and the Other Enterprise Funds increased by \$1,878 and \$1,680 respectively because ongoing and one-time revenues exceeded related expenses.

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 .9%. A net decrease in appropriations of \$205,072 was approved during the fiscal year. The significant components of this net decrease are summarized below:

- On August 11, 2009, the Board adopted a budget amendment for Fiscal Year 2009-2010 which decreased the budget for the Sheriff's department by \$2,680. This decrease was due to reduced revenue from contracted cities for law enforcement services.
- On September 22, 2009, the Board adopted a budget amendment for Fiscal Year 2009-2010 which increased the budget for the Human Services department by \$6,033. This increase was due to ARRA funding received to provide Private Sector Subsidized Employment Services for CalWORKS recipients.
- On April 27, 2010, the Board adopted a budget amendment which decreased the budget for the Land Use Services department by \$3,515. This decrease was due to revenue shortfalls due to a stagnant construction industry.
- On July 27, 2010, the Board adopted a final budget amendment for Fiscal Year 2009-2010 to decrease the contingencies budget for Juvenile Maximum Security by \$4,000. This contingency decrease was used to fund an increase in the Future Space Needs Reserve.
- On July 27, 2010, the Board adopted a final budget amendment for Fiscal Year 2009-2010 to decrease the contingencies budget for Future Space Needs by \$19,600. This contingency decrease was used to fund an increase in the Future Space Needs Reserve.
- On July 27, 2010, the Board adopted a final budget amendment for Fiscal Year 2009-2010 to decrease the budget for the Human Services Department by \$29,327. This decrease was due to salary savings, as well as, a significant decrease in provider payments for In-Home Supportive Services.
- On July 27, 2010, the Board adopted a final budget amendment for Fiscal Year 2009-2010 to decrease the Human Services Public Assistance budget by \$51,490. This decrease was due to reduced CalWORKS program revenue.
- On July 27, 2010, the Board adopted a final budget amendment for Fiscal Year 2009-2010 to decrease the budget for Public Health by \$16,143. This decrease was due to the loss of certain grants and contracts for Public Health programs.
- On July 27, 2010, the Board adopted a final budget amendment for Fiscal Year 2009-2010 to decrease the budget for Behavioral Health by \$36,725. This decrease was due to the delayed start up of certain Mental Health Services Act programs and lower departmental expenditures and contractor payments.
- On July 27, 2010, the Board adopted a final budget amendment for Fiscal Year 2009-2010 to decrease the Sheriff's budget by \$14,381. This decrease was due to a decrease in Proposition 172 sales tax revenue.

Management's Discussion and Analysis

(Amounts in thousands)

- On July 27, 2010, the Board adopted a final budget amendment for Fiscal Year 2009-2010 to decrease the Probation department's budget by \$6,884. This decrease was due to a decrease in Proposition 172 sales tax revenue.
- On July 27, 2010, the Board adopted a final budget amendment for Fiscal Year 2009-2010 which decreased the Health Administration department's budget by \$18,782. This decrease was due to a reduction in State Realignment revenue.
- On July 27, 2010, the Board adopted a final budget amendment for Fiscal Year 2009-2010 which decreased the budget for Trial Court Funding Maintenance of Effort by \$5,700. This decrease was due to the reduction in collection of court fees and traffic fines.

The County's Other Financing Sources/Uses final budget was about half of the original budget. Supplemental appropriations of \$27,732 were approved during the fiscal year. The significant elements of this decrease are summarized below:

- On July 27, 2010, the Board adopted a final budget amendment for Fiscal Year 2009-2010 which decreased Behavioral Health's transfers in budget by \$25,022. This decrease was due to the delayed start up of certain Mental Health Services Act programs.
- On July 27, 2010, the Board adopted a final budget amendment for Fiscal Year 2009-2010 which increased the transfers in budget for Trial Court Funding Maintenance of Effort by \$5,015. This increase was due to the reduction in collection of court fees and traffic fines.
- On July 27, 2010, the Board adopted a final budget amendment for Fiscal Year 2009-2010 which decreased the transfers in budget for the Sheriff's department by \$7,356. This decrease was for due to savings from vacant contract positions, reductions in various services and supplies and reduction in discretionary travel.

General Government and Health and Sanitation account for the largest expenditure variances of \$41,412 and \$32,729, respectively between the final budget and actual expenditures. This is the result of an 8% county wide plan to reduce salary and benefits and services and supplies due to the current economic condition. The following efforts contributed to the reduction in salaries and benefits: delays in hiring, maintaining positions vacant, and a retirement incentive program.

The General fund budget to actual statement can be found on page 48 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, 2010, amounted to \$2,143,380. The County's total related debt used to acquire those assets as of June 30, 2010, amounted to \$789,083. This investment in capital assets less any related debt includes land, land use rights, improvements to land, structures and improvements, equipment and software, development-in-progress (DIP), and infrastructure less bonds and capital leases payable related to those assets.

Management's Discussion and Analysis (Amounts in thousands)

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 \$49,375. The flood control facilities are primarily comprised of the West State Street Drain in the amount of \$13,735, the Sultana/Cypress Storm Drain/Interceptor in the amount of \$8,859, the Cucamonga Basin #6 in the amount of \$7,716, Cactus Basin project in the amount of \$3,782, and the San Timoteo Channel project with a value of \$8,517.
- The Capital Improvement Fund had approximately \$78,140 in additions to DIP comprised of the following large projects: 1) High Desert Government Center in the amount of \$15,785; 2) Remodel of the Courts Jury Assembly Room in the amount of \$4,258; 3) Construction of the Central Juvenile Hall in the amount of \$34,563; 4) Central Courthouse Seismic Retrofit in the amount of \$7,859; and 5) Crestline Library Construction in the amount of \$3,951.
- Infrastructure increased approximately \$14,928. Flood Control had current year acquisitions of \$5,356, included in the amount was the completion of the Mojave River at I-15 Levee for \$3,064. The Transportation department completed infrastructure projects worth \$9,580.
- The primary increases in Equipment and Software consisted of the purchase of computer software in the amount of \$2,596 due to the implementation of GASB Statement No. 51 for Intangible Assets and the purchase of four pieces of Caterpillar road equipment in the amount of \$1,311.

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)
	2010	2009 as restated	2010	2009 as restated	2010	2009	Percent of Change
Land, as restated	\$ 100,247	\$ 98,450	\$ 21,373	\$ 21,288	\$ 121,620	\$ 119,738	1.57%
Land Use Rights (non-amortizable), as restated	10,226	7,833	444	444	10,670	8,277	28.91%
Land Use Rights (amortizable), as restated	-	-	12	12	12	12	0.00%
Development in Progress, as restated	268,200	181,844	65,553	44,032	333,753	225,876	47.76%
Improvement other than Buildings	193,788	185,874	242,904	235,729	436,692	421,603	3.58%
Structures and Improvements	614,786	596,298	515,842	513,942	1,130,628	1,110,240	1.84%
Equipment and Software, as restated	288,066	280,532	123,331	117,520	411,397	398,052	3.35%
Infrastructure, as restated	1,178,516	1,163,588	-	-	1,178,516	1,163,588	1.28%
Accumulated Depreciation, as restated	(1,088,765)	(1,030,939)	(391,143)	(367,767)	(1,479,908)	(1,398,706)	5.81%
Total	<u>\$ 1,565,064</u>	<u>\$ 1,483,480</u>	<u>\$ 578,316</u>	<u>\$ 565,200</u>	<u>\$ 2,143,380</u>	<u>\$ 2,048,680</u>	<u>4.62%</u>

Additional information on the County's capital assets can be found on Note 9 on pages 83-84 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.

Management's Discussion and Analysis (Amounts in thousands)

Long-term debt

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

- Issued Refunding Certificates of Participation, Arrowhead Refunding Project Series 2009A and 2009B totaling \$288,730. Outstanding Certificates of Participation totaling \$263,800 (Medical Center Project Series 1994, Series 1995 and Series 1998) were defeased with the proceeds from the new 2009A and 2009B Refunding Certificates.
- Principal payments made on Certificates of Participation, Bonds and Notes totaling \$81,128.
- Amortization of deferred amount of refunding and discounts totaling \$48,913.
- Amortization of premium totaling \$700.
- The estimated liability for closure/postclosure care costs increased by \$2,948.
- The estimated liability for litigation and self-insured claims decreased by \$4,547.
- The pollution remediation obligation decreased by \$4,609.
- Termination benefits decreased by \$1,588.

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)
	2010	2009 as restated	2010	2009	2010	2009	Percent of Change
Certificates of Participation, Net	\$ 140,708	\$ 155,801	\$ 537,969	\$ 530,325	\$ 678,677	\$ 686,126	-1.09%
General Obligation Bonds	-	-	1,440	1,570	1,440	1,570	-8.28%
Revenue Bonds, Net	441,447	448,874	-	-	441,447	448,874	-1.65%
Other Bonds and Notes	625,756	637,450	2,673	2,823	628,429	640,273	-1.85%
Compensated Absences	154,329	147,779	13,662	12,582	167,991	160,361	4.76%
Termination Benefits Payable	5,205	6,523	471	741	5,676	7,264	-21.86%
Capital Lease Obligations	2,591	3,231	530	1,359	3,121	4,590	-32.00%
Licensing Agreement Obligations, as restated	290	256	-	-	290	256	13.28%
Pollution Remediation Obligations	-	-	28,593	33,202	28,593	33,202	-13.88%
Estimated Liability for							
Litigation and Self-Insured Claims	145,394	149,941	-	-	145,394	149,941	-3.03%
Estimated Liability for Closure/ Postclosure Care Cost	-	-	102,628	99,680	102,628	99,680	2.96%
Other Long-Term Liabilities	4,549	5,230	-	-	4,549	5,230	-13.02%
Total	\$ 1,520,269	\$ 1,555,085	\$ 687,966	\$ 682,282	\$ 2,208,235	\$ 2,237,367	-1.30%

Additional information on the County's long-term debt can be found in Note 11 on pages 86-95 of this report.

ECONOMIC FACTORS AND BUDGETING

The Board of Supervisor adopted the County's final budget on June 28, 2010. 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

Management's Discussion and Analysis (Amounts in thousands)

2011 is \$3.8 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 \$2.3 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 \$2.3 billion, the Board of Supervisors has discretion over \$657.2 million.

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

1. An overall increase from prior year revised budget exists in State and Federal Aid. The significant increases are to Human Services – Administration Claim; Community Development and Housing Department and Public Works – Transportation - Road Operations.
2. Three major health programs are focused on the concept of “co-location” , whereby they are centrally located and easily accessed in one building in order to provide a one-stop venue for county health services. These services would include primary care from Arrowhead Regional Medical Center (ARMC), comprehensive out-patient mental health services from the Department of Behavioral Health, and immunizations and other key Public Health services.
3. The Capital Improvement Program (CIP) includes funding for the construction of a new fire station for the Ludlow/Amboy area, improvements to animal control facilities in the county and increase budget for the new Joshua tree Office Buildings. Major carryover projects include the new Central juvenile Hall facility, the development of the High Desert Government Center in Hesperia and the Arrowhead Regional Medical Office Building in Colton.
4. The general fund budget process begins with a five-year operating forecast developed by the County Administrative Office. The forecast highlights what costs are planned to be incurred and the revenue projections in the upcoming fiscal year as well as the next four fiscal years. An operating budget is adopted each fiscal year for all Governmental Funds. Expenditures are controlled at the appropriation unit level. Any increases require Board of Supervisors approval with a four-fifths vote necessary for approval.
5. The county's 2010-11 Adopted Budget does not include any potential impacts of the 2010-11 State Budget.
6. Population growth related service level demand combined with national and local economic conditions present the following financing issues:
 - Jail expansion
 - Hospital expansion
 - Information Technology System
 - State/federal financing issues
 - Transportation project

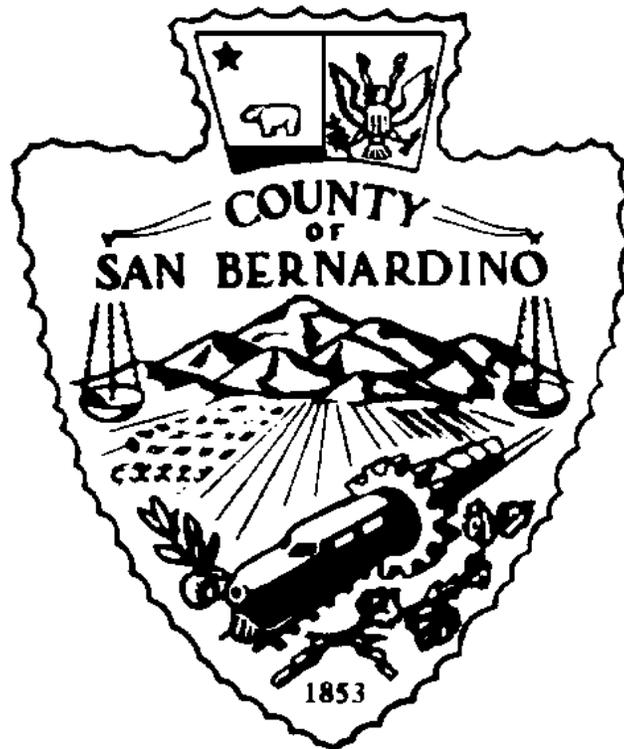
Management's Discussion and Analysis

(Amounts in thousands)

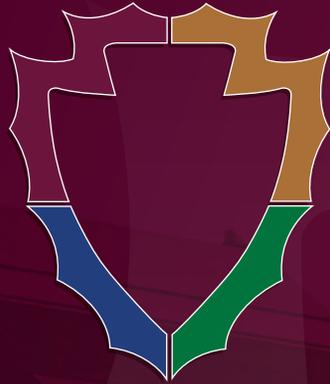
- Building needs
- Economic and redevelopment needs
- Economic slowdown
- Decreases in the taxable values of properties

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/Treasurer/Tax Collector Office, 222 W. Hospitality Lane, County of San Bernardino, California, 92415.



COUNTY OF
SAN BERNARDINO

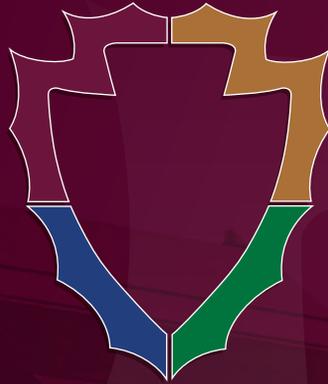


AT YOUR SERVICE

BASIC FINANCIAL STATEMENTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

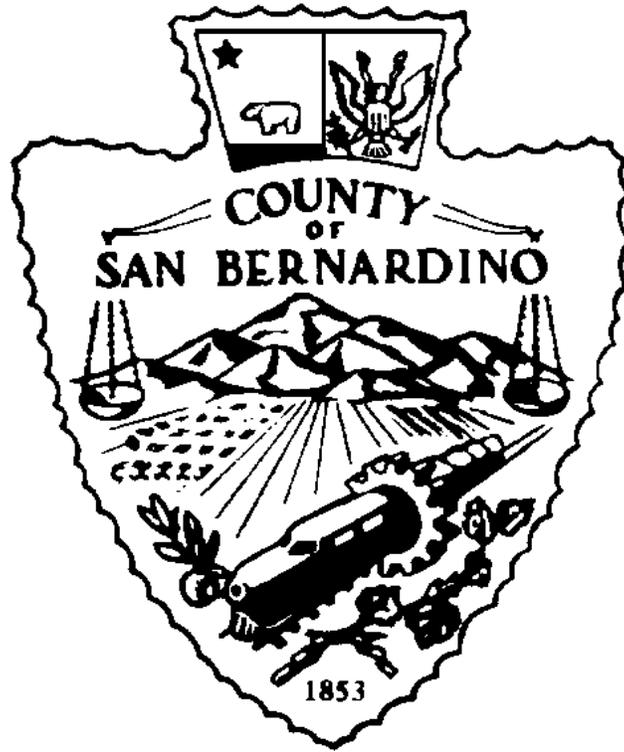
COUNTY OF
SAN BERNARDINO



AT YOUR SERVICE

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



COUNTY OF SAN BERNARDINO
STATEMENT OF NET ASSETS
JUNE 30, 2010 (IN THOUSANDS)

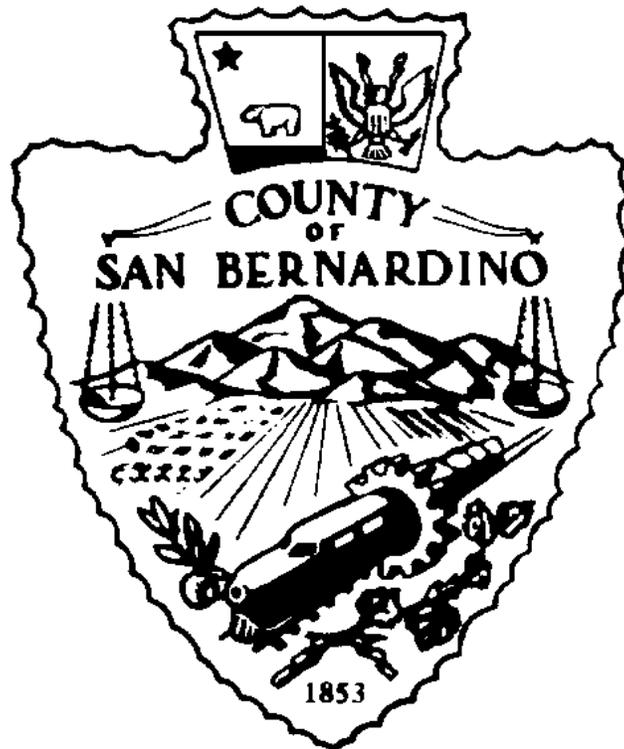
	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 SAN BERNARDINO
ASSETS				
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 1,297,868	\$ 146,017	\$ 1,443,885	\$ 97,809
INVESTMENTS	9,357	-	9,357	-
ACCOUNTS RECEIVABLE, NET (NOTE 2)	7,392	42,772	50,164	-
TAXES RECEIVABLE (NOTE 2)	63,724	238	63,962	-
INTEREST RECEIVABLE	7,818	-	7,818	-
LOAN RECEIVABLE	57,177	-	57,177	-
OTHER RECEIVABLES	8,738	296	9,034	-
DUE FROM OTHER GOVERNMENTS	177,729	46,575	224,304	4,919
INTERNAL BALANCES	31,725	(31,725)	-	-
LAND HELD FOR RESALE (NOTE 2)	21,955	-	21,955	-
INVENTORIES	2,672	1,426	4,098	-
PREPAID ITEMS	6,589	5,139	11,728	29
DEFERRED CHARGES	9,998	5,852	15,850	-
RESTRICTED CASH AND INVESTMENTS (NOTES 6 & 8)	5,931	125,601	131,532	-
OTHER ASSETS	-	232	232	-
PREPAID PENSION ASSET	741,388	-	741,388	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:				
LAND (NOTE 9)	100,247	21,373	121,620	-
LAND USE RIGHTS (NOTE 9)	10,226	444	10,670	-
DEVELOPMENT IN PROGRESS (NOTE 9)	268,200	65,553	333,753	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
LAND USE RIGHTS (NOTE 9)	-	12	12	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 9)	1,987,090	758,746	2,745,836	-
EQUIPMENT AND SOFTWARE (NOTE 9)	288,066	123,331	411,397	17
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 9)	(1,088,765)	(391,143)	(1,479,908)	(17)
TOTAL ASSETS	4,015,125	920,739	4,935,864	102,757
LIABILITIES				
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	58,319	30,522	88,841	56
SALARIES AND BENEFITS PAYABLE	42,421	7,527	49,948	83
DUE TO OTHER GOVERNMENTS	55,443	4,116	59,559	2,981
INTEREST PAYABLE	16,383	13,088	29,471	-
DEFERRED REVENUE	19,363	41	19,404	-
NONCURRENT LIABILITIES (NOTE 11):				
PORTION DUE PAYABLE IN ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	98,596	9,806	108,402	-
TERMINATION BENEFITS PAYABLE	1,254	118	1,372	-
POLLUTION REMEDIATION OBLIGATIONS	-	3,927	3,927	-
COP BONDS AND NOTES PAYABLE (NOTE 11)	66,051	24,640	90,691	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 13)	914	429	1,343	-
LICENSING AGREEMENT OBLIGATIONS (NOTE 11)	290	-	290	-
OTHER LONG TERM LIABILITIES (Note 11)	3,681	-	3,681	-
ESTIMATED LIABILITY FOR CLOSURES POST-CLOSURE				
CARE COSTS (NOTES 11 & 16)	-	9,336	9,336	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED				
CLAIMS (NOTES 10 & 11)	39,715	-	39,715	-
PORTION DUE OR PAYABLE AFTER ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	55,733	3,856	59,589	146
TERMINATION BENEFITS PAYABLE (NOTE 11)	3,951	353	4,304	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	24,666	24,666	-
COP BONDS AND NOTES PAYABLE, NET (NOTE 11)	1,141,860	517,442	1,659,302	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 13)	1,677	101	1,778	-
OTHER LONG TERM LIABILITY (NOTE 11)	868	-	868	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE				
CARE COSTS (NOTES 11 & 16)	-	93,292	93,292	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED				
CLAIMS (NOTE 10 & 11)	105,679	-	105,679	-
TOTAL LIABILITIES	1,712,198	743,260	2,455,458	3,266
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT RESTRICTED (NOTE 5)	1,318,593	35,704	1,354,297	-
LEGALLY SEGREGATED SPECIAL REVENUE FUNDS FOR GRANTS AND OTHER PURPOSES	442,582	-	442,582	-
DEBT SERVICE	58,962	45,176	104,138	-
LANDFILL CLOSURE	-	48,223	48,223	-
CAPITAL PROJECT FUNDS	154,547	-	154,547	-
PERMANENT FUNDS:				
EXPENDABLE	5	-	5	-
NONEXPENDABLE	2,196	-	2,196	-
STATE REALIGNMENT FUNDS	146,661	-	146,661	-
UNRESTRICTED	179,381	48,376	227,757	99,491
TOTAL NET ASSETS	\$ 2,302,927	\$ 177,479	\$ 2,480,406	\$ 99,491

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

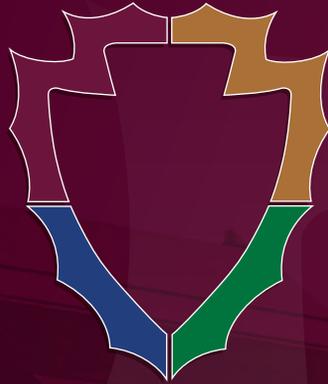
COUNTY OF SAN BERNARDINO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010 (IN THOUSANDS)

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	
PRIMARY GOVERNMENT:								
GOVERNMENTAL ACTIVITIES:								
GENERAL GOVERNMENT	\$ 177,506	\$ 115,911	\$ 8,404	\$ -	\$ (53,191)	\$ -	\$ (53,191)	\$ -
PUBLIC PROTECTION	897,257	231,718	160,938	72	(504,529)	-	(504,529)	-
PUBLIC WAYS AND FACILITIES	73,251	5,518	70,501	4,796	7,564	-	7,564	-
HEALTH AND SANITATION	326,590	63,613	330,099	-	67,122	-	67,122	-
PUBLIC ASSISTANCE	935,205	2,720	886,533	-	(45,952)	-	(45,952)	-
EDUCATION	19,693	1,202	998	-	(17,493)	-	(17,493)	-
RECREATION AND CULTURAL SERVICES	22,677	8,992	3,035	1,708	(8,942)	-	(8,942)	-
INTEREST ON LONG TERM DEBT	65,144	-	-	-	(65,144)	-	(65,144)	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>2,517,323</u>	<u>429,674</u>	<u>1,460,508</u>	<u>6,576</u>	<u>(620,565)</u>	<u>-</u>	<u>(620,565)</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES:								
MEDICAL CENTER	441,722	380,954	6,968	19,045	-	(34,755)	(34,755)	-
WASTE SYSTEMS	56,688	56,964	-	-	-	276	276	-
WATER, SEWER, AND SANITATION	16,347	12,910	46	70	-	(3,321)	(3,321)	-
PARAMEDIC AND EMERGENCY	240	3,117	-	-	-	2,877	2,877	-
OTHERS	341	146	-	-	-	(195)	(195)	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>515,338</u>	<u>454,091</u>	<u>7,014</u>	<u>19,115</u>	<u>-</u>	<u>(35,118)</u>	<u>(35,118)</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 3,032,661</u>	<u>\$ 883,765</u>	<u>\$ 1,467,522</u>	<u>\$ 25,691</u>	<u>(620,565)</u>	<u>(35,118)</u>	<u>(655,683)</u>	<u>-</u>
COMPONENT UNIT								
FIRST 5 SAN BERNARDINO	<u>\$ 26,873</u>	<u>\$ -</u>	<u>\$ 25,575</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,298)</u>
GENERAL REVENUES:								
PROPERTY TAXES, LEVIED FOR GENERAL PURPOSES					524,857	3,641	528,498	-
PROPERTY TAXES, LEVIED FOR DEBT SERVICE					15,608	-	15,608	-
PUBLIC SAFETY TAX					116,963	-	116,963	-
SALES TAXES					17,894	-	17,894	-
OTHER TAXES					12,810	-	12,810	-
UNRESTRICTED REVENUES FROM USE OF MONEY AND PROPERTY					52,445	8,803	61,248	1,082
MISCELLANEOUS					59,153	1,840	60,993	9
GAIN ON SALE OF CAPITAL ASSETS					2,968	11	2,979	-
TRANSFERS					(42,261)	42,261	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					<u>760,437</u>	<u>56,556</u>	<u>816,993</u>	<u>1,091</u>
CHANGE IN NET ASSETS					139,872	21,438	161,310	(207)
NET ASSETS - BEGINNING, AS RESTATED (NOTE 3)					2,163,055	156,041	2,319,096	99,698
NET ASSETS - ENDING					<u>\$ 2,302,927</u>	<u>\$ 177,479</u>	<u>\$ 2,480,406</u>	<u>\$ 99,491</u>

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



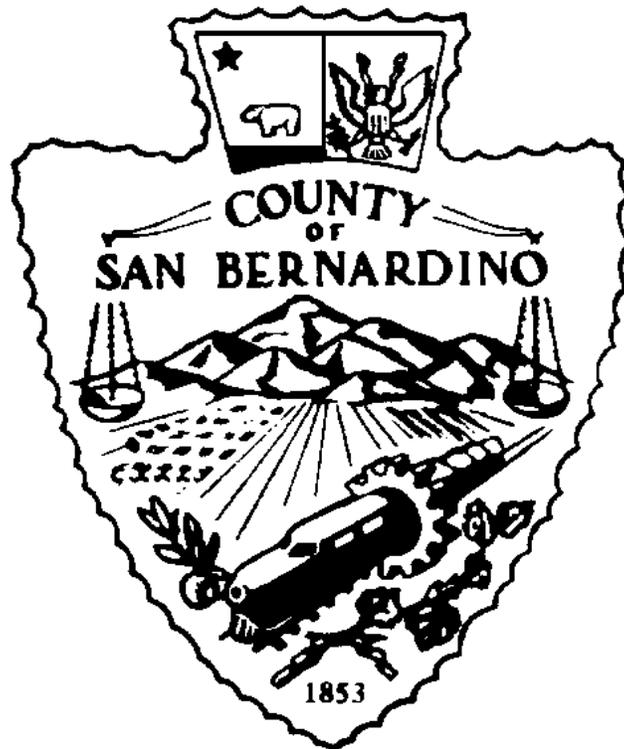
COUNTY OF
SAN BERNARDINO



AT YOUR SERVICE

FUND FINANCIAL
STATEMENTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



COUNTY OF SAN BERNARDINO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010 (IN THOUSANDS)

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 312,162	\$ 103,716	\$ 554,389	\$ 970,267
INVESTMENTS (NOTE 6)	-	-	9,357	9,357
ACCOUNTS RECEIVABLE - NET	3,217	-	3,396	6,613
TAXES RECEIVABLE (NOTE 2)	57,043	-	6,681	63,724
INTEREST RECEIVABLE	10,051	-	179	10,230
LOAN RECEIVABLE	55,213	-	1,415	56,628
OTHER RECEIVABLE	3,375	-	66	3,441
DUE FROM OTHER FUNDS	57,940	1,714	6,797	66,451
DUE FROM OTHER GOVERNMENTS	148,624	226	27,091	175,941
LAND HELD FOR RESALE (NOTE 2)	-	-	21,955	21,955
INVENTORIES	174	-	104	278
PREPAID ITEMS	1,676	-	73	1,749
INTERFUND RECEIVABLE (NOTE 7)	17,516	-	-	17,516
RESTRICTED CASH AND INVESTMENTS (NOTE 6 & 8)	-	-	5,931	5,931
TOTAL ASSETS	\$ 666,991	\$ 105,656	\$ 637,434	\$ 1,410,081
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	\$ 33,297	\$ 7,113	\$ 13,248	\$ 53,658
SALARIES AND BENEFITS PAYABLE	35,251	-	5,978	41,229
DUE TO OTHER FUNDS	7,393	229	28,219	35,841
DUE TO OTHER GOVERNMENTS	48,427	-	6,994	55,421
LOAN PAYABLE	-	-	-	-
INTEREST PAYABLES	-	-	2,412	2,412
DEFERRED REVENUE	32,019	-	6,281	38,300
INTERFUND PAYABLE (NOTE 7)	-	-	14,324	14,324
TOTAL LIABILITIES	156,387	7,342	77,456	241,185
FUND BALANCES (NOTE 5):				
RESERVED FOR:				
ENCUMBRANCES	11,117	26,995	19,882	57,994
PREPAID ITEMS	1,676	-	73	1,749
NONCURRENT INTERFUND RECEIVABLES	17,516	-	-	17,516
LAND HELD FOR RESALE	-	-	21,955	21,955
INVENTORIES	174	-	104	278
LOANS RECEIVABLE	55,213	-	1,415	56,628
DEBT SERVICE	-	-	58,962	58,962
ENDOWMENTS	-	-	2,201	2,201
TEETER	16,343	-	-	16,343
UNRESERVED, REPORTED IN:				
DESIGNATED	215,123	-	17,097	232,220
UNDESIGNATED				
GENERAL FUND	193,442	-	-	193,442
SPECIAL REVENUE FUND	-	-	392,574	392,574
CAPITAL PROJECTS FUND	-	71,319	45,715	117,034
TOTAL FUND BALANCES	510,604	98,314	559,978	1,168,896
TOTAL LIABILITIES AND FUND BALANCES	\$ 666,991	\$ 105,656	\$ 637,434	

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 are not financial resources and, therefore, not reported in the funds. 1,525,572

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. 35,368

Prepaid pension asset 741,388

Internal service funds 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. 217,382

Interest payable (16,383)

Long-term liabilities, including bonds payables are not due and payable in the current period and, therefore not reported in the funds. (1,369,296)

Net assets of governmental activities (page 42) \$ 2,302,927

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, 2010 (IN THOUSANDS)

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
TAXES	\$ 570,456	\$ -	\$ 114,213	\$ 684,669
LICENSES, PERMITS, AND FRANCHISES	16,264	-	695	16,959
FINES, FORFEITURES, AND PENALTIES	11,224	-	12,653	23,877
REVENUE FROM USE OF MONEY AND PROPERTY	39,446	204	11,985	51,635
AID FROM OTHER GOVERNMENTAL AGENCIES	1,139,849	2,783	322,367	1,464,999
CHARGES FOR CURRENT SERVICES	296,998	887	87,217	385,102
OTHER REVENUES	18,286	1,563	39,015	58,864
TOTAL REVENUES	2,092,523	5,437	588,145	2,686,105
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT	148,131	4,772	11,977	164,880
PUBLIC PROTECTION	685,841	-	190,761	876,602
PUBLIC WAYS AND FACILITIES	2,476	-	63,608	66,084
HEALTH AND SANITATION	317,729	-	7,213	324,942
PUBLIC ASSISTANCE	829,729	-	100,364	930,093
EDUCATION	2,877	-	15,981	18,858
RECREATION AND CULTURAL SERVICES	11,999	-	6,698	18,697
DEBT SERVICE:				
PRINCIPAL	537	-	61,100	61,637
INTEREST AND FISCAL CHARGES	1,041	-	39,932	40,973
CAPITAL OUTLAY	14,292	83,550	18,585	116,427
TOTAL EXPENDITURES	2,014,652	88,322	516,219	2,619,193
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	77,871	(82,885)	71,926	66,912
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT (NOTE 7)	(166,473)	(314)	(149,971)	(316,758)
TRANSFERS IN (NOTE 7)	111,760	31,218	132,576	275,554
INCEPTION OF CAPITAL LEASE OBLIGATION (NOTE 11)	418	-	-	418
SALE OF CAPITAL ASSETS	772	-	2,196	2,968
TOTAL OTHER FINANCING SOURCES AND (USES)	(53,523)	30,904	(15,199)	(37,818)
NET CHANGES IN FUND BALANCE	24,348	(51,981)	56,727	29,094
FUND BALANCE, JULY 1, 2009 AS RESTATED (NOTE 3)	486,256	150,295	503,251	1,139,802
FUND BALANCE, JUNE 30, 2010	\$ 510,604	\$ 98,314	\$ 559,978	\$ 1,168,896

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL

\$ 29,094

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.

74,465

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.

23,708

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

10,383

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

(25,048)

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

(28,357)

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.

55,627

Changes in net assets of governmental activities (page 43)

\$ 139,872

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, 2010 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
TAXES	\$ 595,261	\$ 567,811	\$ 570,456	\$ 2,645
LICENSES, PERMITS AND FRANCHISES	24,801	16,261	16,264	3
FINES, FORFEITURES AND PENALTIES	11,317	11,012	11,224	212
REVENUES FROM USE OF MONEY AND PROPERTY	42,068	46,691	39,446	(7,245)
AID FROM OTHER GOVERNMENTAL AGENCIES	1,112,889	1,008,871	1,139,849	130,978
CHARGES FOR CURRENT SERVICES	331,909	313,744	296,998	(16,746)
OTHER REVENUES	16,415	21,845	18,286	(3,559)
TOTAL REVENUES	2,134,660	1,986,235	2,092,523	106,288
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	217,320	187,936	146,524	41,412
PUBLIC PROTECTION	740,634	704,942	684,122	20,820
PUBLIC WAYS AND FACILITIES	2,673	2,476	2,476	-
HEALTH AND SANITATION	409,013	350,863	318,134	32,729
PUBLIC ASSISTANCE	908,622	831,078	828,857	2,221
EDUCATION	4,325	2,877	2,877	-
RECREATION AND CULTURAL SERVICES	12,640	11,982	11,982	-
DEBT SERVICE:				
PRINCIPAL	550	537	537	-
INTEREST AND FISCAL CHARGES	6,589	5,540	1,041	4,499
CAPITAL OUTLAY	11,831	10,894	10,417	477
TOTAL EXPENDITURES	2,314,197	2,109,125	2,006,967	102,158
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(179,537)	(122,890)	85,556	208,446
OTHER FINANCING SOURCES (USES):				
TRANSFERS TO OTHER FUNDS (NOTE 7)	(175,800)	(176,364)	(166,473)	9,891
TRANSFERS FROM OTHER FUNDS (NOTE 7)	145,972	118,474	111,760	(6,714)
INCEPTION OF CAPITAL LEASE OBLIGATIONS (NOTE 11)	418	418	418	-
SALE OF CAPITAL ASSETS	350	680	772	92
TOTAL OTHER FINANCING SOURCES AND (USES)	(29,060)	(56,792)	(53,523)	3,269
NET CHANGE IN FUND BALANCE	(208,597)	(179,682)	32,033	211,715
FUND BALANCE, JULY 1, 2009	467,454	467,454	467,454	-
FUND BALANCE, JUNE 30, 2010	\$ 258,857	\$ 287,772	\$ 499,487	\$ 211,715

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

COUNTY OF SAN BERNARDINO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
ASSETS					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 16,954	\$ 90,008	\$ 39,055	\$ 146,017	\$ 327,601
ACCOUNTS RECEIVABLE, NET (NOTE 2)	32,523	6,619	3,630	42,772	779
TAXES RECEIVABLE	-	-	238	238	-
OTHER RECEIVABLE	-	-	296	296	-
DUE FROM OTHER FUNDS	936	10	874	1,820	942
DUE FROM OTHER GOVERNMENTS	44,665	1,834	76	46,575	1,788
INVENTORIES	1,379	-	47	1,426	2,394
PREPAID ITEMS	2,829	2,310	-	5,139	5,777
TOTAL CURRENT ASSETS	<u>99,286</u>	<u>100,781</u>	<u>44,216</u>	<u>244,283</u>	<u>339,281</u>
NONCURRENT ASSETS:					
DEFERRED CHARGES	5,422	430	-	5,852	-
RESTRICTED CASH AND INVESTMENTS (NOTE 6 & 8)	52,239	73,362	-	125,601	-
OTHER ASSETS	-	232	-	232	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:					
LAND	-	17,735	3,638	21,373	396
LAND USE RIGHTS	-	186	258	444	-
DEVELOPMENT IN PROGRESS	50,279	4,497	10,777	65,553	7,791
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:					
LAND USE RIGHTS	-	12	-	12	-
STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE	515,156	153,290	90,300	758,746	9,017
EQUIPMENT AND SOFTWARE	119,397	1,243	2,691	123,331	80,668
ACCUMULATED DEPRECIATION AND AMORTIZATION	(242,168)	(103,296)	(45,679)	(391,143)	(58,380)
TOTAL NONCURRENT ASSETS	<u>500,325</u>	<u>147,691</u>	<u>61,985</u>	<u>710,001</u>	<u>39,492</u>
TOTAL ASSETS	<u>599,611</u>	<u>248,472</u>	<u>106,201</u>	<u>954,284</u>	<u>378,773</u>
LIABILITIES					
CURRENT LIABILITIES					
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	21,804	7,709	1,009	30,522	4,661
SALARIES AND BENEFITS PAYABLE	7,248	278	1	7,527	1,192
DUE TO OTHER FUNDS (NOTE 7)	31,096	559	698	32,353	1,019
DUE TO OTHER GOVERNMENTS	-	4,096	20	4,116	22
INTEREST PAYABLE	12,679	18	391	13,088	-
DEFERRED REVENUE	-	-	41	41	1,524
COMPENSATED ABSENCES PAYABLE (NOTE 11)	9,306	500	-	9,806	2,722
POLLUTION REMEDIATION OBLIGATIONS	-	3,927	-	3,927	-
BONDS AND NOTES PAYABLE (NOTE 11)	17,380	6,915	345	24,640	-
CAPITAL LEASE OBLIGATIONS (NOTE 11)	429	-	-	429	-
TERMINATION BENEFITS PAYABLE	112	6	-	118	62
LICENSING AGREEMENT OBLIGATIONS (NOTE 11)	-	-	-	-	290
ESTIMATED LIABILITY FOR CLOSURES POST-CLOSURE CARE COSTS	-	9,336	-	9,336	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED	-	-	-	-	39,715
TOTAL CURRENT LIABILITIES	<u>100,054</u>	<u>33,344</u>	<u>2,505</u>	<u>135,903</u>	<u>51,207</u>
NONCURRENT LIABILITIES:					
INTERFUND PAYABLE (NOTE 7)	-	-	1,192	1,192	2,000
COMPENSATED ABSENCES PAYABLE	3,603	253	-	3,856	2,319
TERMINATION BENEFITS PAYABLE	335	18	-	353	186
BONDS AND NOTES PAYABLE	461,518	52,156	3,768	517,442	-
CAPITAL LEASE OBLIGATIONS	101	-	-	101	-
POLLUTION REMEDIATION OBLIGATIONS	-	24,666	-	24,666	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE	-	93,292	-	93,292	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED	-	-	-	-	105,679
TOTAL NONCURRENT LIABILITIES	<u>465,557</u>	<u>170,385</u>	<u>4,960</u>	<u>640,902</u>	<u>110,184</u>
TOTAL LIABILITIES	<u>565,611</u>	<u>203,729</u>	<u>7,465</u>	<u>776,805</u>	<u>161,391</u>
NET ASSETS					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	(36,764)	14,596	57,872	35,704	39,748
RESTRICTED FOR:					
DEBT SERVICE	39,560	5,616	-	45,176	-
LANDFILL CLOSURE	-	48,223	-	48,223	-
UNRESTRICTED	31,204	(23,692)	40,864	48,376	177,634
TOTAL NET ASSETS	<u>\$ 34,000</u>	<u>\$ 44,743</u>	<u>\$ 98,736</u>	<u>\$ 177,479</u>	<u>\$ 217,382</u>

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

COUNTY OF SAN BERNARDINO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010 (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 CHARGES FOR CURRENT SERVICES	\$ 380,954	\$ -	\$ -	\$ 380,954	\$ -
OTHER	6,968	99	380	7,447	-
TOTAL OPERATING REVENUES	<u>387,922</u>	<u>56,964</u>	<u>16,173</u>	<u>461,059</u>	<u>147,269</u>
OPERATING EXPENSES:					
PROFESSIONAL SERVICES	42,690	28,096	2,040	72,826	14,670
SALARIES AND EMPLOYEE BENEFITS	193,633	7,259	7,424	208,316	33,092
SELF-INSURANCE CLAIMS	-	-	-	-	30,013
SERVICES AND SUPPLIES	153,392	16,941	3,828	174,161	47,181
DEPRECIATION AND AMORTIZATION	20,542	4,158	2,539	27,239	8,666
OTHER	1,140	-	779	1,919	503
TOTAL OPERATING EXPENSES	<u>411,397</u>	<u>56,454</u>	<u>16,610</u>	<u>484,461</u>	<u>134,125</u>
OPERATING INCOME (LOSS)	<u>(23,475)</u>	<u>510</u>	<u>(437)</u>	<u>(23,402)</u>	<u>13,144</u>
NONOPERATING REVENUES (EXPENSES)					
INTEREST REVENUE	6,395	1,856	552	8,803	3,338
INTEREST EXPENSE	(28,191)	(234)	(318)	(28,743)	-
TAX REVENUE	2	-	3,639	3,641	-
GRANT REVENUE	19,045	-	116	19,161	4,513
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	-	64	(53)	11	302
OTHER NONOPERATING REVENUES	-	37	1,803	1,840	3,468
OTHER NONOPERATING EXPENSES	(2,134)	-	-	(2,134)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(4,883)</u>	<u>1,723</u>	<u>5,739</u>	<u>2,579</u>	<u>11,621</u>
CHANGE IN NET ASSETS BEFORE TRANSFERS	<u>(28,358)</u>	<u>2,233</u>	<u>5,302</u>	<u>(20,823)</u>	<u>24,765</u>
TRANSFERS OUT (NOTE 7)	(8,276)	(355)	(3,795)	(12,426)	(3,210)
TRANSFER IN (NOTE 7)	54,514	-	173	54,687	2,153
CHANGE IN NET ASSETS	17,880	1,878	1,680	21,438	23,708
TOTAL NET ASSETS, JULY 1, 2009 AS RESTATED (NOTE 3)	<u>16,120</u>	<u>42,865</u>	<u>97,056</u>	<u>156,041</u>	<u>193,674</u>
TOTAL NET ASSETS, JUNE 30, 2010	<u>\$ 34,000</u>	<u>\$ 44,743</u>	<u>\$ 98,736</u>	<u>\$ 177,479</u>	<u>\$ 217,382</u>

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, 2010 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES --	
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:					
CASH RECEIVED FROM PATIENT CARE AND SERVICES	\$ 354,513	\$ 57,393	\$ 17,969	\$ 429,875	\$ 150,347
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(170,407)	(44,821)	(6,622)	(221,850)	(96,231)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(199,460)	(7,516)	(7,429)	(214,405)	(34,494)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(15,354)	5,056	3,918	(6,380)	19,622
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
TAXES RECEIVED	2	-	3,756	3,758	-
GRANTS RECEIVED	-	-	116	116	-
TRANSFERS RECEIVED	54,514	-	173	54,687	2,153
TRANSFERS PAID	(8,276)	(355)	(3,853)	(12,484)	(3,210)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	46,240	(355)	192	46,077	(1,057)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
STATE DEBT SERVICE FUNDING RECEIVED	19,045	-	-	19,045	-
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(27,809)	(6,625)	(3,107)	(37,541)	(12,783)
TERMINATION OF SWAP AGREEMENT	(26,736)	-	-	(26,736)	-
NET PROCEEDS FROM REFUNDING BONDS	26,729	-	-	26,729	-
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	(829)	-	-	(829)	(35)
PRINCIPAL PAID ON LICENSING AGREEMENT OBLIGATIONS	-	-	-	-	(290)
PRINCIPAL PAID ON BONDS AND NOTES	(14,610)	(6,011)	(281)	(20,902)	-
INTEREST PAID ON BONDS AND NOTES	(26,203)	(256)	(229)	(26,688)	-
GRANT REVENUE	-	-	-	-	4,513
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	64	6	70	698
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(50,413)	(12,828)	(3,611)	(66,852)	(7,897)
CASH FLOWS FROM INVESTING ACTIVITIES:					
INTEREST ON INVESTMENTS	6,842	1,856	552	9,250	3,338
NET CASH PROVIDED BY INVESTING ACTIVITIES	6,842	1,856	552	9,250	3,338
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,685)	(6,271)	1,051	(17,905)	14,006
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	81,878	169,641	38,004	289,523	313,595
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 69,193	\$ 163,370	\$ 39,055	\$ 271,618	\$ 327,601

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

OPERATING INCOME (LOSS)	\$ (23,475)	\$ 510	\$ (437)	\$ (23,402)	\$ 13,144
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
DEPRECIATION AND AMORTIZATION	20,542	4,158	2,539	27,239	8,666
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	(2,134)	101	1,803	(230)	3,450
CHANGES IN ASSETS AND LIABILITIES:					
ACCOUNTS RECEIVABLE	(1,079)	82	58	(939)	105
CUSTOMER DEPOSITS	-	-	-	-	-
DUE FROM OTHER FUNDS	32	14	-	46	501
DUE FROM OTHER GOVERNMENTS	(32,406)	145	(65)	(32,326)	(1,097)
OTHER RECEIVABLES	-	86	-	86	-
INVENTORIES	175	-	6	181	(549)
PREPAID ITEMS	(809)	1,436	-	627	205
ACCOUNTS PAYABLE AND OTHER LIABILITIES	1,699	(436)	19	1,282	1,143
SALARIES AND BENEFITS PAYABLE	(17,002)	(247)	(5)	(17,254)	(1,462)
TERMINATION BENEFITS PAYABLE	(264)	(6)	-	(270)	248
DUE TO OTHER FUNDS	27,928	28	-	27,956	-
DUE TO OTHER GOVERNMENTS	-	849	-	849	3
ESTIMATED LIABILITIES FOR CLOSURE/POST CARE CLOSURE COSTS	-	2,949	-	2,949	-
ESTIMATED LIABILITIES FOR LITIGATION AND SELF-INSURANCE CLAIMS	-	-	-	-	(4,547)
POLLUTION REMEDIATION OBLIGATION	-	(4,609)	-	(4,609)	-
COMPENSATED ABSENCES PAYABLE	11,439	(4)	-	11,435	(188)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (15,354)	\$ 5,056	\$ 3,918	\$ (6,380)	\$ 19,622

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

In December 2009, the Medical Center issued the Refunding Certificates of Participation, Series 2009A in the amount of \$243,980 and Series 2009B in the amount of \$44,750. The proceeds from the sale of Series 2009A and 2009B were used to partially refund the Series 1994 and 1995 Bonds, and fully refund the Series 1998 Bonds. The net proceeds from those transactions are shown above

	BREAKDOWN OF CASH AND CASH EQUIVALENTS				
CASH AND CASH EQUIVALENTS	\$ 16,954	\$ 90,008	\$ 39,055	\$ 146,017	\$ 327,601
RESTRICTED CASH AND INVESTMENTS	52,239	73,362	-	125,601	-
	\$ 69,193	\$ 163,370	\$ 39,055	\$ 271,618	\$ 327,601

COUNTY OF SAN BERNARDINO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010 (IN THOUSANDS)

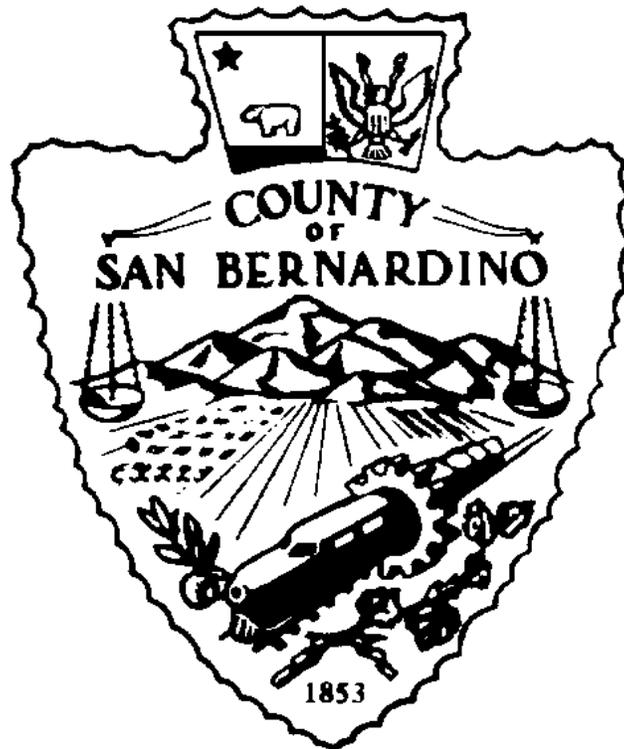
	<u>INVESTMENT TRUST</u>	<u>AGENCY</u>
ASSETS		
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 2,386,958	\$ 264,859
ACCOUNTS RECEIVABLE - NET	30	22,571
TAXES RECEIVABLE	-	145,710
INTEREST RECEIVABLE	16	-
LOANS RECEIVABLE	45	-
DUE FROM OTHER GOVERNMENTS	6,066	33,110
PREPAID ITEMS	<u>160</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 2,393,275</u>	<u>\$ 466,250</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
DUE TO OTHER GOVERNMENTS	\$ -	\$ 466,250
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 466,250</u>
NET ASSETS		
NET ASSETS HELD IN TRUST FOR INVESTMENT POOL PARTICIPANTS	<u>\$ 2,393,275</u>	<u>\$ -</u>

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

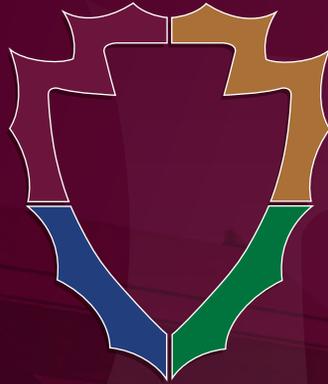
COUNTY OF SAN BERNARDINO
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
 INVESTMENT TRUST FUND
 YEAR ENDED JUNE 30, 2010 (IN THOUSANDS)

	<u>INVESTMENT TRUST FUND</u>
ADDITIONS:	
CONTRIBUTIONS ON POOLED INVESTMENTS	\$ 9,545,102
NET INCREASE IN FAIR VALUE OF INVESTMENTS	(8,654)
INTEREST INCOME ON CASH AND SECURITIES	<u>7,573</u>
TOTAL ADDITIONS	<u>9,544,021</u>
DEDUCTIONS:	
DISTRIBUTIONS FROM POOLED INVESTMENTS	<u>9,744,716</u>
TOTAL DEDUCTIONS	<u>9,744,716</u>
NET DECREASE IN NET ASSETS	(200,695)
NET ASSETS HELD IN TRUST, JULY 1, 2009	<u>2,593,970</u>
NET ASSETS HELD IN TRUST, JUNE 30, 2010	<u>\$ 2,393,275</u>

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



COUNTY OF
SAN BERNARDINO



AT YOUR SERVICE

NOTES TO THE BASIC
FINANCIAL STATEMENTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010
(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/Treasurer/Tax Collector'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, 2010
(Amounts in thousands)

(c) Discretely Presented Component Unit

FIRST 5 San Bernardino, 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

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, 2010
(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, 2010
(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 non-operating 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 non-operating 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, 2010
(Amounts in thousands)

(d) Taxes, Accounts, Loans, Interest and Other Receivables

The \$42,772 accounts receivable balance in the Business-Type Activities column of the statement of net assets at June 30, 2010 is due to the \$32,523 accounts receivable of the Medical Center Fund, net of an allowance for doubtful accounts of \$242,971 and the \$6,619 accounts receivable of the Waste System Division Fund respectively. The \$1,043 accounts receivable balance of the Fire Protection Districts – Ambulance Fund at June 30, 2010 is net of an allowance for doubtful accounts of \$195. The accounts receivable balance of the Crestline Sanitation District Fund is \$718 at June 30, 2010. The accounts receivable balance of the County Service Areas is \$1,869. These funds are reflected as part of the business-type activities on the statement of net assets.

The \$63,724 taxes receivable balance in the Governmental Activities column of the statement of net assets at June 30, 2010 is net of an allowance of doubtful accounts of \$589.

The \$57,177 loans receivable balance in the Governmental Activities column of the statement of net assets is accrued. Of this amount, \$42,993 represents the Teeter advance receivable, \$1,967 is due from other various agencies, and \$12,217 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 \$7,818 interest receivable in the Governmental Activities column of the statement of net assets is accrued. Of this amount, \$7,475 is due from the City of Adelanto Redevelopment Agency.

The \$8,738 other receivables in the Governmental Activities column of the statement of net assets 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.

(e) Due From Other Governments

At June 30, 2010, the Governmental Funds accrued \$175,941 of receivables from other governments, of which, \$118,273 was due from the State of California. Of the amount owed by the State, \$29,629 was for Health Care Services, \$28,357 was for Public Social Services, \$48,162 was for motor vehicle license fees and sales tax monies, and the remaining \$12,125 was for other services. The remaining amount of \$57,668 was due from the federal government and other governmental agencies.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010
(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, 2010, 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>
Governmental Funds			
General Fund			
Developer Deposits	\$ -	\$ 4,924	\$ 4,924
Property Tax Receivable	13,577	-	13,577
Due from governmental agencies	10,148	3,370	13,518
Nonmajor funds			
Property Tax Receivable	6,259	-	6,259
Due from governmental agencies	<u>-</u>	<u>22</u>	<u>22</u>
Total Governmental Funds	<u>\$ 29,984</u>	<u>\$ 8,316</u>	<u>\$38,300</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 2009-10 gross assessed valuation of the County of San Bernardino was \$120,292,968 (after deducting \$53,055,234 for the redevelopment tax allocation increment and \$1,842,083 for the homeowner's exemption value).

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.

COUNTY OF SAN BERNARDINO
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(k) Capital Assets

Capital assets, which include land, structures and improvements, equipment, software, land use rights including easement/right-of-way, 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. 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.

The capitalization threshold for the County is \$5,000 (amount not rounded) except for the following assets:

Structures and Infrastructure: \$100,000 (amount not rounded)
Internally generated software: \$100,000 (amount not rounded)
Easement/right-of-way: \$10,000 (amount not rounded)

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 and software	5 to 15 years

Certain intangible assets with contractual, legal, regulatory or any other factors, which limit the useful lives of those assets, are amortized in accordance with such factors or provisions.

(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.

COUNTY OF SAN BERNARDINO
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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 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, 2010, the land held for resale is being carried at a cost of \$21,955 (Special Revenue Funds at \$11,895 and Capital Project Funds at \$10,060) 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.

COUNTY OF SAN BERNARDINO
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(r) Implemented Accounting Pronouncements

Governmental Accounting Standards Board Statement No, 51

During fiscal year 2010, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. Refer to Note 3 for impact to the financial statements.

Governmental Accounting Standards Board Statement No, 53

During fiscal year 2010, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial reporting for Derivative Instruments*. Refer to Note 3 and 12 for impact to the financial statements.

Governmental Accounting Standards Board Statement No, 58

During fiscal year 2010, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This statement had no impact to the financial statements.

COUNTY OF SAN BERNARDINO
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NOTE 3 – RESTATEMENT OF NET ASSETS

Interest Swap Termination – Arrowhead Regional Medical Center

Net assets as of June 30, 2009 for the Medical Center have been restated due to the implementation of GASB 53, “Accounting and Financial Reporting for Derivative Instruments.” This restatement was required for the interest swap agreement held by the Medical Center as of June 30, 2009. The amount of the restatement represents the fair market value of the interest rate swap as of June 30, 2009.

Intangible Assets

Net Assets as of June 30, 2009 have been restated as a result of the implementation of GASB 51, “Accounting and Financial Reporting for Intangible Assets.” Those assets that meet the definition of intangible assets as defined by GASB 51 are reported as capital assets based on the similar nature and usage of such assets. This pronouncement impacted the Computer Operations Division within the Internal Services Funds, Solid Waste Division and Governmental Activities. The effect of adopting this pronouncement was an increase to net assets at July 1, 2009, as presented on the next page.

Fund Reclassification

The County evaluated its fiduciary funds and reclassified “other agency fund” to a permanent fund. As a result, the County reports an additional fund in “Other Governmental Funds” for the year ended June 30, 2010.

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Restatements to the Fund Financials:

	<u>Medical Center</u>	<u>Waste System Division</u>	<u>Internal Service Funds</u>	<u>Other Governmental Funds</u>
Beginning Fund Balances/Net Assets, as previously reported	\$ 42,856	\$ 42,771	\$ 193,072	\$ 501,657
Capital Assets Not Being Depreciated and Amortized:				
Land Use Rights		94		
Capital Assets Being Depreciated and Amortized:				
Land Use Rights		12		
Equipment and Software	-	-	1,647	-
Accumulated Depreciation and Amortization		(3)	(789)	
Accounts Payable and Other Current Liabilities	-	(9)		
Licensing Agreement Obligations	-		(256)	-
Derivative Instrument - Swap	(26,736)			
Reserved Fund Balance - Endowments				1,594
Beginning Fund Balances/Net Assets, as restated	<u>\$ 16,120</u>	<u>\$ 42,865</u>	<u>\$ 193,674</u>	<u>\$ 503,251</u>

Restatements to the Government-Wide:

	<u>Governmental Activities</u>	<u>Business Activities</u>
Beginning Net Assets, as previously reported	\$ 2,158,298	\$ 182,683
Permanent Fund - Non Expendable	1,594	-
Capital Assets Not Being Depreciated and Amortized:		
Land	(5,324)	
Land Use Rights	7,833	94
Development in Progress	32	-
Capital Assets Being Depreciated and Amortized:		
Land Use Rights	-	12
Equipment and Software	4,117	-
Infrastructure	(1,777)	-
Accumulated Depreciation and Amortization	(1,462)	(3)
Accounts Payable and Other Current Liabilities	-	(9)
Licensing Agreement Obligations	(256)	
Derivative Instrument - Swap		(26,736)
Beginning Net Assets, as restated	<u>\$ 2,163,055</u>	<u>\$ 156,041</u>

COUNTY OF SAN BERNARDINO
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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 46)	Long-Term Assets and Liabilities (1)	Internal Service Funds (2) (Page 49)	Eliminations	Statement of Net Assets Totals (Page 42)
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 970,267	\$ -	\$ 327,601	\$ -	\$ 1,297,868
INVESTMENTS	9,357	-	-	-	9,357
ACCOUNTS RECEIVABLE - NET	6,613	-	779	-	7,392
TAXES RECEIVABLE	63,724	-	-	-	63,724
INTEREST RECEIVABLE	10,230	-	-	(2,412)	7,818
LOANS RECEIVABLE	56,628	549	-	-	57,177
OTHER RECEIVABLES	3,441	5,297	-	-	8,738
DUE FROM OTHER FUNDS	66,451	-	942	(67,393)	-
DUE FROM OTHER GOVERNMENTS	175,941	-	1,788	-	177,729
INTERNAL BALANCES	-	-	-	31,725	31,725
LAND HELD FOR RESALE	21,955	-	-	-	21,955
INVENTORIES	278	-	2,394	-	2,672
PREPAID ITEMS	1,749	-	5,777	(937)	6,589
DEFERRED CHARGES	-	9,998	-	-	9,998
INTERFUND RECEIVABLE	17,516	-	-	(17,516)	-
RESTRICTED CASH AND INVESTMENTS	5,931	-	-	-	5,931
PREPAID PENSION ASSET	-	741,388	-	-	741,388
LAND	-	99,851	396	-	100,247
LAND USE RIGHTS - NOT BEING AMORTIZED	-	10,226	-	-	10,226
DEVELOPMENT IN PROGRESS	-	260,409	7,791	-	268,200
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE	-	1,978,073	9,017	-	1,987,090
EQUIPMENT AND SOFTWARE	-	207,398	80,668	-	288,066
ACCUMULATED DEPRECIATION AND AMORTIZATION	-	(1,030,385)	(58,380)	-	(1,088,765)
TOTAL ASSETS	<u>\$ 1,410,081</u>	<u>\$ 2,282,804</u>	<u>\$ 378,773</u>	<u>\$ (56,533)</u>	<u>\$ 4,015,125</u>
LIABILITIES					
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	\$ 53,658	\$ -	\$ 4,661	\$ -	\$ 58,319
SALARIES AND BENEFITS PAYABLE	41,229	-	1,192	-	42,421
DUE TO OTHER FUNDS	35,841	-	1,019	(36,860)	-
DUE TO OTHER GOVERNMENTS	55,421	-	22	-	55,443
INTEREST PAYABLE	2,412	16,383	-	(2,412)	16,383
DEFERRED REVENUE	38,300	(19,524)	1,524	(937)	19,363
INTERFUND PAYABLE	14,324	-	2,000	(16,324)	-
COMPENSATED ABSENCES PAYABLE	-	149,288	5,041	-	154,329
TERMINATION BENEFITS PAYABLE	-	4,957	248	-	5,205
COP BONDS AND NOTES PAYABLE	-	1,437,004	-	-	1,437,004
CAPITAL LEASE OBLIGATIONS	-	2,591	-	-	2,591
LICENSING AGREEMENT OBLIGATIONS	-	-	290	-	290
OTHER LONG TERM LIABILITIES	-	4,549	-	-	4,549
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED	-	-	145,394	-	145,394
DEFERRED AMOUNT ON REFUNDING	-	(8,694)	-	-	(8,694)
PREMIUM	-	4,539	-	-	4,539
DISCOUNT	-	(224,938)	-	-	(224,938)
TOTAL LIABILITIES	<u>\$ 241,185</u>	<u>\$ 1,366,155</u>	<u>\$ 161,391</u>	<u>\$ (56,533)</u>	<u>\$ 1,712,198</u>
FUND BALANCE/NET ASSETS	<u>1,168,896</u>	<u>916,649</u>	<u>217,382</u>	<u>-</u>	<u>2,302,927</u>
TOTAL LIABILITIES & FUND BALANCE/NET ASSETS	<u>\$ 1,410,081</u>	<u>\$ 2,282,804</u>	<u>\$ 378,773</u>	<u>\$ (56,533)</u>	<u>\$ 4,015,125</u>

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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		\$	99,851		
Land Use Rights - not being amortized			10,226		
Development in Progress			260,409		
Structures, Improvements, and Infrastructure			1,978,073		
Equipment and Software			207,398		
Accumulated Depreciation and Amortization			(1,030,385)		
				\$	1,525,572
(1) Other long-term assets that are not available to pay for current-period expenditures and are therefore deferred in the governmental funds.					35,368
(1) Prepaid Pension Asset					741,388
(1) Interest Payable					(16,383)
(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			(149,288)		
Termination Benefits Payable			(4,957)		
COP Bonds and Notes Payable			(1,437,004)		
Capital Lease Obligations			(2,591)		
Other Long Term Liabilities			(4,549)		
Deferred Amount on Refunding Premium			8,694		
Discount			224,938		
			(1,369,296)		
				\$	916,649
(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.					\$ 217,382
(1) GASB 34 Conversion Entries					
(2) Internal Service Funds reported as part of Governmental Activities					

COUNTY OF SAN BERNARDINO
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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/Treasurer/Tax Collector.

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 special revenue funds for the Job and Employment Services department function, this variance was caused by intra-fund reimbursements (or offsets to expenditures) less than the budgeted amount. Therefore, in fiscal year 2009-10, 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

COUNTY OF SAN BERNARDINO
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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:

	<u>General Fund</u>
Fund balance - budgetary basis	\$ 499,487
Outstanding encumbrances for budgeted funds	11,117
Fund balance - GAAP basis	<u>\$ 510,604</u>

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, 2010, the County reported restricted net assets of \$804,953 in the Governmental Activities restricted for the following purposes:

Restricted for:	<u>Amount</u>
Legally segregated special revenue funds for grants and other purposes	\$ 442,582
Debt Service	58,962
Capital Projects	154,547
Permanent funds	2,201
State Realignment Funds	146,661
	<u>\$ 804,953</u>

- *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.

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, 2010 are reserved or designated for the following purposes:

Reserved Fund Balance

	<u>Governmental Activities</u>			Total
	<u>General Fund</u>	Capital		
		<u>Improvement Fund</u>	<u>Nonmajor Funds</u>	
Encumbrances	\$ 11,117	\$ 26,995	\$ 19,882	\$ 57,994
Prepaid Items	1,676	-	73	1,749
Noncurrent Interfund Receivables	17,516	-	-	17,516
Land Held For Resale	-	-	21,955	21,955
Inventories	174	-	104	278
Loans Receivable	55,213	-	1,415	56,628
Debt Service	-	-	58,962	58,962
Endowments	-	-	2,201	2,201
Teeter Plan	16,343	-	-	16,343
Total	<u>\$ 102,039</u>	<u>\$ 26,995</u>	<u>\$ 104,592</u>	<u>\$ 233,626</u>

Designated Fund Balance

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose	\$ 59,734	\$ 17,097
Debt Service	32,075	-	32,075
Revolving Loans	1,088	-	1,088
Justice Facilities	53	-	53
Future Retirement Rate	46,500	-	46,500
Teeter Plan	8,367	-	8,367
Restitution	1,545	-	1,545
Insurance	3,000	-	3,000
Fire Facilities	2,000	-	2,000
Capital Projects	4,000	-	4,000
Business Process Improvement	1,281	-	1,281
Future Space Needs	55,480	-	55,480
Total Designated Fund Balance	<u>\$ 215,123</u>	<u>\$ 17,097</u>	<u>232,220</u>

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NOTE 6 – CASH AND INVESTMENTS

Cash and investments include the cash balances of 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 \$3,861,983 at June 30, 2010.

As of June 30, 2010, the fair value of the County Pool was \$4.07 billion. Approximately 7.7% 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, 2010, \$211,171 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 external 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, 2010. 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 2010 was 1.44%.

On June 29, 2010, the County purchased Commercial Paper, which was settled on July 1, 2010 for approximately \$25,000. As a result, cash in banks at June 30, 2010 decreased.

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A summary of the investments held by the County as of June 30, 2010, 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	\$ 500,030	\$ 499,764	0.22 % - 1.95%	07/31/10 - 05/15/12	251
U.S. Government Agencies	2,767,526	2,783,537	0.18% - 4.01%	07/01/10 - 05/10/13	417
Negotiable Certificates of Deposit	215,000	214,983	0.15% - 0.59%	07/01/10 - 12/06/10	48
Commercial Paper	274,949	274,957	0.03% - 0.60%	07/01/10 - 10/01/10	14
TLGP Corporate Notes	148,213	148,912	0.22% - 1.74%	07/30/10 - 03/30/12	388
Money Market Mutual Funds	151,001	151,001	0.05%	07/01/10	1
Total Treasurer's Pooled Investments	4,056,719	4,073,154			
Investments Controlled by Fiscal Agents:					
Guaranteed Investment Contracts	9,707	9,707			
Municipal Bonds	8,941	8,941			
Mutual Funds	61,919	61,919			
U.S. Government Agencies	19,032	19,032			
U.S. Treasury Securities	29,990	29,990			
Total Investments Controlled by Fiscal Agents	<u>129,589</u>	<u>129,589</u>			
Total Investments	\$ 4,186,308	\$ 4,202,743			
Cash in Banks:					
Non-Interest Bearing Deposits		<u>131,657</u>			
Total Cash and Investments		\$ 4,334,400			

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

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commercial paper and negotiable certificates of deposit are restricted to the top two ratings issued 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" (AAAe letter rating is acceptable for US Treasury Securities and Federal Agency Securities, including securities issued under TLGP). Limits are also placed on the maximum percentage investment by sector and by individual issuer (see schedule). As of June 30, 2010, all investments held by the County Pool were within policy limits.

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Moody's Rating</u>	<u>Fitch Rating</u>	<u>Maximum Allowed % of Portfolio</u>	<u>Individual Issuer Limitations</u>	<u>Weighted % of Pool 6/30/2010</u>
U.S. Treasury Securities	AAA	Aaa	AAA	100	None	12.27
U.S. Government Agencies	AAA	Aaa	AAA	100	None	68.36
Negotiable Certificates of Deposit	A1+	P1	F1+	30	\$100MM/5%	5.28
Commercial Paper	A1+	P1	F1+	40	5%	6.75
TLGP Corporate Notes	AAA	Aaa	AAA	30	None	3.66
Money Market Mutual Funds	AAA	Aaa	AAA	15	10%	3.68

The County's investments controlled by fiscal agents were rated as of June 30, 2010 as follows:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Moody's Rating</u>	<u>Fitch Rating</u>	<u>Weighted % of Investments 6/30/2010</u>
Guaranteed Investment Contracts	BB-	Ba3	Not Rated	7.49
Municipal Bonds	AAA	Aaa	AAA	6.90
Mutual Funds	AAA	Aaa	N/A	47.78
U.S. Government Agencies	AAA	Aaa	AAA	14.69
U.S. Treasury Securities	AAA	Aaa	N/A	23.14

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, 2010, the following issuers represented more than five-percent of the County Pool balance:

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Federal Home Loan Bank (FHLB)	\$ 844,924	20.75
Federal National Mortgage Association (FNMA)	671,169	16.48
Federal Home Loan Mortgage Corporation (FHLMC)	676,668	16.62
Federal Farm Credit Bank (FFCB)	590,776	14.51

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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.

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, 2010, 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:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Range (Days)</u>	<u>Maturity Limits</u>	<u>Effective Duration</u>
U.S. Treasury Securities	\$ 499,764	31 - 685	5 Years	0.68
U.S. Government Agencies	2,783,537	1 - 1045	5 Years	0.64
Negotiable Certificates of Deposit	214,983	1 - 159	540 days	0.13
Commercial Paper	274,957	1 - 93	270 days	0.04
TLGP Corporate Notes**	148,912	30 - 639	5 Years	1.05
Money Market Mutual Funds	151,001	1	Daily Liq.	0.003
Total Securities	<u>\$ 4,073,154</u>			

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

Weighted average maturity of the investments controlled by fiscal agents, as of June 30 is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Guaranteed Investment Contracts	\$ 9,707	141.75
Municipal Bonds	8,941	12.47
Mutual Funds	61,919	0.00
U.S. Government Agencies	19,032	1.00
U.S. Treasury Securities	29,990	31.45
Total Securities	<u>\$ 129,589</u>	

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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, 2010, the carrying amount of the County's deposits was \$131,657 and the corresponding bank balance was \$91,223. The difference of \$40,434 was primarily due to outstanding warrants, wires and deposits in transit. Of the bank balance, \$100,636 was insured by the FDIC depository insurance and the remainder was collateralized as required by California Government Code Section 53652.

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 SIFMA Global Master Repurchase Agreement and/or Tri-Party Repurchase Agreement before engaging in repurchase agreement transactions.

The County purchased Commercial Paper, which was traded with BNP Paribas for \$25,000 par value on June 29, 2010 and settled on July 1, 2010. The County accounts for this investment accordingly under trade date accounting, even though the security remained in the possession of the counterparty pending settlement as of June 30, 2010.

As of June 30, 2010, Cash and Investments are classified in the accompanying financial statements as follows:

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	Total Governmental Activities	Total Business-type Activities	Total Fiduciary Funds	Discretely Presented Component Unit	Total
Cash and Investments	\$ 1,307,225	\$ 146,017	\$ 2,651,817	\$ 97,809	\$ 4,202,868
Restricted Cash and Investments	5,931	125,601	-	-	131,532
Total Cash and Investments	<u>\$ 1,313,156</u>	<u>\$ 271,618</u>	<u>\$ 2,651,817</u>	<u>\$ 97,809</u>	<u>\$ 4,334,400</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, 2010:

Statement of Net Assets	
Equity of internal pool participants	\$ 1,679,879
Equity of external pool participants:	
Voluntary	211,171
Involuntary	<u>2,182,104</u>
Total Net Assets held for pool participants	<u>\$ 4,073,154</u>
Statement of Changes in Net Assets	
Net Assets at July 1, 2009	\$ 4,182,583
Net change in investments by pool participants	<u>(109,429)</u>
Net Assets at June 30, 2010	<u>\$ 4,073,154</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, 2010 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 25,725
	Nonmajor Enterprise Funds	74
	Capital Improvement Fund	180
	Medical Center	30,564
	Waste Systems Division	537
	Internal Service Funds	<u>860</u>
		<u>57,940</u>
Capital Improvement Fund	General Fund	116
	Nonmajor Governmental Funds	1,083
	Medical Center	410
	Internal Service Funds	<u>105</u>
		<u>1,714</u>
Nonmajor Governmental Funds	General Fund	5,544
	Nonmajor Governmental Funds	530
	Nonmajor Enterprise Funds	609
	Capital Improvement Fund	49
	Medical Center	31
	Waste System Division	17
	Internal Service Funds	<u>17</u>
		<u>6,797</u>
Medical Center	General Fund	<u>936</u>
		<u>936</u>
Waste Systems Division	Nonmajor Governmental Funds	<u>10</u>
		<u>10</u>
Nonmajor Enterprise Funds	General Fund	211
	Nonmajor Governmental Funds	<u>663</u>
		<u>874</u>
Internal Service Funds	General Fund	586
	Nonmajor Governmental Funds	208
	Nonmajor Enterprise Funds	15
	Medical Center	91
	Waste Systems Division	5
Internal Service Funds	<u>37</u>	
		<u>942</u>
Total		<u>\$ 69,213</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.

Interfund Receivable/Payable at June 30, 2010 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Internal Service Funds	\$ 2,000
	Nonmajor Governmental Funds	14,324
	Nonmajor Enterprise Funds	1,192
		\$ 17,516

The payable amount from Nonmajor 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, 2010 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	\$ 54,514
	Non-Major Enterprise	65
		54,579
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	108
		108
Waste System Division	Nonmajor Governmental Funds	355
		355
Medical Center	Nonmajor Governmental Funds	8,274
		8,274
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	3,795
		3,795
	Total	\$ 67,111

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

Transfer Out	Transfer In	
General Fund	Nonmajor Governmental Funds	\$ 91,523
	Capital Improvements Fund	18,339
	Internal Service Funds	2,032
		111,894
Capital Improvements Fund	General Fund	82
	Nonmajor Governmental Funds	232
		314
Internal Service Funds	General Fund	776
	Nonmajor Governmental Funds	1,718
	Capital Improvements Fund	716
		3,210
Medical Center	Capital Improvements Fund	2
		2
Nonmajor Governmental Funds	General Fund	110,902
	Nonmajor Governmental Funds	26,679
	Capital Improvements Fund	12,161
	Internal Service Funds	121
		149,863
	Total	\$ 265,283

(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, 2010 are comprised of the following:

Special Revenue Funds

Flood Control District:

The Flood Control District has set aside a total of \$5,931 of which \$113 is to be used per loan agreement for the Etiwanda / San Sevaine construction project and the amount of \$5,818 is to be used for debt service payments.

Enterprise Funds

Medical Center:

Restricted cash and cash equivalents of \$52,239 represent funds set aside for debt service payments.

Waste System Division:

Restricted cash and cash equivalents of \$73,362 represent funds set aside as specified bond covenants and for groundwater detection, treatment and remediation, and for State mandated site closure and maintenance costs as required by the Department of Resources Recycling and Recovery (CalRecycle) formerly California Integrated Waste Management Board (CIWMB).

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NOTE 9 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 is as follows:

Primary Government

	Balance as restated July 1, 2009	Additions	Deletions	Balance June 30, 2010
Governmental Activities				
Capital assets, non-depreciable/amortizable:				
Land, as restated	\$ 98,450	\$ 2,340	\$ 543	\$ 100,247
Land Use Rights, as restated	7,833	2,393	-	10,226
Development in progress, as restated	181,844	115,377	29,021	268,200
Total assets, non-depreciable/amortizable	<u>288,127</u>	<u>120,110</u>	<u>29,564</u>	<u>378,673</u>
Capital Assets, depreciable/amortizable:				
Improvements other than Buildings	185,874	7,942	28	193,788
Structures and Improvements	596,298	19,154	666	614,786
Equipment and Software, as restated	280,532	29,063	21,529	288,066
Infrastructure, as restated	1,163,588	14,936	8	1,178,516
Total assets-depreciable/amortizable	<u>2,226,292</u>	<u>71,095</u>	<u>22,231</u>	<u>2,275,156</u>
Less accumulated depreciation/amortization for :				
Improvements other than Buildings	89,121	7,897	13	97,005
Structures and Improvements	193,139	16,438	299	209,278
Equipment and Software, as restated	173,375	28,845	19,787	182,433
Infrastructure, as restated	575,304	24,745	-	600,049
Total accumulated depreciation/amortization	<u>1,030,939</u>	<u>77,925</u>	<u>20,099</u>	<u>1,088,765</u>
Total capital assets, depreciable/amortizable, net	<u>1,195,353</u>	<u>(6,830)</u>	<u>2,132</u>	<u>1,186,391</u>
Governmental activities capital assets, net	<u>\$ 1,483,480</u>	<u>\$ 113,280</u>	<u>\$ 31,696</u>	<u>\$ 1,565,064</u>
Business-type Activities				
Capital assets, non-depreciable/amortizable:				
Land, as restated	\$ 21,288	\$ 85	\$ -	\$ 21,373
Land Use Rights, as restated	444	-	-	444
Development in progress	44,032	25,849	4,328	65,553
Total assets, non-depreciable/amortizable	<u>65,764</u>	<u>25,934</u>	<u>4,328</u>	<u>87,370</u>
Capital Assets, depreciable/amortizable:				
Land Use Rights, as restated	12	-	-	12
Improvements other than Buildings	235,729	7,175	-	242,904
Structures and Improvements	513,942	1,900	-	515,842
Equipment and Software	117,520	6,406	595	123,331
Total capital assets-depreciable/amortizable	<u>867,203</u>	<u>15,481</u>	<u>595</u>	<u>882,089</u>
Less accumulated depreciation/amortization for :				
Land Use Rights, as restated	3	2	-	5
Improvements other than Buildings	130,607	5,529	-	136,136
Structures and Improvements	136,556	13,960	-	150,516
Equipment and Software	100,601	4,408	523	104,486
Total accumulated depreciation/amortization	<u>367,767</u>	<u>23,899</u>	<u>523</u>	<u>391,143</u>
Total capital assets, depreciable/amortizable, net	<u>499,436</u>	<u>(8,418)</u>	<u>72</u>	<u>490,946</u>
Business-type activities capital assets, net	<u>\$ 565,200</u>	<u>\$ 17,516</u>	<u>\$ 4,400</u>	<u>\$ 578,316</u>

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Depreciation

Depreciation expense is charged to governmental functions as follows:

General Government	\$ 13,319
Public Protection	33,581
Public Ways and Facilities	23,097
Health and Sanitation	893
Public Assistance	2,688
Education	575
Recreation and Cultural Services	<u>3,772</u>
Total depreciation expense - governmental activities	<u><u>\$ 77,925</u></u>

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

Medical Center	\$ 17,660
Waste Systems Division	3,700
Other:	
Crestline Sanitation	485
County Service Areas	2,054
Fire Protection	<u>-</u>
Total depreciation expense - business type activities	<u><u>\$ 23,899</u></u>

Development in Progress

Development in Progress consists of the following projects:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Medical Center	\$ -	\$ 50,279
Flood Control Projects	49,375	-
Other County Projects	<u>218,825</u>	<u>15,274</u>
Total	<u><u>\$ 268,200</u></u>	<u><u>\$ 65,553</u></u>

Discretely Presented Component Unit

Activity for the FIRST 5 of San Bernardino for the year ended June 30, 2010 is as follows:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Capital assets, depreciable:				
Furniture and Equipment	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>
Less accumulated depreciation for:				
Furniture and Equipment	<u>17</u>	<u>-</u>	<u>-</u>	<u>17</u>
Component unit capital assets, net	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</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 combination of insurance policies as recommended by AON Risk Services, Broker of Record, as follows: Primary Liability coverage \$25 million excess of \$2.5 million SIR with CV Starr/Everest; Excess Liability coverage of \$10 million, excess of \$25 million with Allied World Insurance Company (AWAC); and Excess Liability coverage \$15 million, excess of \$35 million with Great American Insurance Company of New York. 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 Steadfast Ins. Co., which provides annual coverage on a claims made from 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 1.70%. It is Risk Management's practice to obtain actuarial studies on an annual basis.

The total claims liability of \$145.4 million reported at June 30, 2010 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 2009 and 2010 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-end
2008-09	\$149,321	\$32,909	(\$32,289)	\$149,941
2009-10	\$149,941	\$40,453	(\$45,000)	\$145,394

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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, 2010:

	Beginning Balance July 1, 2009 as restated	Additions	Reductions	Ending Balance June 30, 2010	Due Within One Year
Governmental Activities					
Certificates of Participation, net	\$ 155,801	\$ -	\$ 15,093	\$ 140,708	\$ 14,745
Revenue Bonds, net	448,874	-	7,427	441,447	36,925
Other Bonds and Notes	637,450	-	11,694	625,756	14,381
Compensated Absences	147,779	103,630	97,080	154,329	98,596
Termination Benefits Payable	6,523	-	1,318	5,205	1,254
Capital Lease Obligations	3,231	418	1,058	2,591	914
Licensing Agreement Obligations, as restated	256	324	290	290	290
Estimated Liability for Litigation and Self -Insured Claims	149,941	40,453	45,000	145,394	39,715
Other Long-Term Liabilities	5,230	-	681	4,549	3,681
Total Governmental Activities - Long-term Liabilities	\$ 1,555,085	\$ 144,825	\$ 179,641	\$ 1,520,269	\$ 210,501
Business-type Activities					
Certificates of Participation, net	\$ 530,325	\$ 269,865	\$ 262,221	\$ 537,969	\$ 24,295
General Obligation Bonds	1,570	-	130	1,440	190
Notes	2,823	-	150	2,673	155
Compensated Absences	12,582	12,248	11,168	13,662	9,806
Termination Benefits Payable	741	-	270	471	118
Capital Lease Obligations	1,359	-	829	530	429
Pollution Remediation Obligations	33,202	4,211	8,820	28,593	3,927
Estimated Liability for Closure/ Postclosure Care Costs	99,680	6,450	3,502	102,628	9,336
Total Business-type Activities - Long-term Liabilities	\$ 682,282	\$ 292,774	\$ 287,090	\$ 687,966	\$ 48,256

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.

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Approximately 304 employees accepted the incentive and retired during the eligible period. The county-wide termination benefit payable at June 30, 2010 is \$5,676. The second of five annual installment payments were paid in July 2010.

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.

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 2009/10 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 2009/10 totaled \$8,820. Estimated plan costs increased \$4,211 including \$313 for inflation. Outlays expected to be incurred in FY2010/11 are \$3,927. 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 \$24,666 from FY 2011/12 through FY 2038/39.

In June 2008 the California Regional Water Control Board issued Cleanup and Abatement Order No R8-2008-0064 to the San Bernardino County Department of Airports. The order requires the County to cleanup or abate the effects of trichloroethylene (TCE) that have been discharged as a result of historical activities at the Airport. An investigation is in progress to identify the source of pollution. The liability related to the cleanup is not reasonably estimatable at this time.

Other Long-Term Liabilities

Other Long-Term Liabilities include \$549 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

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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, 2010, is \$549.

At June 30, 2010, \$4,000 is owed to the United States Army Corp of Engineers for the construction of the San Timoteo Creek Project.

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

Bonds and Notes Payable

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 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 there under.

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 \$13,256. 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 \$96,778. Interest is payable semi-annually at interest rates from 4.0% to 5.0% 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

COUNTY OF SAN BERNARDINO
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not included in the County's basis financial statements. At June 30, 2010, approximately \$61,070 of outstanding debt was considered defeased.

In November 1995, San Bernardino County Financing Authority (Authority) issued Revenue Bonds for the purpose of enabling the County to finance outstanding pension indebtedness.

In June 2007, 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.

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 \$1,279. The total Surcharged Revenues received during the fiscal year totaled \$2,813. 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 \$34,498. 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, 2010 is \$441,447.

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%.

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 6/30/2010</u>
Capital Improvement Refinancing (1996)	0.17	6/21/1996	11/1/2025	\$ 9,200	\$ 6,500
County Center Refinancing (1996)	0.12	7/11/1996	7/1/2015	39,600	13,600
Public Improvement Project (1997)	3.85 to 5.00	10/1/1997	10/1/2025	17,790	8,220
West Valley Detention Center (2001 A)	4.00 to 4.60	10/25/2001	11/1/2018	8,365	6,480
West Valley Detention Center (2001 B)	3.50 to 4.00	10/25/2001	11/1/2012	42,075	15,815
Justice Center/Airport Improvement	3.00 to 5.00	3/1/2002	7/1/2016	68,100	38,185
West Valley Detention Center (2002 A)	4.50 to 5.25	8/6/2002	11/1/2018	44,480	42,785
Glen Helen Blockbuster (2008 A)	0.25	4/16/2008	3/1/2024	8,860	7,660
Glen Helen Blockbuster (2008 B)	0.70	4/16/2008	3/1/2024	5,695	5,475
Subtotal					<u>144,720</u>
Deferred Amount on Refunding:					
West Valley Detention Center (2001 B)					(864)
Justice Center/Airport Improvement					(1,108)
West Valley Detention Center (2002 A)					(1,571)
Glen Helen Blockbuster (2008 A & B)					(2,474)
Premium (Discounts):					
West Valley Detention Center (2001 B)					359
Justice Center/Airport Improvement					734
West Valley Detention Center (2002 A)					912
Net Certificates of Participation					<u>140,708</u>
<u>Revenue Bonds</u>					
Pension Obligation Bonds (1995)	5.68 to 7.72	11/22/1995	8/1/2021	386,266	648,590
Courthouse Project Bonds (2007)	5.10 to 5.50	6/29/2007	6/30/2037	18,370	17,795
Subtotal					<u>666,385</u>
(Discounts):					
Pension Obligation Bonds (1995)					(224,938)
Net Revenue Bonds					<u>441,447</u>
<u>Other Bonds and Notes</u>					
County Library Note	3.41	7/18/2001	2/1/2031	1,982	1,612
Pension Obligation Bonds (2004)	0.54 to 5.86	6/24/2004	8/1/2023	463,895	294,515
San Sevaine Redevelopment (2005 A)	4.00 to 5.00	11/30/2005	9/1/2035	58,275	54,305
CSA 70 Zone G Wrightwood Loan	6.38	12/30/2006	12/30/2016	725	522
Flood Control District:					
Judgment Obligation Bonds (Series A)	4.50 to 5.00	5/30/2007	8/1/2029	58,355	55,390
Refunding Bonds (Series 2007)	4.25 to 5.00	5/29/2007	8/1/2021	23,845	22,065
Refunding Bonds (Series 2008)	0.66 to 4.86	4/16/2008	8/1/2037	37,295	37,295
Pension Obligation Refunding Bonds (2008)	6.02	4/16/2008	6/30/2024	160,900	160,195
Subtotal					<u>625,899</u>
Deferred Amount on Refunding:					
San Sevaine Redevelopment (2005 A)					(134)
Flood Control - Refunding Bonds (Series 2008)					(675)
Pension Obligation Refunding Bonds (2008)					(1,868)
Premium(Discounts):					
San Sevaine Redevelopment (2005 A)					1,080
Flood Control District:					
Judgment Obligation Bonds (Series A)					366
Refunding Bonds (Series 2007)					1,088
Net Other Bonds and Notes					<u>625,756</u>
Total Bonds And Notes Payable, Governmental Activities					<u>\$ 1,207,911</u>

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In December 2009, the County of San Bernardino issued the Arrowhead Refunding Certificates of Participation, Series 2009A in the amount of \$243,980 and Series 2009B in the amount of \$44,750. The Series 2009A and 2009B Certificates have a final maturity date of August 1, 2026. The proceeds from the sale of Series 2009A Certificates were used to partially refund \$45,065 of the outstanding principal on the Medical Center Series 1995 Certificates, fully refund the outstanding principal of \$174,410 on the Medical Center Series 1998, and to fund a payment of \$23,793 to terminate the Swap Agreement on the Medical Center Series 1998 Certificates. All proceeds from the sale of the Series 2009B Certificates were used to partially refund \$44,325 of the outstanding principal on the Medical Center Series 1994 Certificates.

The refunding of the Medical Center Series 1994 Certificates resulted in an accounting loss of \$5,360 which the County will amortize over the period of maturity of the Series 2009B Certificates. As a result of the advance refunding, the County has potentially reduced its debt requirements by \$2,690. This results in an economic gain (difference between present value of debt service payments in the old and new debt) of \$2,068.

The refunding of the Medical Center Series 1995 Certificates and Medical Center Series 1998 Certificates resulted in an accounting loss of \$17,744 which the County will amortize over the period of maturity of the Series 2009A Certificates. As a result of the advance refunding, the County has potentially reduced its debt service requirements by \$4,134 for the Series 1995 refunding and increased its debt service requirements by \$20,483 for the Series 1998 refunding, for a net potential increase to the debt service requirements of \$16,349. This results in an economic gain (difference between present value of debt service payments in the old and new debt) of \$2,964 for the Series 1995 refunding and an economic loss of \$13,899 for the Series 1998 refunding, for a net economic loss of \$10,935.

The total net economic loss for the refunding of the Medical Center Series 1994, 1995 and 1998 Certificates of Participation during the fiscal year ended June 30, 2010, is \$8,867. 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.

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

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Medical Center	Interest Rates (%)	Issue Date	Maturity Date	Original Issue Amount	Outstanding as of 6/30/2010
Certificates of Participation:					
Medical Center Project (Series 1994)	4.60 to 7.00	2/1/1994	8/1/2028	\$ 283,245	\$ 127,715
Medical Center Project (Series 1995)	4.80 to 7.00	6/1/1995	8/1/2022	363,265	38,440
Medical Center Project (Series 1996)	5.00 to 5.25	1/1/1996	8/1/2028	65,070	64,685
Medical Center Project (Series 1998)	4.1895	10/22/1998	8/1/2026	176,510	-
Arrowhead Refunding Project (Series 2009A)	3.00 to 5.50	12/17/2009	8/1/2026	243,980	243,980
Arrowhead Refunding Project (Series 2009B)	3.00 to 5.25	12/17/2009	8/1/2026	44,750	44,750
					519,570
Plus/(Less):					
Deferred Amount on Refunding					(36,168)
Discounts					(8,740)
Premium					4,236
					478,898
Waste Systems Division					
Certificates of Participation:					
Solid Waste Financing (Series 2008 B)	0.70	4/16/2008	3/1/2024	74,390	61,555
Less:					
Deferred Amount on Refunding					(2,484)
Subtotal					59,071
Net Certificates of Participation					537,969
County Service Areas					
General Obligation Bonds:					
Spring Valley Lake Sewer Facilities:					
Series A	6.50 to 6.75	2/15/1972	2/15/2002	1,300	15
Series B	6.10 to 6.15	4/1/1974	4/1/2004	1,000	15
Helendale Sewer Facilities:					
Series A	5.00	6/1/1978	6/1/1998	1,550	5
Helendale Water Facilities:					
Series B	7.00	9/1/1982	6/1/1997	1,450	5
Pinon Hills Water Distribution:					
Series A	5.00	3/1/1978	3/1/2018	1,708	645
Series B	5.00	3/1/1978	3/1/2018	275	80
Series C	9.00 to 11.00	11/1/1984	3/1/2005	1,518	5
Landers Water Distribution System	5.00	6/1/1979	6/1/2019	1,540	665
Oak Hills Water Distribution Facilities	7.00	9/1/1974	9/1/1994	750	5
General Obligation Bonds					1,440
Notes Payable:					
Crestline Sanitation District (Loan)	1.719	1/1/1997	3/1/2018	2,160	801
Oak Hills Water (Loan)		11/25/2003	8/25/2033	2,150	1,872
Notes Payable					2,673
Total Business-type Activities					\$ 542,082

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, 2010 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>
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	16,530	50,435	26,188	93,153
2016-2020	56,015	294,170	191,895	542,080
2021-2025	10,105	138,515	247,597	396,217
2026-2030	1,125	3,750	31,566	36,441
2031-2035	-	4,900	36,395	41,295
2036-2040	-	2,360	18,245	20,605
Total Principal	144,720	666,385	625,899	1,437,004
Plus: Premium	2,005	-	2,534	4,539
Less:				
Deferred Amount on Refunding	(6,017)	-	(2,677)	(8,694)
Discount	-	(224,938)	-	(224,938)
Total Bonds and Notes Payable	<u>\$ 140,708</u>	<u>\$ 441,447</u>	<u>\$ 625,756</u>	<u>\$ 1,207,911</u>

The following is a schedule of interest expense requirements to maturity as of June 30, 2010 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>
2011	\$ 5,345	\$ 5,191	\$ 27,648	\$ 38,184
2012	4,811	2,424	26,870	34,105
2013	4,271	936	25,936	31,143
2014	3,692	919	24,810	29,421
2015	3,025	901	23,497	27,423
2016-2020	5,537	4,188	90,275	100,000
2021-2025	627	3,518	41,264	45,409
2026-2030	18	2,637	17,439	20,094
2031-2035	-	1,486	9,652	11,138
2036-2040	-	196	1,609	1,805
Total Interest	<u>\$ 27,326</u>	<u>\$ 22,396</u>	<u>\$ 289,000</u>	<u>\$ 338,722</u>

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The following is a schedule of principal debt service requirements to maturity as of June 30, 2010 for bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Total
2011	\$ 24,295	\$ 190	\$ 155	\$ 24,640
2012	24,840	145	159	25,144
2013	26,185	150	162	26,497
2014	27,800	160	166	28,126
2015	29,610	160	170	29,940
2016-2020	139,470	635	691	140,796
2021-2025	156,130	-	440	156,570
2026-2030	152,795	-	512	153,307
2031-2035	-	-	218	218
Total Principal	581,125	1,440	2,673	585,238
Plus: Premium	4,236			4,236
Less:				
Deferred Amount on				
Refunding	(38,652)	-	-	(38,652)
Discount	(8,740)	-	-	(8,740)
Total Bonds and Notes Payable	<u>\$ 537,969</u>	<u>\$ 1,440</u>	<u>\$ 2,673</u>	<u>\$ 542,082</u>

The following is a schedule of interest expense requirements to maturity as of June 30, 2010 for bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Total
2011	\$ 28,537	\$ 70	\$ 78	\$ 28,685
2012	25,876	63	75	26,014
2013	25,002	55	71	25,128
2014	23,982	48	68	24,098
2015	22,905	40	64	23,009
2016-2020	96,413	74	260	96,747
2021-2025	59,633	-	186	59,819
2026-2030	15,355	-	113	15,468
2031-2035	-	-	22	22
Total Interest	<u>\$ 297,703</u>	<u>\$ 350</u>	<u>\$ 937</u>	<u>\$ 298,990</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 \$4,094 and Multi-Family Mortgage Revenue Bonds of \$125,199 at June 30, 2010 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 \$30,416 at June 30, 2010 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, 2010, was as follows:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences	<u>\$ 114</u>	<u>\$ 198</u>	<u>\$ 166</u>	<u>\$ 146</u>	<u>\$ -</u>

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NOTE 12 – INTEREST RATE SWAP

Medical Center Series 1998 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 1998 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.

Interest Rate Swap Termination: As of December 3, 2009 the interest rate swap agreement was terminated. The fair value as of June 30, 2010 is zero due to the termination of the interest rate swap. At the time of the termination, the interest rate swap had a negative fair value of \$23,794 as determined by an independent third party. The increase of fair value of \$2,942 from June 30, 2009 to the date of termination on December 3, 2009 is reported as an increase in investment revenue. The increase in fair value of the derivative is shown on the Statement of Revenues, Expenses and Changes in Net Assets. Since the swap was terminated during the year of implementation of GASB 53, the County was required to determine if the swap was an effective hedge at June 30, 2009. Based on the results of the effectiveness test, the derivative was deemed not effective. As such, the Medical Center's net assets as of July 1, 2009 have been restated to recognize fair value of the swap (Note 3).

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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	\$ 4,129	\$ 10,191
Less: Accumulated depreciation	1,610	8,931
Total	\$ 2,519	\$ 1,260

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, are as follows:

Year Ending June 30:	Governmental Activities	Business-type Activities
2011	\$ 993	\$ 438
2012	884	98
2013	641	19
2014	173	-
2015	46	-
Total Minimum Lease Payments	2,737	555
Less: Amount Representing Interest	(146)	(25)
Present Value of Minimum Lease Payments	\$ 2,591	\$ 530

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, 2010:

Year Ending June 30,	
2011	\$ 38,392
2012	32,397
2013	25,621
2014	19,672
2015	13,180
2016-2023	6,538
Total Minimum Payments	\$ 135,800

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The County incurred rental expenditures of \$39,226, principally in the General Fund, for the year ending June 30, 2010.

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 Amphitheater	26,174	-	-	26,174
Sheriff's Admin Bldg	13,416	-	-	13,416
County Government Center	25,711	-	-	25,711
	<u>\$ 866,389</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 866,389</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, 2010 and 2009, the Medi-Cal program represented approximately 37% and 35%, and the Medicare program represented approximately 12% and 11%, 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:

<u>LANDFILL</u>	<u>Capacity Used</u>	<u>YEARS Remaining</u>	<u>LANDFILL</u>	<u>Capacity Used</u>	<u>YEARS Remaining</u>
Apple Valley	100%	Inactive	Milliken	100%	Inactive
Baker	100%	Inactive	Morongo Valley	100%	Inactive
Barstow	4%	63	Needles	100%	Inactive
Big Bear	100%	Inactive	Newberry Springs	100%	Inactive
Colton	85%	7	Phelan	100%	Inactive
Hesperia	100%	Inactive	San Timoteo	39%	45
Landers	65%	7	Trona-Argus	100%	Inactive
Lenwood-Hinkley	100%	Inactive	Twentynine Palms	100%	Inactive
Lucerne Valley	100%	Inactive	Victorville	15%	69
Mid-Valley	32%	42	Yermo	100%	Inactive

The landfill closure and postclosure care cost estimate of \$195,838 and \$131,370 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. An adjustment was made to the Victorville Landfill available capacity due to consideration of the remaining airspace in 2004 that was overlooked when the 2005 permitted expansion was concluded. The adjustment reduced the Victorville Landfill capacity by 500,000 cubic yards.

As of June 30, 2010 the cumulative liability recorded by the County based upon individual landfill capacity usage was \$195,304. The remaining \$131,904 of estimated closure and postclosure costs will be recorded and funded as landfill capacity is used. Closure and postclosure related expenditures of \$84,172 and \$8,504, respectively, have been incurred through June 30, 2010, which reduced the landfill closure and postclosure liabilities to \$36,393 and \$66,235, respectively.

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The estimated closure and postclosure activity for the year ended June 30, 2010 includes the following:

	<u>Beginning Balance</u>	<u>Increase (Decrease)</u>	<u>Ending Balance</u>
Estimated Liability for Closure Care Costs	\$ 29,957	\$ 6,450	\$ 36,393
Estimated Liability for Postclosure Care Costs	\$ 69,723	\$(3,502)	\$ 66,235
Total	<u>\$ 99,680</u>	<u>\$ 2,948</u>	<u>\$102,628</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 \$44,765 and postclosure expenditures were \$2,499. Each landfill site's maintenance costs are budgeted annually following the Closure and Post-Closure Maintenance Plan as approved by CalRecycle formerly the California Integrated Waste Management Board. Solid Waste has restricted cash of \$48,222 to provide financial assurance for landfill closure costs as required by CalRecycle. 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 (SCAQMD), San Bernardino Associated Governments (SANBAG), Local Agency Formation Commission (LAFCO), San Bernardino County Law Library, Barstow Fire Protection District, Hesperia Recreation and Park District, SBCERA, City of Chino Hills, Crest Forest Fire District, Mojave Desert Air Quality Management District (MDAQMD), California Electronic Recording Transaction Network Authority (CERTNA), Inland Valley Development Agency (IVDA), San Bernardino International Airport Authority (SBIAA), the San Bernardino County Superior Court Inland Library system (ILS) and Rim of the World Recreation and Park District (RIM-REC) were later included, along with the County, and are collectively referred to as the "Participating Members". The plan is governed by the SBCERA Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W Hospitality Lane - 3rd Floor, San Bernardino, California 92415-0014.

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Fiduciary Responsibility

SBCERA is controlled by its own board, the Retirement Board, which acts as a fiduciary agent for the accounting and control of member and employee contributions and investment income. SBCERA publishes its own Comprehensive Annual Financial Report and receives a separate independent audit. SBCERA is also a legally separate entity from the County and not a component unit. For these reasons, the County's Comprehensive Annual Financial Report excludes SBCERA pension trust fund as of June 30, 2010.

Funding Policy

Participating members are required by statute (Sections 31621.6 and 31639.25 of the California Government Code) to contribute a percentage of covered salary based on certain actuarial assumptions and their age at entry to the Plan. Employee contribution rates vary according to age and classification (general or safety). Members are required to contribute 7.42% - 12.96% for general members and 9.52% - 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 2010, the County's annual pension cost of \$197,097 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, 2010, were as follows:

Annual Required Contribution (County fiscal year basis)	\$ 197,097
Interest On Pension Assets	(4,131)
Adjustment To The Annual Required Contribution	<u>32,488</u>
Annual Pension Cost	225,454
Annual Contributions Made	<u>197,097</u>
Increase/(Decrease) in Pension Assets	(28,357)
Pension Asset, Beginning of Year	<u>769,745</u>
Pension Asset, End of Year	<u><u>\$ 741,388</u></u>

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

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Year Ended June 30	SBCERA	County	Percentage Contributed
2008	\$ 241,721	\$ 203,712	100%
2009	246,232	200,300	100%
2010	243,773	197,097	100%

The County, along with the SCAQMD, issued Pension Refunding Bonds (Bonds) in November 1995 with an aggregate amount of \$420,527. These Bonds were issued to allow the County and the SCAQMD to refinance each of their unfunded accrued actuarial liabilities with respect to retirement benefits for their respective employees. The Bonds are the obligations of the employers participating in the Plan and the assets of the Plan do not secure the Bonds. The County's portion of the bond issuance was \$386,266. The outstanding liability at June 30, 2010 is \$423,652 (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, 2010 is \$294,515 (Note 11).

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, 2010 is \$158,327 (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 whereby the sublease with respect to one Parcel was terminated as of January 2010 and, with respect to another Parcel, will terminate on a certain date specified in 2014 and with respect to five Parcels on a certain date specified in 2021.

The County plan at this time is to continue 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 continues to analyze all options relating to this transaction, including the replacement of the provider of the Letter of Credit (Loan). As of June 30, 2010, 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 \$29.1 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 \$211.9 million over the next 11 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

COUNTY OF SAN BERNARDINO
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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, 2010 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 \$26,995 for various projects of the Capital Improvements Fund.
- (d) The County has been named in a wrongful death case in which the decedent's estate claims the County failed to properly maintain a County controlled road. The County has filed a cross-complaint against the driver who struck and killed decedent. Driver is in default. The potential exposure of this case is in excess of \$600.
- (e) On November 4, 2010, agents from the Federal Bureau of Investigation (FBI) and investigators from the San Bernardino County's Districts Attorney's Office (DA) joined in conducting an investigation at the San Bernardino County's Arrowhead Regional Medical Center (ARMC). Neither the DA's Office nor the FBI have disclosed or will

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disclose the nature of their investigation while it is ongoing. However, the DA's Office stated that the search warrant, filed with the San Bernardino County Superior Court, had been sealed and that the investigation did not involve the quality of patient care or treatment. Furthermore, the County was formally admonished by investigators from making further comments or disclosures. As such, since the resolution of this investigation is not presently determinable, based on the facts and conditions known to us at this time, County and ARMC management is reasonably confident that the actions taken by the above noted agencies do not and will not have a material impact, due to error or fraud on the County's financial statements.

- (f) 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.

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- 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. The County is obligated to pay the former owners attorneys' fees. As of October, 2010, the County has incurred \$29,709 of costs associated with its obligation.
 - 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) On June 27, 2008, the Regional Board issued a Clean-up and Abatement Order (Order No. R8-2008-0064). The order requires the County to conduct an investigation of Volatile Organic Compounds (VOC) located in groundwater off-site of the Chino Airport and develop a remedial action plan. Trichloroethylene, (TCE) which is a VOC, was originally found in wells down gradient of Chino Airport in the 1980s. TCE is an organic solvent commonly used up until the mid 1970's in the aircraft industry as a metal stripping solvent. The County has historical data that indicates the VOC plume is roughly 1.5 miles long and a quarter mile wide. The County is currently complying with the Regional Board's Order by installing monitoring wells to allow better characterization of the water table at different depths south of Chino Airport. The County anticipates that the monitoring wells will be installed by December 2010.

In addition to the Water Board Order, the Chino Basin Water Master has asserted that the VOC contamination from the Airport will be found in wells fields where the Water master is required to pump, treat and recharge potable water for nitrates, resulting in increased clean-up costs to the Water Master. On January 22, 2010, the Water Master and Chino Desalter Authority served a ninety (90) day notice on the County of their intention to file suit pursuant to the Resources Conservation and Recovery Act. As of November 1, 2010, no suit has been filed. The Water Board Order and Water Master claim were forwarded to the Department of Risk Management to pursue defense and indemnity to the County. The County is continuing to expend sums to comply with the Water Board and is reviewing the Water Master's proposal with the County's technical consultant. The potential exposure of this case is between \$20,800 and \$30,600. The County is investigating and will pursue any potential sources of contribution, whether through insurance, voluntary contribution or indemnification by third parties.

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(Amounts in thousands)

- (i) On July 7, 2010 the Court of Appeal of the State of California issued a decision in favor of the cities and against the County of Los Angeles in a case brought by 47 cities regarding the calculation of Property Tax Administration Fees (PTAF). The legal issue in dispute is whether counties can include “flip” and “swap” revenues in the calculation of administrative costs that counties recover from cities. At the trial court level, the court-appointed Referee had concluded that the County of Los Angeles’ calculation of PTAF starting in 2006/07 comported with section 97.75 of California’s Revenue and Taxation Code. The Court of Appeal reversed the judgment and remanded for further proceedings, holding that the County of Los Angeles’ method of calculating its fee under Section 97.75 was not authorized and is unlawful.

This decision is significant for the County of San Bernardino because of similar claims against this County. The potential financial impact to the County related to the outcome of this case averages approximately \$2,867 per year of tax administration fees. The estimated total amount of PTAF that could be issued for the 2006/07 through 2009/10 fiscal years is approximately \$11,467, plus possible interest. It is expected that the County of Los Angeles will petition the California Supreme Court for review. This remains a statewide issue.

NOTE 20 – SHORT-TERM DEBT

In July 2009, the County issued Tax and Revenue Anticipation Notes (TRANS) totaling \$165,000 which were repaid June 30, 2010. This issue followed the prior year issued TRANS of \$160,000 which was repaid June 30, 2009. The proceeds of the TRANS were intended to provide financing for 2009-10 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.

Beginning Balance July 1, 2009	Additions	Reductions	Ending Balance June 30, 2010
\$ -	\$ 165,000	\$ 165,000	\$ -

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NOTE 21 – SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANS)

In July 2010 the County issued \$165,000 of Tax and Revenue Anticipation Notes in the form of Series A Bonds (Bonds) due June 30, 2011. The stated interest for the Bonds is set at 2.00% per annum with a yield of 0.39%. 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 2001-11 and legally available for payment thereof. Proceeds from the Bonds will be used for fiscal year 2010-11 General Fund expenditures, including current expenditures, capital expenditures, and the discharge of other obligations or indebtedness of the County.

San Sevaine Redevelopment Project – Tax Allocation Bonds

In November 2010, the San Bernardino County Redevelopment Agency (SBCRDA) issued Tax Allocation Bonds (the “Bonds”), 2010 Series A in the amount of \$16,945 and 2010 Series B in the amount of \$13,605 to finance certain redevelopment activities in the San Sevaine Redevelopment Project, fund the reserve account for the Bonds, and provide for the costs of issuing the Bonds. The Bonds were issued under an Indenture of Trust dated as of December 1, 2005 (the “Master Indenture”), by and between the SBCRDA and the Bank of New York Mellon Trust Company, NA., as trustee, as supplemented by the First Supplemental Indenture of Trust, dated as of November 1, 2010 (together with the Master Indenture, the “Indenture”).

The Bonds are special obligations of the SBCRDA and are payable solely from and secured by a pledge of tax increment revenues on a parity with the 2005 Bonds, subject to the provisions of the Indenture permitting the applications thereof for other purposes, and by a pledge of certain funds, in accordance with the Indenture. All of the Bonds are additionally secured by a pledge of Bond Tax Subsidy Payments.

Interest on the Bonds will be payable semi-annually on March 1 and September 1 in each year, commencing March 1, 2011. The Bonds have stated interest ranging from 7.135% to 8.50% over the life of the bonds. The Bonds maturing on or before September 1, 2020, are not subject to optional redemption prior to maturity. The Bonds maturing on or after September 1, 2021, are subject to redemption at the option of the SBCRDA. The Bonds will be matured on September 1, 2040.

Cedar Glen Redevelopment Project – Tax Allocation Bonds

In November 2010, the San Bernardino County Redevelopment Agency (SBCRDA) issued \$5,750 in Cedar Glen Disaster Recovery Project Area Tax Allocation Bonds, Series 2010 (the “Bonds”). The Bonds were issued to finance public improvements and redevelopment projects benefitting the Cedar Glen Project Area, fund the reserve account for the Bonds, and pay the costs of issuance of the Bonds.

The Bonds are special obligations of the SBCRDA and are payable exclusively from tax increment revenues, and certain other funds, in accordance with the terms of an Indenture of Trust. Interest on the Bonds will be payable semi-annually on March 1 and September 1 in each year, commencing March 1, 2011 and at interest rates from 1.875% to 6.0% over the life of the

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bonds. The Bonds maturing on or before September 1, 2018, are not subject to optional redemption prior to maturity. The Bonds maturing on or after September 1, 2019, are subject to redemption at the option of the SBCRDA. The Bonds will be matured on September 1, 2034.

Detachment of Crestline Sanitation District

On April 13, 2010, Resolution no. 2010-58 was adopted by the Board of Supervisors of San Bernardino County, State of California, related to the Crestline Sanitation District (CSD) election for reorganizational structure of the composition of the governing body from a Board-governed to Self-governed Board of Directors. On August 5, 2010, the official Statement of Votes Cast was certified, and on August 10, 2010 the Board of Supervisors declared the results of the election in favor of Measure "T". As a result, the County is no longer financially accountable for the CSD and the latter is no longer part of the County's operations as of August 10, 2010.

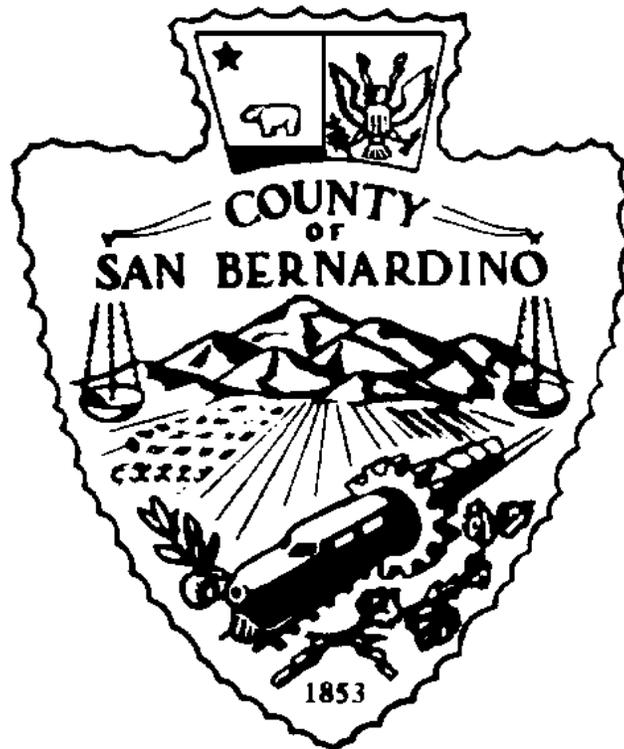
NOTE 22 – NEW ACCOUNTING PRONOUNCEMENTS

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

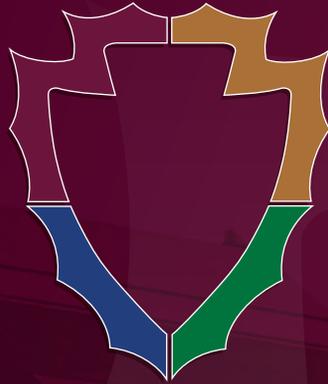
The GASB issued Statement No. 54, Accounting and Financial reporting for Fund Balance Reporting and Governmental Fund Type Definition to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing 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.

GASB 59 – Accounting and Financial Reporting of Financial Instruments Omnibus

The GASB issued Statement No. 59, Accounting and financial reporting for Financial Instruments Omnibus. The statement establishes accounting and financial reporting requirements to improve financial reporting and disclosures of certain financial instruments and external investment pools. The statement provides more complete information, by improving consistency of measurements, and by providing clarifications of existing standards. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2010.



COUNTY OF
SAN BERNARDINO



AT YOUR SERVICE

REQUIRED SUPPLEMENTARY
INFORMATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

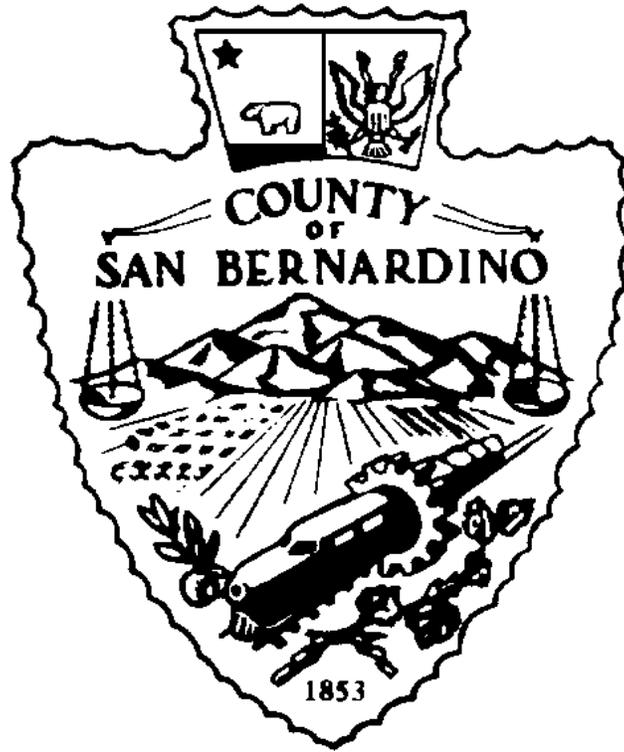
**REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)**

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

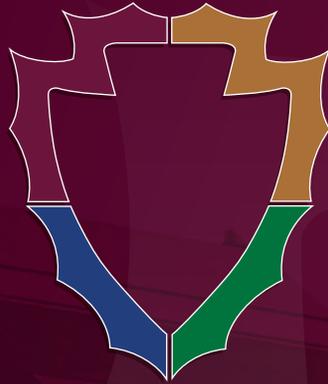
Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Accrued Liability (AAL)** (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
6/30/2005	\$4,750,229	\$5,215,719	\$465,490	91.08%	\$968,674	48.05%
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%
6/30/2010	6,367,232	7,444,986	1,077,754	85.52%	1,250,193	86.21%

* 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



COUNTY OF
SAN BERNARDINO

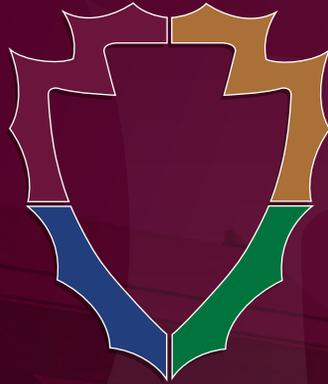


AT YOUR SERVICE

SUPPLEMENTAL INFORMATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

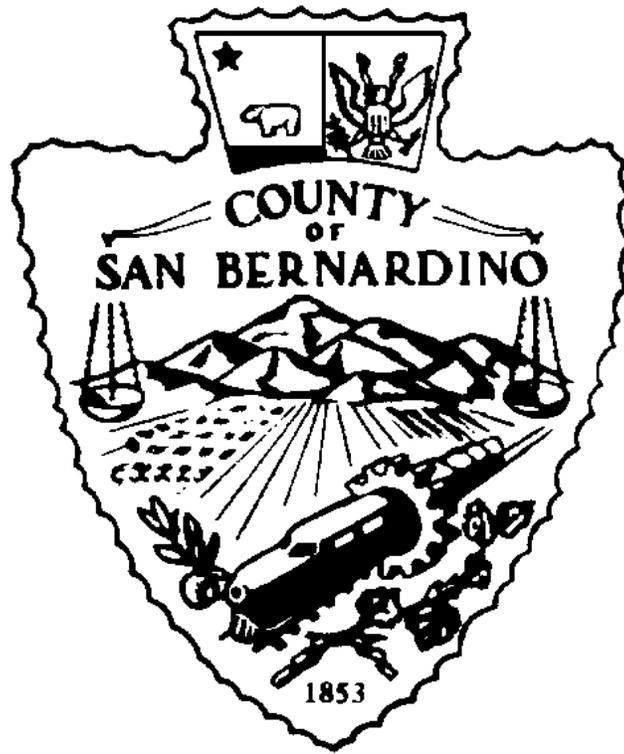
COUNTY OF
SAN BERNARDINO



AT YOUR SERVICE

COMBINED FINANCIAL
STATEMENTS
NONMAJOR GOVERNMENTAL
FUNDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



COUNTY OF SAN BERNARDINO
 COMBINED BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2010 (IN THOUSANDS)

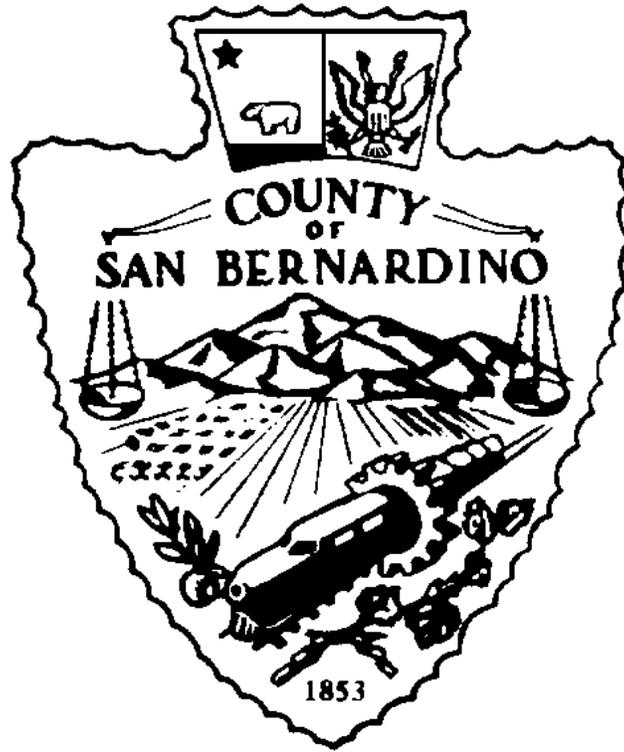
	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
ASSETS					
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 457,287	\$ 49,611	\$ 45,290	\$ 2,201	\$ 554,389
INVESTMENTS (NOTE 6)	-	9,357	-	-	9,357
ACCOUNTS RECEIVABLE - NET	3,392	-	4	-	3,396
TAXES RECEIVABLE	6,681	-	-	-	6,681
INTEREST RECEIVABLE	102	4	73	-	179
LOAN RECEIVABLE	1,415	-	-	-	1,415
OTHER RECEIVABLES	66	-	-	-	66
DUE FROM OTHER FUNDS	6,791	-	6	-	6,797
DUE FROM OTHER GOVERNMENTS	25,583	-	1,508	-	27,091
LAND HELD FOR RESALE (NOTE 2)	11,895	-	10,060	-	21,955
INVENTORIES	104	-	-	-	104
PREPAID ITEMS	73	-	-	-	73
RESTRICTED CASH AND INVESTMENTS (NOTE 6 & 8)	5,931	-	-	-	5,931
TOTAL ASSETS	\$ 519,320	\$ 58,972	\$ 56,941	\$ 2,201	\$ 637,434
LIABILITIES AND FUND BALANCES					
ACCOUNTS PAYABLE	13,134	-	114	-	13,248
SALARIES AND BENEFITS PAYABLE	5,978	-	-	-	5,978
DUE TO OTHER FUNDS	27,615	10	594	-	28,219
DUE TO OTHER GOVERNMENTS	6,994	-	-	-	6,994
INTEREST PAYABLE	2,412	-	-	-	2,412
DEFERRED REVENUE	6,281	-	-	-	6,281
INTERFUND PAYABLE (NOTE 7)	14,324	-	-	-	14,324
TOTAL LIABILITIES	76,738	10	708	-	77,456
FUND BALANCES:					
ENCUMBRANCES	19,424	-	458	-	19,882
PREPAID ITEMS	73	-	-	-	73
LAND HELD FOR RESALE	11,895	-	10,060	-	21,955
INVENTORIES	104	-	-	-	104
LOANS RECEIVABLE	1,415	-	-	-	1,415
DEBT SERVICE	-	58,962	-	-	58,962
ENDOWMENTS	-	-	-	2,201	2,201
UNRESERVED, REPORTED IN:					
DESIGNATED	17,097	-	-	-	17,097
UNDESIGNATED	392,574	-	45,715	-	438,289
TOTAL FUND BALANCES	442,582	58,962	56,233	2,201	559,978
TOTAL LIABILITIES AND FUND BALANCES	\$ 519,320	\$ 58,972	\$ 56,941	\$ 2,201	\$ 637,434

See accompanying independent auditor's report.

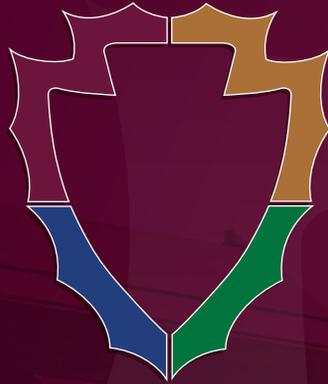
COUNTY OF SAN BERNARDINO
 COMBINED - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2010 (IN THOUSANDS)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
REVENUES					
TAXES	\$ 114,213	\$ -	\$ -	\$ -	\$ 114,213
LICENSES, PERMITS, AND FRANCHISES	695	-	-	-	695
FINES, FORFEITURES, AND PENALTIES	12,653	-	-	-	12,653
REVENUES FROM USE OF MONEY AND PROPERTY	11,308	116	520	41	11,985
AID FROM OTHER GOVERNMENTAL AGENCIES	320,659	-	1,708	-	322,367
CHARGES FOR CURRENT SERVICES	87,217	-	-	-	87,217
OTHER REVENUES	33,769	5,210	5	31	39,015
TOTAL REVENUES	580,514	5,326	2,233	72	588,145
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT	11,688	289	-	-	11,977
PUBLIC PROTECTION	190,761	-	-	-	190,761
PUBLIC WAYS AND FACILITIES	63,608	-	-	-	63,608
HEALTH AND SANITATION	7,213	-	-	-	7,213
PUBLIC ASSISTANCE	100,364	-	-	-	100,364
EDUCATION	15,981	-	-	-	15,981
RECREATION AND CULTURAL SERVICES	6,698	-	-	-	6,698
DEBT SERVICE:					
PRINCIPAL	4,445	56,655	-	-	61,100
INTEREST AND FISCAL CHARGES	5,196	34,736	-	-	39,932
CAPITAL OUTLAY	12,550	-	6,035	-	18,585
TOTAL EXPENDITURES	418,504	91,680	6,035	-	516,219
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	162,010	(86,354)	(3,802)	72	71,926
OTHER FINANCING SOURCES (USES):					
TRANSFERS OUT (NOTE 7)	(148,564)	-	(1,381)	(26)	(149,971)
TRANSFERS IN (NOTE 7)	26,916	103,331	2,329	-	132,576
SALE OF CAPITAL ASSETS	2,196	-	-	-	2,196
TOTAL OTHER FINANCING SOURCES AND (USES)	(119,452)	103,331	948	(26)	(15,199)
NET CHANGES IN FUND BALANCE	42,558	16,977	(2,854)	46	56,727
FUND BALANCE, JULY 1, 2009, AS RESTATED (NOTE 3)	400,024	41,985	59,087	2,155	503,251
FUND BALANCE, JUNE 30, 2010	\$ 442,582	\$ 58,962	\$ 56,233	\$ 2,201	\$ 559,978

See accompanying independent auditor's report.



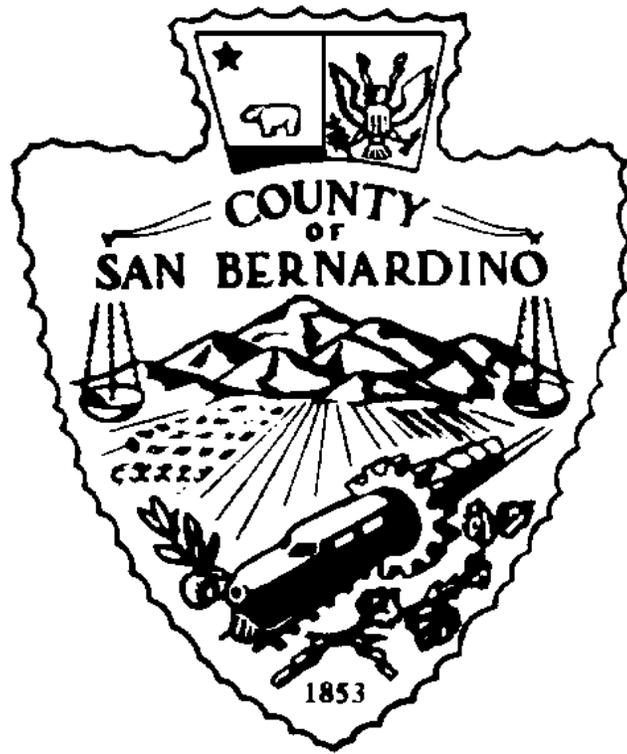
COUNTY OF
SAN BERNARDINO



AT YOUR SERVICE

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, Inland Counties Emergency Medical Agency 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.

Etiwanda CSA 70 OS-1 Endowment Care Fund – The Etiwanda CSA 70 OS-1 Endowment Care Fund uses all interest earned for operating activities for the North Etiwanda Preserve.

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 JUNE 30, 2010 (IN THOUSANDS)

	<u>TOTAL</u>	<u>TRANSPORTATION</u>	<u>SPECIAL TRANSPORTATION</u>	<u>SPECIAL AVIATION</u>
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 457,287	\$ 48,413	\$ 28,699	\$ 6,150
ACCOUNTS RECEIVABLE - NET	3,392	-	-	-
TAXES RECEIVABLE	6,681	-	-	-
INTEREST RECEIVABLE	102	-	-	-
LOAN RECEIVABLE	1,415	-	-	-
OTHER RECEIVABLES	66	-	-	-
DUE FROM OTHER FUNDS	6,791	1,073	-	87
DUE FROM OTHER GOVERNMENTS	25,583	5,582	418	-
LAND HELD FOR RESALE	11,895	-	-	-
INVENTORIES	104	104	-	-
PREPAID ITEMS	73	-	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	5,931	-	-	-
TOTAL ASSETS	<u>\$ 519,320</u>	<u>\$ 55,172</u>	<u>\$ 29,117</u>	<u>\$ 6,237</u>
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	13,134	678	177	16
SALARIES AND BENEFITS PAYABLE	5,978	926	-	-
DUE TO OTHER FUNDS	27,615	101	100	98
DUE TO OTHER GOVERNMENTS	6,994	-	-	-
INTEREST PAYABLE	2,412	405	-	-
DEFERRED REVENUE	6,281	-	-	-
INTERFUND PAYABLE	14,324	3,500	-	-
TOTAL LIABILITIES	<u>76,738</u>	<u>5,610</u>	<u>277</u>	<u>114</u>
FUND BALANCES				
RESERVED FOR:				
ENCUMBRANCES	19,424	5,813	681	1,733
PREPAID ITEMS	73	-	-	-
LAND HELD FOR RESALE	11,895	-	-	-
INVENTORIES	104	104	-	-
LOANS RECEIVABLE	1,415	-	-	-
UNRESERVED, REPORTED IN:				
DESIGNATED	17,097	-	-	-
UNDESIGNATED	392,574	43,645	28,159	4,390
TOTAL FUND BALANCE	<u>442,582</u>	<u>49,562</u>	<u>28,840</u>	<u>6,123</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 519,320</u>	<u>\$ 55,172</u>	<u>\$ 29,117</u>	<u>\$ 6,237</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2010 (IN THOUSANDS)

	MENTAL HEALTH SERVICES ACT	PRESCHOOL SERVICES DEPARTMENT	AGING AND ADULT SERVICES	JOBS AND EMPLOYMENT SERVICES
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 88,003	\$ 55	\$ 1,069	\$ 57
ACCOUNTS RECEIVABLE - NET	-	-	-	872
TAXES RECEIVABLE	-	-	-	-
LOAN RECEIVABLE	-	-	-	-
OTHER RECEIVABLES	-	-	-	-
DUE FROM OTHER FUNDS	-	88	9	354
DUE FROM OTHER GOVERNMENTS	-	3,356	1,305	325
LAND HELD FOR RESALE	-	-	-	-
INVENTORIES	-	-	-	-
PREPAID ITEMS	-	-	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	-	-	-	-
TOTAL ASSETS	\$ 88,003	\$ 3,499	\$ 2,383	\$ 1,608
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	-	1,749	24	1,146
SALARIES AND BENEFITS PAYABLE	-	252	45	239
DUE TO OTHER FUNDS	18,003	752	895	55
DUE TO OTHER GOVERNMENTS	-	28	-	-
INTEREST PAYABLE	-	-	-	-
DEFERRED REVENUE	-	-	-	-
INTERFUND PAYABLE	-	-	-	-
TOTAL LIABILITIES	18,003	2,781	964	1,440
FUND BALANCES				
RESERVED FOR:				
ENCUMBRANCES	-	589	-	53
PREPAID ITEMS	-	-	-	-
LAND HELD FOR RESALE	-	-	-	-
INVENTORIES	-	-	-	-
LOANS RECEIVABLE	-	-	-	-
UNRESERVED, REPORTED IN:				
DESIGNATED	17,097	-	-	-
UNDESIGNATED	52,903	129	1,419	115
TOTAL FUND BALANCE	70,000	718	1,419	168
TOTAL LIABILITIES AND FUND BALANCE	\$ 88,003	\$ 3,499	\$ 2,383	\$ 1,608

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2010 (IN THOUSANDS)

	COURTHOUSE TEMPORARY CONSTRUCTION	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	CENTRAL COURTHOUSE SURCHARGE	MICROGRAPHICS FEES
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 6,742	\$ 9,293	\$ 17	\$ 14,402
ACCOUNTS RECEIVABLE - NET	-	-	-	64
TAXES RECEIVABLE	-	-	-	-
LOAN RECEIVABLE	-	-	-	1,415
OTHER RECEIVABLES	-	-	-	-
DUE FROM OTHER FUNDS	55	69	-	-
DUE FROM OTHER GOVERNMENTS	6	7	-	-
LAND HELD FOR RESALE	-	-	-	-
INVENTORIES	-	-	-	-
PREPAID ITEMS	-	-	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	-	-	-	-
TOTAL ASSETS	\$ 6,803	\$ 9,369	\$ 17	\$ 15,881
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	-	-	-	65
SALARIES AND BENEFITS PAYABLE	-	-	-	7
DUE TO OTHER FUNDS	-	-	-	133
DUE TO OTHER GOVERNMENTS	-	-	-	-
INTEREST PAYABLE	-	-	-	-
DEFERRED REVENUE	-	-	-	-
INTERFUND PAYABLE	-	-	-	-
TOTAL LIABILITIES	-	-	-	205
FUND BALANCES				
RESERVED FOR:				
ENCUMBRANCES	-	-	-	2,907
PREPAID ITEMS	-	-	-	-
LAND HELD FOR RESALE	-	-	-	-
INVENTORIES	-	-	-	-
LOANS RECEIVABLE	-	-	-	1,415
UNRESERVED, REPORTED IN:				
DESIGNATED	-	-	-	-
UNDESIGNATED	6,803	9,369	17	11,354
TOTAL FUND BALANCE	6,803	9,369	17	15,676
TOTAL LIABILITIES AND FUND BALANCE	\$ 6,803	\$ 9,369	\$ 17	\$ 15,881

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2010 (IN THOUSANDS)

	LOCAL LAW ENFORCEMENT BLOCK GRANT	SHERIFF'S SPECIAL PROJECTS	FIRE PROTECTION DISTRICTS	TOBACCO TAX PROGRAM
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 8,729	\$ 22,888	\$ 44,062	\$ 3
ACCOUNTS RECEIVABLE - NET	-	6	1,616	-
TAXES RECEIVABLE	-	-	2,450	-
LOAN RECEIVABLE	-	-	-	-
OTHER RECEIVABLES	-	-	-	-
DUE FROM OTHER FUNDS	-	-	1,990	-
DUE FROM OTHER GOVERNMENTS	-	634	5,011	-
LAND HELD FOR RESALE	-	-	-	-
INVENTORIES	-	-	-	-
PREPAID ITEMS	-	-	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	-	-	-	-
TOTAL ASSETS	\$ 8,729	\$ 23,528	\$ 55,129	\$ 3
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	13	172	1,062	-
SALARIES AND BENEFITS PAYABLE	-	9	3,131	-
DUE TO OTHER FUNDS	727	179	714	-
DUE TO OTHER GOVERNMENTS	-	396	3,338	-
INTEREST PAYABLE	-	-	-	-
DEFERRED REVENUE	-	-	2,475	-
INTERFUND PAYABLE	-	-	-	-
TOTAL LIABILITIES	740	756	10,720	-
FUND BALANCES				
RESERVED FOR:				
ENCUMBRANCES	5	575	530	-
PREPAID ITEMS	-	-	-	-
LAND HELD FOR RESALE	-	-	-	-
INVENTORIES	-	-	-	-
LOANS RECEIVABLE	-	-	-	-
UNRESERVED, REPORTED IN:				
DESIGNATED	-	-	-	-
UNDESIGNATED	7,984	22,197	43,879	3
TOTAL FUND BALANCE	7,989	22,772	44,409	3
TOTAL LIABILITIES AND FUND BALANCE	\$ 8,729	\$ 23,528	\$ 55,129	\$ 3

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2010 (IN THOUSANDS)

	FLOOD CONTROL DISTRICT	COUNTY SERVICE AREAS	PARK AND RECREATION DISTRICTS	COUNTY FREE LIBRARY
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 53,620	\$ 16,657	\$ 761	\$ 330
ACCOUNTS RECEIVABLE - NET	509	44	27	194
TAXES RECEIVABLE	2,892	255	133	840
LOAN RECEIVABLE	-	-	-	-
OTHER RECEIVABLES	-	66	-	-
DUE FROM OTHER FUNDS	1,543	623	80	396
DUE FROM OTHER GOVERNMENTS	4,542	84	676	-
LAND HELD FOR RESALE	-	-	-	-
INVENTORIES	-	-	-	-
PREPAID ITEMS	-	-	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	5,931	-	-	-
TOTAL ASSETS	\$ 69,037	\$ 17,729	\$ 1,677	\$ 1,760
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	6,303	180	236	145
SALARIES AND BENEFITS PAYABLE	429	307	62	335
DUE TO OTHER FUNDS	322	101	1	3
DUE TO OTHER GOVERNMENTS	1,250	-	-	-
INTEREST PAYABLE	-	2	-	-
LOAN PAYABLE	-	-	-	-
DEFERRED REVENUE	2,623	228	138	802
INTERFUND PAYABLE	-	409	-	-
TOTAL LIABILITIES	10,927	1,227	437	1,285
FUND BALANCES				
RESERVED FOR:				
ENCUMBRANCES	2,374	1,110	-	8
PREPAID ITEMS	-	-	-	-
LAND HELD FOR RESALE	-	-	-	-
INVENTORIES	-	-	-	-
LOANS RECEIVABLE	-	-	-	-
UNRESERVED, REPORTED IN:				
DESIGNATED	-	-	-	-
UNDESIGNATED	55,736	15,392	1,240	467
TOTAL FUND BALANCE	58,110	16,502	1,240	475
TOTAL LIABILITIES AND FUND BALANCE	\$ 69,037	\$ 17,729	\$ 1,677	\$ 1,760

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2010 (IN THOUSANDS)

	REDEVELOPMENT AGENCY	ECONOMIC AND COMMUNITY DEVELOPMENT	JOINT POWERS AUTHORITIES	OTHER SPECIAL REVENUE
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 35,511	\$ 20,608	\$ 4,440	\$ 46,778
ACCOUNTS RECEIVABLE - NET	-	-	-	60
TAXES RECEIVABLE	107	-	-	4
INTEREST RECEIVABLE	102	-	-	-
LOAN RECEIVABLE	-	-	-	-
OTHER RECEIVABLES	-	-	-	-
DUE FROM OTHER FUNDS	57	29	-	338
DUE FROM OTHER GOVERNMENTS	1,002	339	-	2,296
LAND HELD FOR RESALE	11,895	-	-	-
INVENTORIES	-	-	-	-
PREPAID ITEMS	62	-	11	-
RESTRICTED CASH AND CASH EQUIVALENTS	-	-	-	-
TOTAL ASSETS	\$ 48,736	\$ 20,976	\$ 4,451	\$ 49,476
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	38	450	-	680
SALARIES AND BENEFITS PAYABLE	28	83	-	125
DUE TO OTHER FUNDS	147	1,219	56	4,009
DUE TO OTHER GOVERNMENTS	144	-	54	1,784
INTEREST PAYABLE	2,005	-	-	-
DEFERRED REVENUE	-	-	12	3
INTERFUND PAYABLE	10,415	-	-	-
TOTAL LIABILITIES	12,777	1,752	122	6,601
FUND BALANCES				
RESERVED FOR:				
ENCUMBRANCES	-	2,028	68	950
PREPAID ITEMS	62	-	11	-
LAND HELD FOR RESALE	11,895	-	-	-
INVENTORIES	-	-	-	-
LOANS RECEIVABLE	-	-	-	-
UNRESERVED, REPORTED IN:				
DESIGNATED	-	-	-	-
UNDESIGNATED	24,002	17,196	4,250	41,925
TOTAL FUND BALANCE	35,959	19,224	4,329	42,875
TOTAL LIABILITIES AND FUND BALANCE	\$ 48,736	\$ 20,976	\$ 4,451	\$ 49,476

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, 2010 (IN THOUSANDS)

	TOTAL	TRANSPORTATION	SPECIAL TRANSPORTATION	SPECIAL AVIATION
REVENUES:				
TAXES	\$ 114,213	\$ -	\$ 5,366	\$ -
LICENSES, PERMITS AND FRANCHISES	695	331	-	-
FINES, FORFEITURES AND PENALTIES	12,653	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	11,308	309	330	917
AID FROM OTHER GOVERNMENTAL AGENCIES	320,659	70,370	112	948
CHARGES FOR CURRENT SERVICES	87,217	691	1,994	-
OTHER REVENUES	33,769	-	-	-
TOTAL REVENUES	<u>580,514</u>	<u>71,701</u>	<u>7,802</u>	<u>1,865</u>
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	11,688	-	-	-
PUBLIC PROTECTION	190,761	-	-	-
PUBLIC WAYS AND FACILITIES	63,608	49,830	10,247	1,020
HEALTH AND SANITATION	7,213	-	-	-
PUBLIC ASSISTANCE	100,364	-	-	-
EDUCATION	15,981	-	-	-
RECREATION AND CULTURAL SERVICES	6,698	-	-	-
DEBT SERVICE:				
PRINCIPAL	4,445	263	-	-
INTEREST AND FISCAL CHARGES	5,196	41	-	-
CAPITAL OUTLAY	12,550	4,532	-	1,999
TOTAL EXPENDITURES	<u>418,504</u>	<u>54,666</u>	<u>10,247</u>	<u>3,019</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>162,010</u>	<u>17,035</u>	<u>(2,445)</u>	<u>(1,154)</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(148,564)	(1,994)	(4,619)	(208)
TRANSFERS IN	26,916	5,886	-	85
SALE OF CAPITAL ASSETS	2,196	153	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(119,452)</u>	<u>4,045</u>	<u>(4,619)</u>	<u>(123)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	42,558	21,080	(7,064)	(1,277)
FUND BALANCE, JULY 1, 2009	400,024	28,482	35,904	7,400
FUND BALANCE, JUNE 30, 2010	<u>\$ 442,582</u>	<u>\$ 49,562</u>	<u>\$ 28,840</u>	<u>\$ 6,123</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2010 (IN THOUSANDS)

	MENTAL HEALTH SERVICES ACT	PRESCHOOL SERVICES DEPARTMENT	AGING AND ADULT SERVICES	JOBS AND EMPLOYMENT SERVICES
REVENUES:				
TAXES	\$ -	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	1,459	10	7	448
AID FROM OTHER GOVERNMENTAL AGENCIES	79,011	47,761	3,710	25,060
CHARGES FOR CURRENT SERVICES	-	8	3	-
OTHER REVENUES	128	156	-	103
TOTAL REVENUES	80,598	47,935	3,720	25,611
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	-	-	-
PUBLIC PROTECTION	-	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-	-
HEALTH AND SANITATION	-	-	-	-
PUBLIC ASSISTANCE	-	45,098	4,369	25,249
EDUCATION	-	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-	-
DEBT SERVICE:				
PRINCIPAL	-	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-	-
CAPITAL OUTLAY	-	498	-	87
TOTAL EXPENDITURES	-	45,596	4,369	25,336
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	80,598	2,339	(649)	275
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(61,938)	(2,217)	(66)	(305)
TRANSFERS IN	-	-	722	-
SALE OF CAPITAL ASSETS	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(61,938)	(2,217)	656	(305)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	18,660	122	7	(30)
FUND BALANCE, JULY 1, 2009	51,340	596	1,412	198
FUND BALANCE, JUNE 30, 2010	\$ 70,000	\$ 718	\$ 1,419	\$ 168

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2010 (IN THOUSANDS)

	COURTHOUSE TEMPORARY CONSTRUCTION	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	CENTRAL COURTHOUSE SURCHARGE	MICROGRAPHICS FEES
REVENUES:				
TAXES	\$ -	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-	-
FINES, FORFEITURES AND PENALTIES	2,701	3,403	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	104	122	1	51
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	-	-
CHARGES FOR CURRENT SERVICES	-	-	2,813	3,660
OTHER REVENUES	45	-	16	-
TOTAL REVENUES	2,850	3,525	2,830	3,711
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	-	-	-
PUBLIC PROTECTION	-	-	-	4,213
PUBLIC WAYS AND FACILITIES	-	-	-	-
HEALTH AND SANITATION	-	-	-	-
PUBLIC ASSISTANCE	-	-	-	-
EDUCATION	-	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-	-
DEBT SERVICE:				
PRINCIPAL	-	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-	-
CAPITAL OUTLAY	-	-	-	241
TOTAL EXPENDITURES	-	-	-	4,454
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,850	3,525	2,830	(743)
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(2,053)	(2,053)	(2,814)	(87)
TRANSFERS IN	-	-	-	-
SALE OF CAPITAL ASSETS	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,053)	(2,053)	(2,814)	(87)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	797	1,472	16	(830)
FUND BALANCE, JULY 1, 2009	6,006	7,897	1	16,506
FUND BALANCE, JUNE 30, 2010	\$ 6,803	\$ 9,369	\$ 17	\$ 15,676

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2010 (IN THOUSANDS)

	LOCAL LAW ENFORCEMENT BLOCK GRANT	SHERIFF'S SPECIAL PROJECTS	FIRE PROTECTION DISTRICTS	TOBACCO TAX PROGRAM
REVENUES:				
TAXES	\$ -	\$ -	\$ 36,593	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	351	-
REVENUES FROM USE OF MONEY AND PROPERTY	130	247	652	3
AID FROM OTHER GOVERNMENTAL AGENCIES	8,330	11,195	13,329	1
CHARGES FOR CURRENT SERVICES	-	2,584	60,609	-
OTHER REVENUES	-	2,440	1,994	-
TOTAL REVENUES	8,460	16,466	113,528	4
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	-	-	-
PUBLIC PROTECTION	5,422	7,819	115,035	-
PUBLIC WAYS AND FACILITIES	-	-	-	-
HEALTH AND SANITATION	-	-	-	857
PUBLIC ASSISTANCE	-	-	-	-
EDUCATION	-	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-	-
DEBT SERVICE:				
PRINCIPAL	-	-	142	-
INTEREST AND FISCAL CHARGES	-	-	12	-
CAPITAL OUTLAY	136	1,398	1,153	-
TOTAL EXPENDITURES	5,558	9,217	116,342	857
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,902	7,249	(2,814)	(853)
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(2,755)	-	(8,936)	-
TRANSFERS IN	270	-	12,213	-
SALE OF CAPITAL ASSETS	-	-	46	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,485)	-	3,323	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	417	7,249	509	(853)
FUND BALANCE, JULY 1, 2009	7,572	15,523	43,900	856
FUND BALANCE, JUNE 30, 2010	\$ 7,989	\$ 22,772	\$ 44,409	\$ 3

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2010 (IN THOUSANDS)

	FLOOD CONTROL DISTRICT	COUNTY SERVICE AREAS	PARK AND RECREATION DISTRICTS	COUNTY FREE LIBRARY
REVENUES:				
TAXES	\$ 38,491	\$ 3,034	\$ 2,039	\$ 13,038
LICENSES, PERMITS AND FRANCHISES	46	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	1,902	313	111	-
AID FROM OTHER GOVERNMENTAL AGENCIES	12,307	228	1,440	998
CHARGES FOR CURRENT SERVICES	176	4,147	939	1,202
OTHER REVENUES	1,135	182	41	674
TOTAL REVENUES	54,057	7,904	4,570	15,912
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	1,833	-	-
PUBLIC PROTECTION	52,092	821	-	-
PUBLIC WAYS AND FACILITIES	-	2,368	-	-
HEALTH AND SANITATION	-	45	-	-
PUBLIC ASSISTANCE	-	-	-	-
EDUCATION	-	-	-	15,981
RECREATION AND CULTURAL SERVICES	-	1,277	3,512	-
DEBT SERVICE:				
PRINCIPAL	3,632	61	-	52
INTEREST AND FISCAL CHARGES	3,785	54	-	62
CAPITAL OUTLAY	912	418	18	10
TOTAL EXPENDITURES	60,421	6,877	3,530	16,105
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,364)	1,027	1,040	(193)
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(707)	(2,044)	(1,279)	(455)
TRANSFERS IN	1,171	844	329	909
SALE OF CAPITAL ASSETS	1,990	7	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,454	(1,193)	(950)	454
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(3,910)	(166)	90	261
FUND BALANCE, JULY 1, 2009	62,020	16,668	1,150	214
FUND BALANCE, JUNE 30, 2010	<u>\$ 58,110</u>	<u>\$ 16,502</u>	<u>\$ 1,240</u>	<u>\$ 475</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2010 (IN THOUSANDS)

	REDEVELOPMENT AGENCY	ECONOMIC AND COMMUNITY DEVELOPMENT	JOINT POWER AUTHORITIES	OTHER SPECIAL REVENUE
REVENUES:				
TAXES	\$ 15,608	\$ 4	\$ -	\$ 40
LICENSES, PERMITS AND FRANCHISES	-	-	-	318
FINES, FORFEITURES AND PENALTIES	-	2	-	6,196
REVENUES FROM USE OF MONEY AND PROPERTY	465	621	161	2,945
AID FROM OTHER GOVERNMENTAL AGENCIES	-	18,409	-	27,450
CHARGES FOR CURRENT SERVICES	-	26	-	8,365
OTHER REVENUES	147	4,921	2	21,785
TOTAL REVENUES	16,220	23,983	163	67,099
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	9,459	-	159	237
PUBLIC PROTECTION	-	-	-	5,359
PUBLIC WAYS AND FACILITIES	-	-	-	143
HEALTH AND SANITATION	-	-	-	6,311
PUBLIC ASSISTANCE	-	24,690	-	958
EDUCATION	-	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-	1,909
DEBT SERVICE:				
PRINCIPAL	-	-	295	-
INTEREST AND FISCAL CHARGES	258	-	984	-
CAPITAL OUTLAY	664	114	-	370
TOTAL EXPENDITURES	10,381	24,804	1,438	15,287
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,839	(821)	(1,275)	51,812
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(3,859)	(760)	(2,510)	(46,905)
TRANSFERS IN	285	-	2,814	1,388
SALE OF CAPITAL ASSETS	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,574)	(760)	304	(45,517)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	2,265	(1,581)	(971)	6,295
FUND BALANCE, JULY 1, 2009	33,694	20,805	5,300	36,580
FUND BALANCE, JUNE 30, 2010	\$ 35,959	\$ 19,224	\$ 4,329	\$ 42,875

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 JUNE 30, 2010 (IN THOUSANDS)

	<u>TOTAL</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>PENSION OBLIGATION BONDS</u>	<u>REDEVELOPMENT AGENCY BONDS</u>
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 49,611	\$ 18,684	\$ 30,800	\$ 127
INVESTMENTS	9,357	-	5,578	3,779
INTEREST RECEIVABLE	4	-	-	4
TOTAL ASSETS	<u>58,972</u>	<u>18,684</u>	<u>36,378</u>	<u>3,910</u>
LIABILITIES AND FUND BALANCES				
DUE TO OTHER FUNDS	10	10	-	-
TOTAL LIABILITIES	<u>10</u>	<u>10</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
RESERVED FOR :				
DEBT SERVICE	58,962	18,674	36,378	3,910
TOTAL FUND BALANCE	<u>58,962</u>	<u>18,674</u>	<u>36,378</u>	<u>3,910</u>
TOTAL LIABILITIES AND BALANCE	<u>\$ 58,972</u>	<u>\$ 18,684</u>	<u>\$ 36,378</u>	<u>\$ 3,910</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, 2010 (IN THOUSANDS)

	<u>TOTAL</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>PENSION OBLIGATION BONDS</u>	<u>REDEVELOPMENT AGENCY BONDS</u>
REVENUES				
FINES, FORFEITURES, AND PENALTIES	-	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 116	\$ 1	\$ 98	\$ 17
OTHER REVENUES	5,210	-	5,210	-
TOTAL REVENUES	<u>5,326</u>	<u>1</u>	<u>5,308</u>	<u>17</u>
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT	289	-	3	286
DEBT SERVICE:				
PRINCIPAL	56,655	15,650	39,965	1,040
INTEREST AND FISCAL CHARGES	34,736	5,652	26,370	2,714
TOTAL EXPENDITURES	<u>91,680</u>	<u>21,302</u>	<u>66,338</u>	<u>4,040</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(86,354)</u>	<u>(21,301)</u>	<u>(61,030)</u>	<u>(4,023)</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT (NOTE 7)	103,331	21,803	77,711	3,817
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>103,331</u>	<u>21,803</u>	<u>77,711</u>	<u>3,817</u>
NET CHANGE IN FUND BALANCE	16,977	502	16,681	(206)
FUND BALANCE, JULY 1, 2009	<u>41,985</u>	<u>18,172</u>	<u>19,697</u>	<u>4,116</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 58,962</u>	<u>\$ 18,674</u>	<u>\$ 36,378</u>	<u>\$ 3,910</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2010 (IN THOUSANDS)

	<u>TOTAL</u>	<u>REDEVELOPMENT AGENCY</u>	<u>COUNTY SERVICE AREAS</u>
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 45,290	\$ 24,163	\$ 7,034
ACCOUNTS RECEIVABLE	4	-	-
INTEREST RECEIVABLE	73	73	-
DUE FROM OTHER FUNDS	6	-	6
DUE FROM OTHER GOVERNMENTS	1,508	-	-
LAND HELD FOR RESALE	10,060	10,060	-
TOTAL ASSETS	<u>56,941</u>	<u>34,296</u>	<u>7,040</u>
LIABILITIES AND FUND BALANCES			
ACCOUNTS PAYABLE	114	-	61
DUE TO OTHER FUNDS	594	130	8
TOTAL LIABILITIES	<u>708</u>	<u>130</u>	<u>69</u>
FUND BALANCE:			
RESERVED FOR ENCUMBRANCES	458	-	419
RESERVED FOR LAND FOR RESALE	10,060	10,060	-
UNRESERVED, UNDESIGNATED	45,715	24,106	6,552
TOTAL FUND BALANCE	<u>56,233</u>	<u>34,166</u>	<u>6,971</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 56,941</u>	<u>\$ 34,296</u>	<u>\$ 7,040</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS (CONTINUED)
 JUNE 30, 2010 (IN THOUSANDS)

	<u>FIRE PROTECTION DISTRICTS</u>	<u>PARK AND RECREATION DISTRICTS</u>
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 7,271	\$ 6,822
ACCOUNTS RECEIVABLE	-	4
INTEREST RECEIVABLE	-	-
DUE FROM OTHER FUNDS	-	-
DUE FROM OTHER GOVERNMENTS	-	1,508
LAND HELD FOR RESALE	-	-
TOTAL ASSETS	<u>7,271</u>	<u>8,334</u>
LIABILITIES AND FUND BALANCES		
ACCOUNTS PAYABLE	-	53
DUE TO OTHER FUNDS	453	3
TOTAL LIABILITIES	<u>453</u>	<u>56</u>
FUND BALANCE:		
RESERVED FOR ENCUMBRANCES	39	-
RESERVED FOR LAND FOR RESALE	-	-
UNRESERVED, UNDESIGNATED	6,779	8,278
TOTAL FUND BALANCE	<u>6,818</u>	<u>8,278</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,271</u>	<u>\$ 8,334</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, 2010 (IN THOUSANDS)

	<u>TOTAL</u>	<u>REDEVELOPMENT AGENCY</u>	<u>COUNTY SERVICE AREAS</u>
REVENUES			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 520	\$ 263	\$ 85
AID FROM OTHER GOVERNMENTAL AGENCIES	1,708	-	200
OTHER REVENUES	<u>5</u>	<u>-</u>	<u>5</u>
TOTAL REVENUES	<u>2,233</u>	<u>263</u>	<u>290</u>
EXPENDITURES			
CAPITAL OUTLAY	<u>6,035</u>	<u>2,637</u>	<u>600</u>
TOTAL EXPENDITURES	<u>6,035</u>	<u>2,637</u>	<u>600</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,802)</u>	<u>(2,374)</u>	<u>(310)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT (NOTE 7)	(1,381)	(533)	(331)
TRANSFERS IN (NOTE 7)	<u>2,329</u>	<u>-</u>	<u>1,350</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>948</u>	<u>(533)</u>	<u>1,019</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(2,854)</u>	<u>(2,907)</u>	<u>(709)</u>
FUND BALANCE, JULY 1, 2009	<u>59,087</u>	<u>37,073</u>	<u>6,262</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 56,233</u>	<u>\$ 34,166</u>	<u>\$ 6,971</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 CAPITAL PROJECTS FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2010 (IN THOUSANDS)

	<u>FIRE PROTECTION DISTRICTS</u>	<u>PARK AND RECREATION DISTRICTS</u>
REVENUES		
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 90	\$ 82
AID FROM OTHER GOVERNMENTAL AGENCIES	-	1,508
OTHER REVENUES	-	-
TOTAL REVENUES	<u>90</u>	<u>1,590</u>
EXPENDITURES		
CAPITAL OUTLAY	<u>440</u>	<u>2,358</u>
TOTAL EXPENDITURES	<u>440</u>	<u>2,358</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(350)</u>	<u>(768)</u>
OTHER FINANCING SOURCES (USES):		
TRANSFERS OUT (NOTE 7)	(453)	(64)
TRANSFERS IN (NOTE 7)	<u>194</u>	<u>785</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(259)</u>	<u>721</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(609)	(47)
FUND BALANCE, JULY 1, 2009	<u>7,427</u>	<u>8,325</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 6,818</u>	<u>\$ 8,278</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 PERMANENT FUNDS
 JUNE 30, 2010 (IN THOUSANDS)

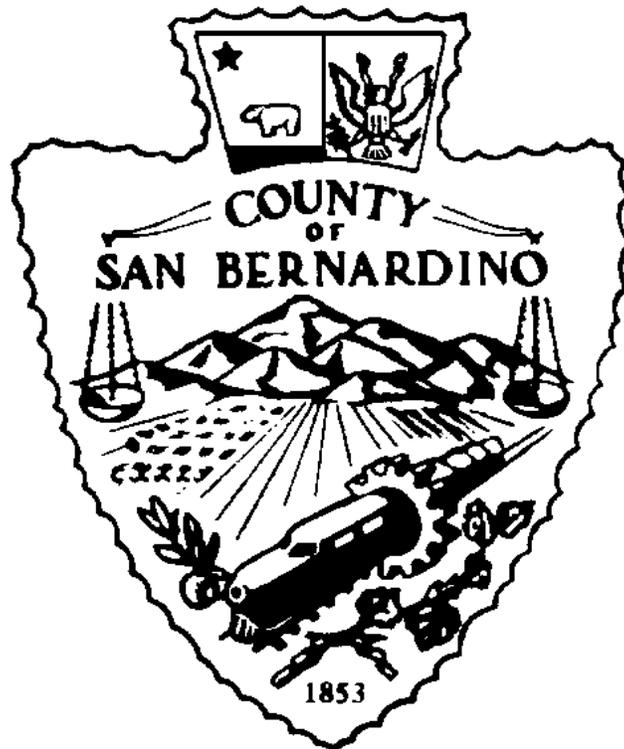
	<u>TOTAL</u>	<u>BARSTOW CEMETERY ENDOWMENT CARE FUND</u>	<u>LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND</u>	<u>ETIWANDA CSA 70 OS-1 ENDOWMENT CARE FUND</u>
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 2,201	\$ 505	\$ 91	\$ 1,605
TOTAL ASSETS	<u>\$ 2,201</u>	<u>\$ 505</u>	<u>\$ 91</u>	<u>\$ 1,605</u>
FUND BALANCES:				
RESERVED FOR ENDOWMENTS	2,201	505	91	1,605
TOTAL FUND BALANCE	<u>\$ 2,201</u>	<u>\$ 505</u>	<u>\$ 91</u>	<u>\$ 1,605</u>

See accompanying independent auditor's report.

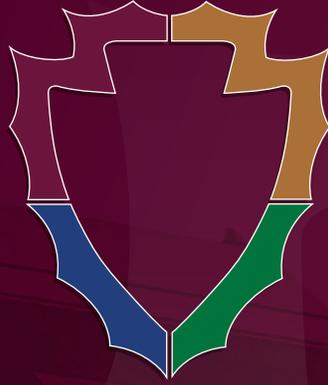
COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 PERMANENT FUNDS
 YEAR ENDED JUNE 30, 2010 (IN THOUSANDS)

	<u>TOTAL</u>	<u>BARSTOW CEMETERY ENDOWMENT CARE FUND</u>	<u>LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND</u>	<u>ETIWANDA CSA 70 OS-1 ENDOWMENT CARE FUND</u>
REVENUES				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 41	\$ 9	\$ 1	\$ 31
OTHER REVENUES	31	25	-	6
TOTAL REVENUES	<u>72</u>	<u>34</u>	<u>1</u>	<u>37</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT (NOTE 7)	<u>(26)</u>	<u>-</u>	<u>-</u>	<u>(26)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(26)</u>	<u>-</u>	<u>-</u>	<u>(26)</u>
NET CHANGE IN FUND BALANCE	46	34	1	11
FUND BALANCE JULY 1, 2009 AS RESTATED	<u>2,155</u>	<u>471</u>	<u>90</u>	<u>1,594</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 2,201</u>	<u>\$ 505</u>	<u>\$ 91</u>	<u>\$ 1,605</u>

See accompanying independent auditor's report.



COUNTY OF
SAN BERNARDINO



AT YOUR SERVICE

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 BERNARDINO
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 JUNE 30, 2010 (IN THOUSANDS)

	<u>TOTAL</u>	<u>CRESTLINE SANITATION DISTRICT</u>	<u>COUNTY SERVICE AREAS</u>	<u>FIRE PROTECTION DISTRICTS</u>	<u>OTHER ENTERPRISE</u>
ASSETS					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS	\$ 39,055	\$ 6,432	\$ 32,322	\$ 235	\$ 66
ACCOUNTS RECEIVABLE, NET (NOTE 2)	3,630	718	1,869	1,043	-
TAXES RECEIVABLE	238	70	168	-	-
OTHER RECEIVABLES	296	5	291	-	-
DUE FROM OTHER FUNDS	874	41	833	-	-
DUE FROM OTHER GOVERNMENTS	76	76	-	-	-
INVENTORIES	47	-	-	-	47
TOTAL CURRENT ASSETS	<u>44,216</u>	<u>7,342</u>	<u>35,483</u>	<u>1,278</u>	<u>113</u>
NONCURRENT ASSETS:					
CAPITAL ASSETS NOT BEING DEPRECIATED OR AMORTIZED:					
LAND	3,638	213	3,425		
LAND USE RIGHTS	258	-	258		
DEVELOPMENT IN PROGRESS	10,777	3,135	7,642		
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:					
STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE	90,300	22,370	67,930	-	-
EQUIPMENT AND SOFTWARE	2,691	1,317	1,374	-	-
ACCUMULATED DEPRECIATION AND AMORTIZATION	(45,679)	(17,367)	(28,312)	-	-
TOTAL NONCURRENT ASSETS	<u>61,985</u>	<u>9,668</u>	<u>52,317</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>106,201</u>	<u>17,010</u>	<u>87,800</u>	<u>1,278</u>	<u>113</u>
LIABILITIES					
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	1,009	-	1,009	-	-
SALARIES AND BENEFITS PAYABLE	1	-	-	-	1
DUE TO OTHER FUNDS (NOTE 7)	698	20	108	570	-
DUE TO OTHER GOVERNMENTS	20	-	20	-	-
INTEREST PAYABLE	391	-	391	-	-
DEFERRED REVENUE	41	-	41	-	-
BONDS AND NOTES PAYABLE	345	94	251	-	-
TOTAL CURRENT LIABILITIES	<u>2,505</u>	<u>114</u>	<u>1,820</u>	<u>570</u>	<u>1</u>
NONCURRENT LIABILITIES:					
INTERFUND PAYABLE (NOTE 7)	1,192	-	1,192	-	-
BONDS AND NOTES PAYABLE	3,768	707	3,061	-	-
TOTAL NONCURRENT LIABILITIES	<u>4,960</u>	<u>707</u>	<u>4,253</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>7,465</u>	<u>821</u>	<u>6,073</u>	<u>570</u>	<u>1</u>
NET ASSETS					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	57,872	8,867	49,005	-	-
UNRESTRICTED	40,864	7,322	32,722	708	112
TOTAL NET ASSETS	<u>\$ 98,736</u>	<u>\$ 16,189</u>	<u>\$ 81,727</u>	<u>\$ 708</u>	<u>\$ 112</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 YEAR ENDED JUNE 30, 2010 (IN THOUSANDS)

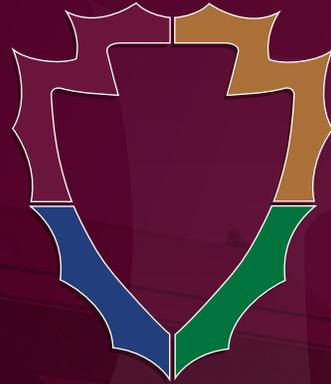
	TOTAL	CRESTLINE SANITATION DISTRICT	COUNTY SERVICE AREAS	FIRE PROTECTION DISTRICTS	OTHER ENTERPRISE
OPERATING REVENUES:					
CHARGES FOR CURRENT SERVICES	\$ 15,793	\$ 2,545	\$ 9,985	\$ 3,117	\$ 146
OTHER OPERATING REVENUES	380	-	380	-	-
TOTAL OPERATING REVENUES	16,173	2,545	10,365	3,117	146
OPERATING EXPENSES:					
PROFESSIONAL SERVICES	2,040	85	1,715	234	6
SALARIES AND EMPLOYEES BENEFITS	7,424	1,955	5,348	-	121
SERVICES AND SUPPLIES	3,828	850	2,758	6	214
DEPRECIATION AND AMORTIZATION	2,539	485	2,054	-	-
OTHER	779	-	779	-	-
TOTAL OPERATING EXPENSES	16,610	3,375	12,654	240	341
OPERATING INCOME (LOSS)	(437)	(830)	(2,289)	2,877	(195)
NONOPERATING REVENUES (EXPENSES):					
INTEREST REVENUES	552	70	472	9	1
INTEREST EXPENSE	(318)	(15)	(303)	-	-
TAX REVENUE	3,639	1,068	2,571	-	-
GRANT REVENUE	116	13	103	-	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	(53)	3	(56)	-	-
OTHER NONOPERATING REVENUES	1,803	10	1,693	-	100
TOTAL NONOPERATING REVENUES (EXPENSES)	5,739	1,149	4,480	9	101
CHANGE IN NET ASSETS BEFORE TRANSFERS	5,302	319	2,191	2,886	(94)
TRANSFERS OUT	(3,795)	-	(125)	(3,670)	-
TRANSFERS IN	173	-	173	-	-
CHANGE IN NET ASSETS	1,680	319	2,239	(784)	(94)
TOTAL NET ASSETS, JULY 1, 2009	97,056	15,870	79,488	1,492	206
TOTAL NET ASSETS, JUNE 30, 2010	\$ 98,736	\$ 16,189	\$ 81,727	\$ 708	\$ 112

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2010 (IN THOUSANDS)

	TOTAL	CRESTLINE SANITATION DISTRICT	COUNTY SERVICE AREAS	FIRE PROTECTION DISTRICTS- AMBULANCE	OTHER ENTERPRISE
CASH FLOWS FROM OPERATING ACTIVITIES:					
CASH RECEIVED FROM SERVICES	\$ 17,969	\$ 2,717	\$ 11,861	\$ 3,145	\$ 246
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(6,622)	(1,213)	(5,231)	50	(228)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(7,429)	(1,955)	(5,348)	-	(126)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	3,918	(451)	1,282	3,195	(108)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
TAXES RECEIVED	3,756	1,055	2,701	-	-
GRANTS RECEIVED	116	13	103	-	-
TRANSFERS RECEIVED	173	-	173	-	-
TRANSFERS PAID	(3,853)	-	(183)	(3,670)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	192	1,068	2,794	(3,670)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(3,107)	(207)	(2,900)	-	-
PRINCIPAL PAID ON BONDS AND NOTES	(281)	(92)	(189)	-	-
INTEREST PAID ON BONDS AND NOTES	(229)	(15)	(214)	-	-
PROCEEDS FROM SALE OF CAPITAL ASSETS	6	3	3	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(3,611)	(311)	(3,300)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
INTEREST ON INVESTMENTS	552	70	472	9	1
NET CASH PROVIDED BY INVESTING ACTIVITIES	552	70	472	9	1
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,051	376	1,248	(466)	(107)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	38,004	6,056	31,074	701	173
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 39,055	\$ 6,432	\$ 32,322	\$ 235	\$ 66
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
OPERATING INCOME (LOSS)	(437)	\$ (830)	\$ (2,289)	\$ 2,877	\$ (195)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
DEPRECIATION AND AMORTIZATION	2,539	485	2,054	-	-
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	1,803	10	1,693	-	100
CHANGES IN ASSETS AND LIABILITIES:					
ACCOUNTS RECEIVABLE	58	238	(208)	28	-
DUE FROM OTHER GOVERNMENTS	(65)	(76)	11	-	-
INVENTORIES	6	-	-	-	6
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	19	(278)	21	290	(14)
SALARIES AND BENEFITS PAYABLE	(5)	-	-	-	(5)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 3,918	\$ (451)	\$ 1,282	\$ 3,195	\$ (108)
BREAKDOWN OF CASH AND CASH EQUIVALENTS					
CASH AND CASH EQUIVALENTS	\$ 39,055	\$ 6,432	\$ 32,322	\$ 235	\$ 66

COUNTY OF
SAN BERNARDINO



AT YOUR SERVICE

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
 JUNE 30, 2010 (IN THOUSANDS)

	TOTAL	GENERAL SERVICE GROUP	TELEPHONE SERVICES	COMPUTER OPERATIONS
ASSETS				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 327,601	\$ 3,909	\$ 14,419	\$ 15,069
ACCOUNTS RECEIVABLE - NET	779	-	705	-
DUE FROM OTHER FUNDS	942	534	-	98
DUE FROM OTHER GOVERNMENTS	1,788	308	947	96
INVENTORIES	2,394	339	964	-
PREPAID ITEMS	5,777	405	-	-
TOTAL CURRENT ASSETS	<u>339,281</u>	<u>5,495</u>	<u>17,035</u>	<u>15,263</u>
NONCURRENT ASSETS:				
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:				
LAND	396	-	-	-
DEVELOPMENT IN PROGRESS	7,791	-	7,114	677
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
STRUCTURES AND IMPROVEMENTS	9,017	19	2,631	522
EQUIPMENT AND SOFTWARE	80,668	1,213	27,998	10,695
ACCUMULATED DEPRECIATION AND AMORTIZATION	(58,380)	(1,121)	(20,486)	(7,156)
TOTAL NONCURRENT ASSETS	<u>39,492</u>	<u>111</u>	<u>17,257</u>	<u>4,738</u>
TOTAL ASSETS	<u>378,773</u>	<u>5,606</u>	<u>34,292</u>	<u>20,001</u>
LIABILITIES				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE	4,661	215	2,129	1,423
SALARIES AND BENEFITS PAYABLE	1,192	83	296	397
DUE TO OTHER FUNDS	1,019	-	34	52
DUE TO OTHER GOVERNMENTS	22	-	-	-
DEFERRED REVENUE	1,524	1,327	86	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	39,715	-	-	-
COMPENSATED ABSENCES PAYABLE	2,722	138	828	960
TERMINATION BENEFITS PAYABLE	62	7	24	13
LICENSING AGREEMENT OBLIGATIONS	290	-	-	290
TOTAL CURRENT LIABILITIES	<u>51,207</u>	<u>1,770</u>	<u>3,397</u>	<u>3,135</u>
NONCURRENT LIABILITIES:				
INTERFUND PAYABLE	2,000	-	2,000	-
COMPENSATED ABSENCES PAYABLE	2,319	172	448	785
TERMINATION BENEFITS PAYABLE	186	21	72	38
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	105,679	-	-	-
TOTAL NONCURRENT LIABILITIES	<u>110,184</u>	<u>193</u>	<u>2,520</u>	<u>823</u>
TOTAL LIABILITIES	<u>161,391</u>	<u>1,963</u>	<u>5,917</u>	<u>3,958</u>
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	39,748	111	17,013	5,237
UNRESTRICTED	177,634	3,532	11,362	10,806
TOTAL NET ASSETS	<u>\$ 217,382</u>	<u>\$ 3,643</u>	<u>\$ 28,375</u>	<u>\$ 16,043</u>

See accompanying independent auditor's report

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS (CONTINUED)
 JUNE 30, 2010 (IN THOUSANDS)

	<u>VEHICLE SERVICES</u>	<u>RISK MANAGEMENT</u>	<u>FLOOD CONTROL EQUIPMENT</u>
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 12,010	\$ 278,437	\$ 3,757
ACCOUNTS RECEIVABLE - NET	74	-	-
DUE FROM OTHER FUNDS	200	6	104
DUE FROM OTHER GOVERNMENTS	338	-	99
INVENTORIES	1,091	-	-
PREPAID ITEMS	-	5,372	-
TOTAL CURRENT ASSETS	<u>13,713</u>	<u>283,815</u>	<u>3,960</u>
NONCURRENT ASSETS:			
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:			
LAND	396	-	-
DEVELOPMENT IN PROGRESS	-	-	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
STRUCTURES AND IMPROVEMENTS	5,845	-	-
EQUIPMENT AND SOFTWARE	25,625	601	14,536
ACCUMULATED DEPRECIATION AND AMORTIZATION	(20,321)	(158)	(9,138)
TOTAL NONCURRENT ASSETS	<u>11,545</u>	<u>443</u>	<u>5,398</u>
TOTAL ASSETS	<u>25,258</u>	<u>284,258</u>	<u>9,358</u>
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	486	408	-
SALARIES AND BENEFITS PAYABLE	241	175	-
DUE TO OTHER FUNDS	131	800	2
DUE TO OTHER GOVERNMENTS	22	-	-
DEFERRED REVENUE	-	111	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	39,715	-
COMPENSATED ABSENCES PAYABLE	441	355	-
TERMINATION BENEFITS PAYABLE	7	11	-
LICENSING AGREEMENT OBLIGATIONS	-	-	-
TOTAL CURRENT LIABILITIES	<u>1,328</u>	<u>41,575</u>	<u>2</u>
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE	-	-	-
COMPENSATED ABSENCES PAYABLE	724	190	-
TERMINATION BENEFITS PAYABLE	21	34	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	105,679	-
TOTAL NONCURRENT LIABILITIES	<u>745</u>	<u>105,903</u>	<u>-</u>
TOTAL LIABILITIES	<u>2,073</u>	<u>147,478</u>	<u>2</u>
NET ASSETS			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	11,546	443	5,398
UNRESTRICTED	11,639	136,337	3,958
TOTAL NET ASSETS	<u>\$ 23,185</u>	<u>\$ 136,780</u>	<u>\$ 9,356</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, 2010 (IN THOUSANDS)

	<u>TOTAL</u>	<u>GENERAL SERVICES GROUP</u>	<u>TELEPHONE SERVICES</u>	<u>COMPUTER OPERATIONS</u>
OPERATING REVENUES:				
CHARGES FOR CURRENT SERVICES	\$ 147,269	\$ 11,178	\$ 24,532	\$ 20,964
TOTAL OPERATING REVENUES	<u>147,269</u>	<u>11,178</u>	<u>24,532</u>	<u>20,964</u>
OPERATING EXPENSES:				
PROFESSIONAL SERVICES	14,670	648	771	1,598
SALARIES AND EMPLOYEES BENEFITS	33,092	2,724	8,792	9,902
SELF-INSURED CLAIMS	30,013	-	-	-
SERVICES AND SUPPLIES	47,181	7,495	9,750	4,230
DEPRECIATION AND AMORTIZATION	8,666	20	2,036	1,689
OTHER	503	-	-	-
TOTAL OPERATING EXPENSES	<u>134,125</u>	<u>10,887</u>	<u>21,349</u>	<u>17,419</u>
OPERATING INCOME (LOSS)	<u>13,144</u>	<u>291</u>	<u>3,183</u>	<u>3,545</u>
NONOPERATING REVENUES (EXPENSES):				
INTEREST REVENUES	3,338	-	-	-
GRANT REVENUE	4,513	-	4,496	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	302	-	1	(53)
OTHER NONOPERATING REVENUES	3,468	-	61	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>11,621</u>	<u>-</u>	<u>4,558</u>	<u>(53)</u>
CHANGE IN NET ASSETS BEFORE TRANSFERS	24,765	291	7,741	3,492
TRANSFERS OUT (NOTE 7)	(3,210)	(122)	(676)	(1,108)
TRANSFERS IN	<u>2,153</u>	<u>-</u>	<u>2,032</u>	<u>47</u>
CHANGE IN NET ASSETS	23,708	169	9,097	2,431
FUND BALANCE, JULY 1, 2009 AS RESTATED (NOTE 3)	<u>193,674</u>	<u>3,474</u>	<u>19,278</u>	<u>13,612</u>
TOTAL NET ASSETS, JUNE 30, 2010	<u>\$ 217,382</u>	<u>\$ 3,643</u>	<u>\$ 28,375</u>	<u>\$ 16,043</u>

See accompanying independent auditor's report

COUNTY OF SAN BERNARDINO
 COMBINING - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
 INTERNAL SERVICE FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2010 (IN THOUSANDS)

	<u>VEHICLE SERVICES</u>	<u>RISK MANAGEMENT</u>	<u>FLOOD CONTROL EQUIPMENT</u>
OPERATING REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 20,337	\$ 67,345	\$ 2,913
TOTAL OPERATING REVENUES	<u>20,337</u>	<u>67,345</u>	<u>2,913</u>
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	1,239	10,412	2
SALARIES AND EMPLOYEES BENEFITS	6,470	5,159	45
SELF-INSURED CLAIMS	-	30,013	-
SERVICES AND SUPPLIES	11,125	12,836	1,745
DEPRECIATION AND AMORTIZATION	3,885	58	978
OTHER	-	503	-
TOTAL OPERATING EXPENSES	<u>22,719</u>	<u>58,981</u>	<u>2,770</u>
OPERATING INCOME (LOSS)	<u>(2,382)</u>	<u>8,364</u>	<u>143</u>
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUES	132	3,153	53
GRANT REVENUE	-	17	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	319	-	35
OTHER NONOPERATING REVENUES	2,809	501	97
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>3,260</u>	<u>3,671</u>	<u>185</u>
CHANGE IN NET ASSETS BEFORE TRANSFERS	878	12,035	328
TRANSFERS OUT (NOTE 7)	(443)	(861)	-
TRANSFERS IN	<u>24</u>	<u>-</u>	<u>50</u>
CHANGE IN NET ASSETS	459	11,174	378
FUND BALANCE, JULY 1, 2009 AS RESTATED (NOTE 3)	<u>22,726</u>	<u>125,606</u>	<u>8,978</u>
TOTAL NET ASSETS, JUNE 30, 2010	<u>\$ 23,185</u>	<u>\$ 136,780</u>	<u>\$ 9,356</u>

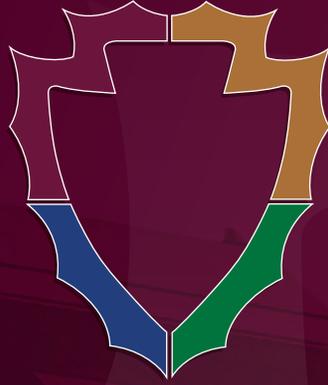
See accompanying independent auditor's report

COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2010 (IN THOUSANDS)

	TOTAL	GENERAL SERVICES GROUP	TELEPHONE SERVICES	COMPUTER OPERATIONS	VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
CASH FLOWS FROM OPERATING ACTIVITIES:							
CASH RECEIVED FROM SERVICES	\$ 150,347	\$ 12,492	\$ 23,810	\$ 20,911	\$ 22,889	\$ 67,190	\$ 3,055
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(96,231)	(8,207)	(10,177)	(5,537)	(12,342)	(58,130)	(1,838)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(34,494)	(2,731)	(9,399)	(10,294)	(6,678)	(5,347)	(45)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	19,622	1,554	4,234	5,080	3,869	3,713	1,172
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
TRANSFERS RECEIVED	2,153	-	2,032	47	24	-	50
TRANSFERS PAID	(3,210)	(122)	(676)	(1,108)	(443)	(861)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(1,057)	(122)	1,356	(1,061)	(419)	(861)	50
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(12,783)	-	(8,253)	(2,163)	(287)	(486)	(1,594)
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	(35)	(35)	-	-	-	-	-
PRINCIPAL PAID ON LICENSING AGREEMENT OBLIGATIONS	(290)	-	-	(290)	-	-	-
GRANT REVENUE	4,513	-	4,496	-	-	17	-
PROCEEDS FROM SALE OF CAPITAL ASSETS	698	-	1	-	542	-	155
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(7,897)	(35)	(3,756)	(2,453)	255	(469)	(1,439)
CASH FLOWS FROM INVESTING ACTIVITIES:							
INTEREST ON INVESTMENTS	3,338	-	-	-	132	3,153	53
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,338	-	-	-	132	3,153	53
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,006	1,397	1,834	1,566	3,837	5,536	(164)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	313,595	2,512	12,585	13,503	8,173	272,901	3,921
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 327,601	\$ 3,909	\$ 14,419	\$ 15,069	\$ 12,010	\$ 278,437	\$ 3,757
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
OPERATING INCOME (LOSS)	\$ 13,144	\$ 291	\$ 3,183	\$ 3,545	\$ (2,382)	\$ 8,364	\$ 143
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
DEPRECIATION AND AMORTIZATION	8,666	20	2,036	1,689	3,885	58	978
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	3,450	-	43	-	2,809	501	97
CHANGES IN ASSETS AND LIABILITIES:							
ACCOUNTS RECEIVABLE-NET	105	-	2	-	103	-	-
DUE FROM OTHER FUNDS	501	535	35	(60)	(199)	46	144
DUE FROM OTHER GOVERNMENTS	(1,097)	(178)	(666)	7	(161)	-	(99)
INVENTORIES	(549)	23	(542)	-	(30)	-	-
PREPAID ITEMS	205	77	-	-	-	128	-
ACCOUNTS PAYABLE AND OTHER LIABILITIES	1,143	793	750	291	49	(649)	(91)
SALARIES AND BENEFITS PAYABLE	(1,462)	(73)	(464)	(441)	(271)	(213)	-
DUE TO OTHER GOVERNMENTS	3	-	-	-	3	-	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURANCE CLAIMS	(4,547)	-	-	-	-	(4,547)	-
COMPENSATED ABSENCES PAYABLE	(188)	38	(239)	(2)	35	(20)	-
TERMINATION BENEFITS PAYABLE	248	28	96	51	28	45	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 19,622	\$ 1,554	\$ 4,234	\$ 5,080	\$ 3,869	\$ 3,713	\$ 1,172
BREAKDOWN OF CASH AND CASH EQUIVALENTS							
CASH AND CASH EQUIVALENTS	\$ 327,601	\$ 3,909	\$ 14,419	\$ 15,069	\$ 12,010	\$ 278,437	\$ 3,757

See accompanying independent auditor's report.

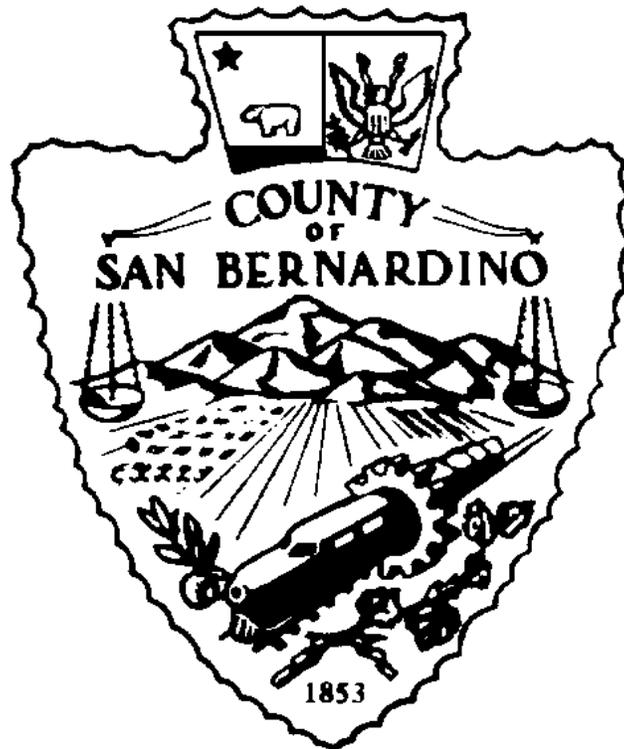
COUNTY OF
SAN BERNARDINO



AT YOUR SERVICE

COMBINING FINANCIAL
STATEMENTS
TRUST AND AGENCY FUNDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



TRUST AND AGENCY FUNDS DESCRIPTIONS

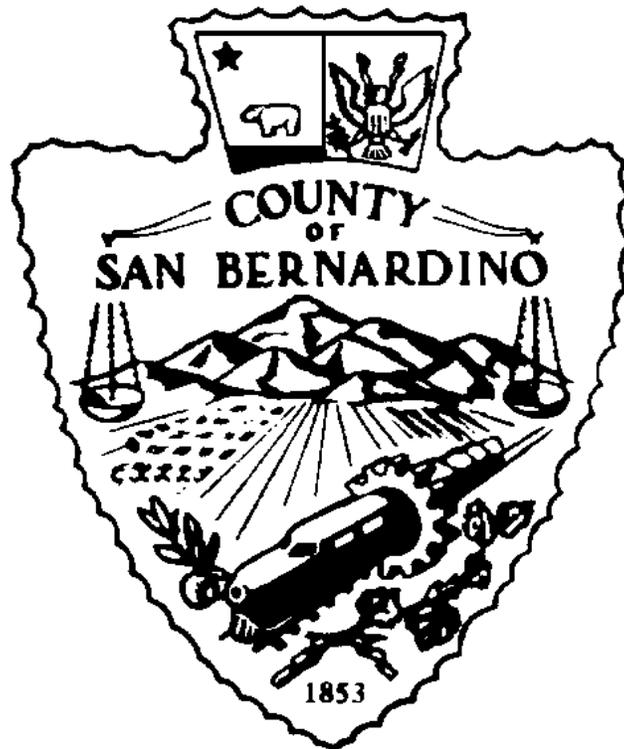
AGENCY FUNDS

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.

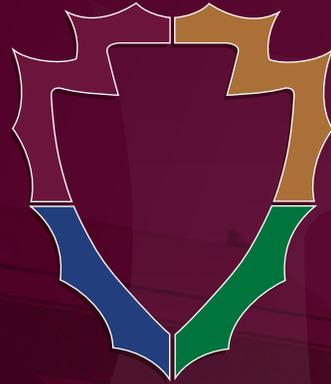
Other Agency Funds - Accounts for other agency funds where the County holds money either in a custodial capacity for other entities, or as a clearing account to accumulate and hold certain monies until disbursement to the ultimate recipient.

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED JUNE 30, 2010

<u>TOTAL AGENCY FUNDS</u>	<u>JULY 1, 2009</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>JUNE 30, 2010</u>
ASSETS:				
CASH AND CASH EQUIVALENTS, AS RESTATED	\$ 296,732	\$ 10,703,100	\$ 10,734,972	\$ 264,859
ACCOUNT RECEIVABLES	26,542	22,571	26,542	22,571
TAXES RECEIVABLE	91,627	201,137	147,054	145,710
DUE FROM OTHER FUNDS	-	430	430	-
DUE FROM OTHER GOVERNMENTS	52,114	33,110	52,114	33,110
TOTAL ASSETS	<u>\$ 467,015</u>	<u>\$ 10,960,348</u>	<u>\$ 10,961,112</u>	<u>\$ 466,250</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS, AS RESTATED	467,015	202,815	203,580	466,250
TOTAL LIABILITIES	<u>\$ 467,015</u>	<u>\$ 202,815</u>	<u>\$ 203,580</u>	<u>\$ 466,250</u>
<u>SPECIAL ASSESSMENT FUNDS</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1,082	\$ 374	\$ 187	\$ 1,269
TOTAL ASSETS	<u>\$ 1,082</u>	<u>\$ 374</u>	<u>\$ 187</u>	<u>\$ 1,269</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	1,082	187	-	1,269
TOTAL LIABILITIES	<u>\$ 1,082</u>	<u>\$ 187</u>	<u>\$ -</u>	<u>\$ 1,269</u>
<u>OTHER AGENCY FUNDS</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS, AS RESTATED	\$ 295,650	\$ 10,702,726	\$ 10,734,785	\$ 263,590
ACCOUNT RECEIVABLES	26,542	22,571	26,542	22,571
TAXES RECEIVABLE	91,627	201,137	147,054	145,710
DUE FROM OTHER FUNDS	-	430	430	-
DUE FROM OTHER GOVERNMENTS	52,114	33,110	52,114	33,110
TOTAL ASSETS	<u>\$ 465,933</u>	<u>\$ 10,959,974</u>	<u>\$ 10,960,925</u>	<u>\$ 464,981</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS, AS RESTATED	465,933	202,628	203,580	464,981
TOTAL LIABILITIES	<u>\$ 465,933</u>	<u>\$ 202,628</u>	<u>\$ 203,580</u>	<u>\$ 464,981</u>



COUNTY OF
SAN BERNARDINO



AT YOUR SERVICE

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, 2010 (IN THOUSANDS)

	<u>TOTAL</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 106,682	114,213	\$ 7,531
LICENSES, PERMITS AND FRANCHISES	695	695	-
FINES, FORFEITURES AND PENALTIES	11,831	12,653	822
REVENUES FROM USE OF MONEY AND PROPERTY	11,640	11,147	(493)
AID FROM OTHER GOVERNMENTAL AGENCIES	338,394	320,659	(17,735)
CHARGES FOR CURRENT SERVICES	86,627	87,217	590
OTHER REVENUES	54,239	33,767	(20,472)
TOTAL REVENUES	<u>610,108</u>	<u>580,351</u>	<u>(29,757)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	48,540	12,028	36,512
PUBLIC PROTECTION	311,327	181,178	130,149
PUBLIC WAYS AND FACILITIES	138,885	53,217	85,668
HEALTH AND SANITATION	76,321	7,418	68,903
PUBLIC ASSISTANCE	122,782	100,920	21,862
EDUCATION	16,334	15,989	345
RECREATION AND CULTURAL SERVICES	12,992	6,273	6,719
DEBT SERVICE:			
PRINCIPAL	6,735	4,150	2,585
INTEREST AND FISCAL CHARGES	4,245	4,212	33
CAPITAL OUTLAY	39,227	10,541	28,686
TOTAL EXPENDITURES	<u>777,388</u>	<u>395,926</u>	<u>381,462</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(167,280)</u>	<u>184,425</u>	<u>351,705</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(210,718)	(146,054)	64,664
TRANSFERS IN	67,387	24,102	(43,285)
SALE OF CAPITAL ASSETS	2,180	2,196	16
TOTAL OTHER FINANCING SOURCES (USES)	<u>(141,151)</u>	<u>(119,756)</u>	<u>21,395</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(308,431)</u>	<u>64,669</u>	<u>373,100</u>
FUND BALANCE, JULY 1, 2009	<u>354,064</u>	<u>354,064</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 45,633</u>	<u>\$ 418,733</u>	<u>\$ 373,100</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, 2010 (IN THOUSANDS)

	<u>TRANSPORTATION</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
LICENSES, PERMITS AND FRANCHISES	\$ 331	\$ 331	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	326	309	(17)
AID FROM OTHER GOVERNMENTAL AGENCIES	70,370	70,370	-
CHARGES FOR CURRENT SERVICES	691	691	-
OTHER REVENUES	116	-	(116)
TOTAL REVENUES	<u>71,834</u>	<u>71,701</u>	<u>(133)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	82,200	41,925	40,275
DEBT SERVICE:			
PRINCIPAL	2,763	263	2,500
INTEREST AND FISCAL CHARGES	60	41	19
CAPITAL OUTLAY	2,409	2,286	123
TOTAL EXPENDITURES	<u>87,432</u>	<u>44,515</u>	<u>42,917</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(15,598)</u>	<u>27,186</u>	<u>42,784</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(7,994)	(1,994)	6,000
TRANSFERS IN	11,119	5,886	(5,233)
SALE OF CAPITAL ASSETS	153	153	-
TOTAL OTHER FINANCING SOURCES	<u>3,278</u>	<u>4,045</u>	<u>767</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(12,320)</u>	<u>31,231</u>	<u>43,551</u>
FUND BALANCE, JULY 1, 2009	<u>12,518</u>	<u>12,518</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 198</u>	<u>\$ 43,749</u>	<u>\$ 43,551</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, 2010 (IN THOUSANDS)

	<u>SPECIAL TRANSPORTATION</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 5,758	\$ 5,366	\$ (392)
REVENUES FROM USE OF MONEY AND PROPERTY	469	330	(139)
AID FROM OTHER GOVERNMENTAL AGENCIES	112	112	-
CHARGES FOR CURRENT SERVICES	2,008	1,994	(14)
OTHER REVENUES	<u>2</u>	<u>-</u>	<u>(2)</u>
TOTAL REVENUES	<u>8,349</u>	<u>7,802</u>	<u>(547)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	<u>35,541</u>	<u>7,460</u>	<u>28,081</u>
TOTAL EXPENDITURES	<u>35,541</u>	<u>7,460</u>	<u>28,081</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(27,192)</u>	<u>342</u>	<u>27,534</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(4,619)</u>	<u>(4,619)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,619)</u>	<u>(4,619)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(31,811)	(4,277)	27,534
FUND BALANCE, JULY 1, 2009	<u>32,436</u>	<u>32,436</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 625</u>	<u>\$ 28,159</u>	<u>\$ 27,534</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, 2010 (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	\$ 971	\$ 917	\$ (54)
AID FROM OTHER GOVERNMENTAL AGENCIES	948	948	-
OTHER REVENUES	<u>19</u>	<u>-</u>	<u>(19)</u>
TOTAL REVENUES	<u>1,938</u>	<u>1,865</u>	<u>(73)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	5,348	1,304	4,044
CAPITAL OUTLAY	<u>2,661</u>	<u>2,648</u>	<u>13</u>
TOTAL EXPENDITURES	<u>8,009</u>	<u>3,952</u>	<u>4,057</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,071)</u>	<u>(2,087)</u>	<u>3,984</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(808)	(208)	600
TRANSFERS IN	<u>334</u>	<u>85</u>	<u>(249)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(474)</u>	<u>(123)</u>	<u>351</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(6,545)	(2,210)	4,335
FUND BALANCE, JULY 1, 2009	<u>6,600</u>	<u>6,600</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 55</u>	<u>\$ 4,390</u>	<u>\$ 4,335</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, 2010 (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	\$ 1,459	\$ 1,459	\$ -
AID FROM OTHER GOVERNMENTAL AGENCIES	79,012	79,011	(1)
OTHER REVENUES	<u>110</u>	<u>128</u>	<u>18</u>
TOTAL REVENUES	<u>80,581</u>	<u>80,598</u>	<u>17</u>
EXPENDITURES:			
CURRENT:			
HEALTH AND SANITATION	<u>57,647</u>	<u>-</u>	<u>57,647</u>
TOTAL EXPENDITURES	<u>57,647</u>	<u>-</u>	<u>57,647</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>22,934</u>	<u>80,598</u>	<u>57,664</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(61,938)</u>	<u>(61,938)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(61,938)</u>	<u>(61,938)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(39,004)	18,660	57,664
FUND BALANCE, JULY 1, 2009	<u>51,340</u>	<u>51,340</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 12,336</u>	<u>\$ 70,000</u>	<u>\$ 57,664</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, 2010 (IN THOUSANDS)

	<u>PRESCHOOL SERVICES DEPARTMENT</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 10	\$ 10	\$ -
AID FROM OTHER GOVERNMENTAL AGENCIES	47,854	47,761	(93)
CHARGES FOR CURRENT SERVICES	-	8	8
OTHER REVENUES	<u>166</u>	<u>156</u>	<u>(10)</u>
TOTAL REVENUES	<u>48,030</u>	<u>47,935</u>	<u>(95)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	45,584	45,400	184
CAPITAL OUTLAY	<u>780</u>	<u>780</u>	<u>-</u>
TOTAL EXPENDITURES	<u>46,364</u>	<u>46,180</u>	<u>184</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,666</u>	<u>1,755</u>	<u>89</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(2,218)</u>	<u>(2,217)</u>	<u>1</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,218)</u>	<u>(2,217)</u>	<u>1</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(552)	(462)	90
FUND BALANCE, JULY 1, 2009	<u>591</u>	<u>591</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 39</u>	<u>\$ 129</u>	<u>\$ 90</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, 2010 (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	\$ 12	\$ 7	\$ (5)
AID FROM OTHER GOVERNMENTAL AGENCIES	3,710	3,710	-
CHARGES FOR CURRENT SERVICES	23	3	(20)
OTHER REVENUES	<u>1</u>	<u>-</u>	<u>(1)</u>
TOTAL REVENUES	<u>3,746</u>	<u>3,720</u>	<u>(26)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	<u>5,808</u>	<u>4,369</u>	<u>1,439</u>
TOTAL EXPENDITURES	<u>5,808</u>	<u>4,369</u>	<u>1,439</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,062)</u>	<u>(649)</u>	<u>1,413</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(66)	(66)	-
TRANSFERS IN	<u>722</u>	<u>722</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>656</u>	<u>656</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(1,406)	7	1,413
FUND BALANCE, JULY 1, 2009	<u>1,412</u>	<u>1,412</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 6</u>	<u>\$ 1,419</u>	<u>\$ 1,413</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, 2010 (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	\$ 411	\$ 448	\$ 37
AID FROM OTHER GOVERNMENTAL AGENCIES	24,950	25,060	110
OTHER REVENUES	<u>92</u>	<u>103</u>	<u>11</u>
TOTAL REVENUES	<u>25,453</u>	<u>25,611</u>	<u>158</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	24,976	25,194	(218)
CAPITAL OUTLAY	<u>37</u>	<u>37</u>	<u>-</u>
TOTAL EXPENDITURES	<u>25,013</u>	<u>25,231</u>	<u>(218)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>440</u>	<u>380</u>	<u>(60)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(305)</u>	<u>(305)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(305)</u>	<u>(305)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	135	75	(60)
FUND BALANCE, JULY 1, 2009	<u>40</u>	<u>40</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2010	<u>\$ 175</u>	<u>\$ 115</u>	<u>\$ (60)</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, 2010 (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	\$ 2,870	\$ 2,701	\$ (169)
REVENUES FROM USE OF MONEY AND PROPERTY	140	104	(36)
OTHER REVENUES	-	45	45
TOTAL REVENUES	<u>3,010</u>	<u>2,850</u>	<u>(160)</u>
EXPENDITURES:			
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,010</u>	<u>2,850</u>	<u>(160)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(8,980)</u>	<u>(2,053)</u>	<u>6,927</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(8,980)</u>	<u>(2,053)</u>	<u>6,927</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(5,970)	797	6,767
FUND BALANCE, JULY 1, 2009	5,933	5,933	-
FUND BALANCE (DEFICIT), JUNE 30, 2010	<u>\$ (37)</u>	<u>\$ 6,730</u>	<u>\$ 6,767</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, 2010 (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	\$ 3,264	\$ 3,403	\$ 139
REVENUES FROM USE OF MONEY AND PROPERTY	150	122	(28)
TOTAL REVENUES	<u>3,414</u>	<u>3,525</u>	<u>111</u>
EXPENDITURES:			
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,414</u>	<u>3,525</u>	<u>111</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(11,265)</u>	<u>(2,053)</u>	<u>9,212</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(11,265)</u>	<u>(2,053)</u>	<u>9,212</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(7,851)	1,472	9,323
FUND BALANCE, JULY 1, 2009	<u>7,806</u>	<u>7,806</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2010	<u>\$ (45)</u>	<u>\$ 9,278</u>	<u>\$ 9,323</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, 2010 (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	\$ 1	\$ 1	\$ -
CHARGES FOR CURRENT SERVICES	2,813	2,813	-
OTHER REVENUES	<u>-</u>	<u>16</u>	<u>16</u>
TOTAL REVENUES	<u>2,814</u>	<u>2,830</u>	<u>16</u>
EXPENDITURES:			
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,814</u>	<u>2,830</u>	<u>16</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(2,814)</u>	<u>(2,814)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,814)</u>	<u>(2,814)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-	16	16
FUND BALANCE, JULY 1, 2009	<u>1</u>	<u>1</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 1</u>	<u>\$ 17</u>	<u>\$ 16</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, 2010 (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	\$ 36	\$ 51	\$ 15
CHARGES FOR CURRENT SERVICES	<u>3,617</u>	<u>3,660</u>	<u>43</u>
TOTAL REVENUES	<u>3,653</u>	<u>3,711</u>	<u>58</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	14,987	4,794	10,193
CAPITAL OUTLAY	<u>501</u>	<u>266</u>	<u>235</u>
TOTAL EXPENDITURES	<u>15,488</u>	<u>5,060</u>	<u>10,428</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(11,835)</u>	<u>(1,349)</u>	<u>10,486</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(887)</u>	<u>(87)</u>	<u>800</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(887)</u>	<u>(87)</u>	<u>800</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(12,722)	(1,436)	11,286
FUND BALANCE, JULY 1, 2009	<u>14,205</u>	<u>14,205</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 1,483</u>	<u>\$ 12,769</u>	<u>\$ 11,286</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, 2010 (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	\$ 144	\$ 130	\$ (14)
AID FROM OTHER GOVERNMENTAL AGENCIES	8,331	8,330	(1)
OTHER REVENUES	<u>22</u>	<u>-</u>	<u>(22)</u>
TOTAL REVENUES	<u>8,497</u>	<u>8,460</u>	<u>(37)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	13,068	5,378	7,690
CAPITAL OUTLAY	<u>112</u>	<u>111</u>	<u>1</u>
TOTAL EXPENDITURES	<u>13,180</u>	<u>5,489</u>	<u>7,691</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,683)</u>	<u>2,971</u>	<u>7,654</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(2,756)	(2,755)	1
TRANSFERS IN	<u>-</u>	<u>270</u>	<u>270</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,756)</u>	<u>(2,485)</u>	<u>271</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(7,439)</u>	<u>486</u>	<u>7,925</u>
FUND BALANCE, JULY 1, 2009	<u>7,498</u>	<u>7,498</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 59</u>	<u>\$ 7,984</u>	<u>\$ 7,925</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, 2010 (IN THOUSANDS)

	<u>SHERIFF'S SPECIAL PROJECTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 247	\$ 247	\$ -
AID FROM OTHER GOVERNMENTAL AGENCIES	11,195	11,195	-
CHARGES FOR CURRENT SERVICES	2,585	2,584	(1)
OTHER REVENUES	<u>2,476</u>	<u>2,440</u>	<u>(36)</u>
TOTAL REVENUES	<u>16,503</u>	<u>16,466</u>	<u>(37)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	29,737	7,602	22,135
CAPITAL OUTLAY	<u>1,179</u>	<u>1,175</u>	<u>4</u>
TOTAL EXPENDITURES	<u>30,916</u>	<u>8,777</u>	<u>22,139</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(14,413)</u>	<u>7,689</u>	<u>22,102</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(247)	-	247
TRANSFERS IN	<u>247</u>	<u>-</u>	<u>(247)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(14,413)</u>	<u>7,689</u>	<u>22,102</u>
FUND BALANCE, JULY 1, 2009	<u>14,508</u>	<u>14,508</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 95</u>	<u>\$ 22,197</u>	<u>\$ 22,102</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, 2010 (IN THOUSANDS)

	<u>FIRE PROTECTION DISTRICTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 36,444	\$ 36,593	\$ 149
FINES, FORFEITURES AND PENALTIES	4	351	347
REVENUES FROM USE OF MONEY AND PROPERTY	583	652	69
AID FROM OTHER GOVERNMENTAL AGENCIES	29,355	13,329	(16,026)
CHARGES FOR CURRENT SERVICES	60,373	60,609	236
OTHER REVENUES	<u>25,659</u>	<u>1,994</u>	<u>(23,665)</u>
TOTAL REVENUES	<u>152,418</u>	<u>113,528</u>	<u>(38,890)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	147,807	114,812	32,995
DEBT SERVICE:			
PRINCIPAL	142	142	-
INTEREST AND FISCAL CHARGES	16	12	4
CAPITAL OUTLAY	<u>27,961</u>	<u>1,141</u>	<u>26,820</u>
TOTAL EXPENDITURES	<u>175,926</u>	<u>116,107</u>	<u>59,819</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(23,508)</u>	<u>(2,579)</u>	<u>20,929</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(29,946)	(8,936)	21,010
TRANSFERS IN	30,758	12,213	(18,545)
SALE OF CAPITAL ASSETS	<u>31</u>	<u>46</u>	<u>15</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>843</u>	<u>3,323</u>	<u>2,480</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(22,665)</u>	<u>744</u>	<u>23,409</u>
FUND BALANCE, JULY 1, 2009	<u>43,135</u>	<u>43,135</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 20,470</u>	<u>\$ 43,879</u>	<u>\$ 23,409</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, 2010 (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	\$ 32	\$ 3	\$ (29)
AID FROM OTHER GOVERNMENTAL AGENCIES	<u>133</u>	<u>1</u>	<u>(132)</u>
TOTAL REVENUES	<u>165</u>	<u>4</u>	<u>(161)</u>
EXPENDITURES:			
CURRENT:			
HEALTH AND SANITATION	<u>1,019</u>	<u>857</u>	<u>162</u>
TOTAL EXPENDITURES	<u>1,019</u>	<u>857</u>	<u>162</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(854)	(853)	1
FUND BALANCE, JULY 1, 2009	<u>856</u>	<u>856</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 2</u>	<u>\$ 3</u>	<u>\$ 1</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, 2010 (IN THOUSANDS)

	<u>FLOOD CONTROL DISTRICT</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 39,123	\$ 38,491	\$ (632)
LICENSES, PERMITS AND FRANCHISES	46	46	-
REVENUES FROM USE OF MONEY AND PROPERTY	2,009	1,902	(107)
AID FROM OTHER GOVERNMENTAL AGENCIES	12,613	12,307	(306)
CHARGES FOR CURRENT SERVICES	190	176	(14)
OTHER REVENUES	<u>1,210</u>	<u>1,135</u>	<u>(75)</u>
TOTAL REVENUES	<u>55,191</u>	<u>54,057</u>	<u>(1,134)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	92,223	42,422	49,801
DEBT SERVICE:			
PRINCIPAL	3,632	3,632	-
INTEREST AND FISCAL CHARGES	3,785	3,785	-
CAPITAL OUTLAY	<u>912</u>	<u>862</u>	<u>50</u>
TOTAL EXPENDITURES	<u>100,552</u>	<u>50,701</u>	<u>49,851</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(45,361)</u>	<u>3,356</u>	<u>48,717</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(12,786)	(707)	12,079
TRANSFERS IN	16,792	1,171	(15,621)
SALE OF CAPITAL ASSETS	<u>1,989</u>	<u>1,990</u>	<u>1</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,995</u>	<u>2,454</u>	<u>(3,541)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(39,366)</u>	<u>5,810</u>	<u>45,176</u>
FUND BALANCE, JULY 1, 2009	<u>49,926</u>	<u>49,926</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 10,560</u>	<u>\$ 55,736</u>	<u>\$ 45,176</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, 2010 (IN THOUSANDS)

	COUNTY SERVICE AREAS		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ 3,190	\$ 3,034	\$ (156)
REVENUES FROM USE OF MONEY AND PROPERTY	284	313	29
AID FROM OTHER GOVERNMENTAL AGENCIES	342	228	(114)
CHARGES FOR CURRENT SERVICES	3,853	4,147	294
OTHER REVENUES	290	182	(108)
TOTAL REVENUES	<u>7,959</u>	<u>7,904</u>	<u>(55)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	10,193	2,330	7,863
PUBLIC PROTECTION	2,037	816	1,221
PUBLIC WAYS AND FACILITIES	6,764	2,368	4,396
HEALTH AND SANITATION	354	45	309
RECREATION AND CULTURAL SERVICES	2,958	1,222	1,736
DEBT SERVICE:			
PRINCIPAL	146	61	85
INTEREST AND FISCAL CHARGES	64	54	10
CAPITAL OUTLAY	124	122	2
TOTAL EXPENDITURES	<u>22,640</u>	<u>7,018</u>	<u>15,622</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(14,681)</u>	<u>886</u>	<u>15,567</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(2,636)	(2,044)	592
TRANSFERS IN	1,026	844	(182)
SALE OF CAPITAL ASSETS	7	7	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,603)</u>	<u>(1,193)</u>	<u>410</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(16,284)</u>	<u>(307)</u>	<u>15,977</u>
FUND BALANCE, JULY 1, 2009	<u>15,699</u>	<u>15,699</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2010	<u>\$ (585)</u>	<u>\$ 15,392</u>	<u>\$ 15,977</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, 2010 (IN THOUSANDS)

	<u>PARK AND RECREATION DISTRICTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 1,912	\$ 2,039	\$ 127
REVENUES FROM USE OF MONEY AND PROPERTY	128	111	(17)
AID FROM OTHER GOVERNMENTAL AGENCIES	1,104	1,440	336
CHARGES FOR CURRENT SERVICES	933	939	6
OTHER REVENUES	45	41	(4)
TOTAL REVENUES	<u>4,122</u>	<u>4,570</u>	<u>448</u>
EXPENDITURES:			
CURRENT:			
RECREATION AND CULTURAL SERVICES	4,022	3,508	514
CAPITAL OUTLAY	71	11	60
TOTAL EXPENDITURES	<u>4,093</u>	<u>3,519</u>	<u>574</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>29</u>	<u>1,051</u>	<u>1,022</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(1,338)	(1,279)	59
TRANSFERS IN	388	329	(59)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(950)</u>	<u>(950)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(921)	101	1,022
FUND BALANCE, JULY 1, 2009	<u>1,139</u>	<u>1,139</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 218</u>	<u>\$ 1,240</u>	<u>\$ 1,022</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, 2010 (IN THOUSANDS)

	<u>COUNTY FREE LIBRARY</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 13,073	\$ 13,038	\$ (35)
AID FROM OTHER GOVERNMENTAL AGENCIES	998	998	-
CHARGES FOR CURRENT SERVICES	1,203	1,202	(1)
OTHER REVENUES	675	674	(1)
TOTAL REVENUES	<u>15,949</u>	<u>15,912</u>	<u>(37)</u>
EXPENDITURES:			
CURRENT:			
EDUCATION	16,334	15,989	345
DEBT SERVICE:			
PRINCIPAL	52	52	-
INTEREST AND FISCAL CHARGES	62	62	-
CAPITAL OUTLAY	10	10	-
TOTAL EXPENDITURES	<u>16,458</u>	<u>16,113</u>	<u>345</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(509)</u>	<u>(201)</u>	<u>308</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(455)	(455)	-
TRANSFERS IN	962	909	(53)
TOTAL OTHER FINANCING SOURCES (USES)	<u>507</u>	<u>454</u>	<u>(53)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(2)</u>	<u>253</u>	<u>255</u>
FUND BALANCE, JULY 1, 2009	<u>214</u>	<u>214</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 212</u>	<u>\$ 467</u>	<u>\$ 255</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, 2010 (IN THOUSANDS)

	<u>REDEVELOPMENT AGENCY</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 7,137	\$ 15,608	\$ 8,471
REVENUES FROM USE OF MONEY AND PROPERTY	513	465	(48)
AID FROM OTHER GOVERNMENTAL AGENCIES	1,303	-	(1,303)
OTHER REVENUES	-	147	147
TOTAL REVENUES	<u>8,953</u>	<u>16,220</u>	<u>7,267</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	37,847	9,459	28,388
DEBT SERVICE:			
INTEREST AND FISCAL CHARGES	258	258	-
CAPITAL OUTLAY	<u>1,715</u>	<u>664</u>	<u>1,051</u>
TOTAL EXPENDITURES	<u>39,820</u>	<u>10,381</u>	<u>29,439</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(30,867)</u>	<u>5,839</u>	<u>36,706</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(3,859)	(3,859)	-
TRANSFERS IN	<u>451</u>	<u>285</u>	<u>(166)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,408)</u>	<u>(3,574)</u>	<u>(166)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(34,275)	2,265	36,540
FUND BALANCE, JULY 1, 2009	<u>33,694</u>	<u>33,694</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2010	<u>\$ (581)</u>	<u>\$ 35,959</u>	<u>\$ 36,540</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, 2010 (IN THOUSANDS)

	<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 5	\$ 4	\$ (1)
FINES, FORFEITURES AND PENALTIES	1	2	1
REVENUES FROM USE OF MONEY AND PROPERTY	794	621	(173)
AID FROM OTHER GOVERNMENTAL AGENCIES	18,628	18,409	(219)
CHARGES FOR CURRENT SERVICES	26	26	-
OTHER REVENUES	<u>3,968</u>	<u>4,921</u>	<u>953</u>
TOTAL REVENUES	<u>23,422</u>	<u>23,983</u>	<u>561</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	41,473	25,013	16,460
CAPITAL OUTLAY	<u>94</u>	<u>94</u>	<u>-</u>
TOTAL EXPENDITURES	<u>41,567</u>	<u>25,107</u>	<u>16,460</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(18,145)</u>	<u>(1,124)</u>	<u>17,021</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(760)</u>	<u>(760)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(760)</u>	<u>(760)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(18,905)	(1,884)	17,021
FUND BALANCE, JULY 1, 2009	<u>19,080</u>	<u>19,080</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 175</u>	<u>\$ 17,196</u>	<u>\$ 17,021</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, 2010 (IN THOUSANDS)

	<u>OTHER SPECIAL REVENUE</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 40	\$ 40	\$ -
LICENSES, PERMITS AND FRANCHISES	318	318	-
FINES, FORFEITURES AND PENALTIES	5,692	6,196	504
REVENUES FROM USE OF MONEY AND PROPERTY	2,921	2,945	24
AID FROM OTHER GOVERNMENTAL AGENCIES	27,436	27,450	14
CHARGES FOR CURRENT SERVICES	8,312	8,365	53
OTHER REVENUES	<u>19,388</u>	<u>21,785</u>	<u>2,397</u>
TOTAL REVENUES	<u>64,107</u>	<u>67,099</u>	<u>2,992</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	500	239	261
PUBLIC PROTECTION	11,468	5,354	6,114
PUBLIC WAYS AND FACILITIES	9,032	160	8,872
HEALTH AND SANITATION	17,301	6,516	10,785
PUBLIC ASSISTANCE	4,941	944	3,997
RECREATION AND CULTURAL SERVICES	6,012	1,543	4,469
CAPITAL OUTLAY	<u>661</u>	<u>334</u>	<u>327</u>
TOTAL EXPENDITURES	<u>49,915</u>	<u>15,090</u>	<u>34,825</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>14,192</u>	<u>52,009</u>	<u>37,817</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(54,041)	(46,905)	7,136
TRANSFERS IN	<u>4,588</u>	<u>1,388</u>	<u>(3,200)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(49,453)</u>	<u>(45,517)</u>	<u>3,936</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(35,261)	6,492	41,753
FUND BALANCE, JULY 1, 2009	<u>35,433</u>	<u>35,433</u>	-
FUND BALANCE, JUNE 30, 2010	<u>\$ 172</u>	<u>\$ 41,925</u>	<u>\$ 41,753</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 CAPITAL IMPROVEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON A BUDGETARY BASIS
 YEAR ENDED JUNE 30, 2010 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 582	\$ 582	\$ 204	\$ (378)
AID FROM OTHER GOVERNMENTAL AGENCIES	6,200	6,410	2,783	(3,627)
CHARGES FOR CURRENT SERVICES	-	-	887	887
OTHER REVENUES	-	-	1,563	1,563
TOTAL REVENUES	<u>6,782</u>	<u>6,992</u>	<u>5,437</u>	<u>(1,555)</u>
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	9,709	10,709	5,277	5,432
CAPITAL OUTLAY	155,510	166,321	93,523	72,798
TOTAL EXPENDITURES	<u>165,219</u>	<u>177,030</u>	<u>98,800</u>	<u>78,230</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(158,437)</u>	<u>(170,038)</u>	<u>(93,363)</u>	<u>76,675</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(11,850)	(12,426)	(314)	12,112
TRANSFERS IN	35,732	47,909	31,218	(16,691)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>23,882</u>	<u>35,483</u>	<u>30,904</u>	<u>(4,579)</u>
NET CHANGE IN FUND BALANCE	(134,555)	(134,555)	(62,459)	72,096
FUND BALANCE, JULY 1, 2009	133,778	133,778	133,778	-
FUND BALANCE (DEFICIT), JUNE 30, 2010	<u>\$ (777)</u>	<u>\$ (777)</u>	<u>\$ 71,319</u>	<u>\$ 72,096</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
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2010 (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	\$ 379	\$ 520	\$ 141
AID FROM OTHER GOVERNMENTAL AGENCIES	300	1,708	1,408
OTHER REVENUES	<u>-</u>	<u>5</u>	<u>5</u>
TOTAL REVENUES	<u>679</u>	<u>2,233</u>	<u>1,554</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>57,029</u>	<u>6,025</u>	<u>51,004</u>
TOTAL EXPENDITURES	<u>57,029</u>	<u>6,025</u>	<u>51,004</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(56,350)</u>	<u>(3,792)</u>	<u>52,558</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(1,456)	(1,381)	75
TRANSFERS IN	<u>6,104</u>	<u>2,329</u>	<u>(3,775)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,648</u>	<u>948</u>	<u>(3,700)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(51,702)</u>	<u>(2,844)</u>	<u>48,858</u>
FUND BALANCE, JULY 1, 2009	<u>58,619</u>	<u>58,619</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 6,917</u>	<u>\$ 55,775</u>	<u>\$ 48,858</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, 2010 (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	\$ 131	\$ 263	\$ 132
TOTAL REVENUES	<u>131</u>	<u>263</u>	<u>132</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>29,703</u>	<u>2,637</u>	<u>27,066</u>
TOTAL EXPENDITURES	<u>29,703</u>	<u>2,637</u>	<u>27,066</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(29,572)</u>	<u>(2,374)</u>	<u>27,198</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(533)</u>	<u>(533)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(533)</u>	<u>(533)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(30,105)</u>	<u>(2,907)</u>	<u>27,198</u>
FUND BALANCE, JULY 1, 2009	<u>37,073</u>	<u>37,073</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 6,968</u>	<u>\$ 34,166</u>	<u>\$ 27,198</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, 2010 (IN THOUSANDS)

	COUNTY SERVICE AREAS		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 162	\$ 85	\$ (77)
AID FROM OTHER GOVERNMENTAL AGENCIES	300	200	(100)
OTHER REVENUES	-	5	5
TOTAL REVENUES	<u>462</u>	<u>290</u>	<u>(172)</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>9,405</u>	<u>727</u>	<u>8,678</u>
TOTAL EXPENDITURES	<u>9,405</u>	<u>727</u>	<u>8,678</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(8,943)</u>	<u>(437)</u>	<u>8,506</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(405)	(331)	74
TRANSFERS IN	<u>3,389</u>	<u>1,350</u>	<u>(2,039)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,984</u>	<u>1,019</u>	<u>(1,965)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(5,959)	582	6,541
FUND BALANCE, JULY 1, 2009	<u>5,970</u>	<u>5,970</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 11</u>	<u>\$ 6,552</u>	<u>\$ 6,541</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, 2010 (IN THOUSANDS)

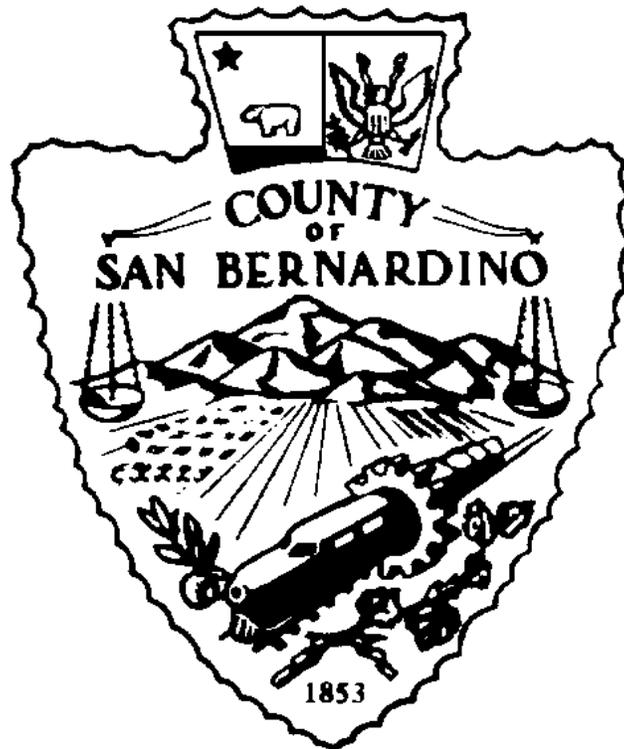
	FIRE PROTECTION DISTRICTS		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 90	\$ 90
TOTAL REVENUES	<u>-</u>	<u>90</u>	<u>90</u>
EXPENDITURES:			
CAPITAL OUTLAY	7,136	303	6,833
TOTAL EXPENDITURES	<u>7,136</u>	<u>303</u>	<u>6,833</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,136)</u>	<u>(213)</u>	<u>6,923</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(453)	(453)	-
TRANSFERS IN	275	194	(81)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(178)</u>	<u>(259)</u>	<u>(81)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(7,314)	(472)	6,842
FUND BALANCE, JULY 1, 2009	7,251	7,251	-
FUND BALANCE (DEFICIT), JUNE 30, 2010	<u>\$ (63)</u>	<u>\$ 6,779</u>	<u>\$ 6,842</u>

See accompanying independent auditor's report.

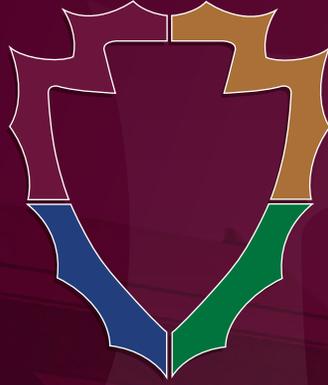
COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2010 (IN THOUSANDS)

	<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	\$ 86	\$ 82	\$ (4)
AID FROM OTHER GOVERNMENTAL AGENCIES	-	1,508	1,508
TOTAL REVENUES	<u>86</u>	<u>1,590</u>	<u>1,504</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>10,785</u>	<u>2,358</u>	<u>8,427</u>
TOTAL EXPENDITURES	<u>10,785</u>	<u>2,358</u>	<u>8,427</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,699)</u>	<u>(768)</u>	<u>9,931</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(65)	(64)	1
TRANSFERS IN	<u>2,440</u>	<u>785</u>	<u>(1,655)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,375</u>	<u>721</u>	<u>(1,654)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(8,324)	(47)	8,277
FUND BALANCE, JULY 1, 2009	<u>8,325</u>	<u>8,325</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2010	<u>\$ 1</u>	<u>\$ 8,278</u>	<u>\$ 8,277</u>

See accompanying independent auditor's report.



COUNTY OF
SAN BERNARDINO



AT YOUR SERVICE

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.

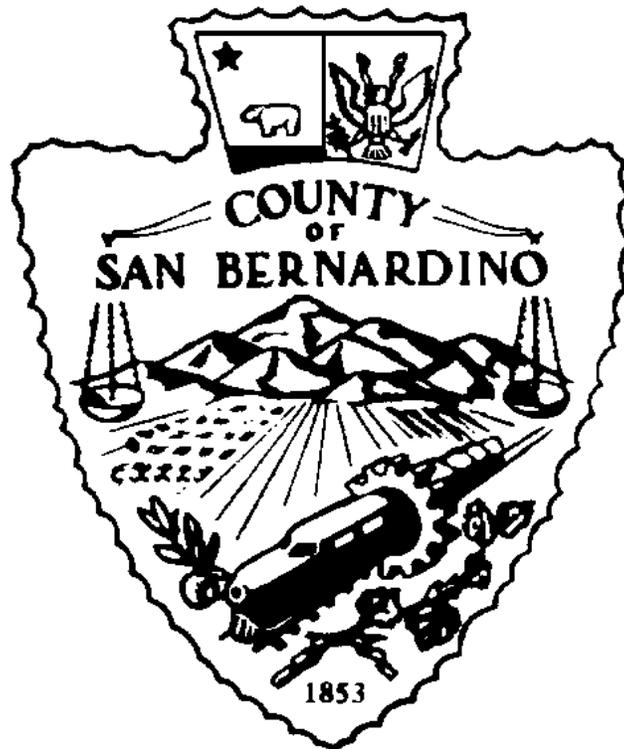
ECONOMIC AND DEMOGRAPHIC INFORMATION

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)

	2000-01	2001-02 as restated	2002-03 as restated	2003-04	2004-05	2005-06 as restated	2006-07 as restated	2007-08 as restated	2008-09 as restated	2009-10
GOVERNMENTAL ACTIVITIES										
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	--	\$ 792,956	\$ 789,223	\$ 892,791	\$ 919,051	\$ 986,723	\$ 1,095,664	\$ 1,147,871	\$ 1,218,294	\$ 1,318,593
RESTRICTED:	--	397,757	410,106	400,271	465,540	541,483	674,368	688,298	794,489	804,953
UNRESTRICTED	--	(318,494)	119,932	77,292	149,702	44,373	108,424	222,623	150,272	179,381
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	2,163,055	2,302,927
BUSINESS-TYPE ACTIVITIES										
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	--	(39,382)	(63,993)	(60,294)	(45,032)	(50,023)	(17,138)	(20,021)	35,887	35,704
RESTRICTED:	--	44,130	47,357	45,523	47,908	46,444	47,023	48,814	37,283	93,399
UNRESTRICTED	--	47,487	60,269	88,102	96,577	181,381	121,734	110,023	82,871	48,376
SUBTOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS	--	52,235	43,633	73,331	99,453	177,802	151,619	138,816	156,041	177,479
PRIMARY GOVERNMENT										
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	--	753,574	725,230	832,497	874,019	936,700	1,078,526	1,127,850	1,254,181	1,354,297
RESTRICTED:	--	441,887	457,463	445,794	513,448	587,927	721,391	737,112	831,772	898,352
UNRESTRICTED	--	(271,007)	180,201	165,394	246,279	225,754	230,158	332,646	233,143	227,757
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	\$ 2,319,096	\$ 2,480,406

Notes:

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

	2001-02 as restated	2002-03 as restated	2003-04	2004-05	2005-06 as restated	2006-07 as restated	2007-08 as restated	2008-09 as restated	2009-10
Expenses									
Governmental Activities:									
General Government	\$ 121,398	\$ 113,270	\$ 132,933	\$ 125,760	\$ 137,092	\$ 153,460	\$ 179,638	\$ 177,438	\$ 177,506
Public Protection	532,666	586,715	656,464	702,624	764,154	844,036	888,798	921,218	897,257
Public Ways and Facilities	54,659	53,849	37,095	61,786	73,014	67,254	85,271	75,704	73,251
Health and Sanitation	332,361	303,216	328,530	329,669	241,795	273,143	303,533	336,662	326,590
Public Assistance	804,164	818,786	820,853	827,800	817,924	802,043	854,721	882,975	935,205
Education	14,826	12,782	10,357	16,243	17,612	18,106	20,788	21,941	19,693
Recreation and Cultural Services	15,321	17,456	22,284	21,185	19,355	24,899	24,086	24,697	22,677
Interest on Long Term Debt	49,542	45,109	42,678	72,041	75,350	83,260	77,444	83,770	65,144
Total Governmental Activities	1,924,937	1,951,183	2,051,194	2,157,108	2,146,296	2,266,201	2,434,279	2,524,405	2,517,323
Business-type Activities:									
Medical Center	399,621	418,332	456,087	496,437	430,459	477,814	421,531	466,933	441,722
Waste Systems	46,051	62,393	29,781	53,835	69,320	53,320	83,543	56,389	56,688
Other	17,492	20,823	19,827	19,446	21,463	31,503	53,305	21,479	-
Water, Sewer and Sanitation	--	--	--	--	--	--	--	--	16,347
Paramedic and Emergency	--	--	--	--	--	--	--	--	240
Miscellaneous	--	--	--	--	--	--	--	--	341
Total Business-type Activities	463,164	501,548	505,695	569,718	521,242	562,637	558,379	544,801	515,338
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	\$ 3,069,206	\$ 3,032,661
Program Revenues									
Governmental Activities:									
Charges for Services:									
General Government	\$ 78,945	\$ 84,719	\$ 93,387	\$ 93,122	\$ 99,452	\$ 103,993	\$ 105,052	\$ 110,817	\$ 115,911
Public Protection	119,413	132,329	140,922	160,169	168,524	198,803	214,252	249,714	231,718
Public Ways and Facilities	2,772	3,154	5,463	3,416	4,933	6,772	9,005	7,183	5,518
Health and Sanitation	106,714	110,458	125,299	141,471	42,713	49,020	42,820	56,732	63,613
Public Assistance	2,881	2,915	3,435	2,356	3,296	2,827	3,646	2,656	2,720
Education	816	889	1,054	1,008	1,105	1,170	1,100	1,240	1,202
Recreation and Cultural Services	6,375	8,700	7,833	7,342	7,030	7,695	8,391	8,882	8,992
Operating Grants/Contributions:									
General Government	8,046	5,588	13,982	8,646	9,438	19,275	16,687	11,752	8,404
Public Protection	112,459	121,453	146,814	151,158	168,369	198,710	149,313	140,036	160,938
Public Ways and Facilities	48,822	41,400	38,228	41,539	58,946	69,247	59,600	48,876	70,501
Health and Sanitation	249,609	204,083	222,900	246,782	247,842	315,857	300,174	319,212	330,099
Public Assistance	778,054	785,015	765,606	785,408	780,819	732,626	816,090	826,639	886,533
Education	2,275	1,711	978	762	987	1,219	1,215	907	998
Recreation and Cultural Services	102	501	801	4,368	4,262	6,800	1,920	2,652	3,035
Capital Grants/Contributions:									
General Government	-	-	-	-	-	-	-	4,728	-
Public Protection	7,705	14,780	-	-	-	57	20	-	72
Public Ways and Facilities	-	-	10,608	6,129	2,440	475	3,052	3,919	4,796
Recreation and Cultural Services	-	-	-	-	-	124	277	20	1,708
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	1,896,758
Business-type Activities:									
Charges for Services:									
Medical Center	298,325	320,290	372,815	427,102	345,923	375,973	335,749	370,464	380,954
Waste System	46,274	44,272	54,831	63,240	65,616	63,419	67,898	60,755	56,964
Other	15,086	17,031	18,835	21,026	20,206	20,253	19,852	14,814	--
Water, Sewer and Sanitation	--	--	--	--	--	--	--	--	12,910
Paramedic and Emergency	--	--	--	--	--	--	--	--	3,117
Others (1)	--	--	--	--	--	--	--	--	146
Operating Grants & Contributions:									
Medical Center	46,598	15,386	13,727	13,443	13,147	13,527	12,579	8,012	6,968
Waste System	-	-	946	-	-	-	-	-	-
Other (1)	216	235	103	2,318	2,825	833	14	156	--
Water, Sewer and Sanitation (1)	--	--	--	--	--	--	--	--	46
Paramedic and Emergency (1)	--	--	--	--	--	--	--	--	-
Others (1)	--	--	--	--	--	--	--	--	-
Capital Grants & Contributions:									
Medical Center	30,365	29,735	22,166	20,259	21,521	26,976	24,142	19,554	19,045
Water, Sewer and Sanitation	--	--	--	--	--	--	--	--	70
Subtotal Business-type Activities	436,864	426,949	483,423	547,388	469,238	500,981	460,234	473,755	480,220
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	\$ 2,376,978
Net (Expense) / Revenue									
Governmental Activities	\$ (399,949)	\$ (433,488)	\$ (473,884)	\$ (503,432)	\$ (546,140)	\$ (551,531)	\$ (701,665)	\$ (728,440)	\$ (620,565)
Business-type Activities	(26,300)	(74,599)	(22,272)	(22,330)	(52,004)	(61,656)	(98,145)	(71,046)	(35,118)
Total Primary Government Net Expenses	\$ (426,249)	\$ (508,087)	\$ (496,156)	\$ (525,762)	\$ (598,144)	\$ (613,187)	\$ (799,810)	\$ (799,486)	\$ (655,683)

(Continued)

Notes:

Trend data is only available for the last nine years due to the implementation of GASB 34.

(1) Starting fiscal year 2009-10 business activities previously reported under Other are reported separately for different identifiable activities, based on the types of goods or services provided.

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

	2000-01	2001-02 as restated	2002-03 as restated	2003-04	2004-05	2005-06 as restated	2006-07 as restated	2007-08 as restated	2008-09 as restated	2009-10
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes, Levied for General Purposes	--	\$ 181,558	\$ 185,768	\$ 206,860	\$ 213,644	\$ 418,703	\$ 477,973	\$ 538,962	\$ 562,625	\$ 524,857
Property Taxes, Levied for Debt Service	--	4,173	4,224	4,932	3,557	8,375	10,907	15,620	18,528	15,608
Public Safety Tax	--	90,363	94,206	110,188	125,222	140,855	150,903	147,794	126,083	116,963
Sales Taxes	--	19,572	21,766	22,285	26,683	30,875	31,846	26,316	21,992	17,894
Other Taxes	--	14,797	20,167	25,202	37,453	54,221	58,261	44,381	21,847	12,810
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	52,445
Miscellaneous	--	73,922	58,393	46,876	63,545	51,784	74,695	67,409	67,055	59,153
Gains on Sale of Capital Assets	--	1,834	2,332	5,051	4,857	5,523	4,182	2,055	1,655	2,968
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)	(42,261)
Subtotal Governmental Activities		<u>540,897</u>	<u>499,925</u>	<u>524,977</u>	<u>667,371</u>	<u>584,426</u>	<u>857,408</u>	<u>882,001</u>	<u>832,703</u>	<u>760,437</u>
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	3,641
Unrestricted Revenues from Use of Money and Property	--	17,032	14,107	10,289	9,695	5,994	14,628	16,630	10,182	8,803
Miscellaneous	--	3,497	3,281	11,747	6,687	5,704	8,063	14,101	13,519	1,840
Gains on Sale of Capital Assets	--	(10)	168	34	20	157	(83)	-	56	11
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	42,261
Subtotal Business-type Activities	--	<u>34,455</u>	<u>66,616</u>	<u>51,970</u>	<u>48,452</u>	<u>130,353</u>	<u>83,642</u>	<u>85,342</u>	<u>88,271</u>	<u>56,556</u>
Total primary government	--	<u>\$ 106,714</u>	<u>\$ 566,541</u>	<u>\$ 576,947</u>	<u>\$ 715,823</u>	<u>\$ 714,779</u>	<u>\$ 941,050</u>	<u>\$ 967,343</u>	<u>\$ 920,974</u>	<u>\$ 816,993</u>
Changes in Net Assets										
Governmental Activities	--	\$ 140,948	\$ 66,437	\$ 51,093	\$ 163,939	\$ 38,286	\$ 305,877	\$ 180,336	\$ 104,263	\$ 139,872
Business-type Activities	--	8,155	(7,983)	29,698	26,122	78,349	21,986	(12,803)	17,225	21,438
Total Primary Government	--	<u>\$ 149,103</u>	<u>\$ 58,454</u>	<u>\$ 80,791</u>	<u>\$ 190,061</u>	<u>\$ 116,635</u>	<u>\$ 327,863</u>	<u>\$ 167,533</u>	<u>\$ 121,488</u>	<u>\$ 161,310</u>

Note:

Trend data is only available for the last nine 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)

	2000-01	2001-02 as restated	2002-03	2003-04	2004-05	2005-06 as restated	2006-07	2007-08 as restated	2008-09 as restated	2009-10
General Fund										
Reserved for:										
Encumbrances	--	\$ 13,994	\$ 15,542	\$ 9,632	\$ 33,021	\$ 15,267	\$ 18,605	\$ 23,355	\$ 18,803	\$ 11,117
Prepaid Items	--	321	1,489	1,344	7	7	1,278	2,310	4,145	1,676
Noncurrent Interfund Receivables	--	925	25	1,025	-	2,000	20,765	18,511	18,461	17,516
Inventories	--	1,192	1,166	1,205	295	296	435	424	350	174
Loans Receivable	--	1,218	1,457	1,462	1,817	16,745	35	42,532	54,396	55,213
Teeter	--	6,420	9,077	9,077	9,827	13,672	17,720	15,942	22,904	16,343
Unreserved:										
Designated	--	91,867	106,264	108,878	112,900	127,727	176,451	228,753	183,227	215,123
Undesignated	--	163,548	150,554	197,175	290,869	237,331	254,437	213,857	183,971	193,442
Subtotal General Fund	--	279,485	285,574	329,798	448,736	413,045	489,726	545,684	486,257	510,604
Capital Improvement Fund										
Reserved for:										
Encumbrances	--	-	-	-	-	-	-	-	16,517	26,995
Unreserved:										
Undesignated, Reported in:										
Capital Projects Fund	--	-	-	-	-	-	-	-	133,778	71,319
Subtotal Capital Improvement Fund	--	-	-	-	-	-	-	-	150,295	98,314
All Other Governmental Funds										
Reserved for (1):										
Encumbrances	--	40,045	47,087	38,293	51,536	68,059	62,569	61,612	40,964	19,882
Prepaid items	--	43	1,000	-	23	-	89	100	140	73
Noncurrent Interfund Receivables	--	3	453	403	400	400	400	400	-	-
Land Held for Resale	--	-	-	-	-	2,754	9,896	14,657	16,984	21,955
Inventories	--	919	933	235	214	185	80	131	126	104
Loans Receivable	--	-	144	116	-	-	-	-	1,470	1,415
Debt Service	--	37,382	48,947	40,193	30,719	26,260	28,444	33,323	41,985	58,962
Endowments	--	-	-	-	-	-	-	-	1,594	2,201
Unreserved:										
Designated	--	-	-	-	-	-	-	-	11,990	17,097
Undesignated, Reported in:										
Special Revenue Funds	--	196,714	200,564	217,986	204,808	241,105	326,420	326,216	335,589	392,574
Capital Projects Funds	--	34,192	34,898	16,943	53,357	94,529	88,841	105,197	51,848	45,715
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	503,251	559,978
Total Governmental Fund Balance	--	\$ 589,258	\$ 620,114	\$ 644,510	\$ 790,275	\$ 846,854	\$ 1,007,048	\$ 1,087,951	\$ 1,139,803	\$ 1,168,896

Notes:

Trend data is only available for the last nine fiscal years due to the implementation of GASB 34.

Capital Improvement Fund became a major fund during fiscal year 2008-09.

(1) The substantial increase or decrease in fund balance reserved is explained in Management's Discussion Analysis.

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

	2000-01	2001-02 as restated	2002-03	2003-04	2004-05	2005-06 as restated	2006-07	2007-08 restated	2008-09	2009-10
Revenues (by Source)										
Taxes	\$ 303,313	\$ 300,737	\$ 329,753	\$ 371,404	\$ 400,646	\$ 644,390	\$ 733,833	\$ 778,973	\$ 753,320	\$ 684,669
Licenses, Permits, and Franchises	15,766	16,520	16,670	18,630	20,964	22,462	25,077	24,779	24,779	16,959
Fines, Forfeitures, and Penalties	18,440	16,574	18,841	16,458	18,744	18,656	19,224	22,374	22,373	23,877
Rev from Use of Money and Property	58,182	51,922	37,247	33,063	44,205	62,919	76,046	82,791	69,902	51,635
Aid from Other Governments	1,169,708	1,323,725	1,296,324	1,298,765	1,425,832	1,273,869	1,344,390	1,353,164	1,358,743	1,464,999
Charges for Current Services	248,090	284,822	307,653	342,305	369,176	285,935	325,979	330,876	385,423	385,102
Other Revenues	70,157	73,967	58,418	47,154	64,227	51,988	73,956	116,912	66,665	58,864
Total Revenues	\$ 1,883,656	\$ 2,068,267	\$ 2,064,906	\$ 2,127,779	\$ 2,343,794	\$ 2,360,219	\$ 2,598,505	\$ 2,709,869	\$ 2,681,205	\$ 2,686,105
Expenditures (by Function)										
General Government	\$ 91,459	\$ 118,669	\$ 110,847	\$ 178,026	\$ 123,212	\$ 137,547	\$ 152,991	\$ 1,635,935	\$ 161,448	164,880
Public Protection	510,068	521,433	560,753	859,932	686,855	749,900	851,946	275,812	892,497	876,602
Public Ways and Facilities	43,178	58,269	59,272	57,576	47,364	75,416	81,659	60,822	61,814	66,084
Health and Sanitation	272,180	331,155	301,484	386,749	329,595	245,187	277,677	9,078	334,305	324,942
Public Assistance	709,821	800,038	814,631	923,900	826,829	827,230	820,617	74,426	877,345	930,093
Education	40,899	12,626	12,543	14,029	15,912	17,469	18,149	17,731	20,983	18,858
Recreation and Cultural Services	14,058	14,316	14,986	19,545	18,490	16,443	22,086	7,117	20,726	18,697
Debt Service										
Principal	99,557	24,662	96,480	23,163	31,887	37,596	41,445	23,871	49,041	61,637
Interest	48,577	35,817	30,313	26,727	44,078	54,968	62,191	12,834	58,313	40,973
Bond Issuance Costs	-	-	-	-	-	2,297	2,230	-	-	-
Advance Refunding Escrow	-	-	-	-	-	1,622	-	-	-	-
Capital Outlay	44,829	59,974	60,147	60,279	53,914	107,057	97,056	94,788	95,185	116,427
Total Expenditures	\$ 1,874,626	\$ 1,976,959	\$ 2,061,456	\$ 2,549,926	\$ 2,178,136	\$ 2,272,732	\$ 2,428,047	\$ 2,212,414	\$ 2,571,657	\$ 2,619,193
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,030	106,714	3,450	(422,147)	165,658	87,487	170,458	497,455	109,548	66,912
Other Financing Sources (Uses)										
Transfer to Other Funds	(134,149)	(117,727)	(182,454)	(126,812)	(198,539)	(296,777)	(300,797)	(361,062)	(444,888)	(316,758)
Transfer from Other Funds	116,376	108,519	140,615	102,896	172,054	216,806	253,304	307,524	382,918	275,554
RDA Property Conveyance	(4,460)	-	-	-	-	-	-	-	-	-
Refunding Bonds Issued	-	119,659	63,791	-	-	58,275	23,845	-	-	-
Premium on Refunding Bonds	-	-	-	-	-	1,270	1,385	-	-	-
Payment To Refunded Bond Escrow Agent	-	(112,171)	-	-	-	(18,792)	(24,709)	-	-	-
Long-Term Debt Issued	-	-	-	466,142	940	2,118	132,851	-	-	-
Inception Of Capital Leases Obligations	2,979	2,903	1,485	1,038	796	823	1,675	2,619	2,619	418
Sale of Capital Assets	4,413	1,834	2,332	3,279	4,856	5,369	4,182	1,656	1,655	2,968
Total Other Financing Sources and (Uses)	\$ (14,890)	\$ 3,017	\$ 25,769	\$ 446,543	\$ (19,893)	\$ (30,908)	\$ 91,736	\$ (49,263)	\$ (57,696)	\$ (37,818)
Special Item										
Judgement Obligation Bonds Uses	-	-	-	-	-	-	(102,000)	-	-	-
Total Special Items	-	-	-	-	-	-	(102,000)	-	-	-
Net Change in Fund Balance	\$ (5,860)	\$ 94,325	\$ 29,219	\$ 24,396	\$ 145,765	\$ 56,579	\$ 160,194	\$ 448,192	\$ 51,852	\$ 29,094
Debt Service as a Percentage of Noncapital Expenditures:	8.10%	3.15%	6.34%	2.00%	3.58%	4.27%	4.45%	1.73%	4.33%	4.10%

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

FISCAL YEAR	(1) SECURED	(2) UNSECURED	(3) UNITARY	(4) EXEMPT	TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT TAX RATE
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%
2009-2010	160,789,645	10,313,477	4,087,163	(1,842,083)	173,348,202	1.00%

Notes:

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.

- (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.

Source:

Auditor-Controller/Recorder/Treasurer/Tax Collector, 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>
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
2009-10	1.0000	0.1027	0.1650	1.2677

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/Treasurer/Tax Collector, County of San Bernardino.

COUNTY OF SAN BERNARDINO
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO

TAXPAYERS	TYPE OF BUSINESS	FISCAL YEAR 2010		FISCAL YEAR 2001	
		ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE	ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE
SOUTHERN CALIFORNIA EDISON	UTILITY	\$1,670,631,645	0.96%	872,425,800	0.93%
MOUNTAIN VIEW POWER	UTILITY	\$664,600,000	0.38%	N/A	N/A
VERIZON CALIFORNIA	COMMUNICATIONS	\$653,812,520	0.38%	632,533,700	0.68%
LOMA LINDA UNIVERSITY	HEALTH CARE	\$597,093,198	0.34%	418,404,500	0.45%
KAISER FOUNDATION HOSPITALS	HEALTH CARE	\$572,093,198	0.33%	N/A	N/A
HIGH DESERT POWER TRUST 2000-A	UTILITIES	\$436,445,765	0.25%	N/A	N/A
STATER BROTHERS	RETAIL	\$422,499,023	0.24%	N/A	N/A
CEMEX INC	MANUFACTURING	\$407,587,820	0.23%	N/A	N/A
TARGET CORPORATION	RETAIL	348,630,900	0.20%	N/A	N/A
CALIFORNIA STEEL INDUSTRIES	MANUFACTURING	320,000,001	0.18%	412,279,400	0.44%
TOTAL		<u>\$6,093,394,070</u>	<u>3.49%</u>	<u>2,335,643,400</u>	<u>2.50%</u>

Note:
 Net Assesses Secured amounts include Secured & Unitary less exemptions.

Source:
 Auditor-Controller/Recorder/Treasurer/Tax Collector, 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 YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2010	\$ 2,189,390	\$ 2,070,936	94.58%	\$ -	\$ 2,070,936	94.58%
2009	2,320,100	2,167,576	93.43%	123,019	2,290,595	99.00%
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%

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/Treasurer/Tax Collector, County of San Bernardino

COUNTY OF SAN BERNARDINO
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
 AS OF JUNE 30, 2010

2009-10 ASSESSED VALUATION: \$173,348,202,959 (includes unitary utility valuation)
 Redevelopment Incremental Valuation: 53,055,233,629
 Adjusted Assessed Valuation: \$120,292,969,330

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>PERCENT APPLICABLE</u>	<u>DEBT 06/30/10</u>
METROPOLITAN WATER DISTRICT	3.032 %	\$ 8,011,150
CHAFFEY COMMUNITY COLLEGE DISTRICT	100.000	155,391,528
SAN BERNARDINO VALLEY JOINT COMMUNITY COLLEGE DISTRICT	98.513	427,467,350
OTHER COMMUNITY COLLEGE DISTRICTS	VARIOUS	160,457,930
APPLE VALLEY UNIFIED SCHOOL DISTRICT	100.000	33,753,758
CHINO VALLEY UNIFIED SCHOOL DISTRICT	100.000	142,404,999
COLTON JOINT UNIFIED SCHOOL DISTRICT	97.194	137,353,518
FONTANA UNIFIED SCHOOL DISTRICT	100.000	289,902,709
REDLANDS UNIFIED SCHOOL DISTRICT	100.000	110,324,784
RIALTO UNIFIED SCHOOL DISTRICT	100.000	44,625,038
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT	100.000	155,245,171
UPLAND UNIFIED SCHOOL DISTRICT	100.000	68,479,677
OTHER UNIFIED SCHOOL DISTRICTS	VARIOUS	83,097,429
UNION HIGH SCHOOL DISTRICTS	100.000	186,014,287
SCHOOL DISTRICTS	100.000	186,200,358
CITY OF REDLANDS	100.000	2,195,000
COUNTY SERVICE AREAS	100.000	725,000
MOJAVE WATER AGENCY	100.000	19,095,000
MOJAVE WATER AGENCY, I.D. M	100.000	30,065,000
COUNTY WATER DISTRICTS	100.000	1,006,000
ETIWANDA SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS	100.000	107,670,000
CITY OF FONTANA COMMUNITY FACILITIES DISTRICTS	100.000	129,625,000
CITY OF CHINO COMMUNITY FACILITIES DISTRICTS	100.000	66,605,000
RANCHO CUCAMONGA COMMUNITY FACILITIES DISTRICTS	100.000	149,430,000
CHINO HILLS COMMUNITY FACILITIES DISTRICTS	100.000	102,625,000
SAN BERNARDINO COUNTY COMMUNITY FACILITIES DISTRICTS	100.000	43,050,000
OTHER COMMUNITY FACILITIES DISTRICTS	100.000	249,880,507
CITY, COUNTY AND SPECIAL DISTRICT 1915 ACT BONDS (Estimate)	100.000	58,698,175
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 3,149,399,368</u>

COUNTY OF SAN BERNARDINO
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (CONTINUED)
 AS OF JUNE 30, 2010

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:	PERCENT APPLICABLE	DEBT 6/30/10
SAN BERNARDINO COUNTY GENERAL FUND OBLIGATIONS	100.000 %	\$ 725,835,000
SAN BERNARDINO COUNTY PENSION OBLIGATIONS	100.000	648,360,591 (1)
SAN BERNARDINO COUNTY FLOOD DISTRICT GENERAL FUND OBLIGATIONS	100.000	114,710,000
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT CERTIFICATES OF PARTICIPATION	99.749	1,172,051
COMMUNITY COLLEGE DISTRICT CERTIFICATES OF PARTICIPATION	Various	13,120,069
CHINO VALLEY UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	41,870,000
FONTANA UNIFIED SCHOOL DISTRICT	100.000	52,180,000
HESPERIA UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	105,000,000
SNOWLINE JOINT UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	98.177	61,483,346
OTHER UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	Various	53,226,181
UNION HIGH SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	8,080,000
CUCAMONGA SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	11,715,000
OTHER SCHOOL DISTRICT GENERAL FUND OBLIGATIONS	100.000	17,510,000
CITY OF FONTANA CERTIFICATES OF PARTICIPATION	100.000	55,770,000
CITY OF ONTARIO GENERAL FUND OBLIGATIONS	100.000	28,945,000
CITY OF MONTCLAIR GENERAL FUND OBLIGATIONS	100.000	63,269,573
CITY OF SAN BERNARDINO GENERAL FUND OBLIGATIONS	100.000	23,860,000
CITY OF VICTORVILLE GENERAL FUND OBLIGATIONS	100.000	83,770,000
OTHER CITY GENERAL FUND OBLIGATIONS	100.000	147,806,792
WATER DISTRICT CERTIFICATES OF PARTICIPATION	100.000	8,625,000
OTHER SPECIAL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	2,355,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		2,268,663,603
LESS:		
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT CERTIFICATES OF PARTICIPATION		1,172,051
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 2,267,491,552</u>
COMBINED GROSS DEBT		\$ 5,418,062,971 (2)
COMBINED NET DEBT		5,416,890,920

RATIOS TO 2009-10 ASSESSED VALUATION

TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT. 1.79

RATIOS TO ADJUSTED ASSESSED VALUATION

COMBINED DIRECT DEBT (\$1,374,195,591). 1.12
 GROSS COMBINED TOTAL DEBT 4.42
 NET COMBINED TOTAL DEBT. 4.42

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10 \$ -

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. Qualified Zone Academy Bonds are included based on principal due at maturity.

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>
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%
2009-10	173,348,202	2,166,853	1,440	2,165,413	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/Treasurer/Tax Collector, County of San Bernardino

COUNTY OF SAN BERNARDINO
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST NINE FISCAL YEARS (IN THOUSANDS, EXCEPT PER CAPITA)
JUNE 30, 2010

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
2009-10	140,708	441,447	625,756	2,591	4,549	537,969	1,440	2,673	530	1,757,663	1.01%	2.80%	848

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/Treasurer/Tax Collector, County of San Bernardino

COUNTY OF SAN BERNARDINO
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS (IN THOUSANDS)
 June 30, 2010

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: 802,203 as of June 30, 2010

CALENDAR YEAR	(1), (2) POPULATION	(2) PERSONAL INCOME	(2), (5) PER CAPITA PERSONAL INCOME	(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT RATE
2001	1,762	40,431	22.95	383	4.60%
2002	1,809	42,141	23.29	394	5.60%
2003	1,863	44,290	23.77	407	5.50%
2004	1,916	48,117	25.11	419	6.90%
2005	1,951	50,567	25.92	423	5.40%
2006	1,992	52,988	26.60	425	4.70%
2007	2,028	55,020	27.13	428	5.70%
2008	2,055	55,752	27.13	428	8.50%
2009	2,061	56,203	27.27	420	13.90%
2010	2,073 (5)	62,790 (5)	30.29 (5)	416	14.80%

ESTIMATED POPULATION OF THE COUNTY OF SAN BERNARDINO AS OF JANUARY 1, 2010 (whole numbers):

INCORPORATED CITIES

Adelanto	28,540	Montclair	37,535
Apple Valley	70,040	Needles	5,809
Barstow	24,281	Ontario	174,536
Big Bear Lake	6,278	Rancho Cucamonga	178,904
Chino	84,742	Redlands	71,926
Chino Hills	78,971	Rialto	100,260
Colton	51,816	San Bernardino	204,800
Fontana	190,356	Twentynine Palms	30,649
Grand Terrace	12,717	Upland	76,106
Hesperia	88,479	Victorville	112,097
Highland	52,495	Yucaipa	51,476
Loma Linda	22,760	Yucca Valley	21,292
		Total	1,776,865
		Unincorporated Areas:	296,284
		Total Population	2,073,149

Sources:

- (1) California Department of Finance.
- (2) Bureau of Economic Analysis U.S. Department of Commerce
- (3) Superintendent of Schools
- (4) California Employment Development Department
- (5) County of San Bernardino 2010-11 Final Budget

**SAN BERNARDINO COUNTY
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO**

<u>2010</u>				<u>2001</u>			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
County of San Bernardino	18,000	1	2.10%	County of San Bernardino	17,000	1	2.23%
U.S. Marine Corps Air Ground Combat Center	12,486	2	1.46%	U.S. Marine Corps Air Ground Combat Center	12,235	2	1.60%
U.S. Army, Fort Irwin & National Training Center	10,000	3	1.17%	U.S. Army, Fort Irwin & National Training Center	8,955	3	1.17%
San Bernardino City Unified School District	7,722	4	0.90%	Stater Bros.	6,600	4	0.75%
Stater Brothers	6,900	5	0.81%	Loma Linda University Medical Center	6,095	5	0.87%
Wal-Mart	6,125	6	0.71%	San Bernardino City Unified School District	5,700	6	0.59%
Kaiser Permanente	5,808	7	0.68%	Wal-Mart	4,500	7	0.55%
UPS	4,990	8	0.58%	Kaiser Permanente	4,200	8	0.52%
Fontana Unified School District	4808	9	0.56%	UPS	4,000	9	0.52%
Target Corporation	4800	10	0.56%	Loma Linda University	3,780	10	0.50%
Total	<u>81,639</u>		<u>9.53%</u>	Total	<u>69,285</u>		<u>9.31%</u>

Notes:

Data represents estimated number of employees.
Starting fiscal year 2009, Court employees are excluded from County of San Bernardino total employees.

Sources:

San Bernardino County Economic Development Agency

COUNTY OF SAN BERNARDINO
COUNTY EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General	1,592	1,677	1,643	1,624	1,639	1,691	1,699	1,790	1,728	1,612
Public Protection	6,462	6,940	7,111	6,923	7,069	7,480	7,777	7,672	6,679	6,501
Public Ways & Facilities	392	444	455	468	384	384	465	501	522	486
Health and Sanitation	3,722	3,909	3,910	3,781	3,840	3,922	4,139	4,339	4,285	4,086
Public Assistance	4,112	4,335	3,880	3,664	3,753	3,735	3,799	4,214	4,163	4,744
Education	214	216	211	202	218	226	235	261	246	229
Recreation & Cultural	428	395	375	368	333	335	268	386	347	337
Total	16,922	17,915	17,585	17,029	17,235	17,774	18,382	19,163	17,970	17,995

Notes:

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), and full-time equivalent employment (FTE) is calculated by dividing all paid hours by 2080.
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 NINE YEARS

	2001-02	2002-03	2003-04	2004-05	2005-06 (2)	2006-07	2007-08	2008-09	2009-10
Function/Program									
General Government									
Legal Documents Recorded (W)	671,000	860,496	949,864	968,961	945,500	838,333	628,866	564,379	556,429
Percentage of payments process within 10 days (P)	*	*	*	*	80%	86%	93%	86%	92%
Public Protection									
Criminal Felonies Filed - District Attorney (W)	16,956	16,700	18,876	20,193	21,950	20,511	24,099	22,409	21,712
Criminal Misdemeanor Filed - District Attorney (W)	36,862	36,500	39,412	38,863	38,963	44,035	49,223	45,700	44,208
Average Cases Supervised-Probation (W)	20,895	21,052	21,368	*	23,400	25,690	29,205	25,120	24,570
Percentage of new adults cases assessed with a valid risk instrument- Probation (P)	*	*	*	*	59%	77%	79%	78%	87%
Sherriff's calls for Service (W)	607,714	650,264	809,400	*	710,000	1,193,961	1,247,993	1,157,568	1,102,208
Number of inmate-on-inmate assaults per 1,000 per month. (P)	*	*	*	*	11.50%	7.44%	7.00%	5.60%	3.84%
Percent of autopsies performed per reportable deaths - Coroner (P)	*	*	*	*	6%	19%	9%	17%	13%
Fire Protection - No. of Fire calls (W)	88,711	92,131	89,553	91,324	99,235	86,915	89,106	89,061	95,635
Public Way & Facilities									
Solid Waste									
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	1,162,672
Pounds of trash per cubic yard of capacity-High Volume Sites (P)	*	*	*	*	1,035	1,120	1,130	1,125	1,356
Maintained Road Miles (W)	2,830	2,834	2,834	2,822	2,830	2,780	2,774	2,775	2,765
Average Pavement Condition index (PCI) of county maintained roads (P)	*	*	*	*	75	76	77	78	77
Health and Sanitation									
Direct Billable hours: Clinic - Behavior Health (W)	185,996	242,418	228,505	226,811	293,542	201,247	236,285	267,560	261,014
Patient Visits - Public Health (W)	95,786	92,853	102,052	110,519	112,037	130,073	76,786	89,110	69,474
Arrowhead Regional Medical Center - Emergency Room Visits (W)	60,490	66,734	88,338	81,712	97,790	106,298	113,537	124,156	130,640
Public Assistance									
Annual Paid Cases - CalWORKS-All Other Families (W)	379,681	377,456	364,569	351,902	345,072	307,742	333,096	384,946	425,331
Percentage of successful placements of people in Work Participation Rate (P)	*	*	*	*	56%	19%	23%	23%	32%
Annual Paid Cases - CalWORKS-2 Parent Families (W)	34,388	3,120	27,928	23,147	24,155	18,748	26,322	42,284	48,652
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	12,740,128
Percentage of current support collected - Child Support (W)	*	*	*	*	46%	49%	51%	51%	51%
Education									
County Library									
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	3,112,735
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	4,728,093
Total feet of space available at branch libraries (P)	*	*	*	*	200,000	222,231	326,015	368,795	379,511
Recreation and Cultural Services									
County Museum									
Total Paid Attendance (W)	108,909	65,185	67,098	57,971	71,500	71,000	90,810	64,708	63,838
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	2,300,000
Regional Parks									
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	2,012,647
Number of miles of open and usable trails maintained by Regional Parks (P)	*	*	*	*	13.3	16.6	17.6	23.5	45.95

Notes:
Operating Indicators by function/program is only available for the last nine fiscal years due to the change in the County's functions as a result of the implementation of GASB 34.
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

Sources:
SB County and Special Districts Final Budget
SB County Departments
Auditor-Controller/Recorder/Treasurer/Tax Collector, County of San Bernardino

COUNTY OF SAN BERNARDINO
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 LAST NINE YEARS

Function/Program	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
General Government									
Recorder's Data Processing Equipment	36	40	43	53	63	60	58	59	65
Public Protection									
Major Correction & Detention Facilities	4	5	6	6	7	7	7	7	7
Sheriff Stations	15	15	15	10	10	10	10	9	9
Sheriff Vehicles	1599	1,605	1,551	1,684	1,618	1,809	1658	1658	1764
Fire Department Equipment	181	207	250	323	373	361	432	429	461
Public Way & Facilities									
Solid Waste Heavy Equipment	27	30	25	24	18	18	16	12	11
Transportation: Trucks, Trailers, and Other Vehicles	218	236	273	268	276	274	264	274	288
Airports	6	6	6	6	6	6	6	6	6
Bridges	318	318	318	318	318	318	318	318	318
Traffic Signal	148	160	192	212	220	252	265	329	334
Health and Sanitation									
Major Health Administration Buildings	2	2	2	2	2	2	2	2	2
Animal Shelter and Insecticide Buildings	2	2	2	2	2	2	2	2	2
Public Health Laboratory/Science/Engineering Equipment	33	36	40	46	46	51	99	134	140
Medical Center: Number of Hospitals	1	1	1	1	1	1	1	1	1
Public Assistance									
Administrative & Office Equipment	459	463	464	508	549	452	441	495	515
Education									
Library Branches	28	28	29	29	29	30	30	30	31
Bookmobiles	2	2	2	2	2	2	2	2	2
Recreation and Cultural Services									
County Museum: Main Facility	1	1	1	1	1	1	1	1	1
County Regional Parks	9	9	9	9	9	9	9	9	9

Note:
 Capital Assets by function/program is only available for the last nine 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/Treasurer/Tax Collector, County of San Bernardino



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