



YOUR COUNTY... YOUR FUTURE



COMPREHENSIVE ANNUAL FINANCIAL REPORT

COUNTY OF SAN BERNARDINO
STATE OF CALIFORNIA

FOR THE YEAR ENDED JUNE 30, 2011
LARRY WALKER, AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR

- County of San Bernardino -

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2011**

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



Supervisor Brad Mitzelfelt, Vice ChairmanFirst District
Supervisor Janice Rutherford Second District
Supervisor Neil Derry.....Third District
Supervisor Gary Ovitt, Fourth District
Supervisor Josie Gonzales, Chair.....Fifth District

Gregory C. Devereaux – Chief Executive Officer

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

**COUNTY OF SAN BERNARDINO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 JUNE 30, 2011**

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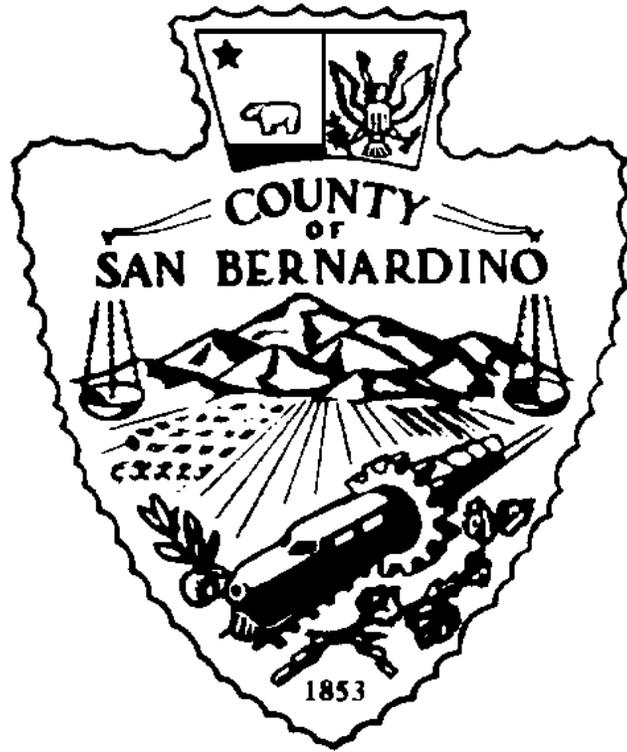
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YOUR COUNTY... YOUR FUTURE

INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

- County of San Bernardino -

AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



COUNTY OF SAN BERNARDINO

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

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

LARRY WALKER
Auditor-Controller/
Treasurer/Tax Collector

December 23, 2011

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, 2011 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 AND BUDGETARY 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/Treasurer/Tax Collector, Auditor Division actively participates in evaluating and improving 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 of 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 included within restricted, committed, or assigned fund balance, as appropriate.

MAJOR INITIATIVES

The County has successfully undertaken several key programs and projects during the last fiscal year. These, along with other programs and projects that will be undertaken in the upcoming year include the following:

- The Arrowhead Regional Medical Center, Department of Public Health, and Department of Behavioral Health, are continuing to focus on "co-location", whereby all three county health departments become centrally located and easily accessible in one building. The goal is to provide a one-stop venue for county health services.
- The Sheriff/Coroner/Public Administrator increased reliance on US Marshal inmate housing revenues

MAJOR INITIATIVES - Continued

totaling \$20 million to offset cost increases and state funding decreases. The department plans to reduce this level of reliance once state funding is restored and ongoing cost increases are resolved.

- Efficiency reorganizations continued in 2010-11. In January 2011, the Recorder function of the Auditor-Controller/Recorder/Treasurer/Tax Collector transferred to the Assessor, along with the County Clerk and Archives functions, creating the offices of the Auditor-Controller/Treasurer/Tax Collector and Assessor/Recorder/County Clerk.
- Human Services continues providing quality service to its clients despite the tremendous burden brought upon by the economic downturn. Human Services–Administrative Claims received state and federal funding increases to several programs, including Transitional Assistance, Cal Works, AFDC-Foster Care, and Aid to Adoptive Children to better assist residents in need.
- A key strategy of the Economic Development Agency (EDA) is to support businesses both coming into and currently existing in the County. EDA is working to ensure that Workforce Investment Act funding assists with layoff aversion and provides needed training for specific workforce skills. Through these efforts, EDA will work to keep existing businesses in the county thriving and create an environment that is appealing to businesses looking to relocate to the county.
- In 2011-12, Public Works-Transportation will overlay 21 miles and rehabilitate 13 miles of roads using an \$8 million allocation of discretionary funding. This work will sustain the Pavement Condition Index of 77 for county maintained roads. Grades of 70 or more are considered to be in very good condition.

In recent years, the County has cash funded \$224.1 million in major capital projects as detailed below:

- Construction of a new medical office building at Arrowhead Regional Medical Center. This project was completed in September 2010 at a cost of \$25.0 million.
- Construction of a new High Desert Government Center in Hesperia. The project was completed in October 2010 at an approximate cost of \$21.2 million, resulting in a savings of \$7 million. The 2011-12 adopted budget redirected the project savings to construct an Emergency Operations Center (EOC) in the building to augment the existing operations center in the valley with a high desert location.
- Construction of a new Central Juvenile Hall. This project was cash funded at \$63.6 million and was completed in August 2011.
- Purchase of a facility to house a new Crime Lab for the Sheriff-Coroner/Public Administrator. This project was funded in the 2010-11 adopted budget at \$25.0 million. Efforts to locate a suitable existing facility are still in process. The 2011-12 adopted budget has redirected \$4.5 million of the \$25.0 million to a project to improve Institution Road in Devore, the primary access road to the Sheriff's Glen Helen detention and training facilities. The \$4.5 million was added to existing funds of \$1.5 million for a total of \$6.0 million to make the road all-weather.
- Expansion of the Adelanto Adult Detention Facility to increase bed capacity from 706 to 2,074. The County received a grant award from the State to fund approximately \$82.3 million of this project. The County funded its \$37.7 million share of the costs in 2010-11. Construction commenced December 2010 and project completion is estimated late 2013.
- Replacement of buildings beyond their useful life and space needs. In past years, the County had planned to construct a new government center building in downtown San Bernardino to provide additional space and replace buildings that have exceeded their useful lives. As an alternative to new construction, the County is looking to purchase existing, newer buildings at prices lower than the cost to replace; seismically retrofit and modernize certain existing buildings; and demolish older facilities. The 2011-12 adopted budget allocates \$20.2 million plus an additional \$9.8 million transferred from various existing capital projects resulting from savings or cancellations, for a total downtown building project of \$30.0 million.

MAJOR INITIATIVES - Continued

In addition to these major capital projects, the County redirected the annual future space needs allocation of \$24.0 million to begin addressing the aging 800 MHz digital radio system for public safety. The estimated cost of this replacement project is \$175.0 million with estimated project duration of 5 to 7 years. It is anticipated that some of the costs will be funded through grants.

ECONOMIC CONDITION AND OUTLOOK

In 2009, total economic output in the Inland Empire region (San Bernardino-Riverside-Ontario metropolitan area) dropped by 2.8%. This was related to the end of the housing boom that peaked in 2006, and was also related to the economic downturn that began in late 2007. Construction dropped precipitously as a percentage of gross domestic product. The decline in construction also affected the mining industry which supplied most of the building materials used in the construction industry. Another factor affecting economic output was the decline in manufacturing. It is projected that between 2008 and 2018, manufacturing employment will decrease by 9% while construction will have a modest increase of 5%; wholesale trade, as an industry group will increase by 10.7%; transportation and warehousing as a group is projected to increase by 5.9%, with warehousing and storage increasing by 13.5%. The biggest changes are expected to occur in Educational Services and in Healthcare with a 26.8% and 22.4% change respectively. The County has made increasing efforts at strengthening the relationship between education and industry in order to prepare a workforce that will meet future workforce needs.

Between September of 2008 and September of 2010, the County's labor force declined by 3,800 to 856,700; or 0.4%. Over the same period, the number of County residents who were employed declined by 50,600 to 734,700; a 6.4% decrease. The greatest impact in the County was in the construction industry, which lost over 5,900 jobs in 2010. The unemployment rate climbed from 8.7% in September 2008 to 14.2% in September 2010. However, as of September 2011, the County's unemployment has improved to 12.9% with employment increasing slightly by 1,400 to 736,100 a 0.19% increase.

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 to a low of \$128,640 by the end of the second quarter of 2011, representing a 195% decline from the peak of the market. 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.

Despite the current challenges, the housing market for the County looks bright in the long run. The County's population is projected to be 3.1 million in 2035, an approximate increase of 50% from today's level. It will continue to attract new residents as the economy improves and population-serving businesses will follow as a result. 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 2011-12 decreased slightly from 2010-11, down \$1.4 billion, or 0.87%. This is the third consecutive year of assessed valuation decline. For fiscal year 2010-11, assessed valuation declined \$7.6 billion, a decrease of 4.5%, and in 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. However, it appears that the assessed valuation declines are slowing. The current secured property tax projection for 2011-12 for the County general fund is \$179.0 million.

LONG-TERM FINANCIAL PLANNING - Continued

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

Fund Balance and Reserve Policy

The County has established a number of general fund reserves for a variety of purposes. On June 28, 2011 the Board of Supervisors revised County policy to provide guidelines and goals for reserve levels. This revised policy calls for a general purpose reserve targeted at 20% of locally funded appropriation, up from the previous 10% target. The revised policy states that this reserve will be built up with one-time sources until the established target is achieved. For 2011-12 this reserve amount was approved at \$65.2 million, which is 11.3% of locally funded appropriation. This 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.

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, the County to prepare a multi-year forecast of financial operations for general fund programs based on current service levels and expected future changes to those programs and service levels.

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 and other economic events affecting the county's operations which could not reasonably be foreseen at the time the budget is prepared. In addition to the mandatory contingency account, the County maintains 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.

Investment Policy

The County 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 reviews and approves 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 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

RELEVANT FINANCIAL POLICIES - Continued

withdrawals. The County Pool does not include investments of the Deferred Compensation program or the County Employees' Retirement Association, which are separately managed. The County utilizes a Countywide banking program with a major bank, which is referred to as "Consolidated Banking," which accelerates the collection and deposit of monies by participating departments into the County Treasury making them readily available for investment.

Debt Management Policy

The County's debt management policy is to minimize the amount of outstanding debt necessary to fulfill its infrastructure and economic development responsibilities, and maintain the County's ability to incur present and future debt at minimal interest rates. The County's debt policy provides the following general guidelines: 1) Debt will not be used to finance on-going operational costs. However, debt may be used where economically efficient, to reduce or eliminate current long-term operational liabilities; 2) Whenever possible, the County shall pursue alternative sources of funding, when cost effective, in order to minimize the level of debt; 3) Whenever practical, voter approval on the method of debt shall be utilized.

In addition, the County established a Debt Advisory Committee (DAC) to have the responsibility for oversight and review of all debt policy and debt issuance activities and to make recommendations to the Board of Supervisors regarding appropriate actions on debt matters.

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 AND AWARDS

Financial Reporting 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, 2010. This was the twenty-third 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.

Popular Financial Reporting Award: The County of San Bernardino also received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Report for the fiscal year ended June 30, 2010. This was the fifth consecutive year that the County has received this prestigious award. In order to receive this award, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

Budget Presentation Award: The County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2010. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

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/Treasurer/Tax Collector staff. I would like to acknowledge the special efforts of the General Accounting, Internal Audit, and Management Service 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/Treasurer/Tax Collector

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

ELECTED OFFICES

COUNTY SUPERVISOR, FIRST DISTRICT (VICE CHAIRMAN)..... BRAD MITZELFELT

COUNTY SUPERVISOR, SECOND DISTRICT JANICE RUTHERFORD

COUNTY SUPERVISOR, THIRD DISTRICT NEIL DERRY

COUNTY SUPERVISOR, FOURTH DISTRICT GARY C. OVITT

COUNTY SUPERVISOR, FIFTH DISTRICT (CHAIR)..... JOSIE GONZALES

ASSESSOR/RECORDER/COUNTY CLERK..... DENNIS DRAEGER

AUDITOR-CONTROLLER/TREASURER /TAX COLLECTOR LARRY WALKER

DISTRICT ATTORNEY MICHAEL A. RAMOS

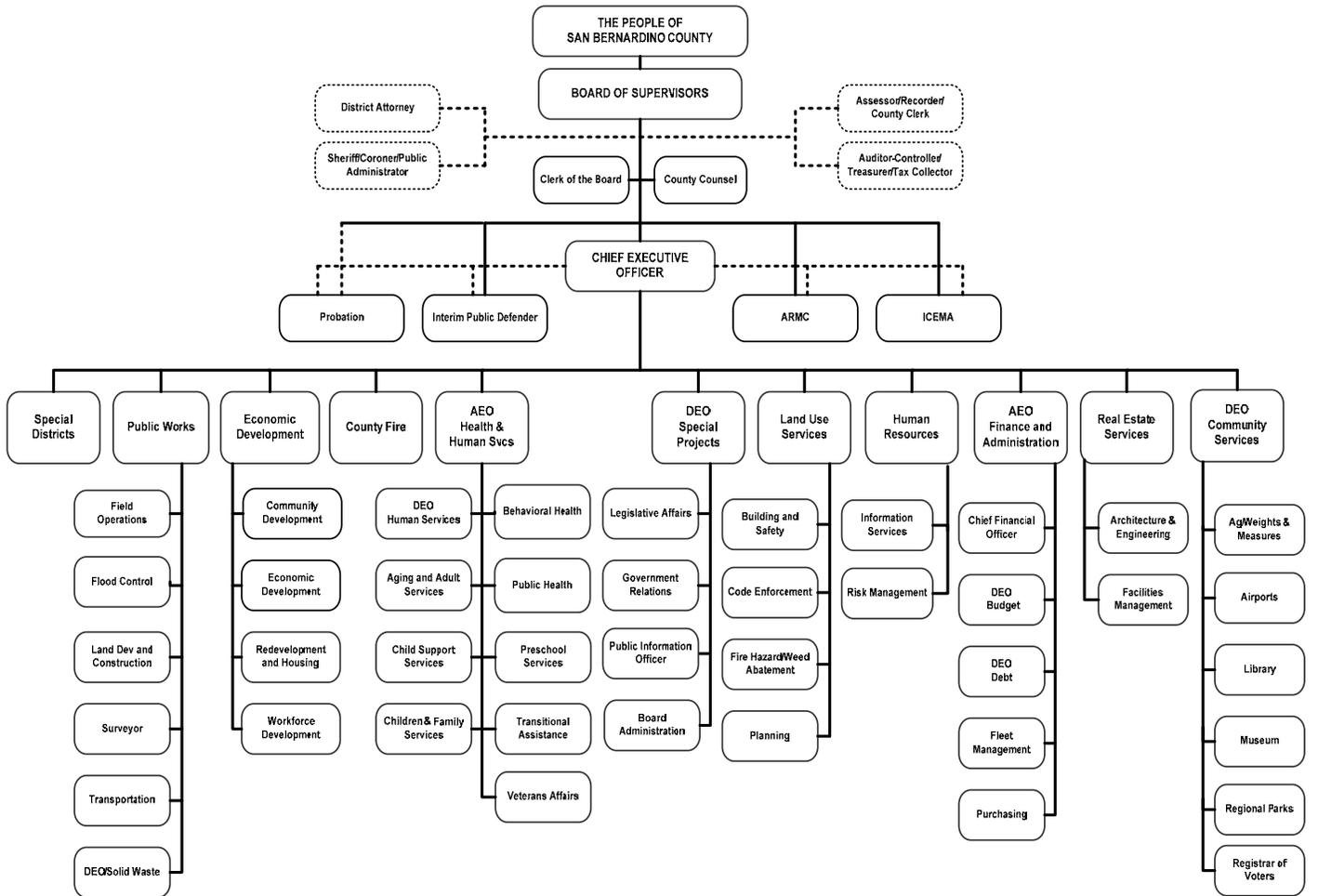
SHERIFF/CORONER /PUBLIC ADMINISTRATOR..... ROD HOOPS

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.....	MIKE N. WILLIAMS
ARCHITECTURE AND ENGINEERING.....	CARL ALBAN
ARROWHEAD REGIONAL MEDICAL CENTER.....	PATRICK A. PETRE
BEHAVIORAL HEALTH	ALLAN RAWLAND
CHILD SUPPORT SERVICES.....	CONNIE BRUNN
CHILDREN AND FAMILY 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	LEONARD HERNANDEZ
ECONOMIC DEVELOPMENT AGENCY.....	MARY JANE OLHASSO
FACILITIES MANAGEMENT	DAVID H. SLAUGHTER
FIRE DEPARTMENT/FIRE WARDEN.....	MARK HARTWIG
FLEET MANAGEMENT.....	ROGER G. WEAVER
HUMAN RESOURCES	ANDREW LAMBERTO
HUMAN SERVICES	LINDA HAUGAN
INFORMATION SERVICES	JOEL GOLUB
LAND USE SERVICES	CHRISTINE KELLY
LEGISLATIVE AFFAIRS.....	DENA SMITH
MUSEUM	ROBERT McKERNAN
PRESCHOOL SERVICES	RON GRIFFIN
PROBATION.....	MICHELLE SCRAY
PUBLIC DEFENDER (<i>INTERIM</i>).....	PHYLLIS KAY MORRIS-GREEN
PUBLIC HEALTH (<i>INTERIM</i>).....	TRUDY RAYMUNDO
PUBLIC WORKS	GRANVILLE "BOW" BOWMAN
PURCHASING.....	LAURIE ROZKO
REAL ESTATE SERVICES.....	DAVID H. SLAUGHTER
REDEVELOPMENT AGENCY	DENA FUENTES
REGIONAL PARKS.....	KEITH LEE
REGISTRAR OF VOTERS	MICHAEL J. SCARPELLO
RISK MANAGEMENT	STEVE ROBLES
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, 2010

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.

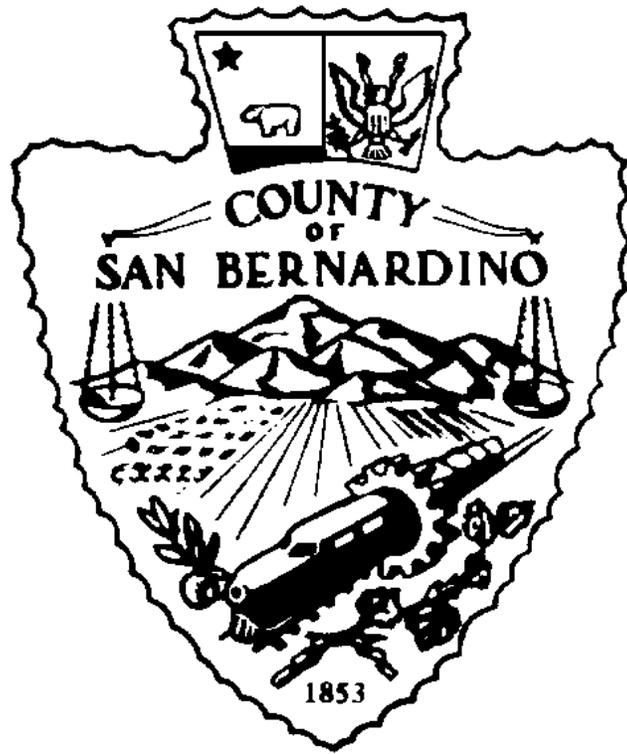


Linda C. Sandison

President

Jeffrey R. Emswiler

Executive Director



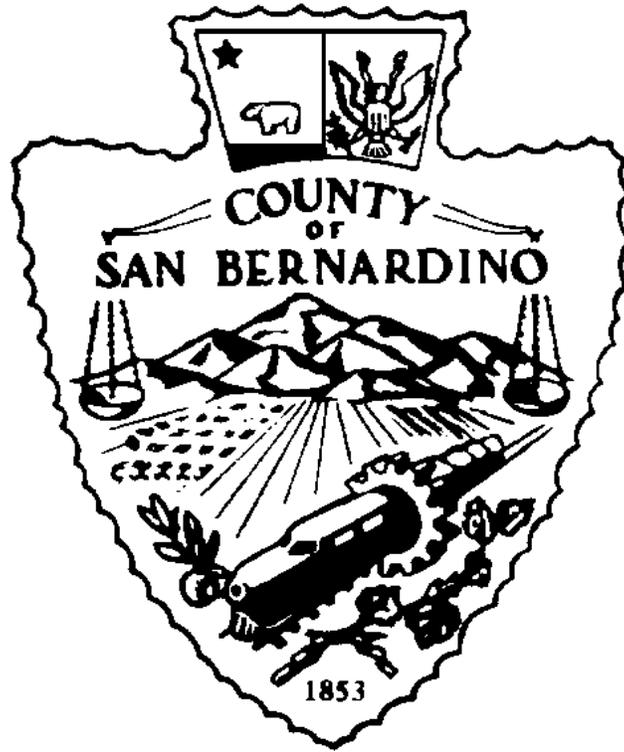


YOUR COUNTY... YOUR FUTURE

FINANCIAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

- County of San Bernardino -





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, 2011, 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 and the County of San Bernardino Redevelopment Agency, which collectively represent the following percentages of assets, net assets/fund balances and revenues as of and for the fiscal year ended June 30, 2011:

Opinion Unit	Assets	Net Assets/ Fund Balances	Revenues
Governmental Activities	12%	11%	3%
Aggregate Remaining Fund Information	13%	8%	1%

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.

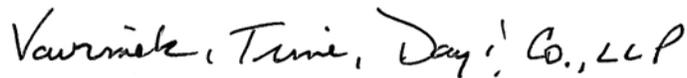
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows 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 1 and Note 2 to the financial statements, the County has adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 54, *Accounting and Financial Reporting for Balance Reporting and Governmental Fund Type Definition*, as of July 1, 2010.

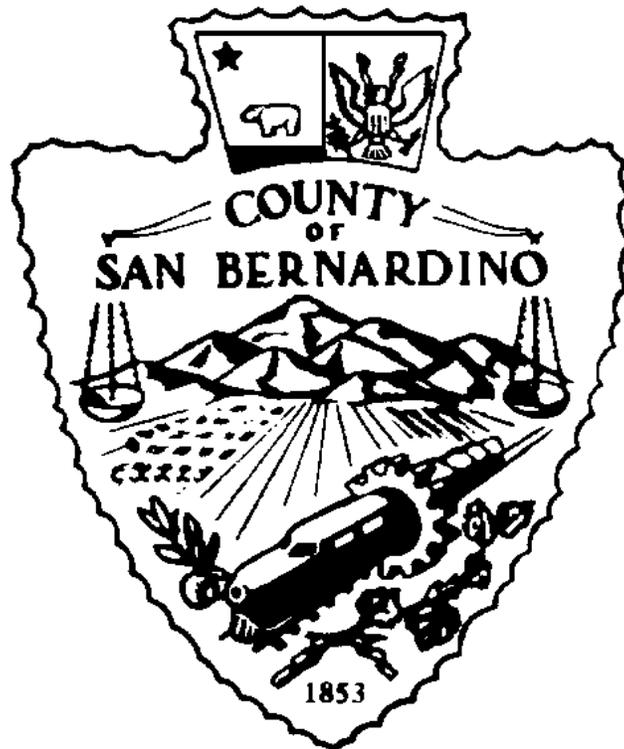
In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2011 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and 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 17 through 35 and the schedule of funding progress on page 113 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 by us and the other auditors 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.



Rancho Cucamonga, California
December 23, 2011





YOUR COUNTY... YOUR FUTURE

MANAGEMENT'S DISCUSSION AND ANALYSIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

- County of San Bernardino -



MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2011

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, 2011. 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 \$146,750. The net increase is attributable to the \$147,063 increase in governmental activities net assets and the \$313 decrease in business-type activities net assets.
- As of June 30, 2011, the County governmental funds reported combined fund balances of \$1,209,381, an increase of \$40,485 in comparison with the prior year. Amounts available for spending include *restricted, committed, assigned, and unassigned fund balances*; these totaled \$1,130,888, or 93.5 % of ending fund balance. Of this amount, \$781,613 is restricted by law or externally imposed requirements, and \$104,819 is committed for specific purposes.
- At the end of the fiscal year, amounts available for spending for the general fund totaled \$423,158, or 21.80% of total general fund expenditures. This is a decrease of \$13,779 in comparison with the prior year.
- At the end of the fiscal year, the County's total capital assets (net of accumulated depreciation) increased by \$87,436 in comparison with the prior year. (See further detail on page 32).
- At the end of the fiscal year, the County's total long-term debt decreased by \$14,303 in comparison with the prior year. (See further detail on page 34).

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.

Management's Discussion and Analysis (Amounts in thousands)

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 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 between the 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, Water, Sewer, and Sanitation 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, County Service Areas, Redevelopment Agency of the County of San Bernardino, Inland Empire Public Facilities Corporation, San Bernardino County Financing Authority, and various Joint Powers Authorities (JPAs).

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 38-39 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

Management's Discussion and Analysis (Amounts in thousands)

resources available at the end of the fiscal year. Such information may be useful in evaluating a 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 42-44 of this report.

Proprietary funds include 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, Water, Sewer, and Sanitation 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 45-47 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 48-49 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 51-112 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 \$2,603,968 at the close of the most recent fiscal year.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	As Restated 2010	2011	As Restated 2010
Current and other assets, as restated	\$ 2,475,328	\$ 2,450,061	\$ 356,163	\$ 328,102	\$ 2,831,491	\$ 2,778,163
Capital assets, as restated	1,660,632	1,565,064	560,516	568,648	2,221,148	2,133,712
Total assets	4,135,960	4,015,125	916,679	896,750	5,052,639	4,911,875
Current and other liabilities	198,041	191,929	57,499	55,294	255,540	247,223
Long-term Liabilities, as restated	1,487,929	1,520,269	705,202	687,165	2,193,131	2,207,434
Total liabilities	1,685,970	1,712,198	762,701	742,459	2,448,671	2,454,657
Net assets:						
Invested in capital assets, net of related debt, as restated	1,436,162	1,318,593	44,737	26,837	1,480,899	1,345,430
Restricted	783,306	716,035	108,461	93,399	891,767	809,434
Unrestricted, as restated	230,522	268,299	780	34,055	231,302	302,354
Total Net Assets	\$ 2,449,990	\$ 2,302,927	\$ 153,978	\$ 154,291	\$ 2,603,968	\$ 2,457,218

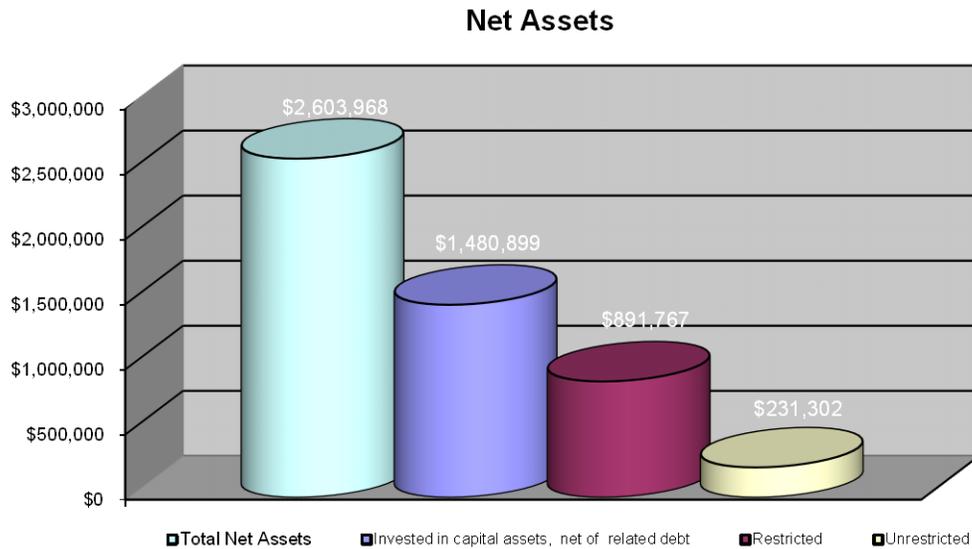
The largest portion of the County's net assets of \$1,480,899 reflects investment in capital assets (e.g. land, land use rights, structures and improvements, equipment and software, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The County uses these 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 \$891,767 represent another significant portion of County net assets. This amount contains external restrictions imposed by creditors, grantors, contributors or laws

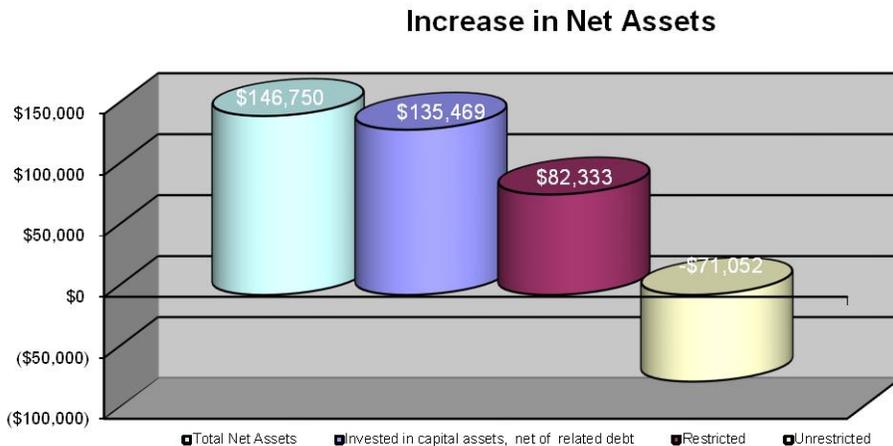
Management's Discussion and Analysis (Amounts in thousands)

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 \$71,052 during the current year. This decrease is primarily the result of an increased restriction of Waste Division assets for closure costs, which exceeded their related liability; and overall expenses exceeding revenues in the Business-Type Activities.



The County's total net assets increased \$146,750 (\$147,063 increase in governmental activities and \$313 decrease in business-type activities) indicating that the County generated revenue sufficient to cover the cost of operations during the current fiscal year.



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	
	2011	As Restated 2010	2011	As Restated 2010	2011	As Restated 2010
Revenues:						
Program Revenues						
Charges for Services	\$ 405,649	\$ 429,674	\$ 452,056	\$ 454,091	\$ 857,705	\$ 883,765
Operating Grants/Contributions	1,516,106	1,460,508	68,234	7,014	1,584,340	1,467,522
Capital Grants/Contributions	10,995	6,576	19,500	19,115	30,495	25,691
General Revenue						
Property Taxes, Levied for General Purposes	491,396	524,857	2,360	3,641	493,756	528,498
Property Taxes, Levied for Debt Service	14,724	15,608	-	-	14,724	15,608
Public Safety Tax	121,623	116,963	-	-	121,623	116,963
Sales Taxes	19,184	17,894	-	-	19,184	17,894
Other Taxes	12,086	12,810	-	-	12,086	12,810
Unrestricted Revenues from Use of Money and Property	49,081	52,445	3,381	8,803	52,462	61,248
Miscellaneous (1)	57,878	52,154	4,155	1,840	62,033	53,994
Gains on Sale of Capital Assets	3,739	2,968	2	11	3,741	2,979
Total Revenues	2,702,461	2,692,457	549,688	494,515	3,252,149	3,186,972
Expenses:						
General Government	165,754	177,506	-	-	165,754	177,506
Public Protection	913,522	897,257	-	-	913,522	897,257
Public Ways and Facilities	72,482	73,251	-	-	72,482	73,251
Health and Sanitation	282,684	326,590	-	-	282,684	326,590
Public Assistance	1,007,153	935,205	-	-	1,007,153	935,205
Education	18,692	19,693	-	-	18,692	19,693
Recreation and Cultural Services	23,788	22,677	-	-	23,788	22,677
Interest on Long Term Debt	64,994	65,144	-	-	64,994	65,144
Medical Center	-	-	445,874	441,722	445,874	441,722
Waste Systems	-	-	95,408	56,688	95,408	56,688
Water, Sewer, and Sanitation, as restated	-	-	14,316	32,536	14,316	32,536
Paramedic and Emergency	-	-	546	240	546	240
Others	-	-	186	341	186	341
Total Expenses	2,549,069	2,517,323	556,330	531,527	3,105,399	3,048,850
Excess (Deficit) before Transfers	153,392	175,134	(6,642)	(37,012)	146,750	138,122
Transfers, as restated	(6,329)	(35,262)	6,329	35,262	-	-
Change in Net Assets	147,063	139,872	(313)	(1,750)	146,750	138,122
Net Assets -- Beginning of Year, as restated	2,302,927	2,163,055	154,291	156,041	2,457,218	2,319,096
Net Assets -- End of Year	\$ 2,449,990	\$ 2,302,927	\$ 153,978	\$ 154,291	\$ 2,603,968	\$ 2,457,218

Note: (1) The amount reported as 2010 governmental activities has been reclassified in order to be consistent with the current year's presentation

Governmental Activities increased the County's net assets by \$147,063. The overall increase in net assets is due to the increases in invested capital assets, net of related debt as well as restricted assets.

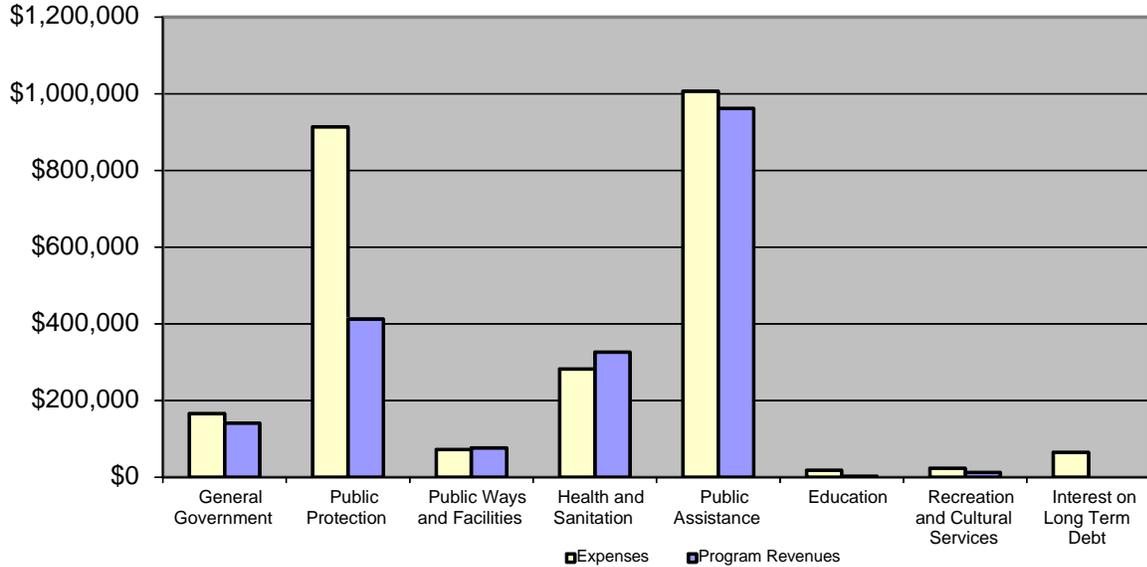
Total revenues of the County's governmental activities increased primarily due to receipt of funding in various state and federal grants to provide public assistance, and public protection. These increases are partly offset by the decreases in health and sanitation expenditures.

Program expenses for the County's governmental activities also increased as a result of receiving additional funding in operating grants and contributions due to the growing need for

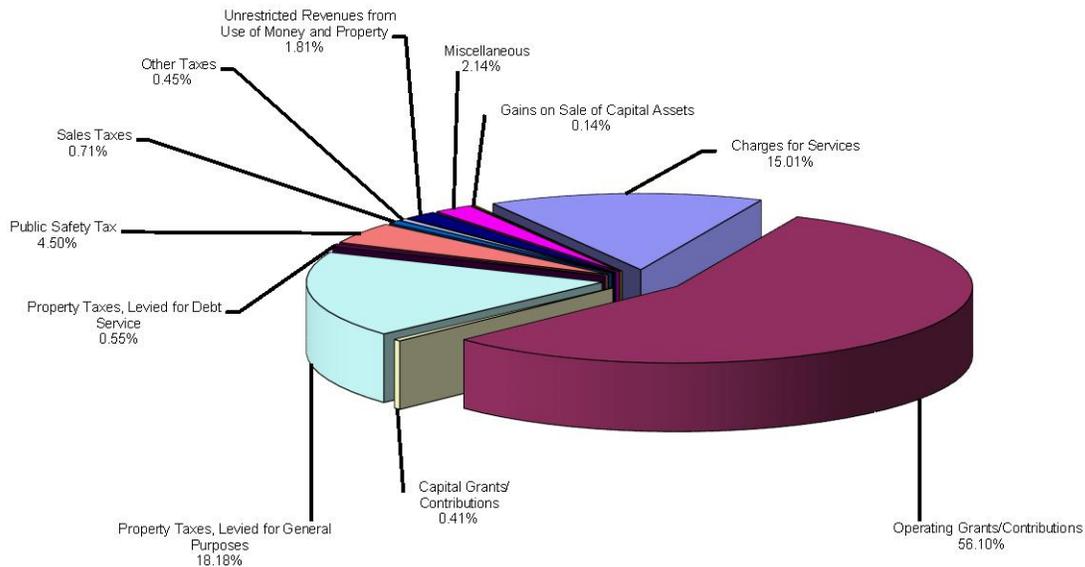
Management's Discussion and Analysis (Amounts in thousands)

public assistance and public protection resulting from the current economic condition.

Expenses and Program Revenues-Governmental Activities



Revenues by Source-Governmental Activities

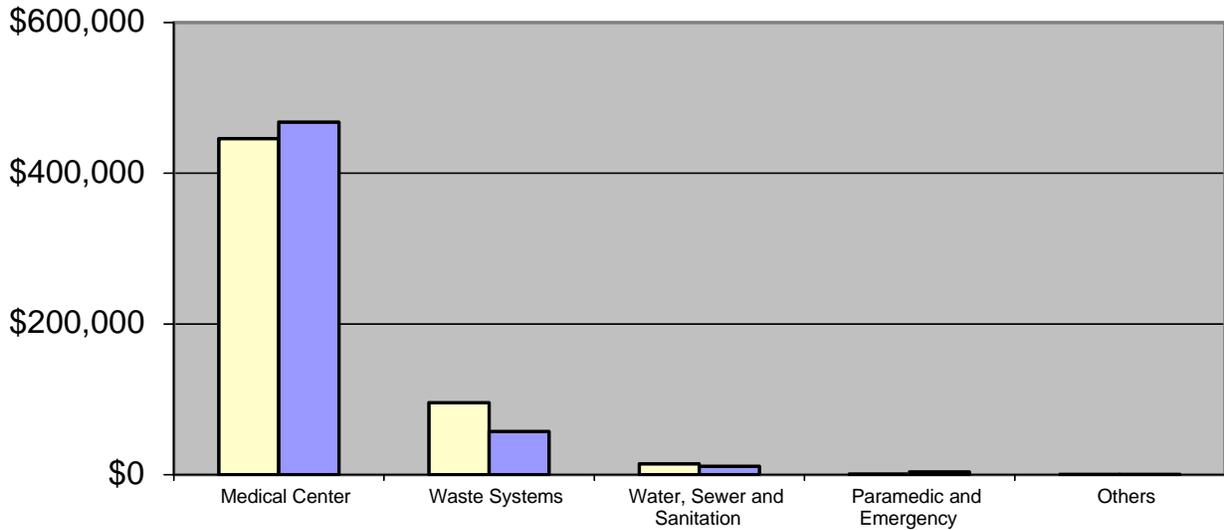


Business-type Activities decreased the County's net assets by \$16,502 primarily due to increases in waste system expenses and net assets transfer to the Crestline Sanitation District resulting from the district becoming self-governed during fiscal year 2010-11.

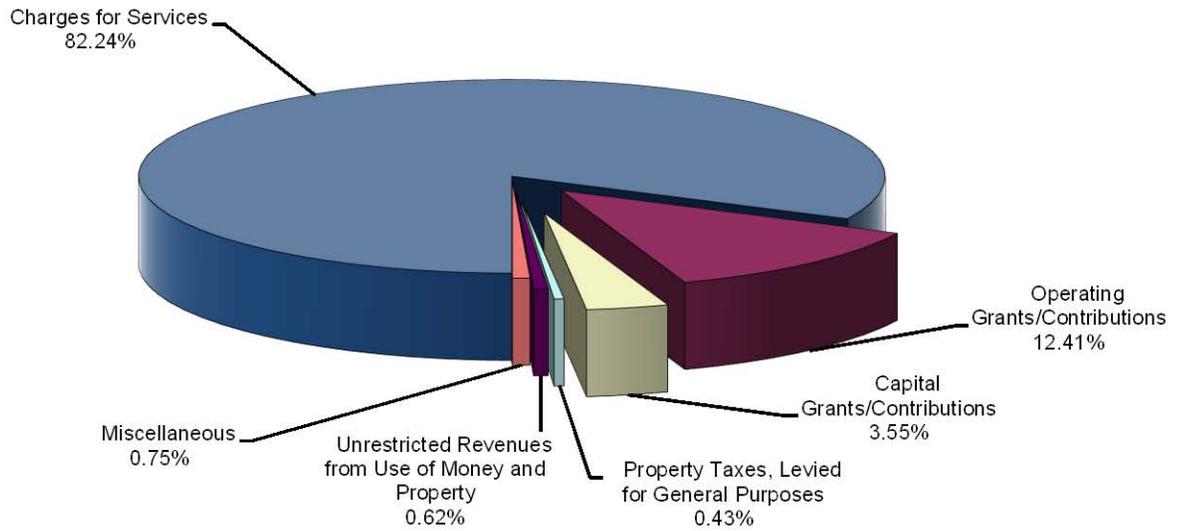
Management's Discussion and Analysis (Amounts in thousands)

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

Expenses and Program Revenues-Business-Type Activities



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 government activities 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, unrestricted fund balance, which includes committed, assigned, and unassigned fund balances, 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, 2011, the County's governmental funds reported a total fund balance of \$1,209,381, an increase of \$40,485 in comparison with the prior year. Approximately 64.6% of the total fund balance, \$781,613, constitutes restricted fund balance, which is restricted by external parties. The remaining fund balance is made up of nonspendable amounts of \$78,493; committed amounts of \$104,819 are not available for spending having been committed for specific purposes; assigned amounts of \$94,475 are set aside for specific purposes; and an unassigned amount of \$149,981 represents the residual net resources of the general fund.

The most significant restricted amounts in the governmental funds include \$201,875 for General Government Purposes; \$213,451 for Health Programs; \$168,288 for Public Protection and Safety; \$110,988 for Public Assistance; and \$75,365 for Public Ways & Facilities.

The County reports the General Fund and the capital Improvement Fund as major governmental funds.

General Fund: The General fund is the chief operating fund of the County. At June 30, 2011, the total fund balance reached \$498,349, a decrease of \$12,255 in comparison with the prior year. Approximately 39% of the total fund balance, \$196,178, constitutes restricted fund balance. The remaining fund balance is made up of nonspendable amounts of \$75,191; \$76,999 of committed amounts used to 1) pay debt service of \$32,075; 2) to cover future space needs of \$22,879; and 3) fund future retirement of \$8,500; and finally \$149,981 of unassigned amounts to be used for any purpose.

As a measure of the General fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total general fund expenditures. Unrestricted fund balance represents 11.7% of total fund expenditures, while total fund balance represents 25.7%.

Capital Improvement Fund: The Capital Improvement Fund accounts for the County's major capital acquisition and construction projects. At June 30, 2011, total unrestricted fund balance of the Capital Improvement Fund was \$105,742.

Total governmental fund balance increased 3.5% or \$40,485 with significant changes in the following funds:

- Redevelopment Agency's Capital Projects fund increased by \$20,567. The change is primarily due to the issuance of long-term debt by the County's Redevelopment Agency.

Management's Discussion and Analysis
(Amounts in thousands)

- Mental Health Services Act increased by \$25,221. The change is primarily due to increased Aid from Other Governmental Agencies to assist children and families.

Revenues for total governmental funds totaled \$2,695,377 in fiscal year 2010-11, which represents an increase of 0.6% from the prior year.

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

<u>Revenues</u>	<u>2010-11</u>		<u>Over (Under) 2009-10</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$ 664,377	24%	\$ (20,292)	-3%
Licenses, Permits and Franchises	19,208	1%	2,249	12%
Fines, Forfeitures and Penalties	17,810	1%	(6,067)	-34%
Revenues From Use of Money and Property	45,762	2%	(5,873)	-13%
Aid From Other Governmental Agencies	1,525,476	56%	60,477	4%
Charges for Current Services	365,721	14%	(19,381)	-5%
Other Revenues	57,023	2%	5,158	9%
Total Revenues	<u>\$ 2,695,377</u>	<u>100%</u>	<u>\$ 16,271</u>	

The County's three major funding sources; taxes, aid from other governmental agencies, and charges for current services constitute 95% of all revenues.

Taxes decreased by \$20,292. These revenues have been severely impacted by the mortgage and economic crisis, which has had a significant effect on the housing market within the County. For the second consecutive year, the County had a decrease in the assessed valuation of properties within the County.

Aid from other governmental agencies increased by a total of \$60,477. Due to the economic conditions in the county, an increase in assistance to children and families was received from state and federal governments. The increase was primarily in the following programs: Foster Care increased \$15,100 due to an increase in state and federal aid to children, CalWORKs – All Other Families increased by \$19,600 due to an increase in state aid for public assistance, and Human Services Administration increased by \$30,000 to fund their assistance programs.

Management's Discussion and Analysis
(Amounts in thousands)

The following table presents expenditures for total governmental funds by function compared to prior year amounts:

Expenditures	2010-11		Over (Under) 2009-10	
	Amount	Percent of Total	Amount Changed	Percent
Current:				
General Government	\$ 153,991	6%	\$ (10,889)	-7%
Public Protection	883,637	33%	7,035	1%
Public Ways and Facilities	83,923	3%	17,839	21%
Health and Sanitation	278,157	10%	(46,785)	-17%
Public Assistance	994,193	37%	64,100	6%
Education	17,827	1%	(1,031)	-6%
Recreation and Cultural Services	19,091	1%	394	2%
Debt Service:				
Principal	105,309	4%	43,672	41%
Interest and Fiscal Charges	38,614	1%	(2,359)	-6%
Bond Issuance Costs	525	0%	525	N/A
Capital Outlay	113,428	4%	(2,999)	-3%
Total Expenditures	<u>\$ 2,688,695</u>	<u>100%</u>	<u>\$ 69,502</u>	

Total County governmental funds expenditures increased \$69,502 or 2.6% from the prior year.

Public Ways & Facilities expenditures increased by \$17,839, mostly through a \$14,727 increase in professional service contracts for external road construction projects, road materials, and vehicle usage in the Transportation department.

Public Assistance expenditures increased by \$64,100. This included a \$43,775 increase in the following Public Assistance programs: 1) Aid to Adoptive Children; 2) Foster Care; 3) CalWORKS – All Other Families; and 4) CalWORKS – 2 Parent Families.

Health and Sanitation expenditures decreased overall by \$46,785. This is the result of the county-wide plan to reduce salary and benefits and services and supplies due to the current economic condition.

Principal expenditures increased by \$43,672 mostly due to the redemption of Certification of Participation bonds during the current fiscal year.

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	2010-11	Over (Under) 2009-10	
	Amount	Amount Changed	Percent
Transfers Out	\$ (276,144)	\$ 33,615	-11%
Transfers In	269,759	(5,795)	-2%
Long-Term Debt Issued	36,300	36,300	N/A
Discount on Debt	(1,141)	(1,141)	N/A
Inception of Capital Lease Obligations	1,290	872	209%
Sale of Capital Assets	3,739	771	26%
Total Other Financing Sources and (Uses)	<u>\$ 33,803</u>	<u>\$ 64,622</u>	

Total Other Financing Sources and (Uses) increased by \$64,622.

Transfers Out decreased by \$33,615 in 2010-11 primarily due to the implementation of GASB 54 promulgating that certain special revenue funds record restricted revenues and related expenditures within the fund instead of recording transfers and activities in the general fund as in previous years.

Long-Term Debt Issued increased by \$36,300 as a result of new bonds issued during fiscal year 2010-11.

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 Funds			Total Governmental Funds
	General Fund	Capital Improvement Fund	Other Governmental Funds	
Revenues	\$ 2,103,444	\$ 8,910	\$ 583,023	\$ 2,695,377
Expenditures	(1,940,876)	(81,360)	(666,459)	(2,688,695)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	162,568	(72,450)	(83,436)	6,682
Total Other Financing Sources and (Uses)	(174,823)	79,878	128,748	33,803
Net Changes In Fund Balance	(12,255)	7,428	45,312	40,485
Fund Balance, July 1, 2010	510,604	98,314	559,978	1,168,896
Fund Balance, June 30, 2011	<u>\$ 498,349</u>	<u>\$ 105,742</u>	<u>\$ 605,290</u>	<u>\$ 1,209,381</u>

In fiscal year 2010-11, the fund balance of total governmental funds increased by \$40,485. This increase is the result of ongoing and one-time revenues and other financing sources exceeding ongoing expenditures and other financing uses.

Management's Discussion and Analysis
(Amounts in thousands)

Proprietary funds: County proprietary funds provide the same type of format found in the Business-Type Activities 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	\$ 380,357	\$ -	\$ -	\$ 380,357
Charges for Current Services	-	45,282	14,416	59,698
Other	7,962	11,999	2	19,963
Total Operating Revenues	<u>388,319</u>	<u>57,281</u>	<u>14,418</u>	<u>460,018</u>
Operating Expenses				
Professional Services	49,381	27,873	2,398	79,652
Salaries and Employee Benefits	195,376	7,072	5,586	208,034
Services and Supplies	150,339	56,692	3,626	210,657
Depreciation and Amortization	23,144	3,098	2,330	28,572
Other	1,014	-	864	1,878
Total Operating Expenses	<u>419,254</u>	<u>94,735</u>	<u>14,804</u>	<u>528,793</u>
Operating Income (Loss)	<u>(30,935)</u>	<u>(37,454)</u>	<u>(386)</u>	<u>(68,775)</u>
Nonoperating Revenues (Expenses)				
Interest Revenue	1,720	1,335	326	3,381
Interest Expense	(25,930)	(162)	(244)	(26,336)
Tax Revenue	-	-	2,360	2,360
Grant Revenue	60,186	33	53	60,272
Gain (Loss) on Sale of Capital Assets	-	(511)	2	(509)
Other Nonoperating Revenues	-	1,991	2,164	4,155
Other Nonoperating Expenses	(690)	-	-	(690)
Total Nonoperating Revenues (Expenses)	<u>35,286</u>	<u>2,686</u>	<u>4,661</u>	<u>42,633</u>
Income (Loss) Before Contributions and Transfers	4,351	(34,768)	4,275	(26,142)
Capital Contributions	19,500	-	-	19,500
Transfers to Other Funds	(6,972)	(1,407)	(2,206)	(10,585)
Transfers from Other Funds	16,463	-	451	16,914
Change in Net Assets	33,342	(36,175)	2,520	(313)
Net Assets, July 1, 2010, as restated	<u>27,001</u>	<u>44,743</u>	<u>82,547</u>	<u>154,291</u>
Net Assets, June 30, 2011	<u>\$ 60,343</u>	<u>\$ 8,568</u>	<u>\$ 85,067</u>	<u>\$ 153,978</u>

The net decrease of \$313 in net assets was primarily due to the following reasons:

- Total net assets of the Medical Center increased by \$33,342 due to an increase in grant revenue and capital contributions. On November 2, 2010, the federal government approved California's five-year \$10 billion "Bridge to Reform" Section 1115 waiver proposal. As a result, the Medical Center received \$31,501 for Delivery System Reform Incentive Pool funding. This Pool has been established to support California's public hospital efforts to enhance the quality of care and health of the patients and families they serve.

Management's Discussion and Analysis (Amounts in thousands)

- Total net assets of the Waste System Division decreased by \$36,175 due to increased estimated pollution remediation costs.
- Total net assets of Other Enterprise Funds increased by \$2,520 as a result of increased user fees over expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final expenditure budget differs from the original budget by approximately 5%. A net decrease in appropriations of \$121,330 was approved during the fiscal year. The significant components of this net decrease are summarized below:

- On November 2, 2010, the Board adopted a budget amendment which decreased the Future Space Needs Contingency budget by \$3,764. This decrease was due to current year usage of contingencies.
- On November 2, 2010, the Board adopted a budget amendment which decreased the budget for the Human Services department by \$6,500. This decrease was due to the elimination of the American Recovery and Reinvestment Act (ARRA) Emergency Contingency Funds.
- On February 15, 2011, the Board adopted a budget amendment to decrease the budget for Behavioral Health by \$7,478. This decrease was due to the loss of Federal Medicaid Assistance Percentage (FMAP) funding and the anticipated reduction of Medical reimbursement due to salary savings from vacant positions.
- On February 15, 2011, the Board adopted a budget amendment to decrease the budget for Public Health by \$4,295. This reduction reflects the transfer of the Environmental Health Services (EHS) function to Land Use Services.
- On February 15, 2011, the Board adopted a budget amendment to decrease the budget for Human Services by \$10,921. This decrease was due to a lower than anticipated increase in CalWorks caseload.
- On February 15, 2011 the Board adopted a budget amendment to decrease the Future Space Needs Contingency budget by \$20,237. This decrease resulted in a reduced planned contribution to the Future Space Needs reserve.
- On August 23, 2011, the Board adopted a final budget amendment to decrease the Priority Policy Needs budget by \$8,538. This decrease returned all unspent budget appropriations to the general fund.
- On August 23, 2011, the Board adopted a final budget amendment which decreased the Human Services budget by \$28,464. This decrease was done to reflect salaries and benefits savings caused by the state budget delay, as well as eliminating vacant positions.
- On August 23, 2011, the Board adopted a final budget amendment which decreased the budget for Public Health by \$10,433. This decrease was due to overall program savings.
- On August 23, 2011, the Board adopted a final budget amendment which decreased the budget for the Probation department by \$6,390. This decrease was due to salaries and

Management's Discussion and Analysis (Amounts in thousands)

benefits savings realized from un-filled vacant positions and by not implementing enhanced retirement benefits for sworn officers.

- On August 23, 2011, the Board adopted a final budget amendment which decreased the Human Services budget by \$9,061. This decrease was due to a lower than anticipated increase in CalWorks caseload.

The County's final Other Financing Sources/Uses budget was about 15.3% higher than the original budget. Supplemental appropriations of \$28,467 were approved during the fiscal year. The significant elements of this increase are summarized below:

- On November 2, 2010, the Board adopted a budget amendment which increased the transfers out budget for Financial Administration by \$3,764. This increase was done to facilitate the use of the Future Space Needs contingencies.
- On November 2, 2010, the Board adopted a budget amendment which increased the transfers out budget for Utilities by \$3,086. This increase was done to fund an operating transfer out to the Capital Improvements (CIP) Fund.
- On February 15, 2011, the Board adopted a budget amendment which increased the transfers out budget for Financial Administration by \$28,141. This increase was done to fund an operating transfer out to the CIP Fund.
- On August 23, 2011, the Board adopted a budget amendment which decreased the transfers out budget for Financial Administration by \$4,660. This decrease was done to reflect the return of unspent funds from the CIP Fund.

General Government and Health and Sanitation account for the largest expenditure variances of \$80,252 and \$65,280, respectively between the final budget and actual expenditures. This is the result of the 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 44 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, 2011 amounted to \$2,221,148. The County's total related debt used to acquire those assets as of June 30, 2011 amounted to \$740,249. 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.

Major capital activity during the current fiscal year include the following:

- The Flood Control funds have various flood control channel facilities under construction

Management's Discussion and Analysis (Amounts in thousands)

with a DIP value of \$63,022. The flood control facilities are primarily comprised of the West State Street Drain in the amount of \$13,735, Sultana/Cypress Storm Drain/Interceptor in the amount of \$14,264, Cucamonga Basin #6 in the amount of \$10,631, Cactus Basin project in the amount of \$6,182, and San Timoteo Channel project with a value of \$8,590.

- The Capital Improvement Fund had approximately \$72,320 in additions to DIP comprised of the following large projects: 1) Adelanto Detention Center Expansion Design Project in the amount of \$24,940; 2) Construction of the Central Juvenile Hall in the amount of \$28,984; 3) Central Courthouse Seismic Retrofit in the amount of \$2,432; and 4) Joshua Tree County Office Building Construction in the amount of \$2,103.
- Infrastructure increased approximately \$17,158. The Transportation department completed infrastructure projects (road construction, sidewalk construction, paving dirt roads, and signal installations) worth \$15,459. Detention Basins were donated to the Community Facilities District (CFD 2006-1) Lytle Creek in the amount of \$1,699.
- The primary increases in Equipment and Software consisted of the purchase of computer software in the amount of \$2,650.

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)
	2011	2010	2011	As restated	2011	As restated	Percent of Change
				2010		2010	
Land*	\$ 104,718	\$ 100,247	\$ 21,161	\$ 21,161	\$ 125,879	\$ 121,408	3.68%
Land Use Rights (non-amortizable)	12,777	10,226	351	444	13,128	10,670	23.04%
Land Use Rights (amortizable)	-	-	1,109	12	1,109	12	9141.67%
Development in Progress*	353,018	268,200	15,939	62,418	368,957	330,618	11.60%
Improvement other than Buildings*	199,429	193,788	227,627	225,629	427,056	419,417	1.82%
Structures and Improvements*	647,054	614,786	559,894	510,747	1,206,948	1,125,533	7.23%
Equipment and Software*	301,097	288,066	133,358	122,013	434,455	410,079	5.94%
Infrastructure	1,195,674	1,178,516	-	-	1,195,674	1,178,516	1.46%
Accumulated Depreciation*	(1,153,135)	(1,088,765)	(398,923)	(373,776)	(1,552,058)	(1,462,541)	6.12%
Total	<u>\$ 1,660,632</u>	<u>\$ 1,565,064</u>	<u>\$ 560,516</u>	<u>\$ 568,648</u>	<u>\$ 2,221,148</u>	<u>\$ 2,133,712</u>	<u>4.10%</u>

* as restated

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

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

Long-term debt

Major long-term debt activity during the current fiscal year includes the following:

- The County RDA issued Series 2010 bonds in the amount of \$5,750 to finance certain redevelopment activities in the Cedar Glen Project.
- The County RDA issued new bonds totaling \$30,550 (Series 2010A for \$16,945 and

Management's Discussion and Analysis (Amounts in thousands)

Series 2010B for \$13,605) to finance certain redevelopment activities in the San Sevaine Redevelopment Project.

- Principal payments made on Certificates of Participation, Bonds and Notes totaling \$128,017.
- Amortization of deferred amount of refunding and discounts totaling \$33,717.
- Amortization of premium totaling \$832.
- The estimated liability for closure/postclosure care costs decreased by \$2,734.
- The estimated liability for litigation and self-insured claims increased by \$5,557.
- The pollution remediation obligation increased by \$39,733.
- Termination benefits decreased by \$1,418.

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

	Governmental Activities		Business Activities		Total		Increase/ (decrease)
							Percent of
	2011	2010	2011	As Restated 2010	2011	As Restated 2010	Change
Certificates of Participation, Net	\$ 91,343	\$ 140,708	\$ 516,672	\$ 537,969	\$ 608,015	\$ 678,677	-10.41%
General Obligation Bonds	-	-	1,300	1,440	1,300	1,440	-9.72%
Revenue Bonds, Net	431,526	441,447	-	-	431,526	441,447	-2.25%
Other Bonds and Notes, as restated	646,567	625,756	1,811	1,872	648,378	627,628	3.31%
Compensated Absences	156,941	154,329	15,397	13,662	172,338	167,991	2.59%
Termination Benefits Payable	3,905	5,205	353	471	4,258	5,676	-24.98%
Capital Lease Obligations	2,696	2,591	1,449	530	4,145	3,121	32.81%
Licensing Agreement Obligations	-	290	-	-	-	290	-100.00%
Pollution Remediation Obligations	-	-	68,326	28,593	68,326	28,593	138.96%
Estimated Liability for Litigation and Self-Insured Claims	150,951	145,394	-	-	150,951	145,394	3.82%
Estimated Liability for Closure / Postclosure Care Cost	-	-	99,894	102,628	99,894	102,628	-2.66%
Other Long-Term Liabilities	4,000	4,549	-	-	4,000	4,549	-12.07%
Total	<u>\$ 1,487,929</u>	<u>\$ 1,520,269</u>	<u>\$ 705,202</u>	<u>\$ 687,165</u>	<u>\$ 2,193,131</u>	<u>\$ 2,207,434</u>	<u>-0.65%</u>

Additional information on the County's long-term debt can be found in Note 11 on pages 83-97 of this report.

ECONOMIC FACTORS AND BUDGETING

The Board of Supervisor adopted the County's final budget on June 28, 2011. The budget plan uses no one-time monies to finance on-going costs and does not rely on the use of County reserves for on-going operation.

The General Fund spending authority totals \$2.3 billion and is funded by departmental revenues, countywide discretionary revenues, and other financing sources.

In June 2011, the operating forecast included a \$103 million structural budget deficit for the upcoming five fiscal years. Significant ongoing issues include previously negotiated salary and benefits, retirement cost increases, and additional staffing requirements. To address this deficit, a strategic plan was developed by the County Administrative Office for the upcoming five fiscal years, which includes the following measures:

Management's Discussion and Analysis

(Amounts in thousands)

- Defer funding the \$34.2 million Adult Detention Center staffing until the County can afford it. In the interim, work with the Sherriff/Coroner/Public Administrator to take on more revenue-generating federal prisoners or mothball older, more inefficient facilities and shift staff to this facility.
- End the funding of increased health care benefits for active employees after current labor agreement.
- Negotiate county-wide employee compensation
- Request that employee unions forego previously negotiated across-the board salary increases; and
- Implement a reduction in service levels.

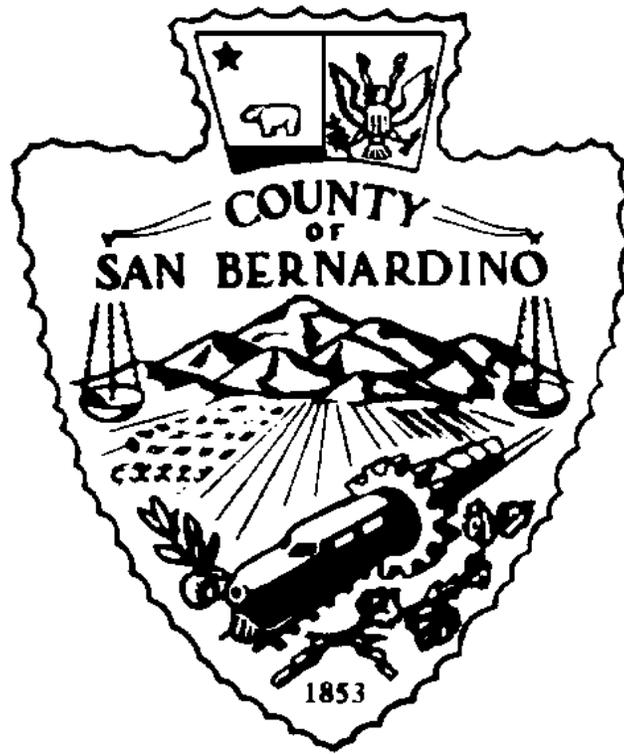
This strategic plan does not include any potential impacts of the 2011-12 State Budgets, which were unknown and unpredictable at the time that the plan was developed.

The County has identified that the following critical areas be addressed in 2011-12 in order to prevent unnecessary costs and risks:

- Emergency operation needs
- Public safety communications
- Replacement of buildings beyond their useful life
- Outdated fiscal and property tax software operating systems

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





YOUR COUNTY... YOUR FUTURE

BASIC FINANCIAL STATEMENTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

- County of San Bernardino -

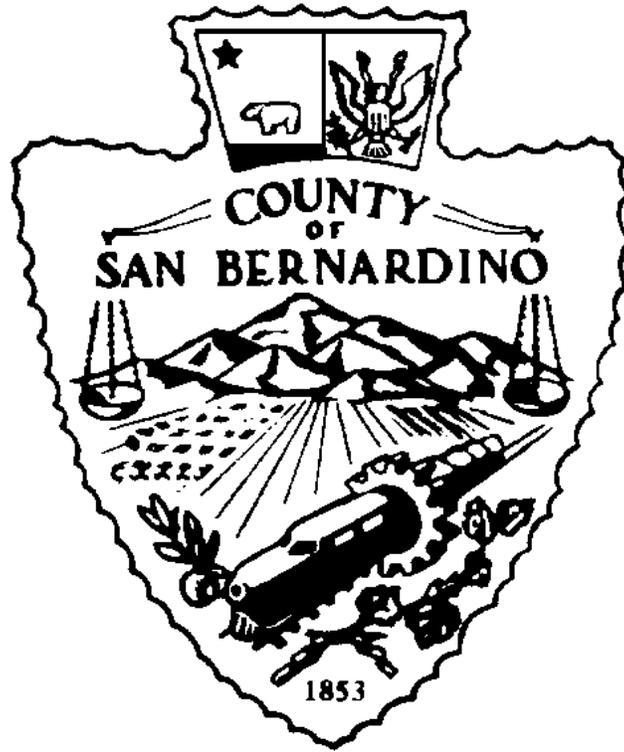


YOUR COUNTY... YOUR FUTURE

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

- County of San Bernardino -



**COUNTY OF SAN BERNARDINO
STATEMENT OF NET ASSETS
JUNE 30, 2011 (IN THOUSANDS)**

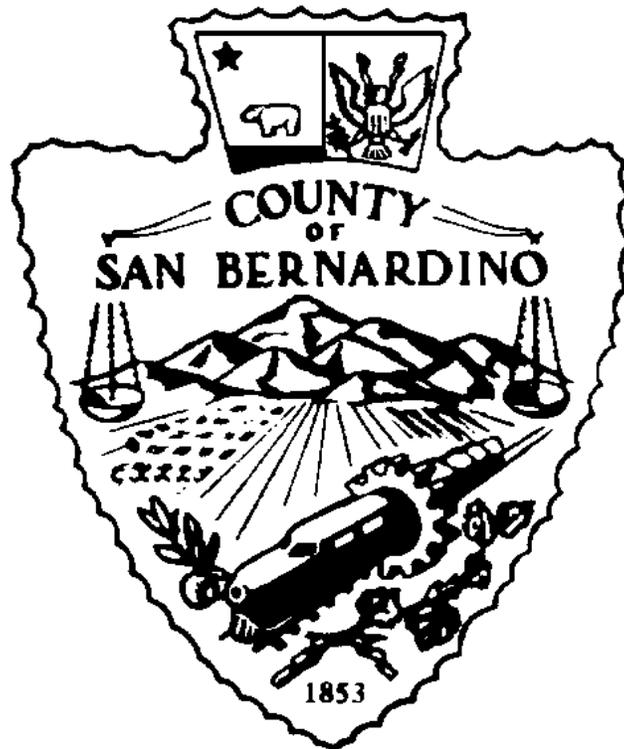
	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 SAN BERNARDINO
ASSETS				
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 1,357,039	\$ 133,073	\$ 1,490,112	\$ 96,845
INVESTMENTS (NOTE 6)	2,178	-	2,178	-
ACCOUNTS RECEIVABLE, NET	5,181	42,694	47,875	-
TAXES RECEIVABLE	58,522	103	58,625	-
INTEREST RECEIVABLE	8,232	-	8,232	199
LOAN RECEIVABLE	59,994	162	60,156	-
OTHER RECEIVABLES	9,816	4,480	14,296	-
DUE FROM OTHER GOVERNMENTS	206,386	41,225	247,611	4,228
INTERNAL BALANCES	892	(892)	-	-
LAND HELD FOR RESALE	22,473	-	22,473	-
INVENTORIES	2,935	1,431	4,366	-
PREPAID ITEMS	7,177	4,676	11,853	33
DEFERRED CHARGES	9,558	5,453	15,011	-
RESTRICTED CASH AND INVESTMENTS (NOTES 6 & 8)	5,811	123,758	129,569	-
PREPAID PENSION ASSET	719,134	-	719,134	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:				
LAND (NOTE 9)	104,718	21,161	125,879	-
LAND USE RIGHTS (NOTE 9)	12,777	351	13,128	-
DEVELOPMENT IN PROGRESS (NOTE 9)	353,018	15,939	368,957	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
LAND USE RIGHTS (NOTE 9)	-	1,109	1,109	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 9)	2,042,157	787,521	2,829,678	-
EQUIPMENT AND SOFTWARE (NOTE 9)	301,097	133,358	434,455	-
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 9)	(1,153,135)	(398,923)	(1,552,058)	-
TOTAL ASSETS	4,135,960	916,679	5,052,639	101,305
LIABILITIES				
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	61,326	33,065	94,391	53
SALARIES AND BENEFITS PAYABLE	47,326	7,468	54,794	88
DUE TO OTHER GOVERNMENTS	61,990	5,199	67,189	57,142
INTEREST PAYABLE	15,759	11,217	26,976	-
UNEARNED REVENUE	11,640	550	12,190	-
NONCURRENT LIABILITIES:				
PORTION DUE PAYABLE IN ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	105,878	10,673	116,551	12
TERMINATION BENEFITS PAYABLE (NOTE 11)	1,223	118	1,341	-
BONDS AND NOTES PAYABLE (NOTE 11)	70,352	25,098	95,450	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 13)	1,081	436	1,517	-
OTHER LONG TERM LIABILITIES (NOTE 11)	3,681	-	3,681	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	4,641	4,641	-
ESTIMATED LIABILITY FOR CLOSURES POST-CLOSURE CARE COSTS (NOTES 11 & 16)	-	5,268	5,268	-
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)	51,063	4,724	55,787	119
TERMINATION BENEFITS PAYABLE (NOTE 11)	2,682	235	2,917	-
BONDS AND NOTES PAYABLE, NET (NOTE 11)	1,099,084	494,685	1,593,769	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 13)	1,615	1,013	2,628	-
OTHER LONG TERM LIABILITIES (NOTE 11)	319	-	319	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	63,685	63,685	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTES 11 & 16)	-	94,626	94,626	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTE 10 & 11)	111,236	-	111,236	-
TOTAL LIABILITIES	1,685,970	762,701	2,448,671	57,414
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	1,436,162	44,737	1,480,899	-
RESTRICTED FOR:				
GRANTS AND OTHER COUNTY PROGRAMS	781,613	-	781,613	-
PERPETUAL CARE - NONEXPENDABLE	1,693	-	1,693	-
DEBT SERVICE	-	39,570	39,570	-
LANDFILL CLOSURE	-	68,891	68,891	-
UNRESTRICTED	230,522	780	231,302	43,891
TOTAL NET ASSETS	\$ 2,449,990	\$ 153,978	\$ 2,603,968	\$ 43,891

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

COUNTY OF SAN BERNARDINO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011 (IN THOUSANDS)

FUNCTIONS/PROGRAMS	PRIMARY GOVERNMENT							COMPONENT UNIT
	PROGRAM REVENUES				NET (EXPENSE)/REVENUE AND CHANGES IN NET ASSETS			FIRST 5 SAN BERNARDINO
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
PRIMARY GOVERNMENT:								
GOVERNMENTAL ACTIVITIES:								
GENERAL GOVERNMENT	\$ 165,754	\$ 122,048	\$ 19,262	\$ -	\$ (24,444)	\$ -	\$ (24,444)	\$ -
PUBLIC PROTECTION	913,522	243,283	169,002	-	(501,237)	-	(501,237)	-
PUBLIC WAYS AND FACILITIES	72,482	6,610	60,518	9,221	3,867	-	3,867	-
HEALTH AND SANITATION	282,684	20,911	303,449	1,699	43,375	-	43,375	-
PUBLIC ASSISTANCE	1,007,153	2,993	958,859	-	(45,301)	-	(45,301)	-
EDUCATION	18,692	1,075	1,290	-	(16,327)	-	(16,327)	-
RECREATION AND CULTURAL SERVICES	23,788	8,729	3,726	75	(11,258)	-	(11,258)	-
INTEREST ON LONG TERM DEBT	64,994	-	-	-	(64,994)	-	(64,994)	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>2,549,069</u>	<u>405,649</u>	<u>1,516,106</u>	<u>10,995</u>	<u>(616,319)</u>	<u>-</u>	<u>(616,319)</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES:								
MEDICAL CENTER	445,874	380,357	68,148	19,500	-	22,131	22,131	-
WASTE SYSTEMS	95,408	57,281	33	-	-	(38,094)	(38,094)	-
WATER, SEWER, AND SANITATION	14,316	10,696	53	-	-	(3,567)	(3,567)	-
PARAMEDIC AND EMERGENCY	546	3,516	-	-	-	2,970	2,970	-
OTHERS	186	206	-	-	-	20	20	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>556,330</u>	<u>452,056</u>	<u>68,234</u>	<u>19,500</u>	<u>-</u>	<u>(16,540)</u>	<u>(16,540)</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 3,105,399</u>	<u>\$ 857,705</u>	<u>\$ 1,584,340</u>	<u>\$ 30,495</u>	<u>(616,319)</u>	<u>(16,540)</u>	<u>(632,859)</u>	<u>-</u>
COMPONENT UNIT								
FIRST 5 SAN BERNARDINO	<u>\$ 31,266</u>	<u>\$ -</u>	<u>\$ 24,646</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,620)</u>
GENERAL REVENUES:								
PROPERTY TAXES, LEVIED FOR GENERAL PURPOSES					491,396	2,360	493,756	-
PROPERTY TAXES, LEVIED FOR DEBT SERVICE					14,724	-	14,724	-
PUBLIC SAFETY TAX					121,623	-	121,623	-
SALES TAXES					19,184	-	19,184	-
OTHER TAXES					12,086	-	12,086	-
UNRESTRICTED REVENUES FROM USE OF MONEY AND PROPERTY					49,081	3,381	52,462	828
MISCELLANEOUS					57,878	4,155	62,033	11
GAIN ON SALE OF CAPITAL ASSETS					3,739	2	3,741	-
EXTRAORDINARY ITEM					-	-	-	(49,819)
TRANSFERS					(6,329)	6,329	-	-
TOTAL GENERAL REVENUES, EXTRAORDINARY ITEM AND TRANSFERS					<u>763,382</u>	<u>16,227</u>	<u>779,609</u>	<u>(48,980)</u>
CHANGE IN NET ASSETS					147,063	(313)	146,750	(55,600)
NET ASSETS - BEGINNING, AS RESTATED (NOTE 3)					<u>2,302,927</u>	<u>154,291</u>	<u>2,457,218</u>	<u>99,491</u>
NET ASSETS - ENDING					<u>\$ 2,449,990</u>	<u>\$ 153,978</u>	<u>\$ 2,603,968</u>	<u>\$ 43,891</u>

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



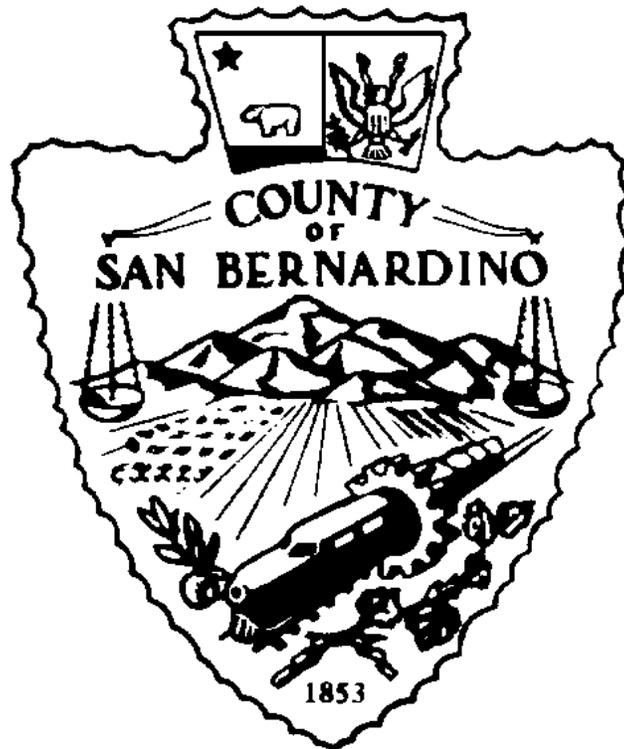


YOUR COUNTY... YOUR FUTURE

FUND FINANCIAL STATEMENTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

- County of San Bernardino -



**COUNTY OF SAN BERNARDINO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011 (IN THOUSANDS)**

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 325,995	\$ 108,111	\$ 596,214	\$ 1,030,320
INVESTMENTS (NOTE 6)	-	-	2,178	2,178
ACCOUNTS RECEIVABLE - NET	2,513	-	1,793	4,306
TAXES RECEIVABLE	52,424	-	6,098	58,522
INTEREST RECEIVABLE	10,434	-	-	10,434
LOAN RECEIVABLE	58,638	-	1,356	59,994
OTHER RECEIVABLES	9,739	-	77	9,816
DUE FROM OTHER FUNDS (NOTE 7)	19,996	2,762	19,749	42,507
DUE FROM OTHER GOVERNMENTS	174,514	535	29,568	204,617
LAND HELD FOR RESALE	-	-	22,473	22,473
INVENTORIES	228	-	89	317
PREPAID ITEMS	941	-	119	1,060
INTERFUND RECEIVABLE (NOTE 7)	16,040	-	45	16,085
RESTRICTED CASH AND INVESTMENTS (NOTE 6 & 8)	-	-	5,811	5,811
TOTAL ASSETS	\$ 671,462	\$ 111,408	\$ 685,570	\$ 1,468,440
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	\$ 32,052	\$ 4,665	\$ 19,001	\$ 55,718
SALARIES AND BENEFITS PAYABLE	37,965	-	8,075	46,040
DUE TO OTHER FUNDS (NOTE 7)	20,645	721	20,951	42,317
DUE TO OTHER GOVERNMENTS	49,638	-	12,310	61,948
INTEREST PAYABLES	-	-	2,202	2,202
UNEARNED AND DEFERRED REVENUE	32,813	280	4,487	37,580
INTERFUND PAYABLE (NOTE 7)	-	-	13,254	13,254
TOTAL LIABILITIES	173,113	5,666	80,280	259,059
FUND BALANCES (NOTE 2):				
NONSPENDABLE	75,191	-	3,302	78,493
RESTRICTED	196,178	-	585,435	781,613
COMMITTED	76,999	27,820	-	104,819
ASSIGNED	-	77,922	16,553	94,475
UNASSIGNED	149,981	-	-	149,981
TOTAL FUND BALANCES	498,349	105,742	605,290	1,209,381
TOTAL LIABILITIES AND FUND BALANCES	\$ 671,462	\$ 111,408	\$ 685,570	

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

Capital assets used in governmental activities that are not financial resources and, therefore, not reported in the funds.	1,621,201
Other long-term assets that are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	35,244
Prepaid Pension Asset	719,134
Internal service funds that are used by management to charge the costs of general services, telecommunication 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.	212,399
Interest payable	(15,759)
Long-term liabilities, including bonds payables, that are not due and payable in the current period and, therefore not reported in the funds.	(1,331,610)
Net assets of governmental activities (page 38)	\$ 2,449,990

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, 2011 (IN THOUSANDS)**

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
TAXES	\$ 555,907	\$ -	\$ 108,470	\$ 664,377
LICENSES, PERMITS, AND FRANCHISES	18,568	-	640	19,208
FINES, FORFEITURES, AND PENALTIES	10,104	-	7,706	17,810
REVENUE FROM USE OF MONEY AND PROPERTY	35,982	75	9,705	45,762
AID FROM OTHER GOVERNMENTAL AGENCIES	1,191,398	8,512	325,566	1,525,476
CHARGES FOR CURRENT SERVICES	273,292	-	92,429	365,721
OTHER REVENUES	18,193	323	38,507	57,023
TOTAL REVENUES	2,103,444	8,910	583,023	2,695,377
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT	136,907	5,768	11,316	153,991
PUBLIC PROTECTION	685,951	-	197,686	883,637
PUBLIC WAYS AND FACILITIES	2,593	-	81,330	83,923
HEALTH AND SANITATION	191,120	-	87,037	278,157
PUBLIC ASSISTANCE	893,748	-	100,445	994,193
EDUCATION	2,897	-	14,930	17,827
RECREATION AND CULTURAL SERVICES	11,111	-	7,980	19,091
DEBT SERVICE:				
PRINCIPAL	458	-	104,851	105,309
INTEREST AND FISCAL CHARGES	1,068	-	37,546	38,614
BOND ISSUANCE COSTS	-	-	525	525
CAPITAL OUTLAY	15,023	75,592	22,813	113,428
TOTAL EXPENDITURES	1,940,876	81,360	666,459	2,688,695
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	162,568	(72,450)	(83,436)	6,682
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT (NOTE 7)	(205,575)	(4,445)	(66,124)	(276,144)
TRANSFERS IN (NOTE 7)	30,145	84,323	155,291	269,759
LONG-TERM DEBT ISSUED (NOTE 11)	-	-	36,300	36,300
DISCOUNT ON DEBT (NOTE 11)	-	-	(1,141)	(1,141)
INCEPTION OF CAPITAL LEASE OBLIGATION (NOTE 11)	-	-	1,290	1,290
SALE OF CAPITAL ASSETS	607	-	3,132	3,739
TOTAL OTHER FINANCING SOURCES AND (USES)	(174,823)	79,878	128,748	33,803
NET CHANGES IN FUND BALANCE	(12,255)	7,428	45,312	40,485
FUND BALANCE, JULY 1, 2010	510,604	98,314	559,978	1,168,896
FUND BALANCE, JUNE 30, 2011	\$ 498,349	\$ 105,742	\$ 605,290	\$ 1,209,381
NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL				\$ 40,485
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:				
Expenditures for general capital assets, infrastructure and other related capital asset adjustments			160,272	
Less current year depreciation.			(67,674)	92,598
Internal service funds are used by management to charge the costs of general service group, telecommunication service, computer operations, vehicle services, risk management, and flood control equipment.				
The net revenues of the internal service fund is reported within governmental activities.				(4,983)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.				3,346
Expenses in the statement of activities that do not require the use of current financial resources and therefore, are not reported as expenditure in the governmental fund.				(27,612)
Amortization of the Prepaid Pension Asset				(22,254)
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.				65,483
Changes in net assets of governmental activities (page 39)				\$ 147,063

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, 2011 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
TAXES	\$ 550,330	\$ 552,192	\$ 555,907	\$ 3,715
LICENSES, PERMITS AND FRANCHISES	19,585	18,722	18,568	(154)
FINES, FORFEITURES AND PENALTIES	10,731	9,880	10,104	224
REVENUES FROM USE OF MONEY AND PROPERTY	41,114	43,071	35,982	(7,089)
AID FROM OTHER GOVERNMENTAL AGENCIES	1,164,126	1,086,316	1,191,398	105,082
CHARGES FOR CURRENT SERVICES	332,105	304,565	273,292	(31,273)
OTHER REVENUES	17,197	19,676	18,193	(1,483)
TOTAL REVENUES	2,135,188	2,034,422	2,103,444	69,022
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	211,130	215,367	135,115	80,252
PUBLIC PROTECTION	719,754	705,981	684,360	21,621
PUBLIC WAYS AND FACILITIES	2,713	2,653	2,593	60
HEALTH AND SANITATION	302,103	253,514	188,234	65,280
PUBLIC ASSISTANCE	953,746	894,085	893,156	929
EDUCATION	2,994	2,897	2,897	-
RECREATION AND CULTURAL SERVICES	12,238	11,115	11,083	32
DEBT SERVICE:				
PRINCIPAL	339	458	458	-
INTEREST AND FISCAL CHARGES	6,073	6,108	1,068	5,040
CAPITAL OUTLAY	16,639	14,221	15,295	(1,074)
TOTAL EXPENDITURES	2,227,729	2,106,399	1,934,259	172,140
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(92,541)	(71,977)	169,185	241,162
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT (NOTE 7)	(255,084)	(287,400)	(205,575)	81,825
TRANSFERS IN (NOTE 7)	68,547	72,334	30,145	(42,189)
SALE OF CAPITAL ASSETS	675	737	607	(130)
TOTAL OTHER FINANCING SOURCES AND (USES)	(185,862)	(214,329)	(174,823)	39,506
NET CHANGE IN FUND BALANCE	(278,403)	(286,306)	(5,638)	280,668
FUND BALANCE, JULY 1, 2010	499,487	499,487	499,487	-
FUND BALANCE, JUNE 30, 2011	\$ 221,084	\$ 213,181	\$ 493,849	\$ 280,668

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, 2011 (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)	\$ 18,457	\$ 83,279	\$ 31,337	\$ 133,073	\$ 326,719
ACCOUNTS RECEIVABLE, NET	33,152	6,257	3,285	42,694	875
TAXES RECEIVABLE	-	-	103	103	-
OTHER RECEIVABLES	-	3,696	784	4,480	-
DUE FROM OTHER FUNDS (NOTE 7)	1,796	31	976	2,803	1,919
DUE FROM OTHER GOVERNMENTS	39,442	1,775	8	41,225	1,769
INVENTORIES	1,378	-	53	1,431	2,618
PREPAID ITEMS	3,604	1,072	-	4,676	6,648
RESTRICTED CASH AND CASH EQUIVALENTS (NOTE 6 & 8)	25,175	73,401	-	98,576	-
TOTAL CURRENT ASSETS	123,004	169,511	36,546	329,061	340,548
NONCURRENT ASSETS:					
NOTES RECEIVABLE	-	-	162	162	-
DEFERRED CHARGES	5,087	366	-	5,453	-
RESTRICTED CASH AND INVESTMENTS (NOTE 6 & 8)	25,182	-	-	25,182	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:					
LAND (NOTE 9)	-	17,736	3,425	21,161	396
LAND USE RIGHTS (NOTE 9)	-	93	258	351	-
DEVELOPMENT IN PROGRESS (NOTE 9)	927	4,649	10,363	15,939	10,222
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:					
LAND USE RIGHTS (NOTE 9)	-	105	1,004	1,109	-
STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 9)	564,780	154,686	68,055	787,521	9,062
EQUIPMENT & SOFTWARE (NOTE 9)	130,463	1,495	1,400	133,358	85,023
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 9)	(262,373)	(105,922)	(30,628)	(398,923)	(65,272)
TOTAL NONCURRENT ASSETS	464,066	73,208	54,039	591,313	39,431
TOTAL ASSETS	587,070	242,719	90,585	920,374	379,979
LIABILITIES					
CURRENT LIABILITIES					
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	27,805	4,447	813	33,065	5,608
SALARIES AND BENEFITS PAYABLE	7,189	279	-	7,468	1,286
DUE TO OTHER FUNDS (NOTE 7)	588	2,113	163	2,864	2,048
DUE TO OTHER GOVERNMENTS	-	5,022	177	5,199	42
INTEREST PAYABLE	10,787	7	423	11,217	-
UNEARNED REVENUE	-	550	-	550	277
COMPENSATED ABSENCES PAYABLE (NOTE 11)	10,206	467	-	10,673	2,886
TERMINATION BENEFITS PAYABLE (NOTE 11)	112	6	-	118	62
BONDS AND NOTES PAYABLE (NOTE 11)	17,370	7,470	258	25,098	-
CAPITAL LEASE OBLIGATIONS (NOTE 11 & 13)	436	-	-	436	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	4,641	-	4,641	-
ESTIMATED LIABILITY FOR CLOSURES/POST-CLOSURE CARE COSTS (NOTE 11 & 16)	-	5,268	-	5,268	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED (NOTE 10 & 11)	-	-	-	-	39,715
TOTAL CURRENT LIABILITIES	74,493	30,270	1,834	106,597	51,924
NONCURRENT LIABILITIES:					
INTERFUND PAYABLE (NOTE 7)	-	-	831	831	2,000
COMPENSATED ABSENCES PAYABLE (NOTE 11)	4,245	479	-	4,724	2,296
TERMINATION BENEFITS PAYABLE (NOTE 11)	223	12	-	235	124
BONDS AND NOTES PAYABLE (NOTE 11)	446,753	45,079	2,853	494,685	-
CAPITAL LEASE OBLIGATIONS (NOTE 11 & 13)	1,013	-	-	1,013	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	63,685	-	63,685	-
ESTIMATED LIABILITY FOR CLOSURE/ POST-CLOSURE (NOTE 11 & 16)	-	94,626	-	94,626	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED (NOTE 10 & 11)	-	-	-	-	111,236
TOTAL NONCURRENT LIABILITIES	452,234	203,881	3,684	659,799	115,656
TOTAL LIABILITIES	526,727	234,151	5,518	766,396	167,580
NET ASSETS					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	(26,688)	20,659	50,766	44,737	39,431
RESTRICTED FOR:					
DEBT SERVICE	39,570	-	-	39,570	-
LANDFILL CLOSURE COSTS	-	68,891	-	68,891	-
UNRESTRICTED	47,461	(80,982)	34,301	780	172,968
TOTAL NET ASSETS	\$ 60,343	\$ 8,568	\$ 85,067	\$ 153,978	\$ 212,399

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, 2011 (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	\$ 380,357	\$ -	\$ -	\$ 380,357	\$ -
CHARGES FOR CURRENT SERVICES	-	45,282	14,416	59,698	139,522
OTHER	7,962	11,999	2	19,963	-
TOTAL OPERATING REVENUES	<u>388,319</u>	<u>57,281</u>	<u>14,418</u>	<u>460,018</u>	<u>139,522</u>
OPERATING EXPENSES:					
PROFESSIONAL SERVICES	49,381	27,873	2,398	79,652	16,467
SALARIES AND EMPLOYEE BENEFITS	195,376	7,072	5,586	208,034	33,494
SELF-INSURANCE CLAIMS	-	-	-	-	40,832
SERVICES AND SUPPLIES	150,339	56,692	3,626	210,657	47,494
DEPRECIATION AND AMORTIZATION	23,144	3,098	2,330	28,572	8,716
OTHER	1,014	-	864	1,878	567
TOTAL OPERATING EXPENSES	<u>419,254</u>	<u>94,735</u>	<u>14,804</u>	<u>528,793</u>	<u>147,570</u>
OPERATING INCOME (LOSS)	<u>(30,935)</u>	<u>(37,454)</u>	<u>(386)</u>	<u>(68,775)</u>	<u>(8,048)</u>
NONOPERATING REVENUES (EXPENSES)					
INTEREST REVENUE	1,720	1,335	326	3,381	3,052
INTEREST EXPENSE	(25,930)	(162)	(244)	(26,336)	(2,688)
TAX REVENUE	-	-	2,360	2,360	-
GRANT REVENUE	60,186	33	53	60,272	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	-	(511)	2	(509)	192
OTHER NONOPERATING REVENUES	-	1,991	2,164	4,155	2,453
OTHER NONOPERATING EXPENSES	(690)	-	-	(690)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>35,286</u>	<u>2,686</u>	<u>4,661</u>	<u>42,633</u>	<u>3,009</u>
CHANGE IN NET ASSETS BEFORE CONTRIBUTIONS AND TRANSFERS	4,351	(34,768)	4,275	(26,142)	(5,039)
CAPITAL CONTRIBUTIONS	19,500	-	-	19,500	-
TRANSFERS OUT (NOTE 7)	(6,972)	(1,407)	(2,206)	(10,585)	(1,977)
TRANSFERS IN (NOTE 7)	16,463	-	451	16,914	2,033
CHANGE IN NET ASSETS	33,342	(36,175)	2,520	(313)	(4,983)
TOTAL NET ASSETS, JULY 1, 2010, AS RESTATED	<u>27,001</u>	<u>44,743</u>	<u>82,547</u>	<u>154,291</u>	<u>217,382</u>
TOTAL NET ASSETS, JUNE 30, 2011	<u>\$ 60,343</u>	<u>\$ 8,568</u>	<u>\$ 85,067</u>	<u>\$ 153,978</u>	<u>\$ 212,399</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, 2011 (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	\$ 385,053	\$ 57,289	\$ 15,362	\$ 457,704	\$ 139,674
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(226,704)	(47,550)	(7,448)	(281,702)	(98,902)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(194,228)	(6,884)	(5,587)	(206,699)	(33,321)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(35,879)	2,855	2,327	(30,697)	7,451
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
TAXES RECEIVED	-	-	2,425	2,425	-
GRANTS RECEIVED	60,186	33	53	60,272	-
TRANSFERS RECEIVED	16,463	-	451	16,914	2,033
TRANSFERS PAID	(6,972)	(1,407)	(2,567)	(10,946)	(1,977)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	69,677	(1,374)	362	68,665	56
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(9,865)	(2,423)	(3,890)	(16,178)	(8,759)
CAPITAL CONTRIBUTION	19,500	-	-	19,500	-
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	(554)	-	-	(554)	-
PRINCIPAL PAID ON LICENSING AGREEMENT OBLIGATIONS	-	-	-	-	(290)
PRINCIPAL PAID ON BONDS AND NOTES	(17,156)	(6,915)	(201)	(24,272)	-
INTEREST PAID ON BONDS AND NOTES	(27,822)	(172)	(212)	(28,206)	-
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	4	2	6	296
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(35,897)	(9,506)	(4,301)	(49,704)	(8,753)
CASH FLOWS FROM INVESTING ACTIVITIES:					
INTEREST ON INVESTMENTS	1,720	1,335	326	3,381	364
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,720	1,335	326	3,381	364
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(379)	(6,690)	(1,286)	(8,355)	(882)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	69,193	163,370	32,623	265,186	327,601
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 68,814	\$ 156,680	\$ 31,337	\$ 256,831	\$ 326,719
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
OPERATING INCOME (LOSS)	\$ (30,935)	\$ (37,454)	\$ (386)	\$ (68,775)	\$ (8,048)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
DEPRECIATION AND AMORTIZATION	23,144	3,098	2,330	28,572	8,716
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	(690)	1,991	2,164	3,465	2,453
CHANGES IN ASSETS AND LIABILITIES:					
ACCOUNTS RECEIVABLE	(629)	362	(1,212)	(1,479)	(96)
DUE FROM OTHER FUNDS	(1,520)	(21)	-	(1,541)	(977)
DUE FROM OTHER GOVERNMENTS	(1,116)	59	(8)	(1,065)	19
OTHER RECEIVABLES	-	(3,437)	-	(3,437)	-
INVENTORIES	1	-	(6)	(5)	(224)
PREPAID ITEMS	(775)	1,238	-	463	(871)
DEFERRED CHARGES	-	64	-	64	-
ACCOUNTS PAYABLE AND OTHER LIABILITIES	6,040	(1,732)	(554)	3,754	729
SALARIES AND BENEFITS PAYABLE	(59)	1	(1)	(59)	94
DUE TO OTHER FUNDS	(30,547)	1,554	-	(28,993)	-
DUE TO OTHER GOVERNMENTS	-	(54)	-	(54)	20
ESTIMATED LIABILITIES FOR CLOSURE/POST CARE CLOSURE COSTS	-	(2,734)	-	(2,734)	-
ESTIMATED LIABILITIES FOR LITIGATION AND SELF-INSURANCE CLAIMS	-	-	-	-	5,557
POLLUTION REMEDIATION OBLIGATION	-	39,733	-	39,733	-
COMPENSATED ABSENCES PAYABLE	1,542	193	-	1,735	141
TERMINATION BENEFITS PAYABLE	(335)	(6)	-	(341)	(62)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (35,879)	\$ 2,855	\$ 2,327	\$ (30,697)	\$ 7,451
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
The capital lease obligation of \$1,473 was incurred when the Medical Center entered into an equipment lease agreement.					
BREAKDOWN OF CASH AND CASH EQUIVALENTS					
CASH AND CASH EQUIVALENTS	\$ 18,457	\$ 83,279	\$ 31,337	\$ 133,073	\$ 326,719
RESTRICTED CASH AND INVESTMENTS	50,357	73,401	-	123,758	-
TOTAL	\$ 68,814	\$ 156,680	\$ 31,337	\$ 256,831	\$ 326,719

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

**COUNTY OF SAN BERNARDINO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011 (IN THOUSANDS)**

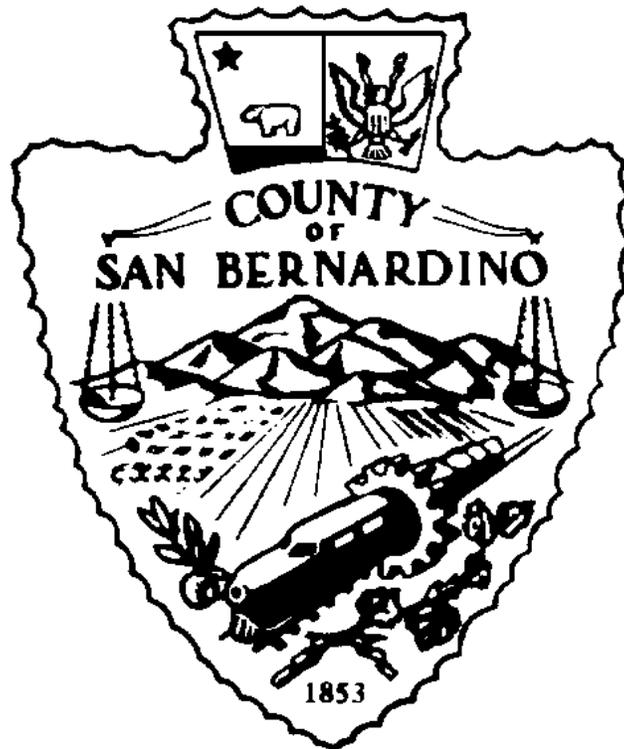
	<u>INVESTMENT TRUST FUND</u>	<u>AGENCY</u>
ASSETS		
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 2,359,378	\$ 261,334
ACCOUNTS RECEIVABLE - NET	31	23,552
TAXES RECEIVABLE	-	99,504
INTEREST RECEIVABLE	14	-
LOANS RECEIVABLE	45	-
DUE FROM OTHER GOVERNMENTS	12,534	39,155
PREPAID ITEMS	<u>177</u>	<u>-</u>
TOTAL ASSETS	<u>2,372,179</u>	<u>423,545</u>
LIABILITIES		
LIABILITIES:		
DUE TO OTHER GOVERNMENTS	-	\$ 423,545
TOTAL LIABILITIES	<u>-</u>	<u>\$ 423,545</u>
NET ASSETS		
HELD IN TRUST FOR INVESTMENT POOL PARTICIPANTS	<u>\$ 2,372,179</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, 2011 (IN THOUSANDS)**

	<u>INVESTMENT TRUST FUND</u>
ADDITIONS:	
CONTRIBUTIONS ON POOLED INVESTMENTS	\$ 8,710,861
NET DECREASE IN FAIR VALUE OF INVESTMENTS	(3,688)
INTEREST INCOME ON CASH AND SECURITIES	<u>24,848</u>
TOTAL ADDITIONS	<u>8,732,021</u>
DEDUCTIONS:	
DISTRIBUTIONS FROM POOLED INVESTMENTS	8,753,117
TOTAL DEDUCTIONS	<u>8,753,117</u>
NET DECREASE IN NET ASSETS	(21,096)
NET ASSETS HELD IN TRUST, JULY 1, 2010	<u>2,393,275</u>
NET ASSETS HELD IN TRUST, JUNE 30, 2011	<u>\$ 2,372,179</u>

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





YOUR COUNTY... YOUR FUTURE

NOTES TO THE BASIC FINANCIAL STATEMENTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

- County of San Bernardino -

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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/Treasurer/Tax Collector's Office at 222 W. Hospitality Lane, San Bernardino, CA 92415-0018.

Blended Component Units

County management determined that the following component units should be included in the basic financial statements as blended component units:

- Fire Protection Districts
- Flood Control District
- Park and Recreation Districts
- County Service Areas
- Various joint powers authorities (JPAs)
- The Inland Empire Public Facilities Corporation, created for the benefit of the County
- San Bernardino County 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, 2011
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Commissioners who serve at the pleasure of the San Bernardino County Board of Supervisors.

B. Government-wide and fund financial statements

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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 group classification – governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major 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 Department. 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 the operation of Arrowhead Regional Medical Center 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 central services group that provides services to other departments or agencies of the County on a cost reimbursement basis. Central services group includes printing services, central mail, telecommunication services, computer operations, vehicle services, risk management, and flood control equipment operations.
- *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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

C. Measurement focus, basis of accounting, and financial statement presentation

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. 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. 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 and claims and judgments, 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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

D. Assets, Liabilities, and Net Position

(a) 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.

(b) 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, CD's, 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.

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

The \$42,694 accounts receivable balance in the Business-Type Activities column of the statement of net assets at June 30, 2011 is due to the \$33,152 accounts receivable of the Medical Center Fund, net of an allowance for doubtful accounts of \$238,415 and the \$ 6,257 accounts receivable of the Waste System Division Fund respectively and \$3,285 in non-major enterprise funds. The \$1,228 accounts receivable balance of the Fire Protection Districts – Ambulance Fund at June 30, 2011 is net of an allowance for doubtful accounts of \$243. The accounts receivable balance of the County Service Areas is \$2,057. These funds are reflected as part of the business-type activities on the statement of net assets.

The \$58,522 taxes receivable balance in the Governmental Activities column of the statement of net assets at June 30, 2011 is net of an allowance of doubtful accounts of \$439.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The \$59,994 loans receivable balance in the Governmental Activities column of the statement of net assets is accrued. Of this amount, \$45,006 represents the Teeter advance receivable, \$1,660 is due from other various agencies, and \$13,328 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 \$8,232 interest receivable in the Governmental Activities column of the statement of net assets is accrued. Of this amount, \$7,636 is due from the City of Adelanto Redevelopment Agency.

The \$9,816 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.

(d) Due From Other Governments

At June 30, 2011, the Governmental Funds accrued \$204,617 of receivables from other governments, of which, \$127,602 was due from the State of California. Of the amount owed by the State, \$40,465 was for Health Care Services, \$24,702 was for Public Social Services, \$52,389 was for motor vehicle license fees and sales tax monies, and the remaining \$10,046 was for other services. The remaining amount of \$77,015 was due from the federal government and other governmental agencies. Governmental activities balance is \$206,386 and Business-Type is \$41,225.

(e) 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 Redevelopment Agency's 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, 2011, the land held for resale is being carried at a cost of \$22,473 (Special Revenue Funds at \$12,413 and Capital Project Funds at \$10,060).

(f) 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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(g) 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. These capital assets have initial useful lives extending beyond a single reporting period.

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 or amortized 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.

(h) Unearned and 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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At June 30, 2011, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Governmental Funds	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Developer Deposits	\$ -	\$ 5,010	\$ 5,010
Property Tax Receivable	13,964		13,964
Due from governmental agencies	7,636	6,203	13,839
Capital Improvement Fund			
Construction contract	-	280	280
Nonmajor funds			
Property Tax Receivable	3,097	-	3,097
Due from governmental agencies	989	401	1,390
Total Governmental Funds	<u>\$ 25,686</u>	<u>\$ 11,894</u>	<u>\$ 37,580</u>

(i) 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.

(j) 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).

(k) 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).

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental, bond premiums and discounts, as well as, bond issuance costs, are recognized in the period issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(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 corresponding fund balance classification to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

(n) 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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

•*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, 2011, the County reported restricted net assets of \$783,306 in the Governmental Activities restricted for the following purposes:

Restricted for:	Amount
State Realignment Funds	\$ 184,194
Permanent Funds: Nonexpendable	1,693
Teeter Plan	11,713
Grants and Other County Programs	585,706
	\$ 783,306

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

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned. These components of fund balance are reported primarily to indicate the extent to which the County is bound to honor constraint on the specific purposes for which amounts in the fund can be spent (Note 2).

(o) 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 2010-11 gross assessed valuation of the County of San Bernardino was \$117,069,550 (after deducting \$49,185,164 for the redevelopment tax allocation increment and \$1,859,053 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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) 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.

(q) Implemented Accounting Pronouncements

Governmental Accounting Standards Board Statement No, 54

During fiscal year 2011, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Accounting and Financial Reporting for Fund Balance Reporting and Governmental Fund Type Definition*. Refer to Note 2 for impact to the financial statements.

Governmental Accounting Standards Board Statement No, 59

During fiscal year 2011, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 59, *Accounting and Financial Reporting for Financial Instruments Omnibus*. This statement had no impact to the financial statements.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
(Amounts in thousands)

NOTE 2 – FUND BALANCES

Fund Balance Policy

The objective of the County's fund balance and reserve policy is to help ensure the County of San Bernardino maintains a minimum level of unassigned fund balance designated as general purpose reserve to meet seasonal cash flow shortfalls, revenue shortfalls, unanticipated expenditures, economic downturns or a local disaster. The policy also addresses the circumstances under which unassigned fund balance can be "spent down" and how the unassigned fund balance will be replenished if it falls below the established minimum.

The fund balances are reported in five categories: 1) Nonspendable Fund Balance, 2) Restricted Fund Balance, 3) Committed Fund Balance, 4) Assigned Fund Balance, and 5) Unassigned Fund Balance.

- 1) **Nonspendable Fund Balance:** Amounts cannot be spent because they are: (a) not in spendable form or (b) legally or contractually required to be maintained intact. Due to the nature or form of the resources, they generally cannot be expected to be converted into cash or a spendable form.
- 2) **Restricted Fund Balance:** Amounts are restricted by external parties, i.e., creditors, grantors, contributors, or laws/regulations of other governments or restricted by law through constitutional provisions or enabling legislation.
- 3) **Committed Fund Balance:** Amounts can only be used for a specific purpose pursuant to constraints imposed by formal action (resolution) of the government's highest level of decision making authority (the Board of Supervisors). The formal action must occur prior to the end of the reporting period, however, the amount may be determined in the subsequent period. These are self-imposed limitations on available resources. These committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same level of action it employed to previously commit those amounts. These committed amounts would be approved and adopted by formal action of the Board.
- 4) **Assigned Fund Balance:** Amounts are constrained by the government's intent to be used for specific purposes that are neither restricted nor committed. The intent will be expressed by the body or official to which the governing body has delegated the authority, i.e. the County Administrative Office. The County Administrative Office will assign fund balance for specific departmental projects through the use of the respective department's general fund savings. Such projects would not normally be feasible for the department without reserving funding over a multiple year period. Residual amounts in all other governmental funds are reflected as assigned.
- 5) **Unassigned Fund Balance:** The General Fund, as the principal operating fund, often has net resources in excess of what can properly be classified in one of the four categories already described. Therefore, in order to calculate unassigned fund balance, total fund balance less nonspendable, restricted, committed, or assigned equals unassigned fund balance. This amount is available for any purpose and will be placed in either the General Purpose Reserve, General Fund – Mandatory Contingencies or the

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
(Amounts in thousands)

NOTE 2 – FUND BALANCES (CONTINUED)

General Fund - Uncertainties Contingencies until allocated for a specific purpose by the Board, by a four-fifths vote. Negative equity in all other governmental funds is reflected as unassigned.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then followed by unrestricted resources; committed, assigned and unassigned, as they are needed.

General Purpose Reserve and Mandatory Contingencies Reserve

The County has established an unassigned fund balance designated as General Purpose Reserve for the general fund targeted at 20% of locally funded appropriations based on the adopted budget. Locally funded appropriations are those funded by countywide discretionary revenues such as unrestricted property tax, sales tax, interest income, and other revenues not linked to specific programs and those funded by ongoing operating transfers in.

The unassigned fund balance designated as General Purpose Reserve is built up with one-time sources until the established target is achieved. In the event the locally funded appropriations decline from the previous fiscal year, the General Purpose Reserve shall have no downward adjustments. Increases to the General Purpose Reserve generally are only made once at the beginning of the fiscal year.

The County also maintains a Mandatory Contingencies Reserve set at a minimum of 1.5% of locally funded appropriations based on adopted budget. The amount needed to fund the Mandatory Contingencies Reserve for the succeeding fiscal year will be categorized as unassigned fund balance. In the event the locally funded appropriation declines from the previous fiscal year, the Mandatory Contingencies shall have no downward adjustments. Increases to the Mandatory Contingencies generally are only made once at the beginning of the fiscal year.

The remaining unassigned fund balance amount not allocated to the General Purpose Reserve or Mandatory Contingencies will be included in Uncertainties Contingencies Reserve.

Fund Balance Spend Down and Replenish Procedure

Use of unassigned fund balance will be limited to nonrecurring expenditures, debt reduction, one-time capital costs or emergency situations (such as economic conditions or natural disasters). The County generally will use the Uncertainties Contingencies Reserve first, then the Mandatory Contingencies and finally the General Purpose Reserve allocation when using the unassigned fund balance.

The County recognizes that unforeseen events may cause the use of unassigned fund balance which will result in it falling below the established minimum. However, if this occurs, or is expected to occur within the five year planning cycle, the budget balancing strategies will be invoked to determine corrective actions. When necessary, the following budget balancing strategies will be used in order of priority:

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Amounts in thousands)

NOTE 2 – FUND BALANCES (CONTINUED)

1. Seek other revenue opportunities, including new service fees or increase existing fees;
2. Reduce expenditures through improved productivity;
3. Reduce or eliminate services;
4. Reduce employee salaries and benefits.

A planned draw down of unassigned fund balance generally should not exceed 3% of locally funded appropriation in a given fiscal year. Generally before the unassigned fund balance can be withdrawn below the target, a replenishment plan must be adopted. For withdrawals as soon as economic conditions have recovered, one-time sources will be used to replenish reserves before using for one-time, non-emergency expenses. The unassigned fund balance shall be built up with one-time sources until the established target is achieved/ replenished.

As of June 30, 2011, the County's General Purposes Reserve is \$59,734 which is included in the Unassigned Fund Balance as determined by the Fund Balance Policy.

Details of Fund Balance Classifications are as follows:

	General Fund	Capital Improvement Fund	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	Nonmajor Permanent Funds	Total
Nonspendable:							
Loan Receivable	\$ 58,638	\$ -	\$ 1,356	\$ -	\$ -	\$ -	\$ 59,994
Noncurrent Interfund Receivable	15,384	-	45	-	-	-	15,429
Prepaid Items and Inventories	1,169	-	208	-	-	-	1,377
Endowments	-	-	-	-	-	1,693	1,693
Total Nonspendable Fund Balance	75,191	-	1,609	-	-	1,693	78,493
Restricted for:							
General Government Purposes	11,713	-	73,987	55,057	61,118	-	201,875
Public Protection and Safety	-	-	160,988	-	7,300	-	168,288
Public Ways and Facilities	-	-	75,365	-	-	-	75,365
Health Programs	105,389	-	108,062	-	-	-	213,451
Public Assistance	79,076	-	31,912	-	-	-	110,988
Education	-	-	2,387	-	-	-	2,387
Recreation and Cultural Services	-	-	1,577	-	7,682	-	9,259
Total Restricted Fund Balance	196,178	-	454,278	55,057	76,100	-	781,613
Committed to:							
Debt Service	32,075	-	-	-	-	-	32,075
Future Space Needs	22,879	-	-	-	-	-	22,879
Future Retirement	8,500	-	-	-	-	-	8,500
Capital Improvement Programs	4,000	27,820	-	-	-	-	31,820
Insurance	3,000	-	-	-	-	-	3,000
Fire Protection Facilities	3,000	-	-	-	-	-	3,000
Restitution	1,545	-	-	-	-	-	1,545
Revolving Loan Program	2,000	-	-	-	-	-	2,000
Total Committed Fund Balance	76,999	27,820	-	-	-	-	104,819
Assigned to:							
General Government Purposes	-	77,922	2,230	-	-	-	80,152
Public Protection and Safety	-	-	1,943	-	-	-	1,943
Public Ways and Facilities	-	-	-	-	-	-	-
Health Programs	-	-	7,973	-	-	-	7,973
Public Assistance	-	-	-	-	-	-	-
Education	-	-	557	-	-	-	557
Recreation and Cultural Services	-	-	3,850	-	-	-	3,850
Total Assigned Fund Balance	-	77,922	16,553	-	-	-	94,475
Unassigned Fund Balance	149,981	-	-	-	-	-	149,981
Total Fund Balances	\$ 498,349	\$ 105,742	\$ 472,440	\$ 55,057	\$ 76,100	\$ 1,693	\$ 1,209,381

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NOTE 3 – RESTATEMENT OF NET ASSETS

Arrowhead Regional Medical Center

Net assets as of June 30, 2010 for the Medical Center have been restated to account for the termination of the interest rate swap agreement.

Other Enterprise Funds

In April 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.

In August 2010, the official Statement of Votes Cast was certified, and 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 2010. In addition, the County reports an additional fund in “Other Agency Funds” for the year ended June 30, 2011.

Restatements to the Fund Financials:

	Medical Center	Other Enterprise Funds
Beginning Net Assets, as previously reported	\$ 34,000	\$ 98,736
Prior Period Adjustments	(6,999)	(16,189)
Beginning Net Assets, as restated	<u>\$ 27,001</u>	<u>\$ 82,547</u>

	Business-type Activities
Beginning Net Assets, as previously reported	\$ 177,479
Prior Period Adjustments	(23,188)
Beginning Net Assets, as restated	<u>\$ 154,291</u>

Restatements to the Government-Wide:

Fund Reclassification

The County evaluated its Other Governmental Funds, and reclassified a permanent fund to other agency fund. No ending fund balance for fiscal year 2010 is restated. As a result, entry is made for fiscal year 2011 to show this reclassification.

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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 42)	Long-term Assets and Liabilities (1)	Internal Service Funds (2) (Page 45)	Eliminations	Statement of Net Assets Totals (Page 38)
Assets					
Cash and Cash Equivalents	\$ 1,030,320	\$ -	\$ 326,719	\$ -	\$ 1,357,039
Investments	2,178	-	-	-	2,178
Accounts Receivable - Net	4,306	-	875	-	5,181
Taxes Receivable	58,522	-	-	-	58,522
Interest Receivable	10,434	-	-	(2,202)	8,232
Loans Receivable	59,994	-	-	-	59,994
Other Receivables	9,816	-	-	-	9,816
Due from Other Funds	42,507	-	1,919	(44,426)	-
Due from Other Governments	204,617	-	1,769	-	206,386
Internal Balances	-	-	-	892	892
Land Held for Resale	22,473	-	-	-	22,473
Inventories	317	-	2,618	-	2,935
Prepaid Items	1,060	-	6,648	(531)	7,177
Deferred Charges	-	9,558	-	-	9,558
Interfund Receivable	16,085	-	-	(16,085)	-
Restricted Cash and Investments	5,811	-	-	-	5,811
Prepaid Pension Asset	-	719,134	-	-	719,134
Land	-	104,322	396	-	104,718
Land Use Rights - Amortized	-	12,777	-	-	12,777
Development In Progress	-	342,796	10,222	-	353,018
Structures, Improvements, and Infrastructure	-	2,033,095	9,062	-	2,042,157
Equipment and Software	-	216,074	85,023	-	301,097
Accumulated Depreciation and Amortization	-	(1,087,863)	(65,272)	-	(1,153,135)
Total Assets	\$ 1,468,440	\$ 2,349,893	\$ 379,979	\$ (62,352)	\$ 4,135,960
Liabilities					
Accounts Payable and Other Current Liabilities	55,718	-	5,608	-	61,326
Salaries and Benefits Payable	46,040	-	1,286	-	47,326
Due to Other Funds	42,317	-	2,048	(44,365)	-
Due to Other Governments	61,948	-	42	-	61,990
Interest Payable	2,202	15,759	-	(2,202)	15,759
Unearned and Deferred Revenue	37,580	(25,686)	277	(531)	11,640
Interfund Payable	13,254	-	2,000	(15,254)	-
Compensated Absences Payable	-	151,759	5,182	-	156,941
Termination Benefits Payable	-	3,719	186	-	3,905
Bonds and Notes Payable	-	1,369,783	-	-	1,369,783
Capital Lease Obligations	-	2,696	-	-	2,696
Other Long-Term Liabilities	-	4,000	-	-	4,000
Estimated Liability for Litigation and Self-Insured Claims	-	-	150,951	-	150,951
Deferred Amount on Refunding	-	(5,285)	-	-	(5,285)
Premium	-	3,994	-	-	3,994
Discount	-	(199,056)	-	-	(199,056)
Total Liabilities	259,059	1,321,683	167,580	(62,352)	1,685,970
Fund Balance/Net Assets	1,209,381	1,028,210	212,399	-	2,449,990
Total Liabilities and Fund Balance/Net Assets	\$ 1,468,440	\$ 2,349,893	\$ 379,979	\$ (62,352)	\$ 4,135,960

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
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NOTE 4 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

- (1) Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds.

Land	\$	104,322	
Land Use Rights - not being amortized		12,777	
Development in Progress		342,796	
Structures, Improvements, and Infrastructure		2,033,095	
Equipment and Software		216,074	
Accumulated Depreciation and Amortization		(1,087,863)	
			\$ 1,621,201

- (1) Other long-term assets that are not available to pay for current-period expenditures and are therefore deferred in the governmental funds.

35,244

- (1) Prepaid Pension Asset

719,134

- (1) Interest Payable

(15,759)

- (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		(151,759)	
Termination Benefits Payable		(3,719)	
Bonds and Notes Payable		(1,369,783)	
Capital Lease Obligations		(2,696)	
Other Long Term Liabilities		(4,000)	
Deferred Amount on Refunding		5,285	
Premium		(3,994)	
Discount		199,056	
		(1,331,610)	
			\$ 1,028,210

- (2) Internal service funds that are used by management to charge the costs of general services, telecommunication 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.

\$ 212,399

- (1) GASB 34 Conversion Entries

- (2) Internal Service Funds reported as part of Governmental Activities

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, certain Debt Service Fund 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 and Debt Service, and Permanent Funds.

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/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 general fund for capital outlay, this variance was caused by intra-fund reimbursements (or offsets to expenditures) less than the budgeted amount. Therefore, in fiscal year 2010-11, 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 Balances – Budget and Actual on a Budgetary Basis presents a comparison of the legally adopted budget and the actual data on a budgetary basis.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 5 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

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	\$ 493,849
Outstanding encumbrances for budgeted funds	4,500
Fund balance - GAAP basis	\$ 498,349

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 \$2,150,914 at June 30, 2011.

As of June 30, 2011, the fair value of the County Pool was \$4.11 billion. Approximately 7.9% 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, 2011, \$221,265 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, 2011. 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 2011 was 0.71%.

COUNTY OF SAN BERNARDINO
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NOTE 6 – CASH AND INVESTMENTS (CONTINUED)

On June 28, 2011, the County purchased Federal Home Loan bank Callable Notes, which were settled on July 14, 2011 for \$49,990. As a result, cash in banks at June 30, 2011 decreased.

A summary of the investments held by the County as of June 30, 2011, is as follows:

Investment Type	Cost	Fair Value	Interest Rate Range	Maturity Range	Average Maturity
U.S. Treasury Securities	\$ 326,774	\$ 328,106	0.20% - 1.90%	07/31/11 - 07/15/13	472
U.S. Government Agencies	1,964,856	1,972,477	0.22% - 3.20%	07/27/11 - 07/30/14	622
U.S. Agency Discount Notes	24,901	25,000	0.40%	07/11/11	1
Negotiable Certificates of Deposit	785,005	784,923	0.18% - 0.29%	07/01/11 - 12/28/11	76
Commercial Paper	874,809	874,966	0.04% - 0.36%	07/01/11 - 09/01/11	11
TLGP Corporate Notes *	100,526	100,731	1.11% - 1.74%	07/15/11 - 03/30/12	141
Money Market Mutual Funds	26,000	26,000	0.01%	07/01/11	1
Total Treasurer's Pooled Investments	4,102,871	4,112,203			
Investments Controlled by Fiscal Agents:					
Guaranteed Investment Contracts	4,751	4,751			
Municipal Bonds	8,941	8,941			
Mutual Funds	80,082	80,082			
U.S. Treasury Securities	29,310	29,310			
Total Investments Controlled by Fiscal Agents	123,084	123,084			
Total Investments	\$ 4,225,955	\$ 4,235,287			
Cash in Banks:					
Non-Interest Bearing Deposits		104,129			
Total Cash and Investments		\$ 4,339,416			

* "TLGP: Securities issued under the Federal Deposit Insurance Corporation's Temporary Liquidity Guarantee Program."

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

COUNTY OF SAN BERNARDINO
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NOTE 6 – CASH AND INVESTMENTS (CONTINUED)

external investment pools, money market funds, and other pooled investments of fixed income securities.

California Law and San Bernardino County Treasury Pool Investment Policy (where more restrictive) place limitations on the purchase of investments in the County Pool. Purchases of commercial paper and negotiable certificates of deposit are restricted to the top two ratings issued 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, TLGP Corporate notes, 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, 2011, 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 6/30/2011</u>
U.S. Treasury Securities	AAA	Aaa	AAA	100	None	7.98
U.S. Government Agencies	AAA	Aaa	AAA	100	None	48.57
Negotiable Certificates of Deposit	A1+	P1	F1+	30	5%	19.09
Commercial Paper	A1+	P1	F1+	40	5%	12.68
Commercial Paper	A1	P1	F1+	40	5%	4.30
Commercial Paper	A1	P1	N/R	40	5%	4.30
TLGP Corporate Notes	AAA	Aaa	AAA	30	None	2.45
Money Market Mutual Funds	AAA	Aaa	AAA	15	10%	0.63

The County's investments controlled by fiscal agents were rated as of June 30, 2011 as follows:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Moody's Rating</u>	<u>Fitch Rating</u>	<u>Weighted % of Investments 6/30/2011</u>
Guaranteed Investment Contracts	B-	Ba3	N/R	3.86
Municipal Bonds	AAA	Aaa	AAA	7.26
Mutual Funds	AAA	N/R	N/R	25.40
Mutual Funds	AAA	Aaa	AAA	3.65
Mutual Funds	AAA	Aaa	N/R	36.01
U.S. Treasury Securities	AA+	Aaa	AAA	16.38
U.S. Treasury Securities	AAA	Aaa	AAA	5.64
U.S. Treasury Securities	AAA	Aaa	N/R	1.80

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*.

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NOTE 6 – CASH AND INVESTMENTS (CONTINUED)

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, 2011, 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)	\$ 475,416	11.56
Federal National Mortgage Association (FNMA)	694,133	16.87
Federal Home Loan Mortgage Corporation (FHLMC)	505,729	12.30
Federal Farm Credit Bank (FFCB)	322,199	7.84

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 Duration-to-Maturity of 1.5 years or less. Modified 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. Duration-to-Maturity assumes that all securities in the portfolio, including callable and floating rate notes, are held to final maturity.

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, 2011, all investments held by the County Pool were within policy limits.

COUNTY OF SAN BERNARDINO
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NOTE 6 – CASH AND INVESTMENTS (CONTINUED)

A summary of investments for Maturity Range, Limits, and Modified Duration is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Range (Days)</u>	<u>Maturity Limits</u>	<u>Modified Duration</u>
U.S. Treasury Securities	\$ 328,106	31 - 746	5 Years	1.28
U.S. Government Agencies	1,972,477	27 - 1,126	5 Years	1.07
U.S. Agency Discount Notes	25,000	11	5 Years	0.03
Negotiable Certificates of Deposit	784,923	1 - 181	540 days	0.21
Commercial Paper	874,966	1 - 63	270 days	0.03
TLGP Corporate Notes	100,731	15 - 274	5 Years	0.38
Money Market Mutual Funds	26,000	1	Daily Liq.	0.003
Total Investments	<u>\$ 4,112,203</u>			

Weighted average maturity of the investments controlled by fiscal agents, as of June 30, 2011 is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Guaranteed Investment Contracts	\$ 4,751	17.07
Municipal Bonds	8,941	11.73
Mutual Funds	80,082	0.00
U.S. Treasury Securities	29,310	7.87
Total Investments	<u>\$ 123,084</u>	

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, 2011, the carrying amount of the County's deposits was \$104,129 and the corresponding bank balance was \$191,673. The difference of \$87,544 was primarily due to outstanding warrants, wires and deposits in transit. Of the bank balance, \$191,673 was insured by the FDIC depository insurance.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
(Amounts in thousands)

NOTE 6 – CASH AND INVESTMENTS (CONTINUED)

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 traded Federal Home Loan Bank Callable Notes, which were purchased on June 28, 2011 and settled on July 14, 2011 for approximately \$49,990. 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, 2011.

As of June 30, 2011, Cash and Investments are classified in the accompanying financial statements as follows:

	Total Governmental Activities	Total Business-type Activities	Total Fiduciary Funds	Discretely Presented Component Unit	Total
Cash and Investments	\$ 1,359,217	\$ 133,073	\$ 2,620,712	\$ 96,845	\$ 4,209,847
Restricted Cash and Investments	5,811	123,758	-	-	129,569
Total Cash and Investments	<u>\$ 1,365,028</u>	<u>\$ 256,831</u>	<u>\$ 2,620,712</u>	<u>\$ 96,845</u>	<u>\$ 4,339,416</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, 2011:

Statement of Net Assets	
Equity of internal pool participants	\$ 1,740,024
Equity of external pool participants:	
Voluntary	221,265
Involuntary	2,150,914
Total Net Assets held for pool participants	<u>\$ 4,112,203</u>
Statement of Changes in Net Assets	
Net Assets at July 1, 2010	\$ 4,073,154
Net change in investments by pool participants	39,049
Net Assets at June 30, 2011	<u>\$ 4,112,203</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, 2011 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 15,990
	Capital Improvement Funds	576
	Medical Center	280
	Waste Systems	1,673
	Internal Service Funds	1,358
	Nonmajor Enterprise Funds	119
		<u>19,996</u>
Nonmajor Governmental Funds	General Fund	16,696
	Nonmajor Governmental Funds	2,029
	Capital Improvement Funds	130
	Medical Center	237
	Waste Systems	194
	Internal Service Funds	425
	Nonmajor Enterprise Funds	38
	<u>19,749</u>	
Capital Improvement Funds	General Fund	889
	Nonmajor Governmental Funds	1,652
	Internal Service Funds	221
	<u>2,762</u>	
Medical Center	General Fund	1,785
	Nonmajor Governmental Funds	11
	<u>1,796</u>	
Waste Systems	General Fund	19
	Nonmajor Governmental Funds	12
	<u>31</u>	
Internal Service Funds	General Fund	1,178
	Nonmajor Governmental Funds	359
	Capital Improvement Funds	15
	Medical Center	71
	Waste Systems	246
	Internal Service Funds	44
	Nonmajor Enterprise Funds	6
	<u>1,919</u>	
Nonmajor Enterprise Funds	General Fund	78
	Nonmajor Governmental Funds	898
	<u>976</u>	
	Total	<u>\$ 47,229</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 – INTERFUND TRANSACTIONS (CONTINUED)

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, 2011 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 13,209
	Internal Service Funds	2,000
	Nonmajor Enterprise Funds	831
		<u>16,040</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>45</u>
		<u>45</u>
	Total	<u><u>\$ 16,085</u></u>

The payable amount from Nonmajor Governmental Funds to the General Fund is primarily due to an interfund advance to the Redevelopment Agency to fund various capital projects and operations.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 – INTERFUND TRANSACTIONS (CONTINUED)

Transfers To/From Other Funds for the year ended June 30, 2011 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:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Medical Center	\$ 16,463
	Nonmajor Enterprise Funds	5
		<u>16,468</u>
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	446
		<u>446</u>
Medical Center	Nonmajor Governmental Funds	6,972
		<u>6,972</u>
Waste Systems	General Fund	1,117
	Nonmajor Governmental Funds	290
		<u>1,407</u>
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	2,206
		<u>2,206</u>
	Total	<u>\$ 27,499</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 – INTERFUND TRANSACTIONS (CONTINUED)

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

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 110,625
	Capital Improvement Funds	76,449
	Internal Service Funds	2,033
		<u>189,107</u>
Nonmajor Governmental Funds	General Fund	24,317
	Nonmajor Governmental Funds	33,506
	Capital Improvement Funds	7,855
		<u>65,678</u>
Capital Improvement Funds	General Fund	4,210
	Nonmajor Governmental Funds	235
		<u>4,445</u>
Internal Service Funds	General Fund	501
	Nonmajor Governmental Funds	1,457
	Capital Improvement Funds	19
		<u>1,977</u>
	Total	<u>\$ 261,207</u>

(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 including the Medical Center's debt service payments.

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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 8 – RESTRICTED CASH AND INVESTMENTS

Cash and cash equivalents of \$129,569 are restricted by legal or contractual requirements at June 30, 2011 and are comprised of the following:

Governmental Activities

Flood Control District:

The Flood Control District has set aside a total of \$5,811 is to be used per loan agreement for the Etiwanda / San Sevaine construction project.

Business-Type Activities

Medical Center:

Restricted cash and cash equivalents of \$50,357 represent funds set aside for debt service payments.

Waste System Division:

Restricted cash and cash equivalents of \$73,401 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).

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 9 – CAPITAL ASSETS

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

Primary Government

	Balance 7/1/2010, as restated	Additions	Deletions	Balance June 30, 2011
Governmental Activities				
Capital assets, non-depreciable/amortizable:				
Land	\$ 100,247	\$ 4,471	\$ -	\$ 104,718
Land Use Rights	10,226	2,551	-	12,777
Development in progress	268,200	126,380	41,562	353,018
Total assets, non-depreciable/amortizable	<u>378,673</u>	<u>133,402</u>	<u>41,562</u>	<u>470,513</u>
Capital Assets, depreciable/amortizable:				
Improvements other than Buildings	193,788	5,641	-	199,429
Structures and Improvements	614,786	32,351	83	647,054
Equipment and Software	288,066	26,435	13,404	301,097
Infrastructure	1,178,516	17,158	-	1,195,674
Total assets-depreciable/amortizable	<u>2,275,156</u>	<u>81,585</u>	<u>13,487</u>	<u>2,343,254</u>
Less accumulated depreciation/amortization for :				
Improvements other than Buildings	97,005	8,250	-	105,255
Structures and Improvements	209,278	14,444	65	223,657
Equipment and Software	182,433	28,534	11,955	199,012
Infrastructure	600,049	25,162	-	625,211
Total accumulated depreciation/amortization	<u>1,088,765</u>	<u>76,390</u>	<u>12,020</u>	<u>1,153,135</u>
Total capital assets, depreciable/amortizable, net	<u>1,186,391</u>	<u>5,195</u>	<u>1,467</u>	<u>1,190,119</u>
Governmental activities capital assets, net	<u>\$ 1,565,064</u>	<u>\$ 138,597</u>	<u>\$ 43,029</u>	<u>\$ 1,660,632</u>
Business-type Activities				
Capital assets, non-depreciable/amortizable:				
Land, as restated	\$ 21,161	\$ -	\$ -	\$ 21,161
Land Use Rights	444	-	93	351
Development in progress, as restated	62,418	14,052	60,531	15,939
Total assets, non-depreciable/amortizable	<u>84,023</u>	<u>14,052</u>	<u>60,624</u>	<u>37,451</u>
Capital Assets, depreciable/amortizable:				
Land Use Rights	12	1,097	-	1,109
Improvements other than Buildings, as restated	225,629	1,998	-	227,627
Structures and Improvements, as restated	510,747	49,147	-	559,894
Equipment and Software, as restated	122,013	11,410	65	133,358
Total capital assets-depreciable/amortizable	<u>858,401</u>	<u>63,652</u>	<u>65</u>	<u>921,988</u>
Less accumulated depreciation/amortization for :				
Land Use Rights	5	64	-	69
Improvements other than Buildings, as restated	122,932	4,291	-	127,223
Structures and Improvements, as restated	147,460	15,020	-	162,480
Equipment and Software, as restated	103,379	5,822	50	109,151
Total accumulated depreciation/amortization	<u>373,776</u>	<u>25,197</u>	<u>50</u>	<u>398,923</u>
Total capital assets, depreciable/amortizable, net	<u>484,625</u>	<u>38,455</u>	<u>15</u>	<u>523,065</u>
Business-type activities capital assets, net	<u>\$ 568,648</u>	<u>\$ 52,507</u>	<u>\$ 60,639</u>	<u>\$ 560,516</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 9 – CAPITAL ASSETS (CONTINUED)

Depreciation expense is charged to governmental functions as follows:

General Government	\$	15,535
Public Protection		28,991
Public Ways and Facilities		23,673
Health and Sanitation		1,135
Public Assistance		2,251
Education		623
Recreation and Cultural Services		<u>4,182</u>
Total depreciation expense - governmental activities	<u>\$</u>	<u>76,390</u>

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

Medical Center	\$	20,162
Waste Systems Division		2,705
Other:		
County Service Areas		<u>2,330</u>
Total depreciation expense - business type activities	<u>\$</u>	<u>25,197</u>

Development in Progress

Development in Progress consists of the following projects:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Medical Center Projects	\$ -	\$ 927
Waste Systems Division Projects	-	4,649
Flood Control Projects	63,022	-
Other County Projects	<u>289,996</u>	<u>10,363</u>
Total	<u>\$ 353,018</u>	<u>\$ 15,939</u>

Discretely Presented Component Unit

Activity for the FIRST 5 of San Bernardino for the year ended June 30, 2011 is as follows:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Capital assets, depreciable:				
Furniture and Equipment	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ -</u>
Less accumulated depreciation for:				
Furniture and Equipment	<u>17</u>	<u>-</u>	<u>17</u>	<u>-</u>
Component unit capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 – SELF INSURANCE (CONTINUED)

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

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-end
2009-10	\$149,941	\$40,453	(\$45,000)	\$145,394
2010-11	\$145,394	\$40,832	(\$35,275)	\$150,951

NOTE 11 – LONG TERM OBLIGATIONS

Primary Government

The following is a summary of long-term liability transactions for the year ended June 30, 2011:

	Beginning Balance as restated July 1, 2010	Additions	Reductions	Ending Balance June 30, 2011	Due Within One Year
Governmental Activities					
Certificates of Participation, net	\$ 140,708	\$ -	\$ 49,365	\$ 91,343	\$ 11,250
Revenue Bonds, net	441,447	-	9,921	431,526	41,830
Other Bonds and Notes	625,756	35,159	14,348	646,567	17,272
Compensated Absences	154,329	105,934	103,322	156,941	105,878
Termination Benefits Payable	5,205	-	1,300	3,905	1,223
Capital Lease Obligations	2,591	1,290	1,185	2,696	1,081
Licensing Agreement Obligations	290	-	290	-	-
Estimated Liability for Litigation and Self -Insured Claims	145,394	40,832	35,275	150,951	39,715
Other Long-Term Liabilities	4,549	-	549	4,000	3,681
	<u>\$ 1,520,269</u>	<u>\$ 183,215</u>	<u>\$ 215,555</u>	<u>\$ 1,487,929</u>	<u>\$ 221,930</u>
Total Governmental Activities - Long-term Liabilities					
Business-type Activities					
Certificates of Participation, net	\$ 537,969	\$ -	\$ 21,297	\$ 516,672	\$ 24,840
General Obligation Bonds	1,440	-	140	1,300	195
Notes, as restated	1,872	-	61	1,811	63
Compensated Absences	13,662	12,904	11,169	15,397	10,673
Termination Benefits Payable	471	-	118	353	118
Capital Lease Obligations	530	1,473	554	1,449	436
Pollution Remediation Obligations	28,593	41,681	1,948	68,326	4,641
Estimated Liability for Closure/ Postclosure Care Costs	102,628	8,309	11,043	99,894	5,268
	<u>\$ 687,165</u>	<u>\$ 64,367</u>	<u>\$ 46,330</u>	<u>\$ 705,202</u>	<u>\$ 46,234</u>
Total Business-type Activities - Long-term Liabilities					

COUNTY OF SAN BERNARDINO
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NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

Termination Benefits Payable

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

Approximately 304 employees accepted the incentive and retired during the eligible period. The county-wide termination benefit payable at June 30, 2011 is \$4,258. The third of five annual installment payments were paid in July 2011.

Pollution Remediation Obligations

GASB 49, “Accounting and Financial Reporting for Pollution Remediation Obligations”, addresses pollution remediation obligations. Governments are required to estimate expected cash outlays for the various components of expected remediation activities related to current or potential detrimental effects of existing pollution.

Solid Waste Management Division

The County, through its Solid Waste Management Division (SWMD) has been named as a discharger in orders issued by the Santa Ana Regional Water Quality Control Board (RWQCB) for perchlorate and volatile organic compounds (VOC) in the groundwater in the Rialto-Colton Basin. The County operates its Mid-Valley Sanitary Landfill, including an undeveloped area planned for expansion, on land overlying the Rialto-Colton basin. The County 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 Sanitary Landfill, including the expansion property.

SWMD is currently managing a groundwater remediation project down gradient from the Mid-Valley Landfill and the expansion property. The expansion property is immediately adjacent to land formerly used in various manufacturing operations. Perchlorate and VOC have been detected in groundwater.

In 2002 to 2004, directives were issued by the RWQCB to SWMD requesting investigation into groundwater impacts and the preparation of a corrective action plan to address the impacts. SWMD, following RWQCB protocol, conducted a variety of additional tests and analysis for perchlorate and VOC in the portion of the Rialto-Colton Basin down gradient of the Mid-Valley Landfill and the expansion property. The findings led to the preparation and implementation of a remediation plan approved by the RWQCB.

Further, as the current owner of land on which the former Broco Treatment, Storage, and Disposal Facility (TSDF) operated until 1987, currently identified as the Unit 5 Area of the Mid-Valley Sanitary Landfill, the County became legally obligated to complete the closure that the

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

former Broco owner/operator had failed to do in the late 1980s when the Broco TSDf was closed and relocated. The 1998 Environmental Impact Report for the Mid-Valley Expansion mentioned the need to investigate the soils due to some then-recently discovered groundwater impacts; but SWMD was unaware of the unclosed TSDf at the time of purchase of the land in 1993-1994. SWMD was advised in a letter from the Department of Toxic Substances Control

(DTSC) in September 2002 that the County would need to formally close this regulated facility. The closure plan was first submitted to the DTSC in 2005, and has been amended in 2007 and 2009 pursuant to DTSC review and request for changes. The DTSC completed its environmental review of the closure plan in October 2010 and approved the closure plan. During FY 2009-10 SWMD was able to reasonably estimate the cost to close the facility, and the cost has been added to the pollution remediation obligations. In addition for the first time, SWMD is also disclosing in FY 2010-11 an occurrence of pollution event at the inactive Yucaipa Disposal Site. A VOC plume has been detected in the groundwater, which has migrated beyond the landfill boundary. SWMD is working very closely with the RWQCB to develop pollution remediation measures to address the contamination.

On July 20, 2011 RWQCB approved Solid Waste's engineering feasibility study for corrective action at the Yucaipa Disposal Site. The study evaluates existing nature and extent for groundwater pollution and appraises several remedial action alternatives to address the VOC plume at the landfill. On September 14, 2011 SWMD submitted to RWQCB the work plan for the bio-enhancement corrective action program pilot study to evaluate the effectiveness of in-situ bio-enhancement technology as a full-scale corrective action approach to treat groundwater impacted by VOC. On September 23, 2011 the RWQCB approved the pilot study.

In FY 2010-11 the estimated total pollution remediation liability increased from \$28,593 (6/30/2010) to \$68,326 (6/30/2011). The major contributing factors that caused the GASB 49 liability to increase materially by \$39,733 are listed below:

- A consultant was engaged by the County to perform a study to estimate past and future costs for mitigation of perchlorate and VOC impacts in the Western Plume Rialto-Colton Basin in San Bernardino County. The study indicated that the perchlorate clean-up period should be extended from the present estimate of 15 years to 30 years, which in turn increased the estimate of Mid-Valley Landfill's perchlorate and VOC clean-up liability by additional \$28 million. Further, the consultant's study disclosed that additional pollution remediation activities are required at the Unit 5 Area of the Mid-Valley Sanitary Landfill that were not recognized in the prior year. It is estimated that the clean-up costs of Unit 5 Area will be approximately \$6 million.
- The clean-up of VOC plume at Yucaipa Disposal Site is estimated to be around \$3 million.

Current and future estimated remediation costs of \$68,326 are based on actual component costs adjusted for inflation in the post FY 2010-11 fiscal years. Future estimates may be revised to reflect changes to equipment and service costs as well as any changes in technology and regulations. In FY 2010-11 SWMD expended \$1,948 in performing pollution remediation activities at Mid-Valley Landfill and Yucaipa Disposal Site. Outlays are expected to be incurred in FY 2011-12 totaling \$4,641. SWMD does not anticipate any recoveries as of June 30, 2011.

COUNTY OF SAN BERNARDINO
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NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

The presence of perchlorate and VOC will continue to be remediated and monitored with an expected estimated outlay of \$63,685 from FY 2012-13 through FY 2040-41.

Department of Airports

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 characterize the boundaries of pollution. The liability related to the cleanup is not reasonably estimable at this time.

Other Long-Term Liabilities

At June 30, 2011, \$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

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 prior years, the County has defeased certain Certificates of Participation by placing the proceeds of new certificates in an irrevocable trust to provide for all future debt service payments on the old certificates. Accordingly, the trust account assets and the liability for the defeased certificates are not included in the County's basis financial statements. At June 30, 2011, approximately \$61,070 of outstanding debt was considered defeased.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

County Redevelopment Agency

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. 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 \$93,024. 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 November 2010, the SBCRDA issued Tax Allocation Bonds, 2010 Series A (Taxable) (the 2010 A Bonds) in the amount of \$16,945 to provide funds for the acquisition and construction of various projects in the San Sevaine Redevelopment Project Area and to replenish an account of the Low and Moderate Income Housing Fund. The 2010 A Bonds are special obligations of the SBCRDA and are payable solely from and secured by a pledge of tax increment revenues and Bond Tax Subsidy Payments. The pledged revenues will be available for other purposes upon repayment of the total debts. The 2010 A Bonds will be matured on September 1, 2040. 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 \$45,848. Interest is payable semiannually at interest rates from 7.14% to 8.45% over the life of the bonds. The 2010 A Bonds maturing after September 1, 2020, are not subject to optional redemption prior to maturity. The 2010 A Bonds maturing after September 1, 2021, are subject to redemption, at the option of the SBCRDA.

In November 2010, the SBCRDA issued Tax Allocation Bonds, 2010 Series B (Taxable Recovery Zone Economic Development Bonds) (the 2010 B Bonds) in the amount of \$13,605 to provide funds for the acquisition and construction of various projects in the San Sevaine Redevelopment Project Area and to fund a reserve account for the 2010 B Bonds. The 2010 B Bonds are special obligations of the Agency and are payable solely from and secured by a pledge of tax increment revenues and Bond Tax Subsidy Payments. The pledged revenues will be available for other purposes upon repayment of the total debts. The 2010 B Bonds will be matured on September 1, 2040. 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 \$45,512. Interest is payable semiannually at 8.50% over the life of the bonds. The 2010 B Bonds maturing after September 1, 2020, are not subject to optional redemption prior to maturity. The 2010 B Bonds maturing after September 1, 2021, are subject to redemption, at the option of the SBCRDA.

The debt service schedule for the current fiscal year required principal and interest payments of the 2005 Bonds is \$4,456 and the total tax increment revenues received during the fiscal year totaled \$12,964. The debt service payments for the 2010 A and 2010 B Bonds are scheduled to begin in FY 2011/12.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

In October 2010, the SBCRDA issued Cedar Glen Disaster Recovery Project Area Tax Allocation Bonds, Series 2010 (the 2010 Bonds) in the amount of \$5,750 to provide funds for the acquisition and construction of various projects in the Cedar Glen Disaster Recovery Project Area and to fund a reserve account for the 2010 Bonds. The 2010 Bonds are special obligations of the Agency 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 2010 B Bonds will be matured on September 1, 2034. 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 \$10,414. Interest is payable semiannually at interest rates from 1.88% to 6.00% over the life of the bonds. The 2010 Bonds maturing after September 1, 2018, are not subject to optional redemption prior to maturity. The 2010 Bonds maturing after September 1, 2019, are subject to redemption, at the option of the SBCRDA.

The debt service payment for the 2010 Bonds is scheduled to begin in FY 2011/12 and the total tax increment revenues received during the fiscal year totaled \$668.

San Bernardino County Financing Authority

In November 1995, San Bernardino County Financing Authority (Authority) issued Revenue Bonds for the purpose of enabling the County to finance its share of 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 \$2,632. 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 \$33,219. 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.

Pension Obligation Bonds 2004 and 2008 Series

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

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%.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

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

<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 6/30/2011</u>
West Valley Detention Center (2001 A)	4.00 to 4.60	10/25/2001	11/1/2018	\$ 8,365	\$ 5,870
West Valley Detention Center (2001 B)	3.50 to 4.00	10/25/2001	11/1/2012	42,075	10,760
Justice Center/Airport Improvement	3.00 to 5.00	3/1/2002	7/1/2016	68,100	33,395
West Valley Detention Center (2002 A)	4.50 to 5.25	8/6/2002	11/1/2018	44,480	42,480
Subtotal					<u>92,505</u>
Deferred Amount on Refunding:					
West Valley Detention Center (2001 B)					(476)
Justice Center/Airport Improvement					(924)
West Valley Detention Center (2002 A)					(1,382)
Premium (Discounts):					
West Valley Detention Center (2001 B)					205
Justice Center/Airport Improvement					612
West Valley Detention Center (2002 A)					803
Net Certificates of Participation					<u>91,343</u>
Revenue Bonds					
Pension Obligation Bonds (1995)	5.68 to 7.72	11/22/1995	8/1/2021	386,266	611,975
Courthouse Project Bonds (2007)	5.10 to 5.50	6/29/2007	6/30/2037	18,370	17,485
Subtotal					<u>629,460</u>
Premium/(Discounts):					
Pension Obligation Bonds (1995)					(197,934)
Net Revenue Bonds					<u>431,526</u>
Other Bonds and Notes					
County Library Note	3.41	7/18/2001	2/1/2031	1,982	1,558
CSA 70 Zone G Wrightwood Loan	6.38	12/30/2006	12/30/2016	725	455
Flood Control District:					
Judgment Obligation Bonds (Series A)	4.50 to 5.00	5/30/2007	8/1/2029	58,355	53,545
Refunding Bonds (Series 2007)	4.25 to 5.00	5/29/2007	8/1/2021	23,845	20,715
Refunding Bonds (Series 2008)	0.66 to 4.86	4/16/2008	8/1/2037	37,295	37,295
Pension Obligation Bonds (2004)	0.54 to 5.86	6/24/2004	8/1/2023	463,895	285,270
Pension Obligation Refunding Bonds (2008)	6.02	4/16/2008	6/30/2024	160,900	159,460
Cedar Glen Redevelopment (2010)	1.88 to 6.00	11/22/2010	9/1/2034	5,750	5,750
San Sevaine Redevelopment (2005 A)	4.00 to 5.00	11/30/2005	9/1/2035	58,275	53,220
San Sevaine Redevelopment (2010 A)	7.14 to 8.45	11/22/2010	9/1/2040	16,945	16,945
San Sevaine Redevelopment (2010 B)	8.50	11/22/2010	9/1/2040	13,605	13,605
Subtotal					<u>647,818</u>
Deferred Amount on Refunding:					
Flood Control - Refunding Bonds (Series 2008)					(651)
San Sevaine Redevelopment (2005 A)					(127)
Pension Obligation Refunding Bonds (2008)					(1,725)
Premium/(Discounts):					
Flood Control District:					
Judgment Obligation Bonds (Series A)					347
Refunding Bonds (Series 2007)					989
Cedar Glen Redevelopment (2010)					(24)
San Sevaine Redevelopment (2005 A)					1,038
San Sevaine Redevelopment (2010 A)					(565)
San Sevaine Redevelopment (2010 B)					(533)
Net Other Bonds and Notes					<u>646,567</u>
Total Bonds And Notes Payable, Governmental Activities					<u>\$ 1,169,436</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

Medical Center (COP)

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.

County Service Area

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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

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

<u>Medical Center</u>	<u>Interest Rates (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue Amount</u>	<u>Outstanding as of 6/30/2011</u>
Certificates of Participation:					
Medical Center Project (Series 1994)	4.60 to 7.00	2/1/1994	8/1/2028	\$ 283,245	\$ 124,145
Medical Center Project (Series 1995)	4.80 to 7.00	6/1/1995	8/1/2022	363,265	27,915
Medical Center Project (Series 1996)	5.00 to 5.25	1/1/1996	8/1/2028	65,070	64,345
Arrowhead Refunding Project (Series 2009A)	3.00 to 5.50	12/17/2009	8/1/2026	243,980	241,905
Arrowhead Refunding Project (Series 2009B)	3.00 to 5.25	12/17/2009	8/1/2026	44,750	43,880
					<u>502,190</u>
Plus/(Less):					
Deferred Amount on Refunding					(33,790)
Discounts					(8,226)
Premium					3,949
					<u>464,123</u>
Subtotal					
Waste Systems Division					
Certificates of Participation:					
Solid Waste Financing (Series 2008 B)	0.70	4/16/2008	3/1/2024	74,390	54,640
Less:					
Deferred Amount on Refunding					(2,091)
Subtotal					<u>52,549</u>
Net Certificates of Participation					<u>516,672</u>
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	575
Series B	5.00	3/1/1978	3/1/2018	275	70
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	605
Oak Hills Water Distribution Facilities	7.00	9/1/1974	9/1/1994	750	5
General Obligation Bonds					<u>1,300</u>
Notes Payable:					
Oak Hills Water (Loan)		11/25/2003	8/25/2033	2,150	1,811
Notes Payable					<u>1,811</u>
Total Business-type Activities					<u>\$ 519,783</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

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.

The following is a schedule of principal debt service requirements to maturity as of June 30, 2011 for COPs, bonds and notes payable in the governmental activities:

Years Ending June 30	Certificates of Participation	Revenue Bonds	Other Long-Term Debt	Total
2012	\$ 11,250	\$ 41,830	\$ 17,272	\$ 70,352
2013	11,645	45,560	20,059	77,264
2014	12,275	47,940	23,141	83,356
2015	12,730	50,435	26,533	89,698
2016	13,460	53,050	30,310	96,820
2017-2021	31,145	309,370	216,865	557,380
2022-2026	-	70,935	203,641	274,576
2027-2031	-	3,960	36,722	40,682
2032-2036	-	5,170	43,565	48,735
2037-2041	-	1,210	29,710	30,920
Total Principal	92,505	629,460	647,818	1,369,783
Plus: Premium	1,620	-	2,374	3,994
Less:				
Deferred Amount on Refunding	(2,782)	-	(2,503)	(5,285)
Discount	-	(197,934)	(1,122)	(199,056)
Total Bonds and Notes Payable	<u>\$ 91,343</u>	<u>\$ 431,526</u>	<u>\$ 646,567</u>	<u>\$ 1,169,436</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

The following is a schedule of interest expense requirements to maturity as of June 30, 2011 for COPs, bonds and notes payable in the governmental activities:

Years Ending June 30	Certificates of Participation	Revenue Bonds	Other Long-Term Debt	Total
2012	\$ 4,218	\$ 2,424	\$ 29,510	\$ 36,152
2013	3,736	936	28,561	33,233
2014	3,217	919	27,421	31,557
2015	2,610	901	26,090	29,601
2016	1,944	881	24,545	27,370
2017-2021	2,137	4,070	93,302	99,509
2022-2026	-	3,360	45,517	48,877
2027-2031	-	2,431	27,336	29,767
2032-2036	-	1,217	17,316	18,533
2037-2041	-	67	5,155	5,222
Total Interest	<u>\$ 17,862</u>	<u>\$ 17,206</u>	<u>\$ 324,753</u>	<u>\$ 359,821</u>

The following is a schedule of principal debt service requirements to maturity as of June 30, 2011 for COPs, bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Total
2012	\$ 24,840	\$ 195	\$ 63	\$ 25,098
2013	26,185	150	65	26,400
2014	27,800	160	67	28,027
2015	29,610	160	69	29,839
2016	31,390	170	71	31,631
2017-2021	135,845	465	389	136,699
2022-2026	165,095	-	453	165,548
2027-2031	116,065	-	527	116,592
2032-2036	-	-	107	107
Total Principal	556,830	1,300	1,811	559,941
Plus: Premium Amount	3,949			3,949
Less:				
Deferred Amount on Refunding	(35,881)	-	-	(35,881)
Discount Amount	(8,226)	-	-	(8,226)
Total Bonds and Notes Payable	<u>\$ 516,672</u>	<u>\$ 1,300</u>	<u>\$ 1,811</u>	<u>\$ 519,783</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

The following is a schedule of interest expense requirements to maturity as of June 30, 2011 for COPs, bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Total
2012	\$ 25,746	\$ 63	\$ 63	\$ 25,872
2013	24,897	55	61	25,013
2014	23,897	48	59	24,004
2015	22,842	40	57	22,939
2016	21,729	32	54	21,815
2017-2021	89,862	42	237	90,141
2022-2026	51,127	-	173	51,300
2027-2031	8,630	-	97	8,727
2032-2036	-	-	9	9
Total Interest	<u>\$ 268,730</u>	<u>\$ 280</u>	<u>\$ 810</u>	<u>\$ 269,820</u>

Agreement with Liquidity Facilities

1996 County Center Refinancing Project: The 1996 County Center Refinancing Project Certificates had a tender provision for bondholders, on seven days' notice, to tender their certificates at par value plus accrued interest. Effective May 1, 2003 the Corporation executed a Letter of Credit and Reimbursement Agreement between the Corporation and BNP Paribas (Bank) to replace the previous letter of credit provider. The term of this Agreement was set to expire on May 4, 2013.

On September 1, 2010, the Certificates of Participation were fully redeemed, and therefore, the Letter of Credit and Reimbursement Agreement between the Corporation and the Bank was terminated.

2008 Refunding Program: The 2008 Certificates of Participation (2008 Refunding Program) have an optional tender provision for bondholders, on seven days' notice, to tender their certificates at par value. The 2008 Refunding Program includes \$7,660 of Series A Certificates of Participation and \$67,030 of Series B Taxable Certificates of Participation. In connection with the issuance of the 2008 Certificate of Participation, the Corporation executed a Letter of Credit and Reimbursement Agreement between the Corporation and Bank of America, N.A. (Bank). Due to the optional redemption of the 2008 Series A Certificates and partial redemption of the 2008 series B Certificates related to the Glen Helen Blockbuster Project, the letter of credit for the 2008 Series B Certificates was reduced. The term of this Agreement expires in April 1, 2013. The Agreement is terminated prior to the expiration date only if the occurrence of "events of defaults".

As of June 30, 2011, there were no outstanding certificates that have been tendered but failed to be remarketed. In accordance with the Agreement, in the event any certificates are tendered and are not remarketed, interest is required to be paid to the Bank at the higher of a) Prime Rate or b) Federal Funds plus 0.5 percent, which was 3.25 percent and .57 percent respectively at June 30, 2011.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

Redemption of Certification of Participation

1996 County Center Refinancing Project: An Optional Redemption of \$1,800 of outstanding principal occurred on July 1, 2010 on the 1996 County Center Refinancing Certificates. In addition, the Corporation received a lease payment from the County in the amount of \$9,700 to fully redeem all outstanding 1996 County Center Refinancing Certificates. The optional redemption occurred on September 1, 2010. This optional redemption resulted in a \$1,236 loss on early termination of lease from the County, and a \$909 loss on early redemption of certificates, for a net loss of \$2,145.

Glen Helen Blockbuster Project: The County transferred the amount of \$7,660 and \$5,475 from the general fund to debt service funds on July 31, 2010 to fully redeem the Series 2008 A Certificates of Participation and partially redeem the Series 2008 B Certificates of Participation. The Series 2008 B certificates that will remain outstanding pertain to the Solid Waste Financing Project. The optional redemption occurred on September 1, 2010. This optional redemption resulted in a \$2,276 gain on early termination of lease from the County, and a \$2,539 loss on early redemption of certificates, for a net loss of \$263.

Capital Improvement Refinancing Project: The County transferred the amount of \$6,500 from the general fund to debt service funds to fully redeem the outstanding Certificates of Participation. The optional redemption occurred on September 1, 2010. This optional redemption resulted in a \$1,450 gain on early termination of lease from the County, and a \$1,271 loss on early redemption of certificates, for a net gain of \$179.

Public Improvement Financing Project: The County transferred the amount of \$7,059 from the general fund to debt service funds on July 15, 2010; this amount along with cash available in the debt service reserve fund was used to fully redeem the outstanding certificates on September 1, 2010. This optional redemption resulted in a \$1,043 loss on early termination of lease from the County, and a \$425 loss on early redemption of certificates, for a net loss of \$1,468.

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 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 \$3,462 and Multi-Family Mortgage Revenue Bonds of \$125,199 at June 30, 2011 do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

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 \$30,181 at June 30, 2011 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, 2011, was as follows:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2011</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 146	\$ 136	\$ 151	\$ 131	\$ 12

NOTE 12 – INVESTMENT AGREEMENT TERMINATIONS

The agreement with Lehman Bros. Special Financing Inc. (Lehman) for the 2002 Justice Center/Airport Improvement reserve fund requires Lehman to deliver securities to the trustee periodically at a guaranteed rate of 4.56 percent. The most recent delivery occurred on July 1, 2008. On September 17, 2008, the County elected to terminate the agreement, pursuant to applicable agreement provisions, as a result of the downgrade of Lehman Bros. Holdings. Under the terms of the agreement, Lehman owes the County a termination payment in an amount not yet determined. In order to protect the County's interest the County filed a claim in bankruptcy court. This claim seeks to provide the County relief for the loss of the 4.56 percent investment rate that was guaranteed in the Lehman agreement. The County is awaiting the processing of this claim. The County expresses no opinion on its ability to collect this termination payment.

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:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Asset:		
Equipment	\$ 5,359	\$ 11,781
Less: Accumulated depreciation	2,720	10,412
Total	<u>\$ 2,639</u>	<u>\$ 1,369</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
(Amounts in thousands)

NOTE 13 – LEASES (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011, are as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2012	\$ 1,162	\$ 454
2013	919	338
2014	452	332
2015	<u>324</u>	<u>332</u>
Total Minimum Lease Payments	2,857	1,456
Less: Amount Representing Interest	(161)	(7)
Present Value of Minimum Lease Payments	<u>\$ 2,696</u>	<u>\$ 1,449</u>

Operating Leases

The government leases building and office facilities and other equipment under non-cancelable operating leases. Total costs for such leases were \$39,998 for the year ended June 30, 2011. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30,</u>	
2012	\$ 41,145
2013	32,035
2014	24,639
2015	17,142
2016	12,787
2017-2021	<u>34,955</u>
Total Minimum Payments	<u>\$ 162,703</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Amounts in thousands)

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>\$ 29,564</u>	<u>\$ 836,825</u>

The deleted facilities are no longer pledged by the County as a result of exercising optional prepayments in September 2010.

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, 2011 and 2010, the Medi-Cal program represented approximately 48% and 47 %, and the Medicare program represented approximately 20% and 21%, 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 the 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, 2009 for Medi-Cal. Adjustments as a result of such audits are recorded in the year the amounts can be determined.

COUNTY OF SAN BERNARDINO
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NOTE 16 – CLOSURE AND POSTCLOSURE CARE COST

State Financial Assurance Mechanism regulations require landfill operators to set aside funds, or provide alternative funding mechanisms, to fund the closure and post-closure maintenance of landfills. The funding must be completed prior to the final date of closure. These regulations apply to solid waste landfills that have been or will be operated on or after January 1, 1988. The closure and post-closure care costs of other landfills not subject to these State regulations is funded separately in the Site Closure and Maintenance Fund.

Closure and post-closure 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 State and federal regulations:

Landfill	Capacity Used	Years Remaining	Landfill	Capacity Used	Years Remaining
Apple Valley	100%	Inactive	Milliken	100%	Inactive
Baker	100%	Inactive	Morongo Valley	100%	Inactive
Barstow	4%	62	Needles	100%	Inactive
Big Bear	100%	Inactive	Newberry Springs	100%	Inactive
Colton	87%	6	Phelan	100%	Inactive
Hesperia	100%	Inactive	San Timoteo	41%	40
Landers	80%	6	Trona-Argus	100%	Inactive
Lenwood-Hinkley	100%	Inactive	Twentynine Palms	100%	Inactive
Lucerne Valley	100%	Inactive	Victorville	15%	67
Mid-Valley	31%	46	Yermo	100%	Inactive

The landfill closure and post-closure care cost estimates of \$211,039 and \$137,544 respectively for a total of \$348,583, are based upon the most recently submitted Closure/Post-Closure 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 post-closure cost is recognized as an expense and liability based upon the amount of capacity used during the fiscal year. In FY 2010-11 adjustments were made for the following landfills: i) Barstow's landfill life revised based on new Solid Waste Facility Permit issued on July 27, 2010, and ii) Mid-Valley's landfill life revised to reflect most accurate engineering information available. In addition, closure construction activities for the Big Bear Sanitary Landfill were completed in May 2011. It is anticipated that the landfill closure will be certified by the State in FY 2011-12.

As of June 30, 2011, the cumulative liability recorded by the County based upon individual landfill capacity usage was \$199,952 (\$123,108 closure costs and \$76,844 post-closure costs). The remaining \$148,631 of estimated closure and post-closure costs will be recorded and funded as landfill capacities are used.

COUNTY OF SAN BERNARDINO
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NOTE 16 – CLOSURE AND POSTCLOSURE CARE COST (CONTINUED)

Closure and post-closure related expenditures of \$89,843 and \$10,215 have been incurred through June 30, 2011, which reduced the landfill closure and post-closure liabilities to \$33,265 and \$66,629 respectively.

The estimated closure and postclosure activity for the year ended June 30, 2011 includes the following:

	<u>Beginning Balance</u>	<u>Increase (Decrease)</u>	<u>Ending Balance</u>
Estimated Liability for Closure Care Costs	\$ 36,393	\$(3,128)	\$ 33,265
Estimated Liability for Postclosure Care Costs	66,235	394	66,629
Total	<u>\$102,628</u>	<u>\$(2,734)</u>	<u>\$ 99,894</u>

In accordance with a Pledge of Revenue Mechanism adopted by the County of San Bernardino Board of Supervisors on July 28, 2009, the County has pledged tipping fees and interest revenue to fund the post-closure maintenance costs as needed. Total tipping fees received in the current fiscal year were \$45,282 and post-closure expenditures were \$1,711. Each landfill site's maintenance costs are budgeted annually following the Closure and Post-Closure Maintenance Plan as approved by the Department of Resources Recycling and Recovery (CalRecycle). The County has restricted cash of \$73,401 in the Solid Waste enterprise fund to provide financial assurance for landfill closure costs as required by CalRecycle. The term for each landfill site funding requirements is thirty (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 Protection District, Mojave Desert Air Quality Management District (MDAQMD), California Electronic Recording Transaction Network Authority (CERTNA), Inland Valley Development Agency (IVDA), San Bernardino International Airport Authority (SBIAA), the San Bernardino County Superior Court, Inland Library system (ILS), Rim of the World Recreation and Park District (RIM-REC) and Crestline Sanitation District were later included, along with the County, and are collectively referred to as the "Participating Members". The plan is governed by the SBCERA Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years of service credit.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 17 – RETIREMENT PLAN (CONTINUED)

SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W Hospitality Lane - 3rd Floor, San Bernardino, California 92415-0014.

Fiduciary Responsibility

SBCERA is controlled by its own board, the Retirement Board, which acts as a fiduciary agent for the accounting and control of member and employee contributions and investment income. SBCERA publishes its own Comprehensive Annual Financial Report and receives a separate independent audit. SBCERA is also a legally separate entity from the County and not a component unit.

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 9.54% - 15.32% 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 12.32%, County Safety 26.82%. All employers combined are required to contribute 15.4% of the current year covered payroll. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer rates are determined pursuant to Sections 31453 and 31454 of the 1937 Act.

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, 2011, were as follows:

Annual Required Contribution (County fiscal year basis)	\$ 213,311
Interest On Pension Assets	(2,331)
Adjustment To The Annual Required Contribution	<u>24,585</u>
Annual Pension Cost	235,565
Annual Contributions Made	<u>213,311</u>
Increase/(Decrease) in Net Pension Assets	(22,254)
Net Pension Asset, Beginning of Year	<u>741,388</u>
Net Pension Asset, End of Year	<u><u>\$ 719,134</u></u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 17 – RETIREMENT PLAN (CONTINUED)

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

Year Ended June 30	Annual Required Contribution		Percentage Contributed
	SBCERA	County	
2009	\$ 246,232	\$ 200,300	100%
2010	243,773	197,097	100%
2011	258,128	213,311	100%

The County, along with the SCAQMD, issued Pension Refunding Bonds (Bonds) in November 1995 with an aggregate amount of \$420,527. 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, 2011 is \$414,041 (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, 2011 is \$285,270 (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, 2011 is \$157,735 (Note 11).

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Amounts in thousands)

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, 2011, 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 \$27.5 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 \$202.2 million over the next 10 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Amounts in thousands)

NOTE 18 – LEASE/LEASEBACK (CONTINUED)

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

Lawsuits and Other Claims

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 recorded 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.

Grants

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, 2011 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.

The County is assessing its self-insured workers' compensation operations to determine if an obligation to federal and state grantor agencies exists due to reserve contributions in excess of the discounted present value of the actuarial determined liability. At this time, the amounts are not determinable.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 19 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Commitments

The County has entered into contractual agreements for various projects. The following encumbered amounts are included within restricted, committed or assigned fund balance for their specific purposes, respectively.

	Outstanding Encumbrances
Major Governmental Funds:	
General Fund	\$ 4,500
Capital Improvement Fund	18,181
Total Major Governmental Funds	22,681
Nonmajor Governmental Funds	20,786
Total Governmental Funds	\$ 43,467

Agreement

The County entered into an Interagency Agreement (Agreement) with the California Off-Highway Motor Vehicle Recreation Commission, the California Department of Parks and Recreation (Parks), the County of Los Angeles, and the Bureau of Land Management (BLM) to create an off-road vehicle park and camping area on November 14, 1988. The County, BLM, and Parks entered into a MOU to further define the roles of each agency in the development of the El Mirage Off-Highway Vehicle Park (Park) in 1990. In accordance with the Agreement and the MOU, the County is to appraise and acquire land in the Park as an acquisition agent, and then, convey the land to the BLM to operate and manage the Park.

Redevelopment Agencies

The County Redevelopment Agency (Agency) operates pursuant to the provisions of California Redevelopment Law (Heath & Safety Code Section 33000 et seq). On June 28, 2011, the California Legislature adopted Assembly Bill X1 26 (Dissolution Act) and Assembly Bill X1 27 (Voluntary Program Act) which taken together are known as the Redevelopment Restructuring Act. The express purpose of the Dissolution Act was to provide for the elimination of redevelopment agencies, and to direct the orderly distribution of a former redevelopment agency's assets and liabilities. The purpose of Voluntary Program Act was to provide a voluntary alternative for local governments to continue redevelopment activities. The Redevelopment Restructuring Act requires the Agency and its sponsoring government (the County) to take several legislative actions to implement the various provisions of each assembly bill (See note 21).

Pollution Remediation

(a) Sanitary Landfills

Leachate Contamination of ground water: On November 10, 1998, the County approved a settlement agreement with the San Gabriel Valley Water Company (SGVWC). This agreement

COUNTY OF SAN BERNARDINO
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NOTE 19 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

settles the claim that leachate from the Mid-Valley Sanitary 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.

Perchlorate Contamination of ground water: The following lawsuits and claims assert that perchlorate water contamination is alleged to be emanating from or near the Mid-Valley Sanitary Landfill ("MVSL") operated by Solid Waste.

City of Rialto and City of Colton lawsuits involving perchlorate at the MVSL: In 2008, the County entered into a settlement of \$5 Million for the federal and state perchlorate lawsuits filed by the City of Rialto and the City of Colton ("independent settlement"). The effectiveness of the independent settlement was initially made subject to certain conditions, including that the County reach a settlement regarding perchlorate remediation with the Regional Water Quality Control Board, Santa Ana Region ("RWQCB") and that the federal court make a determination that the proposed independent settlement is in good faith ("County's Motion"). While these conditions were initially believed to be achievable, in light of the possibility of a settlement of the federal court perchlorate lawsuits involving all parties ("global settlement"), the County and Cities temporarily deferred further action on their independent settlement starting in mid-2008. 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 as a defendant. Since the mediation for global settlement was not successful, the County and Cities are proceeding with satisfying the conditions necessary to make their independent settlement effective. The independent settlement with the Cities was amended in 2010 to eliminate the condition precedent of obtaining settlement with the RWQCB. No other substantive changes were made. The County's Motion was filed December 15, 2010 and as of December 16, 2011, is under submission to the federal court for determination. A favorable court decision on the County's Motion would bar the claims of Goodrich, Emhart and other parties to the litigation. An estimate of the potential liability for perchlorate-related lawsuits cannot be made at this time.

San Gabriel Valley Water Company lawsuit involving perchlorate at the MVSL: On July 1, 2008, San Gabriel Valley Water Company filed a claim alleging that perchlorate from the County's MVSL, 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.

Fiscal Year 2009/10 Perchlorate Settlements:

Breach of contract lawsuit for indemnity: In November 2009 a settlement agreement was signed by all parties and the lawsuit was dismissed. Pursuant to the agreement additional costs have

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NOTE 19 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

been incurred. The lawsuit concerned the County's duty to defend the sellers of land adjacent to the MVSL 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 and the settlement resolved those claims. The County is now obligated to pay the former owners attorneys' fees until the federal litigation is resolved.

Waste Disposal Agreement (WDA) Cities lawsuit regarding the perchlorate surcharge: At the October 25, 2005 Solid Waste Financial Status Report presentation to the Board, the Board adopted the perchlorate surcharge of a flat \$0.69/ton to recover the 30-year projected costs for cleanup. Solid Waste began collecting the new fee on February 1, 2006. Eleven WDA cities filed a state lawsuit against the County alleging that the County had no authority, under the WDA contracts, to impose the perchlorate surcharge. The County and the WDA cities engaged in discussions to settle this matter without further litigation. A settlement agreement was signed on May 19, 2009 that provided for reimbursement to the litigants of the perchlorate fees collected by the County since February 2006. The reimbursement took place over eighteen months and as of November 30, 2010, all repayments had been made.

(b) Chino Airport

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. 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 October 2012. The ultimate remediation plan and any settlement will be subject to review and approval by the Regional Board. It is anticipated that a settlement will be deemed by the Regional Board to satisfy the County's cleanup obligation under the Order.

Property Tax Administration Fees

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

COUNTY OF SAN BERNARDINO
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NOTE 19 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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. It is expected that the County of Los Angeles will petition the California Supreme Court for review.

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 \$2,840 per year of tax administration fees. The estimated total amount of PTAF that could be issued for the 2006/07 through 2010/11 fiscal years is approximately \$14,199, plus possible interest. This remains a statewide issue.

NOTE 20 – SHORT-TERM DEBT

In July 2010, the County issued Tax and Revenue Anticipation Notes (TRANS) totaling \$165,000 which were repaid June 30, 2011. This issue followed the prior year issued TRANS of \$165,000 which was repaid June 30, 2010. The proceeds of the TRANS were intended to provide financing for 2010-11 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, 2010	Additions	Reductions	Ending Balance June 30, 2011
\$ -	\$ 165,000	\$ 165,000	\$ -

NOTE 21 – SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANS)

In July 2011 the County issued \$165,000 of Tax and Revenue Anticipation Notes in the form of Series A Bonds (Bonds) due June 29, 2012. The stated interest for the Bonds is set at 2.00% per annum with a yield of 0.28%. 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 2011-12 and legally available for payment thereof. Proceeds from the Bonds will be used for fiscal year 2011-12 General Fund expenditures, including current expenditures, capital expenditures, and the discharge of other obligations or indebtedness of the County.

County Treasurer's Investment Pool

On August 5, 2011, Standard & Poor's Ratings Service downgraded the long-term sovereign rating of the United States of America from AAA to AA+. The U.S. short-term rating of A1+ was affirmed. Subsequently on August 8, 2011, Standard & Poor's lowered the long-term ratings of

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NOTE 21 – SUBSEQUENT EVENTS (CONTINUED)

U.S. Government Sponsored Enterprises (GSE's) from AAA to AA+ and affirmed the short-term GSE ratings at A1+.

County Redevelopment Agency

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend (effective July 1, 2011) nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program by adopting an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. The County adopted such ordinance on September 27, 2011.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that they violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012."

Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in ABX1 26.

Arrowhead Regional Medical Center

On September 16, 2011, the Governor signed SB 335 by Senator Ed Hernandez (D-Baldwin Park) and Senate President Pro Tem Darrell Steinberg (D-Sacramento). The law will provide supplemental Medi-Cal and other payments to hospitals and protect health care services for low-income, vulnerable patients and children by implementing a 30-month Hospital Quality Assurance Fee from July 1, 2011 to December 31, 2013. SB 335 will increase payments to hospitals by \$5.2 billion, and will save the state's General Fund more than \$900 million. The state is currently seeking approval from the Centers for Medicare & Medicaid Services (CMS). CMS review will likely take several months, and the program will be subject to significant scrutiny before the program can be implemented.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
(Amounts in thousands)

NOTE 22 – EXTRAORDINARY ITEM

On March 24, 2011, the Governor signed Assembly Bill 99 (AB99) into law. AB 99 established the Children and Families Health and Human Services Fund (Fund). As specified in the legislation, the Fund will be used, upon appropriation, by the California State Legislature for Health and Human Services. The bill requires \$1 billion of the combined state and local Children and Families Funds to be deposited in the Fund for the 2011-12 fiscal year. The amount required from each First 5 Commission (AB99 payment) represents 50% of the fund balance as of June 30, 2010. For First 5 San Bernardino, this amount was \$49,819. The AB 99 payment is due by June 30, 2012. In accordance with the legislation, no 2012-2013 commission revenues will be paid until the full AB 99 payment is made. Accordingly, the Commission has accrued the AB 99 obligation as a liability at June 30, 2011. A lawsuit has been filed by Commissions against the State challenging that the bill violates the intent of Proposition 10.

On November 21, 2011, Fresno Superior Court Judge Debra Kazanjian issued a ruling in favor of the County First 5 Commissions' lawsuit challenging Assembly Bill 99 (AB 99). The immediate impact of the ruling on county commission funding may be limited since it is anticipated that the State will appeal the trial court decision. The Commissions that filed the original lawsuit will continue to defend the ruling if challenged by the State. Due to the uncertainty with any final ruling, the Commission has not recorded an adjustment to the liability balance recorded as an extraordinary item.

NOTE 23 – NEW ACCOUNTING PRONOUNCEMENTS

GASB 60 - Accounting and Financial Reporting for Service Concession Arrangements

The GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This Statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

GASB 61 - The Financial Reporting Entity: Omnibus

The GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. This Statement is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011
(Amounts in thousands)

NOTE 23 – NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

GASB 62 - Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

The GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

GASB 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

The GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establish guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.



YOUR COUNTY... YOUR FUTURE

REQUIRED SUPPLEMENTARY INFORMATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

- County of San Bernardino -

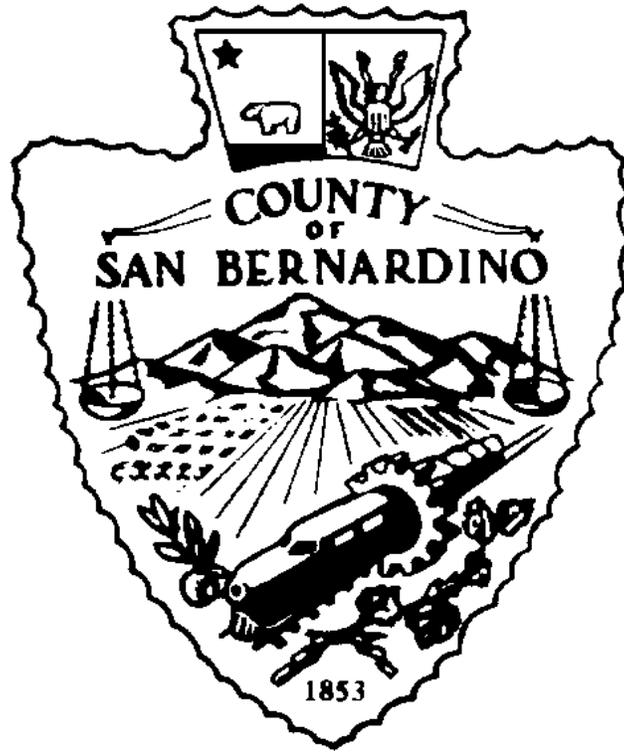
**REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)**

**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)
6/30/2006	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%
6/30/2011	6,484,507	8,189,646	1,705,139	79.18%	1,244,555	137.01%

* 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





YOUR COUNTY... YOUR FUTURE

SUPPLEMENTAL INFORMATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

- County of San Bernardino -

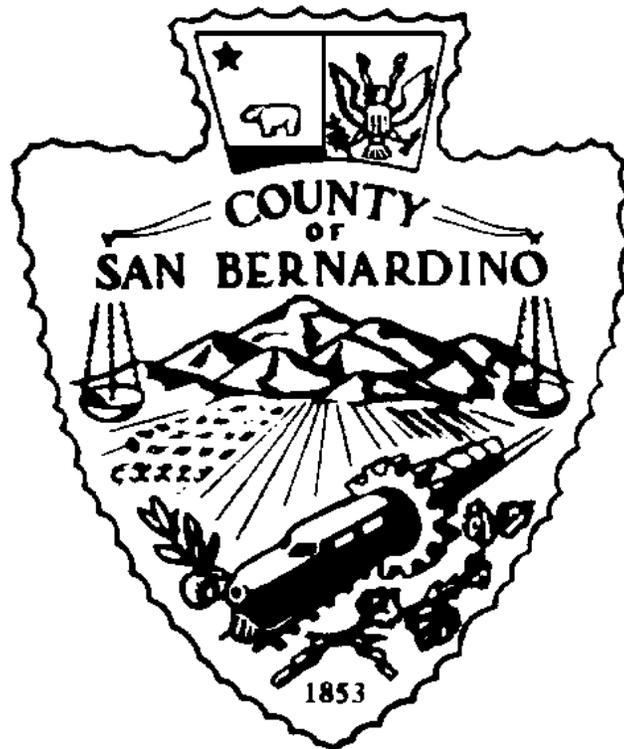


YOUR COUNTY... YOUR FUTURE

COMBINED FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

- County of San Bernardino -

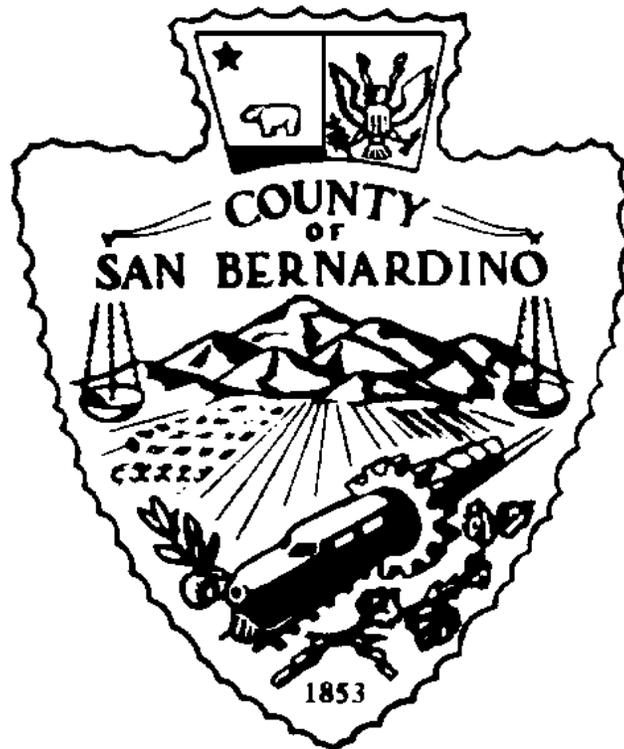


**COUNTY OF SAN BERNARDINO
 COMBINED BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011 (IN THOUSANDS)**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 475,031	\$ 52,879	\$ 66,611	\$ 1,693	\$ 596,214
INVESTMENTS	-	2,178	-	-	2,178
ACCOUNTS RECEIVABLE - NET	1,793	-	-	-	1,793
TAXES RECEIVABLE	6,098	-	-	-	6,098
LOAN RECEIVABLE	1,356	-	-	-	1,356
OTHER RECEIVABLES	77	-	-	-	77
DUE FROM OTHER FUNDS	19,604	-	145	-	19,749
DUE FROM OTHER GOVERNMENTS	29,568	-	-	-	29,568
LAND HELD FOR RESALE	12,413	-	10,060	-	22,473
INVENTORIES	89	-	-	-	89
PREPAID ITEMS	119	-	-	-	119
INTERFUND RECEIVABLE	45	-	-	-	45
RESTRICTED CASH AND INVESTMENTS	5,811	-	-	-	5,811
TOTAL ASSETS	\$ 552,004	\$ 55,057	\$ 76,816	\$ 1,693	\$ 685,570
LIABILITIES AND FUND BALANCES					
ACCOUNTS PAYABLE	\$ 18,751	\$ -	\$ 250	\$ -	\$ 19,001
SALARIES AND BENEFITS PAYABLE	8,075	-	-	-	8,075
DUE TO OTHER FUNDS	20,530	-	421	-	20,951
DUE TO OTHER GOVERNMENTS	12,310	-	-	-	12,310
INTEREST PAYABLE	2,202	-	-	-	2,202
DEFERRED AND UNEARNED REVENUE	4,487	-	-	-	4,487
INTERFUND PAYABLE	13,209	-	45	-	13,254
TOTAL LIABILITIES	79,564	-	716	-	80,280
FUND BALANCES:					
NONSPENDABLE	1,609	-	-	1,693	3,302
RESTRICTED	454,278	55,057	76,100	-	585,435
ASSIGNED	16,553	-	-	-	16,553
TOTAL FUND BALANCES	472,440	55,057	76,100	1,693	605,290
TOTAL LIABILITIES AND FUND BALANCES	\$ 552,004	\$ 55,057	\$ 76,816	\$ 1,693	\$ 685,570

**COUNTY OF SAN BERNARDINO
 COMBINED - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2011 (IN THOUSANDS)**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
REVENUES					
TAXES	\$ 108,470	\$ -	\$ -	\$ -	\$ 108,470
LICENSES, PERMITS, AND FRANCHISES	640	-	-	-	640
FINES, FORFEITURES, AND PENALTIES	7,706	-	-	-	7,706
REVENUES FROM USE OF MONEY AND PROPERTY	9,046	100	544	15	9,705
AID FROM OTHER GOVERNMENTAL AGENCIES	325,563	-	3	-	325,566
CHARGES FOR CURRENT SERVICES	92,429	-	-	-	92,429
OTHER REVENUES	36,082	2,009	416	-	38,507
TOTAL REVENUES	579,936	2,109	963	15	583,023
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT	9,793	3	1,015	505	11,316
PUBLIC PROTECTION	197,686	-	-	-	197,686
PUBLIC WAYS AND FACILITIES	81,330	-	-	-	81,330
HEALTH AND SANITATION	87,037	-	-	-	87,037
PUBLIC ASSISTANCE	100,445	-	-	-	100,445
EDUCATION	14,930	-	-	-	14,930
RECREATION AND CULTURAL SERVICES	7,498	-	482	-	7,980
DEBT SERVICE:					
PRINCIPAL	4,956	99,895	-	-	104,851
INTEREST AND FISCAL CHARGES	5,668	31,877	1	-	37,546
BOND ISSUANCE COSTS	-	-	525	-	525
CAPITAL OUTLAY	19,900	-	2,913	-	22,813
TOTAL EXPENDITURES	529,243	131,775	4,936	505	666,459
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	50,693	(129,666)	(3,973)	(490)	(83,436)
OTHER FINANCING SOURCES (USES):					
TRANSFERS OUT (NOTE 7)	(52,589)	(4)	(13,513)	(18)	(66,124)
TRANSFERS IN (NOTE 7)	27,332	125,765	2,194	-	155,291
LONG-TERM DEBT ISSUED	-	-	36,300	-	36,300
DISCOUNT ON DEBT	-	-	(1,141)	-	(1,141)
INCEPTION OF CAPITAL LEASE OBLIGATIONS	1,290	-	-	-	1,290
SALE OF CAPITAL ASSETS	3,132	-	-	-	3,132
TOTAL OTHER FINANCING SOURCES AND (USES)	(20,835)	125,761	23,840	(18)	128,748
NET CHANGES IN FUND BALANCE	29,858	(3,905)	19,867	(508)	45,312
FUND BALANCES, JULY 1, 2010	442,582	58,962	56,233	2,201	559,978
FUND BALANCE, JUNE 30, 2011	\$ 472,440	\$ 55,057	\$ 76,100	\$ 1,693	\$ 605,290





YOUR COUNTY... YOUR FUTURE

COMBINING FINANCIAL STATEMENTS NONMAJOR GOVERNMENTAL FUNDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

- County of San Bernardino -

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS

SPECIAL REVENUE FUNDS DESCRIPTIONS

TRANSPORTATION

The Transportation Fund is responsible for the administration, planning, design, construction, traffic operations, maintenance, and improvement of approximately 2,765 miles of County roadways. The fund is financed principally from state and federal fuel taxes (Highway Users' Tax or Gas Tax), voter-approved state transportation infrastructure bond (Proposition 1B), sales tax revenues, and development fees.

SPECIAL TRANSPORTATION

The Special Transportation Fund provides funding for roadway resurfacing, rehabilitation, and widening projects, as well as elderly and handicap transit services. The source of funding is a countywide one-half cent sales tax that was passed by the voters of the County in November 1989 (1989 Measure). The Measure I funds received must be spent within the sub-area in which they were collected.

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, families, and state and local budgets resulting 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 Federal Head Start and Early Head Start programs, California Department of Education State Preschool program, as well as the Child and Adult Care Food Program in 39 locations throughout the County. These programs are funded from federal and state sources with no local cost.

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 services to job seekers, incumbent workers, entrepreneurs, and employers through Workforce Investment Act (WIA) funding from the Department of Labor.

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 parking fines and criminal fines.

CENTRAL COURTHOUSE SURCHARGE

The Central Courthouse Surcharge Fund accounts for the monies to be used for the Central Courthouse seismic retrofit/remodel project. Revenue comes from a surcharge on civil filings as authorized by Government Code Section 70624.

MICROGRAPHICS FEES

The Micrographics Fees Fund was established to support, maintain, and improve the modernized creation, retention, and retrieval of information in the County's systems of recorded documents, recorder records, electronic recording, social security number (SSN) truncation, and vital records. Revenue includes fees collected pursuant to Government Code Sections 27361 on legal documents, 27397 on electronic recording and 27301 on SSN truncation, and Health and Safety Code Section 10605.3 for certified copies of vital statistics records.

LOCAL LAW ENFORCEMENT BLOCK GRANT

Local Law Enforcement block grant Fund accounts for the law enforcement activities to improve the overall criminal justice system and prevent or reduce crime and violence. These activities are funded through federal grants and the Southwest Border Prosecution Initiative reimbursement project.

SHERIFF'S SPECIAL PROJECTS

Sheriff's Special Projects Fund accounts for the functions: Inland Regional Narcotics Enforcement Team project, local detention facility project, federal and state asset forfeitures, and providing services of public gathering, contract training, vehicle registration assessments, law enforcement, search and rescue, fire suppression, transportation, and Cal ID regional crime laboratory for the County and other fire and law enforcement agencies. Revenues are primarily derived from federal and state grants, joint trust contributions by all local contracting municipal agencies, and service fees.

FIRE PROTECTION DISTRICTS

The Fire Protection Districts provide emergency mitigation and management for fire suppression, emergency medical services, ambulance services, HAZMAT response, arson investigation, technical rescue including water borne, flooding and mudslide, winter rescue operations, and terrorism and weapons of mass destruction. Revenues are primarily derived from property taxes, federal and state grants, and HAZMAT generator and handler fees.

TOBACCO TAX PROGRAM

The Tobacco Tax Program Fund was established to facilitate the transfer of Tobacco Tax monies to the county hospital, non-county hospitals, and physicians, when notified and as required by the state. 2009-10 was the final year the State of California appropriated Tobacco Tax Funds for these purposes.

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued

FLOOD CONTROL DISTRICT

The Flood Control District Fund was established to intercept and convey flood flows through and away from developed areas of the County, as well as to promote water conservation and improved water quality with a very extensive system of flood control and water conservation facilities. The District's revenue is primarily derived from property taxes, federal and state aid on specific projects, subdivision and permit fees, rents and royalties, and revenue from local water agencies for water spreading services.

COUNTY SERVICE AREAS

The County Service Areas Special Revenue Funds account for essential programs and municipal services to remote geographical areas as well as rapidly growing communities. These funds are primarily financed from property taxes, federal and state grants, rental income, interest income, and service fees.

PARK AND RECREATION DISTRICTS

The Park and Recreation Districts account for the operation and maintenance of developed parks, undeveloped parks, community buildings, an equestrian arena, and sports fields. Revenues are primarily derived from property taxes, grant funds, park and swim program revenues, concessions and rent, and interest earnings.

COUNTY FREE LIBRARY

The County Free Library Fund provides public library services through a network of thirty-one branches to all of the unincorporated areas and seventeen of the cities within the County. Two bookmobiles reach people who live in sparsely populated areas or are unable to use traditional branches. The Library is funded primarily through property tax revenues, federal and state funds, service fees, and contributions from local Friends of the Library organizations.

REDEVELOPMENT AGENCY

The Redevelopment Agency Fund accounts for administration and revenues and expenditures related to the San Sevaime and other redevelopment projects, and low and moderate-income housing. Tax increment revenues represent the principal source of financing.

ECONOMIC AND COMMUNITY DEVELOPMENT

The Economic and Community Development Fund is responsible for administering federal, state, and local grant funds allocated to the County for housing and community development programs. Federal grants comprise a large percentage of the funding.

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, Block Grant Carryover Program, Workers' Compensation Insurance Fraud Prosecution, Specialized Prosecutions, San Manuel Amphitheater, Bio-terrorism Preparedness, H1N1 Preparedness, Vital Statistics State Fees, Vector Control Assessments, Chino Agricultural Preserve, Off-Highway Vehicle License Fees, County Trails System, Park Maintenance and Development, Proposition 40 Projects, and Inland Counties Emergency Medical Agency. Revenues are primarily derived from the tobacco law suit Master Settlement Agreement, federal and state funds, park admission fees, rents, and service fees.

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued

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. Tax increment revenues represent the principal source of financing.

CAPITAL PROJECTS FUNDS DESCRIPTIONS

REDEVELOPMENT AGENCY

The Redevelopment Agency Capital Projects fund is used to account for establishing one or more redevelopment projects areas of the County. Tax increment revenues represent the principal source of financing.

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. Major projects include Huston Creek Expansion and Lake Arrowhead Park Improvement. These funds are primarily financed by state capital grant, transfers from the County Service Areas special revenue funds, and interest income,

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. Major projects include San Sevaine Construction Fire Station #80, Construction/Remodel Angeles Oak Fire Station #15, and Ludlow/Amboy Fire Station. These funds are primarily financed by transfers from the Fire Protection Districts' special revenue funds and interest income.

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. Major projects include Animal Park relocation and Paradise Park Project. These funds are primarily financed by Proposition 40 projects fund, transfers from the Park and Recreation Districts' special revenue funds, and interest income.

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued

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. This fund was reclassified to “other agency fund” during fiscal year 2011.

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, 2011 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>TRANSPORTATION</u>	<u>SPECIAL TRANSPORTATION</u>	<u>SPECIAL AVIATION</u>
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 475,031	\$ 47,569	\$ 28,071	\$ 3,057
ACCOUNTS RECEIVABLE - NET	1,793	628	-	-
TAXES RECEIVABLE	6,098	-	-	-
LOAN RECEIVABLE	1,356	-	-	-
OTHER RECEIVABLES	77	-	-	-
DUE FROM OTHER FUNDS	19,604	2,335	42	333
DUE FROM OTHER GOVERNMENTS	29,568	4,942	261	1,906
LAND HELD FOR RESALE	12,413	-	-	-
INVENTORIES	89	89	-	-
PREPAID ITEMS	119	-	-	-
INTERFUND RECEIVABLE	45	-	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	5,811	-	-	-
TOTAL ASSETS	<u>\$ 552,004</u>	<u>\$ 55,563</u>	<u>\$ 28,374</u>	<u>\$ 5,296</u>
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	\$ 18,751	\$ 5,364	\$ 752	\$ 46
SALARIES AND BENEFITS PAYABLE	8,075	925	-	-
DUE TO OTHER FUNDS	20,530	364	211	152
DUE TO OTHER GOVERNMENTS	12,310	-	860	-
INTEREST PAYABLE	2,202	-	-	-
DEFERRED REVENUE	4,487	273	-	-
INTERFUND PAYABLE	13,209	2,500	-	-
TOTAL LIABILITIES	<u>79,564</u>	<u>9,426</u>	<u>1,823</u>	<u>198</u>
FUND BALANCES:				
NONSPENDABLE	1,609	89	-	-
RESTRICTED	454,278	46,048	26,551	3,082
ASSIGNED	16,553	-	-	2,016
TOTAL FUND BALANCES	<u>472,440</u>	<u>46,137</u>	<u>26,551</u>	<u>5,098</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 552,004</u>	<u>\$ 55,563</u>	<u>\$ 28,374</u>	<u>\$ 5,296</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2011 (IN THOUSANDS)

	MENTAL HEALTH SERVICES ACT	PRESCHOOL SERVICES DEPARTMENT	AGING AND ADULT SERVICES	JOBS AND EMPLOYMENT SERVICES
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 89,302	\$ 207	\$ 565	\$ 577
ACCOUNTS RECEIVABLE - NET	-	-	-	34
DUE FROM OTHER FUNDS	13,618	73	8	-
DUE FROM OTHER GOVERNMENTS	408	1,660	1,132	1,336
TOTAL ASSETS	\$ 103,328	\$ 1,940	\$ 1,705	\$ 1,947
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	\$ 3,301	\$ 899	\$ -	\$ 1,011
SALARIES AND BENEFITS PAYABLE	950	980	61	267
DUE TO OTHER FUNDS	3,856	19	217	21
TOTAL LIABILITIES	8,107	1,898	278	1,299
FUND BALANCES:				
NONSPENDABLE	-	-	-	-
RESTRICTED	95,221	42	1,427	648
ASSIGNED	-	-	-	-
TOTAL FUND BALANCES	95,221	42	1,427	648
TOTAL LIABILITIES AND FUND BALANCES	\$ 103,328	\$ 1,940	\$ 1,705	\$ 1,947

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2011 (IN THOUSANDS)

	<u>COURTHOUSE TEMPORARY CONSTRUCTION</u>	<u>CRIMINAL JUSTICE TEMPORARY CONSTRUCTION</u>	<u>CENTRAL COURTHOUSE SURCHARGE</u>	<u>MICROGRAPHICS FEES</u>
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 6,980	\$ 10,116	\$ -	\$ 10,674
ACCOUNTS RECEIVABLE - NET	-	-	-	67
INTEREST RECEIVABLE	-	-	-	-
LOAN RECEIVABLE	-	-	-	1,356
DUE FROM OTHER FUNDS	-	-	-	293
DUE FROM OTHER GOVERNMENTS	5	6	-	-
TOTAL ASSETS	<u>\$ 6,985</u>	<u>\$ 10,122</u>	<u>\$ -</u>	<u>\$ 12,390</u>
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	\$ -	\$ -	\$ -	\$ 243
SALARIES AND BENEFITS PAYABLE	-	-	-	10
DUE TO OTHER FUNDS	-	-	-	370
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>623</u>
FUND BALANCES:				
NONSPENDABLE	-	-	-	1,356
RESTRICTED	6,985	10,122	-	10,275
ASSIGNED	-	-	-	136
TOTAL FUND BALANCES	<u>6,985</u>	<u>10,122</u>	<u>-</u>	<u>11,767</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,985</u>	<u>\$ 10,122</u>	<u>\$ -</u>	<u>\$ 12,390</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2011 (IN THOUSANDS)

	<u>LOCAL LAW ENFORCEMENT BLOCK GRANT</u>	<u>SHERIFF'S SPECIAL PROJECTS</u>	<u>FIRE PROTECTION DISTRICTS</u>	<u>TOBACCO TAX PROGRAM</u>
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 5,463	\$ 31,153	\$ 42,499	\$ -
ACCOUNTS RECEIVABLE - NET	-	8	463	-
TAXES RECEIVABLE	-	-	1,653	-
OTHER RECEIVABLES	-	-	9	-
DUE FROM OTHER FUNDS	-	28	626	-
DUE FROM OTHER GOVERNMENTS	-	882	6,453	-
PREPAID ITEMS	-	-	63	-
TOTAL ASSETS	<u>\$ 5,463</u>	<u>\$ 32,071</u>	<u>\$ 51,766</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	\$ -	\$ 563	\$ 766	\$ -
SALARIES AND BENEFITS PAYABLE	-	8	3,403	-
DUE TO OTHER FUNDS	325	4,545	2,014	-
DUE TO OTHER GOVERNMENTS	-	250	4,729	-
DEFERRED REVENUE	-	-	1,243	-
TOTAL LIABILITIES	<u>325</u>	<u>5,366</u>	<u>12,155</u>	<u>-</u>
FUND BALANCES:				
NONSPENDABLE	-	-	63	-
RESTRICTED	5,138	25,229	39,548	-
ASSIGNED	-	1,476	-	-
TOTAL FUND BALANCES	<u>5,138</u>	<u>26,705</u>	<u>39,611</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,463</u>	<u>\$ 32,071</u>	<u>\$ 51,766</u>	<u>\$ -</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2011 (IN THOUSANDS)

	FLOOD CONTROL DISTRICT	COUNTY SERVICE AREAS	PARK AND RECREATION DISTRICTS	COUNTY FREE LIBRARY
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 56,286	\$ 15,313	\$ 718	\$ 1,069
ACCOUNTS RECEIVABLE - NET	402	45	22	124
TAXES RECEIVABLE	1,888	126	99	548
OTHER RECEIVABLE	-	60	-	-
DUE FROM OTHER FUNDS	917	695	366	161
DUE FROM OTHER GOVERNMENTS	4,261	53	650	126
INTERFUND RECEIVABLE	-	45	-	-
RESTRICTED CASH AND INVESTMENTS	5,811	-	-	-
TOTAL ASSETS	<u>\$ 69,565</u>	<u>\$ 16,337</u>	<u>\$ 1,855</u>	<u>\$ 2,028</u>
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	\$ 4,307	\$ 291	\$ 137	\$ 183
SALARIES AND BENEFITS PAYABLE	484	293	69	312
DUE TO OTHER FUNDS	573	160	2	7
DUE TO OTHER GOVERNMENTS	1,258	2	-	31
INTEREST PAYABLE	-	1	-	-
DEFERRED REVENUE	2,394	115	70	392
INTERFUND PAYABLE	-	294	-	-
TOTAL LIABILITIES	<u>9,016</u>	<u>1,156</u>	<u>278</u>	<u>925</u>
FUND BALANCES:				
NONSPENDABLE	-	45	-	-
RESTRICTED	60,549	15,136	1,577	546
ASSIGNED	-	-	-	557
TOTAL FUND BALANCES	<u>60,549</u>	<u>15,181</u>	<u>1,577</u>	<u>1,103</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 69,565</u>	<u>\$ 16,337</u>	<u>\$ 1,855</u>	<u>\$ 2,028</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2011 (IN THOUSANDS)

	<u>REDEVELOPMENT AGENCY</u>	<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>OTHER SPECIAL REVENUE</u>
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 41,029	\$ 20,021	\$ 4,818	\$ 59,544
ACCOUNTS RECEIVABLE - NET	-	-	-	-
TAXES RECEIVABLE	1,784	-	-	-
LOAN RECEIVABLE	-	-	-	-
OTHER RECEIVABLE	-	-	-	8
DUE FROM OTHER FUNDS	4	-	-	105
DUE FROM OTHER GOVERNMENTS	522	2,074	3	2,888
LAND HELD FOR RESALE	12,413	-	-	-
INVENTORIES	-	-	-	-
PREPAID ITEMS	56	-	-	-
RESTRICTED CASH AND INVESTMENTS	-	-	-	-
TOTAL ASSETS	<u>\$ 55,808</u>	<u>\$ 22,095</u>	<u>\$ 4,821</u>	<u>\$ 62,545</u>
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	37	443	2	406
SALARIES AND BENEFITS PAYABLE	38	66	-	209
DUE TO OTHER FUNDS	497	1,900	33	5,264
DUE TO OTHER GOVERNMENTS	3,031	79	21	2,049
LOAN PAYABLE	-	-	-	-
INTEREST PAYABLE	2,201	-	-	-
DEFERRED REVENUE	-	-	-	-
INTERFUND PAYABLE	10,415	-	-	-
TOTAL LIABILITIES	<u>16,219</u>	<u>2,488</u>	<u>56</u>	<u>7,928</u>
FUND BALANCES:				
NONSPENDABLE	56	-	-	-
RESTRICTED	39,533	19,607	4,765	42,249
ASSIGNED	-	-	-	12,368
TOTAL FUND BALANCES	<u>39,589</u>	<u>19,607</u>	<u>4,765</u>	<u>54,617</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 55,808</u>	<u>\$ 22,095</u>	<u>\$ 4,821</u>	<u>\$ 62,545</u>

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011 (IN THOUSANDS)

	<u>TOTAL</u>	<u>TRANSPORTATION</u>	<u>SPECIAL TRANSPORTATION</u>	<u>SPECIAL AVIATION</u>
REVENUES:				
TAXES	\$ 108,470	\$ -	\$ 4,659	\$ -
LICENSES, PERMITS AND FRANCHISES	640	347	-	-
FINES, FORFEITURES AND PENALTIES	7,706	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	9,046	410	239	880
AID FROM OTHER GOVERNMENTAL AGENCIES	325,563	55,527	686	4,201
CHARGES FOR CURRENT SERVICES	92,429	4,240	451	5
OTHER REVENUES	36,082	140	4	44
TOTAL REVENUES	<u>579,936</u>	<u>60,664</u>	<u>6,039</u>	<u>5,130</u>
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	9,793	-	-	-
PUBLIC PROTECTION	197,686	-	-	-
PUBLIC WAYS AND FACILITIES	81,330	67,013	8,215	1,787
HEALTH AND SANITATION	87,037	-	-	-
PUBLIC ASSISTANCE	100,445	-	-	-
EDUCATION	14,930	-	-	-
RECREATION AND CULTURAL SERVICES	7,498	-	-	-
DEBT SERVICE:				
PRINCIPAL	4,956	204	-	-
INTEREST AND FISCAL CHARGES	5,668	363	-	-
CAPITAL OUTLAY	19,900	5,053	-	4,703
TOTAL EXPENDITURES	<u>529,243</u>	<u>72,633</u>	<u>8,215</u>	<u>6,490</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>50,693</u>	<u>(11,969)</u>	<u>(2,176)</u>	<u>(1,360)</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(52,589)	(1,065)	(113)	-
TRANSFERS IN	27,332	9,538	-	335
INCEPTION OF CAPITAL LEASE OBLIGATIONS	1,290	-	-	-
SALE OF CAPITAL ASSETS	3,132	71	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(20,835)</u>	<u>8,544</u>	<u>(113)</u>	<u>335</u>
NET CHANGE IN FUND BALANCES	29,858	(3,425)	(2,289)	(1,025)
FUND BALANCES, JULY 1, 2010	<u>442,582</u>	<u>49,562</u>	<u>28,840</u>	<u>6,123</u>
FUND BALANCES, JUNE 30, 2011	<u>\$ 472,440</u>	<u>\$ 46,137</u>	<u>\$ 26,551</u>	<u>\$ 5,098</u>

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2011 (IN THOUSANDS)

	<u>MENTAL HEALTH SERVICES ACT</u>	<u>PRESCHOOL SERVICES DEPARTMENT</u>	<u>AGING AND ADULT SERVICES</u>	<u>JOBS AND EMPLOYMENT SERVICES</u>
REVENUES:				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 994	\$ 9	\$ 5	\$ 423
AID FROM OTHER GOVERNMENTAL AGENCIES	91,916	50,507	4,850	22,731
OTHER REVENUES	<u>159</u>	<u>408</u>	<u>762</u>	<u>78</u>
TOTAL REVENUES	<u>93,069</u>	<u>50,924</u>	<u>5,617</u>	<u>23,232</u>
EXPENDITURES:				
CURRENT:				
HEALTH AND SANITATION	65,122	-	-	-
PUBLIC ASSISTANCE	-	49,703	5,545	22,478
CAPITAL OUTLAY	<u>892</u>	<u>589</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>66,014</u>	<u>50,292</u>	<u>5,545</u>	<u>22,478</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>27,055</u>	<u>632</u>	<u>72</u>	<u>754</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(1,834)	(1,315)	(64)	(274)
SALE OF CAPITAL ASSETS	<u>-</u>	<u>7</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,834)</u>	<u>(1,308)</u>	<u>(64)</u>	<u>(274)</u>
NET CHANGE IN FUND BALANCES	25,221	(676)	8	480
FUND BALANCES, JULY 1, 2010	<u>70,000</u>	<u>718</u>	<u>1,419</u>	<u>168</u>
FUND BALANCES, JUNE 30, 2011	<u>\$ 95,221</u>	<u>\$ 42</u>	<u>\$ 1,427</u>	<u>\$ 648</u>

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2011 (IN THOUSANDS)

	COURTHOUSE TEMPORARY CONSTRUCTION	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	CENTRAL COURTHOUSE SURCHARGE	MICROGRAPHICS FEES
REVENUES:				
FINES, FORFEITURES AND PENALTIES	\$ 2,361	\$ 2,907	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	65	90	-	45
CHARGES FOR CURRENT SERVICES	-	-	2,632	3,753
TOTAL REVENUES	2,426	2,997	2,632	3,798
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	-	16	-
PUBLIC PROTECTION	-	-	-	6,899
CAPITAL OUTLAY	-	-	-	197
TOTAL EXPENDITURES	-	-	16	7,096
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,426	2,997	2,616	(3,298)
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(2,244)	(2,244)	(2,633)	(611)
TOTAL OTHER FINANCING SOURCES (USES)	(2,244)	(2,244)	(2,633)	(611)
NET CHANGE IN FUND BALANCES	182	753	(17)	(3,909)
FUND BALANCES, JULY 1, 2010	6,803	9,369	17	15,676
FUND BALANCES, JUNE 30, 2011	<u>\$ 6,985</u>	<u>\$ 10,122</u>	<u>\$ -</u>	<u>\$ 11,767</u>

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2011 (IN THOUSANDS)

	LOCAL LAW ENFORCEMENT BLOCK GRANT	SHERIFF'S SPECIAL PROJECTS	FIRE PROTECTION DISTRICTS	TOBACCO TAX PROGRAM
REVENUES:				
TAXES	\$ -	\$ -	\$ 34,083	\$ -
FINES, FORFEITURES AND PENALTIES	-	-	13	-
REVENUES FROM USE OF MONEY AND PROPERTY	54	237	475	-
AID FROM OTHER GOVERNMENTAL AGENCIES	2,437	10,875	13,332	-
CHARGES FOR CURRENT SERVICES	-	3,461	62,072	-
OTHER REVENUES	-	2,324	439	-
TOTAL REVENUES	2,491	16,897	110,414	-
EXPENDITURES:				
CURRENT:				
PUBLIC PROTECTION	2,473	11,039	115,845	-
HEALTH AND SANITATION	-	-	-	3
DEBT SERVICE:				
PRINCIPAL	-	-	418	-
INTEREST AND FISCAL CHARGES	-	-	34	-
CAPITAL OUTLAY	1,003	1,752	2,230	-
TOTAL EXPENDITURES	3,476	12,791	118,527	3
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(985)	4,106	(8,113)	(3)
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(2,085)	(200)	(7,951)	-
TRANSFERS IN	219	27	9,911	-
INCEPTION OF CAPITAL LEASE OBLIGATIONS	-	-	1,290	-
SALE OF CAPITAL ASSETS	-	-	65	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,866)	(173)	3,315	-
NET CHANGE IN FUND BALANCES	(2,851)	3,933	(4,798)	(3)
FUND BALANCES, JULY 1, 2010	7,989	22,772	44,409	3
FUND BALANCES, JUNE 30, 2011	\$ 5,138	\$ 26,705	\$ 39,611	\$ -

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2011 (IN THOUSANDS)

	FLOOD CONTROL DISTRICT	COUNTY SERVICE AREAS	PARK AND RECREATION DISTRICTS	COUNTY FREE LIBRARY
REVENUES:				
TAXES	\$ 37,102	\$ 3,357	\$ 2,021	\$ 12,492
LICENSES, PERMITS AND FRANCHISES	38	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	1,217	241	61	-
AID FROM OTHER GOVERNMENTAL AGENCIES	16,798	356	70	1,290
CHARGES FOR CURRENT SERVICES	102	4,950	1,228	1,075
OTHER REVENUES	906	189	42	440
TOTAL REVENUES	56,163	9,093	3,422	15,297
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	3,238	-	-
PUBLIC PROTECTION	48,842	676	-	-
PUBLIC WAYS AND FACILITIES	-	4,018	-	-
HEALTH AND SANITATION	-	72	-	-
EDUCATION	-	-	-	14,930
RECREATION AND CULTURAL SERVICES	-	1,141	3,011	-
DEBT SERVICE:				
PRINCIPAL	3,903	67	-	54
INTEREST AND FISCAL CHARGES	3,911	39	-	60
CAPITAL OUTLAY	94	399	9	48
TOTAL EXPENDITURES	56,750	9,650	3,020	15,092
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(587)	(557)	402	205
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(828)	(1,198)	(752)	(353)
TRANSFERS IN	924	385	677	776
SALE OF CAPITAL ASSETS	2,930	49	10	-
TOTAL OTHER FINANCING SOURCES (USES)	3,026	(764)	(65)	423
NET CHANGE IN FUND BALANCES	2,439	(1,321)	337	628
FUND BALANCES, JULY 1, 2010	58,110	16,502	1,240	475
FUND BALANCES, JUNE 30, 2011	\$ 60,549	\$ 15,181	\$ 1,577	\$ 1,103

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2011 (IN THOUSANDS)

	<u>REDEVELOPMENT AGENCY</u>	<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>	<u>JOINT POWER AUTHORITIES</u>	<u>OTHER SPECIAL REVENUE</u>
REVENUES:				
TAXES	\$ 14,724	\$ -	\$ -	\$ 32
LICENSES, PERMITS AND FRANCHISES	-	-	-	255
FINES, FORFEITURES AND PENALTIES	-	1	-	2,424
REVENUES FROM USE OF MONEY AND PROPERTY	313	393	90	2,805
AID FROM OTHER GOVERNMENTAL AGENCIES	1,333	19,276	-	29,378
CHARGES FOR CURRENT SERVICES	-	14	-	8,446
OTHER REVENUES	225	4,637	1	25,284
TOTAL REVENUES	<u>16,595</u>	<u>24,321</u>	<u>91</u>	<u>68,624</u>
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	6,420	-	109	10
PUBLIC PROTECTION	-	-	-	11,912
PUBLIC WAYS AND FACILITIES	-	-	-	297
HEALTH AND SANITATION	-	-	-	21,840
PUBLIC ASSISTANCE	-	20,567	-	2,152
RECREATION AND CULTURAL SERVICES	-	-	-	3,346
DEBT SERVICE:				
PRINCIPAL	-	-	310	-
INTEREST AND FISCAL CHARGES	292	-	969	-
CAPITAL OUTLAY	2,382	-	-	549
TOTAL EXPENDITURES	<u>9,094</u>	<u>20,567</u>	<u>1,388</u>	<u>40,106</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,501</u>	<u>3,754</u>	<u>(1,297)</u>	<u>28,518</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(4,603)	(3,372)	(900)	(17,950)
TRANSFERS IN	732	1	2,633	1,174
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,871)</u>	<u>(3,371)</u>	<u>1,733</u>	<u>(16,776)</u>
NET CHANGE IN FUND BALANCES	3,630	383	436	11,742
FUND BALANCES, JULY 1, 2010	<u>35,959</u>	<u>19,224</u>	<u>4,329</u>	<u>42,875</u>
FUND BALANCES, JUNE 30, 2011	<u>\$ 39,589</u>	<u>\$ 19,607</u>	<u>\$ 4,765</u>	<u>\$ 54,617</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 JUNE 30, 2011 (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	\$ 52,879	\$ 13,570	\$ 32,691	\$ 6,618
INVESTMENTS	2,178	-	2,178	-
TOTAL ASSETS	<u>\$ 55,057</u>	<u>\$ 13,570</u>	<u>\$ 34,869</u>	<u>\$ 6,618</u>
FUND BALANCES:				
RESTRICTED	<u>\$ 55,057</u>	<u>\$ 13,570</u>	<u>\$ 34,869</u>	<u>\$ 6,618</u>
TOTAL FUND BALANCES	<u>\$ 55,057</u>	<u>\$ 13,570</u>	<u>\$ 34,869</u>	<u>\$ 6,618</u>

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2011 (IN THOUSANDS)

	<u>TOTAL</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>PENSION OBLIGATION BONDS</u>	<u>REDEVELOPMENT AGENCY BONDS</u>
REVENUES				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 100	\$ 1	\$ 95	\$ 4
OTHER REVENUES	2,009	9	2,000	-
TOTAL REVENUES	<u>2,109</u>	<u>10</u>	<u>2,095</u>	<u>4</u>
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT	3	-	3	-
DEBT SERVICE:				
PRINCIPAL	99,895	52,215	46,595	1,085
INTEREST AND FISCAL CHARGES	31,877	4,878	23,628	3,371
TOTAL EXPENDITURES	<u>131,775</u>	<u>57,093</u>	<u>70,226</u>	<u>4,456</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(129,666)</u>	<u>(57,083)</u>	<u>(68,131)</u>	<u>(4,452)</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(4)	(4)	-	-
TRANSFERS IN	125,765	51,983	66,622	7,160
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>125,761</u>	<u>51,979</u>	<u>66,622</u>	<u>7,160</u>
NET CHANGE IN FUND BALANCES	<u>(3,905)</u>	<u>(5,104)</u>	<u>(1,509)</u>	<u>2,708</u>
FUND BALANCES, JULY 1, 2010	<u>58,962</u>	<u>18,674</u>	<u>36,378</u>	<u>3,910</u>
FUND BALANCES, JUNE 30, 2011	<u>\$ 55,057</u>	<u>\$ 13,570</u>	<u>\$ 34,869</u>	<u>\$ 6,618</u>

**COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2011 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>REDEVELOPMENT AGENCY</u>	<u>COUNTY SERVICE AREAS</u>
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 66,611	\$ 45,057	\$ 6,458
DUE FROM OTHER FUNDS	145	-	110
LAND HELD FOR RESALE	10,060	10,060	-
TOTAL ASSETS	<u>\$ 76,816</u>	<u>\$ 55,117</u>	<u>\$ 6,568</u>
LIABILITIES AND FUND BALANCES			
ACCOUNTS PAYABLE	\$ 250	\$ -	\$ 125
DUE TO OTHER FUNDS	421	384	13
INTERFUND PAYABLE	45	-	45
TOTAL LIABILITIES	<u>716</u>	<u>384</u>	<u>183</u>
FUND BALANCES:			
RESTRICTED	<u>76,100</u>	<u>54,733</u>	<u>6,385</u>
TOTAL FUND BALANCES	<u>76,100</u>	<u>54,733</u>	<u>6,385</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 76,816</u>	<u>\$ 55,117</u>	<u>\$ 6,568</u>

**COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS (CONTINUED)
 JUNE 30, 2011 (IN THOUSANDS)**

	FIRE PROTECTION DISTRICTS	PARK AND RECREATION DISTRICTS
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 7,320	\$ 7,776
DUE FROM OTHER FUNDS	-	35
LAND HELD FOR RESALE	-	-
TOTAL ASSETS	<u>\$ 7,320</u>	<u>\$ 7,811</u>
LIABILITIES AND FUND BALANCES		
ACCOUNTS PAYABLE	\$ 5	\$ 120
DUE TO OTHER FUNDS	15	9
TOTAL LIABILITIES	<u>20</u>	<u>129</u>
FUND BALANCES:		
RESTRICTED	7,300	7,682
TOTAL FUND BALANCES	<u>7,300</u>	<u>7,682</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,320</u>	<u>\$ 7,811</u>

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2011 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>REDEVELOPMENT AGENCY</u>	<u>COUNTY SERVICE AREAS</u>
REVENUES			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 544	\$ 341	\$ 59
AID FROM OTHER GOVERNMENTAL AGENCIES	3	-	-
OTHER REVENUES	416	-	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	963	341	59
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
CURRENT:			
GENERAL GOVERNMENT	1,015	1,015	-
RECREATION AND CULTURAL SERVICES	482	-	-
DEBT SERVICE:			
INTEREST AND FISCAL CHARGES	1	-	1
BOND ISSUANCE COSTS	525	525	-
CAPITAL OUTLAY	2,913	1,236	1,005
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	4,936	2,776	1,006
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,973)	(2,435)	(947)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(13,513)	(12,157)	(568)
TRANSFERS IN	2,194	-	929
LONG TERM DEBT ISSUED	36,300	36,300	-
DISCOUNT ON DEBT	(1,141)	(1,141)	-
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES AND (USES)	23,840	23,002	361
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	19,867	20,567	(586)
	<hr/>	<hr/>	<hr/>
FUND BALANCES, JULY 1, 2010	56,233	34,166	6,971
	<hr/>	<hr/>	<hr/>
FUND BALANCES, JUNE 30, 2011	<u>\$ 76,100</u>	<u>\$ 54,733</u>	<u>\$ 6,385</u>

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2011 (IN THOUSANDS)

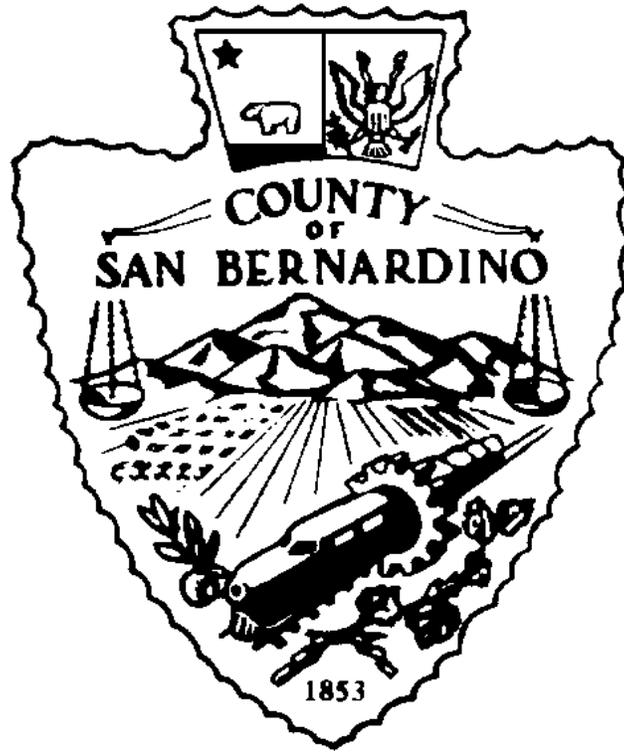
	FIRE PROTECTION DISTRICTS	PARK AND RECREATION DISTRICTS
REVENUES		
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 70	\$ 74
AID FROM OTHER GOVERNMENTAL AGENCIES	3	-
OTHER REVENUES	103	313
TOTAL REVENUES	176	387
EXPENDITURES		
CURRENT:		
RECREATION AND CULTURAL SERVICES	-	482
CAPITAL OUTLAY	135	537
TOTAL EXPENDITURES	135	1,019
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	41	(632)
OTHER FINANCING SOURCES (USES):		
TRANSFERS OUT	(111)	(677)
TRANSFERS IN	552	713
TOTAL OTHER FINANCING SOURCES AND (USES)	441	36
NET CHANGE IN FUND BALANCES	482	(596)
FUND BALANCES, JULY 1, 2010	6,818	8,278
FUND BALANCES, JUNE 30, 2011	<u>\$ 7,300</u>	<u>\$ 7,682</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 PERMANENT FUNDS
 JUNE 30, 2011 (IN THOUSANDS)

	<u>TOTAL</u>	<u>LUCERNE VALLEY CEMETERY ENDOWMENT</u>	<u>ETIWANDA CSA 70 OS-1 ENDOWMENT CARE FUND</u>	<u>BARSTOW CEMETERY ENDOWMENT CARE FUND</u>
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 1,693	\$ 92	\$ 1,601	\$ -
TOTAL ASSETS	<u>\$ 1,693</u>	<u>\$ 92</u>	<u>\$ 1,601</u>	<u>\$ -</u>
FUND BALANCES				
NONSPENDABLE	\$ 1,693	\$ 92	\$ 1,601	\$ -
TOTAL FUND BALANCES	<u>\$ 1,693</u>	<u>\$ 92</u>	<u>\$ 1,601</u>	<u>\$ -</u>

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 PERMANENT FUNDS
 YEAR ENDED JUNE 30, 2011 (IN THOUSANDS)

	<u>TOTAL</u>	<u>LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND</u>	<u>ETIWANDA CSA 70 OS-1 ENDOWMENT CARE FUND</u>	<u>BARSTOW CEMETERY ENDOWMENT CARE FUND</u>
REVENUES				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 15	\$ 1	\$ 14	\$ -
TOTAL REVENUES	<u>15</u>	<u>1</u>	<u>14</u>	<u>-</u>
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT	<u>505</u>	<u>-</u>	<u>-</u>	<u>505</u>
TOTAL EXPENDITURES	<u>505</u>	<u>-</u>	<u>-</u>	<u>505</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(490)</u>	<u>1</u>	<u>14</u>	<u>(505)</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	<u>(18)</u>	<u>-</u>	<u>(18)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(18)</u>	<u>-</u>	<u>(18)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(508)</u>	<u>1</u>	<u>(4)</u>	<u>(505)</u>
FUND BALANCES JULY 1, 2010	<u>2,201</u>	<u>91</u>	<u>1,605</u>	<u>505</u>
FUND BALANCES, JUNE 30, 2011	<u>\$ 1,693</u>	<u>\$ 92</u>	<u>\$ 1,601</u>	<u>\$ -</u>





YOUR COUNTY... YOUR FUTURE

COMBINING FINANCIAL STATEMENTS NONMAJOR ENTERPRISE FUNDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

- County of San Bernardino -

NONMAJOR ENTERPRISE FUNDS DESCRIPTIONS

COUNTY SERVICE AREAS

The County Service Areas Enterprise Funds account for water, sewer, and sanitation 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, 2011 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>COUNTY SERVICE AREAS</u>	<u>FIRE PROTECTION DISTRICTS</u>	<u>OTHER ENTERPRISE</u>
ASSETS				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 31,337	\$ 30,944	\$ 332	\$ 61
ACCOUNTS RECEIVABLE, NET	3,285	2,057	1,228	-
TAXES RECEIVABLE	103	103	-	-
OTHER RECEIVABLES	784	784	-	-
DUE FROM OTHER FUNDS	976	555	403	18
DUE FROM OTHER GOVERNMENTS	8	8	-	-
INVENTORIES	53	-	-	53
TOTAL CURRENT ASSETS	<u>36,546</u>	<u>34,451</u>	<u>1,963</u>	<u>132</u>
NONCURRENT ASSETS:				
NOTES RECEIVABLE	162	162	-	-
CAPITAL ASSETS NOT BEING DEPRECIATED OR AMORTIZED				
LAND	3,425	3,425	-	-
LAND USE RIGHTS	258	258	-	-
DEVELOPMENT IN PROGRESS	10,363	10,363	-	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
LAND USE RIGHTS	1,004	1,004	-	-
STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE	68,055	68,055	-	-
EQUIPMENT AND SOFTWARE	1,400	1,400	-	-
ACCUMULATED DEPRECIATION AND AMORTIZATION	(30,628)	(30,628)	-	-
TOTAL NONCURRENT ASSETS	<u>54,039</u>	<u>54,039</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>90,585</u>	<u>88,490</u>	<u>1,963</u>	<u>132</u>
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	813	813	-	-
DUE TO OTHER FUNDS	163	163	-	-
DUE TO OTHER GOVERNMENTS	177	177	-	-
INTEREST PAYABLE	423	423	-	-
BONDS AND NOTES PAYABLE	258	258	-	-
TOTAL CURRENT LIABILITIES	<u>1,834</u>	<u>1,834</u>	<u>-</u>	<u>-</u>
NONCURRENT LIABILITIES:				
INTERFUND PAYABLE	831	831	-	-
BONDS AND NOTES PAYABLE	2,853	2,853	-	-
TOTAL NONCURRENT LIABILITIES	<u>3,684</u>	<u>3,684</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>5,518</u>	<u>5,518</u>	<u>-</u>	<u>-</u>
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	50,766	50,766	-	-
UNRESTRICTED	34,301	32,206	1,963	132
TOTAL NET ASSETS	<u>\$ 85,067</u>	<u>\$ 82,972</u>	<u>\$ 1,963</u>	<u>\$ 132</u>

COUNTY OF SAN BERNARDINO
COMBINING - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2011 (IN THOUSANDS)

	<u>TOTAL</u>	<u>COUNTY SERVICE AREAS</u>	<u>FIRE PROTECTION DISTRICTS</u>	<u>OTHER ENTERPRISE</u>
OPERATING REVENUES:				
CHARGES FOR CURRENT SERVICES	\$ 14,416	\$ 10,694	\$ 3,516	\$ 206
OTHER OPERATING REVENUES	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING REVENUES	<u>14,418</u>	<u>10,696</u>	<u>3,516</u>	<u>206</u>
OPERATING EXPENSES:				
PROFESSIONAL SERVICES	2,398	2,128	269	1
SALARIES AND EMPLOYEES BENEFITS	5,586	5,490	-	96
SERVICES AND SUPPLIES	3,626	3,260	277	89
DEPRECIATION AND AMORTIZATION	2,330	2,330	-	-
OTHER	<u>864</u>	<u>864</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>14,804</u>	<u>14,072</u>	<u>546</u>	<u>186</u>
OPERATING INCOME (LOSS)	<u>(386)</u>	<u>(3,376)</u>	<u>2,970</u>	<u>20</u>
NONOPERATING REVENUES (EXPENSES):				
INTEREST REVENUES	326	322	4	-
INTEREST EXPENSE	(244)	(244)	-	-
TAX REVENUE	2,360	2,360	-	-
GRANT REVENUE	53	53	-	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	2	2	-	-
OTHER NONOPERATING REVENUES	<u>2,164</u>	<u>2,164</u>	<u>-</u>	<u>-</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>4,661</u>	<u>4,657</u>	<u>4</u>	<u>-</u>
CHANGE IN NET ASSETS BEFORE TRANSFERS	4,275	1,281	2,974	20
TRANSFERS OUT	(2,206)	(69)	(2,137)	-
TRANSFERS IN	451	33	418	-
CHANGE IN NET ASSETS	<u>2,520</u>	<u>1,245</u>	<u>1,255</u>	<u>20</u>
TOTAL NET ASSETS, JULY 1, 2010, AS RESTATED	<u>82,547</u>	<u>81,727</u>	<u>708</u>	<u>112</u>
TOTAL NET ASSETS, JUNE 30, 2011	<u>\$ 85,067</u>	<u>\$ 82,972</u>	<u>\$ 1,963</u>	<u>\$ 132</u>

COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2011 (IN THOUSANDS)

	TOTAL	COUNTY SERVICE AREAS	FIRE PROTECTION DISTRICTS- AMBULANCE	OTHER ENTERPRISE
CASH FLOWS FROM OPERATING ACTIVITIES:				
CASH RECEIVED FROM SERVICES	\$ 15,362	\$ 12,246	\$ 2,928	\$ 188
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(7,448)	(6,236)	(1,116)	(96)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(5,587)	(5,490)	-	(97)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2,327</u>	<u>520</u>	<u>1,812</u>	<u>(5)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
TAXES RECEIVED	2,425	2,425	-	-
GRANTS RECEIVED	53	53	-	-
TRANSFERS RECEIVED	451	33	418	-
TRANSFERS PAID	(2,567)	(430)	(2,137)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>362</u>	<u>2,081</u>	<u>(1,719)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(3,890)	(3,890)	-	-
PRINCIPAL PAID ON BONDS AND NOTES	(201)	(201)	-	-
INTEREST PAID ON BONDS AND NOTES	(212)	(212)	-	-
PROCEEDS FROM SALE OF CAPITAL ASSETS	2	2	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(4,301)</u>	<u>(4,301)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
INTEREST ON INVESTMENTS	326	322	4	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>326</u>	<u>322</u>	<u>4</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,286)	(1,378)	97	(5)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>32,623</u>	<u>32,322</u>	<u>235</u>	<u>66</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 31,337</u>	<u>\$ 30,944</u>	<u>\$ 332</u>	<u>\$ 61</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
OPERATING INCOME (LOSS)	\$ (386)	\$ (3,376)	\$ 2,970	\$ 20
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION AND AMORTIZATION	2,330	2,330	-	-
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	2,164	2,164	-	-
CHANGES IN ASSETS AND LIABILITIES:				
ACCOUNTS RECEIVABLE	(1,212)	(606)	(588)	(18)
DUE FROM OTHER GOVERNMENTS	(8)	(8)	-	-
INVENTORIES	(6)	-	-	(6)
ACCOUNTS PAYABLE AND OTHER LIABILITIES	(554)	16	(570)	-
SALARIES AND BENEFITS PAYABLE	(1)	-	-	(1)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,327</u>	<u>\$ 520</u>	<u>\$ 1,812</u>	<u>\$ (5)</u>
BREAKDOWN OF CASH AND CASH EQUIVALENTS				
CASH AND CASH EQUIVALENTS	<u>\$ 31,337</u>	<u>\$ 30,944</u>	<u>\$ 332</u>	<u>\$ 61</u>



YOUR COUNTY... YOUR FUTURE

COMBINING FINANCIAL STATEMENTS INTERNAL SERVICE FUNDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

- County of San Bernardino -

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.

TELECOMMUNICATION 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, 2011 (IN THOUSANDS)**

	TOTAL	GENERAL SERVICE GROUP	TELECOMMUNICATION SERVICES	COMPUTER OPERATIONS
ASSETS				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 326,719	\$ 3,012	\$ 15,966	\$ 15,488
ACCOUNTS RECEIVABLE - NET	875	10	693	-
DUE FROM OTHER FUNDS	1,919	479	745	161
DUE FROM OTHER GOVERNMENTS	1,769	244	1,026	221
INVENTORIES	2,618	341	888	-
PREPAID ITEMS	6,648	437	-	280
TOTAL CURRENT ASSETS	<u>340,548</u>	<u>4,523</u>	<u>19,318</u>	<u>16,150</u>
NONCURRENT ASSETS:				
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:				
LAND	396	-	-	-
DEVELOPMENT IN PROGRESS	10,222	6	8,359	1,606
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
STRUCTURES AND IMPROVEMENTS	9,062	19	2,631	522
EQUIPMENT AND SOFTWARE	85,023	1,283	29,795	12,038
ACCUMULATED DEPRECIATION AND AMORTIZATION	(65,272)	(1,137)	(22,289)	(8,352)
TOTAL NONCURRENT ASSETS	<u>39,431</u>	<u>171</u>	<u>18,496</u>	<u>5,814</u>
TOTAL ASSETS	<u>379,979</u>	<u>4,694</u>	<u>37,814</u>	<u>21,964</u>
LIABILITIES				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE	5,608	241	1,800	1,262
SALARIES AND BENEFITS PAYABLE	1,286	88	324	446
DUE TO OTHER FUNDS	2,048	8	13	425
DUE TO OTHER GOVERNMENTS	42	-	-	-
UNEARNED REVENUE	277	135	26	-
COMPENSATED ABSENCES PAYABLE	2,886	180	891	1,047
TERMINATION BENEFITS PAYABLE	62	7	24	13
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	39,715	-	-	-
TOTAL CURRENT LIABILITIES	<u>51,924</u>	<u>659</u>	<u>3,078</u>	<u>3,193</u>
NONCURRENT LIABILITIES:				
INTERFUND PAYABLE	2,000	-	2,000	-
COMPENSATED ABSENCES PAYABLE	2,296	109	402	706
TERMINATION BENEFITS PAYABLE	124	14	48	25
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	111,236	-	-	-
TOTAL NONCURRENT LIABILITIES	<u>115,656</u>	<u>123</u>	<u>2,450</u>	<u>731</u>
TOTAL LIABILITIES	<u>167,580</u>	<u>782</u>	<u>5,528</u>	<u>3,924</u>
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	39,431	171	18,496	5,814
UNRESTRICTED	172,968	3,741	13,790	12,226
TOTAL NET ASSETS	<u>\$ 212,399</u>	<u>\$ 3,912</u>	<u>\$ 32,286</u>	<u>\$ 18,040</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS (CONTINUED)
JUNE 30, 2011 (IN THOUSANDS)**

	<u>VEHICLE SERVICES</u>	<u>RISK MANAGEMENT</u>	<u>FLOOD CONTROL EQUIPMENT</u>
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 13,776	\$ 273,418	\$ 5,059
ACCOUNTS RECEIVABLE - NET	172	-	-
DUE FROM OTHER FUNDS	200	231	103
DUE FROM OTHER GOVERNMENTS	278	-	-
INVENTORIES	1,389	-	-
PREPAID ITEMS	-	5,931	-
TOTAL CURRENT ASSETS	<u>15,815</u>	<u>279,580</u>	<u>5,162</u>
NONCURRENT ASSETS:			
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:			
LAND	396	-	-
DEVELOPMENT IN PROGRESS	251	-	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
STRUCTURES AND IMPROVEMENTS	5,890	-	-
EQUIPMENT AND SOFTWARE	26,780	637	14,490
ACCUMULATED DEPRECIATION AND AMORTIZATION	(23,089)	(221)	(10,184)
TOTAL NONCURRENT ASSETS	<u>10,228</u>	<u>416</u>	<u>4,306</u>
TOTAL ASSETS	<u>26,043</u>	<u>279,996</u>	<u>9,468</u>
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	1,697	608	-
SALARIES AND BENEFITS PAYABLE	245	183	-
DUE TO OTHER FUNDS	279	1,323	-
DUE TO OTHER GOVERNMENTS	42	-	-
UNEARNED REVENUE	-	116	-
COMPENSATED ABSENCES PAYABLE	426	342	-
TERMINATION BENEFITS PAYABLE	7	11	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	39,715	-
TOTAL CURRENT LIABILITIES	<u>2,696</u>	<u>42,298</u>	<u>-</u>
NONCURRENT LIABILITIES:			
COMPENSATED ABSENCES PAYABLE	775	304	-
TERMINATION BENEFITS PAYABLE	14	23	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	111,236	-
TOTAL NONCURRENT LIABILITIES	<u>789</u>	<u>111,563</u>	<u>-</u>
TOTAL LIABILITIES	<u>3,485</u>	<u>153,861</u>	<u>-</u>
NET ASSETS			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	10,228	416	4,306
UNRESTRICTED	12,330	125,719	5,162
TOTAL NET ASSETS	<u>\$ 22,558</u>	<u>\$ 126,135</u>	<u>\$ 9,468</u>

COUNTY OF SAN BERNARDINO
COMBINING - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2011 (IN THOUSANDS)

	<u>TOTAL</u>	<u>GENERAL SERVICES GROUP</u>	<u>TELECOMMUNICATION SERVICES</u>	<u>COMPUTER OPERATIONS</u>
OPERATING REVENUES:				
CHARGES FOR CURRENT SERVICES	\$ 139,522	\$ 11,092	\$ 24,494	\$ 21,364
TOTAL OPERATING REVENUES	<u>139,522</u>	<u>11,092</u>	<u>24,494</u>	<u>21,364</u>
OPERATING EXPENSES:				
PROFESSIONAL SERVICES	16,467	908	1,186	2,415
SALARIES AND EMPLOYEES BENEFITS	33,494	2,838	9,101	10,073
SELF-INSURED CLAIMS	40,832	-	-	-
SERVICES AND SUPPLIES	47,494	6,951	9,692	4,468
DEPRECIATION AND AMORTIZATION	8,716	24	2,315	1,695
OTHER	567	-	-	-
TOTAL OPERATING EXPENSES	<u>147,570</u>	<u>10,721</u>	<u>22,294</u>	<u>18,651</u>
OPERATING INCOME (LOSS)	<u>(8,048)</u>	<u>371</u>	<u>2,200</u>	<u>2,713</u>
NONOPERATING REVENUES (EXPENSES):				
INTEREST REVENUES	3,052	-	-	-
INTEREST EXPENSE	(2,688)	-	-	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	192	-	24	(36)
OTHER NONOPERATING REVENUES	2,453	-	52	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>3,009</u>	<u>-</u>	<u>76</u>	<u>(36)</u>
CHANGE IN NET ASSETS BEFORE TRANSFERS	(5,039)	371	2,276	2,677
TRANSFERS OUT	(1,977)	(102)	(397)	(680)
TRANSFERS IN	2,033	-	2,032	-
CHANGE IN NET ASSETS	(4,983)	269	3,911	1,997
TOTAL NET ASSETS, JULY 1, 2010	<u>217,382</u>	<u>3,643</u>	<u>28,375</u>	<u>16,043</u>
TOTAL NET ASSETS, JUNE 30, 2011	<u>\$ 212,399</u>	<u>\$ 3,912</u>	<u>\$ 32,286</u>	<u>\$ 18,040</u>

COUNTY OF SAN BERNARDINO
COMBINING - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2011 (IN THOUSANDS)

	<u>VEHICLE SERVICES</u>	<u>RISK MANAGEMENT</u>	<u>FLOOD CONTROL EQUIPMENT</u>
OPERATING REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 20,956	\$ 58,611	\$ 3,005
TOTAL OPERATING REVENUES	<u>20,956</u>	<u>58,611</u>	<u>3,005</u>
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	1,371	10,587	-
SALARIES AND EMPLOYEES BENEFITS	6,311	5,135	36
SELF-INSURED CLAIMS	-	40,832	-
SERVICES AND SUPPLIES	12,619	11,955	1,809
DEPRECIATION AND AMORTIZATION	3,545	63	1,074
OTHER	-	567	-
TOTAL OPERATING EXPENSES	<u>23,846</u>	<u>69,139</u>	<u>2,919</u>
OPERATING INCOME (LOSS)	<u>(2,890)</u>	<u>(10,528)</u>	<u>86</u>
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUES	131	2,882	39
INTEREST EXPENSE	-	(2,688)	-
TAX REVENUE	-	-	-
GRANT REVENUE	-	-	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	217	-	(13)
OTHER NONOPERATING REVENUES	<u>2,171</u>	<u>230</u>	<u>-</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>2,519</u>	<u>424</u>	<u>26</u>
CHANGE IN NET ASSETS BEFORE TRANSFERS	(371)	(10,104)	112
TRANSFERS OUT	(257)	(541)	-
TRANSFERS IN	<u>1</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	(627)	(10,645)	112
TOTAL NET ASSETS, JULY 1, 2010	<u>23,185</u>	<u>136,780</u>	<u>9,356</u>
TOTAL NET ASSETS, JUNE 30, 2011	<u>\$ 22,558</u>	<u>\$ 126,135</u>	<u>\$ 9,468</u>

COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2011 (IN THOUSANDS)

	TOTAL	GENERAL SERVICES GROUP	TELE-COMMUNICATION SERVICES	COMPUTER OPERATIONS	VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
CASH FLOWS FROM OPERATING ACTIVITIES:							
CASH RECEIVED FROM SERVICES	\$ 139,674	\$ 10,009	\$ 23,674	\$ 21,176	\$ 23,089	\$ 58,621	\$ 3,105
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(98,902)	(7,859)	(11,152)	(6,951)	(12,909)	(58,220)	(1,811)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(33,321)	(2,861)	(9,080)	(10,029)	(6,278)	(5,037)	(36)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	7,451	(711)	3,442	4,196	3,902	(4,636)	1,258
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
TRANSFERS RECEIVED	2,033	-	2,032	-	1	-	-
TRANSFERS PAID	(1,977)	(102)	(397)	(680)	(257)	(541)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	56	(102)	1,635	(680)	(256)	(541)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(8,759)	(84)	(3,542)	(2,807)	(2,290)	(36)	-
PRINCIPAL PAID ON LICENSING AGREEMENT OBLIGATIONS	(290)	-	-	(290)	-	-	-
PROCEEDS FROM SALE OF CAPITAL ASSETS	296	-	12	-	279	-	5
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(8,753)	(84)	(3,530)	(3,097)	(2,011)	(36)	5
CASH FLOWS FROM INVESTING ACTIVITIES:							
INTEREST ON INVESTMENTS	364	-	-	-	131	194	39
NET CASH PROVIDED BY INVESTING ACTIVITIES	364	-	-	-	131	194	39
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(882)	(897)	1,547	419	1,766	(5,019)	1,302
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	327,601	3,909	14,419	15,069	12,010	278,437	3,757
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 326,719	\$ 3,012	\$ 15,966	\$ 15,488	\$ 13,776	\$ 273,418	\$ 5,059
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
OPERATING INCOME (LOSS)	\$ (8,048)	\$ 371	\$ 2,200	\$ 2,713	\$ (2,890)	\$ (10,528)	\$ 86
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
DEPRECIATION AND AMORTIZATION	8,716	24	2,315	1,695	3,545	63	1,074
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	2,453	-	52	-	2,171	230	-
AMORTIZATION RELATED TO DEBT	-	-	-	-	-	-	-
CHANGES IN ASSETS AND LIABILITIES:							
ACCOUNTS RECEIVABLE	(96)	(10)	12	-	(98)	-	-
DUE FROM OTHER FUNDS	(977)	55	(745)	(63)	-	(225)	1
DUE FROM OTHER GOVERNMENTS	19	64	(79)	(125)	60	-	99
INVENTORIES	(224)	(2)	76	-	(298)	-	-
PREPAID ITEMS	(871)	(32)	-	(280)	-	(559)	-
ACCOUNTS PAYABLE AND OTHER LIABILITIES	729	(1,158)	(410)	212	1,359	728	(2)
SALARIES AND BENEFITS PAYABLE	94	5	28	49	4	8	-
DUE TO OTHER GOVERNMENTS	20	-	-	-	20	-	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURANCE CLAIMS	5,557	-	-	-	-	5,557	-
COMPENSATED ABSENCES PAYABLE	141	(21)	17	8	36	101	-
TERMINATION BENEFITS PAYABLE	(62)	(7)	(24)	(13)	(7)	(11)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 7,451	\$ (711)	\$ 3,442	\$ 4,196	\$ 3,902	\$ (4,636)	\$ 1,258
BREAKDOWN OF CASH AND CASH EQUIVALENTS							
CASH AND CASH EQUIVALENTS	\$ 326,719	\$ 3,012	\$ 15,966	\$ 15,488	\$ 13,776	\$ 273,418	\$ 5,059

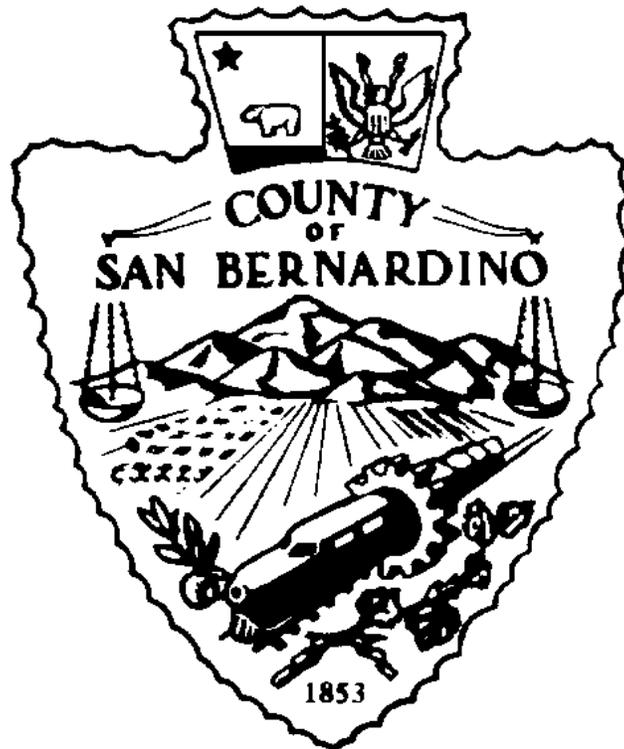


YOUR COUNTY... YOUR FUTURE

COMBINING FINANCIAL STATEMENTS TRUST AND AGENCY FUNDS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

- County of San Bernardino -



TRUST AND AGENCY FUNDS DESCRIPTIONS

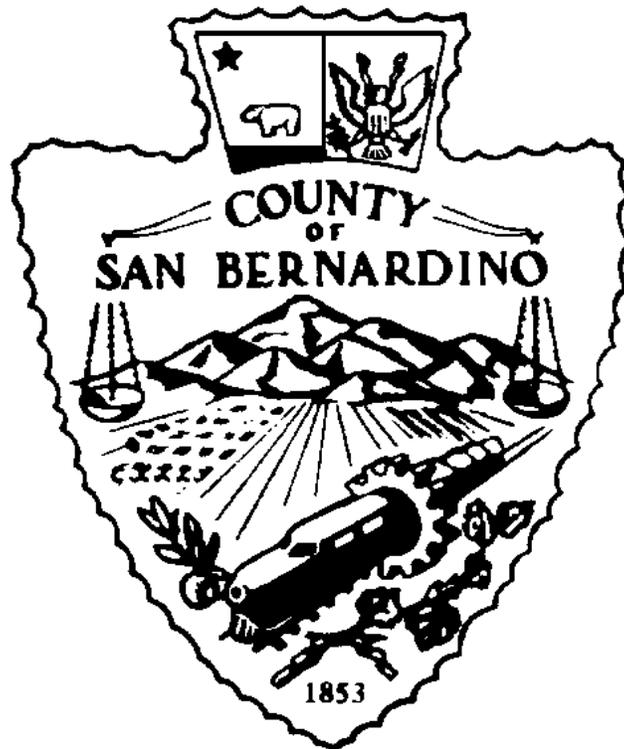
AGENCY FUNDS

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, 2011 (IN THOUSANDS)

<u>TOTAL AGENCY FUNDS</u>	<u>BALANCE JULY 1, 2010 AS RESTATED</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2011</u>
ASSETS:				
CASH AND CASH EQUIVALENTS, AS RESTATED	\$ 271,291	\$ 9,974,736	\$ 9,984,693	\$ 261,334
ACCOUNTS RECEIVABLE	22,571	23,548	22,567	23,552
TAXES RECEIVABLE	145,710	217,372	263,578	99,504
DUE FROM OTHER GOVERNMENTS	33,110	39,155	33,110	39,155
TOTAL ASSETS	<u>\$ 472,682</u>	<u>\$ 10,254,811</u>	<u>\$ 10,303,948</u>	<u>\$ 423,545</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS, AS RESTATED	<u>\$ 472,682</u>	<u>\$ 149,161</u>	<u>\$ 198,298</u>	<u>\$ 423,545</u>
TOTAL LIABILITIES	<u>\$ 472,682</u>	<u>\$ 149,161</u>	<u>\$ 198,298</u>	<u>\$ 423,545</u>
<u>SPECIAL ASSESSMENT FUNDS</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1,269	\$ 245	\$ 128	\$ 1,386
DUE FROM OTHER GOVERNMENTS	-	2	-	2
TOTAL ASSETS	<u>\$ 1,269</u>	<u>\$ 247</u>	<u>\$ 128</u>	<u>\$ 1,388</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	<u>\$ 1,269</u>	<u>\$ 119</u>	<u>\$ -</u>	<u>\$ 1,388</u>
TOTAL LIABILITIES	<u>\$ 1,269</u>	<u>\$ 119</u>	<u>\$ -</u>	<u>\$ 1,388</u>
<u>OTHER AGENCY FUNDS</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS, AS RESTATED	\$ 270,022	\$ 9,974,491	\$ 9,984,565	\$ 259,948
ACCOUNTS RECEIVABLE	22,571	23,548	22,567	23,552
TAXES RECEIVABLE	145,710	217,372	263,578	99,504
DUE FROM OTHER GOVERNMENTS	33,110	39,153	33,110	39,153
TOTAL ASSETS	<u>\$ 471,413</u>	<u>\$ 10,254,564</u>	<u>\$ 10,303,820</u>	<u>\$ 422,157</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS, AS RESTATED	<u>\$ 471,413</u>	<u>\$ 149,042</u>	<u>\$ 198,298</u>	<u>\$ 422,157</u>
TOTAL LIABILITIES	<u>\$ 471,413</u>	<u>\$ 149,042</u>	<u>\$ 198,298</u>	<u>\$ 422,157</u>





YOUR COUNTY... YOUR FUTURE

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 -

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, 2011 (IN THOUSANDS)

	<u>TOTAL</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 104,091	\$ 108,470	\$ 4,379
LICENSES, PERMITS AND FRANCHISES	640	640	-
FINES, FORFEITURES AND PENALTIES	8,153	7,706	(447)
REVENUES FROM USE OF MONEY AND PROPERTY	9,083	8,956	(127)
AID FROM OTHER GOVERNMENTAL AGENCIES	328,971	325,563	(3,408)
CHARGES FOR CURRENT SERVICES	92,117	92,429	312
OTHER REVENUES	39,320	36,081	(3,239)
TOTAL REVENUES	<u>582,375</u>	<u>579,845</u>	<u>(2,530)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	54,816	9,128	45,688
PUBLIC PROTECTION	323,973	194,831	129,142
PUBLIC WAYS AND FACILITIES	162,222	87,091	75,131
HEALTH AND SANITATION	182,109	88,417	93,692
PUBLIC ASSISTANCE	131,832	98,496	33,336
EDUCATION	15,460	14,922	538
RECREATION AND CULTURAL SERVICES	15,694	6,774	8,920
DEBT SERVICE:			
PRINCIPAL	5,854	4,646	1,208
INTEREST AND FISCAL CHARGES	4,718	4,699	19
CAPITAL OUTLAY	21,103	19,695	1,408
TOTAL EXPENDITURES	<u>917,781</u>	<u>528,699</u>	<u>389,082</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(335,406)</u>	<u>51,146</u>	<u>386,552</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(91,193)	(51,689)	39,504
TRANSFERS IN	50,967	24,699	(26,268)
LONG-TERM DEBT ISSUED	130	-	(130)
INCEPTION OF CAPITAL LEASE OBLIGATIONS	1,290	1,290	-
SALE OF CAPITAL ASSETS	3,184	3,132	(52)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(35,622)</u>	<u>(22,568)</u>	<u>13,054</u>
NET CHANGE IN FUND BALANCE	(371,028)	28,578	399,606
FUND BALANCE, JULY 1, 2010	418,733	418,733	-
FUND BALANCE, JUNE 30, 2011	<u>\$ 47,705</u>	<u>\$ 447,311</u>	<u>\$ 399,606</u>

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, 2011 (IN THOUSANDS)

	<u>TRANSPORTATION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
LICENSES, PERMITS AND FRANCHISES	\$ 347	\$ 347	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	456	410	(46)
AID FROM OTHER GOVERNMENTAL AGENCIES	55,661	55,527	(134)
CHARGES FOR CURRENT SERVICES	4,259	4,240	(19)
OTHER REVENUES	66	140	74
TOTAL REVENUES	<u>60,789</u>	<u>60,664</u>	<u>(125)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	105,027	70,267	34,760
DEBT SERVICE:			
PRINCIPAL	1,329	204	1,125
INTEREST AND FISCAL CHARGES	369	363	6
CAPITAL OUTLAY	6,352	6,047	305
TOTAL EXPENDITURES	<u>113,077</u>	<u>76,881</u>	<u>36,196</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(52,288)</u>	<u>(16,217)</u>	<u>36,071</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(1,249)	(1,065)	184
TRANSFERS IN	9,637	9,538	(99)
SALE OF CAPITAL ASSETS	71	71	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>8,459</u>	<u>8,544</u>	<u>85</u>
NET CHANGE IN FUND BALANCE	(43,829)	(7,673)	36,156
FUND BALANCE, JULY 1, 2010	43,749	43,749	-
FUND BALANCE (DEFICIT), JUNE 30, 2011	<u>\$ (80)</u>	<u>\$ 36,076</u>	<u>\$ 36,156</u>

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, 2011 (IN THOUSANDS)

	<u>SPECIAL TRANSPORTATION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 4,659	\$ 4,659	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	275	239	(36)
AID FROM OTHER GOVERNMENTAL AGENCIES	686	686	-
CHARGES FOR CURRENT SERVICES	779	451	(328)
OTHER REVENUES	4	4	-
TOTAL REVENUES	<u>6,403</u>	<u>6,039</u>	<u>(364)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	<u>34,508</u>	<u>10,908</u>	<u>23,600</u>
TOTAL EXPENDITURES	<u>34,508</u>	<u>10,908</u>	<u>23,600</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(28,105)</u>	<u>(4,869)</u>	<u>23,236</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(113)</u>	<u>(113)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(113)</u>	<u>(113)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(28,218)	(4,982)	23,236
FUND BALANCE, JULY 1, 2010	28,159	28,159	-
FUND BALANCE (DEFICIT), JUNE 30, 2011	<u>\$ (59)</u>	<u>\$ 23,177</u>	<u>\$ 23,236</u>

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, 2011 (IN THOUSANDS)

	<u>SPECIAL AVIATION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 869	\$ 880	\$ 11
AID FROM OTHER GOVERNMENTAL AGENCIES	4,201	4,201	-
CHARGES FOR CURRENT SERVICES	5	5	-
OTHER REVENUES	58	44	(14)
TOTAL REVENUES	<u>5,133</u>	<u>5,130</u>	<u>(3)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	6,299	1,601	4,698
CAPITAL OUTLAY	3,536	3,454	82
TOTAL EXPENDITURES	<u>9,835</u>	<u>5,055</u>	<u>4,780</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,702)</u>	<u>75</u>	<u>4,777</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(234)	-	234
TRANSFERS IN	569	335	(234)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>335</u>	<u>335</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(4,367)	410	4,777
FUND BALANCE, JULY 1, 2010	4,390	4,390	-
FUND BALANCE, JUNE 30, 2011	<u>\$ 23</u>	<u>\$ 4,800</u>	<u>\$ 4,777</u>

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, 2011 (IN THOUSANDS)

	<u>MENTAL HEALTH SERVICES ACT</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 1,197	\$ 994	\$ (203)
AID FROM OTHER GOVERNMENTAL AGENCIES	91,916	91,916	-
OTHER REVENUES	<u>335</u>	<u>159</u>	<u>(176)</u>
TOTAL REVENUES	<u>93,448</u>	<u>93,069</u>	<u>(379)</u>
EXPENDITURES:			
CURRENT:			
HEALTH AND SANITATION	144,164	66,388	77,776
CAPITAL OUTLAY	<u>892</u>	<u>892</u>	<u>-</u>
TOTAL EXPENDITURES	<u>145,056</u>	<u>67,280</u>	<u>77,776</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(51,608)</u>	<u>25,789</u>	<u>77,397</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(1,834)</u>	<u>(1,834)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,834)</u>	<u>(1,834)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(53,442)	23,955	77,397
FUND BALANCE, JULY 1, 2010	<u>70,000</u>	<u>70,000</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2011	<u>\$ 16,558</u>	<u>\$ 93,955</u>	<u>\$ 77,397</u>

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, 2011 (IN THOUSANDS)

	<u>PRESCHOOL SERVICES DEPARTMENT</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 8	\$ 9	\$ 1
AID FROM OTHER GOVERNMENTAL AGENCIES	50,688	50,507	(181)
OTHER REVENUES	<u>408</u>	<u>408</u>	<u>-</u>
TOTAL REVENUES	<u>51,104</u>	<u>50,924</u>	<u>(180)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	49,553	49,410	143
CAPITAL OUTLAY	<u>360</u>	<u>307</u>	<u>53</u>
TOTAL EXPENDITURES	<u>49,913</u>	<u>49,717</u>	<u>196</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,191</u>	<u>1,207</u>	<u>16</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(1,315)	(1,315)	-
SALE OF CAPITAL ASSETS	<u>7</u>	<u>7</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,308)</u>	<u>(1,308)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(117)	(101)	16
FUND BALANCE, JULY 1, 2010	<u>129</u>	<u>129</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2011	<u>\$ 12</u>	<u>\$ 28</u>	<u>\$ 16</u>

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, 2011 (IN THOUSANDS)

	<u>AGING AND ADULT SERVICES</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 10	\$ 5	\$ (5)
AID FROM OTHER GOVERNMENTAL AGENCIES	5,861	4,850	(1,011)
OTHER REVENUES	<u>971</u>	<u>762</u>	<u>(209)</u>
TOTAL REVENUES	<u>6,842</u>	<u>5,617</u>	<u>(1,225)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	<u>8,188</u>	<u>5,545</u>	<u>2,643</u>
TOTAL EXPENDITURES	<u>8,188</u>	<u>5,545</u>	<u>2,643</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,346)</u>	<u>72</u>	<u>1,418</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(64)</u>	<u>(64)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(64)</u>	<u>(64)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,410)	8	1,418
FUND BALANCE, JULY 1, 2010	<u>1,419</u>	<u>1,419</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2011	<u>\$ 9</u>	<u>\$ 1,427</u>	<u>\$ 1,418</u>

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, 2011 (IN THOUSANDS)

	<u>JOBS AND EMPLOYMENT SERVICES</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 419	\$ 423	\$ 4
AID FROM OTHER GOVERNMENTAL AGENCIES	23,194	22,731	(463)
OTHER REVENUES	<u>80</u>	<u>78</u>	<u>(2)</u>
TOTAL REVENUES	<u>23,693</u>	<u>23,232</u>	<u>(461)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	<u>23,197</u>	<u>22,427</u>	<u>770</u>
TOTAL EXPENDITURES	<u>23,197</u>	<u>22,427</u>	<u>770</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>496</u>	<u>805</u>	<u>309</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(274)</u>	<u>(274)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(274)</u>	<u>(274)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	222	531	309
FUND BALANCE, JULY 1, 2010	<u>115</u>	<u>115</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2011	<u>\$ 337</u>	<u>\$ 646</u>	<u>\$ 309</u>

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, 2011 (IN THOUSANDS)

	<u>COURTHOUSE TEMPORARY CONSTRUCTION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ 2,560	\$ 2,361	\$ (199)
REVENUES FROM USE OF MONEY AND PROPERTY	90	65	(25)
TOTAL REVENUES	<u>2,650</u>	<u>2,426</u>	<u>(224)</u>
EXPENDITURES:			
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,650</u>	<u>2,426</u>	<u>(224)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(9,427)</u>	<u>(2,244)</u>	<u>7,183</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(9,427)</u>	<u>(2,244)</u>	<u>7,183</u>
NET CHANGE IN FUND BALANCE	(6,777)	182	6,959
FUND BALANCE, JULY 1, 2010	6,730	6,730	-
FUND BALANCE (DEFICIT), JUNE 30, 2011	<u>\$ (47)</u>	<u>\$ 6,912</u>	<u>\$ 6,959</u>

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, 2011 (IN THOUSANDS)

	<u>CRIMINAL JUSTICE TEMPORARY CONSTRUCTION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ 3,160	\$ 2,907	\$ (253)
REVENUES FROM USE OF MONEY AND PROPERTY	120	90	(30)
TOTAL REVENUES	<u>3,280</u>	<u>2,997</u>	<u>(283)</u>
EXPENDITURES:			
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,280</u>	<u>2,997</u>	<u>(283)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(12,615)</u>	<u>(2,244)</u>	<u>10,371</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(12,615)</u>	<u>(2,244)</u>	<u>10,371</u>
NET CHANGE IN FUND BALANCE	(9,335)	753	10,088
FUND BALANCE, JULY 1, 2010	9,278	9,278	-
FUND BALANCE (DEFICIT), JUNE 30, 2011	<u>\$ (57)</u>	<u>\$ 10,031</u>	<u>\$ 10,088</u>

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, 2011 (IN THOUSANDS)

	<u>CENTRAL COURTHOUSE SURCHARGE</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY CHARGES FOR CURRENT SERVICES	\$ 1 <u>2,632</u>	\$ - <u>2,632</u>	\$ (1) <u>-</u>
TOTAL REVENUES	<u>2,633</u>	<u>2,632</u>	<u>(1)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	<u>16</u>	<u>16</u>	<u>-</u>
TOTAL EXPENDITURES	<u>16</u>	<u>16</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,617</u>	<u>2,616</u>	<u>(1)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(2,633)</u>	<u>(2,633)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(2,633)</u>	<u>(2,633)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(16)	(17)	(1)
FUND BALANCE, JULY 1, 2010	<u>17</u>	<u>17</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2011	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (1)</u>

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, 2011 (IN THOUSANDS)

	<u>MICROGRAPHICS FEES</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 30	\$ 45	\$ 15
CHARGES FOR CURRENT SERVICES	3,753	3,753	-
OTHER REVENUES	<u>75</u>	<u>-</u>	<u>(75)</u>
TOTAL REVENUES	<u>3,858</u>	<u>3,798</u>	<u>(60)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	14,504	4,200	10,304
CAPITAL OUTLAY	<u>25</u>	<u>24</u>	<u>1</u>
TOTAL EXPENDITURES	<u>14,529</u>	<u>4,224</u>	<u>10,305</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,671)</u>	<u>(426)</u>	<u>10,245</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(611)</u>	<u>(611)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(611)</u>	<u>(611)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(11,282)	(1,037)	10,245
FUND BALANCE, JULY 1, 2010	<u>12,769</u>	<u>12,769</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2011	<u>\$ 1,487</u>	<u>\$ 11,732</u>	<u>\$ 10,245</u>

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, 2011 (IN THOUSANDS)

	<u>LOCAL LAW ENFORCEMENT BLOCK GRANT</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 72	\$ 54	\$ (18)
AID FROM OTHER GOVERNMENTAL AGENCIES	<u>2,436</u>	<u>2,437</u>	<u>1</u>
TOTAL REVENUES	<u>2,508</u>	<u>2,491</u>	<u>(17)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	7,039	2,468	4,571
CAPITAL OUTLAY	<u>1,533</u>	<u>1,003</u>	<u>530</u>
TOTAL EXPENDITURES	<u>8,572</u>	<u>3,471</u>	<u>5,101</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,064)</u>	<u>(980)</u>	<u>5,084</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(2,107)	(2,085)	22
TRANSFERS IN	<u>220</u>	<u>219</u>	<u>(1)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,887)</u>	<u>(1,866)</u>	<u>21</u>
NET CHANGE IN FUND BALANCE	(7,951)	(2,846)	5,105
FUND BALANCE, JULY 1, 2010	<u>7,984</u>	<u>7,984</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2011	<u>\$ 33</u>	<u>\$ 5,138</u>	<u>\$ 5,105</u>

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, 2011 (IN THOUSANDS)

	<u>SHERIFF'S SPECIAL PROJECTS</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 236	\$ 237	\$ 1
AID FROM OTHER GOVERNMENTAL AGENCIES	10,407	10,875	468
CHARGES FOR CURRENT SERVICES	3,461	3,461	-
OTHER REVENUES	2,812	2,324	(488)
TOTAL REVENUES	<u>16,916</u>	<u>16,897</u>	<u>(19)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	37,430	10,977	26,453
CAPITAL OUTLAY	1,445	1,279	166
TOTAL EXPENDITURES	<u>38,875</u>	<u>12,256</u>	<u>26,619</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(21,959)</u>	<u>4,641</u>	<u>26,600</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(200)	(200)	-
TRANSFERS IN	27	27	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(173)</u>	<u>(173)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(22,132)	4,468	26,600
FUND BALANCE, JULY 1, 2010	22,197	22,197	-
FUND BALANCE, JUNE 30, 2011	<u>\$ 65</u>	<u>\$ 26,665</u>	<u>\$ 26,600</u>

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, 2011 (IN THOUSANDS)

	FIRE PROTECTION DISTRICTS		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 32,963	\$ 34,083	\$ 1,120
FINES, FORFEITURES AND PENALTIES	13	13	-
REVENUES FROM USE OF MONEY AND PROPERTY	391	475	84
AID FROM OTHER GOVERNMENTAL AGENCIES	13,715	13,332	(383)
CHARGES FOR CURRENT SERVICES	61,944	62,072	128
OTHER REVENUES	<u>2,540</u>	<u>439</u>	<u>(2,101)</u>
TOTAL REVENUES	<u>111,566</u>	<u>110,414</u>	<u>(1,152)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	130,890	115,410	15,480
DEBT SERVICE:			
PRINCIPAL	418	418	-
INTEREST AND FISCAL CHARGES	34	34	-
CAPITAL OUTLAY	<u>3,550</u>	<u>3,534</u>	<u>16</u>
TOTAL EXPENDITURES	<u>134,892</u>	<u>119,396</u>	<u>15,496</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(23,326)</u>	<u>(8,982)</u>	<u>14,344</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(18,276)	(7,951)	10,325
TRANSFERS IN	19,999	9,911	(10,088)
INCEPTION OF CAPITAL LEASE OBLIGATIONS	1,290	1,290	-
SALE OF CAPITAL ASSETS	<u>176</u>	<u>65</u>	<u>(111)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>3,189</u>	<u>3,315</u>	<u>126</u>
NET CHANGE IN FUND BALANCE	(20,137)	(5,667)	14,470
FUND BALANCE, JULY 1, 2010	<u>43,879</u>	<u>43,879</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2011	<u>\$ 23,742</u>	<u>\$ 38,212</u>	<u>\$ 14,470</u>

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, 2011 (IN THOUSANDS)

	<u>TOBACCO TAX PROGRAM</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 4	\$ -	\$ (4)
AID FROM OTHER GOVERNMENTAL AGENCIES	<u>23</u>	<u>-</u>	<u>(23)</u>
TOTAL REVENUES	<u>27</u>	<u>-</u>	<u>(27)</u>
EXPENDITURES:			
CURRENT:			
HEALTH AND SANITATION	<u>30</u>	<u>3</u>	<u>27</u>
TOTAL EXPENDITURES	<u>30</u>	<u>3</u>	<u>27</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3)</u>	<u>(3)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(3)	(3)	-
FUND BALANCE, JULY 1, 2010	<u>3</u>	<u>3</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2011 (IN THOUSANDS)

	FLOOD CONTROL DISTRICT		
	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 36,431	\$ 37,102	\$ 671
LICENSES, PERMITS AND FRANCHISES	38	38	-
REVENUES FROM USE OF MONEY AND PROPERTY	1,264	1,217	(47)
AID FROM OTHER GOVERNMENTAL AGENCIES	16,798	16,798	-
CHARGES FOR CURRENT SERVICES	-	102	102
OTHER REVENUES	898	906	8
TOTAL REVENUES	<u>55,429</u>	<u>56,163</u>	<u>734</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	110,419	49,188	61,231
DEBT SERVICE:			
PRINCIPAL	3,903	3,903	-
INTEREST AND FISCAL CHARGES	3,911	3,911	-
CAPITAL OUTLAY	94	94	-
TOTAL EXPENDITURES	<u>118,327</u>	<u>57,096</u>	<u>61,231</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(62,898)</u>	<u>(933)</u>	<u>61,965</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(10,783)	(828)	9,955
TRANSFERS IN	17,835	924	(16,911)
SALE OF CAPITAL ASSETS	2,930	2,930	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>9,982</u>	<u>3,026</u>	<u>(6,956)</u>
NET CHANGE IN FUND BALANCE	(52,916)	2,093	55,009
FUND BALANCE, JULY 1, 2010	55,736	55,736	-
FUND BALANCE, JUNE 30, 2011	<u>\$ 2,820</u>	<u>\$ 57,829</u>	<u>\$ 55,009</u>

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, 2011 (IN THOUSANDS)

	COUNTY SERVICE AREAS		
	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 3,206	\$ 3,357	\$ 151
REVENUES FROM USE OF MONEY AND PROPERTY	236	241	5
AID FROM OTHER GOVERNMENTAL AGENCIES	358	356	(2)
CHARGES FOR CURRENT SERVICES	4,911	4,950	39
OTHER REVENUES	214	189	(25)
TOTAL REVENUES	<u>8,925</u>	<u>9,093</u>	<u>168</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	11,902	2,684	9,218
PUBLIC PROTECTION	1,424	676	748
PUBLIC WAYS AND FACILITIES	6,748	4,018	2,730
HEALTH AND SANITATION	394	72	322
RECREATION AND CULTURAL SERVICES	2,990	1,141	1,849
DEBT SERVICE:			
PRINCIPAL	150	67	83
INTEREST AND FISCAL CHARGES	52	39	13
CAPITAL OUTLAY	204	112	92
TOTAL EXPENDITURES	<u>23,864</u>	<u>8,809</u>	<u>15,055</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(14,939)</u>	<u>284</u>	<u>15,223</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(1,558)	(1,198)	360
TRANSFERS IN	681	385	(296)
LONG-TERM DEBT ISSUED	130	-	(130)
SALE OF CAPITAL ASSETS	-	49	49
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(747)</u>	<u>(764)</u>	<u>(17)</u>
NET CHANGE IN FUND BALANCE	(15,686)	(480)	15,206
FUND BALANCE, JULY 1, 2010	15,392	15,392	-
FUND BALANCE (DEFICIT), JUNE 30, 2011	<u>\$ (294)</u>	<u>\$ 14,912</u>	<u>\$ 15,206</u>

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, 2011 (IN THOUSANDS)

	<u>PARK AND RECREATION DISTRICTS</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 2,039	\$ 2,021	\$ (18)
REVENUES FROM USE OF MONEY AND PROPERTY	96	61	(35)
AID FROM OTHER GOVERNMENTAL AGENCIES	2,551	70	(2,481)
CHARGES FOR CURRENT SERVICES	1,072	1,228	156
OTHER REVENUES	38	42	4
TOTAL REVENUES	<u>5,796</u>	<u>3,422</u>	<u>(2,374)</u>
EXPENDITURES:			
CURRENT:			
RECREATION AND CULTURAL SERVICES	3,923	3,011	912
CAPITAL OUTLAY	9	9	-
TOTAL EXPENDITURES	<u>3,932</u>	<u>3,020</u>	<u>912</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,864</u>	<u>402</u>	<u>(1,462)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(854)	(752)	102
TRANSFERS IN	1,016	677	(339)
SALE OF CAPITAL ASSETS	-	10	10
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>162</u>	<u>(65)</u>	<u>(227)</u>
NET CHANGE IN FUND BALANCE	2,026	337	(1,689)
FUND BALANCE, JULY 1, 2010	1,240	1,240	-
FUND BALANCE, JUNE 30, 2011	<u>\$ 3,266</u>	<u>\$ 1,577</u>	<u>\$ (1,689)</u>

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, 2011 (IN THOUSANDS)

	<u>COUNTY FREE LIBRARY</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 12,262	\$ 12,492	\$ 230
AID FROM OTHER GOVERNMENTAL AGENCIES	1,290	1,290	-
CHARGES FOR CURRENT SERVICES	1,075	1,075	-
OTHER REVENUES	439	440	1
	<u>15,066</u>	<u>15,297</u>	<u>231</u>
TOTAL REVENUES			
EXPENDITURES:			
CURRENT:			
EDUCATION	15,460	14,922	538
DEBT SERVICE:			
PRINCIPAL	54	54	-
INTEREST AND FISCAL CHARGES	60	60	-
CAPITAL OUTLAY	56	48	8
	<u>15,630</u>	<u>15,084</u>	<u>546</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(564)</u>	<u>213</u>	<u>777</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(353)	(353)	-
TRANSFERS IN	762	776	14
	<u>409</u>	<u>423</u>	<u>14</u>
TOTAL OTHER FINANCING SOURCES AND (USES)			
NET CHANGE IN FUND BALANCE	(155)	636	791
FUND BALANCE, JULY 1, 2010	467	467	-
	<u>467</u>	<u>467</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2011	<u>\$ 312</u>	<u>\$ 1,103</u>	<u>\$ 791</u>

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, 2011 (IN THOUSANDS)

	REDEVELOPMENT AGENCY		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 12,496	\$ 14,724	\$ 2,228
REVENUES FROM USE OF MONEY AND PROPERTY	276	313	37
AID FROM OTHER GOVERNMENTAL AGENCIES	1,028	1,333	305
OTHER REVENUES	<u>3</u>	<u>225</u>	<u>222</u>
TOTAL REVENUES	<u>13,803</u>	<u>16,595</u>	<u>2,792</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	42,645	6,420	36,225
DEBT SERVICE:			
INTEREST AND FISCAL CHARGES	292	292	-
CAPITAL OUTLAY	<u>2,382</u>	<u>2,382</u>	<u>-</u>
TOTAL EXPENDITURES	<u>45,319</u>	<u>9,094</u>	<u>36,225</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(31,516)</u>	<u>7,501</u>	<u>39,017</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(4,603)	(4,603)	-
TRANSFERS IN	<u>188</u>	<u>732</u>	<u>544</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(4,415)</u>	<u>(3,871)</u>	<u>544</u>
NET CHANGE IN FUND BALANCE	(35,931)	3,630	39,561
FUND BALANCE, JULY 1, 2010	<u>35,959</u>	<u>35,959</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2011	<u>\$ 28</u>	<u>\$ 39,589</u>	<u>\$ 39,561</u>

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, 2011 (IN THOUSANDS)

	<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 1	\$ -	\$ (1)
FINES, FORFEITURES AND PENALTIES	1	1	-
REVENUES FROM USE OF MONEY AND PROPERTY	312	393	81
AID FROM OTHER GOVERNMENTAL AGENCIES	19,848	19,276	(572)
CHARGES FOR CURRENT SERVICES	14	14	-
OTHER REVENUES	<u>4,750</u>	<u>4,637</u>	<u>(113)</u>
TOTAL REVENUES	<u>24,926</u>	<u>24,321</u>	<u>(605)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	<u>38,649</u>	<u>18,912</u>	<u>19,737</u>
TOTAL EXPENDITURES	<u>38,649</u>	<u>18,912</u>	<u>19,737</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(13,723)</u>	<u>5,409</u>	<u>19,132</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(3,372)	(3,372)	-
TRANSFERS IN	<u>1</u>	<u>1</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(3,371)</u>	<u>(3,371)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(17,094)	2,038	19,132
FUND BALANCE, JULY 1, 2010	<u>17,196</u>	<u>17,196</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2011	<u>\$ 102</u>	<u>\$ 19,234</u>	<u>\$ 19,132</u>

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, 2011 (IN THOUSANDS)

	<u>OTHER SPECIAL REVENUE</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 34	\$ 32	\$ (2)
LICENSES, PERMITS AND FRANCHISES	255	255	-
FINES, FORFEITURES AND PENALTIES	2,419	2,424	5
REVENUES FROM USE OF MONEY AND PROPERTY	2,721	2,805	84
AID FROM OTHER GOVERNMENTAL AGENCIES	28,310	29,378	1,068
CHARGES FOR CURRENT SERVICES	8,212	8,446	234
OTHER REVENUES	<u>25,629</u>	<u>25,284</u>	<u>(345)</u>
TOTAL REVENUES	<u>67,580</u>	<u>68,624</u>	<u>1,044</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	253	8	245
PUBLIC PROTECTION	22,267	11,912	10,355
PUBLIC WAYS AND FACILITIES	9,640	297	9,343
HEALTH AND SANITATION	37,521	21,954	15,567
PUBLIC ASSISTANCE	12,245	2,202	10,043
RECREATION AND CULTURAL SERVICES	8,781	2,622	6,159
CAPITAL OUTLAY	<u>665</u>	<u>510</u>	<u>155</u>
TOTAL EXPENDITURES	<u>91,372</u>	<u>39,505</u>	<u>51,867</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(23,792)</u>	<u>29,119</u>	<u>52,911</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(18,718)	(17,950)	768
TRANSFERS IN	<u>32</u>	<u>1,174</u>	<u>1,142</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(18,686)</u>	<u>(16,776)</u>	<u>1,910</u>
NET CHANGE IN FUND BALANCE	(42,478)	12,343	54,821
FUND BALANCE, JULY 1, 2010	<u>41,925</u>	<u>41,925</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2011	<u>\$ (553)</u>	<u>\$ 54,268</u>	<u>\$ 54,821</u>

COUNTY OF SAN BERNARDINO
 REDEVELOPMENT AGENCY BONDS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 YEAR ENDED JUNE 30, 2011 (IN THOUSANDS)

	REDEVELOPMENT AGENCY BONDS		
	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 3	\$ 4	\$ 1
TOTAL REVENUES	<u>3</u>	<u>4</u>	<u>1</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	3,917	-	3,917
DEBT SERVICE:			
PRINCIPAL	1,085	1,085	-
INTEREST AND FISCAL CHARGES	<u>3,371</u>	<u>3,371</u>	<u>-</u>
TOTAL EXPENDITURES	<u>8,373</u>	<u>4,456</u>	<u>3,917</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(8,370)</u>	<u>(4,452)</u>	<u>3,918</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	<u>4,454</u>	<u>7,160</u>	<u>2,706</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>4,454</u>	<u>7,160</u>	<u>2,706</u>
NET CHANGE IN FUND BALANCE	(3,916)	2,708	6,624
FUND BALANCE, JULY 1, 2010	3,910	3,910	-
FUND BALANCE (DEFICIT), JUNE 30, 2011	<u>\$ (6)</u>	<u>\$ 6,618</u>	<u>\$ 6,624</u>

COUNTY OF SAN BERNARDINO
 CAPITAL IMPROVEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON A BUDGETARY BASIS
 YEAR ENDED JUNE 30, 2011 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
FINES, FORFEITURES AND PENALTIES	\$ -	\$ 73	\$ -	\$ (73)
REVENUES FROM USE OF MONEY AND PROPERTY	3	3	75	72
AID FROM OTHER GOVERNMENTAL AGENCIES	2,445	86,161	8,512	(77,649)
OTHER REVENUES	-	133	323	190
TOTAL REVENUES	2,448	86,370	8,910	(77,460)
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	10,455	15,106	5,630	9,476
CAPITAL OUTLAY	112,258	226,736	66,916	159,820
TOTAL EXPENDITURES	122,713	241,842	72,546	169,296
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(120,265)	(155,472)	(63,636)	91,836
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(4,109)	(39,816)	(4,445)	35,371
TRANSFERS IN	53,107	124,020	84,323	(39,697)
TOTAL OTHER FINANCING SOURCES AND (USES)	48,998	84,204	79,878	(4,326)
NET CHANGE IN FUND BALANCE	(71,267)	(71,268)	16,242	87,510
FUND BALANCE, JULY 1, 2010	71,319	71,319	71,319	-
FUND BALANCE, JUNE 30, 2011	\$ 52	\$ 51	\$ 87,561	\$ 87,510

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, 2011 (IN THOUSANDS)

	<u>TOTAL</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 605	\$ 544	\$ (61)
AID FROM OTHER GOVERNMENTAL AGENCIES	88	3	(85)
CHARGES FOR CURRENT SERVICES	7	-	(7)
OTHER REVENUES	<u>446</u>	<u>416</u>	<u>(30)</u>
TOTAL REVENUES	<u>1,146</u>	<u>963</u>	<u>(183)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	1,015	1,015	-
RECREATION AND CULTURAL SERVICES	7,679	482	7,197
DEBT SERVICE:			
PRINCIPAL	60	-	60
INTEREST AND FISCAL CHARGES	1	1	-
BOND ISSUANCE COSTS	525	525	-
CAPITAL OUTLAY	<u>59,320</u>	<u>3,041</u>	<u>56,279</u>
TOTAL EXPENDITURES	<u>68,600</u>	<u>5,064</u>	<u>63,536</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(67,454)</u>	<u>(4,101)</u>	<u>63,353</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(13,513)	(13,513)	-
TRANSFERS IN	2,206	2,194	(12)
LONG-TERM DEBT ISSUED	33,199	36,300	3,101
DISCOUNT ON DEBT	<u>(1,141)</u>	<u>(1,141)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>20,751</u>	<u>23,840</u>	<u>3,089</u>
NET CHANGE IN FUND BALANCE	(46,703)	19,739	66,442
FUND BALANCE, JULY 1, 2010	<u>55,775</u>	<u>55,775</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2011	<u>\$ 9,072</u>	<u>\$ 75,514</u>	<u>\$ 66,442</u>

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, 2011 (IN THOUSANDS)

	<u>REDEVELOPMENT AGENCY</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 358	\$ 341	\$ (17)
CHARGES FOR CURRENT SERVICES	<u>7</u>	<u>-</u>	<u>(7)</u>
TOTAL REVENUES	<u>365</u>	<u>341</u>	<u>(24)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	1,015	1,015	-
DEBT SERVICE:			
BOND ISSUANCE COSTS	525	525	-
CAPITAL OUTLAY	<u>43,957</u>	<u>1,236</u>	<u>42,721</u>
TOTAL EXPENDITURES	<u>45,497</u>	<u>2,776</u>	<u>42,721</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(45,132)</u>	<u>(2,435)</u>	<u>42,697</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(12,157)	(12,157)	-
LONG-TERM DEBT ISSUED	33,139	36,300	3,161
DISCOUNT ON DEBT	<u>(1,141)</u>	<u>(1,141)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>19,841</u>	<u>23,002</u>	<u>3,161</u>
NET CHANGE IN FUND BALANCE	(25,291)	20,567	45,858
FUND BALANCE, JULY 1, 2010	<u>34,166</u>	<u>34,166</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2011	<u>\$ 8,875</u>	<u>\$ 54,733</u>	<u>\$ 45,858</u>

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, 2011 (IN THOUSANDS)

	<u>COUNTY SERVICE AREAS</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 123	\$ 59	\$ (64)
AID FROM OTHER GOVERNMENTAL AGENCIES	<u>85</u>	<u>-</u>	<u>(85)</u>
TOTAL REVENUES	<u>208</u>	<u>59</u>	<u>(149)</u>
EXPENDITURES:			
DEBT SERVICE:			
PRINCIPAL	60	-	60
INTEREST AND FISCAL CHARGES	1	1	-
CAPITAL OUTLAY	<u>6,937</u>	<u>675</u>	<u>6,262</u>
TOTAL EXPENDITURES	<u>6,998</u>	<u>676</u>	<u>6,322</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,790)</u>	<u>(617)</u>	<u>6,173</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(568)	(568)	-
TRANSFERS IN	941	929	(12)
LONG-TERM DEBT ISSUED	<u>60</u>	<u>-</u>	<u>(60)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>433</u>	<u>361</u>	<u>(72)</u>
NET CHANGE IN FUND BALANCE	(6,357)	(256)	6,101
FUND BALANCE, JULY 1, 2010	<u>6,552</u>	<u>6,552</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2011	<u>\$ 195</u>	<u>\$ 6,296</u>	<u>\$ 6,101</u>

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, 2011 (IN THOUSANDS)

	<u>FIRE PROTECTION DISTRICTS</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 50	\$ 70	\$ 20
AID FROM OTHER GOVERNMENTAL AGENCIES	3	3	-
OTHER REVENUES	<u>116</u>	<u>103</u>	<u>(13)</u>
TOTAL REVENUES	<u>169</u>	<u>176</u>	<u>7</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>7,388</u>	<u>109</u>	<u>7,279</u>
TOTAL EXPENDITURES	<u>7,388</u>	<u>109</u>	<u>7,279</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,219)</u>	<u>67</u>	<u>7,286</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(111)	(111)	-
TRANSFERS IN	<u>552</u>	<u>552</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>441</u>	<u>441</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(6,778)	508	7,286
FUND BALANCE, JULY 1, 2010	<u>6,779</u>	<u>6,779</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2011	<u>\$ 1</u>	<u>\$ 7,287</u>	<u>\$ 7,286</u>

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, 2011 (IN THOUSANDS)

	<u>PARK AND RECREATION DISTRICTS</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 74	\$ 74	\$ -
OTHER REVENUES	<u>330</u>	<u>313</u>	<u>(17)</u>
TOTAL REVENUES	<u>404</u>	<u>387</u>	<u>(17)</u>
EXPENDITURES:			
CURRENT:			
RECREATION AND CULTURAL SERVICES	7,679	482	7,197
CAPITAL OUTLAY	<u>1,038</u>	<u>1,021</u>	<u>17</u>
TOTAL EXPENDITURES	<u>8,717</u>	<u>1,503</u>	<u>7,214</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(8,313)</u>	<u>(1,116)</u>	<u>7,197</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(677)	(677)	-
TRANSFERS IN	<u>713</u>	<u>713</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>36</u>	<u>36</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(8,277)	(1,080)	7,197
FUND BALANCE, JULY 1, 2010	<u>8,278</u>	<u>8,278</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2011	<u>\$ 1</u>	<u>\$ 7,198</u>	<u>\$ 7,197</u>



YOUR COUNTY... YOUR FUTURE

STATISTICAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

- County of San Bernardino -

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.

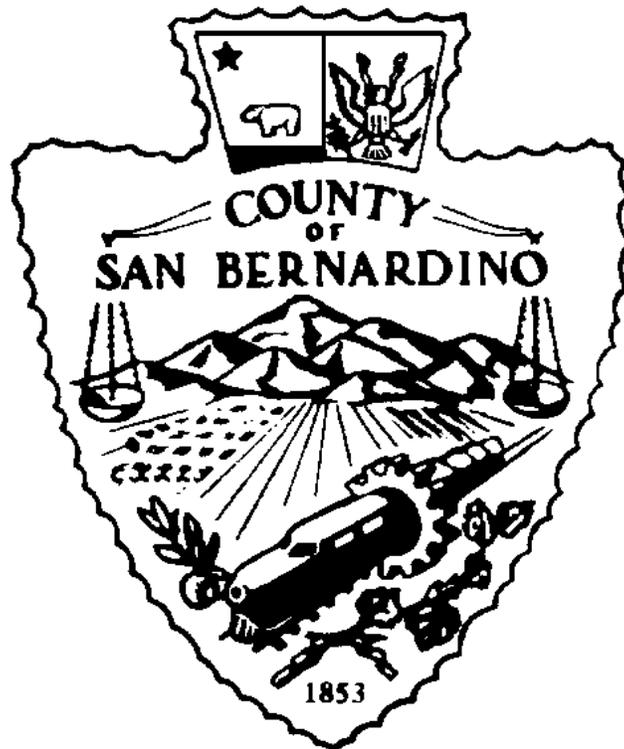
ECONOMIC AND DEMOGRAPHIC INFORMATION

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)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	as restated	as restated			as restated					
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	\$ 1,436,162
RESTRICTED	397,757	410,106	400,271	465,540	541,483	674,368	688,298	794,489	716,035	783,306
UNRESTRICTED	(318,494)	119,932	77,292	149,702	44,373	108,424	222,623	150,272	268,299	230,522
SUBTOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	<u>872,219</u>	<u>1,319,261</u>	<u>1,370,354</u>	<u>1,534,293</u>	<u>1,572,579</u>	<u>1,878,456</u>	<u>2,058,792</u>	<u>2,163,055</u>	<u>2,302,927</u>	<u>2,449,990</u>
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	26,837	44,737
RESTRICTED	44,130	47,357	45,523	47,908	46,444	47,023	48,814	37,283	93,399	108,461
UNRESTRICTED	47,487	60,269	88,102	96,577	181,381	121,734	110,023	82,871	34,055	780
SUBTOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS	<u>52,235</u>	<u>43,633</u>	<u>73,331</u>	<u>99,453</u>	<u>177,802</u>	<u>151,619</u>	<u>138,816</u>	<u>156,041</u>	<u>154,291</u>	<u>153,978</u>
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	1,345,430	1,480,899
RESTRICTED	441,887	457,463	445,794	513,448	587,927	721,391	737,112	831,772	809,434	891,767
UNRESTRICTED	(271,007)	180,201	165,394	246,279	225,754	230,158	332,646	233,143	302,354	231,302
TOTAL PRIMARY GOVERNMENT NET ASSETS	<u>\$ 924,454</u>	<u>\$ 1,362,894</u>	<u>\$ 1,443,685</u>	<u>\$ 1,633,746</u>	<u>\$ 1,750,381</u>	<u>\$ 2,030,075</u>	<u>\$ 2,197,608</u>	<u>\$ 2,319,096</u>	<u>\$ 2,457,218</u>	<u>\$ 2,603,968</u>

Notes:

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.

In fiscal year 2010-11 the County implemented GASB 54 to report governmental fund balance as nonspendable, restricted, committed, assigned and unassigned. Fiscal year 2009-10 restricted and unrestricted net assets were reclassified according to GASB 54 for comparison purpose.

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 as restated	2010-11
Expenses										
Governmental Activities:										
General Government	\$ 121,398	\$ 113,270	\$ 132,933	\$ 125,760	\$ 137,092	\$ 153,460	\$ 179,638	\$ 177,438	\$ 177,506	\$ 165,754
Public Protection	532,666	586,715	656,464	702,624	764,154	844,036	888,798	921,218	897,257	913,522
Public Ways and Facilities	54,659	53,849	37,095	61,786	73,014	67,254	85,271	75,704	73,251	72,482
Health and Sanitation	332,361	303,216	328,530	329,669	241,795	273,143	303,533	336,662	326,590	282,684
Public Assistance	804,164	818,786	820,853	827,800	817,924	802,043	854,721	882,975	935,205	1,007,153
Education	14,826	12,782	10,357	16,243	17,612	18,106	20,788	21,941	19,693	18,692
Recreation and Cultural Services	15,321	17,456	22,284	21,185	19,355	24,899	24,086	24,697	22,677	23,788
Interest on Long Term Debt	49,542	45,109	42,678	72,041	75,350	83,260	77,444	83,770	65,144	64,994
Total Governmental Activities	<u>1,924,937</u>	<u>1,951,183</u>	<u>2,051,194</u>	<u>2,157,108</u>	<u>2,146,296</u>	<u>2,266,201</u>	<u>2,434,279</u>	<u>2,524,405</u>	<u>2,517,323</u>	<u>2,549,069</u>
Business-type Activities:										
Medical Center	399,621	418,332	456,087	496,437	430,459	477,814	421,531	466,933	441,722	445,874
Waste System	46,051	62,393	29,781	53,835	69,320	53,320	83,543	56,389	56,688	95,408
Other	17,492	20,823	19,827	19,446	21,463	31,503	53,305	21,479	--	--
Water, Sewer and Sanitation	--	--	--	--	--	--	--	--	32,536	14,316
Paramedic and Emergency	--	--	--	--	--	--	--	--	240	546
Miscellaneous	--	--	--	--	--	--	--	--	341	186
Total Business-type Activities	<u>463,164</u>	<u>501,548</u>	<u>505,695</u>	<u>569,718</u>	<u>521,242</u>	<u>562,637</u>	<u>558,379</u>	<u>544,801</u>	<u>531,527</u>	<u>556,330</u>
Total Primary Government Expenses	<u>\$ 2,388,101</u>	<u>\$ 2,452,731</u>	<u>\$ 2,556,889</u>	<u>\$ 2,726,826</u>	<u>\$ 2,667,538</u>	<u>\$ 2,828,838</u>	<u>\$ 2,992,658</u>	<u>\$ 3,069,206</u>	<u>\$ 3,048,850</u>	<u>\$ 3,105,399</u>
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	\$ 122,048
Public Protection	119,413	132,329	140,922	160,169	168,524	198,803	214,252	249,714	231,718	243,283
Public Ways and Facilities	2,772	3,154	5,463	3,416	4,933	6,772	9,005	7,183	5,518	6,610
Health and Sanitation	106,714	110,458	125,299	141,471	42,713	49,020	42,820	56,732	63,613	20,911
Public Assistance	2,881	2,915	3,435	3,435	3,296	2,827	3,646	2,656	2,720	2,993
Education	816	889	1,054	1,008	1,105	1,170	1,100	1,240	1,202	1,075
Recreation and Cultural Services	6,375	8,700	7,833	7,342	7,030	7,695	8,391	8,882	8,992	8,729
Operating Grants/Contributions:										
General Government	8,046	5,588	13,982	8,646	9,438	19,275	16,687	11,752	8,404	19,262
Public Protection	112,459	121,453	146,814	151,158	168,369	198,710	149,313	140,036	160,938	169,002
Public Ways and Facilities	48,822	41,400	38,228	41,539	58,946	69,247	59,600	48,876	70,501	60,518
Health and Sanitation	249,609	204,083	222,900	246,782	247,842	315,857	300,174	319,212	330,099	303,449
Public Assistance	778,054	785,015	765,606	785,408	780,819	732,626	816,090	826,639	886,533	958,859
Education	2,275	1,711	978	762	987	1,219	1,215	907	998	1,290
Recreation and Cultural Services	102	501	801	4,368	4,262	6,800	1,920	2,652	3,035	3,726
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	9,221
Health and Sanitation	-	-	-	-	-	-	-	-	-	1,699
Recreation and Cultural Services	-	-	-	-	-	124	277	20	1,708	75
Subtotal Governmental Activities	<u>1,524,988</u>	<u>1,517,695</u>	<u>1,577,310</u>	<u>1,653,676</u>	<u>1,600,156</u>	<u>1,714,670</u>	<u>1,732,614</u>	<u>1,795,965</u>	<u>1,896,758</u>	<u>1,932,750</u>
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	380,357
Waste System	46,274	44,272	54,831	63,240	65,616	63,419	67,898	60,755	56,964	57,281
Other	15,086	17,031	18,835	21,026	20,206	20,253	19,852	14,814	--	--
Water, Sewer and Sanitation	--	--	--	--	--	--	--	--	12,910	10,696
Paramedic and Emergency	--	--	--	--	--	--	--	--	3,117	3,516
Others (1)	--	--	--	--	--	--	--	--	146	206
Operating Grants & Contributions:										
Medical Center	46,598	15,386	13,727	13,443	13,147	13,527	12,579	8,012	6,968	68,148
Waste System	-	-	946	-	-	-	-	-	-	33
Other (1)	216	235	103	2,318	2,825	833	14	156	--	--
Water, Sewer and Sanitation (1)	--	--	--	--	--	--	--	--	46	53
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	19,500
Water, Sewer and Sanitation	--	--	--	--	--	--	--	--	70	-
Subtotal Business-type Activities	<u>436,864</u>	<u>426,949</u>	<u>483,423</u>	<u>547,388</u>	<u>469,238</u>	<u>500,981</u>	<u>460,234</u>	<u>473,755</u>	<u>480,220</u>	<u>539,790</u>
Total Primary Government Program Revenues	<u>\$ 1,961,852</u>	<u>\$ 1,944,644</u>	<u>\$ 2,060,733</u>	<u>\$ 2,201,064</u>	<u>\$ 2,069,394</u>	<u>\$ 2,215,651</u>	<u>\$ 2,192,848</u>	<u>\$ 2,269,720</u>	<u>\$ 2,376,978</u>	<u>\$ 2,472,540</u>
Net (Expense) / Revenue										
Governmental Activities	\$ (399,949)	\$ (433,488)	\$ (473,884)	\$ (503,432)	\$ (546,140)	\$ (551,531)	\$ (701,665)	\$ (728,440)	\$ (620,565)	\$ (616,319)
Business-type Activities	(26,300)	(74,599)	(22,272)	(22,330)	(52,004)	(61,656)	(98,145)	(71,046)	(51,307)	(16,540)
Total Primary Government Net Expenses	<u>\$ (426,249)</u>	<u>\$ (508,087)</u>	<u>\$ (496,156)</u>	<u>\$ (525,762)</u>	<u>\$ (598,144)</u>	<u>\$ (613,187)</u>	<u>\$ (799,810)</u>	<u>\$ (799,486)</u>	<u>\$ (671,872)</u>	<u>\$ (632,859)</u>

(Continued)

Note:

(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)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	as restated	as restated			as restated					
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	\$ 491,396
Property Taxes, Levied for Debt Service	4,173	4,224	4,932	3,557	8,375	10,907	15,620	18,528	15,608	14,724
Public Safety Tax	90,363	94,206	110,188	125,222	140,855	150,903	147,794	126,083	116,963	121,623
Sales Taxes	19,572	21,766	22,285	26,683	30,875	31,846	26,316	21,992	17,894	19,184
Other Taxes	14,797	20,167	25,202	37,453	54,221	58,261	44,381	21,847	12,810	12,086
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	49,081
Miscellaneous	73,922	58,393	46,876	63,545	51,784	74,695	67,409	67,055	52,154	57,878
Gains on Sale of Capital Assets	1,834	2,332	5,051	4,857	5,523	4,182	2,055	1,655	2,968	3,739
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)	(35,262)	(6,329)
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>	<u>763,382</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	2,360
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	3,381
Miscellaneous	3,497	3,281	11,747	6,687	5,704	8,063	14,101	13,519	1,840	4,155
Gains on Sale of Capital Assets	(10)	168	34	20	157	(83)	-	56	11	2
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	35,262	6,329
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>49,557</u>	<u>16,227</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>\$ 809,994</u>	<u>\$ 779,609</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	\$ 147,063
Business-type Activities	8,155	(7,983)	29,698	26,122	78,349	21,986	(12,803)	17,225	(1,750)	(313)
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>\$ 138,122</u>	<u>\$ 146,750</u>

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

	2001-02				2005-06		2007-08	2008-09		
	as restated	2002-03	2003-04	2004-05	as restated	2006-07	as restated	as restated	2009-10	2010-11
General Fund										
Reserved for:										
Encumbrances	\$ 13,994	\$ 15,542	\$ 9,632	\$ 33,021	\$ 15,267	\$ 18,605	\$ 23,355	\$ 18,803	--	--
Prepaid Items	321	1,489	1,344	7	7	1,278	2,310	4,145	--	--
Noncurrent Interfund Receivables	925	25	1,025	-	2,000	20,765	18,511	18,461	--	--
Inventories	1,192	1,166	1,205	295	296	435	424	350	--	--
Loans Receivable	1,218	1,457	1,462	1,817	16,745	35	42,532	54,396	--	--
Teeter	6,420	9,077	9,077	9,827	13,672	17,720	15,942	22,904	--	--
Unreserved:										
Designated	91,867	106,264	108,878	112,900	127,727	176,451	228,753	183,227	--	--
Undesignated	163,548	150,554	197,175	290,869	237,331	254,437	213,857	183,971	--	--
Nonspendable	--	--	--	--	--	--	--	--	73,667	75,191
Restricted	--	--	--	--	--	--	--	--	156,619	196,178
Committed	--	--	--	--	--	--	--	--	146,600	76,999
Assigned	--	--	--	--	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--	--	133,718	149,981
Subtotal General Fund	<u>279,485</u>	<u>285,574</u>	<u>329,798</u>	<u>448,736</u>	<u>413,045</u>	<u>489,726</u>	<u>545,684</u>	<u>486,257</u>	<u>510,604</u>	<u>498,349</u>
Capital Improvement Fund (1)										
Reserved for:										
Encumbrances	--	--	--	--	--	--	--	16,517	--	--
Unreserved:										
Undesignated, Reported in:										
Capital Projects Fund	--	--	--	--	--	--	--	133,778	--	--
Nonspendable	--	--	--	--	--	--	--	--	--	--
Restricted	--	--	--	--	--	--	--	--	16,837	--
Committed	--	--	--	--	--	--	--	--	--	27,820
Assigned	--	--	--	--	--	--	--	--	81,477	77,922
Unassigned	--	--	--	--	--	--	--	--	--	--
Subtotal Capital Improvement Fund	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>150,295</u>	<u>98,314</u>	<u>105,742</u>
All Other Governmental Funds										
Reserved for:										
Encumbrances	40,045	47,087	38,293	51,536	68,059	62,569	61,612	40,964	--	--
Prepaid items	43	1,000	-	23	-	89	100	140	--	--
Noncurrent Interfund Receivables	3	453	403	400	400	400	400	-	--	--
Land Held for Resale	-	-	-	-	2,754	9,896	14,657	16,984	--	--
Inventories	919	933	235	214	185	80	131	126	--	--
Loans Receivable	-	144	116	-	-	-	-	1,470	--	--
Debt Service	37,382	48,947	40,193	30,719	26,260	28,444	33,323	41,985	--	--
Endowments	--	--	--	--	--	--	--	1,594	--	--
Unreserved:										
Designated	--	--	--	--	--	--	--	11,990	--	--
Undesignated, Reported in:										
Special Revenue Funds	196,714	200,564	217,986	204,808	241,105	326,420	326,216	335,589	--	--
Capital Projects Funds	34,192	34,898	16,943	53,357	94,529	88,841	105,197	51,848	--	--
Permanent Funds	475	514	543	482	517	583	631	561	--	--
Nonspendable (2)	--	--	--	--	--	--	--	--	3,793	3,302
Restricted (2)	--	--	--	--	--	--	--	--	540,378	585,435
Committed (2)	--	--	--	--	--	--	--	--	--	--
Assigned (2)	--	--	--	--	--	--	--	--	15,807	16,553
Subtotal All Other Governmental Funds	<u>309,773</u>	<u>334,540</u>	<u>314,712</u>	<u>341,539</u>	<u>433,809</u>	<u>517,322</u>	<u>542,267</u>	<u>503,251</u>	<u>559,978</u>	<u>605,290</u>
Total Governmental Fund Balance	<u>\$ 589,258</u>	<u>\$ 620,114</u>	<u>\$ 644,510</u>	<u>\$ 790,275</u>	<u>\$ 846,854</u>	<u>\$ 1,007,048</u>	<u>\$ 1,087,951</u>	<u>\$ 1,139,803</u>	<u>\$ 1,168,896</u>	<u>\$ 1,209,381</u>

Notes:

- (1) Capital Improvement Fund became a major fund during fiscal year 2008-09.
- (2) In fiscal year 2010-11 the County implemented GASB 54 to report governmental fund balance as nonspendable, restricted, committed, assigned and unassigned. Fiscal year 2009-10 fund balances were reclassified according to GASB 54 for comparison purpose.

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

	2001-02 as restated	2002-03	2003-04	2004-05	2005-06 as restated	2006-07	2007-08 restated	2008-09	2009-10	2010-11
Revenues (by Source)										
Taxes	\$ 300,737	\$ 329,753	\$ 371,404	\$ 400,646	\$ 644,390	\$ 733,833	\$ 778,973	\$ 753,320	\$ 684,669	\$ 664,377
Licenses, Permits, and Franchises	16,520	16,670	18,630	20,964	22,462	25,077	16,641	24,779	16,959	19,208
Fines, Forfeitures, and Penalties	16,574	18,841	16,458	18,744	18,656	19,224	23,051	22,373	23,877	17,810
Rev from Use of Money and Property	51,922	37,247	33,063	44,205	62,919	76,046	82,791	69,902	51,635	45,762
Aid from Other Governments	1,323,725	1,296,324	1,298,765	1,425,832	1,273,869	1,344,390	1,464,970	1,358,743	1,464,999	1,525,476
Charges for Current Services	284,822	307,653	342,305	369,176	285,935	325,979	336,310	385,423	385,102	365,721
Other Revenues	73,967	58,418	47,154	64,227	51,988	73,956	123,781	66,665	58,864	57,023
Total Revenues	\$ 2,068,267	\$ 2,064,906	\$ 2,127,779	\$ 2,343,794	\$ 2,360,219	\$ 2,598,505	\$ 2,826,517	\$ 2,681,205	\$ 2,686,105	\$ 2,695,377
Expenditures (by Function)										
General Government	\$ 118,669	\$ 110,847	\$ 178,026	\$ 123,212	\$ 137,547	\$ 152,991	\$ 187,146	\$ 161,448	164,880	153,991
Public Protection	521,433	560,753	859,932	686,855	749,900	851,946	919,110	892,497	876,602	883,637
Public Ways and Facilities	58,269	59,272	57,576	47,364	75,416	81,659	67,169	61,814	66,084	83,923
Health and Sanitation	331,155	301,484	386,749	329,595	245,187	277,677	331,793	334,305	324,942	278,157
Public Assistance	800,038	814,631	923,900	826,829	827,230	820,617	945,016	877,345	930,093	994,193
Education	12,626	12,543	14,029	15,912	17,469	18,149	19,247	20,983	18,858	17,827
Recreation and Cultural Services	14,316	14,986	19,545	18,490	16,443	22,086	19,836	20,726	18,697	19,091
Debt Service										
Principal	24,662	96,480	23,163	31,887	37,596	41,445	25,098	49,041	61,637	105,309
Interest	35,817	30,313	26,727	44,078	54,968	62,191	11,509	58,313	40,973	38,614
Bond Issuance Costs	-	-	-	-	2,297	2,230	-	-	-	525
Advance Refunding Escrow	-	-	-	-	1,622	-	-	-	-	-
Capital Outlay	59,974	60,147	60,279	53,914	107,057	97,056	110,040	95,185	116,427	113,428
Total Expenditures	\$ 1,976,959	\$ 2,061,456	\$ 2,549,926	\$ 2,178,136	\$ 2,272,732	\$ 2,428,047	\$ 2,635,964	\$ 2,571,657	\$ 2,619,193	\$ 2,688,695
Excess (Deficiency) of Revenues Over (Under) Expenditures	106,714	3,450	(422,147)	165,658	87,487	170,458	190,553	109,548	66,912	6,682
Other Financing Sources (Uses)										
Transfer to Other Funds	(117,727)	(182,454)	(126,812)	(198,539)	(296,777)	(300,797)	(285,876)	(444,888)	(316,758)	(276,144)
Transfer from Other Funds	108,519	140,615	102,896	172,054	216,806	253,304	246,897	382,918	275,554	269,759
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	-	-	-	36,300
Discount on Debt	-	-	-	-	-	-	-	-	-	(1,141)
Inception Of Capital Leases Obligations	2,903	1,485	1,038	796	823	1,675	1,446	2,619	418	1,290
Sale of Capital Assets	1,834	2,332	3,279	4,856	5,369	4,182	2,968	1,655	2,968	3,739
Total Other Financing Sources and (Uses)	\$ 3,017	\$ 25,769	\$ 446,543	\$ (19,893)	\$ (30,908)	\$ 91,736	\$ (34,565)	\$ (57,696)	\$ (37,818)	\$ 33,803
Special Item										
Judgement Obligation Bonds Uses	-	-	-	-	-	(102,000)	-	-	-	-
Total Special Items	-	-	-	-	-	(102,000)	-	-	-	-
Net Change in Fund Balance	\$ 94,325	\$ 29,219	\$ 24,396	\$ 145,765	\$ 56,579	\$ 160,194	\$ 155,988	\$ 51,852	\$ 29,094	\$ 40,485
Debt Service as a Percentage of Noncapital Expenditures:	3.15%	6.34%	2.00%	3.58%	4.27%	4.45%	1.45%	4.33%	4.10%	5.59%

**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
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%
2010-2011	153,693,818	10,073,682	4,346,267	(1,859,053)	166,254,714	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/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>
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
2010-11	1.0000	0.1351	0.1650	1.3001

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/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 2011		FISCAL YEAR 2002	
		ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE	ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE
SOUTHERN CALIFORNIA EDISON	UTILITY	2,607,065,032	1.57%	8,724,258	0.93%
VERIZON CALIFORNIA	COMMUNICATIONS	494,011,974	0.30%	6,325,337	0.68%
HIGH DESERT POWER TRUST 2000-A	UTILITIES	348,271,000	0.21%	N/A	N/A
CEMEX INC	MANUFACTURING	346,497,504	0.21%	N/A	N/A
CALIFORNIA STEEL INDUSTRIES	MANUFACTURING	327,999,999	0.20%	4,122,794	0.44%
SOUTHERN CALIFORNIA GAS	UTILITY	323,717,347	0.20%	2,318,314	0.25%
STATER BROTHERS	RETAIL	315,598,727	0.19%	N/A	N/A
ONTARIO MILLS LIMITED PARTNERSHIP	RETAIL	314,392,049	0.19%	N/A	N/A
MAJESTIC REALTY	REAL ESTATE	267,019,550	0.16%	2,103,362	0.22%
VICTORIA GARDENS MALL, LLC	RETAIL	238,024,997	0.14%	N/A	N/A
TOTAL		<u>\$5,582,598,179</u>	<u>3.37%</u>	<u>23,594,065</u>	<u>2.52%</u>

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

Source:
 Auditor-Controller/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
2011	\$ 2,134,012	\$ 2,029,684	95.11%	\$ -	\$ 2,029,684	95.11%
2010	2,189,390	2,070,936	94.58%	91,131	2,162,067	98.75%
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%

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/Treasurer/Tax Collector, County of San Bernardino

COUNTY OF SAN BERNARDINO
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
 AS OF JUNE 30, 2011

2010-11 ASSESSED VALUATION: \$166,254,714,000 (includes unitary utility valuation)
 Redevelopment Incremental Valuation: 49,185,164,004
 Adjusted Assessed Valuation: \$117,795,826,605

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>PERCENT APPLICABLE</u>	<u>DEBT 06/30/11</u>
METROPOLITAN WATER DISTRICT	3.026 %	\$ 6,889,294
CHAFFEY COMMUNITY COLLEGE DISTRICT	100.000	150,208,960
SAN BERNARDINO VALLEY JOINT COMMUNITY COLLEGE DISTRICT	98.531	424,688,056
OTHER COMMUNITY COLLEGE DISTRICTS	VARIOUS	160,023,285
APPLE VALLEY UNIFIED SCHOOL DISTRICT	100.000	33,153,758
CHINO VALLEY UNIFIED SCHOOL DISTRICT	100.000	141,329,999
COLTON JOINT UNIFIED SCHOOL DISTRICT	97.155	175,624,496
FONTANA UNIFIED SCHOOL DISTRICT	100.000	286,293,342
REDLANDS UNIFIED SCHOOL DISTRICT	100.000	107,919,784
RIALTO UNIFIED SCHOOL DISTRICT	100.000	78,517,225
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT	100.000	151,853,228
UPLAND UNIFIED SCHOOL DISTRICT	100.000	91,783,182
OTHER UNIFIED SCHOOL DISTRICTS	VARIOUS	85,432,851
UNION HIGH SCHOOL DISTRICTS	100.000	180,388,665
SCHOOL DISTRICTS	100.000	179,362,459
CITY OF REDLANDS	100.000	1,680,000
COUNTY SERVICE AREAS	100.000	645,000
MOJAVE WATER AGENCY	100.000	17,945,000
MOJAVE WATER AGENCY, I.D. M	100.000	28,315,000
COUNTY WATER DISTRICTS	100.000	874,000
ETIWANDA SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS	100.000	103,265,000
CITY OF FONTANA COMMUNITY FACILITIES DISTRICTS	100.000	126,715,000
CITY OF CHINO COMMUNITY FACILITIES DISTRICTS	100.000	60,700,000
RANCHO CUCAMONGA COMMUNITY FACILITIES DISTRICTS	100.000	138,270,000
CHINO HILLS COMMUNITY FACILITIES DISTRICTS	100.000	99,095,000
SAN BERNARDINO COUNTY COMMUNITY FACILITIES DISTRICTS	100.000	42,685,000
OTHER COMMUNITY FACILITIES DISTRICTS	4.687 - 100	241,215,135
CITY, COUNTY AND SPECIAL DISTRICT 1915 ACT BONDS (Estimate)	100.000	42,485,943
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 3,157,358,662</u>

RATIO TO 2010-11 ASSESSED VALUATION:
 TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT.....1.89%

COUNTY OF SAN BERNARDINO
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (CONTINUED)
AS OF JUNE 30, 2011

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:	PERCENT APPLICABLE	DEBT 6/30/11
SAN BERNARDINO COUNTY GENERAL FUND OBLIGATIONS	100.000 %	\$ 649,325,000
SAN BERNARDINO COUNTY PENSION OBLIGATIONS	100.000	601,765,591 (1)
SAN BERNARDINO COUNTY FLOOD DISTRICT GENERAL FUND OBLIGATIONS	100.000	111,555,000
COMMUNITY COLLEGE DISTRICT CERTIFICATES OF PARTICIPATION	Various	26,516,161
CHINO VALLEY UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	31,515,000
FONTANA UNIFIED SCHOOL DISTRICT	100.000	51,075,000
HESPERIA UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	103,490,000
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	70,082,853
SNOWLINE JOINT UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	98.013	60,993,490
OTHER UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	Various	50,882,477
UNION HIGH SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	7,330,000
CUCAMONGA SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	11,270,000
ORO GRANDE SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	35,715,000
OTHER SCHOOL DISTRICT GENERAL FUND OBLIGATIONS	100.000	16,885,000
CITY OF FONTANA CERTIFICATES OF PARTICIPATION	100.000	59,160,000
CITY OF ONTARIO GENERAL FUND OBLIGATIONS	100.000	28,315,000
CITY OF MONTCLAIR GENERAL FUND OBLIGATIONS	100.000	61,995,000
CITY OF SAN BERNARDINO GENERAL FUND OBLIGATIONS	100.000	22,085,000
CITY OF VICTORVILLE GENERAL FUND OBLIGATIONS	100.000	83,470,000
OTHER CITY GENERAL FUND OBLIGATIONS	100.000	137,976,319
WATER DISTRICT CERTIFICATES OF PARTICIPATION	100.000	8,255,000
OTHER SPECIAL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	5,765,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 2,235,421,891</u>
TOTAL DIRECT DEBT		\$ 1,251,090,591
TOTAL OVERLAPPING DEBT		\$ 4,141,689,962
COMBINED DEBT		\$ 5,392,780,553 (2)

RATIOS TO 2010-11 ADJUSTED ASSESSED VALUATION

TOTAL DIRECT DEBT	1.06%
COMBINED TOTAL DEBT	4.58%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: \$ -

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>
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%
2010-11	166,254,714	2,078,184	1,300	2,076,884	0.06%

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/Treasurer/Tax Collector, County of San Bernardino

COUNTY OF SAN BERNARDINO
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (IN THOUSANDS, EXCEPT PER CAPITA)
JUNE 30, 2011

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	1,872	530	1,756,862	1.01%	2.80%	847
2010-11	91,343	431,526	646,567	2,696	4,000	516,672	1,300	1,811	1,449	1,697,364	1.02%	2.79%	827

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/Treasurer/Tax Collector, County of San Bernardino

COUNTY OF SAN BERNARDINO
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS (IN THOUSANDS)
 June 30, 2011

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: 802,721 as of June 30, 2011

CALENDAR YEAR	(1), (2) POPULATION	(2) PERSONAL INCOME	(2), (6) PER CAPITA PERSONAL INCOME	(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT RATE
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 (5)	55,752	27.13	428	8.50%
2009	2,061 (5)	56,203	27.27	420	13.90%
2010	2,035 (5)	62,790	30.86	416	14.80%
2011	2,052 (6)	60,739	29.60	417	12.90%

ESTIMATED POPULATION OF THE COUNTY OF SAN BERNARDINO AS OF JANUARY 1, 2011 (whole numbers):

INCORPORATED CITIES

Adelanto	31,671	Montclair	37,031
Apple Valley	69,668	Needles	4,874
Barstow	22,839	Ontario	165,392
Big Bear Lake	5,051	Rancho Cucamonga	168,181
Chino	78,537	Redlands	69,231
Chino Hills	75,345	Rialto	100,021
Colton	52,498	San Bernardino	211,076
Fontana	198,456	Twentynine Palms	24,646
Grand Terrace	12,109	Upland	74,207
Hesperia	90,726	Victorville	117,219
Highland	53,444	Yucaipa	51,717
Loma Linda	23,395	Yucca Valley	20,834
		Total	1,758,168
		Unincorporated Areas:	294,229
		Total Population	2,052,397

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) 2008 and 2009 data were estimates while 2010 data was from the 2010 Census.
- (6) County of San Bernardino 2011-12 Final Budget

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

<u>2011</u>				<u>2002</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	19,000	1	2.22%	County of San Bernardino	16,082	1	2.11%
Loma Linda University Adventist Health Center	12,851	2	1.50%	U.S. Marine Corps Air Ground Combat Center	12,664	2	1.66%
U.S. Marine Corps Air Ground Combat Center	12,486	3	1.46%	U.S. Army, Fort Irwin & National Training Center	8,903	3	1.17%
Wal-Mart	12,263	4	1.43%	UPS	6,902	4	0.91%
U.S. Army, Fort Irwin & National Training Center	10,000	5	1.17%	Stater Brothers	6,500	5	0.85%
Loma Linda University	7,500	6	0.88%	Loma Linda University Medical Center	5,916	6	0.52%
Stater Brothers	6,902	7	0.81%	San Bernardino City Unified School District	5,500	7	0.78%
Kaiser Permanente	6,092	8	0.71%	Kaiser Permanente	4,200	8	0.55%
San Bernardino City Unified School District	5,926	9	0.69%	Fontana Unified School District	4,000	9	0.55%
UPS	5,304	10	0.62%	Wal-Mart	4,175	10	0.55%
Total	<u>98,324</u>		<u>11.48%</u>	Total	<u>74,842</u>		<u>9.64%</u>

Notes:

Data represents estimated number of employees.
Starting fiscal year 2009, Court employees are excluded from County of San Bernardino total employees.
Starting fiscal year 2011, data is derived from new source (Book of Lists).
Due to the change of source, 2002 data was not available, 2001 data was used instead.

Sources:

Book of Lists (2001 data)
www.thebizpress.com (2011 Data)

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

FUNCTION/PROGRAM	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General	1,677	1,643	1,624	1,639	1,691	1,699	1,790	1,728	1,612	1,550
Public Protection	6,940	7,111	6,923	7,069	7,480	7,777	7,672	6,679	6,501	6,175
Public Ways & Facilities	444	455	468	384	384	465	501	522	486	450
Health and Sanitation	3,909	3,910	3,781	3,840	3,922	4,139	4,339	4,285	4,086	3,919
Public Assistance	4,335	3,880	3,664	3,753	3,735	3,799	4,214	4,163	4,744	4,920
Education	216	211	202	218	226	235	261	246	229	191
Recreation & Cultural	395	375	368	333	335	268	386	347	337	317
Total	17,915	17,585	17,029	17,235	17,774	18,382	19,163	17,970	17,995	17,522

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 TEN YEARS

	2001-02	2002-03	2003-04	2004-05	2005-06 (1)	2006-07	2007-08	2008-09	2009-10	2010-11
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	556,196
Percentage of payments process within 10 days (P)	*	*	*	*	80%	86%	93%	86%	92%	60%
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	21,090
Criminal Misdemeanor Filed - District Attorney (W)	36,862	36,500	39,412	38,863	38,963	44,035	49,223	45,700	44,208	43,680
Average Cases Supervised-Probation (W)	20,895	21,052	21,368	*	23,400	25,690	29,205	25,120	24,570	24,130
Percentage of new adults cases assessed with a valid risk instrument- Probation (P)	*	*	*	*	59%	77%	79%	78%	87%	90%
Sheriff'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	1,023,360
Number of inmate-on-inmate assaults per 1,000 per month. (P)	*	*	*	*	11.50%	7.44%	7.00%	5.60%	3.84%	3.77%
Percent of autopsies performed per reportable deaths - Coroner (P)	*	*	*	*	6%	19%	9%	17%	13%	19%
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	93,540
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	1,156,231
Pounds of trash per cubic yard of capacity-High Volume Sites (P)	*	*	*	*	1,035	1,120	1,130	1,125	1,356	1,287
Maintained Road Miles (W)	2,830	2,834	2,834	2,822	2,830	2,780	2,774	2,775	2,765	2,769
Average Pavement Condition Index (PCI) of county maintained roads (P)	*	*	*	*	75	76	77	78	77	76
Health and Sanitation										
Direct Billable hours: Clinic - Behavioral Health (W)	185,996	242,418	228,505	228,811	293,542	201,247	236,285	267,560	261,014	242,862
Patent Visits - Public Health (W)	95,786	92,653	102,052	110,519	112,037	130,073	76,786	89,110	69,474	75,572
Arrowhead Regional Medical Center - Emergency Room Visits (W)	60,490	66,734	66,338	61,712	97,790	106,298	113,537	124,156	130,940	125,710
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	468,817
Percentage of successful placements of people in Work Participation Rate (P)	*	*	*	*	56%	19%	23%	23%	32%	40%
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	56,435
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	12,762,980	12,800,690	12,740,128	13,538,777
Percentage of current support collected - Child Support (W)	*	*	*	*	46%	49%	51%	51%	51%	55%
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	2,906,315
Total Patron Visits (W)	3,124,386	3,309,508	3,318,250	3,183,479	3,120,000	3,374,000	3,646,000	4,597,787	4,728,093	4,246,432
Total feet of space available at branch libraries (P)	*	*	*	*	200,000	222,231	326,015	368,795	379,511	379,511
Recreation and Cultural Services										
County Museum										
Total Paid Attendance (W)	108,909	65,185	67,098	57,071	71,500	71,000	90,810	64,708	63,838	49,955
Collected Lots, Objects, and Specimens (W)	1,200,000	1,500,000	1,510,000	1,600,000	1,600,000	1,601,000	1,800,000	2,300,000	2,300,000	2,300,410
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	2,121,921
Number of miles of open and usable trails maintained by Regional Parks (P)	*	*	*	*	13.3	16.8	17.6	23.5	45.95	45.95

Notes:
(1) 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/Treasurer/Tax Collector, County of San Bernardino

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

Function/Program	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
General Government										
Recorder's Data Processing Equipment	36	40	43	53	63	60	58	59	65	63
Public Protection										
Major Correction & Detention Facilities	4	5	6	6	7	7	7	7	7	7
Sheriff Stations	15	15	15	10	10	10	10	9	9	9
Sheriff Vehicles	1,599	1,605	1,551	1,684	1,618	1,809	1,658	1,658	1,764	1,788
Fire Department Equipment	181	207	250	323	373	361	432	429	461	497
Public Way & Facilities										
Solid Waste Heavy Equipment	27	30	25	24	18	18	16	12	11	10
Transportation: Trucks, Trailers, and Other Vehicles	218	236	273	268	276	274	264	274	288	283
Airports	6	6	6	6	6	6	6	6	6	6
Bridges	318	318	318	318	318	318	318	318	318	318
Traffic Signal	148	160	192	212	220	252	265	329	334	358
Health and Sanitation										
Major Health Administration Buildings	2	2	2	2	2	2	2	2	2	2
Animal Shelter and Insecticide Buildings	2	2	2	2	2	2	2	2	2	2
Public Health Laboratory/Science/Engineering Equipment	33	36	40	46	46	51	99	134	140	157
Medical Center: Number of Hospitals	1	1	1	1	1	1	1	1	1	1
Public Assistance										
Administrative & Office Equipment	459	463	464	508	549	452	441	495	515	571
Education										
Library Branches	28	28	29	29	29	30	30	30	31	31
Bookmobiles	2	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	1
County Regional Parks	9	9	9	9	9	9	9	9	9	9

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

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