

# Comprehensive Annual Financial Report For the Year Ended June 30, 2007 Larry Walker, Auditor/Controller-Recorder



County of San Bernardino  
State of California

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2007**

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



Supervisor Brad Mitzelfelt, .....First District  
Supervisor Paul Biane, Chairman ..... Second District  
Supervisor Dennis Hansberger .....Third District  
Supervisor Gary Ovitt, Vice Chairman..... Fourth District  
Supervisor Josie Gonzales .....Fifth District

**Mark Uffer –County Administrative Officer**

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

**COUNTY OF SAN BERNARDINO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
JUNE 30, 2007**

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# INTRODUCTORY SECTION

# AUDITOR/CONTROLLER-RECORDER COUNTY CLERK



COUNTY OF SAN BERNARDINO

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

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

**LARRY WALKER**

Auditor/Controller-Recorder  
County Clerk

**ELIZABETH A. STARBUCK**

Assistant Auditor/Controller-Recorder  
Assistant County Clerk

November 30, 2007

**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, 2007 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.

## ***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 the eastern part of Los Angeles County. The County is a charter law county divided into five supervisorial districts on the basis of population. The County encompasses an area of over 20,164 square miles and includes twenty-four incorporated cities. In terms of land area, it is the largest county in the contiguous United States. The County is also one of the fastest growing areas in the nation and is the fifth most populous of the 58 counties in California.

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

## ***CASH MANAGEMENT - Continued***

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 districts, for which the County acts as depository. The financial reporting for these entities, which are governed and act independently of the County of San Bernardino, is limited to reporting, as Investment Trust Funds, the total amount of cash and investments and other assets collected for, disbursed by, and held for, these entities.

### ***INTERNAL CONTROLS***

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

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

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

The objective of budgetary control is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County's Board of Supervisors. Budgets are adopted for the General Fund, certain Special Revenue, Debt Service, and Capital Project Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained at the appropriation unit level.

Encumbrance accounting is utilized to assure effective budgetary control; purchase orders and contracts are reviewed and a determination is made that valid and sufficient appropriations exist for payment for ordered goods and services. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Unencumbered appropriations expire at year-end and encumbrances outstanding at that time are reported as reservations of fund balance for subsequent year expenditures.

### ***CASH MANAGEMENT***

The County Pool represents monies entrusted to the County Treasurer by the County of San Bernardino, and by school and special districts, and other entities within the County. State law requires that all operating monies of the County, school districts and certain special districts be held by the County Treasurer. In addition, there are approximately \$27.3 million in "discretionary deposits." The County Pool does not include investments of the Deferred Compensation program or the County Employees' Retirement Association, which are separately managed.

The County by law pools its cash to facilitate investment opportunities for increasing interest income. The County's pooled cash and investments include U.S. Government and agency securities, commercial paper, money

## **CASH MANAGEMENT - Continued**

market mutual funds, negotiable certificates of deposits and repurchase agreements. The average rate of return on investments during fiscal year 2006-07 was 4.83%.

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," the pooled cash and investments held in the County Treasury are reported at their fair value at June 30, 2007, which is \$3.7 million less than amortized cost.

Monies deposited in the County Pool by the participants represent an individual interest in all assets and investments in the County Pool based upon the amount deposited. Interest income, gains and losses are distributed quarterly to the participants based on their average daily balance. Currently, Standard & Poor's Ratings Service rates this investment pool S1+ for market risk and AA+ for credit quality, which are the highest ratings attainable. Fitch's current rating for the County pool is AAA/V-1+, for meeting the highest credit quality standards for underlying assets, diversification, management and operational capabilities. Moody's Investors Service also rates the investment pool at its highest credit rating, Aaa, and safest market risk rating, MR1. Amounts held in the County investment pool are invested in the Pooled Investment Fund of the County ("County Pool"), which invests in securities according to the Investment Policy adopted by the Board of Supervisors for the County Treasurer-Tax Collector as authorized by Section 53601 of the Government Code of California.

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

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

The fair value of the Pool will depend upon, among other factors, the maturities and types of investments and general market conditions. The current June 30, 2007 market value analysis indicates an unrealized loss of approximately \$3.7 million. Historically, the Pool has held most of its securities to their respective maturity dates.

At June 30, 2007, approximately \$27.3 million of the Pool assets are attributable to "discretionary" participants who are not legally required to deposit funds in the Pool. Such participants may withdraw their funds from the Pool upon 30 days' notice to the Treasurer, and only with prior approval of the Treasurer. The liquidity of the Pool will vary depending upon the mix and type of investments therein, and the net cash inflows and outflows at any given time. The Treasurer-Tax Collector manages the Pool to ensure sufficient liquidity exists, given reasonable anticipated cash needs. Current liquidity in the portfolio, consisting of cash, cash equivalents and investments with maturities of less than 60 days, is approximately \$1.06 billion. The weighted average maturity of all investments at June 30, 2007 was 311 days, with a duration of 0.75 years.

The County believes that the County Pool is prudently invested and that investments therein are scheduled to mature at the times and in the amounts that are necessary to meet the County's expenditures and other scheduled withdrawals.

The County 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**

The County maintained the top debt rating for its short-term issues throughout fiscal year 2006-07. In terms of general fund credit, the County's general fund supported Pension Obligation Bonds maintained ratings of A2 from Moody's and were recently upgraded to A+ with a stable outlook from Standard & Poor's. The following is a summary of the County's short-term borrowing highlights of 2006-07.

## **SHORT-TERM BORROWING**

In July 2006, the County issued Tax and Revenue Anticipation Notes totaling \$ 65,000,000. The notes were issued at 4.5% per annum with a yield of 3.57%. Standard & Poor's Rating Service and Moody's assigned ratings of SP-1+ and MIG1 respectively. These notes matured on June 30, 2007. The proceeds of the notes were used to meet the County's cash flow needs including General Fund expenditures (both current and capital expenditures).

## ***RISK MANAGEMENT***

The County has self-insurance programs for public liability, unemployment insurance, employee dental insurance, hospital and medical malpractice liability and Workers' Compensation. Public Liability claims are self-insured up to \$1,000,000 per claim or occurrence. Excess insurance coverage over the SIR up to \$25,000,000 is with CSAC Excess Insurance Authority Liability Program II (CSAC EIA).

All public officials and County employees are insured under a blanket Comprehensive Disappearance, Destruction and Dishonesty Policy covering County monies and securities, also with CSAC EIA with a \$100,000 deductible and excess limit up to \$10,000,000 per claim or occurrence.

Workers' Compensation claims are self-insured up to \$2,000,000 per claim or occurrence. Excess limits up to \$10,000,000 for Employers' Liability and statutory Workers' Compensation limits are provided by an excess Workers' Compensation Insurance Policy through the CSAC EIA.

Property damage claims are insured with the CSAC EIA through the Property Program over a \$25,000 deductible.

The activities related to such programs are accounted for in an Internal Service Fund (Risk Management Fund) except for unemployment insurance and employee dental insurance which is accounted for in the General Fund. The liabilities included in the Risk Management Fund are based on the results of actuarial studies and include amounts for claims incurred but not reported and allocated loss adjustment expenses. It is the County's practice to obtain actuarial studies on an annual basis. Revenues of the Risk Management Fund together with funds to be provided in the future, via the Security Payment Program or GIC, will provide adequate resources to meet public liability, workers' compensation, property and hospital and medical malpractice liabilities as they come due.

## ***MAJOR INITIATIVE***

### **CountyVision Network**

In February of 2006, the Board of Supervisors adopted a comprehensive initiative to improve organizational transparency and enhance the public's access to information. One aspect of this initiative tasked the Clerk of the Board of Supervisors to explore the possibility of broadcasting Board of Supervisors meetings live via the internet (webcasting).

In April of 2007, the "CountyVision Network" was launched, allowing anyone with internet access to view Board of Supervisors meetings live, in real time. In addition to viewing capabilities, the network provides instant links to meeting materials including the agenda and staff reports. Past meetings (and documents) are archived, indexed and easily searchable by date or keyword. Archived meetings can be viewed in their entirety, or a viewer can specify one or more topics of interest and view only those excerpts and documents. Board members quickly recognized CountyVision's potential and it has become a resource for the posting of their weekly informational reports and updates.

More recently, the county has been privileged to host public hearings conducted by United States Senator Barbara Boxer and State Assemblywoman Wilmer Amina Carter, both of which were webcast using the CountyVision Network. Increasingly, county departments request to webcast and/or archive training and

informational meetings via CountyVision, which promotes internal communication and provides staff with unprecedented access to information.

### **NEOGOV Insight**

In 2007, the Human Resource Department implemented a new online application/applicant tracking system, *NEOGOV Insight*, as part of the Human Resources Department's continuing effort to streamline the employment process. This product is a more comprehensive online personnel requisition and applicant tracking system, enabling the department to offer increased service and information.

Candidates interested in employment opportunities with the County of San Bernardino now have the opportunity to utilize this new NEOGOV system to submit their application materials including:

- Online completion and submission of job applications
- Ability to create and store multiple application versions that you can review and reuse
- Automatic Receipts – instantly on screen and by e-mail - EACH time you apply
- Increased information – Ability to receive updates on your application status
- Job Interest Cards – potential applicants can register to receive automatic notification of positions that you are interested in as they are posted
- Change of Information – ability to update personal information online
- Live technical assistance during business hours – online assistance 24 hours a day, 7 days a week

Implementation and integration took approximately four weeks. This transition included implementing the new applicant tracking and management system, changing old processes and creating new ones, and cross-training. It was important to the potential success to achieve a buy-in by applicants, Human Resource staff members, hiring managers, and top management. In addition, a complete overhaul of the Employment Division was infiltrated, including new management and supervision, and a merger of the Employment and Classification Divisions.

Within six months the department has already seen success with the new system. Six month highlights and statistics with NEOGOV include:

- Over 300 current job postings
- 53,340 requests for e-mail notifications (job interest)
- 53,000 applications processed
- 85% of applications received online
- 14,639 exams administered
- 643 hires

Human Resources is committed to providing effective customer service to all departments, employees, and constituents of the County of San Bernardino, through the timely delivery of innovative, quality human resources systems, programs, and services. The department will continue to find and implement ways of providing a higher level of service to ensure that the employment process is as efficient and effective as possible.

### **Purchasing Process Improvements**

In early 2006, the Purchasing Department conducted an organizational review of operations and identified specific areas where the County could further refine purchasing policies to be more efficient for departments while maintaining sufficient controls.

On July 18, 2006, the Board of Supervisors approved increasing the following purchasing limits:

- Procurement of services and non-competitive products from \$25,000 to \$100,000 to purchase budgeted services, supplies and equipment.

## **MAJOR INITIATIVE - Continued**

- Request for Proposal (RFP) limit from \$75,000 to \$150,000 departments to obtain Board of Supervisors approval when procuring services.
- Emergency purchases from \$25,000 to \$100,000 when departments must seek Board of Supervisors approval.

These new changes provide greater operating efficiencies and establish purchasing limits that are consistent with the other surrounding counties in Southern California. It also allows departments to expedite purchases under \$100,000 while maintaining procedural checks and balances.

The Purchasing Department upgraded its internet website making it simpler for vendors to register to do business with the County, and retooled its Automated Purchasing System (APS) so that purchasing staff can enter and retrieve procurement information vital to the operations of the department.

## **ECONOMIC CONDITION AND OUTLOOK**

San Bernardino County, which lies east of Los Angeles County, northeast of Orange County, north of Riverside County and south of Kern County, contains an area of more than 20,000 square miles. The County consists of 24 incorporated cities and towns, and is Board governed by five Supervisorial Districts. About 90 percent of the County is desert; the remainder consists of the San Bernardino Mountains and the San Bernardino Valley. Popular natural attractions in the area include the San Bernardino National Forest, Joshua Tree National Park, Death Valley National Park, and the East Mojave Scenic Area.

According to the California State Department of Finance, the County's population grew 1.7 percent from 1,993,983 in January 2006 to 2,028,013 in January 2007. The County's population is estimated to grow to 2.3 million within five years.

San Bernardino County continues to be one of the fastest growing and most populous counties in the State, ranking fifth after Los Angeles, Orange, and San Diego counties. While businesses continue to relocate to San Bernardino County for its available land, families are drawn by relatively affordable housing, as compared to neighboring Los Angeles and Orange Counties.

The County continued to have another year of expansion and growth in 2006. Major economic indicators for job creation, income, retail sales and spending, and construction. San Bernardino County's labor force numbered 884,100 in 2006, an increase of 22,300 or 2.6 percent from the previous year. Its unemployment rate declined to 4.7 percent in 2005, 0.5 percentage points lower than the previous year.

Sales of new and existing homes in San Bernardino County continued to rise in 2006 due to the increased demand for housing in the region. This has clearly shifted in 2007, as tightening credit markets and six years of unprecedented real estate gains have now reached a point of market correction. However, unlike prior housing downturns, this event is unrelated to job losses or other economic concerns. San Bernardino County remains one of the top-rated destinations for business, proven by continuing strong results in office, industrial and retail real estate. Job growth, rising incomes and continuing population growth lead experts to conclude that the housing downturn will be modest and relatively short compared to past experiences.

Between September 2006 and September 2007, the median price of a single family home in the County decreased 11 percent from \$365,000 to \$325,000. Between January 2000 and September 2006, the price rose dramatically from \$124,000 to \$365,000.

With the expansion of many businesses and the influx of new families into San Bernardino County, educational institutions continue to advance the knowledge of the citizenry. Intercollegiate collaboration has created a diverse labor force that is comprised of a wide range of talent and skill levels. The Metrolink commuter rail service links San Bernardino County commuters with other rail and bus lines in the Los Angeles and Orange County areas—thereby allowing most of Southern California to benefit from the County's proficient workforce. The County's diverse labor force is one of its greatest economic assets, second only to its strategic location that is supported by a superb transportation network.

San Bernardino County's overall economy is sustained through its outstanding transportation network that includes

## ***ECONOMIC CONDITION AND OUTLOOK - Continued***

LA/Ontario International Airport, Southern California Logistics Airport, two major transcontinental railroads with intermodal facilities and classification yards, and many miles of quality interstate highways. The region's strategic location allows logistics operations to be positioned within close proximity of the west's two largest ports: Los Angeles and Long Beach. Businesses located within the County effectively and efficiently serve markets throughout California, the Western US, and the Pacific Rim. Ensuring the County's role as a major transportation center is its desirable Southern California location that allows for the many cargo carriers entering or leaving California to pass through San Bernardino County on their way to the world.

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

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

San Bernardino County's assessed valuation for 2008 is up \$23.8 billion, or 15.9% increase from 2007. While home construction has slowed, the commercial real estate sector continues to actively work to meet office, retail, and industrial space demand. Property tax projections for 2007-08 are \$206.7 million. Of this amount, \$186.2 million is secured property tax revenues for the county general fund. Projections for 2007-08 assumed a 12% increase in the county assessed valuation, translating into an 11% increase in estimated secured property tax revenues for the county general fund.

Board Policy requires the County to maintain an appropriated contingency fund to accommodate unanticipated operational changes, legislative impacts or other economic events affecting the county's operations, which could not reasonably be foreseen at the time the budget was prepared. Additionally, final budget action includes a provision that allocates any difference between estimated and final fund balances to this contingency account for uncertainties. For fiscal year 2007-08, total contingencies increased \$3.7 million or 6.8% from \$54.3 million to \$58 million.

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

### ***INDEPENDENT AUDIT***

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

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

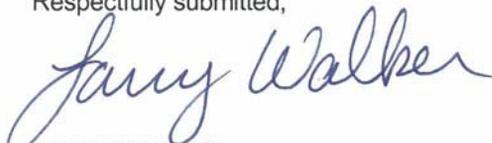
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of San Bernardino for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. This was the nineteenth 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.

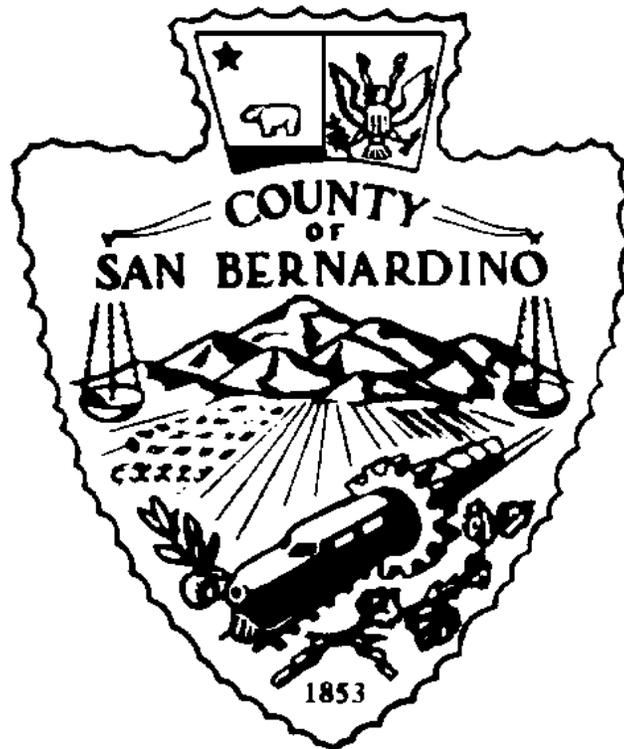
### **ACKNOWLEDGEMENTS**

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 staff. I would like to acknowledge the special efforts of the General Accounting, Internal Audits, and Reimbursable Projects staff 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,

A handwritten signature in blue ink that reads "Larry Walker". The signature is written in a cursive, flowing style.

LARRY WALKER  
AUDITOR/CONTROLLER-RECORDER



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

**ELECTED**

COUNTY SUPERVISOR, FIRST DISTRICT ..... BRAD MITZELFELT

COUNTY SUPERVISOR, SECOND DISTRICT (CHAIRMAN) ..... PAUL BIANE

COUNTY SUPERVISOR, THIRD DISTRICT ..... DENNIS HANSBERGER

COUNTY SUPERVISOR, FOURTH DISTRICT (VICE CHAIRMAN) ..... GARY C. OVITT

COUNTY SUPERVISOR, FIFTH DISTRICT ..... JOSIE GONZALES

ASSESSOR ..... BILL POSTMUS

AUDITOR/CONTROLLER-RECORDER ..... LARRY WALKER

DISTRICT ATTORNEY ..... MIKE RAMOS

SHERIFF - CORONER ..... GARY PENROD

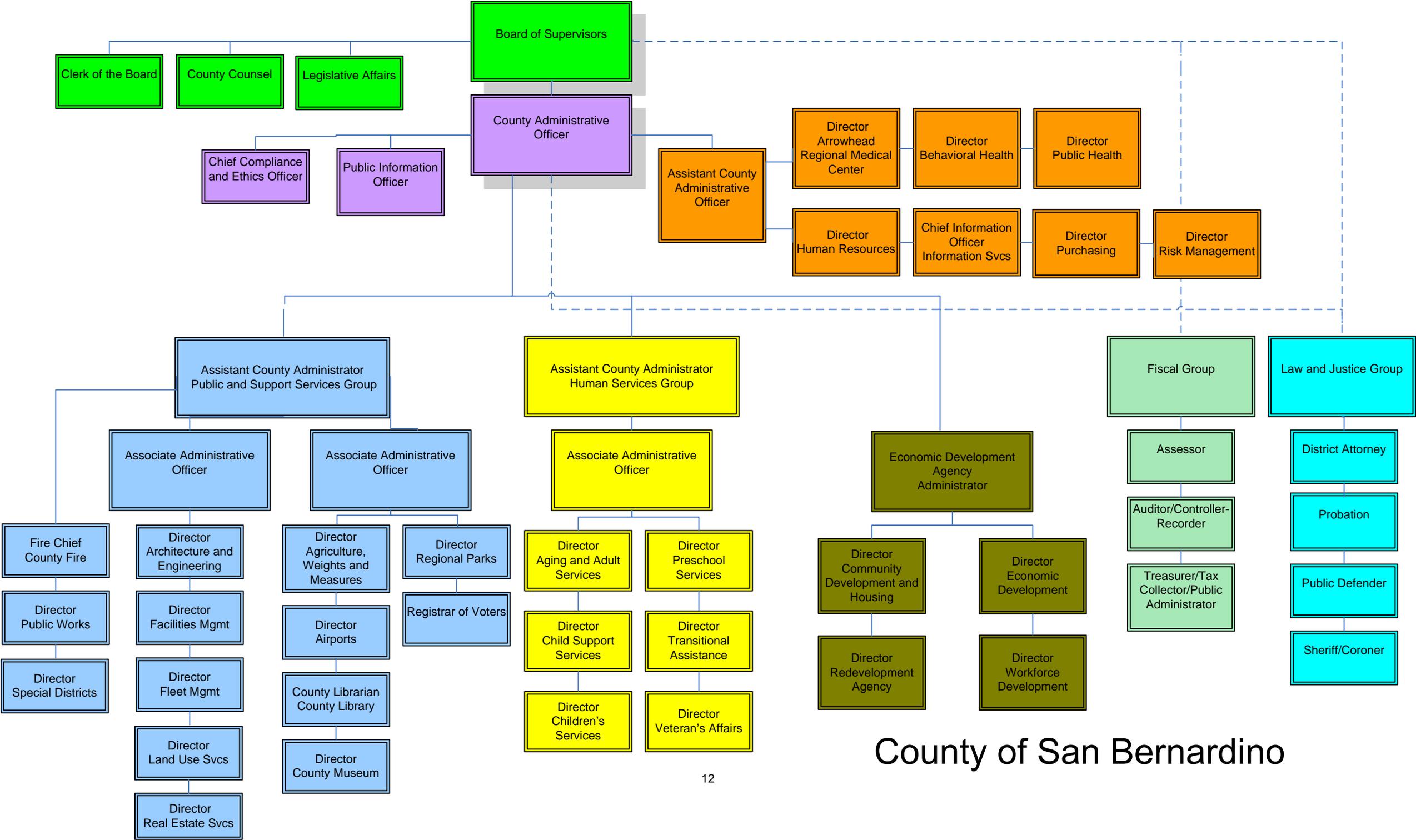
SUPERINTENDENT OF SCHOOLS ..... DR. HERBERT R. FISCHER

TREASURER-TAX COLLECTOR - PUBLIC ADMINISTRATOR ..... RICHARD LARSEN

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

**APPOINTED**

AGING AND ADULT SERVICES.....	COLLEEN KRYGIER
AGRICULTURAL COMMISSIONER/SEALER.....	JOHN G. GARDNER
AIRPORTS (INTERIM), <i>Effective as of September 2007</i> .....	JAMES JENKINS
ARCHITECTURE AND ENGINEERING.....	CARL ALBAN
ARROWHEAD REGIONAL MEDICAL CENTER .....	PATRICK A. PETRE
BEHAVIORAL HEALTH .....	ALLAN RAWLAND
CHILD SUPPORT SERVICES.....	CONNIE BRUNN
CHILDREN'S SERVICES.....	DeANNA AVEY-MOTIKEIT
CLERK OF THE BOARD OF SUPERVISORS .....	DENA SMITH
COMMUNITY ACTION PARTNERSHIP .....	PATRICIA L. NICKOLS
ECONOMIC DEVELOPMENT AGENCY.....	BRIAN MCGOWAN
COUNTY ADMINISTRATIVE OFFICER.....	MARK UFFER
COUNTY COUNSEL .....	RUTH STRINGER
COUNTY LIBRARIAN .....	ED KIECZYKOWSKI
FACILITIES MANAGEMENT .....	DAVE GIBSON
FIRE DEPARTMENT/FIRE WARDEN.....	PAT DENNEN
FLEET MANAGEMENT .....	ROGER G. WEAVER
HUMAN RESOURCES .....	ANDREW LAMBERTO
HUMAN SERVICES GROUP .....	LINDA HAUGAN
INFORMATION SERVICES .....	STEPHEN HALL
LAND USE SERVICES .....	JULIE RYNERSON ROCK
LEGISLATIVE AFFAIRS .....	LANCE LARSON
MUSEUM .....	ROBERT MCKERNAN
PRESCHOOL SERVICES .....	RON GRIFFIN
PROBATION.....	JERRY L. HARPER
PUBLIC DEFENDER.....	DOREEN BOXER
PUBLIC HEALTH (INTERIM), <i>Effective as of November 2007</i> .....	JIM LINDLEY
PUBLIC & SUPPORT SERVICES GROUP .....	NORM KANOLD
PUBLIC WORKS .....	VANA R. OLSON
PURCHASING (INTERIM), <i>Effective as of November 2007</i> .....	LAURIE ROZKO
REAL ESTATE SERVICES.....	DAVID H. SLAUGHTER
REDEVELOPMENT AGENCY .....	KATHY THOMAS
REGIONAL PARKS .....	THOMAS POTTER
REGISTRAR OF VOTERS .....	KARI VERJIL
RISK MANAGEMENT .....	LAURIE MILHISER
SPECIAL DISTRICTS .....	TOM SUTTON
TRANSITIONAL ASSISTANCE DEPARTMENT .....	NANCY SWANSON
VETERANS' AFFAIRS .....	BILL J. MOSELEY
WORKFORCE DEVELOPMENT (INTERIM) .....	SANDY HARMSSEN



# County of San Bernardino

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of San Bernardino  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

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.

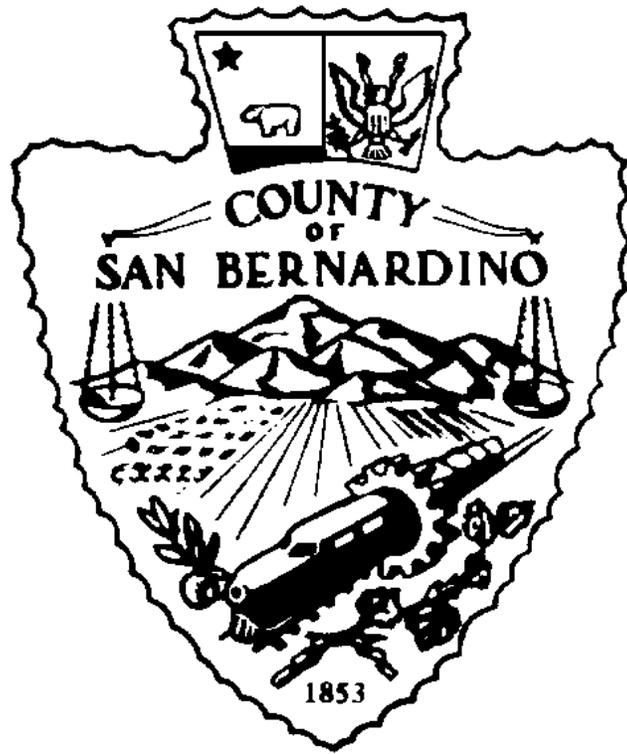


*Charles S. Cox*

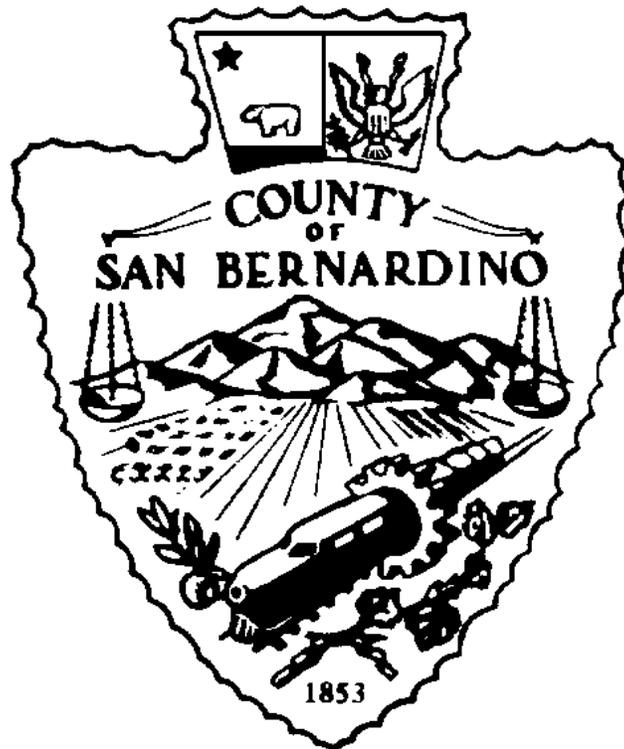
President

*Jeffrey R. Emer*

Executive Director



# FINANCIAL SECTION





**INDEPENDENT AUDITOR'S REPORT**

To the Board of Supervisors  
 County of San Bernardino, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Bernardino, California (the County), as of and for the fiscal year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the San Bernardino County Flood Control District, the County of San Bernardino Redevelopment Agency and the Children and Families First Commission of San Bernardino County, which collectively represent the following percentages of assets, net assets/fund balances and revenues as of and for the fiscal year ended June 30, 2007:

<u>Opinion Unit</u>	<u>Assets</u>	<u>Net Assets/ Fund Balances</u>	<u>Revenues</u>
Governmental Activities	12%	11%	1%
Aggregate Remaining Fund Information	11%	7%	0%
Discretely Presented Component Unit	100%	100%	100%

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. 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 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2007 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 21 through 38 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, capital assets 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 and the capital asset schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Vavrinek, Truitt, Day & Co., LLP

Rancho Cucamonga, California  
November 30, 2007



# MANAGEMENT'S DISCUSSION AND ANALYSIS



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Fiscal Year Ended June 30, 2007

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, 2007. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic statements following this section.

#### FINANCIAL HIGHLIGHTS (Amounts in thousands)

- The County's total net assets increased by \$299,884. The net increase is attributable to the \$284,398 increase in governmental activities net assets and the \$15,486 increase in business-type activities net assets.
- As of June 30, 2007, the County governmental funds reported combined fund balances of \$1,007,048, an increase of \$160,194 in comparison with the prior year. Approximately 84% of the combined fund balances, \$846,732 is available to meet the County's current and future needs (*unreserved fund balance*).
- At the end of the fiscal year, unreserved fund balance for the general fund was \$430,888, or 23% of the total general fund expenditures.
- The County's total capital assets increased by \$173,486 in comparison with the prior year. (See further detail on page 34)
- The County's total long-term debt decreased by \$23,596 in comparison with the prior year. (See further detail on pages 35).

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and cultural services. The business-type activities of the County include the Medical Center, the Crestline Sanitation District, the Water and Sewer Facilities, the Fire Protection Districts – Ambulance, the Waste Systems Division, the Museum Gift Shop, and the 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 and that have substantially the same board as the County or provided services entirely to the County. The following component units have been blended into the basic financial statements: Fire Protection Districts, Flood Control District, Park and Recreation Districts, Crestline Sanitation District, County Service Areas, various Joint Powers Authorities, (“JPAs”) including a Public Benefits Corporation created for the benefit of the County, Inland Empire Facilities Corporation, San Bernardino County Financing Authority and the Crestline Financing Authority.

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

**The government-wide financial statements can be found on pages 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 resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

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

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 maintains 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. 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 elsewhere in this report.

**The governmental fund financial statements can be found on pages 42-44 of this report.**

***Proprietary funds*** are maintained in two ways. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. The County uses enterprise funds to account for the Medical Center, the Crestline Sanitation District, the Water and Sewer Facilities, the Fire Protection Districts – Ambulance, the Waste Systems Division, the Museum Gift Shop, and the 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, records management, 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 funds of the County. The County's six internal service funds 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.

**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. 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 53 - 103 of this report.

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

### Supplemental Information

The Supplemental Information section of this report contains the combining statements and additional budgetary comparison schedules as well as the statistical section. This section is presented to provide additional information that is useful 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 \$2,048,147 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	As Restated		As Restated		As Restated	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 2,245,147	\$ 2,018,137	\$ 381,248	\$ 405,406	\$ 2,626,395	\$ 2,423,543
Capital assets	1,376,760	1,276,451	570,248	570,889	1,947,008	1,847,340
Total assets	3,621,907	3,294,588	951,496	976,295	4,573,403	4,270,883
Current and other liabilities	202,620	183,856	52,129	44,661	254,749	228,517
Long-term Liabilities	1,564,428	1,540,271	706,079	753,832	2,270,507	2,294,103
Total liabilities	1,767,048	1,724,127	758,208	798,493	2,525,256	2,522,620
Net assets:						
Invested in capital assets, net of related debt	1,072,067	984,605	(23,638)	(50,023)	1,048,429	934,582
Restricted (Note 3&5), as restated	674,368	541,483	47,023	46,444	721,391	587,927
Unrestricted, as restated	108,424	44,373	169,903	181,381	278,327	225,754
<b>Total Net Assets</b>	\$ 1,854,859	\$ 1,570,461	\$ 193,288	\$ 177,802	\$ 2,048,147	\$ 1,748,263

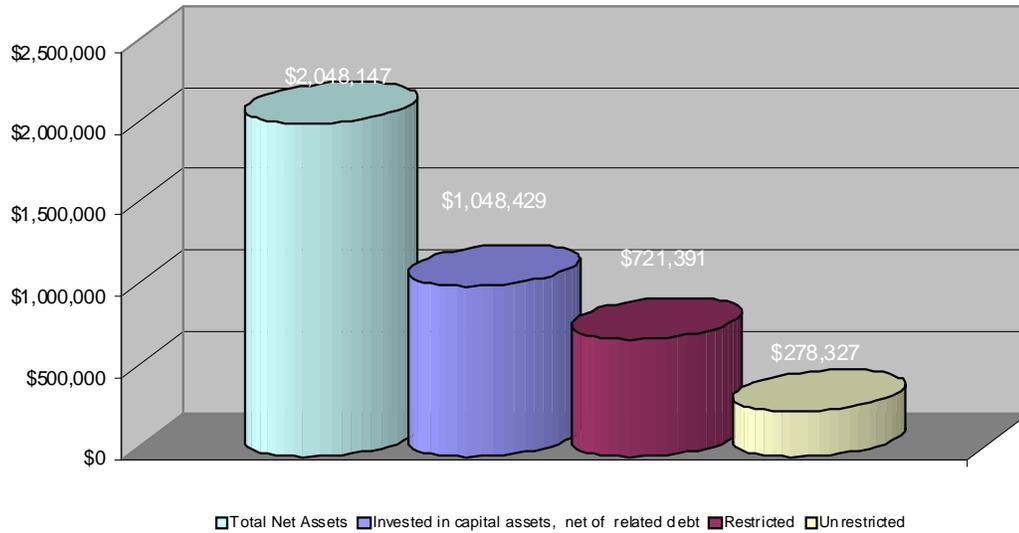
The largest portion of the County's net assets of \$1,048,429 reflects its investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its 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.

Another significant portion of County net assets are restricted net assets of \$721,391. This category reflects external restrictions imposed by creditors, grantors, contributors, or laws and regulation of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

The final component of net assets is unrestricted net assets. Unrestricted net assets are resources that the County may use to meet its current and ongoing obligations to citizens and creditors. The unrestricted net assets balance increased by \$52,573 during the current year, primarily related to General fund revenue exceeding expenses as a result of continued growth in property taxes and Public Safety Tax monies.

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

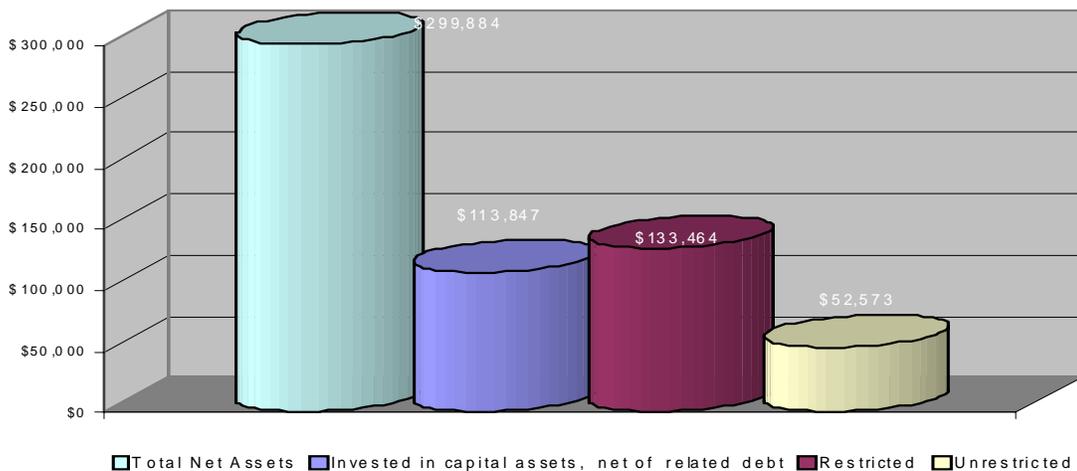
### Net Assets



For business-type activities, the County reported a negative balance of \$23,638 invested in capital assets, net of related debt – an overall increase of \$26,385 from prior year. Although still negative, this balance is primarily due to the Medical Center's capital assets being depreciated faster than the related debt schedule payments.

The County's net assets increased \$299,884 (\$284,398 in governmental activities and \$15,486 in business-type activities) during the current fiscal year mostly from increases in property taxes and revenues from use of money and property.

### Increase in Net Assets



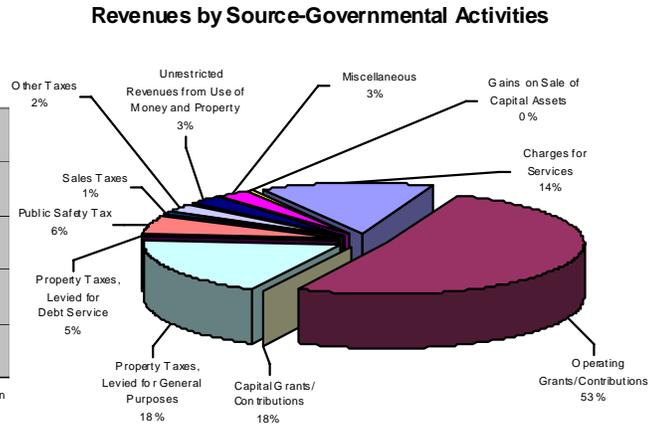
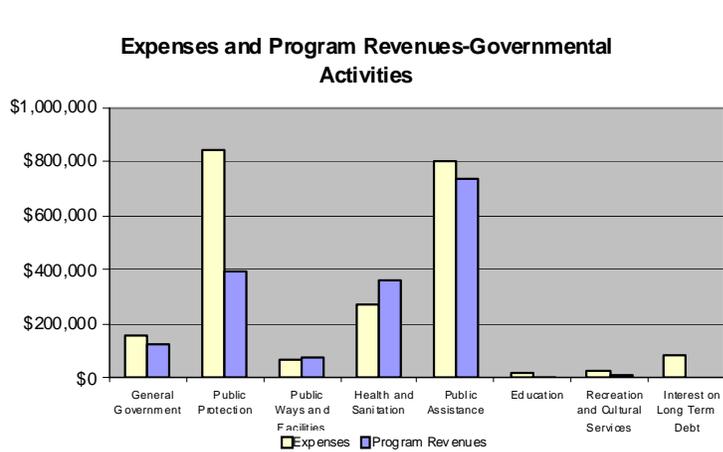
## Management's Discussion and Analysis (Amounts in thousands)

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

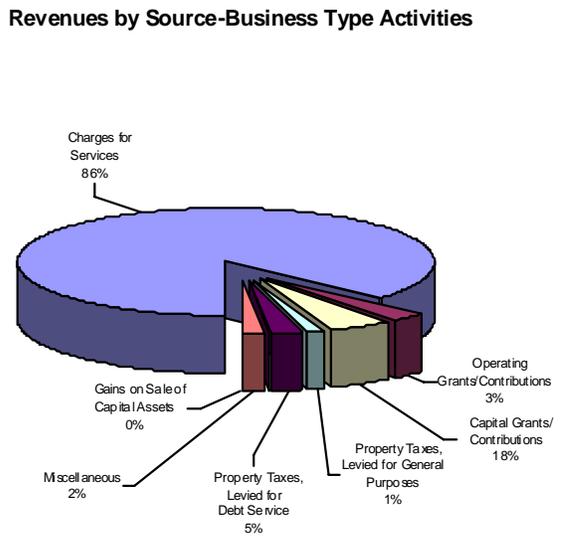
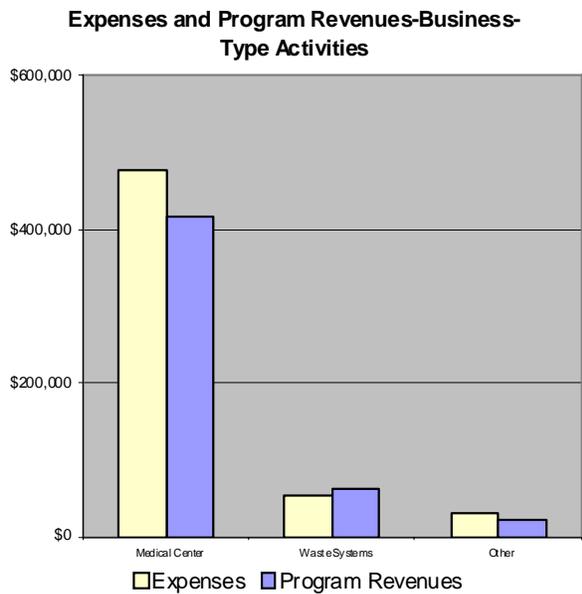
	Governmental Activities		Business-Type Activities		Total	
	2007	As Restated 2006	2007	As Restated 2006	2007	As Restated 2006
<b>Revenues:</b>						
Program Revenues						
Charges for Services	\$ 370,280	\$ 327,053	\$ 459,645	431,745	\$ 829,925	\$ 758,798
Operating Grants/Contributions	1,343,734	1,270,663	14,360	15,972	1,358,094	1,286,635
Capital Grants/Contributions	656	322	26,976	21,521	27,632	21,843
General Revenue						
Property Taxes, Levied for General Purposes	477,973	418,703	6,453	4,768	484,426	423,471
Property Taxes, Levied for Debt Service	10,907	8,375	-	-	10,907	8,375
Public Safety Tax	150,903	140,855	-	-	150,903	140,855
Sales Taxes	31,846	30,875	-	-	31,846	30,875
Other Taxes	58,261	54,221	-	-	58,261	54,221
Unrestricted Revenues from Use of Money and Property	76,046	61,590	14,628	5,994	90,674	67,584
Miscellaneous	74,695	51,784	8,063	5,705	82,758	57,489
Gains or Loss on Sale of Capital Assets	4,182	5,523	(83)	157	4,099	5,680
<b>Total Revenues</b>	<b>2,599,483</b>	<b>2,369,964</b>	<b>530,042</b>	<b>485,862</b>	<b>3,129,525</b>	<b>2,855,826</b>
<b>Expenses:</b>						
General Government	153,438	137,092	-	-	153,438	137,092
Public Protection	844,036	764,154	-	-	844,036	764,154
Public Ways and Facilities	67,254	73,014	-	-	67,254	73,014
Health and Sanitation	273,143	241,795	-	-	273,143	241,795
Public Assistance	802,043	817,924	-	-	802,043	817,924
Education	18,106	17,612	-	-	18,106	17,612
Recreation and Cultural Services	24,899	19,355	-	-	24,899	19,355
Interest on Long Term Debt	83,260	75,350	-	-	83,260	75,350
Medical Center	-	-	477,814	430,460	477,814	430,460
Waste Systems	-	-	53,320	69,320	53,320	69,320
Other	-	-	31,504	21,463	31,504	21,463
<b>Total Expenses</b>	<b>2,266,179</b>	<b>2,146,296</b>	<b>562,638</b>	<b>521,243</b>	<b>2,828,817</b>	<b>2,667,539</b>
Excess (Deficit) before Special Items and Transfers	333,304	223,668	(32,596)	(35,381)	300,708	188,287
Special Item - Eminent Domain Settlement	-	-	1,676	-	1,676	-
Special Item - Gain on Sale of Surplus Land	-	-	-	28,230	-	28,230
Special item - Litigation Settlement	-	(102,000)	(2,500)	-	(2,500)	(102,000)
Transfers	(48,906)	(85,500)	48,906	85,500	-	-
Increase in Net Assets	284,398	36,168	15,486	78,349	299,884	114,517
Net Assets -- Beginning of Year, as restated	1,570,461	1,534,293	177,802	99,453	1,748,263	1,633,746
<b>Net Assets -- End of Year</b>	<b>\$ 1,854,859</b>	<b>\$ 1,570,461</b>	<b>\$ 193,288</b>	<b>\$ 177,802</b>	<b>\$ 2,048,147</b>	<b>\$ 1,748,263</b>

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

**Governmental Activities** increased the County's net assets by \$284,398. The overall increase in net assets is the result of ongoing and one-time revenues exceeding ongoing expenditures.



**Business-type Activities** increased the County's net assets by \$15,486 primarily due to activities of the Waste Systems Division which account for \$21,542 of the increase; while activities of the Medical Center account for \$8,777 of the decrease, and Other Enterprise funds account for \$2,721. The Waste Division's increase is primarily due to a decrease in the closure/postclosure expenses in the current year due to a change in capacity calculations.



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

### FINANCIAL ANALYSIS OF COUNTY FUNDS

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

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

At June 30, 2007, the County's governmental funds reported a total fund balance of \$1,007,048, an increase of \$160,194 in comparison with the prior year. Approximately 84% of the total fund balance, \$846,732 constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has been committed: 1) to pay debt service of \$28,444; 2) to reflect inventories and prepaid assets of \$1,882; 3) to reflect land held for resale of \$9,896; 4) to reflect amounts due as loans and interfund receivable that are long-term in nature of \$35 and \$21,165 respectively 5) to liquidate contractual commitments of the period of \$81,174; and 6) to reflect the mandated 1% reserve for property tax losses of \$17,720.

The General fund is the chief operating fund of the County. At June 30, 2007, unreserved fund balance of the General fund was \$430,888 while total fund balance reached \$489,726. As a measure of the General fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 23% of total fund expenditures, while total fund balance represents 27% of the same amount.

County management also designates unreserved fund balance to a particular function, project or activity. Fund balance may also be designated for purposes beyond the current year; however, designated fund balance is available for appropriation at any time. Of the \$430,888 General fund unreserved fund balance, 41% is designated. The most significant designations include \$52,456 for General Purpose, \$32,075 for Medical Center Debt Service, \$30,700 for Future Retirement Rate, \$2,028 for Teeter Plan (reserve for property tax losses), \$16,400 for Future Financing, and \$19,600 for Future Space Needs. Unreserved undesignated fund balance at year-end was \$254,437.

The total fund balances increased 19% or \$160,194 with the significant changes in the following funds:

- The total fund balance of the general fund increased 18.5% or \$76,681 as a result of revenue exceeding expenditures mainly due to increased taxes revenues.
- The total fund balance of transportation increased 89.5% or \$17,508 mainly as a result of increased receipt of aid from other government agencies to finance various road projects.
- The Mental Health Service Act fund received ongoing state fund of \$26,401 in the current year.

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

Revenues for governmental functions totaled \$2,598,505 in fiscal year 2006-2007, which represents an increase of 10% from fiscal year 2005-2006.

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

<u>Revenues</u>	<u>2006-07</u>		<u>Over (Under) 2005-06</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$ 733,833	28%	\$ 89,443	12%
Licenses, Permits and Franchises	25,077	1%	2,615	10%
Fines, Forfeitures and Penalties	19,224	1%	568	3%
Revenues From Use of Money and Property	76,046	3%	13,127	17%
Aid From Other Governmental Agencies	1,344,390	52%	70,521	5%
Charges for Current Services	325,979	13%	40,044	12%
Other Revenues	73,956	3%	21,968	30%
Total Revenues	<u>\$ 2,598,505</u>	<u>100%</u>	<u>\$ 238,286</u>	

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

Taxes increased by \$89,443. An Increase in Public Safety Tax in the amount of \$10,048, along with a continued rise in the assessed valuation and general growth contributed to the increase.

Aid from other governmental agencies increased by \$70,521. This increase is primarily due to receipt of ongoing state Mental Health Act funds of \$26,500 in fiscal year 2007. In addition, this revenue source increased by approximately \$16,000 for various road and traffic congestion projects.

Revenues from use of money and property increased by \$13,127 due to an increase in investment earnings.

Charges for current services increased by \$40,044. The most significant increase is due to the \$19,900 increase in revenue primarily from law enforcement contracts in fiscal year 2007 due to amendments increasing staff, vehicles, and the increases in staff costs related to MOU adjustments and benefits.

Other revenue increased by \$21,968 in the current year. The most significant increase is due to one-time insurance receipt of approximately \$8,000 in relation to the settled land dispute with Colonies Partners.

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

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

<u>Expenditures</u>	<u>2006-07</u>		<u>Over (Under) 2005-06</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent</u>
Current:				
General Government	\$ 152,991	6%	\$ 15,444	10%
Public Protection	851,946	35%	102,046	12%
Public Ways and Facilities	81,659	3%	6,243	8%
Health and Sanitation	277,677	11%	32,490	12%
Public Assistance	820,617	33%	(6,613)	-1%
Education	18,149	1%	680	4%
Recreation and Cultural Services	22,086	1%	5,643	26%
Debt Service				
Principal	66,154	3%	28,558	43%
Interest and Fiscal Charges	62,191	3%	7,223	12%
Bond Issuance Costs	2,230	0%	(67)	-3%
Advance Refunding Escrow	-	0%	(1,622)	N/A
Capital Outlay	97,056	4%	(10,001)	-10%
Total Expenditures	<u>\$ 2,452,756</u>	<u>100%</u>	<u>\$ 180,024</u>	

Total County expenditures increased \$180,024 or 7.9% from fiscal year 2005-2006 to fiscal year 2006-2007.

Public Protection expenditures increased by \$102,046. Of this amount, approximately \$60,000 is due to staffing increases, and salary and benefit adjustments, and \$20 million is due to increases in service and supply expenditures for various flood control projects.

Public Ways and Facilities increased by \$6,243. Of this amount, approximately \$6,100 is attributed to various road projects including National Trails Highway, Alta Loma Drive, Maple Lane, Wright Mountain Road, and Phelan Road in the current year.

Health and Sanitation expenditures increased by \$32,490. Of this amount, approximately \$7,000 is due to increased matching contributions to the State for the newly enacted legislation that replaced SB 855 and SB 1255. Approximately, \$12,500 increased to operate Mental Health Services Act program, and Alcohol and Drug Services.

Debt service principal payments increased by \$28,558; and debt service interest payments increased by \$7,223. These amounts are primarily attributed to refunding the obligations of the Flood Control District relating to a loan made by and between the United States of America and the County entered into under the Small Reclamation Projects Act of 1956, and the remaining amount is mostly due to the overall increase in interest rates affecting the interest payments.

Capital Outlay decreased by \$10,001. This decrease is primarily due to the Adelanto Jail purchase for \$30,500 and five helicopters from American Eurocopter Corporation for \$14,000 in fiscal year 2005-2006. Excluding these prior year events, the overall capital outlay expenditures increased from the prior year mainly for financing various capital projects.

**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

	2006-07	Increase 2005-06	
		Amount	Percent
Transfers to Other Funds	\$ (300,797)	\$ (4,020)	1%
Transfers from Other Funds	253,304	36,498	17%
Refunding Bonds Issued	23,845	(34,430)	-59%
Premium on Refunding Bonds	1,385	115	9%
Payment to Refunded Bonds Escrow Agent	-	18,792	-
Long-Term Debt Issued	132,851	130,733	6172%
Inception of Capital Lease Obligations	1,675	852	104%
Sale of Capital Assets	4,182	(1,187)	-22%
Judgment Obligation Bonds Uses	(102,000)	(102,000)	-
Total Other Financing Sources and (Uses)	<u>\$ 14,445</u>	<u>\$ 45,353</u>	

Total Other Financing Sources and (Uses) increased by \$45,353.

Transfers to other funds increased by \$4,020 in 2006-07. The key elements of this increase are as follows:

- Decrease of \$30,000 is due to a one-time transfer in FY 05/06 from the General Fund to the Medical Center for the Arrowhead Regional Medical Center 6<sup>th</sup> floor remodel.
- Increase of \$10,458 in transfers within Nonmajor Governmental Funds to the Central Courthouse Seismic Surcharge Fund.
- Increase of \$8,422 in transfers from the General Fund to the 2004 POB Pension Obligation Debt Service Fund.
- Increase of \$5,279 in transfers from the Mental Health Services Act to the General Fund.
- Increase of \$3,933 in transfers from the Tobacco Tax program to the General Fund.
- Increase of \$3,601 in transfers from Special Revenue Funds to the Debt Service Funds to make a payment for the San Sevaine project.

Transfers from other funds increased by \$36,498 in 2006-07. The key elements of this increase are as follows:

- Increase of \$10,458 in transfers to the Central Courthouse Seismic Surcharge Fund from Other Special Revenue Funds.
- Increase of \$8,422 in transfers to the 2004 POB Pension Obligation Debt Service Fund from the General Fund.
- Increase of \$5,279 in transfers to the General Fund from the Mental Health Services Act.
- Increase of \$3,933 in transfers to the General Fund from the Tobacco Tax program.
- Increase of \$3,601 in transfers to the Debt Service Fund from the Special Revenue Funds to make a payment for the San Sevaine project.
- Increase of \$2,800 in transfers to the General Fund from the Sheriff's Special Projects Fund for proceeds received from the sale of aircraft.

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

The decrease of \$34,430 in refunding bonds issued resulted in the difference of the refunding bond issued during FY 05/06 in the amount of \$58,275 for the Redevelopment Agency (San Sevine Redevelopment Project) of the County and the new refunding bond issued during FY 06/07 in the amount of \$23,845. The San Bernardino County Flood Control District issued in May 2007, "Series 2007" Refunding Bonds in the amount of \$23,845.

Long-term debt issued increased by \$130,733 due to the fact that two new bonds were issued. In May 2007, the San Bernardino County Flood Control District issued \$103,355 in Judgment Obligation Bonds consisting of, "2007 Series A" bonds in the amount of \$58,355 and "2007 Series B" bonds in the amount of \$45,000. In June 2007, The County of San Bernardino issued \$18,370 in "2007 Series" Revenue Bonds for the Courthouse Project.

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

	Governmental Activities		Total Governmental Funds
	General Fund	Other Governmental Funds	
Revenues	\$ 2,080,678	\$ 517,827	\$ 2,598,505
Expenditures	(1,834,302)	(618,454)	(2,452,756)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	246,376	(100,627)	145,749
Total Other Financing Sources and (Uses)	(169,695)	184,140	14,445
Net Change In Fund Balance	76,681	83,513	160,194
Fund Balance, July 1, 2006, As Restated	413,045	433,809	846,854
Fund Balance, June 30, 2007	<u>\$ 489,726</u>	<u>\$ 517,322</u>	<u>\$ 1,007,048</u>

In fiscal year 2006-07, the fund balance of total governmental funds increased by \$160,194. This increase is the result of ongoing and one-time revenues exceeding ongoing expenditures.

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

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

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

	Business-Type Activities -- Enterprise Funds			Total Enterprise Funds
	Medical Center	Waste Systems Division	Other Enterprise Funds	
<b>Revenues</b>				
Net Patient Care and Services	\$ 375,973	\$ -	\$ -	\$ 375,973
Charges for Current Services	-	62,722	20,253	82,975
Other	13,527	697	-	14,224
<b>Total Operating Revenues</b>	<b>389,500</b>	<b>63,419</b>	<b>20,253</b>	<b>473,172</b>
<b>Operating Expenses</b>				
Professional Services	38,518	28,784	1,967	69,269
Salaries and Employee Benefits	185,775	6,299	9,329	201,403
Self insurance claims	-	-	-	-
Services and Supplies	202,065	12,023	7,462	221,550
Depreciation and Amortization	18,251	2,199	2,973	23,423
Other	4,057	-	3,026	7,083
<b>Total Operating Expenses</b>	<b>448,666</b>	<b>49,305</b>	<b>24,757</b>	<b>522,728</b>
<b>Operating Income (Loss)</b>	<b>(59,166)</b>	<b>14,114</b>	<b>(4,504)</b>	<b>(49,556)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Revenue	3,460	8,931	2,237	14,628
Interest Expense	(28,423)	(4,015)	(397)	(32,835)
Tax Revenue	735	-	5,718	6,453
Grant Revenue	26,976	-	833	27,809
Gain (Loss) on Sale of Capital Assets	-	(10)	(73)	(83)
Other Nonoperating Revenues	-	3,029	5,034	8,063
Other Nonoperating Expenses	(725)	-	(6,350)	(7,075)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>2,023</b>	<b>7,935</b>	<b>7,002</b>	<b>16,960</b>
<b>Income (Loss) Before Special Item and Transfers</b>	<b>(57,143)</b>	<b>22,049</b>	<b>2,498</b>	<b>(32,596)</b>
Special Item - Eminent Domain Settlement	-	1,676	-	1,676
Special Item - Litigation Settlement	-	(2,500)	-	(2,500)
Transfers to Other Funds	(15,981)	(243)	(2,562)	(18,786)
Transfers from Other Funds	64,347	560	2,785	67,692
<b>Change in Net Assets (Deficit)</b>	<b>(8,777)</b>	<b>21,542</b>	<b>2,721</b>	<b>15,486</b>
Net Assets, July 1, 2006, As Restated	20,575	51,852	105,375	177,802
Net Assets, June 30, 2007	<u>\$ 11,798</u>	<u>\$ 73,394</u>	<u>\$ 108,096</u>	<u>\$ 193,288</u>

The net increase by \$15,486 in net assets was primarily due to the following reasons:

- The total net assets of the Waste System Division increased \$21,542 as a result of a decrease in the closure/postclosure expenses due to a change in capacity calculations.
- The total net assets of the Medical Center decreased \$8,777 mainly as a result of increased salaries and employee benefits as well as service and supplies costs exceeding increased revenues in fiscal year 2006-07.
- The non-major enterprise fund net assets increased by \$2,721 as a result of increased user fees over expenses.

## **Management's Discussion and Analysis**

**(Amounts in thousands)**

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The County's final expenditure budget differs from the original budget by approximately .73%. A net increase in appropriations of \$16,067 was approved during the fiscal year. The significant components of this net decrease are summarized below:

- On August 15, 2006, the Board adopted a budget amendment to increase the budget of the Public Health department by \$1,086. This increase was for purchasing services and supplies and equipment for the Public Health Preparedness and Response to Bioterrorism program.
- On September 12, 2006, the Board adopted a budget amendment to increase the budget of the Sheriff's department by \$1,974. These increases were due to the receipt of a grant for the 2006 Technology Program. This grant was used to further the development of the FAST-ID and Mobile Identification systems.
- On November 28, 2006, the Board adopted a budget amendment to increase the budget of the Sheriff's department by \$1,260. This increase was to fund the salaries for the Citizen's Option for Public Safety (COPS) program.
- On December 12, 2006, the Board adopted a budget amendment to use \$3,137 of Realignment Contingencies to purchase an Automated Pharmacy Dispensing System for the County Hospital.
- On January 23, 2007, the Board adopted a budget amendment to increase the budget of the Sheriff's Department by \$2,364. This increase is due to the receipt of state funding for the California Multi-Jurisdictional Methamphetamine Enforcement Team Program.
- On February 13, 2007, the Board adopted a budget amendment to increase the budget for the Sheriff's Department by \$2,219. This increase was for providing additional contracted court security services to the Superior Court.
- On June 26, 2007, the Board adopted a budget amendment to increase the budget for the Sheriff's Department by \$1,300. This increase was to cover unanticipated increases in salaries, pharmacy and medical costs for inmates, vehicle and aircraft fuel, and vehicle and aircraft maintenance.
- On August 14, 2007, the Board adopted a budget amendment to increase the budget for the County Trial Courts – Maintenance of Effort by \$3,188. This amendment was done in order to facilitate the year-end closing process.

## **Management's Discussion and Analysis**

**(Amounts in thousands)**

The County's final Other Financing Sources/Uses budget differs from the original budget by approximately 22%. Supplemental appropriations of \$29,649 were approved during the fiscal year. The significant elements of this increase are summarized below:

- On November 7, 2006, the Board adopted a budget amendment to increase the County Museum's budget by \$3,703. These funds were used for the on-going construction of the County Museum's Hall of Geological Wonders.
- On December 12, 2006, the Board adopted a budget amendment to increase the Healthcare Realignment budget by \$3,137. These funds were transferred to the County Hospital to purchase an Automated Pharmacy Dispensing System.
- On February 27, 2007, the Board adopted a budget amendment to use \$2,278 from the Electronic Voting Reserve to fund the remodel of the Registrar of Voters offices.
- On June 26, 2007, a budget transfer was approved to decrease the Human Services transfers out budget by \$1,300 and increase the expenditures budget by \$1,300. The increased expenditures budget was used to purchase computer and technology equipment for the CalWorks program.
- On June 28, 2007, a budget transfer was approved to increase the Health Care Costs transfers out budget by \$7,000. This increase was to fund a transfer of realignment funds to the County Hospital for additional operational expenditures.
- On July 2, 2007, a budget transfer was approved to increase the Health Care Costs transfers out budget by \$11,000. This increase was to fund a transfer of realignment funds to the County Hospital for additional operational expenditures.
- On August 2, 2007, a budget transfer was approved to increase the General Administration transfers out budget by \$4,504. This increase was to provide financing for various health care programs.

The difference between the final budget and actual expenditures resulted in \$275,654 of unspent appropriations. Health Administration accounts for the largest variance of \$98,673 resulting in the replacement of SB 855 and SB 1255 for Disproportionate Share Hospital Programs with SB 1100, California's Medi-Cal Hospital/Uninsured Care Demonstration Project. The remaining variance is largely due to unexpended appropriations for Salaries and Benefits and Services and Supplies.

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 equity investment in capital assets for governmental and business-type activities as of June 30, 2007, amounted to \$1,048,429 - net of related debt. This investment in capital

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

assets includes land and easements, improvements to land, structures and improvements, equipment and vehicles, construction-in-progress (CIP), and infrastructure less bonds and capital leases payable related to those assets.

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

- The Flood Control funds have various flood control channel facilities under construction with a CIP value of \$81,499. The flood control facilities were primarily comprised of the West State Street Drain in the amount of \$13,821, the Etiwanda Levees and Creek in the amount of \$30,046, the San Sevaine Channel (Jurupa to Valley) in the amount of \$17,585, and the San Timoteo project with a CIP value of \$9,590.
- The Capital Improvement Fund had approximately \$32,412 in additions to CIP comprised of the following large projects: 1) 303 Building Improvement project in the amount of \$15,011; 2) Expansion of the Coroner's Morgue Facility in the amount of \$2,706; 3) Security Upgrades to the West Valley Detention Center in the amount of \$1,113; 4) Museum Design for the Hall of Paleontology in the amount of \$1,233; and 5) Improvements to the Glen Helen Water Distribution System in the amount of \$1,106.
- The primary increases in Improvements other than Buildings consisted of the Santa Ana River Trail (Phase 1) completion in the amount of \$4,356 and land improvements to the Chino Airport in the amount of \$5,544.
- The primary increases in Equipment and Vehicles consisted of the purchase of a helicopter by the Sheriff's Department in the amount of \$2,600 and two pieces of Caterpillar road equipment in the amount of \$1,346.

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) Percent
	2007	2006	2007	2006	2007	2006	of Change
Land	\$ 67,868	\$ 63,234	\$ 21,603	\$ 22,572	\$ 89,471	\$ 85,806	4.27%
Capitalized Software	7,662	6,759	-	-	7,662	6,759	13.36%
Construction in progress	168,054	111,531	20,290	15,664	188,344	127,195	48.08%
Improvement other than Buildings	163,533	138,698	241,053	232,647	404,586	371,345	8.95%
Structures and Improvements	560,161	542,691	514,464	513,726	1,074,625	1,056,417	1.72%
Equipment	248,671	221,465	107,066	103,071	355,737	324,536	9.61%
Infrastructure	1,081,835	1,056,716	-	-	1,081,835	1,056,716	2.38%
Total	<u>\$ 2,297,784</u>	<u>\$ 2,141,094</u>	<u>\$ 904,476</u>	<u>\$ 887,680</u>	<u>\$ 3,202,260</u>	<u>\$ 3,028,774</u>	<u>5.73%</u>

Additional information on the County's capital assets can be found on Note 9 on pages 76-77 of this report.

The County's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB No. 34.

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

**Long-term debt**

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

- Issued Revenue Bonds, Series 2007 totaling \$18,370 (Central Courthouse Surcharge Project).
- Issued Judgment Obligation Bonds, Series A totaling \$58,355 and Series B totaling \$45,000 (Flood Control District).
- Issued Refunding Bonds, Series 2007 totaling \$23,845 (Flood control District).
- Principal payments made on debt for a total of \$69,453.
- Amortization of deferred amount of refunding and discounts totaling \$23,209.
- Amortization of premium totaling \$426.
- The estimated liability for closure/postclosure care costs decreased by \$21,312.

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

	Governmental Activities		Business Activities		Total		Increase/ (decrease) Percent of Change
	2007	2006	2007	2006	2007	2006	
Certificates of Participation	\$ 186,959	\$ 200,528	\$ 589,367	\$ 618,099	\$ 776,326	\$ 818,627	-5.17%
General Obligation Bonds	-	-	1,815	1,930	1,815	1,930	-5.96%
Revenue Bonds	457,038	439,879	-	-	457,038	439,879	3.90%
Other Bonds and Notes Payable	649,062	522,835	6,399	6,905	655,461	529,740	23.73%
Compensated Absences	126,290	116,562	9,943	8,729	136,233	125,291	8.73%
Capital lease Obligations	4,010	3,889	4,136	2,438	8,146	6,327	28.75%
Estimated Liability for							
Litigation and Self-Insured claims	129,683	127,233	-	-	129,683	127,233	1.93%
Estimated Liability for Closure /							
Postclosure Care cost	-	-	94,419	115,731	94,419	115,731	-18.42%
Special item:							
Litigation Settlement Payable	-	102,000	-	-	-	102,000	-100.00%
Other Long-Term Debt	11,386	27,345	-	-	11,386	27,345	-58.36%
Total	\$ 1,564,428	\$ 1,540,271	\$ 706,079	\$ 753,832	\$ 2,270,507	\$ 2,294,103	-1.03%

Additional information on the County's long-term debt can be found in Note 11 on pages 79-87 of this report.

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

### **ECONOMIC FACTORS AND FY07 BUDGETING**

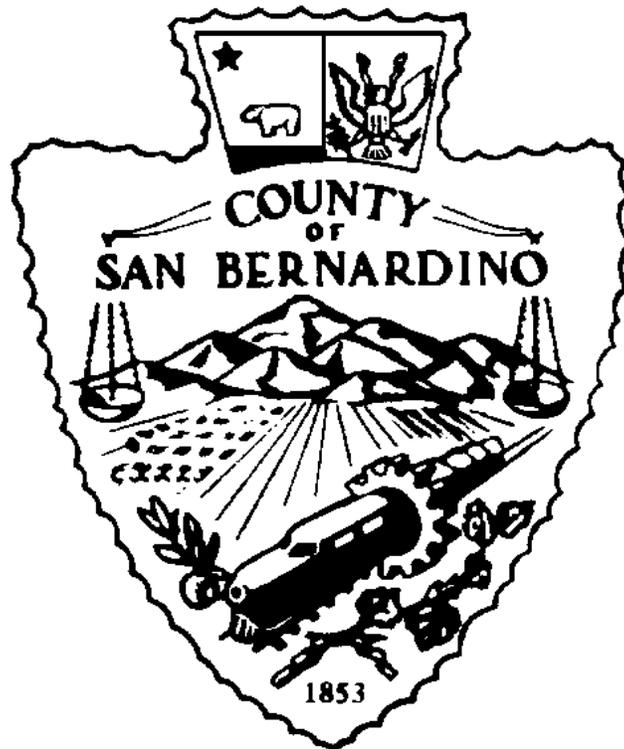
1. The Board continued to focus the County's resources on public safety. The 2006-07 final budget saw increased appropriations to the Law and Justice Departments and the County Fire Department.
2. The capital projects budget increased by financing various capital improvements. Major new projects included the renovation of Central Juvenile Hall in San Bernardino, the expansion of the Adelanto Adult Detention Center, and the Fontana Government Center. The major carryover projects were the seismic retrofit and remodel of the historic County Courthouse, and the remodel of the six floor of the Arrowhead Regional Medical Center.
3. The county continued to enhance the development of a countywide economic strategy to serve as a framework for policy decision making when planning for the explosive growth and development the County now faces.
4. The 2006-07 final budget included increased transportation spending to improve the County road system.
5. As the population of the County continues to increase, the needs of the County continue to grow. Among the County financing issues on the horizon are:
  - Jail Expansion
  - Hospital Expansion
  - State/Federal Financing Issues
  - New Judgeships
  - Building Needs
  - Economic and Redevelopment Needs

### **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, separate reports of the County's component units or need any additional financial information, contact the Auditor/Controller-Recorder Office, 222 W. Hospitality Lane, County of San Bernardino, California, 92415.

# BASIC FINANCIAL STATEMENTS

# GOVERNMENT-WIDE FINANCIAL STATEMENTS



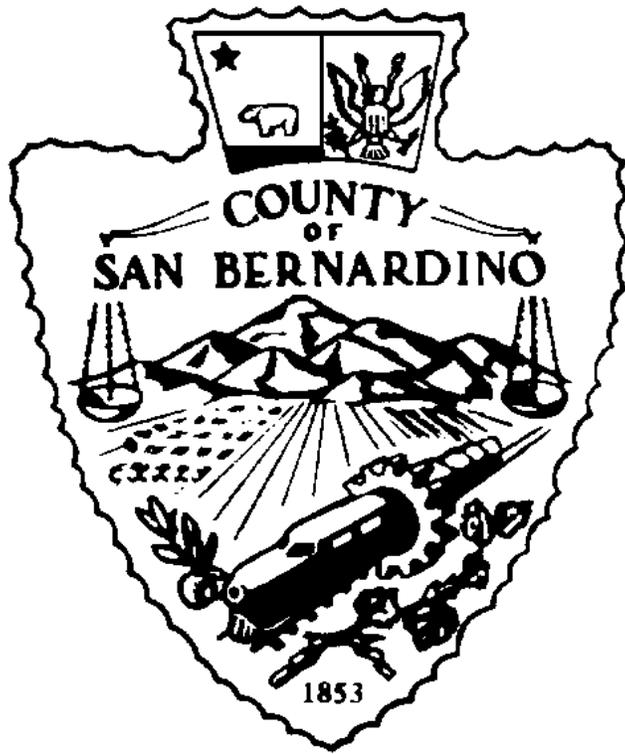
COUNTY OF SAN BERNARDINO  
STATEMENT OF NET ASSETS  
JUNE 30, 2007 (IN THOUSANDS)

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 SAN BERNARDINO
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 1,092,615	\$ 139,042	\$ 1,231,657	\$ 91,290
INVESTMENTS	14,429	-	14,429	-
ACCOUNTS RECEIVABLE - NET (NOTE 2)	15,937	52,595	68,532	-
TAXES RECEIVABLE (NOTE 2)	37,338	739	38,077	-
INTEREST RECEIVABLE	7,669	-	7,669	-
SPECIAL ASSESSMENT RECEIVABLE	-	-	-	-
LOAN RECEIVABLE	2,627	-	2,627	-
OTHER RECEIVABLES	145	188	333	-
DUE FROM OTHER GOVERNMENTS	205,227	13,616	218,843	5,151
INTERNAL BALANCES	13,835	(13,835)	-	-
DUE FROM PRIMARY GOVERNMENT	-	-	-	1,013
LAND HELD FOR RESALE (NOTE 2)	9,896	-	9,896	-
INVENTORIES	2,843	1,639	4,482	-
PREPAID ITEMS	3,347	10,200	13,547	20
NOTE RECEIVABLE	-	-	-	-
DEFERRED CHARGES	10,523	1,475	11,998	-
RESTRICTED CASH AND INVESTMENTS (NOTE 6 & 8)	114	167,758	167,872	-
OTHER ASSETS	-	7,831	7,831	-
PREPAID PENSION ASSET (NOTE 17)	828,602	-	828,602	-
LAND (NOTE 9)	67,868	21,603	89,471	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 9)	1,805,529	755,517	2,561,046	-
EQUIPMENT (NOTE 9)	248,671	107,066	355,737	301
CAPITALIZED SOFTWARE (NOTE 9)	7,662	-	7,662	-
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 9)	(921,024)	(334,228)	(1,255,252)	(192)
CONSTRUCTION IN PROGRESS (NOTE 9)	168,054	20,290	188,344	-
<b>TOTAL ASSETS</b>	<b>3,621,907</b>	<b>951,496</b>	<b>4,573,403</b>	<b>97,583</b>
<b>LIABILITIES</b>				
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	60,007	23,533	83,540	2,814
SALARIES AND BENEFITS PAYABLE	66,286	11,982	78,268	145
DUE TO OTHER GOVERNMENTS	25,366	1,873	27,239	850
INTEREST PAYABLE	13,891	12,210	26,101	-
DEFERRED REVENUE	37,070	31	37,101	-
SPECIAL ITEM - LITIGATION SETTLEMENT PAYABLE (NOTE 22)	-	2,500	2,500	-
NONCURRENT LIABILITIES (NOTE 11):				
PORTION DUE OR PAYABLE IN ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	71,761	6,392	78,153	-
COP BONDS AND NOTES PAYABLE (NOTE 11)	42,604	33,362	75,966	-
CAPITAL LEASE OBLIGATIONS (NOTE 11&13)	1,455	1,665	3,120	-
OTHER LONG TERM LIABILITIES (NOTE 11)	760	-	760	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTE 11&16)	-	9,358	9,358	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTE 10&11)	45,444	-	45,444	-
PORTION DUE OR PAYABLE AFTER ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	54,529	3,551	58,080	96
COP BONDS AND NOTES PAYABLE, NET (NOTE 11)	1,250,455	564,219	1,814,674	-
CAPITAL LEASE OBLIGATIONS (NOTE 11&13)	2,555	2,471	5,026	-
OTHER LONG TERM LIABILITIES (NOTE 11)	10,626	-	10,626	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTE 11&16)	-	85,061	85,061	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTE 10&11)	84,239	-	84,239	-
	<b>1,767,048</b>	<b>758,208</b>	<b>2,525,256</b>	<b>3,905</b>
<b>NET ASSETS:</b>				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT RESTRICTED (NOTE 5)	1,072,067	(23,638)	1,048,429	109
LEGALLY SEGREGATED SPECIAL REVENUE FUNDS FOR GRANTS AND OTHER PURPOSES	369,125	-	369,125	256
DEBT SERVICE	28,444	47,023	75,467	-
CAPITAL PROJECT FUNDS	119,170	-	119,170	-
PERMANENT FUNDS	583	-	583	-
STATE REALIGNMENT FUNDS	157,046	-	157,046	-
UNRESTRICTED	108,424	169,903	278,327	93,313
<b>TOTAL NET ASSETS</b>	<b>\$ 1,854,859</b>	<b>\$ 193,288</b>	<b>\$ 2,048,147</b>	<b>\$ 93,678</b>

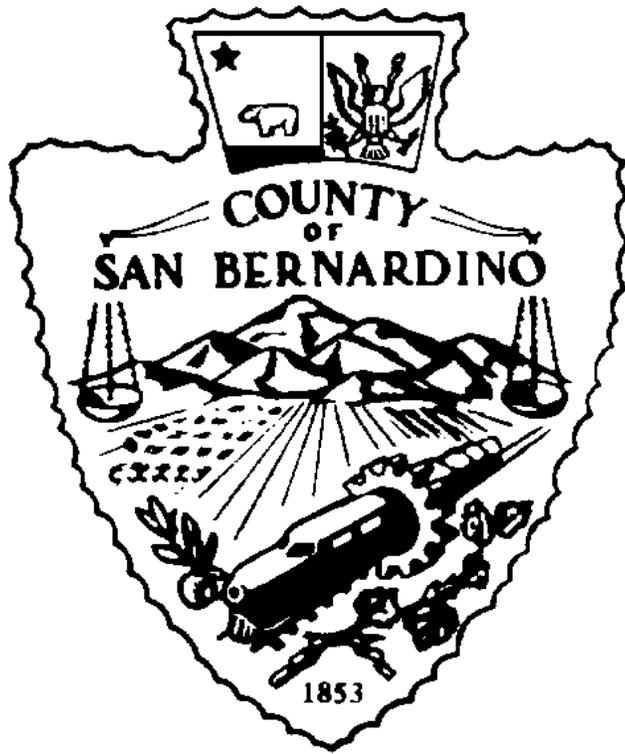
The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	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	
<b>FUNCTIONS/PROGRAMS</b>								
<b>PRIMARY GOVERNMENT:</b>								
<b>GOVERNMENTAL ACTIVITIES:</b>								
GENERAL GOVERNMENT	\$ 153,438	\$ 103,993	\$ 19,275	\$ -	\$ (30,170)	\$ -	\$ (30,170)	
PUBLIC PROTECTION	844,036	198,803	198,710	57	(446,466)	-	(446,466)	
PUBLIC WAYS AND FACILITIES	67,254	6,772	69,247	475	9,240	-	9,240	
HEALTH AND SANITATION	273,143	49,020	315,857	-	91,734	-	91,734	
PUBLIC ASSISTANCE	802,043	2,827	732,626	-	(66,590)	-	(66,590)	
EDUCATION	18,106	1,170	1,219	-	(15,717)	-	(15,717)	
RECREATION AND CULTURAL SERVICES	24,899	7,695	6,800	124	(10,280)	-	(10,280)	
INTEREST ON LONG TERM DEBT	83,260	-	-	-	(83,260)	-	(83,260)	
TOTAL GOVERNMENTAL ACTIVITIES	<u>2,266,179</u>	<u>370,280</u>	<u>1,343,734</u>	<u>656</u>	<u>(551,509)</u>	<u>-</u>	<u>(551,509)</u>	
<b>BUSINESS-TYPE ACTIVITIES:</b>								
MEDICAL CENTER	477,814	375,973	13,527	26,976	-	(61,338)	(61,338)	
WASTE SYSTEMS	53,320	63,419	-	-	-	10,099	10,099	
OTHER	31,504	20,253	833	-	-	(10,418)	(10,418)	
TOTAL BUSINESS-TYPE ACTIVITIES	<u>562,638</u>	<u>459,645</u>	<u>14,360</u>	<u>26,976</u>	<u>-</u>	<u>(61,657)</u>	<u>(61,657)</u>	
TOTAL PRIMARY GOVERNMENT	<u>\$ 2,828,817</u>	<u>\$ 829,925</u>	<u>\$ 1,358,094</u>	<u>\$ 27,632</u>	<u>(551,509)</u>	<u>(61,657)</u>	<u>(613,166)</u>	
<b>COMPONENT UNIT</b>								
FIRST 5 SAN BERNARDINO	\$ 27,181	\$ -	\$ 28,404	\$ -	\$ -	\$ -	\$ 1,223	
<b>GENERAL REVENUES:</b>								
PROPERTY TAXES, LEVIED FOR GENERAL PURPOSES					477,973	6,453	484,426	-
PROPERTY TAXES, LEVIED FOR DEBT SERVICE					10,907	-	10,907	-
PUBLIC SAFETY TAX					150,903	-	150,903	-
SALES TAXES					31,846	-	31,846	-
OTHER TAXES					58,261	-	58,261	-
UNRESTRICTED REVENUES FROM USE OF MONEY AND PROPERTY					76,046	14,628	90,674	4,778
MISCELLANEOUS					74,695	8,063	82,758	4
GAINS OR LOSS ON SALE OF CAPITAL ASSETS					4,182	(83)	4,099	-
SPECIAL ITEM - EMINENT DOMAIN SETTLEMENT (NOTE 22)					-	1,676	1,676	-
SPECIAL ITEM - LITIGATION SETTLEMENT (NOTE 22)					-	(2,500)	(2,500)	-
TRANSFERS					(48,906)	-	(48,906)	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS AND TRANSFERS					<u>835,907</u>	<u>77,143</u>	<u>913,050</u>	<u>4,782</u>
CHANGE IN NET ASSETS					284,398	15,486	299,884	6,005
NET ASSETS - BEGINNING, AS RESTATED (NOTE 3)					1,570,461	177,802	1,748,263	87,673
NET ASSETS - ENDING					<u>\$ 1,854,859</u>	<u>\$ 193,288</u>	<u>\$ 2,048,147</u>	<u>\$ 93,678</u>



# FUND FINANCIAL STATEMENTS



COUNTY OF SAN BERNARDINO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007 (IN THOUSANDS)

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>			
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 363,846	\$ 527,005	\$ 890,851
INVESTMENTS (NOTE 6)	-	14,429	14,429
ACCOUNTS RECEIVABLES - NET (NOTE 2)	4,913	467	5,380
TAXES RECEIVABLE (NOTE 2)	24,033	13,305	37,338
INTEREST RECEIVABLE	7,987	911	8,898
LOANS RECEIVABLE	35	-	35
OTHER RECEIVABLES	42	103	145
DUE FROM OTHER FUNDS (NOTE 7)	28,544	18,616	47,160
DUE FROM OTHER GOVERNMENTS (NOTE 2)	185,344	18,884	204,228
LAND HELD FOR RESALE (NOTE 2)	-	9,896	9,896
INVENTORIES	435	80	515
PREPAID ITEMS	1,278	89	1,367
INTERFUND RECEIVABLE (NOTE 7)	20,765	400	21,165
RESTRICTED CASH AND INVESTMENTS (NOTES 6 & 8)	-	114	114
TOTAL ASSETS	<u>\$ 637,222</u>	<u>\$ 604,299</u>	<u>\$ 1,241,521</u>
<b>LIABILITIES AND FUND BALANCES</b>			
ACCOUNTS PAYABLE	\$ 34,438	\$ 18,202	\$ 52,640
SALARIES AND BENEFITS PAYABLE	53,983	10,068	64,051
DUE TO OTHER FUNDS (NOTE 7)	4,749	22,120	26,869
DUE TO OTHER GOVERNMENTS	21,207	4,131	25,338
INTEREST PAYABLE	-	1,192	1,192
DEFERRED REVENUE (NOTE 2)	33,119	12,908	46,027
INTERFUND PAYABLE (NOTE 7)	-	18,356	18,356
TOTAL LIABILITIES	<u>147,496</u>	<u>86,977</u>	<u>234,473</u>
<b>FUND BALANCES (NOTE 5):</b>			
RESERVED FOR:			
ENCUMBRANCES	18,605	62,569	81,174
PREPAID ITEMS	1,278	89	1,367
NONCURRENT INTERFUND RECEIVABLES	20,765	400	21,165
LAND HELD FOR RESALE	-	9,896	9,896
INVENTORIES	435	80	515
LOANS RECEIVABLE	35	-	35
DEBT SERVICE	-	28,444	28,444
TEETER	17,720	-	17,720
UNRESERVED, REPORTED IN:			
DESIGNATED	176,451	-	176,451
UNDESIGNATED			
GENERAL FUND	254,437	-	254,437
SPECIAL REVENUE FUNDS	-	326,420	326,420
CAPITAL PROJECTS FUNDS	-	88,841	88,841
PERMANENT FUNDS	-	583	583
TOTAL FUND BALANCES	<u>489,726</u>	<u>517,322</u>	<u>1,007,048</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 637,222</u>	<u>\$ 604,299</u>	

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, are not reported in the funds. 1,353,339

Other long-term assets that are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. 22,672

Prepaid Pension Assets 828,602

Internal service funds that are used by management to charge the costs of general services, telephone services, computer operations, vehicle services, risk management, and flood control equipment to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. 87,773

Interest Payable (13,891)

Long-term liabilities, including bonds payable, that are not due and payable in the current period and therefore are not reported in the funds. (1,430,684)

Net assets of governmental activities (page 38) \$ 1,854,859

**COUNTY OF SAN BERNARDINO  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

	<u>GENERAL FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>			
TAXES	\$ 606,395	\$ 127,438	\$ 733,833
LICENSES, PERMITS AND FRANCHISES	24,444	633	25,077
FINES, FORFEITURES AND PENALTIES	11,520	7,704	19,224
REVENUES FROM USE OF MONEY AND PROPERTY	51,008	25,038	76,046
AID FROM OTHER GOVERNMENTAL AGENCIES	1,093,478	250,912	1,344,390
CHARGES FOR CURRENT SERVICES	277,547	48,432	325,979
OTHER REVENUES	16,286	57,670	73,956
<b>TOTAL REVENUES</b>	<u>2,080,678</u>	<u>517,827</u>	<u>2,598,505</u>
<b>EXPENDITURES:</b>			
<b>CURRENT:</b>			
GENERAL GOVERNMENT	134,219	18,772	152,991
PUBLIC PROTECTION	655,228	196,718	851,946
PUBLIC WAYS AND FACILITIES	2,567	79,092	81,659
HEALTH AND SANITATION	262,443	15,234	277,677
PUBLIC ASSISTANCE	748,633	71,984	820,617
EDUCATION	2,719	15,430	18,149
RECREATION AND CULTURAL SERVICES	11,660	10,426	22,086
<b>DEBT SERVICE</b>			
PRINCIPAL	275	65,879	66,154
INTEREST AND FISCAL CHARGES	2,379	59,812	62,191
BOND ISSUANCE COSTS	-	2,230	2,230
CAPITAL OUTLAY	14,179	82,877	97,056
<b>TOTAL EXPENDITURES</b>	<u>1,834,302</u>	<u>618,454</u>	<u>2,452,756</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>246,376</u>	<u>(100,627)</u>	<u>145,749</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
TRANSFERS TO OTHER FUNDS (NOTE 7)	(220,059)	(80,738)	(300,797)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	49,698	203,606	253,304
REFUNDING BONDS ISSUED (NOTE 11)	-	23,845	23,845
PREMIUM ON REFUNDING BONDS (NOTE 11)	-	1,385	1,385
LONG-TERM DEBT ISSUED (NOTE 11)	-	132,851	132,851
INCEPTION OF CAPITAL LEASE OBLIGATIONS (NOTE 11)	276	1,399	1,675
SALE OF CAPITAL ASSETS	390	3,792	4,182
JUDGEMENT OBLIGATION BONDS USES	-	(102,000)	(102,000)
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<u>(169,695)</u>	<u>184,140</u>	<u>14,445</u>
<b>NET CHANGE IN FUND BALANCE</b>	76,681	83,513	160,194
<b>FUND BALANCE, JULY 1, 2006, AS RESTATED (NOTE 3)</b>	413,045	433,809	846,854
<b>FUND BALANCE, JUNE 30, 2007</b>	<u>\$ 489,726</u>	<u>\$ 517,322</u>	<u>\$ 1,007,048</u>
<b>NET CHANGES IN FUND BALANCES -- TOTAL GOVERNMENTAL</b>			<b>\$ 160,194</b>
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.			99,311
Internal service funds are used by management to charge the costs of general service group, telephone services, computer operations, vehicle services, risk management, and flood control equipment. The net revenues of the internal service funds is reported within governmental activities.			60,532
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.			(4,626)
Expenses in the statement of activities that do not require the use of the current financial resources and, therefore, are not reported as expenditures in the governmental funds.			(19,989)
Reduction of the Litigation Settlement Payable			102,000
Amortization of the 95 POBs prepaid asset and the amortization of the 04 POB deferred costs.			(10,540)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to 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.			(102,484)
Changes in net assets of governmental activities (page 39)			<u>\$ 284,398</u>

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, 2007 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
TAXES	\$ 593,276	\$ 595,796	\$ 606,395	\$ 10,599
LICENSES, PERMITS AND FRANCHISES	24,559	24,612	24,444	(168)
FINES, FORFEITURES AND PENALTIES	8,949	10,933	11,520	587
REVENUES FROM USE OF MONEY AND PROPERTY	35,067	35,121	51,008	15,887
AID FROM OTHER GOVERNMENTAL AGENCIES	1,042,168	1,057,349	1,093,478	36,129
CHARGES FOR CURRENT SERVICES	375,119	381,327	277,547	(103,780)
OTHER REVENUES	9,499	9,752	16,286	6,534
<b>TOTAL REVENUES</b>	<b>2,088,637</b>	<b>2,114,890</b>	<b>2,080,678</b>	<b>(34,212)</b>
<b>EXPENDITURES:</b>				
CURRENT:				
GENERAL GOVERNMENT	196,272	207,335	136,252	71,083
PUBLIC PROTECTION	662,612	683,277	653,903	29,374
PUBLIC WAYS AND FACILITIES	2,725	2,559	2,553	6
HEALTH AND SANITATION	439,031	423,147	264,527	158,620
PUBLIC ASSISTANCE	794,732	797,465	749,418	48,047
EDUCATION	2,918	2,918	2,719	199
RECREATION AND CULTURAL SERVICES	12,215	12,215	11,634	581
DEBT SERVICE				
PRINCIPAL	306	306	275	31
INTEREST AND FISCAL CHARGES	6,554	2,430	2,379	51
CAPITAL OUTLAY	14,074	15,854	13,980	1,874
<b>TOTAL EXPENDITURE</b>	<b>2,131,439</b>	<b>2,147,506</b>	<b>1,837,640</b>	<b>309,866</b>
EXCESS OF REVENUES OVER EXPENDITURES	(42,802)	(32,616)	243,038	275,654
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS TO OTHER FUNDS (NOTE 7)	(223,251)	(257,734)	(220,059)	37,675
TRANSFERS FROM OTHER FUNDS (NOTE 7)	87,040	91,874	49,698	(42,176)
INCEPTION OF CAPITAL LEASE OBLIGATIONS (NOTE 11)	276	276	276	-
SALE OF CAPITAL ASSETS	543	543	390	(153)
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>(135,392)</b>	<b>(165,041)</b>	<b>(169,695)</b>	<b>(4,654)</b>
NET CHANGE IN FUND BALANCE	(178,194)	(197,657)	73,343	271,000
FUND BALANCE, JULY 1, 2006	397,778	397,778	397,778	-
FUND BALANCE, JUNE 30, 2007	\$ 219,584	\$ 200,121	\$ 471,121	\$ 271,000

COUNTY OF SAN BERNARDINO  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2007 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS			TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	OTHER ENTERPRISE FUNDS		
<b>ASSETS</b>					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 34,422	\$ 54,428	\$ 50,192	\$ 139,042	\$ 201,764
ACCOUNTS RECEIVABLE - NET (NOTE 2)	41,647	8,221	2,727	52,595	10,557
TAXES RECEIVABLE	-	739	-	739	-
OTHER RECEIVABLES	-	-	188	188	-
DUE FROM OTHER FUNDS (NOTE 7)	1,526	28	209	1,763	1,061
DUE FROM OTHER GOVERNMENTS	11,428	2,074	114	13,616	999
INVENTORIES	1,579	-	60	1,639	2,328
PREPAID ITEMS	2,776	7,424	-	10,200	1,980
TOTAL CURRENT ASSETS	93,378	72,914	53,490	219,782	218,689
NONCURRENT ASSETS:					
DEFERRED CHARGES	-	1,475	-	1,475	-
RESTRICTED CASH AND INVESTMENTS (NOTE 6 & 8)	60,021	107,737	-	167,758	-
OTHER ASSETS	7,831	-	-	7,831	-
LAND, STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE	514,878	152,242	110,000	777,120	7,659
EQUIPMENT	102,296	1,876	2,894	107,066	62,264
ACCUMULATED DEPRECIATION AND AMORTIZATION	(186,792)	(92,415)	(55,021)	(334,228)	(46,502)
CONSTRUCTION IN PROGRESS	2,768	10,241	7,281	20,290	-
TOTAL NONCURRENT ASSETS	501,002	181,156	65,154	747,312	23,421
TOTAL ASSETS	594,380	254,070	118,644	967,094	242,110
<b>LIABILITIES</b>					
CURRENT LIABILITIES:					
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	14,132	8,291	1,110	23,533	7,367
SALARIES AND BENEFITS PAYABLE	11,511	448	23	11,982	2,235
DUE TO OTHER FUNDS (NOTE 7)	13,950	642	160	14,752	8,363
DUE TO OTHER GOVERNMENTS	-	1,832	41	1,873	28
INTEREST PAYABLE	11,996	96	155	12,247	-
DEFERRED REVENUE	-	-	31	31	600
SPECIAL ITEM - LITIGATION SETTLEMENT PAYABLE (NOTE 22)	-	2,500	-	2,500	-
COMPENSATED ABSENCES PAYABLE (NOTE 11)	5,908	484	-	6,392	2,123
BONDS AND NOTES PAYABLE (NOTE 11)	27,180	5,750	432	33,362	-
CAPITAL LEASE OBLIGATIONS (NOTE 11)	1,665	-	-	1,665	24
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTE 11&16)	-	9,358	-	9,358	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTE 10&11)	-	-	-	-	45,444
TOTAL CURRENT LIABILITIES	86,342	29,401	1,952	117,695	66,184
NONCURRENT LIABILITIES:					
INTERFUND PAYABLE (NOTE 7)	-	-	809	809	2,000
COMPENSATED ABSENCES PAYABLE (NOTE 11)	3,390	156	5	3,551	1,892
BONDS AND NOTES PAYABLE (NOTE 11)	490,379	66,058	7,782	564,219	-
CAPITAL LEASE OBLIGATIONS (NOTE 11)	2,471	-	-	2,471	22
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTE 11&16)	-	85,061	-	85,061	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTE 10&11)	-	-	-	-	84,239
TOTAL NONCURRENT LIABILITIES	496,240	151,275	8,596	656,111	88,153
TOTAL LIABILITIES	582,582	180,676	10,548	773,806	154,337
<b>NET ASSETS</b>					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	(80,714)	136	56,940	(23,638)	21,930
RESTRICTED FOR:					
DEBT SERVICE	47,023	-	-	47,023	-
UNRESTRICTED	45,489	73,258	51,156	169,903	65,843
TOTAL NET ASSETS	\$ 11,798	\$ 73,394	\$ 108,096	\$ 193,288	\$ 87,773

The notes to the basic 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, 2007 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS			TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	OTHER ENTERPRISE FUNDS		
OPERATING REVENUES:					
NET PATIENT CARE AND SERVICE CHARGES FOR CURRENT SERVICES	\$ 375,973	\$ -	\$ -	\$ 375,973	\$ -
OTHER	-	62,722	20,253	82,975	191,175
	13,527	697	-	14,224	-
TOTAL OPERATING REVENUES	389,500	63,419	20,253	473,172	191,175
OPERATING EXPENSES:					
PROFESSIONAL SERVICES	38,518	28,784	1,967	69,269	6,569
SALARIES AND EMPLOYEE BENEFITS	185,775	6,299	9,329	201,403	32,778
SELF-INSURANCE CLAIMS	-	-	-	-	34,511
SERVICES AND SUPPLIES	202,065	12,023	7,462	221,550	57,679
DEPRECIATION AND AMORTIZATION	18,251	2,199	2,973	23,423	6,310
OTHER	4,057	-	3,026	7,083	349
TOTAL OPERATING EXPENSES	448,666	49,305	24,757	522,728	138,196
OPERATING INCOME (LOSS)	(59,166)	14,114	(4,504)	(49,556)	52,979
NONOPERATING REVENUES (EXPENSES)					
INTEREST REVENUE	3,460	8,931	2,237	14,628	7,014
INTEREST EXPENSE	(28,423)	(4,015)	(397)	(32,835)	(2)
TAX REVENUE	735	-	5,718	6,453	-
GRANT REVENUE	26,976	-	833	27,809	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	-	(10)	(73)	(83)	1,344
OTHER NONOPERATING REVENUES	-	3,029	5,034	8,063	610
OTHER NONOPERATING EXPENSES	(725)	-	(6,350)	(7,075)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	2,023	7,935	7,002	16,960	8,966
CHANGE IN NET ASSETS BEFORE SPECIAL ITEMS AND TRANSFERS	(57,143)	22,049	2,498	(32,596)	61,945
SPECIAL ITEM - EMINENT DOMAIN SETTLEMENT (NOTE 22)	-	1,676	-	1,676	-
SPECIAL ITEM - LITIGATION SETTLEMENT (NOTE 22)	-	(2,500)	-	(2,500)	-
TRANSFERS TO OTHER FUNDS (NOTE 7)	(15,981)	(243)	(2,562)	(18,786)	(1,433)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	64,347	560	2,785	67,692	20
CHANGE IN NET ASSETS	(8,777)	21,542	2,721	15,486	60,532
TOTAL NET ASSETS, JULY 1, 2006, AS RESTATED (NOTE 3)	20,575	51,852	105,375	177,802	27,241
TOTAL NET ASSETS, JUNE 30, 2007	\$ 11,798	\$ 73,394	\$ 108,096	\$ 193,288	\$ 87,773

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

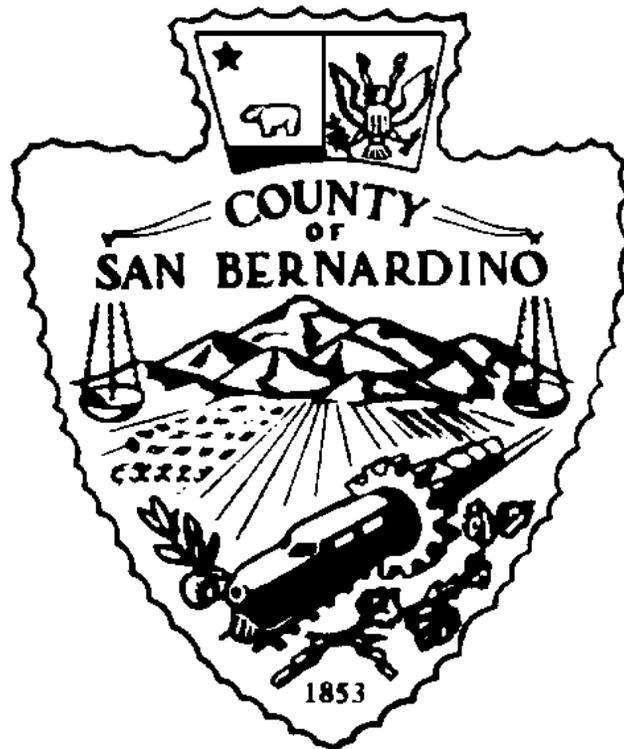


COUNTY OF SAN BERNARDINO  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2007 (IN THOUSANDS)

	<u>INVESTMENT TRUST</u>	<u>AGENCY</u>
<b>ASSETS</b>		
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 2,265,784	\$ 377,217
INVESTMENTS (NOTE 6)	-	1,205
ACCOUNTS RECEIVABLE - NET	65	-
TAXES RECEIVABLE	-	183,883
INTEREST RECEIVABLE	2	40
LOANS RECEIVABLE	45	-
DUE FROM OTHER FUNDS (NOTE 7)	-	-
DUE FROM OTHER GOVERNMENTS	81	250
PREPAID ITEMS	11	-
TOTAL ASSETS	<u>2,265,988</u>	<u>562,595</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
LIABILITIES:		
DUE TO OTHER GOVERNMENTS	-	562,595
TOTAL LIABILITIES	<u>-</u>	<u>\$ 562,595</u>
 <b>NET ASSETS</b>		
NET ASSETS HELD IN TRUST FOR INVESTMENT POOL PARTICIPANTS	<u>\$ 2,265,988</u>	

COUNTY OF SAN BERNARDINO  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS  
INVESTMENT TRUST FUND  
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>INVESTMENT TRUST FUND</u>
ADDITIONS:	
CONTRIBUTIONS ON POOLED INVESTMENTS	\$ 8,906,454
NET DECREASE IN FAIR VALUE OF INVESTMENTS	(12,090)
INTEREST INCOME ON CASH AND SECURITIES	<u>67,413</u>
TOTAL ADDITIONS	8,961,777
DEDUCTIONS:	
DISTRIBUTIONS FROM POOLED INVESTMENTS	<u>8,457,869</u>
TOTAL DEDUCTIONS	<u>8,457,869</u>
NET INCREASE IN NET ASSETS	503,908
NET ASSETS HELD IN TRUST, JULY 1, 2006	<u>1,762,080</u>
NET ASSETS HELD IN TRUST, JUNE 30, 2007	<u><u>\$ 2,265,988</u></u>



# NOTES TO THE BASIC FINANCIAL STATEMENTS

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**  
**(Amounts in thousands)**

**NOTE 1 – THE FINANCIAL REPORTING ENTITY**

**(a) Reporting Entity**

The County of San Bernardino (the "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 (the "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.

The County's Comprehensive Annual Financial Report does not include the financial statements of the San Bernardino County Employee's Retirement Association (SBCERA). The Retirement Board controls the Retirement Association acting as fiduciary agent for the accounting and control of member and employee contributions and investment income. The Retirement Association publishes a separate Comprehensive Annual Financial Report and receives a separate independent audit. The Retirement Association is also a legally separate entity from the County and was determined not to be a component unit according to the criteria set forth in Governmental Accounting Standards Board, the Financial Reporting Entity (GASB 39).

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

**(b) Blended Component Units**

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

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

The County is financially accountable for each of the above component units through the County's elected officials and descriptions of these component units are contained in subsequent sections of this Comprehensive Annual Financial Report. Acting as the governing

**COUNTY OF SAN BERNARDINO**  
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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.

**(c) Discretely Presented Component Unit**

FIRST 5 of San Bernardino County, formerly known as the Children and Families First Commission, was formed in 1998 under the California Health and Safety Code - Section 10110, 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. Their board consists of seven members, three of who are officers of the County, while the remaining four are appointed by the San Bernardino County Board of Supervisors. The FIRST 5 is a discretely presented component unit because the County has the ability to impose its will by replacing the majority of their board members at will, and its governing body is not substantially the same as that of the County while the FIRST 5 does not provide services entirely or almost entirely to the County but rather to the citizenry.

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

**(a) Basis of Presentation**

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

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

*Government – Wide Financial Statements*

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

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Program revenues include 1) charges paid by the recipient for goods or services offered by the program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements*

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

- *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 County reports the following major enterprise funds.

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

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

- *Internal Service Funds* account for printing services, records management, central mail, telephone services, computer operations, vehicle services, risk management, and flood control equipment operations that provide services to other departments or agencies of the County on a cost reimbursement basis.
- *The Investment Trust Fund* accounts for the pooled investments of numerous self-governed school and special districts for which cash and investments are held by the County Treasurer. The financial reporting for these governmental entities, which are independent of the County, is limited to the total amount of cash and investments and other assets, and the related fiduciary responsibility of the County for disbursements of these assets. Activities of the school districts and special districts are administered by their own separate elected boards and are independent of the County Board of Supervisors. The County Auditor/Controller makes disbursements upon the request of

**COUNTY OF SAN BERNARDINO**  
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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, nor 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.

**(b) Basis of Accounting**

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

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

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

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

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

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

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

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the government-wide Statement of Net Assets.

**(d) Due From Other Governments**

At June 30, 2007, the General Fund accrued \$185,344 of receivables from other governments, of which \$162,065 was due from the State of California. Of the amount owed by the State, \$50,990 was for Health Care Services, \$51,834 was for Public Social Services, \$53,362 was for motor vehicle license fees and sales tax monies, and the remaining \$5,879 was for other services. Amounts owed from cities for booking fees and other services were \$5,607. The remaining amount of \$17,672 was due from the federal government and other governmental agencies.

**(e) Taxes and Accounts Receivable**

The \$37,338 taxes receivable balance in the Governmental Activities column of the statement of net assets at June 30, 2007 is net of an allowance of doubtful accounts of \$1,050.

The \$52,595 accounts receivable balance in the Business-Type Activities column of the statement of net assets at June 30, 2007 is due to the \$41,647 accounts receivable of the Medical Center Fund, net of an allowance for doubtful accounts of \$226,423, and the \$8,221 accounts receivable of the Waste System Division Fund respectively. The \$393 accounts receivable balance of the Fire Protection Districts – Ambulance Fund at June 30, 2007 is net of an allowance for doubtful accounts of \$1,215. The \$525 accounts receivable balance of the Crestline Sanitation District Fund at June 30, 2007 is net of an allowance for doubtful accounts of \$31. The \$1,809 accounts receivable balance of County Service Areas is net of allowance for doubtful accounts of \$1,847. These funds are reflected as part of the enterprise funds on the statement of net assets.

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**  
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**(f) Deferred Revenue**

In the fund financial statements, governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2007, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows.

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
<b>Governmental Funds</b>			
General Fund			
Developer Deposits	\$ -	\$ 21,187	\$ 21,187
Property Tax Receivable	10,747	-	10,747
Due from governmental agencies	-	1,185	1,185
Nonmajor funds			
Property Tax Receivable	5,630	-	5,630
Due from governmental agencies	<u>-</u>	<u>7,278</u>	<u>7,278</u>
Total Governmental Funds	<u>\$ 16,377</u>	<u>\$ 29,650</u>	<u>\$ 46,027</u>

**(g) Cash and Cash Equivalents**

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

**(h) Investments**

The County's investments are governed by the California Government Code and the County's Investment Policy. These approved investments include U.S. Government Treasury and Agency securities, bankers' acceptances, commercial paper, medium term notes, mutual funds, repurchase agreements and reverse repurchase agreements as authorized by the Government Code Sections 53601, 53635 and 53638 which 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.

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**(i) Inventories and Prepaid Items**

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

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

**(j) Property Taxes**

The County levies, collects and apportions property taxes for all taxing jurisdictions within the County, including school and special districts. Property taxes are determined by applying approved rates to the assessed values of properties. The total 2006-07 gross assessed valuation of the County of San Bernardino was \$107,955,821 (after deducting \$42,294,851 for the redevelopment tax allocation increment and \$1,790,813 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 on 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 on August 31.

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

**COUNTY OF SAN BERNARDINO**  
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**(k) Capital Assets**

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

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

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

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

**(l) Employee Compensated Absences**

Liabilities for vacation, holiday benefits, sick pay and compensatory time are accrued when incurred in the government-wide and proprietary fund financial statements. In the event of retirement or termination, an employee is paid 100% of accumulated vacation pay, and those with ten or more years of continuous services are paid 30% to 50% of their accumulated sick leave. Up to two times the annual vacation accrual rate may be carried over from one year to the next. In accordance with GASB Interpretation No. 6, a liability for these amounts is reported in the governmental funds financial statements only if they have matured, for example, as a result of employee resignations and retirements prior to year-end and are paid by the County subsequent to year-end.

**(m) Interfund Transactions**

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

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

**(n) Land Held for Resale**

The Redevelopment Agency has acquired several parcels of land as part of its primary purposes. The Agency records these parcels as land held for resale in its financial records. The properties are being carried in the Capital Project and Special Revenue funds at the lower of cost or estimated net realizable value, until such time as there is an event which would indicate an agreed-upon sales price. At June 30, 2007, the land held for resale is being carried at a cost of \$9,896 (Special Revenue Funds at \$6,283 and Capital Project Funds at \$3,613) and is offset by a reservation of fund balance.

**(o) 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.

**(p) Implemented Accounting Pronouncements**

***GASB 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions***

During fiscal year 2006-07, the County adopted the provisions of Governmental accounting Standards Board Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

There were no postemployment benefits other than pensions during fiscal year 2006-07.

**COUNTY OF SAN BERNARDINO**  
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**NOTE 3 – RESTATEMENT OF NET ASSETS**

**Arrowhead Regional Medical Center**

The hospital has reached bed capacity, and a project to convert 6<sup>th</sup> floor administrative space to medical/surgical beds is in process. In fiscal year 2006, a transfer of realignment funding from the County to the Medical Center to fund the 6<sup>th</sup> Floor Project totaling \$30 million was incorrectly recorded to the County’s Capital Projects Fund instead of being recorded as the Medical Center’s capital project on the Medical Center Fund Financial Statement as of June 30, 2006.

Ending net Asset balance for fiscal year 2006 is being restated by this prior period adjustment.

**Restatements to the Fund Financial Statement**

	Nonmajor Governmental Funds (Capital Improvement)	Medical Center
Beginning Fund Balances/Net Assets, as previously reported	\$ 84,261	\$ (9,425)
Medical Center 6th Floor Remodel	(30,000)	30,000
	<u>\$ 54,261</u>	<u>\$ 20,575</u>
Beginning Fund Balances/Net Assets, as restated	<u>\$ 54,261</u>	<u>\$ 20,575</u>

**Restatements to the Government-Wide:**

	Governmental Activities	Business Activities
Beginning Net Assets, as previously reported	\$ 1,600,461	\$ 147,802
Capital Project Funds	(30,000)	
Medical Center		30,000
	<u>\$ 1,570,461</u>	<u>\$ 177,802</u>
	<u>\$ 1,570,461</u>	<u>\$ 177,802</u>

**Fund Reclassification**

The Central Courthouse Seismic Surcharge Fund is funded by a surcharge on civil filing as authorized by Government Code section 70624 to be used for the Central Courthouse seismic retrofit/remodel project.

In prior years, the Courthouse Seismic Surcharge was included in Other Special Revenue Funds. In June 2007, the county placed \$18.4 million of revenue bonds for courthouse improvements.

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As a result, this fund is shown separately because all civil filing fees received by the county, subsequent to June 29, 2007, and any interest earning thereon, are pledged to the payment of the bonds (See Note 11).

In prior years, the Mental Health Services Act Fund was included in Other Special Revenue Funds. The County evaluated its Nonmajor Governmental funds and as a result, the Mental Health Services Act fund is now shown separately from Other Special Revenue Funds.

No ending fund balance for fiscal year 2006 is restated. As a result of the reclassifications, transfer entry is made for fiscal year 2007 to show those reclassifications (See Note 7).

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

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

	Total Governmental Funds (Page 42)	Long-Term Assets and Liabilities (1)	Internal Service Funds (2) (Page 45)	Eliminations	Statement of Net Assets Totals (Page 38)
<b>ASSETS</b>					
CASH AND CASH EQUIVALENTS	\$ 890,851	\$ -	\$ 201,764	\$ -	\$ 1,092,615
INVESTMENTS	14,429	-	-	-	14,429
ACCOUNTS RECEIVABLE - NET	5,380	-	10,557	-	15,937
TAXES RECEIVABLE	37,338	-	-	-	37,338
INTEREST RECEIVABLE	8,898	-	-	(1,229)	7,669
LOANS RECEIVABLE	35	2,592	-	-	2,627
OTHER RECEIVABLES	145	-	-	-	145
DUE FROM OTHER FUNDS	47,160	-	1,061	(48,221)	-
DUE FROM OTHER GOVERNMENTS	204,225	-	999	3	205,227
INTERNAL BALANCES	-	-	-	13,835	13,835
LAND HELD FOR RESALE	9,896	-	-	-	9,896
INVENTORIES	515	-	2,328	-	2,843
PREPAID ITEMS	1,367	-	1,980	-	3,347
DEFERRED CHARGES	-	10,523	-	-	10,523
INTERFUND RECEIVABLE	21,165	-	-	(21,165)	-
RESTRICTED CASH AND INVESTMENTS	114	-	-	-	114
PREPAID PENSION ASSET	-	828,602	-	-	828,602
LAND	-	67,472	396	-	67,868
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE	-	1,798,266	7,263	-	1,805,529
EQUIPMENT	-	186,407	62,264	-	248,671
CAPITALIZED SOFTWARE	-	7,662	-	-	7,662
ACCUMULATED DEPRECIATION AND AMORTIZATION	-	(874,522)	(46,502)	-	(921,024)
CONSTRUCTION IN PROGRESS	-	168,054	-	-	168,054
<b>TOTAL ASSETS</b>	<b>\$ 1,241,518</b>	<b>\$ 2,195,056</b>	<b>\$ 242,110</b>	<b>\$ (56,777)</b>	<b>\$ 3,621,907</b>
<b>LIABILITIES</b>					
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	\$ 52,640	-	\$ 7,367	\$ -	\$ 60,007
SALARIES AND BENEFIT'S PAYABLE	64,051	-	2,235	-	66,286
DUE TO OTHER FUNDS	26,866	-	8,363	(35,229)	-
DUE TO OTHER GOVERNMENTS	25,338	-	28	-	25,366
INTEREST PAYABLE	1,192	13,891	-	(1,192)	13,891
DEFERRED REVENUE	46,027	(9,557)	600	-	37,070
INTERFUND PAYABLE	18,356	-	2,000	(20,356)	-
COMPENSATED ABSENCES PAYABLE	-	122,275	4,015	-	126,290
COP BONDS AND NOTES PAYABLE	-	1,587,632	-	-	1,587,632
CAPITAL LEASE OBLIGATIONS	-	3,964	46	-	4,010
OTHER LONG TERM LIABILITIES	-	11,386	-	-	11,386
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	-	129,683	-	129,683
SPECIAL ITEM - LITIGATION SETTLEMENT PAYABLE	-	-	-	-	-
DEFERRED AMOUNT ON REFUNDING	-	(5,981)	-	-	(5,981)
PREMIUM	-	6,175	-	-	6,175
DISCOUNT	-	(294,767)	-	-	(294,767)
<b>TOTAL LIABILITIES</b>	<b>234,470</b>	<b>1,435,018</b>	<b>154,337</b>	<b>(56,777)</b>	<b>1,767,048</b>
<b>FUND BALANCE/NET ASSETS</b>	<b>1,007,048</b>	<b>760,038</b>	<b>87,773</b>	<b>-</b>	<b>1,854,859</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE/NET ASSETS</b>	<b>\$ 1,241,518</b>	<b>\$ 2,195,056</b>	<b>\$ 242,110</b>	<b>\$ (56,777)</b>	<b>\$ 3,621,907</b>

**COUNTY OF SAN BERNARDINO**  
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(1) Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds.		
Land	67,472	
Structures, Improvements, and Infrastructure	\$ 1,798,266	
Equipment	186,407	
Capitalized software	7,662	
Accumulated Depreciation and Amortization	(874,522)	
Construction in Progress	168,054	
	\$ 1,353,339	
(1) Other long-term assets that are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		22,672
(1) Prepaid Pension Asset		828,602
(1) Interest Payable		(13,891)
(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	(122,275)	
COP Bonds and Notes Payable	(1,587,632)	
Capital Lease Obligations	(3,964)	
Other Long Term Liabilities	(11,386)	
Deferred Amount on Refunding	5,981	
Premium	(6,175)	
Discount	294,767	
	(1,430,684)	
	\$ 760,038	
(2) Internal service funds that are used by management to charge the costs of general services, telephone services, computer operations, vehicle services, risk management, and flood control equipment to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.		\$ 87,773

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

**(a) Budgetary Information**

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

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

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

Amendments or transfers of appropriations between funds or departments must be approved by the Board. Supplemental appropriations necessary and normally financed by unanticipated revenues during the year must also be approved by the Board. From time to time during the year, supplemental appropriations were necessary and approved by the Board. Amendments or transfers of appropriations between object levels within the same department may be approved by the Board or the County Administrative Office. Transfers at the sub-object 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**

For fiscal year 2006-07, there were no instances in which expenditures exceed appropriations.

**(c) Net Deficits of Individual Funds**

For fiscal year 2006-07, there were no instances in which a net deficit incurred.

**(d) 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”).

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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.

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

	General Fund
Fund balance - budgetary basis	\$ 471,121
Outstanding encumbrances for budgeted funds	18,605
Fund balance - GAAP basis	\$ 489,726

**Net Assets/Fund Balances**

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

- *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets as well as any premium or discount paid on debt reduce the balance in this category.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulation of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Examples of restricted net assets include federal and state grants that are restricted by grant agreements for specific purposes and restricted cash set aside for debt service payments. At June 30, 2007, the County reported restricted net assets of \$674,368 restricted for the following purposes:

Restricted for:	Amount
Legally segregated special revenue funds for grants and other purposes	\$ 369,125
Debt Service	28,444
Capital project funds	119,170
Permanent funds	583
State Realignment Funds	157,046
	\$ 674,368

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

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

Fund balances which are not available for appropriation at June 30, 2007 are reserved or designated for the following purposes:

*Reserved Fund Balance*

	Governmental Activities		Total
	General Fund	Nonmajor Funds	
Encumbrances	\$ 18,605	\$ 62,569	\$ 81,174
Prepaid Items	1,278	89	1,367
Noncurrent Interfund Receivables	20,765	400	21,165
Debt Service	-	28,444	28,444
Land Held For Resale	-	9,896	9,896
Inventories	435	80	515
Loans Receivable	35	-	35
Teeter Plan	17,720	-	17,720
Total	<u>\$ 58,838</u>	<u>\$ 101,478</u>	<u>\$ 160,316</u>

*Designated Fund Balance*

	General Fund
General Purpose	\$ 52,456
Medical Center Debt Service	32,075
Justice Facilities	119
West Valley Maximum Security	9,393
Future Retirement Rate	30,700
Teeter Plan	2,028
Restitution	1,865
Moonridge Zoo Expansion	3,750
Insurance	3,000
Electronic Voter System	500
Capital Projects	4,000
Business Process Improvement	565
Future Financing	16,400
Future Space Needs	19,600
Total Designated Fund Balance	<u>\$ 176,451</u>

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**NOTE 6 – CASH AND INVESTMENTS**

Cash and investments include the cash balances of substantially all funds which are pooled (the “pool”) and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. The pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7 – like pool. The pool does not issue a separate report. Included also are 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 now requires that all operating monies of the County, school districts, and board-governed special districts be held by the County Treasurer. The net asset value associated with legally mandated participants in the asset pool was \$3,937,150 at June 30, 2007.

As of June 30, 2007, the fair value of the County Pool was \$3.96 billion. Approximately 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, 2007, \$27,346 of the amounts deposited in the County pool was attributable to depositors who are not required to, but choose to, invest in the County pool. These include independent special districts, State Trial Court, and other governmental agencies. The deposits held for both involuntary and voluntary entities are reported in Investment Trust Fund.

**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 CREDIT RISK**

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

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

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(Moody's), or F-1 (Fitch) while an issuer of long-term corporate debt must have a minimum letter rating of "AA". Federal Agency notes and bonds, municipal notes and bonds, and money market mutual funds must have a minimum letter rating of "AAA". Limits are also placed on the maximum percentage investment by sector and by individual issuer (see schedule). As of June 30, 2007, all investments held by the County Pool were within policy limits.

**CONCENTRATION OF CREDIT RISK**

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

GASB Statement No. 40 requires disclosure of investments by amount and issuer that represent five-percent or more of total investments held. This requirement excludes investments issued or explicitly guaranteed by the United States Government, investments in mutual funds, external investment pools, and other pooled investments. As of June 30, 2007, the following issuers represented more than five-percent of the County Pool balance:

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
FHLB	\$ 886,893	22.52%
FNMA	\$ 612,422	15.55%
FFCB	\$ 393,736	10.00%
FHLMC	\$ 347,172	8.81%

**INTEREST RATE RISK**

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

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

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

California Law and where more restrictive, the San Bernardino County Pool Investment Policy, place limitations on the maximum maturity of investments to be purchased by sector (see

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schedule). As of June 30, 2007, all investments held by the County Pool were within policy limits.

<u>Security Type</u>	<u>Fair Value</u>	<u>Maturity Range (Days)</u>	<u>Maturity Limits</u>	<u>Average Maturity</u>	<u>Effective Duration</u>
Certificates of Deposit	\$ 749,492	6 - 347	365 days	164	0.43
Commercial Paper	\$ 696,004	2 - 101	270 days	19	0.05
Corporate Notes	\$ 9,392	490	18 months	490	1.26
Federal Agencies	\$ 2,240,223	11 - 1059	5 years	472	1.13
Money Market Funds	\$ 25,000	1	Imm. Liq.	1	0.003
Repurchase Agreements	\$ 100,001	2	180 days	2	0.005
U.S. Treasuries	\$ 144,384	46 - 777	5 years	231	0.61
Total Securities	<u>\$ 3,964,496</u>			<u>311</u>	<u>0.75</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, 2007, the carrying amount of the County's deposits was of \$58,066 and the corresponding bank balance was \$69,583. The difference of \$11,517 was primarily due to outstanding warrants, wires and deposits in transit. Of the bank balance, \$200 was insured by the FDIC depository insurance and \$69,383 was uncollateralized and not insured by FDIC depository insurance.

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

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

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>S&amp;P Rating</u>	<u>Moody's Rating</u>	<u>Fitch Rating</u>	<u>Maximum Allowed % of Portfolio</u>	<u>Individual Issuer Limitations</u>	<u>% of Pool 06/30/07</u>
U.S. Treasury Securities	\$ 144,535	\$ 144,384	AAA	Aaa	AAA	100%	None	3.00%
U.S. Government Agencies	2,246,987	2,240,223	AAA	Aaa	AAA	75%	None	56.90%
Negotiable Certificates of Deposit	750,144	749,492	A1+	P1	F1+	30%	\$100MM	19.00%
Commercial Paper	692,120	696,004	A1+	P1	F1+	40%	10\$	17.00%
Corporate Notes	9,478	9,392	AA	Aa1	AA+	10%	\$50MM	0.30%
Money Market Mutual Funds	25,000	25,000	AAA	Aaa	AAA	15%	10%	0.50%
Repurchase Agreements	100,000	100,001	A1	P1	F1+	40%	None	2.50%
<b>Total Treasurer's Pooled Investments</b>	<b>\$ 3,968,264</b>	<b>\$ 3,964,496</b>						
Investments Controlled by Fiscal Agents:								
Guaranteed Investment Contracts	35,917	35,917						
U.S. Treasury Securities	84,372	84,372						
U.S. Agency Discount Notes	6,603	6,603						
<b>Total Investments Controlled by Fiscal Agents</b>	<b>\$ 126,892</b>	<b>\$ 126,892</b>						
<b>Total Investments</b>	<b>\$ 4,095,156</b>	<b>\$ 4,091,388</b>						
Cash in Banks:								
Non-Interest Bearing Deposits		\$ 58,066						
<b>Total Cash and Investments</b>		<b>\$ 4,149,454</b>						

As of June 30, 2007, Cash and Investments are classified in the accompanying financial statements as follows:

	<u>Total Governmental Activities</u>	<u>Total Business-type Activities</u>	<u>Total Fiduciary Funds</u>	<u>Discretely Presented Component Unit</u>	<u>Total</u>
Cash and Investments	\$ 1,107,044	\$ 139,042	\$ 2,644,206	\$ 91,290	\$ 3,981,582
Restricted Cash and Investments	114	167,758	-	-	167,872
<b>Total Cash and Investments</b>	<b>\$ 1,107,158</b>	<b>\$ 306,800</b>	<b>\$ 2,644,206</b>	<b>\$ 91,290</b>	<b>\$ 4,149,454</b>

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The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2007:

<b>Statement of Net Assets</b>	
Equity of internal pool participants	\$ 1,698,508
Equity of external pool participants:	
Voluntary	27,346
Involuntary	2,238,642
Total Net Assets held for pool participants	\$ 3,964,496

<b>Statement of Changes in Net Assets</b>	
Net Assets at July 1, 2006	\$ 3,335,214
Net change in investments by pool participants	629,282
Net Assets at June 30, 2007	\$ 3,964,496

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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, 2007 are as follows:***

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 13,654
	Medical Center	13,912
	Waste Systems Division	642
	Nonmajor Enterprise Funds	37
	Internal Service Funds	299
		<u>28,544</u>
Nonmajor Governmental Funds	General Fund	2,811
	Nonmajor Governmental Funds	7,618
	Nonmajor Enterprise Funds	123
	Internal Service Funds	8,064
		<u>18,616</u>
Medical Center	General Fund	1,526
		<u>1,526</u>
Waste Systems Division	Nonmajor Governmental Funds	28
		<u>28</u>
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	209
		<u>209</u>
Internal Service Funds	General Fund	412
	Nonmajor Governmental Funds	611
	Medical Center	38
		<u>1,061</u>
	Total	<u>\$ 49,984</u>

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***Interfund Receivable/Payable at June 30, 2007 are as follows:***

Receivable Fund	Payable Fund	Amount
General Fund	Internal Service Funds	2,000
	Nonmajor Governmental Funds	17,956
	Nonmajor Enterprise Funds	809
		20,765
Nonmajor Governmental Funds	Nonmajor Governmental Funds	400
		400
Total		\$ 21,165

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**Transfers To/From Other Funds for the year ended June 30, 2007 are as follows:**

Transfers are indicative of 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:

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Medical Center	\$ 64,347
	Waste System Division	560
		<u>64,907</u>
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	2,680
		<u>2,680</u>
Internal Service Funds	Nonmajor Governmental Funds	1,415
	General Fund	18
		<u>1,433</u>
Waste Systems Division	Nonmajor Governmental Funds	243
		<u>243</u>
Medical Center	Nonmajor Governmental Funds	6,004
	General Fund	9,977
		<u>15,981</u>
Nonmajor Enterprise Funds	General Fund	15
	Nonmajor Governmental Funds	2,442
	Nonmajor Enterprise Funds	105
		<u>2,562</u>
Total		<u>\$ 87,806</u>

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

General Fund	Nonmajor Governmental Funds	155,152
		<u>155,152</u>
Nonmajor Governmental Funds	General Fund	39,688
	Nonmajor Governmental Funds	38,350
	Internal Service Funds	20
		<u>78,058</u>
Total		<u>\$ 233,210</u>

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

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Amounts transferred out of the General Fund to the Medical Center are the results of year-end budgeted transfer, and the annual transfer from health care cost to the Medical Center.

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

The amount of \$38,350 was transferred within Nonmajor Governmental Funds. Of this amount, \$10,458 was transferred to show the Central Courthouse Seismic Surcharge Fund separately from Other Special Revenue Funds on Combining Fund Financial Statements.

**NOTE 8 – RESTRICTED CASH AND INVESTMENTS**

Cash and cash equivalents that are restricted by legal or contractual requirements at June 30, 2007 are comprised of the following:

**Special Revenue Funds**

*Flood Control District:*

The Flood Control District has set aside a total of \$114 to be used in case of emergencies or disasters.

**Enterprise Funds**

*Medical Center:*

Restricted cash and cash equivalents of \$60,021 represent funds set aside for debt service payments.

*Waste System Division:*

Restricted cash and cash equivalents of \$107,737 represent funds set aside as specified by bond covenants and for groundwater detection, treatment and remediation, and for State mandated site closure and maintenance costs.

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**NOTE 9 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2007 was as follows:

**Primary Government**

	Balance July 1, 2006	Additions	Decreases	Balance June 30, 2007
<b>Governmental Activities</b>				
Capital assets, non-depreciable:				
Land	\$ 63,234	\$ 5,645	\$ 1,011	\$ 67,868
Capitalized Software in development	6,759	903	-	7,662
Construction in progress	111,531	79,739	23,216	168,054
Total assets, non-depreciable	<u>181,524</u>	<u>86,287</u>	<u>24,227</u>	<u>243,584</u>
Capital Assets, depreciable:				
Improvements other than Buildings	138,698	24,835	-	163,533
Structures and Improvements	542,691	17,470	-	560,161
Equipment	221,465	76,020	48,814	248,671
Infrastructure	1,056,716	25,119	-	1,081,835
Total assets-depreciable	<u>1,959,570</u>	<u>143,444</u>	<u>48,814</u>	<u>2,054,200</u>
Less accumulated depreciation for :				
Improvements other than Buildings	68,168	6,407	-	74,575
Structures and Improvements	152,542	12,746	-	165,288
Equipment	139,158	26,324	12,040	153,442
Infrastructure	504,775	22,944	-	527,719
Total accumulated depreciation	<u>864,643</u>	<u>68,421</u>	<u>12,040</u>	<u>921,024</u>
Total capital assets, depreciable, net	<u>1,094,927</u>	<u>75,023</u>	<u>36,774</u>	<u>1,133,176</u>
Governmental activities capital assets, net	<u>\$ 1,276,451</u>	<u>\$ 161,310</u>	<u>\$ 61,001</u>	<u>\$ 1,376,760</u>
<b>Business-type Activities</b>				
Capital assets, non-depreciable:				
Land	\$ 22,572	\$ 16	\$ 985	\$ 21,603
Construction in progress	15,664	21,527	16,901	20,290
Total assets, non-depreciable	<u>38,236</u>	<u>21,543</u>	<u>17,886</u>	<u>41,893</u>
Capital Assets, depreciable:				
Improvements other than Buildings	232,647	15,258	6,852	241,053
Structures and Improvements	513,726	738	-	514,464
Equipment	103,071	5,005	1,010	107,066
Total capital assets-depreciable	<u>849,444</u>	<u>21,001</u>	<u>7,862</u>	<u>862,583</u>
Less accumulated depreciation for :				
Improvements other than Buildings	135,702	4,036	4,940	134,798
Structures and Improvements	98,031	12,898	-	110,929
Equipment	83,058	6,204	761	88,501
Total accumulated depreciation	<u>316,791</u>	<u>23,138</u>	<u>5,701</u>	<u>334,228</u>
Total capital assets, depreciable, net	<u>532,653</u>	<u>(2,137)</u>	<u>2,161</u>	<u>528,355</u>
Business-type activities capital assets, net	<u>\$ 570,889</u>	<u>\$ 19,406</u>	<u>\$ 20,047</u>	<u>\$ 570,248</u>

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**Depreciation**

Depreciation expense was charged to governmental functions as follows:

General Government	\$	10,565
Public Protection		29,438
Public Ways and Facilities		23,102
Health and Sanitation		568
Public Assistance		1,248
Education		293
Recreation and Cultural Services		<u>3,207</u>
Total depreciation expense - governmental functions	<u>\$</u>	<u>68,421</u>

Depreciation expense was charged to the business-type functions as follows:

Medical Center	\$	18,251
Waste Systems Divison		1,835
Crestline Sanitation		560
County Service Areas		2,450
Fire Protection		<u>42</u>
Total depreciation expense - business type functions	<u>\$</u>	<u>23,138</u>

**Construction in Progress**

Construction in Progress consists of the following projects

	Governmental Activities	Business-Type Activities
Flood Control Projects	81,499	-
Other County Projects	<u>86,555</u>	<u>20,290</u>
Total	<u>\$ 168,054</u>	<u>\$ 20,290</u>

**Discretely Presented Component Unit**

Activity for the FIRST 5 of San Bernardino for the year ended June 30, 2007, was as follows:

	Balance July 1, 2006	Additions	Decreases	Balance June 30, 2007
Capital assets, being depreciated:				
Furniture and Computer Equipment	<u>\$ 277</u>	<u>\$ 35</u>	<u>\$ 11</u>	<u>\$ 301</u>
Less accumulated depreciation for:				
Furniture and Computer Equipment	<u>148</u>	<u>44</u>	<u>-</u>	<u>192</u>
District capital assets, net	<u>\$ 129</u>	<u>\$ (9)</u>	<u>\$ 11</u>	<u>\$ 109</u>

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**NOTE 10 – SELF INSURANCE**

The County has self-insurance programs for public liability, property damage, unemployment insurance, employee dental insurance, hospital and medical malpractice liability and workers' compensation claims. Public liability claims are self-insured for up to \$1 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$25 million is provided through a Risk Pool Agreement with California State Association of Counties (CSAC) Excess Insurance Authority ("EIA") Liability Program II. Workers' compensation claims are self-insured up to \$2 million per occurrence and covered by CSAC EIA for up to \$10 million for employer's liability and up to \$50 million for workers' compensation per occurrence. Property damage claims are insured on an occurrence basis over a \$25 thousand deductible, and insured with CSAC EIA Property Program.

The County supplements its self-insurance for medical malpractice claims with CSAC EIA, which provides annual coverage on a claim made form basis with an SIR of \$1 million for each claim. Maximum coverage under the policy is \$11.5 million per claim with an additional \$10 million in limits provided by the CSAC EIA General Liability II Program.

All public officials and County employees are insured under a blanket Comprehensive Disappearance, Destruction, and Dishonesty policy covering County monies and securities, also with CSAC EIA with a \$100,000 deductible, and excess limits up to \$10 million per occurrence.

The activities related to such programs are accounted for in the Department except for unemployment insurance and employee dental insurance, which are accounted for in the General Fund. The IBNR and IBNS liabilities stated on the Department'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 4.75%. It is the Department's practice to obtain actuarial studies on an annual basis.

The Department has a risk management investment program agreement with the Bank of New York to finance the self-insured general liability, automobile liability, workers' compensation and medical malpractice programs. The Department's investment in the agreement totaled \$50.3 million at June 30, 2007.

The total claims liability of \$129.7 million reported at June 30, 2007 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.

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Changes in the claims liability amount in fiscal years 2006 and 2007 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year-end</u>
2005-06	\$115,714	\$46,926	(\$35,407)	\$127,233
2006-07	\$127,233	\$34,312	(\$31,862)	\$129,683

**NOTE 11 – LONG TERM DEBT**

**Primary Government**

The following is a summary of long-term liability transactions for the year ended June 30, 2007:

	Balance <u>July 1, 2006</u>	Additions	Reductions	Ending Balance <u>June 30, 2007</u>	Due Within <u>One Year</u>
<b>Governmental Activities</b>					
Certificates of Participation, net	\$ 200,528	\$ 760	\$ 14,329	\$ 186,959	\$ 13,730
Revenue Bonds, net	439,879	38,359	21,200	457,038	24,510
Other Bonds and Notes	522,835	129,016	2,789	649,062	4,364
Compensated Absences	116,562	86,521	76,793	126,290	71,761
Capital Lease Obligation	3,889	1,675	1,554	4,010	1,455
Estimated Liability for Litigation and Self-Insured Claims	127,233	34,312	31,862	129,683	45,444
Special Item - Litigation Settlement Payable	102,000	-	102,000	-	-
Other Long-Term Liabilities	<u>27,345</u>	<u>10,278</u>	<u>26,237</u>	<u>11,386</u>	<u>760</u>
Total Governmental Activities - Long-term Liabilities	<u>\$ 1,540,271</u>	<u>\$ 300,921</u>	<u>\$ 276,764</u>	<u>\$ 1,564,428</u>	<u>\$ 162,024</u>
<b>Business-type Activities</b>					
Certificates of Participation, net	\$ 618,099	\$ 2,453	\$ 31,185	\$ 589,367	\$ 32,930
General Obligation Bonds	1,930		115	1,815	170
Notes	6,905		506	6,399	262
Compensated Absences	8,729	9,925	8,711	9,943	6,392
Capital Lease Obligation	2,438	3,042	1,344	4,136	1,665
Estimated Liability for Closure/ Postclosure Care Costs	<u>115,731</u>	<u>15,085</u>	<u>36,397</u>	<u>94,419</u>	<u>9,358</u>
Total Business-type Activities - Long-term Liabilities	<u>\$ 753,832</u>	<u>\$ 30,505</u>	<u>\$ 78,258</u>	<u>\$ 706,079</u>	<u>\$ 50,777</u>

In May 2007, the San Bernardino County Flood Control District issued \$103,355 in Judgment Obligation Bonds consisting of, "2007 Series A" bonds in the amount of \$58,355 and "2007 Series B" bonds in the amount of \$45,000. The Series A Bonds and the Series B bonds were issued to pay, among other things, the obligations of the District under a settlement agreement relating to an inverse condemnation action against the District.

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In June 2007, the County of San Bernardino issued \$18,370 in "2007 Series" Revenue Bonds for courthouse improvements.

Other Long-Term Liabilities include \$2,592 for the Day Creek Project; \$6,000 relating to the San Timoteo Creek Project; \$2,096 relating to the Lenwood/High Desert Estates Sewer Construction Project; and \$698 relating to the Wrightwood Road Paving project.

At June 30, 2007 the \$6,000 is owed to the United States Army Corp of Engineers for the construction of the San Timoteo Creek Project. The \$2,096 for the septic to sewer conversion is due to United States Department of Agriculture. The \$698 is owed to Desert Community Bank that provides for a ten-year revolving loan to finance a road paving project within the boundaries of County Service Area 70, Improvement Zone G (Wrightwood).

The Flood Control District issued its \$23,845 San Bernardino County Flood Control District Refunding Bonds, Series 2007 in fiscal year 2007 to refund the obligations of the District owed to the United States department of the Interior, Bureau of Reclamation, for construction of the San Sevaine Creek Water Project. As a result of the advance refunding, the District decreased its overall debt service by approximately \$5,514 which resulted in an economic gain (difference between the present value of debt service payment on the old and new debt) of \$4,241.

In October 1986, the Flood Control District entered into a loan agreement with the Federal Government for construction of the Day Creek Project for \$13,400. A subsequent agreement between the County (on behalf of the District) and the City of Rancho Cucamonga Redevelopment Agency provides the terms and conditions for repayment of the loan. Payments are reflected in the Flood Control District as other revenue (from the City of Rancho Cucamonga) and debt service-principal (to the Bureau of Reclamation). This agreement is to be in force approximately 24 years or until the project is complete and the federal loan is repaid. Payments commenced in 1992 and the remaining balance of the loan as of June 30, 2007, is \$2,592.

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

**COUNTY OF SAN BERNARDINO**  
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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 6-30-07</u>
Capital Improvement Refinancing (1996)	Variable	06-21-96	11-01-25	\$ 9,200	\$ 7,400
County Center Refinancing (1996)	Variable	07-11-96	07-01-15	39,600	22,400
Public Improvement Project (1997)	3.85 to 5.00	10-01-97	10-01-25	17,790	12,720
West Valley Detention Center (2001 A)	4.00 to 4.60	10-25-01	11-01-18	8,365	8,180
West Valley Detention Center (2001 B)	3.50 to 4.00	10-25-01	11-01-12	42,075	29,800
Justice Center/Airport Improvement	3.00 to 5.00	03-01-02	07-01-16	68,100	51,705
West Valley Detention Center (2002 A)	4.50 to 5.25	08-6-02	11-01-18	44,480	43,620
Glen Helen Blockbuster (2003 A)	Variable	05-1-03	03-01-24	9,825	8,475
Glen Helen Blockbuster (2003 B)	Variable	05-1-03	03-01-24	9,875	5,325
Subtotal					189,625
Deferred Amount on Refunding:					
West Valley Detention Center (2001 B)					(2,028)
Justice Center/Airport Improvement					(1,660)
West Valley Detention Center (2002 A)					(2,138)
Premium(Discounts):					
West Valley Detention Center (2001 B)					821
Justice Center/Airport Improvement					1,100
West Valley Detention Center (2002 A)					1,239
Net Certificates of Participation					186,959
<b><u>Revenue Bonds</u></b>					
Pension Obligation Bonds (1995)	5.68 to 7.72	11-22-95	08-01-21	386,266	733,435
Courthouse Project Bonds (2007)	5.10 to 5.50	06-29-07	06-31-37	18,370	18,370
Subtotal					751,805
(Discounts):					
Pension Obligation Bonds (1995)					(294,767)
Net Revenue Bonds					457,038
<b><u>Other Bonds and Notes</u></b>					
County Library Note	3.41	07-18-01	02-01-31	1,982	1,762
Pension Obligation Bonds (2004)	Fixed/Variable	06-24-04	08-01-23	463,895	459,930
San Sevaine Redevelopment (2005 A)	4.00 to 5.00	11-30-05	09-01-35	58,275	57,310
Flood Control District:					
Judgment Obligation Bonds (Series A)	4.375 to 5.00	05-30-07	08-01-29	58,355	58,355
Judgment Obligation Bonds (Series B)	Auction Rate	05-29-07	08-01-37	45,000	45,000
Refunding Bonds (Series 2007)	4.00 to 5.00	05-29-07	08-01-21	23,845	23,845
Subtotal					646,202
Deferred Amount on Refunding:					
San Sevaine Redevelopment (2005 A)					(155)
Premium(Discounts):					
San Sevaine Redevelopment (2005 A)					1,206
Judgment Obligation Bonds (Series A)					424
Refunding Bonds (Series 2007)					1,385
Net Other Bonds and Notes					649,062

**COUNTY OF SAN BERNARDINO**  
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A summary of bonds and notes payable recorded in the business-type activities is as follows:

<b>Medical Center</b>	<b>Interest Rates (%)</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Original Issue Amount</b>	<b>Outstanding as of 6-30-07</b>
Certificates of Participation:					
Medical Center Project (Series 1994)	4.60 to 7.00	02-01-94	08-01-28	\$ 283,245	\$ 181,890
Medical Center Project (Series 1995)	4.80 to 7.00	06-01-95	08-01-22	363,265	110,740
Medical Center Project (Series 1996)	5.00 to 5.25	01-01-96	08-01-28	65,070	65,070
Medical Center Project (Series 1997)	4.30 to 5.50	09-01-97	08-01-08	121,095	32,015
Medical Center Project (Series 1998)	4.1895	10-22-98	08-01-26	176,510	<u>176,510</u>
					566,225
Less:					
Deferred Amount on Refunding					(36,045)
Discounts					<u>(12,621)</u>
Subtotal					<u>517,559</u>
<b>Waste Systems Division</b>					
Certificates of Participation:					
Solid Waste Financing (Series 2003 B)	Variable	05-01-03	03-01-17	93,875	73,725
Less:					
Deferred Amount on Refunding					(1,917)
Subtotal					<u>71,808</u>
Net Certificates of Participation					<u>589,367</u>
<b>County Service Areas</b>					
General Obligation Bonds:					
Spring Valley Lake Sewer Facilities:					
Series A	6.50 to 6.75	02-15-72	02-15-02	1,300	15
Series B	6.10 to 6.15	04-01-74	04-01-04	1,000	15
Helendale Sewer Facilities:					
Series A	5.00	06-01-78	06-01-98	1,550	5
Helendale Water Facilities:					
Series B	7.00	09-01-82	06-01-97	1,450	5
Pinon Hills Water Distribution:					
Series A	5.00	03-01-78	03-01-18	1,708	830
Series B	5.00	03-01-78	03-01-18	275	110
Series C	9.00 to 11.00	11-01-84	03-01-05	1,518	5
Landers Water Distribution System	5.00	06-01-79	06-01-19	1,540	825
Oak Hills Water Distribution Facilities	7.00	09-01-74	09-01-94	750	<u>5</u>
General Obligation Bonds					<u>1,815</u>
Notes Payable:					
Crestline Sanitation District (Loan)	1.719	01-01-97	03-01-18	2,160	1,074
Pinon Hills Water (Loan)	-	12-17-02	12-17-32	3,581	3,196
Oak Hills Water (Loan)	-	11-25-03	08-25-33	2,235	<u>2,129</u>
Notes Payable					<u>6,399</u>
Total Business-type Activities					<u>\$ 597,581</u>

County Service Area 70, Improvement Zone L (CSA 70L) and the California Infrastructure and Economic Development Bank (CIEDB) entered into an agreement dated December 17, 2002 for the funding of a water tank project. Under the terms of the agreement, the project construction must begin no later than twelve months after May 28, 2002 and invoices must be to CIEDB for the entire amount of the project fund of \$4,001 no later than thirty-five months after December 17, 2002. As of June 30, 2007, a total of \$3,581 was approved and received from CIEDB.

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

Certificates of Participation (COP) are secured by annual lease payments payable by the County for use of the facilities constructed or acquired from the COP proceeds. The County has created 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 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, 2007, approximately \$61,070 of outstanding debt is considered defeased.

One of the joint powers authorities issued Revenue Bonds in November 1995 for the purpose of enabling the County to finance outstanding pension indebtedness. In June 2007, the joint powers 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 net outstanding balance of the Revenue Bonds at June 30, 2007 is \$457,038.

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 S.B.C.E.R.A. 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 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%. Series 2004 B-1 Auction Rate Bonds have variable rates that reset daily via auction. Series 2004B-2 and 2004 B-b Auction Rate Bonds have variable rates that that reset every 28 days via auction.

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The following is a schedule of principal debt service requirements to maturity as of June 30, 2007 for bonds and notes payable in the governmental activities:

<u>Years Ending June 30</u>	<u>Certificates of Participation</u>	<u>Revenue Bonds</u>	<u>Other Long-Term Debt</u>	<u>Total</u>
2008	\$ 13,730	\$ 24,510	\$ 4,364	\$ 42,604
2009	13,755	28,435	8,185	50,375
2010	14,340	32,475	10,942	57,757
2011	14,845	36,925	13,579	65,349
2012	15,035	41,830	16,100	72,965
2013-2017	81,940	252,785	127,518	462,243
2018-2022	28,210	322,025	248,649	598,884
2023-2027	7,770	3,190	134,890	145,850
2028-2032		4,175	35,315	39,490
2033-2037		5,455	40,460	45,915
2037-2042			6,200	6,200
Total Principal	189,625	751,805	646,202	1,587,632
Plus Premium	3,160		3,015	6,175
Less:				
Deferred Amount on Refunding	(5,826)		(155)	(5,981)
Discount		(294,767)		(294,767)
Total Bonds and Notes Payable	<u>\$ 186,959</u>	<u>\$ 457,038</u>	<u>\$ 649,062</u>	<u>\$ 1,293,059</u>

**COUNTY OF SAN BERNARDINO**  
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The following is a schedule of interest expense requirements to maturity as of June 30, 2007 for bonds and notes payable in the governmental activities:

<b>Years Ending June 30</b>	<b>Certificates of Participation</b>	<b>Revenue Bonds</b>	<b>Other Long-Term Debt</b>	<b>Total</b>
2008	\$ 8,153	\$ 11,425	\$ 34,891	\$ 54,469
2009	7,607	9,701	36,724	54,032
2010	7,050	7,602	36,197	50,849
2011	6,428	5,191	35,777	47,396
2012	5,811	2,424	34,908	43,143
2013-2017	18,496	4,498	157,628	180,622
2018-2022	3,970	3,944	103,932	111,846
2023-2027	586	3,194	29,066	32,846
2028-2032		2,213	15,185	17,398
2033-2037		933	5,935	6,868
2036-2042			139	
Total Interest	<u>\$ 58,101</u>	<u>\$ 51,125</u>	<u>\$ 490,382</u>	<u>\$ 599,469</u>

The following is a schedule of principal debt service requirements to maturity as of June 30, 2007 for bonds and notes payable in the business-type activities:

<b>Years Ending June 30</b>	<b>Certificates of Participation</b>	<b>General Obligation Bonds</b>	<b>Notes Payable</b>	<b>Total</b>
2008	\$ 32,930	\$ 170	\$ 262	\$ 33,362
2009	35,845	125	270	36,240
2010	20,985	130	278	21,393
2011	22,360	140	285	22,785
2012	23,680	145	293	24,118
2013-2017	138,430	820	1,596	140,846
2018-2022	125,900	285	1,395	127,580
2023-2027	162,500		1,399	163,899
2028-2032	77,320		544	77,864
2033-2037			77	77
Total Principal	<u>639,950</u>	<u>1,815</u>	<u>6,399</u>	<u>648,164</u>
Less:				
Deferred Amount on Refunding	(37,962)			(37,962)
Discount	(12,621)			(12,621)
Total Bonds and Notes Payable	<u>\$ 589,367</u>	<u>\$ 1,815</u>	<u>\$ 6,399</u>	<u>\$ 597,581</u>

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The following is a schedule of interest expense requirements to maturity as of June 30, 2007 for bonds and notes payable in the business-type activities:

<b>Years Ending June 30</b>	<b>Certificates of Participation</b>	<b>General Obligation Bonds</b>	<b>Notes Payable</b>	<b>Total</b>
2008	\$ 31,955	\$ 88	\$ 19	\$ 32,062
2009	30,069	82	17	30,168
2010	28,427	76	15	28,518
2011	27,106	69	14	27,189
2012	25,832	63	12	25,907
2013-2017	109,335	198	35	109,568
2018-2022	75,083	19	2	75,104
2023-2027	38,725			38,725
2028-20221	3,843			3,843
Total Interest	<u>\$ 370,375</u>	<u>\$ 595</u>	<u>\$ 114</u>	<u>\$ 371,084</u>

**COUNTY OF SAN BERNARDINO**  
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**Non-Obligation Debt**

The County issues Single Family Mortgage Revenue Bonds to provide funds to purchase mortgage loans secured by first trust deeds on newly constructed and existing single-family residences. Additionally, the County issues Multi-Family Mortgage Revenue Bonds to finance the construction of multi-family apartment projects in the County. These programs assist persons and families of low and moderate income within the County to afford the costs of decent, safe and sanitary housing. The bonds will be payable solely from and secured by a pledge of payment received on the acquired mortgage loans, certain insurance with respect thereto, and other monies pledged under the bond resolution. Single Mortgage Revenue Bonds of \$1,611 and Multi-Family Mortgage Revenue Bonds of \$217,468 at June 30, 2007 do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

The County acts as an agent for the property owners benefited by the projects financed from special assessment bond proceeds, in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, if appropriate. Special assessment bonds of \$3,245 at June 30, 2007 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 the FIRST 5 of San Bernardino for the year ended June 30, 2007, was as follows:

	Balance <u>July 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2007</u>	Due Within <u>One Year</u>
Compensated Absences	<u>\$ 70</u>	<u>\$ 160</u>	<u>\$ 134</u>	<u>\$ 96</u>	<u>\$ -</u>

**NOTE 12 – INTEREST RATE SWAP**

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

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

*Terms.* The COPs and the related swap agreement mature on August 1, 2026, and the swap's notional amount of \$176,510 matches the \$176,510 variable-rate COPs. The swap was effective at the same time the COPs were issued on October 22, 1998. Starting in fiscal year 2008-09, the notional value of the swap and the principal amount of the associate debt will decline. Under the swap agreement, through August 1, 2006, the County pays Merrill Lynch a fixed rate of 4.1895 percent and Merrill Lynch pays the County an amount equal to the variable rate interest payable on the outstanding COPs. After August 1, 2006 the County pays Merrill

**COUNTY OF SAN BERNARDINO**  
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Lynch Capital Services (MLCS), Inc. a fixed payment of 4.1895 percent and receives from Merrill Lynch a variable payment computed as 73 percent of the monthly London Interbank Offered Rate (LIBOR). Conversely, the COPs variable-rate coupons have historically been similar to the Bond Market Association Municipal Swap Index (BMA).

*Fair Value.* Because interest rates have increased since execution of the swap, the swap had a positive fair value of \$436 as of June 30, 2007. The swap's positive fair value may be countered by an increase in total anticipated future interest payments required under the variable-rate bonds, creating a higher synthetic interest rate. Because the coupons on the variable-rate series 1998 Certificates adjust to changing interest rates, the Series 1998 Certificates do not have a corresponding fair value increase. The fair value was the quoted market price from Merrill Lynch & Co. at June 30, 2007.

*Credit Risk.* The swap counterparty was rated Aa3 by Moody's and A+ by Standard & Poor as of June 30, 2007. The swap agreement specifies that if the long-term senior unsecured debt rating of Merrill Lynch & Co. is withdrawn, suspended or falls below A- (Standard & Poor) or A3 (Moody's), a collateral agreement will be executed within 30 days or the swap agreement will terminate.

*Basis Risk.* The swap exposes the County to basis risk should the relationship between LIBOR and BMA converge, changing the synthetic rate on the Series 1998 Certificates. If a change occurs that results in the rates moving to convergence, the expected cost savings may not be realized. As of June 30, 2007, the BMA rate was 3.97 percent, the actual variable interest rate was 3.87 percent and 73 percent of LIBOR was 3.89 percent.

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

*Swap payments and associated debt.* Using rates as of June 30, 2007, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rate remain the same for their term, were as follows. As rates vary, variable rate Series 1998 Certificates interest payments and net swap payments will vary.

Fiscal Year	Variable-Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2007/08	-	6,407	540	6,947
2008/09	1,000	6,389	538	7,927
2009/10	1,100	6,351	535	7,986
2010/11	1,200	6,309	532	8,041
2011/12	9,200	6,121	516	15,837
2013-2027	164,010	50,404	4,248	218,662
	<u>\$ 176,510</u>	<u>\$ 81,981</u>	<u>\$ 6,909</u>	<u>\$ 265,400</u>

**COUNTY OF SAN BERNARDINO**  
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**(b) Pension Obligation Series 2004 C Bonds**

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

*Terms.* The POBs and the related swap agreement mature on August 1, 2023, and the swap's notional amount of \$125,000 matches the \$125,000 variable-rate POBs. The swap was effective at the same time the POBs were issued on June 24, 2004. Starting in fiscal year 2019-20 the notional value of the swap and the principal amount of the associated debt decline by \$25,000 per year until the debt is completely retired. Under the swap agreement, the County pays Goldman Sachs Mitsui Marine Derivative Products (GSMMDP) L.P. a fixed rate of 6.3820 percent and GSMMDP pays the County a variable rate computed as the monthly London Interbank Offered Rate (LIBOR), plus a LIBOR margin equal to 23 basis points (.23%)

*Fair Value.* As of June 30, 2007, the swap had a negative fair value of \$2,323. The swap's negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating a lower synthetic interest rate. Because the coupons on the variable-rate POBs adjust to changing interest rates, the POBs do not have a corresponding fair value decrease. The fair value was the quoted market price from GSMMDP at June 30, 2007.

*Credit Risk.* As of June 30, 2007, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the County would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty was rated Aaa by Moody's and AAA by Standard & Poor as of June 30, 2007. To mitigate the potential for credit risk, if the long-term senior unsecured debt rating of GSMMDP is withdrawn, suspended or falls below A (Standard & Poor) or A2 (Moody's), the fair value of the swap will be fully collateralized by the counterparty with U.S. Government securities. Collateral would be posted with a third-party custodian.

*Termination Risk.* The County or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the County if GSMMDP credit quality rating falls below A as issued by Standard & Poor or A2 by Moody's. If the swap is terminated, the variable-rate POB would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the County would be liable to the GSMMDP for a payment equal to the swap's fair value.

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*Swap payments and associated debt.* Using rates as of June 30, 2007, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rate remain the same for their term, were as follows. As rates vary, variable-rate POB interest payments and net swap payments will vary.

Fiscal Year	Variable-Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2007/08	-	6,938	1,040	7,978
2008/09	-	6,938	1,040	7,978
2009/10	-	6,938	1,040	7,978
2010/11	-	6,938	1,040	7,978
2011/12	-	6,938	1,040	7,978
2013-2027	125,000	65,906	10,920	200,785
	<u>\$ 125,000</u>	<u>\$ 100,596</u>	<u>\$ 16,120</u>	<u>\$ 240,675</u>

**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 under capital lease are as follows:

	Governmental Activities	Business-type Activities
Asset:		
Equipment	\$ 9,708	\$ 9,986
Less: Accumulated depreciation	6,063	5,083
Total	<u>\$ 3,645</u>	<u>\$ 4,903</u>

**COUNTY OF SAN BERNARDINO**  
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The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007, were as follows:

Year Ending June 30:	Governmental Activities	Business-type Activities
2008	\$ 1,611	\$ 1,802
2009	1,203	1,363
2010	768	1,213
2011	493	-
2012	205	-
2013-2017	-	-
Total Minimum Lease Payments	<u>4,280</u>	<u>4,378</u>
Less: Amount Representing Interest	<u>(270)</u>	<u>(242)</u>
Present Value of Minimum Lease Payments	<u>\$ 4,010</u>	<u>\$ 4,136</u>

***Operating Leases***

The following is a schedule by years of future minimum rental payments, principally for the General Fund, required under operating leases entered into by the County that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2007:

Year Ending June 30,	
2008	\$ 40,306
2009	22,795
2010	16,397
2011	10,784
2012	8,137
2013-2021	<u>8,681</u>
Total Minimum Payments	<u>\$ 107,100</u>

The County incurred rental expenditures of \$35,789, principally in the General Fund, for the year ending June 30, 2007.

**COUNTY OF SAN BERNARDINO**  
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**NOTE 14 – COLLATERIZED 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
Civic Center	5,117			5,117
Sheriff's Admin Bldg	13,416			13,416
County Gov Center	25,711			25,711
	<u>\$ 871,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 871,506</u>

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

The Medical Center provides services to eligible patients under Medi-Cal and Medicare programs. For the years ended June 30, 2007 and 2006, the Medi-Cal program represented approximately 38% and 47%, and the Medicare program represented approximately 18% and 10%, respectively, of the Medical Center's net patient service revenues. Medi-Cal inpatient services are reimbursed at contractually agreed-upon per diem rates and outpatient services are reimbursed under a schedule of maximum allowances. Medicare inpatient services are reimbursed based upon pre-established rates for diagnostic-related groups. Outpatient services and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost-reimbursement methodology. Final reimbursement is determined as a result of audits by the intermediary of annual cost reports submitted by the Medical Center. Reports on the results of such audits have been received through June 30, 2003 for Medicare and June 30, 2004 for Medi-Cal. Adjustments as a result of such audits are recorded in the year the amount 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 postclosure maintenance of landfills. The funding must be completed prior to the final date of closure. These regulations apply only to those landfills operating prior to 1989. The closure and postclosure care costs of other landfills not subject to these State regulations are funded separately in the Site Closure and Maintenance Fund.

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

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

<i>LANDFILL</i>	<b>Capacity Used</b>	<b>YEARS Remaining</b>	<i>LANDFILL</i>	<b>Capacity Used</b>	<b>YEARS Remaining</b>
Apple Valley	100%	Inactive	Milliken	100%	Inactive
Baker	100%	Inactive	Morongo Valley	100%	Inactive
Barstow	73%	3	Needles	100%	Inactive
Big Bear	100%	Inactive	Newberry Springs	100%	Inactive
Colton	86%	6	Phelan	100%	Inactive
Hesperia	100%	Inactive	San Timoteo	29%	9
Landers	59%	6	Trona-Argus	100%	Inactive
Lenwood-Hinkley	100%	Inactive	Twentynine Palms	100%	Inactive
Lucerne Valley	100%	Inactive	Victorville	7%	40
Mid-Valley	14%	26	Yermo	100%	Inactive

Beginning in FY 2006/07, the capacity used percentage for all inactive landfills has been reported at 100%. In previous fiscal years, the percentage reported as capacity used did not reflect the fact that the inactive landfills were closed and that 100% of the closure and postclosure liability for these landfills was recognized.

The landfill closure and postclosure care cost estimate of \$178,845 and \$137,692, respectively, are based upon the most recently submitted Closure/Postclosure Maintenance Plan documents filed with the State and Federal permitting agencies. If, at some future date, these closure cost estimates are adjusted (due to changes in inflation, technology, regulations, etc.), the County is required to make corresponding changes in the amount of funds deposited for closure.

In FY 2006/07, the available capacity and capacity used for the County's six active landfills are being presented in cubic yards for the entire ultimate footprint of each landfill. In prior fiscal years, the capacity figures were presented in tons.

Each year a portion of each landfill's estimated closure and postclosure cost is recognized as an expense and liability based upon the amount of capacity used during the year. The Mid-Valley landfill Unit 3 Phase 5B liner construction project increased capacity by 9,124,000 cubic yards due to expansion. The Victorville landfill Phase 1A liner construction project increased capacity by 1,853,204 cubic yards due to expansion. The Colton landfill sliver fill area addition increased capacity by 1,200,000 cubic yards due to an increase in available airspace. The San Timoteo

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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landfill sliver fill area addition increased capacity by 1,200,000 cubic yards due to an increase in available airspace.

As of June 30, 2007 the cumulative liability recorded by the County based upon individual landfill capacity usage was \$181,710. The remaining \$134,827 of estimated closure and postclosure costs will be recorded and funded as landfill capacity is used. Closure and postclosure related expenditures of \$87,292 have been paid, which reduced the landfill closure and postclosure liability to \$94,419 at June 30, 2007.

Current State regulations allow public agencies to demonstrate financial assurance for postclosure maintenance costs through a "Pledge of Revenue" mechanism. This mechanism allows agencies to pledge a reliable future revenue source to fund the required postclosure maintenance at each landfill site for thirty years after landfill closure. The County has pledged a portion of its future tipping fees and investment earnings from the Waste Systems Division Enterprise Funds to fund these costs.

**NOTE 17 – RETIREMENT PLAN**

***Plan Description***

The San Bernardino County Employees' Retirement Association (SBCERA) is a cost-sharing multiple-employer defined benefit pension plan (the "Plan") operating under the California County Employees Retirement Act of 1937 ("1937 Act"). It provides retirement, death, and disability benefits to members. Although legally established as a single employer plan, the City of Big Bear Lake, the City of Chino Hills, the California State Association of Counties, the San Bernardino County Law Library, Crest Forest Fire Protection District, Mojave Desert Air Quality Management District (MDAQMD) and the South Coast Air Quality Management District (the "AQMD"), were later included, along with the County of San Bernardino (the "County"), and are collectively referred to as the "Participating Members". The plan is governed by the San Bernardino Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W Hospitality Lane - 3<sup>rd</sup> floor, San Bernardino, California 92415-0014.

***Fiduciary Responsibility***

The Retirement Association 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. The Retirement Association publishes its own Comprehensive Annual Financial Report and receives a separate independent audit. The Retirement Association is also a legally separate entity from the County and not a component unit. For these reasons, the County's Comprehensive Annual Financial Report excludes the Retirement Association pension trust fund as of June 30, 2007.

***Funding Policy***

Participating members are required by statute (Sections 31621, 31621.2 and 31639.25 of the California Government Code) to contribute a percentage of covered salary based on certain

**COUNTY OF SAN BERNARDINO**  
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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 8.97% - 12.84% for general members and 11.14% - 15.09% 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 12.03%, County Safety 24.84%. All employers combined are required to contribute 14.46% of the current year covered payroll. For 2007, the County's annual pension cost of \$194,130 was equal to the County's required and actual contributions. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer rates are determined pursuant to Sections 31453 of the 1937 Act.

The County's annual pension cost and prepaid asset, computed in accordance with GASB 27, Accounting for Pensions by State and Local Governmental Employers, for the year ended June 30, 2007, were as follows:

Annual Required Contribution (County fiscal year basis)	\$	194,130
Interest On Pension Assets		(33,738)
Adjustment To The Annual Required Contribution		44,069
Annual Pension Cost		<u>204,461</u>
Annual Contributions Made		<u>194,130</u>
Increase/(Decrease) in Pension Assets		(10,331)
Pension Asset, Beginning of Year		<u>838,933</u>
Pension Asset, End of Year	\$	<u><u>828,602</u></u>

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

Year Ended June 30,	Annual Contributions Made		Percentage Contributed
	SBCERA	County	
2005	161,906	141,450	100%
2006	197,343	166,614	100%
2007	239,857	194,130	100%

The County, along with the AQMD, issued Pension Refunding Bonds (the "Bonds") in November 1995 with an aggregate amount of \$420,527. These Bonds were issued to allow the County and the AQMD to refinance each of their unfunded accrued actuarial liabilities with respect to retirement benefits for their respective employees. The Bonds are the obligations of the employers participating in the Plan and the assets of the Plan do not secure the Bonds. The County's portion of the bond issuance was \$386,266. The current amount outstanding at June 30, 2007 is \$438,668 (see Note 11).

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

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 S.B.C.E.R.A. The current amount outstanding at June 30, 2007 is \$459,930.

**COUNTY OF SAN BERNARDINO**  
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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 facilities, valued at a total of approximately \$146 million, were leased to a financing institution. The County simultaneously entered into a sublease agreement to lease the buildings back, and received a prepayment of \$96.2 million from the financing institution, as the investor parent. The County then deposited \$87.6 million with the defeasance bank. After transaction expenses of \$1 million, the net benefit to the County was \$7.6 million. The deposit amount provides payments equal to the County's obligation under the sublease and purchase option. As a result, obligations under this 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 term of the agreement with the defeasance bank ends in 2014, at which time the County may either exercise the early purchase option or renegotiate the agreement to the end of the full lease term. The decision will then be based on the prevailing interest rates at the time.

The Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"), enacted on May 17, 2006, includes new 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 SBMB Inc., the investor on the County's 1997 lease-leaseback transaction that the transaction is a prohibited tax shelter transaction as defined in the new TIPRA legislation. The IRS has yet to issue comprehensive final regulations relating to the excise tax and disclosure rules in TIPRA and as a result, it is not possible to determine with certainty at this time whether the County would be subject to any excise taxes and penalties under the new legislation.

**NOTE 19 – COMMITMENTS AND CONTINGENCIES**

- (a) The County has been named as a defendant in numerous lawsuits and claims arising in the normal course of operations. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable loss to the County; such loss has been accrued in the accompanying basic financial statements. In the opinion of County management and County Counsel, the ultimate outcome of the remaining claims cannot be determined at this time.
- (b) The County recognizes as revenue, grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Although the County's grant programs are being audited through June 30, 2007 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.

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**  
**(Amounts in thousands)**

- (c) The County has entered into several contractual agreements for the construction and/or improvement of several capital projects. These commitments include \$25,371 for various projects of the Capital Improvements Fund.
- (d) The county is a defendant in a lawsuit that plaintiffs allege inverse condemnation damages based upon Special District's alleged halting of residential construction project due to sewer pipeline being placed outside Special District's easement area. It is too early to estimate the actual liability.
- (e) The County is a defendant in lawsuits that involve water contamination alleged to arise from the Mid-Valley Landfill operated by the Solid Waste Management Department (SWMD). The City of Rialto and the City of Colton have each filed a federal action claiming that the County, as well as a number of other defendants, is responsible for the presence of a perchlorate plume in the Rialto-Colton Basin, located in the vicinity of the Mid-Valley Landfill. Both lawsuits allege the operation of the Landfill, and related aggregate mining operations, are responsible for a portion of the perchlorate plume. The County has deemed cross complaints against the other defendants seeking contribution.

**NOTE 20 – SHORT-TERM DEBT**

In July 2006, the County issued Tax and Revenue Anticipation Notes (TRANS) totaling \$65,000 which were repaid June 30, 2007. This issue followed the prior year issued TRANS of \$210,000 which was repaid June 30, 2006. The proceeds of the TRANS were intended to provide financing for 2006-07 General Fund expenditures, including current expenditures, capital expenditures and the discharge of other obligations or indebtedness of the County. The TRANS were secured by a pledge of various monthly amounts of property taxes on the secured roll.

<b>Beginning Balance July 1, 2006</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance June 30, 2007</b>
\$ -	\$ 65,000	\$ 65,000	\$ -

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

**NOTE 21 – SUBSEQUENT EVENTS**

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

In July 2007 the County, as a participant in the California Statewide Communities Development Authority Pool, issued \$75,000 of Tax and Revenue Anticipation Notes in the form of Series A-4 Bonds due June 30, 2008. The stated interest for the A-4 Bonds is set at 4.50% per annum with a yield of 3.62%. 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 2007-2008 and legally available for payment thereof. Proceeds from the Bonds will be used for fiscal year 2007-08 General Fund expenditures, including current expenditures, capital expenditures, and the discharge of other obligations or indebtedness of the County.

***Settlement Agreement***

In September 2007, the County agreed to pay \$25.5 million to approximately 160,000 plaintiffs over a strip-search jail policy that prompted this law suit. The tentative settlement, approved by U.S. District Judge, will not be finalized until all claims are filed and objects have been heard. A hearing is set for February 2008 in Riverside Federal Court. Insurance will cover \$25 million, and this amount is reported as estimated liability for litigation and self-insured claims in the Risk Management Fund.

**NOTE 22 – SPECIAL ITEM**

***Eminent Domain Proceedings - Sale of Land***

A superior court judgment in condemnation recorded on August 9, 2006 required the State of California to pay the County of San Bernardino \$2,614, which was comprised of \$1,815 for the sale of land and \$798 in settlement damages, for thirteen land parcels taken in eminent domain proceedings. The land, including the related land improvements, was located at the Mid-Valley landfill. The proceeds from the condemnation were received in September 2006 and resulted in a \$878 gain on sale of land and the receipt of \$798 in litigation settlement revenue.

***Judgments***

The County agreed to pay a settlement to the United States Environmental Protection Agency (EPA) during FY 2007-08, in accordance with a Consent Decree executed by the County in September, 2007. The Consent Decree, which refers to the Newmark Groundwater Contamination Superfund Site, is still pending approval by the United States District Court. The dollar amount of the County's share of the settlement was determined in accordance with The Settlement Agreement and Release executed by the County on August 22, 2007. The County agreed to pay the EPA \$2,500 and the corresponding liability was recorded as of June 30, 2007.

**COUNTY OF SAN BERNARDINO**  
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**June 30, 2007**  
**(Amounts in thousands)**

**NOTE 23 – NEW ACCOUNTING PRONOUNCEMENTS**

***GASB 48 - Sales and pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues***

In September 2006, the GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. This Statement establishes criteria that governments will use to ascertain whether the proceeds received from the sales and pledges of receivables should be reported as revenue or as a liability. This Statement also includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components. Therefore, any assets (or future revenues) sold or donated within the same financial reporting entity should continue to be reported at their current carrying value when those assets or future revenues are transferred. This Statement also includes guidance to be used for recognizing other assets and liabilities arising from a sale of specific receivables or future revenues, including residual interests and recourse provisions. The disclosures pertaining to future revenues that have been pledged or sold are intended to provide financial statement users with information about which revenues will be unavailable for other purposes and how long they will continue to be so. The requirements of this Statement are effective for financial statements for periods ending on June 30, 2008.

***GASB 49 – Accounting and Financial Reporting for Pollution Remediation Obligations***

In December 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of *existing* pollution by participating in pollution *prevention* or *control* obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post-closure care and nuclear power plant decommissioning. The requirements of this Statement are effective for financial statements for periods ending June 30, 2009.

***GASB 50 – Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27***

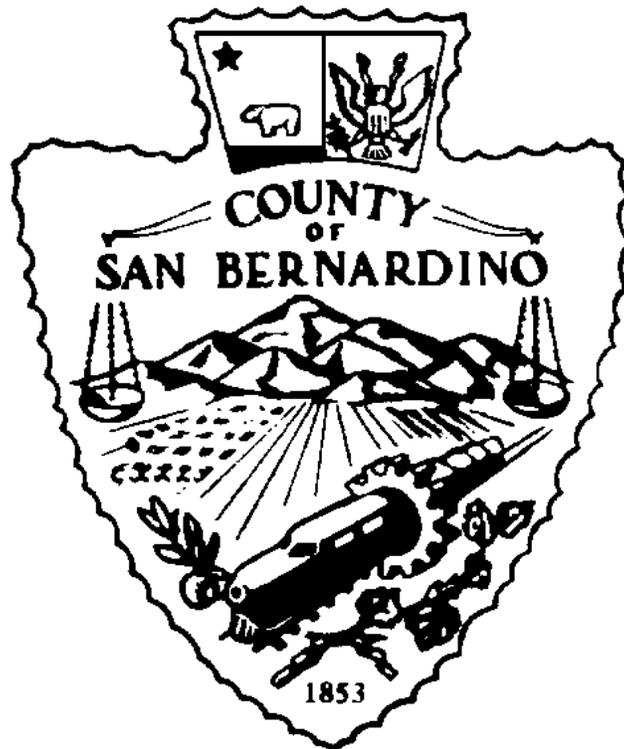
In May 2007, the GASB issued Statement No. 50, *Pension Disclosures – and amendment of GASB Statements No. 25 and No. 27*. This Statement more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. This Statement is effective for periods ending June 30, 2008.

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

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. This Statement requires that an intangible asset be recognized in the statement of net assets only if it is considered identifiable. This Statement also establishes guidance specific to intangible assets related to amortization. This Statement provides guidance on determining the useful life of intangible assets when the length of their life is limited by contractual or legal provisions.

# SUPPLEMENTAL INFORMATION

# COMBINED FINANCIAL STATEMENTS NONMAJOR GOVERNMENTAL FUNDS



COUNTY OF SAN BERNARDINO  
 COMBINED BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2007 (IN THOUSANDS)

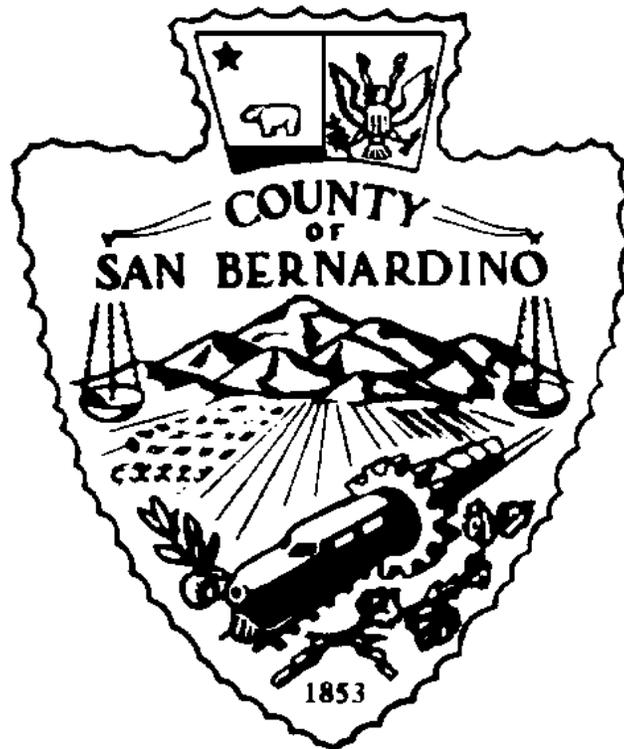
	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
<b>ASSETS</b>					
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 393,978	\$ 13,834	\$ 118,610	\$ 583	\$ 527,005
INVESTMENTS (NOTE 6)	-	14,429	-	-	14,429
ACCOUNTS RECEIVABLES - NET	453	-	14	-	467
TAXES RECEIVABLE	13,305	-	-	-	13,305
INTEREST RECEIVABLE	264	221	426	-	911
OTHER RECEIVABLES	103	-	-	-	103
DUE FROM OTHER FUNDS (NOTE 7)	16,731	41	1,844	-	18,616
DUE FROM OTHER GOVERNMENTS	18,794	-	90	-	18,884
LAND HELD FOR RESALE	6,283	-	3,613	-	9,896
INVENTORIES	80	-	-	-	80
PREPAID ITEMS	89	-	-	-	89
INTERFUND RECEIVABLE (NOTE 7)	400	-	-	-	400
RESTRICTED CASH AND INVESTMENTS (NOTES 6 & 8)	114	-	-	-	114
<b>TOTAL ASSETS</b>	<b>\$ 450,594</b>	<b>\$ 28,525</b>	<b>\$ 124,597</b>	<b>\$ 583</b>	<b>\$ 604,299</b>
<b>LIABILITIES AND FUND BALANCES</b>					
ACCOUNTS PAYABLE	\$ 16,221	\$ 7	\$ 1,974	\$ -	\$ 18,202
SALARIES AND BENEFITS PAYABLE	10,068	-	-	-	10,068
DUE TO OTHER FUNDS (NOTE 7)	18,593	74	3,453	-	22,120
DUE TO OTHER GOVERNMENTS	4,131	-	-	-	4,131
INTEREST PAYABLE	1,192	-	-	-	1,192
DEFERRED REVENUE	12,908	-	-	-	12,908
INTERFUND PAYABLE (NOTE 7)	18,356	-	-	-	18,356
<b>TOTAL LIABILITIES</b>	<b>81,469</b>	<b>81</b>	<b>5,427</b>	<b>-</b>	<b>86,977</b>
<b>FUND BALANCES:</b>					
RESERVED:					
ENCUMBRANCES	35,853	-	26,716	-	62,569
PREPAID ITEMS	89	-	-	-	89
NONCURRENT INTERFUND RECEIVABLES	400	-	-	-	400
LAND HELD FOR RESALE	6,283	-	3,613	-	9,896
INVENTORIES	80	-	-	-	80
DEBT SERVICE	-	28,444	-	-	28,444
UNRESERVED:					
UNDESIGNATED	326,420	-	88,841	583	415,844
<b>TOTAL FUND BALANCES</b>	<b>369,125</b>	<b>28,444</b>	<b>119,170</b>	<b>583</b>	<b>517,322</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 450,594</b>	<b>\$ 28,525</b>	<b>\$ 124,597</b>	<b>\$ 583</b>	<b>\$ 604,299</b>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINED - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
<b>REVENUES</b>					
TAXES	\$ 127,432	\$ -	\$ 6	\$ -	\$ 127,438
LICENSES, PERMITS AND FRANCHISES	633	-	-	-	633
FINES, FORFEITURES AND PENALTIES	7,704	-	-	-	7,704
REVENUES FROM USE OF MONEY AND PROPERTY	21,139	1,110	2,759	30	25,038
AID FROM OTHER GOVERNMENTAL AGENCIES	250,256	-	656	-	250,912
CHARGES FOR CURRENT SERVICES	48,400	-	32	-	48,432
OTHER REVENUES	52,234	3,782	1,618	36	57,670
TOTAL REVENUES	507,798	4,892	5,071	66	517,827
<b>EXPENDITURES:</b>					
CURRENT:					
GENERAL GOVERNMENT	9,158	30	9,584	-	18,772
PUBLIC PROTECTION	196,718	-	-	-	196,718
PUBLIC WAYS AND FACILITIES	79,092	-	-	-	79,092
HEALTH AND SANITATION	15,234	-	-	-	15,234
PUBLIC ASSISTANCE	71,984	-	-	-	71,984
EDUCATION	15,430	-	-	-	15,430
RECREATION AND CULTURAL SERVICES	10,426	-	-	-	10,426
DEBT SERVICE					
PRINCIPAL	28,034	37,845	-	-	65,879
INTEREST AND FISCAL CHARGES	10,551	49,261	-	-	59,812
BOND ISSUANCE COSTS	2,230	-	-	-	2,230
CAPITAL OUTLAY	25,958	-	56,919	-	82,877
TOTAL EXPENDITURES	464,815	87,136	66,503	-	618,454
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	42,983	(82,244)	(61,432)	66	(100,627)
<b>OTHER FINANCING SOURCES (USES):</b>					
TRANSFERS TO OTHER FUNDS (NOTE 7)	(72,256)	-	(8,482)	-	(80,738)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	43,604	84,428	75,574	-	203,606
PROCEEDS OF REFUNDING BONDS	23,845	-	-	-	23,845
PREMIUM ON REFUNDING BONDS	1,385	-	-	-	1,385
LONG-TERM DEBT ISSUED	132,851	-	-	-	132,851
INCEPTION OF CAPITAL LEASE OBLIGATIONS (NOTE 11 & 12)	1,399	-	-	-	1,399
SALE OF CAPITAL ASSETS	2,781	-	1,011	-	3,792
JUDGEMENT OBLIGATION BONDS USES	(102,000)	-	-	-	(102,000)
TOTAL OTHER FINANCING SOURCES AND (USES)	31,609	84,428	68,103	-	184,140
NET CHANGE IN FUND BALANCE	74,592	2,184	6,671	66	83,513
FUND BALANCE, JULY 1, 2006	294,533	26,260	112,499	517	433,809
FUND BALANCE, JUNE 30, 2007	<u>\$ 369,125</u>	<u>\$ 28,444</u>	<u>\$ 119,170</u>	<u>\$ 583</u>	<u>\$ 517,322</u>

See accompanying independent auditor's report.



# COMBINING FINANCIAL STATEMENTS NONMAJOR GOVERNMENTAL FUNDS



# NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS

## SPECIAL REVENUE FUNDS DESCRIPTIONS

### ***TRANSPORTATION***

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

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

The County Free Library Fund provides public library services through a network of 29 branches to all of the unincorporated areas and 18 of the cities within the County. Two bookmobiles reach people who live in sparsely populated areas or who are not able to use traditional branches. The fund is financed principally from property taxes.

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

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

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

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

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

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

### ***MICROGRAPHICS FEES***

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

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

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

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

### ***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.

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

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

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

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

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

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

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

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

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

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

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

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

### ***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.

### ***SPECIAL AVIATION***

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

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

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

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

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

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

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

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

### ***SPECIAL TRANSPORTATION***

The Special Transportation Fund was established for the purpose of accounting for various transportation projects within the County. Funding comes from Measure I money (9½% sales tax approved by voters in November 1989).

### ***REDEVELOPMENT AGENCY***

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

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

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

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

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

## **DEBT SERVICE FUNDS DESCRIPTIONS**

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

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

### ***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.

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

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

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

## **CAPITAL PROJECTS FUNDS DESCRIPTIONS**

### ***CAPITAL IMPROVEMENTS***

The Capital Improvements Fund accounts for the County's major capital acquisition and construction projects, which are not otherwise accounted for within the Fire Protection Districts, Park and Recreation Districts, Community Services Districts, Joint Powers Authorities or County Service Area Capital Projects Funds. Revenues are derived primarily from operating transfers from other funds and state and Federal grants.

### ***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.

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

The Joint Powers Authorities Capital Projects funds account for the financial resources and the acquisition and construction of facilities under joint powers agreements.

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

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

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

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

### ***REDEVELOPMENT AGENCY***

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

## **PERMANENT FUNDS DESCRIPTIONS**

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

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

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 JUNE 30, 2007 (IN THOUSANDS)

PAGE 1 OF 3

<u>ASSETS</u>	<u>TOTAL</u>	<u>TRANSPORTATION</u>	<u>COUNTY FREE LIBRARY</u>	<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>
CASH AND CASH EQUIVALENTS	\$ 393,978	\$ 42,336	\$ 1,745	\$ 21,183
ACCOUNTS RECEIVABLE - NET	453	-	59	-
TAXES RECEIVABLE	13,305	-	1,323	9
INTEREST RECEIVABLE	264	-	-	-
OTHER RECEIVABLES	103	-	-	-
DUE FROM OTHER FUNDS	16,731	1,200	-	119
DUE FROM OTHER GOVERNMENTS	18,794	5,860	-	-
LAND HELD FOR RESALE	6,283	-	-	-
INVENTORIES	80	80	-	-
PREPAID ITEMS	89	-	-	-
INTERFUND RECEIVABLE	400	-	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	114	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 450,594</u></b>	<b><u>\$ 49,476</u></b>	<b><u>\$ 3,127</u></b>	<b><u>\$ 21,311</u></b>
 <b>LIABILITIES AND FUND BALANCE</b>				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 16,221	\$ 4,250	\$ -	\$ 52
SALARIES AND BENEFITS PAYABLE	10,068	1,810	656	201
DUE TO OTHER FUNDS	18,593	116	5	1,254
DUE TO OTHER GOVERNMENTS	4,131	-	-	625
INTEREST PAYABLE	1,192	246	-	-
DEFERRED REVENUE	12,908	-	592	4
INTERFUND PAYABLE	18,356	6,000	454	-
<b>TOTAL LIABILITIES</b>	<b><u>81,469</u></b>	<b><u>12,422</u></b>	<b><u>1,707</u></b>	<b><u>2,136</u></b>
FUND BALANCE:				
RESERVED:				
RESERVED FOR ENCUMBRANCES	35,853	11,728	216	5,490
RESERVED FOR PREPAID ITEMS	89	-	-	-
RESERVED FOR NONCURRENT INTERFUND RECEIVABLE	400	-	-	-
RESERVED FOR LAND HELD FOR RESALE	6,283	-	-	-
RESERVED FOR INVENTORIES	80	80	-	-
UNRESERVED:				
UNDESIGNATED	326,420	25,246	1,204	13,685
<b>TOTAL FUND BALANCE</b>	<b><u>369,125</u></b>	<b><u>37,054</u></b>	<b><u>1,420</u></b>	<b><u>19,175</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 450,594</u></b>	<b><u>\$ 49,476</u></b>	<b><u>\$ 3,127</u></b>	<b><u>\$ 21,311</u></b>

See accompanying independent auditor's report.

<u>AGING AND ADULT SERVICES</u>	<u>JOBS AND EMPLOYMENT SERVICES</u>	<u>MICROGRAPHICS FEES</u>	<u>COUNTY SERVICE AREAS</u>
\$ 1,146	\$ 357	\$ 18,939	\$ 38,855
-	60	46	264
-	-	-	3,182
-	-	-	-
-	-	-	-
-	7	-	3,502
478	542	-	5,139
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 1,624</u>	<u>\$ 966</u>	<u>\$ 18,985</u>	<u>\$ 50,942</u>

\$ -	\$ 390	\$ 170	\$ 1,047
70	337	52	4,952
143	73	87	1,175
14	-	-	702
-	-	-	27
-	-	-	2,791
-	-	-	1,092
<u>227</u>	<u>800</u>	<u>309</u>	<u>11,786</u>
-	21	1,261	4,653
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,397</u>	<u>145</u>	<u>17,415</u>	<u>34,503</u>
<u>1,397</u>	<u>166</u>	<u>18,676</u>	<u>39,156</u>
<u>\$ 1,624</u>	<u>\$ 966</u>	<u>\$ 18,985</u>	<u>\$ 50,942</u>

ASSETS

CASH AND CASH EQUIVALENTS
ACCOUNTS RECEIVABLE - NET
TAXES RECEIVABLE
INTEREST RECEIVABLE
OTHER RECEIVABLES
DUE FROM OTHER FUNDS
DUE FROM OTHER GOVERNMENTS
LAND HELD FOR RESALE
INVENTORIES
PREPAID ITEMS
INTERFUND RECEIVABLE
RESTRICTED CASH AND CASH EQUIVALENTS
<b>TOTAL ASSETS</b>

LIABILITIES AND FUND BALANCE

<b>LIABILITIES:</b>
ACCOUNTS PAYABLE
SALARIES AND BENEFITS PAYABLE
DUE TO OTHER FUNDS
DUE TO OTHER GOVERNMENTS
INTEREST PAYABLE
DEFERRED REVENUE
INTERFUND PAYABLE
<b>TOTAL LIABILITIES</b>
<b>FUND BALANCE:</b>
<b>RESERVED:</b>
RESERVED FOR ENCUMBRANCES
RESERVED FOR PREPAID ITEMS
RESERVED FOR NONCURRENT INTERFUND RECEIVABLE
RESERVED FOR LAND HELD FOR RESALE
RESERVED FOR INVENTORIES
<b>UNRESERVED:</b>
UNDESIGNATED
<b>TOTAL FUND BALANCE</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS (CONTINUED)  
 JUNE 30, 2007 (IN THOUSANDS)

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<u>ASSETS</u>	<u>COURTHOUSE TEMPORARY CONSTRUCTION</u>	<u>CENTRAL COURTHOUSE SURCHARGE</u>	<u>CRIMINAL JUSTICE TEMPORARY CONSTRUCTION</u>	<u>FLOOD CONTROL DISTRICT</u>
CASH AND CASH EQUIVALENTS	\$ 2,389	\$ 12,762	\$ 2,940	\$ 75,209
ACCOUNTS RECEIVABLE - NET	-	-	-	-
TAXES RECEIVABLE	-	-	-	3,863
INTEREST RECEIVABLE	-	-	-	-
OTHER RECEIVABLES	-	-	-	-
DUE FROM OTHER FUNDS	-	-	-	8,103
DUE FROM OTHER GOVERNMENTS	-	388	-	1,294
LAND HELD FOR RESALE	-	-	-	-
INVENTORIES	-	-	-	-
PREPAID ITEMS	-	-	-	-
INTERFUND RECEIVABLE	-	-	-	400
RESTRICTED CASH AND CASH EQUIVALENTS	-	-	-	114
<b>TOTAL ASSETS</b>	<b><u>\$ 2,389</u></b>	<b><u>\$ 13,150</u></b>	<b><u>\$ 2,940</u></b>	<b><u>\$ 88,983</u></b>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ -	\$ -	\$ -	\$ 6,257
SALARIES AND BENEFITS PAYABLE	-	-	-	872
DUE TO OTHER FUNDS	-	-	-	621
DUE TO OTHER GOVERNMENTS	-	-	-	1,274
INTEREST PAYABLE	-	-	-	-
DEFERRED REVENUE	-	-	-	1,747
INTERFUND PAYABLE	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>10,771</u></b>
FUND BALANCE:				
RESERVED:				
RESERVED FOR ENCUMBRANCES	-	-	-	6,196
RESERVED FOR PREPAID ITEMS	-	-	-	-
RESERVED FOR NONCURRENT INTERFUND RECEIVABLE	-	-	-	400
RESERVED FOR LAND HELD FOR RESALE	-	-	-	-
RESERVED FOR INVENTORIES	-	-	-	-
UNRESERVED:				
UNDESIGNATED	2,389	13,150	2,940	71,616
<b>TOTAL FUND BALANCE</b>	<b><u>2,389</u></b>	<b><u>13,150</u></b>	<b><u>2,940</u></b>	<b><u>78,212</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 2,389</u></b>	<b><u>\$ 13,150</u></b>	<b><u>\$ 2,940</u></b>	<b><u>\$ 88,983</u></b>

See accompanying independent auditor's report.

<u>PARK AND RECREATION DISTRICTS</u>	<u>TOBACCO TAX PROGRAM</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>SPECIAL AVIATION</u>
\$ 1,536	\$ 475	\$ 18,467	\$ 2,484
-	-	-	-
211	-	-	-
-	-	2	-
-	-	-	-
-	-	-	455
-	71	34	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 1,747</u>	<u>\$ 546</u>	<u>\$ 18,503</u>	<u>\$ 2,939</u>

\$ -	\$ -	\$ -	\$ -
74	-	-	-
-	7	-	148
-	-	115	-
-	-	-	-
95	-	12	-
-	-	-	-
<u>169</u>	<u>7</u>	<u>127</u>	<u>148</u>
-	-	-	807
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,578</u>	<u>539</u>	<u>18,376</u>	<u>1,984</u>
<u>1,578</u>	<u>539</u>	<u>18,376</u>	<u>2,791</u>
<u>\$ 1,747</u>	<u>\$ 546</u>	<u>\$ 18,503</u>	<u>\$ 2,939</u>

**ASSETS**

CASH AND CASH EQUIVALENTS
ACCOUNTS RECEIVABLE - NET
TAXES RECEIVABLE
INTEREST RECEIVABLE
OTHER RECEIVABLES
DUE FROM OTHER FUNDS
DUE FROM OTHER GOVERNMENTS
LAND HELD FOR RESALE
INVENTORIES
PREPAID ITEMS
INTERFUND RECEIVABLE
RESTRICTED CASH AND CASH EQUIVALENTS
<b>TOTAL ASSETS</b>

**LIABILITIES AND FUND BALANCE**

<b>LIABILITIES:</b>
ACCOUNTS PAYABLE
SALARIES AND BENEFITS PAYABLE
DUE TO OTHER FUNDS
DUE TO OTHER GOVERNMENTS
INTEREST PAYABLE
DEFERRED REVENUE
INTERFUND PAYABLE
<b>TOTAL LIABILITIES</b>
<b>FUND BALANCE:</b>
<b>RESERVED:</b>
RESERVED FOR ENCUMBRANCES
RESERVED FOR PREPAID ITEMS
RESERVED FOR NONCURRENT INTERFUND RECEIVABLE
RESERVED FOR LAND HELD FOR RESALE
RESERVED FOR INVENTORIES
<b>UNRESERVED:</b>
UNDESIGNATED
<b>TOTAL FUND BALANCE</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS (CONTINUED)  
 JUNE 30, 2007 (IN THOUSANDS)

PAGE 3 OF 3

<b>ASSETS</b>	<b>LOCAL LAW ENFORCEMENT BLOCK GRANT</b>	<b>PRESCHOOL SERVICES DEPARTMENT</b>	<b>SHERIFF'S SPECIAL PROJECTS</b>	<b>FIRE PROTECTION DISTRICTS</b>
CASH AND CASH EQUIVALENTS	\$ 213	\$ 429	\$ 10,489	\$ 6,148
ACCOUNTS RECEIVABLE - NET	-	-	-	17
TAXES RECEIVABLE	-	3	-	2,938
INTEREST RECEIVABLE	-	-	-	-
OTHER RECEIVABLES	-	-	43	-
DUE FROM OTHER FUNDS	-	1	-	1,226
DUE FROM OTHER GOVERNMENTS	-	2,709	339	392
LAND HELD FOR RESALE	-	-	-	-
INVENTORIES	-	-	-	-
PREPAID ITEMS	-	-	-	89
INTERFUND RECEIVABLE	-	-	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 213</b>	<b>\$ 3,142</b>	<b>\$ 10,871</b>	<b>\$ 10,810</b>
<b>LIABILITIES AND FUND BALANCE</b>				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ -	\$ 3,002	\$ 72	\$ 46
SALARIES AND BENEFITS PAYABLE	129	-	21	34
DUE TO OTHER FUNDS	15	16	2,997	2,612
DUE TO OTHER GOVERNMENTS	-	31	250	-
INTEREST PAYABLE	-	-	-	-
DEFERRED REVENUE	-	1	-	1,314
INTERFUND PAYABLE	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>144</b>	<b>3,050</b>	<b>3,340</b>	<b>4,006</b>
FUND BALANCE:				
RESERVED:				
RESERVED FOR ENCUMBRANCES	3	487	432	1,026
RESERVED FOR PREPAID ITEMS	-	-	-	89
RESERVED FOR NONCURRENT INTERFUND RECEIVABLE	-	-	-	-
RESERVED FOR LAND HELD FOR RESALE	-	-	-	-
RESERVED FOR INVENTORIES	-	-	-	-
UNRESERVED:				
UNDESIGNATED	66	(395)	7,099	5,689
<b>TOTAL FUND BALANCE</b>	<b>69</b>	<b>92</b>	<b>7,531</b>	<b>6,804</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 213</b>	<b>\$ 3,142</b>	<b>\$ 10,871</b>	<b>\$ 10,810</b>

See accompanying independent auditor's report.

<u>SPECIAL TRANSPORTATION</u>	<u>REDEVELOPMENT AGENCY</u>	<u>MENTAL HEALTH SERVICES ACT</u>	<u>OTHER SPECIAL REVENUE</u>	<u>ASSETS</u>
\$ 26,167	\$ 22,869	\$ 29,628	\$ 57,212	CASH AND CASH EQUIVALENTS
7	-	-	-	ACCOUNTS RECEIVABLE - NET
862	738	-	176	TAXES RECEIVABLE
-	262	-	-	INTEREST RECEIVABLE
-	-	-	60	OTHER RECEIVABLES
-	184	-	1,934	DUE FROM OTHER FUNDS
-	275	-	1,273	DUE FROM OTHER GOVERNMENTS
-	6,283	-	-	LAND HELD FOR RESALE
-	-	-	-	INVENTORIES
-	-	-	-	PREPAID ITEMS
-	-	-	-	INTERFUND RECEIVABLE
-	-	-	-	RESTRICTED CASH AND CASH EQUIVALENTS
<u>\$ 27,036</u>	<u>\$ 30,611</u>	<u>\$ 29,628</u>	<u>\$ 60,655</u>	TOTAL ASSETS
				<u>LIABILITIES AND FUND BALANCE</u>
\$ 656	\$ 122	\$ -	\$ 157	LIABILITIES:
-	30	-	830	ACCOUNTS PAYABLE
88	266	1,126	7,844	SALARIES AND BENEFITS PAYABLE
-	-	-	1,120	DUE TO OTHER FUNDS
-	919	-	-	DUE TO OTHER GOVERNMENTS
386	-	5,888	78	INTEREST PAYABLE
-	10,810	-	-	DEFERRED REVENUE
				INTERFUND PAYABLE
<u>1,130</u>	<u>12,147</u>	<u>7,014</u>	<u>10,029</u>	TOTAL LIABILITIES
				FUND BALANCE:
1,030	-	-	2,503	RESERVED:
-	-	-	-	RESERVED FOR ENCUMBRANCES
-	-	-	-	RESERVED FOR PREPAID ITEMS
-	6,283	-	-	RESERVED FOR NONCURRENT INTERFUND RECEIVABLE
-	-	-	-	RESERVED FOR LAND HELD FOR RESALE
-	-	-	-	RESERVED FOR INVENTORIES
<u>24,876</u>	<u>12,181</u>	<u>22,614</u>	<u>48,123</u>	UNRESERVED:
				UNDESIGNATED
<u>25,906</u>	<u>18,464</u>	<u>22,614</u>	<u>50,626</u>	TOTAL FUND BALANCE
<u>\$ 27,036</u>	<u>\$ 30,611</u>	<u>\$ 29,628</u>	<u>\$ 60,655</u>	TOTAL LIABILITIES AND FUND BALANCE

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

PAGE 1 OF 3

	TOTAL	TRANSPORTATION	COUNTY FREE LIBRARY	ECONOMIC AND COMMUNITY DEVELOPMENT
REVENUES:				
TAXES	\$ 127,432	\$ -	\$ 12,243	\$ 89
LICENSES, PERMITS AND FRANCHISES	633	563	3	-
FINES, FORFEITURES AND PENALTIES	7,704	-	-	5
REVENUES FROM USE OF MONEY AND PROPERTY	21,139	1,666	-	1,067
AID FROM OTHER GOVERNMENTAL AGENCIES	250,256	69,162	1,219	15,487
CHARGES FOR CURRENT SERVICES	48,400	2,851	1,167	-
OTHER REVENUES	52,234	4,165	1,104	6,341
TOTAL REVENUES	<u>507,798</u>	<u>78,407</u>	<u>15,736</u>	<u>22,989</u>
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	9,158	-	-	-
PUBLIC PROTECTION	196,718	-	-	-
PUBLIC WAYS AND FACILITIES	79,092	61,943	-	-
HEALTH AND SANITATION	15,234	-	-	-
PUBLIC ASSISTANCE	71,984	-	-	18,713
EDUCATION	15,430	-	15,430	-
RECREATION AND CULTURAL SERVICES	10,426	-	-	-
DEBT SERVICE:				
PRINCIPAL	28,034	972	47	-
INTEREST AND FISCAL CHARGES	10,551	331	88	-
BOND ISSUANCE COSTS	2,230	-	-	-
CAPITAL OUTLAY	25,958	4,698	161	64
TOTAL EXPENDITURES	<u>464,815</u>	<u>67,944</u>	<u>15,726</u>	<u>18,777</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>42,983</u>	<u>10,463</u>	<u>10</u>	<u>4,212</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS TO OTHER FUNDS (NOTE 7)	(72,256)	(1,325)	(508)	(3,858)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	43,604	8,200	986	-
LONG-TERM DEBT ISSUED	132,851	-	-	-
PROCEEDS OF REFUNDING BONDS	23,845	-	-	-
PREMIUM ON REFUNDING BONDS	1,385	-	-	-
INCEPTION OF CAPITAL LEASE OBLIGATIONS	1,399	-	-	-
SALE OF CAPITAL ASSETS	2,781	170	-	-
JUDGEMENT OBLIGATION BONDS USES	(102,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>31,609</u>	<u>7,045</u>	<u>478</u>	<u>(3,858)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>74,592</u>	<u>17,508</u>	<u>488</u>	<u>354</u>
FUND BALANCE, JULY 1, 2006	<u>294,533</u>	<u>19,546</u>	<u>932</u>	<u>18,821</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 369,125</u>	<u>\$ 37,054</u>	<u>\$ 1,420</u>	<u>\$ 19,175</u>

See accompanying independent auditor's report.

<u>AGING AND ADULT SERVICES</u>	<u>JOBS AND EMPLOYMENT SERVICES</u>	<u>MICROGRAPHICS FEES</u>	<u>COUNTY SERVICE AREAS</u>	
\$ -	\$ -	\$ -	\$ 29,585	REVENUES:
-	-	-	-	TAXES
-	-	-	69	LICENSES, PERMITS AND FRANCHISES
33	211	-	1,614	FINES, FORFEITURES AND PENALTIES
3,972	11,628	-	21,010	REVENUES FROM USE OF MONEY AND PROPERTY
-	-	5,313	20,738	AID FROM OTHER GOVERNMENTAL AGENCIES
6	16	-	4,524	CHARGES FOR CURRENT SERVICES
				OTHER REVENUES
<u>4,011</u>	<u>11,855</u>	<u>5,313</u>	<u>77,540</u>	TOTAL REVENUES
				EXPENDITURES:
				CURRENT:
-	-	2,777	86	GENERAL GOVERNMENT
-	-	-	70,507	PUBLIC PROTECTION
-	-	-	1,664	PUBLIC WAYS AND FACILITIES
4,803	11,471	-	-	HEALTH AND SANITATION
-	-	-	-	PUBLIC ASSISTANCE
-	-	-	-	EDUCATION
-	-	-	1,225	RECREATION AND CULTURAL SERVICES
-	-	-	349	DEBT SERVICE:
-	-	-	230	PRINCIPAL
-	-	-	-	INTEREST AND FISCAL CHARGES
-	-	-	-	BOND ISSUANCE COSTS
-	51	633	5,296	CAPITAL OUTLAY
<u>4,803</u>	<u>11,522</u>	<u>3,410</u>	<u>79,357</u>	TOTAL EXPENDITURES
<u>(792)</u>	<u>333</u>	<u>1,903</u>	<u>(1,817)</u>	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES
				OTHER FINANCING SOURCES (USES):
(43)	(217)	(51)	(10,470)	TRANSFERS TO OTHER FUNDS (NOTE 7)
843	-	-	12,651	TRANSFERS FROM OTHER FUNDS (NOTE 7)
-	-	-	724	LONG-TERM DEBT ISSUED
-	-	-	-	PROCEEDS OF REFUNDING BONDS
-	-	-	-	PREMIUM ON REFUNDING BONDS
-	-	-	1,399	INCEPTION OF CAPITAL LEASE OBLIGATIONS
-	-	-	45	SALE OF CAPITAL ASSETS
-	-	-	-	JUDGEMENT OBLIGATION BONDS USES
<u>800</u>	<u>(217)</u>	<u>(51)</u>	<u>4,349</u>	TOTAL OTHER FINANCING SOURCES (USES)
				EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES
8	116	1,852	2,532	
1,389	50	16,824	36,624	FUND BALANCE, JULY 1, 2006
<u>\$ 1,397</u>	<u>\$ 166</u>	<u>\$ 18,676</u>	<u>\$ 39,156</u>	FUND BALANCE, JUNE 30, 2007

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
 SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

PAGE 2 OF 3

	COURTHOUSE TEMPORARY CONSTRUCTION	CENTRAL COURTHOUSE SURCHARGE	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	FLOOD CONTROL DISTRICT
REVENUES:				
TAXES	\$ -	\$ -	\$ -	\$ 35,927
LICENSES, PERMITS AND FRANCHISES	-	-	-	67
FINES, FORFEITURES AND PENALTIES	2,331	-	2,869	-
REVENUES FROM USE OF MONEY AND PROPERTY	46	508	56	6,382
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	-	20,187
CHARGES FOR CURRENT SERVICES	-	2,154	-	311
OTHER REVENUES	7	30	9	9,392
TOTAL REVENUES	<u>2,384</u>	<u>2,692</u>	<u>2,934</u>	<u>72,266</u>
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	-	-	-
PUBLIC PROTECTION	-	-	-	70,113
PUBLIC WAYS AND FACILITIES	-	-	-	-
HEALTH AND SANITATION	-	-	-	-
PUBLIC ASSISTANCE	-	-	-	-
EDUCATION	-	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-	-
DEBT SERVICE:				
PRINCIPAL	-	-	-	26,666
INTEREST AND FISCAL CHARGES	-	-	-	8,983
BOND ISSUANCE COSTS	-	-	-	2,005
CAPITAL OUTLAY	-	-	-	265
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,032</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,384</u>	<u>2,692</u>	<u>2,934</u>	<u>(35,766)</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS TO OTHER FUNDS (NOTE 7)	-	-	-	(516)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	-	10,458	-	368
LONG-TERM DEBT ISSUED	-	-	-	113,757
PROCEEDS OF REFUNDING BONDS	-	-	-	23,845
PREMIUM ON REFUNDING BONDS	-	-	-	1,385
INCEPTION OF CAPITAL LEASE OBLIGATIONS	-	-	-	-
SALE OF CAPITAL ASSETS	-	-	-	1,359
JUDGEMENT OBLIGATION BONDS USES	-	-	-	(102,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>10,458</u>	<u>-</u>	<u>38,198</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>2,384</u>	<u>13,150</u>	<u>2,934</u>	<u>2,432</u>
FUND BALANCE, JULY 1, 2006	<u>5</u>	<u>-</u>	<u>6</u>	<u>75,780</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 2,389</u>	<u>\$ 13,150</u>	<u>\$ 2,940</u>	<u>\$ 78,212</u>

See accompanying independent auditor's report.

<u>PARK AND RECREATION DISTRICTS</u>	<u>TOBACCO TAX PROGRAM</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>SPECIAL AVIATION</u>	
\$ 1,957	\$ -	\$ -	\$ -	REVENUES:
-	-	-	-	TAXES
-	-	-	-	LICENSES, PERMITS AND FRANCHISES
155	53	136	845	FINES, FORFEITURES AND PENALTIES
68	1,642	-	2,906	REVENUES FROM USE OF MONEY AND PROPERTY
837	-	-	765	AID FROM OTHER GOVERNMENTAL AGENCIES
27	5	2	288	CHARGES FOR CURRENT SERVICES
				OTHER REVENUES
<u>3,044</u>	<u>1,700</u>	<u>138</u>	<u>4,804</u>	TOTAL REVENUES
				EXPENDITURES:
				CURRENT:
-	-	175	-	GENERAL GOVERNMENT
-	-	-	-	PUBLIC PROTECTION
-	-	-	312	PUBLIC WAYS AND FACILITIES
-	2,886	-	-	HEALTH AND SANITATION
-	-	-	-	PUBLIC ASSISTANCE
-	-	-	-	EDUCATION
2,592	-	-	-	RECREATION AND CULTURAL SERVICES
				DEBT SERVICE:
-	-	-	-	PRINCIPAL
-	-	-	-	INTEREST AND FISCAL CHARGES
-	-	225	-	BOND ISSUANCE COSTS
34	-	-	7,666	CAPITAL OUTLAY
<u>2,626</u>	<u>2,886</u>	<u>400</u>	<u>7,978</u>	TOTAL EXPENDITURES
<u>418</u>	<u>(1,186)</u>	<u>(262)</u>	<u>(3,174)</u>	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES
				OTHER FINANCING SOURCES (USES):
(56)	-	-	-	TRANSFERS TO OTHER FUNDS (NOTE 7)
33	-	-	370	TRANSFERS FROM OTHER FUNDS (NOTE 7)
-	-	18,370	-	LONG-TERM DEBT ISSUED
-	-	-	-	PROCEEDS OF REFUNDING BONDS
-	-	-	-	PREMIUM ON REFUNDING BONDS
-	-	-	-	INCEPTION OF CAPITAL LEASE OBLIGATIONS
-	-	-	-	SALE OF CAPITAL ASSETS
-	-	-	-	JUDGEMENT OBLIGATION BONDS USES
<u>(23)</u>	<u>-</u>	<u>18,370</u>	<u>370</u>	TOTAL OTHER FINANCING SOURCES (USES)
				EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES
395	(1,186)	18,108	(2,804)	
1,183	1,725	268	5,595	FUND BALANCE, JULY 1, 2006
<u>\$ 1,578</u>	<u>\$ 539</u>	<u>\$ 18,376</u>	<u>\$ 2,791</u>	FUND BALANCE, JUNE 30, 2007

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
 SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

PAGE 3 OF 3

	LOCAL LAW ENFORCEMENT BLOCK GRANT	PRESCHOOL SERVICES DEPARTMENT	SHERIFF'S SPECIAL PROJECTS	FIRE PROECTION DISTRICTS
REVENUES:				
TAXES	\$ -	\$ 36	\$ -	\$ 27,152
LICENSES, PERMITS AND FRANCHISES	-	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	8	33	312	165
AID FROM OTHER GOVERNMENTAL AGENCIES	770	37,036	7,094	262
CHARGES FOR CURRENT SERVICES	-	-	3,306	3,952
OTHER REVENUES	1	356	3,183	1,169
TOTAL REVENUES	779	37,461	13,895	32,700
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	-	-	-
PUBLIC PROTECTION	722	-	10,398	31,590
PUBLIC WAYS AND FACILITIES	-	-	-	-
HEALTH AND SANITATION	-	-	-	-
PUBLIC ASSISTANCE	-	36,997	-	-
EDUCATION	-	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-	-
DEBT SERVICE:				
PRINCIPAL	-	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-	-
BOND ISSUANCE COSTS	-	-	-	-
CAPITAL OUTLAY	70	267	1,943	2,093
TOTAL EXPENDITURES	792	37,264	12,341	33,683
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(13)	197	1,554	(983)
OTHER FINANCING SOURCES (USES):				
TRANSFERS TO OTHER FUNDS (NOTE 7)	-	(206)	(4,100)	(1,830)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	-	-	-	2,679
LONG-TERM DEBT ISSUED	-	-	-	-
PROCEEDS OF REFUNDING BONDS	-	-	-	-
PREMIUM ON REFUNDING BONDS	-	-	-	-
INCEPTION OF CAPITAL LEASE OBLIGATIONS	-	-	-	-
SALE OF CAPITAL ASSETS	-	2	1,203	2
JUDGEMENT OBLIGATION BONDS USES	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(204)	(2,897)	851
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(13)	(7)	(1,343)	(132)
FUND BALANCE, JULY 1, 2006	82	99	8,874	6,936
FUND BALANCE, JUNE 30, 2007	\$ 69	\$ 92	\$ 7,531	\$ 6,804

See accompanying independent auditor's report.

<u>SPECIAL TRANSPORTATION</u>	<u>REDEVELOPMENT AGENCY</u>	<u>MENTAL HEALTH SERVICES ACT</u>	<u>OTHER SPECIAL REVENUE</u>	
\$ 7,917	\$ 10,907	\$ -	\$ 1,619	REVENUES:
-	-	-	-	TAXES
-	-	-	2,430	LICENSES, PERMITS AND FRANCHISES
1,203	1,186	611	4,849	FINES, FORFEITURES AND PENALTIES
27	-	26,401	31,385	REVENUES FROM USE OF MONEY AND PROPERTY
2,961	-	-	4,045	AID FROM OTHER GOVERNMENTAL AGENCIES
194	605	-	20,810	CHARGES FOR CURRENT SERVICES
				OTHER REVENUES
<u>12,302</u>	<u>12,698</u>	<u>27,012</u>	<u>65,138</u>	TOTAL REVENUES
-	4,060	-	2,060	EXPENDITURES:
-	-	-	13,388	CURRENT:
14,823	-	-	350	GENERAL GOVERNMENT
-	-	-	12,348	PUBLIC PROTECTION
-	-	-	-	PUBLIC WAYS AND FACILITIES
-	-	-	-	HEALTH AND SANITATION
-	-	-	-	PUBLIC ASSISTANCE
-	-	-	6,609	EDUCATION
-	-	-	-	RECREATION AND CULTURAL SERVICES
-	-	-	-	DEBT SERVICE:
-	919	-	-	PRINCIPAL
-	-	-	-	INTEREST AND FISCAL CHARGES
-	1,258	-	1,459	BOND ISSUANCE COSTS
				CAPITAL OUTLAY
<u>14,823</u>	<u>6,237</u>	<u>-</u>	<u>36,214</u>	TOTAL EXPENDITURES
<u>(2,521)</u>	<u>6,461</u>	<u>27,012</u>	<u>28,924</u>	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES
(1,000)	(3,663)	(5,279)	(39,134)	OTHER FINANCING SOURCES (USES):
529	-	881	5,606	TRANSFERS TO OTHER FUNDS (NOTE 7)
-	-	-	-	TRANSFERS FROM OTHER FUNDS (NOTE 7)
-	-	-	-	LONG-TERM DEBT ISSUED
-	-	-	-	PROCEEDS OF REFUNDING BONDS
-	-	-	-	PREMIUM ON REFUNDING BONDS
-	-	-	-	INCEPTION OF CAPITAL LEASE OBLIGATIONS
-	-	-	-	SALE OF CAPITAL ASSETS
-	-	-	-	JUDGEMENT OBLIGATION BONDS USES
<u>(471)</u>	<u>(3,663)</u>	<u>(4,398)</u>	<u>(33,528)</u>	TOTAL OTHER FINANCING SOURCES (USES)
(2,992)	2,798	22,614	(4,604)	EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES
28,898	15,666	881	55,230	FUND BALANCE, JULY 1, 2006
<u>\$ 25,906</u>	<u>\$ 18,464</u>	<u>\$ 22,614</u>	<u>\$ 50,626</u>	FUND BALANCE, JUNE 30, 2007

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 DEBT SERVICE FUNDS  
 JUNE 30, 2007 (IN THOUSANDS)

<u>ASSETS</u>	<u>TOTAL</u>	<u>REDEVELOPMENT AGENCY BONDS</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>PENSION OBLIGATION BONDS</u>
CASH AND CASH EQUIVALENTS	\$ 13,834	\$ 31	\$ 11,362	\$ 2,441
INVESTMENTS	14,429	3,894	8,015	2,520
INTEREST RECEIVABLE	221	20	201	-
DUE FROM OTHER FUNDS	41	41	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 28,525</u></b>	<b><u>\$ 3,986</u></b>	<b><u>\$ 19,578</u></b>	<b><u>\$ 4,961</u></b>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES:				
ACCOUNTS PAYABLE	7	-	7	-
DUE TO OTHER FUNDS (NOTE 7)	<u>74</u>	<u>74</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b><u>81</u></b>	<b><u>74</u></b>	<b><u>7</u></b>	<b><u>-</u></b>
FUND BALANCE:				
RESERVED FOR DEBT SERVICE	<u>28,444</u>	<u>3,912</u>	<u>19,571</u>	<u>4,961</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 28,525</u></b>	<b><u>\$ 3,986</u></b>	<b><u>\$ 19,578</u></b>	<b><u>\$ 4,961</u></b>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 DEBT SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>TOTAL</u>	<u>REDEVELOPMENT AGENCY BONDS</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>PENSION OBLIGATION BONDS</u>
REVENUES:				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 1,110	\$ 219	\$ 521	\$ 370
OTHER REVENUES	<u>3,782</u>	<u>-</u>	<u>34</u>	<u>3,748</u>
TOTAL REVENUES	<u>4,892</u>	<u>219</u>	<u>555</u>	<u>4,118</u>
EXPENDITURES:				
GENERAL GOVERNMENT	30	-	37	(7)
DEBT SERVICE:				
PRINCIPAL	37,845	965	13,945	22,935
INTEREST	<u>49,261</u>	<u>2,832</u>	<u>8,517</u>	<u>37,912</u>
TOTAL EXPENDITURES	<u>87,136</u>	<u>3,797</u>	<u>22,499</u>	<u>60,840</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(82,244)</u>	<u>(3,578)</u>	<u>(21,944)</u>	<u>(56,722)</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS FROM OTHER FUNDS	<u>84,428</u>	<u>3,642</u>	<u>24,648</u>	<u>56,138</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>84,428</u>	<u>3,642</u>	<u>24,648</u>	<u>56,138</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	2,184	64	2,704	(584)
FUND BALANCE, JULY 1, 2006	<u>26,260</u>	<u>3,848</u>	<u>16,867</u>	<u>5,545</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 28,444</u>	<u>\$ 3,912</u>	<u>\$ 19,571</u>	<u>\$ 4,961</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUNDS  
 JUNE 30, 2007 (IN THOUSANDS)

<u>ASSETS</u>	<u>TOTAL</u>	<u>CAPITAL IMPROVEMENTS</u>	<u>PARK AND RECREATION DISTRICTS</u>
CASH AND CASH EQUIVALENTS	\$ 118,610	\$ 63,918	\$ 3,516
ACCOUNTS RECEIVABLE - NET	14	14	-
INTEREST RECEIVABLE	426	-	-
DUE FROM OTHER FUNDS (NOTE 7)	1,844	1,522	-
DUE FROM OTHER GOVERNMENTS	90	90	-
LAND HELD FOR RESALE	3,613	-	-
TOTAL ASSETS	<u>\$ 124,597</u>	<u>\$ 65,544</u>	<u>\$ 3,516</u>
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ 1,974	\$ 1,726	\$ 40
DUE TO OTHER FUNDS	3,453	344	-
TOTAL LIABILITIES	<u>5,427</u>	<u>2,070</u>	<u>40</u>
FUND BALANCE:			
RESERVED FOR ENCUMBRANCES	26,716	25,371	531
RESERVED FOR LAND HELD FOR RESALE	3,613	-	-
UNRESERVED, UNDESIGNATED	88,841	38,103	2,945
TOTAL FUND BALANCE	<u>119,170</u>	<u>63,474</u>	<u>3,476</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 124,597</u>	<u>\$ 65,544</u>	<u>\$ 3,516</u>

See accompanying independent auditor's report.

<u>JOINT POWERS AUTHORITIES</u>	<u>COUNTY SERVICE AREAS</u>	<u>FIRE PROTECTION DISTRICTS</u>	<u>REDEVELOPMENT AGENCY</u>	<u>ASSETS</u>
\$ 3	\$ 12,312	\$ 2,954	\$ 35,907	CASH AND CASH EQUIVALENTS
-	-	-	-	ACCOUNTS RECEIVABLE - NET
-	-	-	426	INTEREST RECEIVABLE
-	-	289	33	DUE FROM OTHER FUNDS (NOTE 7)
-	-	-	-	DUE FROM OTHER GOVERNMENTS
-	-	-	3,613	LAND HELD FOR RESALE
<u>\$ 3</u>	<u>\$ 12,312</u>	<u>\$ 3,243</u>	<u>\$ 39,979</u>	TOTAL ASSETS
				<u>LIABILITIES AND FUND BALANCE</u>
\$ -	\$ 208	\$ -	\$ -	LIABILITIES:
-	1,903	-	1,206	ACCOUNTS PAYABLE
-	2,111	-	1,206	DUE TO OTHER FUNDS
-	-	-	-	TOTAL LIABILITIES
-	681	133	-	FUND BALANCE:
-	-	-	3,613	RESERVED FOR ENCUMBRANCES
3	9,520	3,110	35,160	RESERVED FOR LAND HELD FOR RESALE
3	10,201	3,243	38,773	UNRESERVED, UNDESIGNATED
<u>\$ 3</u>	<u>\$ 12,312</u>	<u>\$ 3,243</u>	<u>\$ 39,979</u>	TOTAL FUND BALANCE
				TOTAL LIABILITIES AND FUND BALANCE

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>TOTAL</u>	<u>CAPITAL IMPROVEMENTS</u>	<u>PARK AND RECREATION DISTRICTS</u>
REVENUES:			
TAXES	\$ 6	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	2,759	40	124
AID FROM OTHER GOVERNMENTAL AGENCIES	656	475	124
CHARGES FOR CURRENT SERVICES	32	14	-
OTHER REVENUES	<u>1,618</u>	<u>1,560</u>	<u>2</u>
TOTAL REVENUES	<u>5,071</u>	<u>2,089</u>	<u>250</u>
EXPENDITURES:			
GENERAL GOVERNMENT	9,584	9,584	-
CAPITAL OUTLAY	<u>56,919</u>	<u>50,044</u>	<u>406</u>
TOTAL EXPENDITURES	<u>66,503</u>	<u>59,628</u>	<u>406</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(61,432)</u>	<u>(57,539)</u>	<u>(156)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(8,482)	(118)	(33)
TRANSFERS FROM OTHER FUNDS	75,574	65,859	1,024
SALE OF CAPITAL ASSETS	<u>1,011</u>	<u>1,011</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>68,103</u>	<u>66,752</u>	<u>991</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	6,671	9,213	835
FUND BALANCE, JULY 1, 2006, AS RESTATED (NOTE 3)	<u>112,499</u>	<u>54,261</u>	<u>2,641</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 119,170</u>	<u>\$ 63,474</u>	<u>\$ 3,476</u>

See accompanying independent auditor's report.

<b>JOINT POWERS AUTHORITIES</b>	<b>COUNTY SERVICE AREAS</b>	<b>FIRE PROTECTION DISTRICTS</b>	<b>REDEVELOPMENT AGENCY</b>	
\$ -	\$ -	\$ 6	\$ -	REVENUES:
86	503	109	1,897	TAXES
-	-	57	-	REVENUES FROM USE OF MONEY AND PROPERTY
-	18	-	-	AID FROM OTHER GOVERNMENTAL AGENCIES
-	49	7	-	CHARGES FOR CURRENT SERVICES
<u>86</u>	<u>570</u>	<u>179</u>	<u>1,897</u>	OTHER REVENUES
				TOTAL REVENUES
-	-	-	-	EXPENDITURES:
-	4,233	263	1,973	GENERAL GOVERNMENT
-	4,233	263	1,973	CAPITAL OUTLAY
<u>86</u>	<u>(3,663)</u>	<u>(84)</u>	<u>(76)</u>	TOTAL EXPENDITURES
				EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
(3,326)	(4,712)	(4)	(289)	OTHER FINANCING SOURCES (USES):
-	7,413	1,278	-	TRANSFERS TO OTHER FUNDS
-	-	-	-	TRANSFERS FROM OTHER FUNDS
<u>(3,326)</u>	<u>2,701</u>	<u>1,274</u>	<u>(289)</u>	SALE OF CAPITAL ASSETS
				TOTAL OTHER FINANCING SOURCES (USES)
(3,240)	(962)	1,190	(365)	EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES
<u>3,243</u>	<u>11,163</u>	<u>2,053</u>	<u>39,138</u>	FUND BALANCE, JULY 1, 2006
<u>\$ 3</u>	<u>\$ 10,201</u>	<u>\$ 3,243</u>	<u>\$ 38,773</u>	FUND BALANCE, JUNE 30, 2007

COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 PERMANENT FUNDS  
 JUNE 30, 2007 (IN THOUSANDS)

<u>ASSETS</u>	<u>TOTAL</u>	<u>BARSTOW CEMETERY ENDOWMENT CARE FUND</u>	<u>LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND</u>
CASH AND CASH EQUIVALENTS	<u>\$ 583</u>	<u>\$ 500</u>	<u>\$ 83</u>
TOTAL ASSETS	<u>\$ 583</u>	<u>\$ 500</u>	<u>\$ 83</u>
<u>FUND BALANCE</u>			
FUND BALANCE: RESERVED FOR ENDOWMENTS	<u>\$ 583</u>	<u>\$ 500</u>	<u>\$ 83</u>
TOTAL FUND BALANCE	<u>\$ 583</u>	<u>\$ 500</u>	<u>\$ 83</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 PERMANENT FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>TOTAL</u>	<u>BARSTOW CEMETERY ENDOWMENT CARE FUND</u>	<u>LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND</u>
REVENUES:			
REVENUES FROM USE OF MONEY & PROPERTY	\$ 30	\$ 26	\$ 4
OTHER REVENUES	<u>36</u>	<u>35</u>	<u>1</u>
TOTAL REVENUES	<u>66</u>	<u>61</u>	<u>5</u>
EXPENDITURES:			
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	66	61	5
FUND BALANCE, JULY 1, 2006	<u>517</u>	<u>439</u>	<u>78</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 583</u>	<u>\$ 500</u>	<u>\$ 83</u>

See accompanying independent auditor's report.



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# COMBINING FINANCIAL STATEMENTS NONMAJOR ENTERPRISE FUNDS

## **NONMAJOR ENTERPRISE FUNDS DESCRIPTIONS**

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

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

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

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

### ***FIRE PROTECTION DISTRICTS – AMBULANCE***

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, 2007 (IN THOUSANDS)

	<u>TOTAL</u>	<u>CRESTLINE SANITATION DISTRICT</u>	<u>COUNTY SERVICE AREAS</u>
<b>ASSETS</b>			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 50,192	\$ 6,794	\$ 43,235
ACCOUNTS RECEIVABLE - NET	2,727	525	1,809
OTHER RECEIVABLES	188	-	188
DUE FROM OTHER FUNDS	209	-	209
DUE FROM OTHER GOVERNMENTS	114	73	41
INVENTORIES	60	-	-
TOTAL CURRENT ASSETS	<u>53,490</u>	<u>7,392</u>	<u>45,482</u>
NONCURRENT ASSETS:			
LAND, STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE	110,000	22,460	87,540
EQUIPMENT	2,894	1,482	1,349
ACCUMULATED DEPRECIATION AND AMORTIZATION	(55,021)	(16,075)	(38,923)
CONSTRUCTION IN PROGRESS	7,281	647	6,634
TOTAL NONCURRENT ASSETS	<u>65,154</u>	<u>8,514</u>	<u>56,600</u>
TOTAL ASSETS	<u>118,644</u>	<u>15,906</u>	<u>102,082</u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	1,110	101	1,009
SALARIES AND BENEFITS PAYABLE	23	-	10
DUE TO OTHER FUNDS	160	-	104
DUE TO OTHER GOVERNMENTS	41	-	41
INTEREST PAYABLE	155	-	155
DEFERRED REVENUE	31	-	31
BONDS AND NOTES PAYABLE	432	90	342
TOTAL CURRENT LIABILITIES	<u>1,952</u>	<u>191</u>	<u>1,692</u>
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE	809	-	809
COMPENSATED ABSENCES PAYABLE	5	-	3
BONDS AND NOTES PAYABLE	7,782	984	6,798
TOTAL NONCURRENT LIABILITIES	<u>8,596</u>	<u>984</u>	<u>7,610</u>
TOTAL LIABILITIES	<u>10,548</u>	<u>1,175</u>	<u>9,302</u>
<b>NET ASSETS:</b>			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	56,940	7,440	49,460
UNRESTRICTED	51,156	7,291	43,320
TOTAL NET ASSETS	<u>\$ 108,096</u>	<u>\$ 14,731</u>	<u>\$ 92,780</u>

See accompanying independent auditor's report.

FIRE PROTECTION DISTRICTS - AMBULANCE	OTHER ENTERPRISE
\$ 69	\$ 94
393	-
-	-
-	-
-	-
-	60
<u>462</u>	<u>154</u>
-	-
63	-
(23)	-
-	-
<u>40</u>	<u>-</u>
<u>502</u>	<u>154</u>
-	-
-	13
51	5
-	-
-	-
-	-
-	-
<u>51</u>	<u>18</u>
-	-
-	2
-	-
<u>-</u>	<u>2</u>
<u>51</u>	<u>20</u>
40	-
<u>411</u>	<u>134</u>
<u>\$ 451</u>	<u>\$ 134</u>

**ASSETS**

CURRENT ASSETS:

CASH AND CASH EQUIVALENTS  
ACCOUNTS RECEIVABLE - NET  
OTHER RECEIVABLES  
DUE FROM OTHER FUNDS  
DUE FROM OTHER GOVERNMENTS  
INVENTORIES  
TOTAL CURRENT ASSETS

NONCURRENT ASSETS:

LAND, STRUCTURES AND IMPROVEMENTS  
EQUIPMENT  
ACCUMULATED DEPRECIATION AND AMORTIZATION  
CONSTRUCTION IN PROGRESS  
TOTAL NONCURRENT ASSETS

TOTAL ASSETS

**LIABILITIES**

CURRENT LIABILITIES:

ACCOUNTS PAYABLE  
SALARIES AND BENEFITS PAYABLE  
DUE TO OTHER FUNDS  
DUE TO OTHER GOVERNMENTS  
INTEREST PAYABLE  
DEFERRED REVENUE  
BONDS AND NOTES PAYABLE  
TOTAL CURRENT LIABILITIES

NONCURRENT LIABILITIES:

INTERFUND PAYABLE  
COMPENSATED ABSENCES PAYABLE  
BONDS AND NOTES PAYABLE  
TOTAL NONCURRENT LIABILITIES

TOTAL LIABILITIES

**NET ASSETS:**

INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT  
UNRESTRICTED

TOTAL NET ASSETS

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>TOTAL</u>	<u>CRESTLINE SANITATION DISTRICT</u>	<u>COUNTY SERVICE AREAS</u>
OPERATING REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 20,253	\$ 2,131	\$ 16,523
OTHER	-	-	-
TOTAL OPERATING REVENUES	<u>20,253</u>	<u>2,131</u>	<u>16,523</u>
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	1,967	87	1,739
SALARIES AND EMPLOYEE BENEFITS	9,329	2,034	6,967
SERVICES AND SUPPLIES	7,462	769	6,287
DEPRECIATION AND AMORTIZATION	2,973	561	2,377
OTHER	3,026	-	3,026
TOTAL OPERATING EXPENSES	<u>24,757</u>	<u>3,451</u>	<u>20,396</u>
OPERATING INCOME (LOSS)	<u>(4,504)</u>	<u>(1,320)</u>	<u>(3,873)</u>
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUE	2,237	302	1,917
INTEREST EXPENSE	(397)	(19)	(378)
TAX REVENUE	5,718	1,232	4,486
GRANT REVENUE	833	129	704
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	(73)	-	(4)
OTHER NONOPERATING REVENUES	5,034	56	4,647
OTHER NONOPERATING EXPENSES	(6,350)	-	(6,350)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>7,002</u>	<u>1,700</u>	<u>5,022</u>
CHANGE IN NET ASSETS BEFORE TRANSFERS	2,498	380	1,149
TRANSFERS TO OTHER FUNDS	(2,562)	-	(1,458)
TRANSFERS FROM OTHER FUNDS	2,785	-	2,785
CHANGE IN NET ASSETS	2,721	380	2,476
TOTAL NET ASSETS, JULY 1, 2006	<u>105,375</u>	<u>14,351</u>	<u>90,304</u>
TOTAL NET ASSETS, JUNE 30, 2007	<u>\$ 108,096</u>	<u>\$ 14,731</u>	<u>\$ 92,780</u>

See accompanying independent auditor's report.

<b>FIRE PROTECTION DISTRICTS - AMBULANCE</b>	<b>OTHER ENTERPRISE</b>	
\$ 1,496	\$ 103	OPERATING REVENUES:
<u>-</u>	<u>-</u>	CHARGES FOR CURRENT SERVICES
		OTHER
<u>1,496</u>	<u>103</u>	TOTAL OPERATING REVENUES
		OPERATING EXPENSES:
134	7	PROFESSIONAL SERVICES
75	253	SALARIES AND EMPLOYEE BENEFITS
236	170	SERVICES AND SUPPLIES
35	-	DEPRECIATION AND AMORTIZATION
<u>-</u>	<u>-</u>	OTHER
<u>480</u>	<u>430</u>	TOTAL OPERATING EXPENSES
<u>1,016</u>	<u>(327)</u>	OPERATING INCOME (LOSS)
		NONOPERATING REVENUES (EXPENSES):
11	7	INTEREST REVENUE
-	-	INTEREST EXPENSE
-	-	TAX REVENUE
-	-	GRANT REVENUE
(69)	-	GAIN (LOSS) ON SALE OF CAPITAL ASSETS
78	253	OTHER NONOPERATING REVENUES
<u>-</u>	<u>-</u>	OTHER NONOPERATING EXPENSES
<u>20</u>	<u>260</u>	TOTAL NONOPERATING REVENUES (EXPENSES)
1,036	(67)	CHANGE IN NET ASSETS BEFORE TRANSFERS
(1,086)	(18)	TRANSFERS TO OTHER FUNDS
<u>-</u>	<u>-</u>	TRANSFERS FROM OTHER FUNDS
(50)	(85)	CHANGE IN NET ASSETS
<u>501</u>	<u>219</u>	TOTAL NET ASSETS, JULY 1, 2006
<u>\$ 451</u>	<u>\$ 134</u>	TOTAL NET ASSETS, JUNE 30, 2007

COUNTY OF SAN BERNARDINO  
STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	TOTAL	CRESTLINE SANITATION DISTRICT	COUNTY SERVICE AREAS	FIRE PROTECTION DISTRICTS- AMBULANCE	OTHER ENTERPRISE
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
CASH RECEIVED FROM SERVICES	\$ 21,745	\$ 2,081	\$ 18,089	\$ 1,470	\$ 105
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(13,337)	(814)	(11,907)	(439)	(177)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(9,309)	(2,034)	(6,954)	(75)	(246)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(901)	(767)	(772)	956	(318)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
TAXES RECEIVED	5,718	1,232	4,486	-	-
GRANTS RECEIVED	833	129	704	-	-
OTHER	143	56	(244)	78	253
TRANSFERS RECEIVED	2,785	-	2,785	-	-
TRANSFERS PAID	(2,562)	-	(1,458)	(1,086)	(18)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	6,917	1,417	6,273	(1,008)	235
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
STATE DEBT SERVICE FUNDING RECEIVED	-	-	-	-	-
ACQUISITION OF CAPITAL ASSETS	(3,416)	(367)	(3,049)	-	-
PRINCIPAL PAID ON BONDS AND NOTES	(88)	(88)	-	-	-
INTEREST PAID ON BONDS AND NOTES	(367)	(19)	(348)	-	-
PROCEEDS FROM SALE OF CAPITAL ASSETS	(4)	-	(4)	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(3,875)	(474)	(3,401)	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
PROCEEDS FROM SALE AND MATURITIES OF INVESTMENTS	566	-	566	-	-
INTEREST ON INVESTMENTS	2,237	302	1,917	11	7
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,803	302	2,483	11	7
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,944	478	4,583	(41)	(76)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	45,248	6,316	38,652	110	170
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 50,192	\$ 6,794	\$ 43,235	\$ 69	\$ 94
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
OPERATING INCOME (LOSS)	\$ (4,504)	\$ (1,320)	\$ (3,873)	\$ 1,016	\$ (327)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
DEPRECIATION	2,973	561	2,377	35	-
CHANGES IN ASSETS AND LIABILITIES:					
ACCOUNTS RECEIVABLE	1,274	(77)	1,377	(26)	-
DUE FROM OTHER GOVERNMENTS	206	27	179	-	-
INVENTORIES	2	-	-	-	2
ACCOUNTS PAYABLE AND OTHER LIABILITIES	(872)	42	(845)	(69)	-
SALARIES AND BENEFITS PAYABLE	17	-	10	-	7
COMPENSATED ABSENCES PAYABLE	3	-	3	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (901)	\$ (767)	\$ (772)	\$ 956	\$ (318)
<b>BREAKDOWN OF CASH AND CASH EQUIVALENTS</b>					
CASH AND CASH EQUIVALENTS	\$ 50,192	\$ 6,794	\$ 43,235	\$ 69	\$ 94
	\$ 50,192	\$ 6,794	\$ 43,235	\$ 69	\$ 94

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# COMBINING FINANCIAL STATEMENTS INTERNAL SERVICE FUNDS

## **INTERNAL SERVICE FUNDS DESCRIPTIONS**

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

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

### ***TELEPHONE SERVICES***

The Telephone Services Fund accounts for Countywide 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, Countywide 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, 2007 (IN THOUSANDS)

	TOTAL	GENERAL SERVICES GROUP	TELEPHONE SERVICES	COMPUTER OPERATIONS
<b>ASSETS</b>				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 201,764	\$ 1,804	\$ 8,619	\$ 8,525
ACCOUNTS RECEIVABLE - NET	10,557	233	684	-
DUE FROM OTHER FUNDS	1,061	18	158	249
DUE FROM OTHER GOVERNMENTS	999	75	438	289
INVENTORIES	2,328	362	887	-
PREPAID ITEMS	1,980	907	-	-
TOTAL CURRENT ASSETS	<u>218,689</u>	<u>3,399</u>	<u>10,786</u>	<u>9,063</u>
NONCURRENT ASSETS:				
LAND, STRUCTURES AND IMPROVEMENTS	7,659	-	1,445	-
EQUIPMENT	62,264	1,177	16,339	8,598
ACCUMULATED DEPRECIATION AND AMORTIZATION	(46,502)	(1,022)	(14,530)	(6,171)
TOTAL NONCURRENT ASSETS	<u>23,421</u>	<u>155</u>	<u>3,254</u>	<u>2,427</u>
TOTAL ASSETS	<u>242,110</u>	<u>3,554</u>	<u>14,040</u>	<u>11,490</u>
<b>LIABILITIES</b>				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE	7,367	368	1,556	1,552
SALARIES AND BENEFITS PAYABLE	2,235	158	550	707
DUE TO OTHER FUNDS	8,363	2	16	42
DUE TO OTHER GOVERNMENTS	28	-	-	-
DEFERRED REVENUE	600	600	-	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	45,444	-	-	-
COMPENSATED ABSENCES PAYABLE	2,123	149	610	692
CAPITAL LEASE OBLIGATIONS	24	24	-	-
TOTAL CURRENT LIABILITIES	<u>66,184</u>	<u>1,301</u>	<u>2,732</u>	<u>2,993</u>
NONCURRENT LIABILITIES:				
INTERFUND PAYABLE	2,000	-	2,000	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	84,239	-	-	-
COMPENSATED ABSENCES PAYABLE	1,892	86	462	721
CAPITAL LEASE OBLIGATIONS	22	22	-	-
TOTAL NONCURRENT LIABILITIES	<u>88,153</u>	<u>108</u>	<u>2,462</u>	<u>721</u>
TOTAL LIABILITIES	<u>154,337</u>	<u>1,409</u>	<u>5,194</u>	<u>3,714</u>
<b>NET ASSETS</b>				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	21,930	109	1,809	2,427
UNRESTRICTED	65,843	2,036	7,037	5,349
TOTAL NET ASSETS	<u>\$ 87,773</u>	<u>\$ 2,145</u>	<u>\$ 8,846</u>	<u>\$ 7,776</u>

See accompanying independent auditor's report.

<b>VEHICLE SERVICES</b>	<b>RISK MANAGEMENT</b>	<b>FLOOD CONTROL EQUIPMENT</b>
\$ 8,253	\$ 172,202	\$ 2,361
140	9,500	-
17	442	177
197	-	-
1,079	-	-
-	1,073	-
<u>9,686</u>	<u>183,217</u>	<u>2,538</u>
6,214	-	-
24,006	118	12,026
(16,351)	(94)	(8,334)
<u>13,869</u>	<u>24</u>	<u>3,692</u>
<u>23,555</u>	<u>183,241</u>	<u>6,230</u>
1,268	2,623	-
470	349	1
176	8,077	50
28	-	-
-	-	-
-	45,444	-
404	268	-
-	-	-
<u>2,346</u>	<u>56,761</u>	<u>51</u>
-	-	-
-	84,239	-
447	176	-
-	-	-
<u>447</u>	<u>84,415</u>	<u>-</u>
<u>2,793</u>	<u>141,176</u>	<u>51</u>
13,869	24	3,692
<u>6,893</u>	<u>42,041</u>	<u>2,487</u>
<u>\$ 20,762</u>	<u>\$ 42,065</u>	<u>\$ 6,179</u>

**ASSETS**

CURRENT ASSETS:

CASH AND CASH EQUIVALENTS  
ACCOUNTS RECEIVABLE - NET  
DUE FROM OTHER FUNDS  
DUE FROM OTHER GOVERNMENTS  
INVENTORIES  
PREPAID ITEMS  
TOTAL CURRENT ASSETS

NONCURRENT ASSETS:

LAND, STRUCTURES AND IMPROVEMENTS  
EQUIPMENT  
ACCUMULATED DEPRECIATION AND AMORTIZATION  
TOTAL NONCURRENT ASSETS

TOTAL ASSETS

**LIABILITIES**

CURRENT LIABILITIES:

ACCOUNTS PAYABLE  
SALARIES AND BENEFITS PAYABLE  
DUE TO OTHER FUNDS  
DUE TO OTHER GOVERNMENTS  
DEFERRED REVENUE  
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS  
COMPENSATED ABSENCES PAYABLE  
CAPITAL LEASE OBLIGATIONS  
TOTAL CURRENT LIABILITIES

NONCURRENT LIABILITIES:

INTERFUND PAYABLE  
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS  
COMPENSATED ABSENCES PAYABLE  
CAPITAL LEASE OBLIGATIONS  
TOTAL NONCURRENT LIABILITIES

TOTAL LIABILITIES

**NET ASSETS**

INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT  
UNRESTRICTED

TOTAL NET ASSETS

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 INTERNAL SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	TOTAL	GENERAL SERVICES GROUP	TELEPHONE SERVICES	COMPUTER OPERATIONS
OPERATING REVENUES:				
CHARGES FOR CURRENT SERVICES	\$ 191,175	\$ 16,381	\$ 19,303	\$ 22,563
TOTAL OPERATING REVENUES	<u>191,175</u>	<u>16,381</u>	<u>19,303</u>	<u>22,563</u>
OPERATING EXPENSES:				
PROFESSIONAL SERVICES	6,569	589	709	464
SALARIES AND EMPLOYEE BENEFITS	32,778	2,603	8,741	9,415
SELF-INSURED CLAIMS	34,511	-	-	-
SERVICES AND SUPPLIES	57,679	12,979	8,916	7,946
DEPRECIATION AND AMORTIZATION	6,310	70	773	1,107
OTHER	349	-	-	-
TOTAL OPERATING EXPENSES	<u>138,196</u>	<u>16,241</u>	<u>19,139</u>	<u>18,932</u>
OPERATING INCOME (LOSS)	<u>52,979</u>	<u>140</u>	<u>164</u>	<u>3,631</u>
NONOPERATING REVENUES (EXPENSES):				
INTEREST REVENUE	7,014	-	-	-
INTEREST EXPENSE	(2)	(2)	-	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	1,344	1	(22)	(19)
OTHER NONOPERATING REVENUES	610	-	8	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>8,966</u>	<u>(1)</u>	<u>(14)</u>	<u>(19)</u>
CHANGE IN NET ASSETS (DEFICIT) BEFORE TRANSFERS	61,945	139	150	3,612
TRANSFERS TO OTHER FUNDS (NOTE 7)	(1,433)	(99)	(300)	(427)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	20	-	-	-
CHANGE IN NET ASSETS (DEFICIT)	60,532	40	(150)	3,185
NET ASSETS (DEFICIT), JULY 1, 2006	<u>27,241</u>	<u>2,105</u>	<u>8,996</u>	<u>4,591</u>
TOTAL NET ASSETS, JUNE 30, 2007	<u>\$ 87,773</u>	<u>\$ 2,145</u>	<u>\$ 8,846</u>	<u>\$ 7,776</u>

See accompanying independent auditor's report.

<u>VEHICLE SERVICES</u>	<u>RISK MANAGEMENT</u>	<u>FLOOD CONTROL EQUIPMENT</u>
\$ 22,756	\$ 107,594	\$ 2,578
<u>22,756</u>	<u>107,594</u>	<u>2,578</u>
1,179	3,628	-
6,856	5,163	-
-	34,511	-
11,745	12,809	3,284
3,115	9	1,236
-	349	-
<u>22,895</u>	<u>56,469</u>	<u>4,520</u>
<u>(139)</u>	<u>51,125</u>	<u>(1,942)</u>
386	6,527	101
-	-	-
531	-	853
-	602	-
<u>917</u>	<u>7,129</u>	<u>954</u>
778	58,254	(988)
(392)	(215)	-
20	-	-
<u>406</u>	<u>58,039</u>	<u>(988)</u>
<u>20,356</u>	<u>(15,974)</u>	<u>7,167</u>
<u>\$ 20,762</u>	<u>\$ 42,065</u>	<u>\$ 6,179</u>

OPERATING REVENUES:  
CHARGES FOR CURRENT SERVICES  
TOTAL OPERATING REVENUES

OPERATING EXPENSES:  
PROFESSIONAL SERVICES  
SALARIES AND EMPLOYEE BENEFITS  
SELF-INSURED CLAIMS  
SERVICES AND SUPPLIES  
DEPRECIATION AND AMORTIZATION  
OTHER

TOTAL OPERATING EXPENSES

OPERATING INCOME (LOSS)

NONOPERATING REVENUES (EXPENSES):  
INTEREST REVENUE  
INTEREST EXPENSE  
GAIN (LOSS) ON SALE OF CAPITAL ASSETS  
OTHER NONOPERATING REVENUES

TOTAL NONOPERATING REVENUES (EXPENSES)

CHANGE IN NET ASSETS (DEFICIT) BEFORE TRANSFERS

TRANSFERS TO OTHER FUNDS (NOTE 7)  
TRANSFERS FROM OTHER FUNDS (NOTE 7)

CHANGE IN NET ASSETS (DEFICIT)

NET ASSETS (DEFICIT), JULY 1, 2006

TOTAL NET ASSETS, JUNE 30, 2007

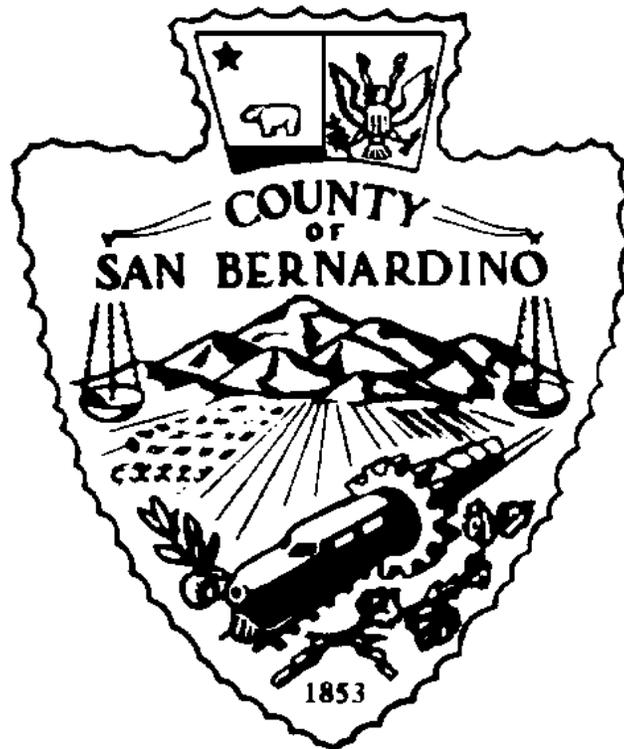
COUNTY OF SAN BERNARDINO  
STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	TOTAL	GENERAL SERVICES GROUP	TELEPHONE SERVICES	COMPUTER OPERATIONS	VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
CASH RECEIVED FROM SERVICES	\$ 188,889	\$ 16,657	\$ 18,965	\$ 22,132	\$ 22,799	\$ 105,782	\$ 2,554
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(93,833)	(13,811)	(9,586)	(6,495)	(12,772)	(47,847)	(3,322)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(32,588)	(2,552)	(8,159)	(9,969)	(6,834)	(5,073)	(1)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	62,468	294	1,220	5,668	3,193	52,862	(769)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
OTHER	(194)	-	43	-	(606)	369	-
TRANSFERS RECEIVED	-	-	-	-	-	-	-
TRANSFERS PAID	(1,431)	(99)	(300)	(427)	(390)	(215)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(1,625)	(99)	(257)	(427)	(996)	154	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
ACQUISITION OF CAPITAL ASSETS	(7,131)	(7)	(2,381)	(1,530)	(3,622)	(10)	419
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	(27)	(24)	-	-	-	-	(3)
INTEREST PAID ON CAPITAL LEASE OBLIGATIONS	(2)	(2)	-	-	-	-	-
PREPAID CAPITAL ASSET ITEM	115	-	115	-	-	-	-
PROCEEDS FROM SALE OF CAPITAL ASSETS	1,458	1	-	-	604	-	853
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(5,587)	(32)	(2,266)	(1,530)	(3,018)	(10)	1,269
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
INTEREST ON INVESTMENTS	7,612	-	12	-	462	7,037	101
NET CASH PROVIDED BY INVESTING ACTIVITIES	7,612	-	12	-	462	7,037	101
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	62,868	163	(1,291)	3,711	(359)	60,043	601
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	138,896	1,641	9,910	4,814	8,612	112,159	1,760
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 201,764	\$ 1,804	\$ 8,619	\$ 8,525	\$ 8,253	\$ 172,202	\$ 2,361
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>							
OPERATING INCOME (LOSS)	\$ 52,979	\$ 140	\$ 164	\$ 3,631	\$ (139)	\$ 51,125	\$ (1,942)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
DEPRECIATION	6,310	70	773	1,107	3,115	9	1,236
CHANGES IN ASSETS AND LIABILITIES:							
ACCOUNTS RECEIVABLE	(9,685)	(233)	7	-	41	(9,500)	-
DUE FROM OTHER GOVERNMENTS	(472)	(6)	(227)	(195)	(44)	-	-
DUE FROM OTHER FUNDS	(755)	(18)	(116)	(237)	13	(373)	(24)
INVENTORIES	(217)	132	(421)	-	72	-	-
PREPAID ITEMS	(475)	(82)	-	-	-	(393)	-
ACCOUNTS PAYABLE AND OTHER LIABILITIES	11,420	(12)	865	1,066	85	9,454	(38)
SALARIES AND BENEFITS PAYABLE	251	10	100	104	26	12	(1)
DUE TO OTHER GOVERNMENTS	29	-	-	-	29	-	-
DEFERRED REVENUES	300	300	-	-	-	-	-
ESTIMATED LIABILITIES FOR LITIGATION AND SELF-INSURANCE CLAIMS	2,450	-	-	-	-	2,450	-
COMPENSATED ABSENCES PAYABLE	333	(7)	75	192	(5)	78	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 62,468	\$ 294	\$ 1,220	\$ 5,668	\$ 3,193	\$ 52,862	\$ (769)
<b>BREAKDOWN OF CASH AND CASH EQUIVALENTS</b>							
CASH AND CASH EQUIVALENTS	\$ 201,764	\$ 1,804	\$ 8,619	\$ 8,525	\$ 8,253	\$ 172,202	\$ 2,361
RESTRICTED CASH AND INVESTMENTS	-	-	-	-	-	-	-
	\$ 201,764	\$ 1,804	\$ 8,619	\$ 8,525	\$ 8,253	\$ 172,202	\$ 2,361

See accompanying independent auditor's report.

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# COMBINING FINANCIAL STATEMENTS TRUST AND AGENCY FUNDS



## TRUST AND AGENCY FUNDS DESCRIPTIONS

### *AGENCY FUNDS*

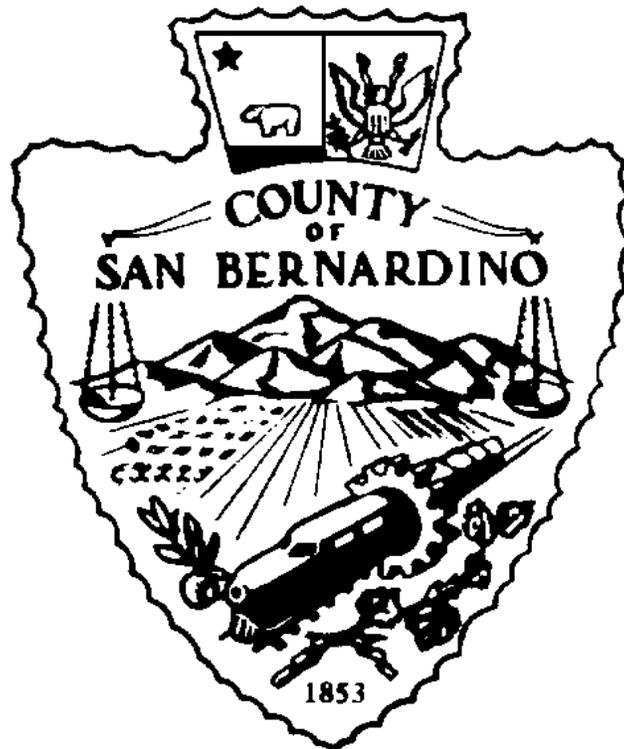
**Special Assessment Agency Funds** - The special assessment funds are administered by the County Treasurer and account for amounts collected from property owners for the payment of special assessment bond principal and interest. The special assessment bonds include both 1911 and 1915 Act Bonds and Mello-Roos 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, 2007 (IN THOUSANDS)

	BALANCE JULY 1, 2006	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2007
<b>TOTAL COMBINED AGENCY FUNDS</b>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 358,750	\$ 9,481,359	\$ 9,462,892	\$ 377,217
INVESTMENTS	1,675	1,205	1,675	1,205
TAXES RECEIVABLE	173,134	183,883	173,134	183,883
INTEREST RECEIVABLE	52	40	52	40
DUE FROM OTHER FUNDS	273	-	273	-
DUE FROM OTHER GOVERNMENTS	-	250	-	250
ADVANCES TO OTHER FUNDS	250	-	250	-
TOTAL ASSETS	<u>\$ 534,134</u>	<u>\$ 9,666,737</u>	<u>\$ 9,638,276</u>	<u>\$ 562,595</u>
LIABILITIES:				
DUE TO OTHER FUNDS	\$ 35,848	\$ -	\$ 35,848	\$ -
DUE TO OTHER GOVERNMENTS	498,286	597,332	533,023	562,595
TOTAL LIABILITIES	<u>\$ 534,134</u>	<u>\$ 597,332</u>	<u>\$ 568,871</u>	<u>\$ 562,595</u>
<b>SPECIAL ASSESSMENT AGENCY FUNDS</b>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 3,047	\$ 1,829	\$ 123	\$ 4,753
DUE FROM OTHER FUNDS	23	-	23	-
TOTAL ASSETS	<u>\$ 3,070</u>	<u>\$ 1,829</u>	<u>\$ 146</u>	<u>\$ 4,753</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	\$ 3,070	\$ 4,753	\$ 3,070	\$ 4,753
TOTAL LIABILITIES	<u>\$ 3,070</u>	<u>\$ 4,753</u>	<u>\$ 3,070</u>	<u>\$ 4,753</u>
<b>OTHER AGENCY FUNDS</b>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 355,703	\$ 9,479,530	\$ 9,462,769	\$ 372,464
INVESTMENTS	1,675	1,205	1,675	1,205
TAXES RECEIVABLE	173,134	183,883	173,134	183,883
INTEREST RECEIVABLE	52	40	52	40
DUE FROM OTHER FUNDS	250	-	250	-
DUE FROM OTHER GOVERNMENTS	-	250	-	250
ADVANCES TO OTHER FUNDS	250	-	250	-
TOTAL ASSETS	<u>\$ 531,064</u>	<u>\$ 9,664,908</u>	<u>\$ 9,638,130</u>	<u>\$ 557,842</u>
LIABILITIES:				
DUE TO OTHER FUNDS	\$ 35,848	\$ -	\$ 35,848	\$ -
DUE TO OTHER GOVERNMENTS	495,216	592,579	529,953	557,842
TOTAL LIABILITIES	<u>\$ 531,064</u>	<u>\$ 592,579</u>	<u>\$ 565,801</u>	<u>\$ 557,842</u>

See accompanying independent auditor's report.



**COMBINING SCHEDULE  
OF REVENUES,  
EXPENDITURES AND  
CHANGES IN FUND  
BALANCES (DEFICIT)  
BUDGET TO ACTUAL  
ON BUDGETARY BASIS**

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, 2007 (IN THOUSANDS)

	<u>TOTAL</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 111,836	\$ 125,813	\$ 13,977
LICENSES, PERMITS AND FRANCHISES	527	633	106
FINES, FORFEITURES AND PENALTIES	8,281	5,274	(3,007)
REVENUES FROM USE OF MONEY AND PROPERTY	10,287	16,154	5,867
AID FROM OTHER GOVERNMENTAL AGENCIES	326,998	218,871	(108,127)
CHARGES FOR CURRENT SERVICES	55,247	44,355	(10,892)
OTHER REVENUES	24,961	31,422	6,461
TOTAL REVENUES	<u>538,137</u>	<u>442,522</u>	<u>(95,615)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	46,347	7,984	38,363
PUBLIC PROTECTION	297,641	173,500	124,141
PUBLIC WAYS AND FACILITIES	126,301	73,708	52,593
HEALTH AND SANITATION	4,712	3,295	1,417
PUBLIC ASSISTANCE	105,085	73,730	31,355
EDUCATION	15,582	15,525	57
RECREATION AND CULTURAL SERVICES	6,359	3,814	2,545
DEBT SERVICE:			
PRINCIPAL	30,249	28,034	2,215
INTEREST AND FISCAL CHARGES	10,551	10,551	-
BOND ISSUANCE COSTS	2,005	2,005	-
CAPITAL OUTLAY	67,401	22,817	44,584
TOTAL EXPENDITURES	<u>712,233</u>	<u>414,963</u>	<u>297,270</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(174,096)</u>	<u>27,559</u>	<u>201,655</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(100,350)	(33,122)	67,228
TRANSFERS FROM OTHER FUNDS	45,372	37,998	(7,374)
LONG-TERM DEBT ISSUED	114,481	114,481	-
PROCEED OF REFUNDING BONDS	23,845	23,845	-
PREMIUM ON REFUNDING BONDS	1,385	1,385	-
INCEPTION OF CAPITAL LEASE OBLIGATIONS	1,399	1,399	-
SALE OF CAPITAL ASSETS	16,900	2,781	(14,119)
JUDGEMENT ONLIGATION BONDS USES	(102,000)	(102,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,032</u>	<u>46,767</u>	<u>45,735</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(173,064)</u>	<u>74,326</u>	<u>247,390</u>
FUND BALANCE, JULY 1, 2006	<u>192,283</u>	<u>192,283</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 19,219</u>	<u>\$ 266,609</u>	<u>\$ 247,390</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>TRANSPORTATION</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
LICENSES, PERMITS AND FRANCHISES	\$ 225	\$ 563	\$ 338
REVENUES FROM USE OF MONEY AND PROPERTY	461	1,666	1,205
AID FROM OTHER GOVERNMENTAL AGENCIES	75,852	69,162	(6,690)
CHARGES FOR CURRENT SERVICES	4,240	2,851	(1,389)
OTHER REVENUES	322	4,165	3,843
TOTAL REVENUES	<u>81,100</u>	<u>78,407</u>	<u>(2,693)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	74,899	60,512	14,387
DEBT SERVICE:			
PRINCIPAL	1,475	972	503
INTEREST AND FISCAL CHARGES	331	331	-
CAPITAL OUTLAY	6,583	4,269	2,314
TOTAL EXPENDITURES	<u>83,288</u>	<u>66,084</u>	<u>17,204</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,188)</u>	<u>12,323</u>	<u>14,511</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(4,825)	(1,325)	3,500
TRANSFERS FROM OTHER FUNDS	11,128	8,200	(2,928)
SALE OF CAPITAL ASSETS	900	170	(730)
TOTAL OTHER FINANCING SOURCES (USES)	<u>7,203</u>	<u>7,045</u>	<u>(158)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	5,015	19,368	14,353
FUND BALANCE, JULY 1, 2006	5,958	5,958	-
FUND BALANCE, JUNE 30, 2007	<u>\$ 10,973</u>	<u>\$ 25,326</u>	<u>\$ 14,353</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>COUNTY FREE LIBRARY</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 11,928	\$ 12,243	\$ 315
LICENSES, PERMITS AND FRANCHISES	-	3	3
AID FROM OTHER GOVERNMENTAL AGENCIES	1,309	1,219	(90)
CHARGES FOR CURRENT SERVICES	1,368	1,167	(201)
OTHER REVENUES	<u>537</u>	<u>1,104</u>	<u>567</u>
TOTAL REVENUES	<u>15,142</u>	<u>15,736</u>	<u>594</u>
EXPENDITURES:			
CURRENT:			
EDUCATION	15,582	15,525	57
DEBT SERVICE:			
PRINCIPAL	88	47	41
INTEREST AND FISCAL CHARGES	88	88	-
CAPITAL OUTLAY	<u>390</u>	<u>195</u>	<u>195</u>
TOTAL EXPENDITURES	<u>16,148</u>	<u>15,855</u>	<u>293</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,006)</u>	<u>(119)</u>	<u>887</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(508)	(508)	-
TRANSFERS FROM OTHER FUNDS	<u>984</u>	<u>986</u>	<u>2</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>476</u>	<u>478</u>	<u>2</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(530)	359	889
FUND BALANCE, JULY 1, 2006	<u>845</u>	<u>845</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 315</u>	<u>\$ 1,204</u>	<u>\$ 889</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 30	\$ 89	\$ 59
FINES, FORFEITURES AND PENALTIES	3	5	2
REVENUES FROM USE OF MONEY AND PROPERTY	651	1,067	416
AID FROM OTHER GOVERNMENTAL AGENCIES	30,754	15,487	(15,267)
OTHER REVENUES	<u>4,682</u>	<u>6,341</u>	<u>1,659</u>
TOTAL REVENUES	<u>36,120</u>	<u>22,989</u>	<u>(13,131)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	46,770	20,117	26,653
CAPITAL OUTLAY	<u>33</u>	<u>25</u>	<u>8</u>
TOTAL EXPENDITURES	<u>46,803</u>	<u>20,142</u>	<u>26,661</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,683)</u>	<u>2,847</u>	<u>13,530</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	<u>(4,193)</u>	<u>(3,858)</u>	<u>335</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,193)</u>	<u>(3,858)</u>	<u>335</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(14,876)	(1,011)	13,865
FUND BALANCE, JULY 1, 2006	<u>14,696</u>	<u>14,696</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2007	<u>\$ (180)</u>	<u>\$ 13,685</u>	<u>\$ 13,865</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>AGING AND ADULT SERVICES</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 20	\$ 33	\$ 13
AID FROM OTHER GOVERNMENTAL AGENCIES	3,977	3,972	(5)
OTHER REVENUES	-	6	6
TOTAL REVENUES	<u>3,997</u>	<u>4,011</u>	<u>14</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	<u>6,194</u>	<u>4,803</u>	<u>1,391</u>
TOTAL EXPENDITURES	<u>6,194</u>	<u>4,803</u>	<u>1,391</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,197)</u>	<u>(792)</u>	<u>1,405</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(43)	(43)	-
TRANSFERS FROM OTHER FUNDS	<u>843</u>	<u>843</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>800</u>	<u>800</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(1,397)</u>	<u>8</u>	<u>1,405</u>
FUND BALANCE, JULY 1, 2006	<u>1,389</u>	<u>1,389</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2007	<u>\$ (8)</u>	<u>\$ 1,397</u>	<u>\$ 1,405</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>JOBS AND EMPLOYMENT SERVICES</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 213	\$ 211	\$ (2)
AID FROM OTHER GOVERNMENTAL AGENCIES	12,903	11,628	(1,275)
OTHER REVENUES	-	16	16
TOTAL REVENUES	<u>13,116</u>	<u>11,855</u>	<u>(1,261)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	13,009	11,603	1,406
CAPITAL OUTLAY	51	51	-
TOTAL EXPENDITURES	<u>13,060</u>	<u>11,654</u>	<u>1,406</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>56</u>	<u>201</u>	<u>145</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	<u>(217)</u>	<u>(217)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(217)</u>	<u>(217)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(161)	(16)	145
FUND BALANCE, JULY 1, 2006	<u>161</u>	<u>161</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ -</u>	<u>\$ 145</u>	<u>\$ 145</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>MICROGRAPHICS FEES</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 6,642	\$ 5,313	\$ (1,329)
TOTAL REVENUES	<u>6,642</u>	<u>5,313</u>	<u>(1,329)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	21,259	3,814	17,445
CAPITAL OUTLAY	<u>1,790</u>	<u>663</u>	<u>1,127</u>
TOTAL EXPENDITURES	<u>23,049</u>	<u>4,477</u>	<u>18,572</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(16,407)</u>	<u>836</u>	<u>17,243</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	<u>(223)</u>	<u>(51)</u>	<u>172</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(223)</u>	<u>(51)</u>	<u>172</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(16,630)	785	17,415
FUND BALANCE, JULY 1, 2006	<u>16,630</u>	<u>16,630</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ -</u>	<u>\$ 17,415</u>	<u>\$ 17,415</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	COUNTY SERVICE AREAS		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ 25,882	\$ 29,585	\$ 3,703
FINES, FORFEITURES AND PENALTIES	60	69	9
REVENUES FROM USE OF MONEY AND PROPERTY	2,459	1,614	(845)
AID FROM OTHER GOVERNMENTAL AGENCIES	43,719	21,010	(22,709)
CHARGES FOR CURRENT SERVICES	21,321	20,738	(583)
OTHER REVENUES	15,128	4,524	(10,604)
TOTAL REVENUES	<u>108,569</u>	<u>77,540</u>	<u>(31,029)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	3,574	110	3,464
PUBLIC PROTECTION	100,890	71,258	29,632
PUBLIC WAYS AND FACILITIES	4,373	1,685	2,688
RECREATION AND CULTURAL SERVICES	2,760	1,222	1,538
DEBT SERVICE:			
PRINCIPAL	2,020	349	1,671
INTEREST AND FISCAL CHARGES	230	230	-
CAPITAL OUTLAY	12,316	4,582	7,734
TOTAL EXPENDITURES	<u>126,163</u>	<u>79,436</u>	<u>46,727</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(17,594)</u>	<u>(1,896)</u>	<u>15,698</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(14,160)	(10,470)	3,690
TRANSFERS FROM OTHER FUNDS	17,049	12,651	(4,398)
LONG-TERM DEBT ISSUED	724	724	-
INCEPTION OF CAPITAL LEASE OBLIGATIONS	1,399	1,399	-
SALE OF CAPITAL ASSETS	-	45	45
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,012</u>	<u>4,349</u>	<u>(663)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(12,582)</u>	<u>2,453</u>	<u>15,035</u>
FUND BALANCE, JULY 1, 2006	<u>32,050</u>	<u>32,050</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 19,468</u>	<u>\$ 34,503</u>	<u>\$ 15,035</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>COURTHOUSE TEMPORARY CONSTRUCTION</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ 2,965	\$ 2,331	\$ (634)
REVENUES FROM USE OF MONEY AND PROPERTY	35	46	11
OTHER REVENUES	-	7	7
TOTAL REVENUES	<u>3,000</u>	<u>2,384</u>	<u>(616)</u>
EXPENDITURES:			
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,000</u>	<u>2,384</u>	<u>(616)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	<u>(3,013)</u>	<u>-</u>	<u>3,013</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,013)</u>	<u>-</u>	<u>3,013</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(13)	2,384	2,397
FUND BALANCE, JULY 1, 2006	(68)	(68)	-
FUND BALANCE (DEFICIT), JUNE 30, 2007	<u>\$ (81)</u>	<u>\$ 2,316</u>	<u>\$ 2,397</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>CENTRAL COURTHOUSE SURCHARGE</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ 1,920	\$ -	\$ (1,920)
REVENUES FROM USE OF MONEY AND PROPERTY	337	508	171
CHARGES FOR CURRENT SERVICES	-	2,154	2,154
OTHER REVENUES	-	30	30
TOTAL REVENUES	<u>2,257</u>	<u>2,692</u>	<u>435</u>
EXPENDITURES:			
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,257</u>	<u>2,692</u>	<u>435</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(12,756)	-	12,756
TRANSFERS FROM OTHER FUNDS	-	10,458	10,458
TOTAL OTHER FINANCING SOURCES (USES)	<u>(12,756)</u>	<u>10,458</u>	<u>23,214</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(10,499)</u>	<u>13,150</u>	<u>23,649</u>
FUND BALANCE, JULY 1, 2006	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2007	<u>\$ (10,499)</u>	<u>\$ 13,150</u>	<u>\$ 23,649</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

CRIMINAL JUSTICE TEMPORARY CONSTRUCTION

	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ 3,258	\$ 2,869	\$ (389)
REVENUES FROM USE OF MONEY AND PROPERTY	42	56	14
OTHER REVENUES	-	9	9
TOTAL REVENUES	<u>3,300</u>	<u>2,934</u>	<u>(366)</u>
EXPENDITURES:			
TOTAL EXPENDITURES	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,300</u>	<u>2,934</u>	<u>(366)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	<u>(3,316)</u>	-	<u>3,316</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,316)</u>	-	<u>3,316</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(16)	2,934	2,950
FUND BALANCE, JULY 1, 2006	<u>(85)</u>	<u>(85)</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2007	<u>\$ (101)</u>	<u>\$ 2,849</u>	<u>\$ 2,950</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	FLOOD CONTROL DISTRICT		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ 33,638	\$ 35,927	\$ 2,289
LICENSES, PERMITS AND FRANCHISES	302	67	(235)
REVENUES FROM USE OF MONEY AND PROPERTY	4,137	6,382	2,245
AID FROM OTHER GOVERNMENTAL AGENCIES	41,063	20,187	(20,876)
CHARGES FOR CURRENT SERVICES	38	311	273
OTHER REVENUES	1,216	9,392	8,176
TOTAL REVENUES	<u>80,394</u>	<u>72,266</u>	<u>(8,128)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	145,908	59,555	86,353
DEBT SERVICE:			
PRINCIPAL	26,666	26,666	-
INTEREST AND FISCAL CHARGES	8,983	8,983	-
BOND ISSUANCE COSTS	2,005	2,005	-
CAPITAL OUTLAY	291	272	19
TOTAL EXPENDITURES	<u>183,853</u>	<u>97,481</u>	<u>86,372</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(103,459)</u>	<u>(25,215)</u>	<u>78,244</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(10,691)	(516)	10,175
TRANSFERS FROM OTHER FUNDS	9,936	368	(9,568)
LONG-TERM DEBT ISSUED	113,757	113,757	-
PROCEED OF REFUNDING BONDS	23,845	23,845	-
PREMIUM ON REFUNDING BONDS	1,385	1,385	-
SALE OF CAPITAL ASSETS	15,000	1,359	(13,641)
JUDGEMENT ONLIGATION BONDS USES	(102,000)	(102,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>51,232</u>	<u>38,198</u>	<u>(13,034)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(52,227)</u>	<u>12,983</u>	<u>65,210</u>
FUND BALANCE, JULY 1, 2006	<u>59,033</u>	<u>59,033</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 6,806</u>	<u>\$ 72,016</u>	<u>\$ 65,210</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>PARK AND RECREATION DISTRICTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 1,618	\$ 1,957	\$ 339
REVENUES FROM USE OF MONEY AND PROPERTY	53	155	102
AID FROM OTHER GOVERNMENTAL AGENCIES	835	68	(767)
CHARGES FOR CURRENT SERVICES	853	837	(16)
OTHER REVENUES	55	27	(28)
TOTAL REVENUES	<u>3,414</u>	<u>3,044</u>	<u>(370)</u>
EXPENDITURES:			
CURRENT:			
RECREATION AND CULTURAL SERVICES	3,599	2,592	1,007
CAPITAL OUTLAY	45	34	11
TOTAL EXPENDITURES	<u>3,644</u>	<u>2,626</u>	<u>1,018</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(230)</u>	<u>418</u>	<u>648</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(864)	(56)	808
TRANSFERS FROM OTHER FUNDS	-	33	33
TOTAL OTHER FINANCING SOURCES (USES)	<u>(864)</u>	<u>(23)</u>	<u>841</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(1,094)</u>	<u>395</u>	<u>1,489</u>
FUND BALANCE, JULY 1, 2006	<u>1,183</u>	<u>1,183</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 89</u>	<u>\$ 1,578</u>	<u>\$ 1,489</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>TOBACCO TAX PROGRAM</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 45	\$ 53	\$ 8
AID FROM OTHER GOVERNMENTAL AGENCIES	2,052	1,642	(410)
OTHER REVENUES	-	5	5
	<u>2,097</u>	<u>1,700</u>	<u>(397)</u>
TOTAL REVENUES			
EXPENDITURES:			
CURRENT:			
HEALTH AND SANITATION	<u>3,827</u>	<u>3,295</u>	<u>532</u>
TOTAL EXPENDITURES	<u>3,827</u>	<u>3,295</u>	<u>532</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,730)	(1,595)	135
FUND BALANCE, JULY 1, 2006	<u>2,134</u>	<u>2,134</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 404</u>	<u>\$ 539</u>	<u>\$ 135</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>SPECIAL AVIATION</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 702	\$ 845	\$ 143
AID FROM OTHER GOVERNMENTAL AGENCIES	32,890	2,906	(29,984)
CHARGES FOR CURRENT SERVICES	-	765	765
OTHER REVENUES	-	288	288
TOTAL REVENUES	<u>33,592</u>	<u>4,804</u>	<u>(28,788)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	2,178	294	1,884
CAPITAL OUTLAY	<u>34,032</u>	<u>7,074</u>	<u>26,958</u>
TOTAL EXPENDITURES	<u>36,210</u>	<u>7,368</u>	<u>28,842</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,618)</u>	<u>(2,564)</u>	<u>54</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(2,870)	-	2,870
TRANSFERS FROM OTHER FUNDS	<u>1,830</u>	<u>370</u>	<u>(1,460)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,040)</u>	<u>370</u>	<u>1,410</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(3,658)	(2,194)	1,464
FUND BALANCE, JULY 1, 2006	4,178	4,178	-
FUND BALANCE, JUNE 30, 2007	<u>\$ 520</u>	<u>\$ 1,984</u>	<u>\$ 1,464</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>LOCAL LAW ENFORCEMENT BLOCK GRANT</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 8	\$ 8
AID FROM OTHER GOVERNMENTAL AGENCIES	930	770	(160)
OTHER REVENUES	-	1	1
	<u>930</u>	<u>779</u>	<u>(151)</u>
TOTAL REVENUES			
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	865	725	140
CAPITAL OUTLAY	149	70	79
	<u>1,014</u>	<u>795</u>	<u>219</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(84)	(16)	68
FUND BALANCE, JULY 1, 2006	82	82	-
	<u>82</u>	<u>82</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2007	<u>\$ (2)</u>	<u>\$ 66</u>	<u>\$ 68</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>PRESCHOOL SERVICES</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 65	\$ 36	\$ (29)
REVENUES FROM USE OF MONEY AND PROPERTY	-	33	33
AID FROM OTHER GOVERNMENTAL AGENCIES	40,474	37,036	(3,438)
OTHER REVENUES	<u>2</u>	<u>356</u>	<u>354</u>
TOTAL REVENUES	<u>40,541</u>	<u>37,461</u>	<u>(3,080)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	39,112	37,207	1,905
CAPITAL OUTLAY	<u>1,043</u>	<u>267</u>	<u>776</u>
TOTAL EXPENDITURES	<u>40,155</u>	<u>37,474</u>	<u>2,681</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>386</u>	<u>(13)</u>	<u>(399)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(206)	(206)	-
SALE OF CAPITAL ASSETS	<u>-</u>	<u>2</u>	<u>2</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(206)</u>	<u>(204)</u>	<u>2</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	180	(217)	(397)
FUND BALANCE, JULY 1, 2006	<u>(178)</u>	<u>(178)</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2007	<u>\$ 2</u>	<u>\$ (395)</u>	<u>\$ (397)</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>SHERIFF'S SPECIAL PROJECTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ 75	\$ -	\$ (75)
REVENUES FROM USE OF MONEY AND PROPERTY	169	312	143
AID FROM OTHER GOVERNMENTAL AGENCIES	7,572	7,094	(478)
CHARGES FOR CURRENT SERVICES	3,658	3,306	(352)
OTHER REVENUES	<u>2,082</u>	<u>3,183</u>	<u>1,101</u>
TOTAL REVENUES	<u>13,556</u>	<u>13,895</u>	<u>339</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	14,640	10,445	4,195
CAPITAL OUTLAY	<u>3,600</u>	<u>1,799</u>	<u>1,801</u>
TOTAL EXPENDITURES	<u>18,240</u>	<u>12,244</u>	<u>5,996</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,684)</u>	<u>1,651</u>	<u>6,335</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(4,711)	(4,100)	611
SALE OF CAPITAL ASSETS	<u>1,000</u>	<u>1,203</u>	<u>203</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,711)</u>	<u>(2,897)</u>	<u>814</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(8,395)	(1,246)	7,149
FUND BALANCE, JULY 1, 2006	8,345	8,345	-
FUND BALANCE (DEFICIT), JUNE 30, 2007	<u>\$ (50)</u>	<u>\$ 7,099</u>	<u>\$ 7,149</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>FIRE PROTECTION DISTRICTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 25,404	\$ 27,152	\$ 1,748
REVENUES FROM USE OF MONEY AND PROPERTY	57	165	108
AID FROM OTHER GOVERNMENTAL AGENCIES	3,223	262	(2,961)
CHARGES FOR CURRENT SERVICES	5,337	3,952	(1,385)
OTHER REVENUES	937	1,169	232
TOTAL REVENUES	<u>34,958</u>	<u>32,700</u>	<u>(2,258)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	35,338	31,517	3,821
CAPITAL OUTLAY	2,708	2,258	450
TOTAL EXPENDITURES	<u>38,046</u>	<u>33,775</u>	<u>4,271</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,088)</u>	<u>(1,075)</u>	<u>2,013</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(4,175)	(1,830)	2,345
TRANSFERS FROM OTHER FUNDS	3,067	2,679	(388)
SALE OF CAPITAL ASSETS	-	2	2
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,108)</u>	<u>851</u>	<u>1,959</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(4,196)</u>	<u>(224)</u>	<u>3,972</u>
FUND BALANCE, JULY 1, 2006	<u>6,002</u>	<u>6,002</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 1,806</u>	<u>\$ 5,778</u>	<u>\$ 3,972</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>SPECIAL TRANSPORTATION</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 7,722	\$ 7,917	\$ 195
REVENUES FROM USE OF MONEY AND PROPERTY	646	1,203	557
AID FROM OTHER GOVERNMENTAL AGENCIES	1,428	27	(1,401)
CHARGES FOR CURRENT SERVICES	11,790	2,961	(8,829)
OTHER REVENUES	-	194	194
TOTAL REVENUES	<u>21,586</u>	<u>12,302</u>	<u>(9,284)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	<u>44,851</u>	<u>11,217</u>	<u>33,634</u>
TOTAL EXPENDITURES	<u>44,851</u>	<u>11,217</u>	<u>33,634</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(23,265)</u>	<u>1,085</u>	<u>24,350</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(1,175)	(1,000)	175
TRANSFERS FROM OTHER FUNDS	<u>535</u>	<u>529</u>	<u>(6)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(640)</u>	<u>(471)</u>	<u>169</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(23,905)</u>	<u>614</u>	<u>24,519</u>
FUND BALANCE, JULY 1, 2006	<u>24,262</u>	<u>24,262</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 357</u>	<u>\$ 24,876</u>	<u>\$ 24,519</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>REDEVELOPMENT AGENCY</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 5,549	\$ 10,907	\$ 5,358
REVENUES FROM USE OF MONEY AND PROPERTY	260	1,186	926
AID FROM OTHER GOVERNMENTAL AGENCIES	116	-	(116)
OTHER REVENUES	-	605	605
TOTAL REVENUES	<u>5,925</u>	<u>12,698</u>	<u>6,773</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	21,514	4,060	17,454
DEBT SERVICE:			
INTEREST AND FISCAL CHARGES	919	919	-
CAPITAL OUTLAY	4,370	1,258	3,112
TOTAL EXPENDITURES	<u>26,803</u>	<u>6,237</u>	<u>20,566</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(20,878)</u>	<u>6,461</u>	<u>27,339</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(4,503)	(3,663)	840
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,503)</u>	<u>(3,663)</u>	<u>840</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(25,381)</u>	<u>2,798</u>	<u>28,179</u>
FUND BALANCE, JULY 1, 2006	15,666	15,666	-
FUND BALANCE (DEFICIT), JUNE 30, 2007	<u>\$ (9,715)</u>	<u>\$ 18,464</u>	<u>\$ 28,179</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>MENTAL HEALTH ACT</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 611	\$ 611
AID FROM OTHER GOVERNMENTAL AGENCIES	<u>27,901</u>	<u>26,401</u>	<u>(1,500)</u>
TOTAL REVENUES	<u>27,901</u>	<u>27,012</u>	<u>(889)</u>
EXPENDITURES:			
CURRENT:			
HEALTH AND SANITATION	<u>885</u>	<u>-</u>	<u>885</u>
TOTAL EXPENDITURES	<u>885</u>	<u>-</u>	<u>885</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>27,016</u>	<u>27,012</u>	<u>(4)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(27,901)	(5,279)	22,622
TRANSFERS FROM OTHER FUNDS	<u>-</u>	<u>881</u>	<u>881</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(27,901)</u>	<u>(4,398)</u>	<u>23,503</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(885)	22,614	23,499
FUND BALANCE, JULY 1, 2006	-	-	-
FUND BALANCE (DEFICIT), JUNE 30, 2007	<u>\$ (885)</u>	<u>\$ 22,614</u>	<u>\$ 23,499</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>OTHER SPECIAL REVENUE</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 1,713	\$ 1,619	\$ (94)
FINES, FORFEITURES AND PENALTIES	1,936	2,430	494
REVENUES FROM USE OF MONEY AND PROPERTY	3,279	4,849	1,570
AID FROM OTHER GOVERNMENTAL AGENCIES	30,801	31,385	584
CHARGES FOR CURRENT SERVICES	4,682	4,045	(637)
OTHER REVENUES	<u>17,733</u>	<u>20,810</u>	<u>3,077</u>
TOTAL REVENUES	<u>60,144</u>	<u>65,138</u>	<u>4,994</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	2,625	2,060	565
PUBLIC PROTECTION	20,242	12,761	7,481
PUBLIC WAYS AND FACILITIES	6,117	325	5,792
HEALTH AND SANITATION	27,084	12,362	14,722
PUBLIC ASSISTANCE	38	-	38
RECREATION AND CULTURAL SERVICES	7,981	5,880	2,101
CAPITAL OUTLAY	<u>5,192</u>	<u>1,980</u>	<u>3,212</u>
TOTAL EXPENDITURES	<u>69,279</u>	<u>35,368</u>	<u>33,911</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(9,135)</u>	<u>29,770</u>	<u>38,905</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(47,792)	(39,134)	8,658
TRANSFERS FROM OTHER FUNDS	<u>6,076</u>	<u>5,606</u>	<u>(470)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(41,716)</u>	<u>(33,528)</u>	<u>8,188</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(50,851)</u>	<u>(3,758)</u>	<u>47,093</u>
FUND BALANCE, JULY 1, 2006	<u>51,881</u>	<u>51,881</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 1,030</u>	<u>\$ 48,123</u>	<u>\$ 47,093</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 CERTAIN CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>TOTAL</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ 6	\$ 6
REVENUES FROM USE OF MONEY AND PROPERTY	293	2,673	2,380
AID FROM OTHER GOVERNMENTAL AGENCIES	10,075	656	(9,419)
CHARGES FOR CURRENT SERVICES	-	32	32
OTHER REVENUES	530	1,618	1,088
	<u>10,898</u>	<u>4,985</u>	<u>(5,913)</u>
TOTAL REVENUES			
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	11,614	9,585	2,029
CAPITAL OUTLAY	231,206	65,921	165,285
	<u>242,820</u>	<u>75,506</u>	<u>167,314</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(231,922)</u>	<u>(70,521)</u>	<u>161,401</u>
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	(32,437)	(5,156)	27,281
TRANSFERS FROM OTHER FUNDS	139,716	75,574	(64,142)
LONG-TERM DEBT ISSUED	488	-	(488)
SALE OF FIXED ASSETS	-	1,011	1,011
	<u>107,767</u>	<u>71,429</u>	<u>(37,349)</u>
TOTAL OTHER FINANCING SOURCES			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(124,155)</u>	<u>908</u>	<u>125,063</u>
FUND BALANCE, JULY 1, 2006, AS RESTATED	<u>50,876</u>	<u>91,543</u>	<u>40,667</u>
FUND BALANCE (DEFICIT), JUNE 30, 2007	<u>\$ (73,279)</u>	<u>\$ 92,451</u>	<u>\$ 165,730</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>CAPITAL IMPROVEMENTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 3	\$ 40	\$ 37
AID FROM OTHER GOVERNMENTAL AGENCIES	10,075	475	(9,600)
CHARGES FOR CURRENT SERVICES	-	14	14
OTHER REVENUES	<u>530</u>	<u>1,560</u>	<u>1,030</u>
TOTAL REVENUES	<u>10,608</u>	<u>2,089</u>	<u>(8,519)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	11,614	9,585	2,029
CAPITAL OUTLAY	<u>189,510</u>	<u>58,721</u>	<u>130,789</u>
TOTAL EXPENDITURES	<u>201,124</u>	<u>68,306</u>	<u>132,818</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(190,516)</u>	<u>(66,217)</u>	<u>124,299</u>
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	(1,252)	(118)	1,134
TRANSFERS FROM OTHER FUNDS	123,132	65,859	(57,273)
LONG-TERM DEBT ISSUED	488	-	(488)
SALE OF FIXED ASSETS	<u>-</u>	<u>1,011</u>	<u>1,011</u>
TOTAL OTHER FINANCING SOURCES	<u>122,368</u>	<u>66,752</u>	<u>(55,616)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(68,148)</u>	<u>535</u>	<u>68,683</u>
FUND BALANCE, JULY 1, 2006, AS RESTATED	<u>37,568</u>	<u>37,568</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2007	<u>\$ (30,580)</u>	<u>\$ 38,103</u>	<u>\$ 68,683</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>PARK AND RECREATION DISTRICTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 124	\$ 124
AID FROM OTHER GOVERNMENTAL AGENCIES	-	124	124
OTHER REVENUES	-	2	2
TOTAL REVENUES	<u>-</u>	<u>250</u>	<u>250</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>6,109</u>	<u>937</u>	<u>5,172</u>
TOTAL EXPENDITURES	<u>6,109</u>	<u>937</u>	<u>5,172</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,109)</u>	<u>(687)</u>	<u>(5,422)</u>
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	(33)	(33)	-
TRANSFERS FROM OTHER FUNDS	<u>3,527</u>	<u>1,024</u>	<u>(2,503)</u>
TOTAL OTHER FINANCING SOURCES	<u>3,494</u>	<u>991</u>	<u>(2,503)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(2,615)</u>	<u>304</u>	<u>2,919</u>
FUND BALANCE, JULY 1, 2006	<u>2,641</u>	<u>2,641</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 26</u>	<u>\$ 2,945</u>	<u>\$ 2,919</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	COUNTY SERVICE AREAS		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 503	\$ 503
CHARGES FOR CURRENT SERVICES	-	18	18
OTHER REVENUES	-	49	49
TOTAL REVENUES	<u>-</u>	<u>570</u>	<u>570</u>
EXPENDITURES:			
CAPITAL OUTLAY	16,083	4,132	11,951
TOTAL EXPENDITURES	<u>16,083</u>	<u>4,132</u>	<u>11,951</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(16,083)</u>	<u>(3,562)</u>	<u>12,521</u>
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	(5,149)	(4,712)	437
TRANSFERS FROM OTHER FUNDS	9,272	7,413	(1,859)
TOTAL OTHER FINANCING SOURCES	<u>4,123</u>	<u>2,701</u>	<u>(1,422)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(11,960)</u>	<u>(861)</u>	<u>11,099</u>
FUND BALANCE, JULY 1, 2006	<u>10,381</u>	<u>10,381</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ (1,579)</u>	<u>\$ 9,520</u>	<u>\$ 11,099</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

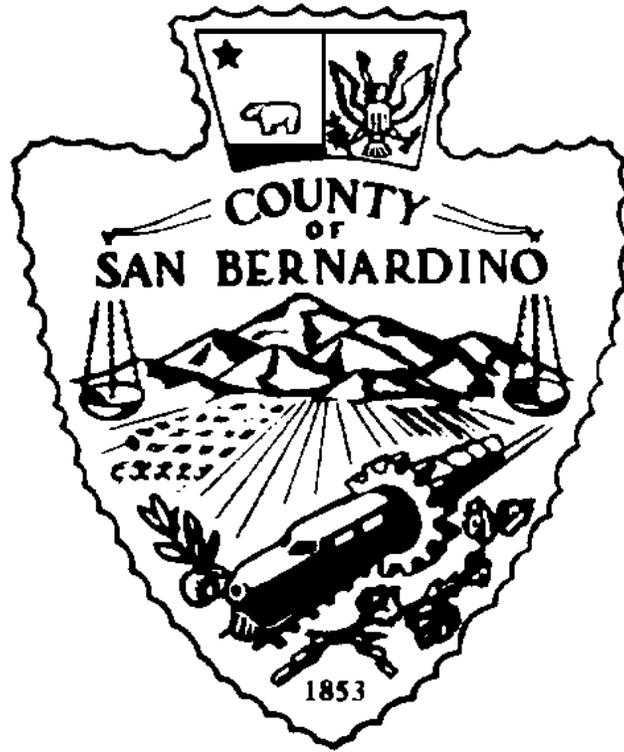
	<u>FIRE PROTECTION DISTRICTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ 6	\$ 6
REVENUES FROM USE OF MONEY AND PROPERTY	-	109	109
AID FROM OTHER GOVERNMENTAL AGENCIES	-	57	57
OTHER REVENUES	-	7	7
TOTAL REVENUES	<u>-</u>	<u>179</u>	<u>179</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>5,453</u>	<u>158</u>	<u>5,295</u>
TOTAL EXPENDITURES	<u>5,453</u>	<u>158</u>	<u>5,295</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,453)</u>	<u>21</u>	<u>5,474</u>
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	(4)	(4)	-
TRANSFERS FROM OTHER FUNDS	<u>3,785</u>	<u>1,278</u>	<u>(2,507)</u>
TOTAL OTHER FINANCING SOURCES	<u>3,781</u>	<u>1,274</u>	<u>(2,507)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(1,672)</u>	<u>1,295</u>	<u>2,967</u>
FUND BALANCE, JULY 1, 2006	<u>143</u>	<u>1,815</u>	<u>1,672</u>
FUND BALANCE (DEFICIT), JUNE 30, 2007	<u>\$ (1,529)</u>	<u>\$ 3,110</u>	<u>\$ 4,639</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

	<u>REDEVELOPMENT AGENCY</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 290	\$ 1,897	\$ 1,607
TOTAL REVENUES	<u>290</u>	<u>1,897</u>	<u>1,607</u>
EXPENDITURES:			
CAPITAL OUTLAY	14,051	1,973	12,078
TOTAL EXPENDITURES	<u>14,051</u>	<u>1,973</u>	<u>12,078</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(13,761)</u>	<u>(76)</u>	<u>13,685</u>
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	(25,999)	(289)	25,710
TOTAL OTHER FINANCING SOURCES	<u>(25,999)</u>	<u>(289)</u>	<u>25,710</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(39,760)	(365)	39,395
FUND BALANCE, JULY 1, 2006	<u>143</u>	<u>39,138</u>	<u>38,995</u>
FUND BALANCE (DEFICIT), JUNE 30, 2007	<u>\$ (39,617)</u>	<u>\$ 38,773</u>	<u>\$ 78,390</u>

See accompanying independent auditor's report.



# STATISTICAL SECTION

# 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)*

	1997-98	1998-99	1999-00	2000-01	2001-02 as restated	2002-03 as restated	2003-04	2004-05	2005-06 as restated	2006-07
<b>GOVERNMENTAL ACTIVITIES</b>										
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	--	--	--	--	\$ 792,956	\$ 789,223	\$ 892,791	\$ 919,051	\$ 984,605	\$ 1,072,067
RESTRICTED:	--	--	--	--	397,757	410,106	400,271	465,540	541,483	674,368
UNRESTRICTED	--	--	--	--	(318,494)	119,932	77,292	149,702	44,373	108,424
<b>SUBTOTAL GOVERNMENTAL ACTIVITIES NET ASSETS</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>872,219</b>	<b>1,319,261</b>	<b>1,370,354</b>	<b>1,534,293</b>	<b>1,570,461</b>	<b>1,854,859</b>
<b>BUSINESS-TYPE ACTIVITIES</b>										
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	--	--	--	--	(39,382)	(63,993)	(60,294)	(45,032)	(50,023)	(23,638)
RESTRICTED:	--	--	--	--	44,130	47,357	45,523	47,908	46,444	47,023
UNRESTRICTED	--	--	--	--	47,487	60,269	88,102	96,577	181,381	169,903
<b>SUBTOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>52,235</b>	<b>43,633</b>	<b>73,331</b>	<b>99,453</b>	<b>177,802</b>	<b>193,288</b>
<b>PRIMARY GOVERNMENT</b>										
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	--	--	--	--	753,574	725,230	832,497	874,019	934,582	1,048,429
RESTRICTED:	--	--	--	--	441,887	457,463	445,794	513,448	587,927	721,391
UNRESTRICTED	--	--	--	--	(271,007)	180,201	165,394	246,279	225,754	278,327
<b>TOTAL PRIMARY GOVERNMENT NET ASSETS</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>924,454</b>	<b>1,362,894</b>	<b>1,443,685</b>	<b>1,633,746</b>	<b>1,748,263</b>	<b>2,048,147</b>

**Notes:**

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

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

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u> <u>as restated</u>	<u>2002-03</u> <u>as restated</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u> <u>as restated</u>	<u>2006-07</u>
<b>Expenses</b>										
Governmental Activities:										
General Government	--	--	--	--	\$ 121,398	\$ 113,270	\$ 132,933	\$ 125,760	\$ 137,092	\$ 153,438
Public Protection	--	--	--	--	532,666	586,715	656,464	702,624	764,154	844,036
Public Ways and Facilities	--	--	--	--	54,659	53,849	37,095	61,786	73,014	67,254
Health and Sanitation	--	--	--	--	332,361	303,216	328,530	329,669	241,795	273,143
Public Assistance	--	--	--	--	804,164	818,786	820,853	827,800	817,924	802,043
Education	--	--	--	--	14,826	12,782	10,357	16,243	17,612	18,106
Recreation and Cultural Services	--	--	--	--	15,321	17,456	22,284	21,185	19,355	24,899
Interest on Long Term Debt	--	--	--	--	49,542	45,109	42,678	72,041	75,350	83,260
Total Governmental Activities	--	--	--	--	1,924,937	1,951,183	2,051,194	2,157,108	2,146,296	2,266,179
Business-type Activities:										
Medical Center	--	--	--	--	399,621	418,332	456,087	496,437	430,459	477,814
Waste Systems	--	--	--	--	46,051	62,393	29,781	53,835	69,320	53,320
Other	--	--	--	--	17,492	20,823	19,827	19,446	21,463	31,504
Total Business-type Activities	--	--	--	--	463,164	501,548	505,695	569,718	521,242	562,638
Total Primary Government Expenses	--	--	--	--	2,388,101	2,452,731	2,556,889	2,726,826	2,667,538	2,828,817
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	--	--	--	--	78,945	84,719	93,387	93,122	99,452	103,993
Public Protection	--	--	--	--	119,413	132,329	140,922	160,169	168,524	198,803
Public Ways and Facilities	--	--	--	--	2,772	3,154	5,463	3,416	4,933	6,772
Health and Sanitation	--	--	--	--	106,714	110,458	125,299	141,471	42,713	49,020
Public Assistance	--	--	--	--	2,881	2,915	3,435	2,356	3,296	2,827
Education	--	--	--	--	816	889	1,054	1,008	1,105	1,170
Recreation and Cultural Services	--	--	--	--	6,375	8,700	7,833	7,342	7,030	7,695
Operating Grants/Contributions:										
General Government	--	--	--	--	8,046	5,588	13,982	8,646	9,438	19,275
Public Protection	--	--	--	--	112,459	121,453	146,814	151,158	168,369	198,710
Public Ways and Facilities	--	--	--	--	48,822	41,400	38,228	41,539	58,946	69,247
Health and Sanitation	--	--	--	--	249,609	204,083	222,900	246,782	247,842	315,857
Public Assistance	--	--	--	--	778,054	785,015	765,606	785,408	780,819	732,626
Education	--	--	--	--	2,275	1,711	978	762	987	1,219
Recreation and Cultural Services	--	--	--	--	102	501	801	4,368	4,262	6,800
Capital Grants/Contributions:										
Public Protection	--	--	--	--	7,705	14,780	-	-	-	57
Public Ways and Facilities	--	--	--	--	-	-	10,608	6,129	322	475
Recreation and Cultural Services	--	--	--	--	-	-	-	-	-	124
Subtotal Governmental Activities	--	--	--	--	1,524,988	1,517,695	1,577,310	1,653,676	1,598,038	1,714,670
Business-type Activities:										
Charges for Services:										
Medical Center	--	--	--	--	298,325	320,290	372,815	427,102	345,923	375,973
Waste System	--	--	--	--	46,274	44,272	54,831	63,240	65,616	63,419
Other	--	--	--	--	15,086	17,031	18,835	21,026	20,206	20,253
Operating Grants & Contributions:										
Medical Center	--	--	--	--	46,598	15,386	13,727	13,443	13,147	13,527
Waste System	--	--	--	--	-	-	946	-	-	-
Other	--	--	--	--	216	235	103	2,318	2,825	833
Capital Grants & Contributions:										
Medical Center	--	--	--	--	30,365	29,735	22,166	20,259	21,521	26,976
Subtotal Business-type Activities	--	--	--	--	436,864	426,949	483,423	547,388	469,238	500,981
Total Primary Government Program Revenues	--	--	--	--	1,961,852	1,944,644	2,060,733	2,201,064	2,067,276	2,215,651
<b>Net (Expense) / Revenue</b>										
Governmental Activities	--	--	--	--	(399,949)	(433,488)	(473,884)	(503,432)	(548,258)	(551,509)
Business-type Activities	--	--	--	--	(26,300)	(74,599)	(22,272)	(22,330)	(52,004)	(61,657)
Total Primary Government Net Expenses	--	--	--	--	(426,249)	(508,087)	(496,156)	(525,762)	(600,262)	(613,166)

(Continued)

**Notes:**

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

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

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u> as restated	<u>2002-03</u> as restated	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u> as restated	<u>2006-07</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Property Taxes, Levied for General Purposes	--	--	--	--	181,558	185,768	206,860	213,644	418,703	477,973
Property Taxes, Levied for Debt Service	--	--	--	--	4,173	4,224	4,932	3,557	8,375	10,907
Public Safety Tax	--	--	--	--	90,363	94,206	110,188	125,222	140,855	150,903
Sales Taxes	--	--	--	--	19,572	21,766	22,285	26,683	30,875	31,846
Other Taxes	--	--	--	--	14,797	20,167	25,202	37,453	54,221	58,261
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
Miscellaneous	--	--	--	--	73,922	58,393	46,876	63,545	51,784	74,695
Gains on Sale of Capital Assets	--	--	--	--	1,834	2,332	5,051	4,857	5,523	4,182
Special Item - Litigation Settlement	--	--	--	--	-	-	-	-	(102,000)	-
Transfers	--	--	--	--	(9,208)	(41,839)	(24,063)	(26,618)	(85,500)	(48,906)
Subtotal Governmental Activities	--	--	--	--	540,897	499,925	524,977	667,371	584,426	835,907
Business-type Activities										
Property Taxes, Levied for General Purposes	--	--	--	--	4,728	7,221	5,837	5,432	4,768	6,453
Unrestricted Revenues from Use of Money and Property	--	--	--	--	17,032	14,107	10,289	9,695	5,994	14,628
Miscellaneous	--	--	--	--	3,497	3,281	11,747	6,687	5,704	8,063
Gains on Sale of Capital Assets	--	--	--	--	(10)	168	34	20	157	(83)
Special Item - Gain on Sale of Surplus Land	--	--	--	--	-	-	-	-	28,230	-
Special Item - Eminent Domain Settlement	--	--	--	--	-	-	-	-	-	1,676
Special Item - Litigation Settlement	--	--	--	--	-	-	-	-	-	(2,500)
Transfers	--	--	--	--	9,208	41,839	24,063	26,618	85,500	48,906
Subtotal Business-type Activities	--	--	--	--	34,455	66,616	51,970	48,452	130,353	77,143
Total primary government	--	--	--	--	575,352	566,541	576,947	715,823	714,779	913,050
<b>Changes in Net Assets</b>										
Governmental Activities	--	--	--	--	140,948	66,437	51,093	163,939	36,168	284,398
Business-type Activities	--	--	--	--	8,155	(7,983)	29,698	26,122	78,349	15,486
Total Primary Government Net Expenses	--	--	--	--	149,103	58,454	80,791	190,061	114,517	299,884

**Notes:**

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

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

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u> <u>as restated</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u> <u>as restated</u>	<u>2006-07</u>
General Fund										
Reserved for:										
Encumbrances	--	--	--	--	\$ 13,994	\$ 15,542	\$ 9,632	\$ 33,021	\$ 15,267	\$ 18,605
Prepaid Items	--	--	--	--	321	1,489	1,344	7	7	1,279
Noncurrent Interfund Receivables	--	--	--	--	925	25	1,025	-	2,000	20,765
Inventories	--	--	--	--	1,192	1,166	1,205	295	296	435
Loans Receivable	--	--	--	--	1,218	1,457	1,462	1,817	16,745	35
Teeter	--	--	--	--	6,420	9,077	9,077	9,827	13,672	17,719
Unreserved:										
Designated	--	--	--	--	91,867	106,264	108,878	112,900	127,727	176,451
Undesignated	--	--	--	--	163,548	150,554	197,175	290,869	237,331	254,437
Subtotal General Fund	--	--	--	--	279,485	285,574	329,798	448,736	413,045	489,726
All Other Governmental Funds										
Reserved for:										
Encumbrances	--	--	--	--	40,045	47,087	38,293	51,536	68,059	62,569
Prepaid items	--	--	--	--	43	1,000	-	23	-	89
Noncurrent Interfund Receivables	--	--	--	--	3	453	403	400	400	400
Land Held for Resale	--	--	--	--	-	-	-	-	2,754	9,896
Inventories	--	--	--	--	919	933	235	214	185	80
Loans Receivable	--	--	--	--	-	144	116	-	-	-
Debt Service	--	--	--	--	37,382	48,947	40,193	30,719	26,260	28,444
Unreserved:										
Undesignated, Reported in:										
Special Revenue Funds	--	--	--	--	196,714	200,564	217,986	204,808	241,105	326,420
Capital Projects Funds	--	--	--	--	34,192	34,898	16,943	53,357	94,529	88,841
Permanent Funds	--	--	--	--	475	514	543	482	517	583
Subtotal All Other Governmental Funds	--	--	--	--	309,773	334,540	314,712	341,539	433,809	517,322
Total Governmental Fund Balance	--	--	--	--	589,258	620,114	644,510	790,275	846,854	1,007,048

**Notes:**

- 1) Trend data is only available for the last six fiscal years due to the implementation of GASB 34.
- 2) The substantial increase or decrease in fund balance reserved, or unreserved is explained in Management's Discussion Analysis.

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

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u> <u>as restated</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u> <u>as restated</u>	<u>2006-07</u>
<b>Revenues (by Source)</b>										
Taxes	\$ 253,379	\$ 262,345	\$ 280,499	\$ 303,313	\$ 300,737	\$ 329,753	\$ 371,404	\$ 400,646	\$ 644,390	\$ 733,833
Licenses, Permits, and Franchises	13,701	14,079	15,202	15,766	16,520	16,670	18,630	20,964	22,462	25,077
Fines, Forfeitures, and Penalties	15,599	18,936	20,168	18,440	16,574	18,841	16,458	18,744	18,656	19,224
Rev from Use of Money and Property	64,276	54,949	55,948	58,182	51,922	37,247	33,063	44,205	62,919	76,046
Aid from Other Governments	941,671	992,829	1,077,662	1,169,708	1,323,725	1,296,324	1,298,765	1,425,832	1,273,869	1,344,390
Charges for Current Services	201,079	231,473	239,699	248,090	284,822	307,653	342,305	369,176	285,935	325,979
Other Revenues	25,594	17,612	45,492	70,157	73,967	58,418	47,154	64,227	51,988	73,956
<b>Total Revenues</b>	<b>\$ 1,515,299</b>	<b>\$ 1,592,223</b>	<b>\$ 1,734,670</b>	<b>1,883,656</b>	<b>2,068,267</b>	<b>2,064,906</b>	<b>2,127,779</b>	<b>2,343,794</b>	<b>2,360,219</b>	<b>2,598,505</b>
<b>Expenditures (by Function)</b>										
General Government	85,399	80,223	82,523	91,459	118,669	110,847	178,026	123,212	137,547	152,991
Public Protection	428,582	439,974	470,918	510,068	521,433	560,753	859,932	686,855	749,900	851,946
Public Ways and Facilities	33,727	35,100	36,237	43,178	58,269	59,272	57,576	47,364	75,416	81,659
Health and Sanitation	230,119	256,222	274,474	272,180	331,155	301,484	386,749	329,595	245,187	277,677
Public Assistance	626,647	646,888	678,314	709,821	800,038	814,631	923,900	826,829	827,230	820,617
Education	8,918	10,080	11,235	40,899	12,626	12,543	14,029	15,912	17,469	18,149
Recreation and Cultural Services	11,157	11,931	11,340	14,058	14,316	14,986	19,545	18,490	16,443	22,086
Debt Service										
Principal	36,630	28,787	22,136	99,557	24,662	96,480	23,163	31,887	37,596	66,154
Interest	76,698	39,162	49,684	48,577	35,817	30,313	26,727	44,078	54,968	62,191
Bond Issuance Costs	-	-	-	-	-	-	-	-	2,297	2,230
Advance Refunding Escrow	-	-	-	-	-	-	-	-	1,622	-
Capital Outlay	101,739	31,046	38,262	44,829	59,974	60,147	60,279	53,914	107,057	97,056
<b>Total Expenditures</b>	<b>1,639,616</b>	<b>1,579,413</b>	<b>1,675,123</b>	<b>1,874,626</b>	<b>1,976,959</b>	<b>2,061,456</b>	<b>2,549,926</b>	<b>2,178,136</b>	<b>2,272,732</b>	<b>2,452,756</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(124,317)	12,810	59,547	9,030	91,308	3,450	(422,147)	165,658	87,487	145,749
<b>Other Financing Sources (Uses)</b>										
Transfer to Other Funds	(56,485)	(55,913)	(80,316)	(134,149)	(117,727)	(182,454)	(126,812)	(198,539)	(296,777)	(300,797)
Transfer from Other Funds	78,358	57,517	83,909	116,376	108,519	140,615	102,896	172,054	216,806	253,304
RDA Property Conveyance	-	-	-	(4,460)	-	-	-	-	-	-
Refunding Bonds Issued	95,394	-	-	-	119,659	63,791	-	-	58,275	23,845
Premium on Refunding Bonds	-	-	-	-	-	-	-	-	1,270	1,385
Payment To Refunded Bond Escrow Agent	(76,240)	-	-	-	(112,171)	-	-	-	(18,792)	-
Long-Term Debt Issued	121,551	-	19,770	-	-	-	466,142	940	2,118	132,851
Inception Of Capital Leases Obligations	579	848	5,951	2,979	2,903	1,485	1,038	796	823	1,675
Sale of Capital Assets	2,233	1,415	3,131	4,413	1,834	2,332	3,279	4,856	5,369	4,182
Other	-	(4,906)	-	(49)	-	-	-	-	-	-
Judgment Obligation Bonds Uses	-	-	-	-	-	-	-	-	-	(102,000)
<b>Total Other Financing Sources and (Uses)</b>	<b>165,390</b>	<b>(1,039)</b>	<b>32,445</b>	<b>(14,890)</b>	<b>3,017</b>	<b>25,769</b>	<b>446,543</b>	<b>(19,893)</b>	<b>(30,908)</b>	<b>14,445</b>
<b>Net Change in Fund Balance</b>	<b>\$ 41,073</b>	<b>\$ 11,771</b>	<b>\$ 91,992</b>	<b>\$ (5,860)</b>	<b>\$ 94,325</b>	<b>\$ 29,219</b>	<b>\$ 24,396</b>	<b>145,765</b>	<b>\$ 56,579</b>	<b>\$ 160,194</b>
Debt Service as a Percentage of Noncapital Expenditures:	7.37%	4.39%	4.39%	8.10%	3.15%	6.34%	2.00%	3.58%	4.27%	5.45%

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

<b>FISCAL YEAR</b>	<b>(1) SECURED</b>	<b>(2) UNSECURED</b>	<b>(3) UNITARY</b>	<b>(4) EXEMPT</b>	<b>TOTAL TAXABLE ASSESSED VALUE</b>	<b>TOTAL DIRECT TAX RATE</b>
1996-1997	66,119,220	4,816,398	3,483,959	(1,657,520)	72,762,057	1.00%
1997-1998	67,300,088	5,248,602	3,355,640	(1,670,230)	74,234,100	1.00%
1998-1999	68,611,518	5,708,566	3,458,922	(1,647,132)	76,131,874	1.00%
1999-2000	70,901,485	5,727,159	3,250,320	(1,634,987)	78,243,977	1.00%
2000-2001	73,958,124	5,992,100	3,126,651	(1,582,587)	81,494,288	1.00%
2001-2002	79,140,890	6,282,204	3,039,460	(1,649,624)	86,812,930	1.00%
2002-2003	85,489,055	6,741,921	3,168,274	(1,677,990)	93,721,260	1.00%
2003-2004	93,691,969	6,814,015	3,103,587	(1,759,907)	101,849,664	1.00%
2004-2005	104,412,156	6,754,932	3,198,469	(1,779,075)	112,586,482	1.00%
2005-2006	119,954,789	7,405,467	3,313,150	(1,777,529)	128,895,877	1.00%
2006-2007	142,703,331	7,590,432	3,538,535	(1,790,813)	152,041,485	1.00%

**Notes:**

- (1) Secured property is generally real property, defined as land, mines, minerals, timber and improvements such as buildings, structures, crops, trees and vines.
- (2) Unsecured property is generally personal property including machinery, equipment, office tools and supplies.
- (3) Unitary properties are railroads and utilities crossing the county and are assessed by the State Board of Equalization.
- (4) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.
- (5) Due to the 1978 passage of the property tax initiative Proposition 13 (Prop 13) the County does not track the estimated actual value of all County properties. Under Prop 13 property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date purchase. Additionally, Prop 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.

**Source:**

Auditor-Controller/Recorder, County of San Bernardino

COUNTY OF SAN BERNARDINO  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - TAX RATE AREA 7000 (1)  
(\$1 PER \$100 OF ASSESSED VALUE)  
LAST TEN FISCAL YEARS  
06/30/2007

<u>FISCAL YEAR</u>	<u>SAN BERNARDINO COUNTY GENERAL</u>	<u>SCHOOLS</u>	<u>SAN BERNARDINO MUNICIPAL WATER</u>	<u>TOTAL</u>
1997-98	1.0000	0.0015	0.1070	1.1085
1998-99	1.0000	0.0015	0.1070	1.1085
1999-00	1.0000	0.0426	0.1070	1.1496
2000-01	1.0000	0.0336	0.1070	1.1406
2001-02	1.0000	0.0361	0.1420	1.1781
2002-03	1.0000	0.0315	0.1400	1.1715
2003-04	1.0000	0.0579	0.1400	1.1979
2004-05	1.0000	0.1105	0.1400	1.2505
2005-06	1.0000	0.0954	0.1600	1.2554
2006-07	1.0000	0.0902	0.1550	1.2452

**Note:**

(1) The tax rate for Tax Rate Area 7000, which applies to most of the property within the City of San Bernardino, is used to illustrate the breakdown of a tax rate within the County.

**Source:**

Auditor/Controller-Recorder, County of San Bernardino.

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

TAXPAYERS	TYPE OF BUSINESS	FISCAL YEAR 2007		FISCAL YEAR 1998	
		ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE	ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE
SOUTHERN CALIFORNIA EDISON	UTILITY	\$1,357,580,339	0.88%	1,468,507,300	1.56%
LOMA LINDA UNIVERSITY MEDICAL CENTER	HEALTH CARE	677,312,385	0.44%	N/A	
VERIZON CALIFORNIA	COMMUNICATIONS	613,304,851	0.40%	N/A	
MOUNTAIN VIEW POWER COMPANY	UTILITIES	549,800,000	0.36%	N/A	
KAISER FOUNDATION HOSPITALS	HEALTH CARE	490,642,594	0.32%	N/A	
HIGH DESERT POWER TRUST 2000-A	UTILITIES	470,600,000	0.31%	N/A	
PROLOGIS	UTILITIES	438,116,613	0.28%	N/A	
CEMEX INC	MANUFACTURING	408,871,090	0.27%	N/A	
CALIFORNIA STEEL INDUSTRIES INC	MANUFACTURING	378,207,702	0.25%	350,420,000	0.37%
MAJESTIC REALTY CO	REAL ESTATE	352,391,353	0.23%	N/A	
TOTAL		<u>\$ 4,379,246,588</u>	<u>3.74%</u>	<u>350,420,000</u>	<u>1.93%</u>

**Notes:**

Net Assesses Secured amounts include Secured & Unitary less exemptions.

**Source:**

Auditor/Controller-Recorder, County of San Bernardino

**SAN BERNARDINO COUNTY  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS (IN THOUSANDS)**

FISCAL YEAR	(1) TAXES LEVIED	(2) COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2007	1,908,390	1,799,062	94.30%	-	1,799,062	94.30%
2006	1,635,460	1,576,842	96.4%	54,333	1,576,842	99.70%
2005	1,430,975	1,379,658	96.4%	34,145	1,413,803	98.80%
2004	1,297,403	1,257,459	96.9%	33,457	1,290,916	99.50%
2003	1,187,114	1,139,679	96.0%	41,499	1,181,178	99.50%
2002	1,095,919	1,051,265	95.9%	41,366	1,092,631	99.70%
2001	1,044,654	995,354	95.3%	47,211	1,042,565	99.80%
2000	995,499	938,047	94.2%	52,475	990,522	99.50%
1999	970,426	906,204	93.4%	61,311	967,515	99.70%
1998	940,414	874,882	93.0%	49,545	924,427	98.30%

**Notes:**

- (1) Secured and Unitary tax levy for the County itself, school districts, cities and special districts under the supervision of their own governing boards.
- (2) Included are amounts collected by the County on behalf of itself, school districts, cities and special districts under the supervision of their own governing boards.

**Source:**

Auditor-Controller/Recorder, County of San Bernardino

COUNTY OF SAN BERNARDINO  
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT  
AS OF JUNE 30, 2007

2006-07 ASSESSED VALUATION (1): \$153,832,296,959 (includes unitary utility valuation)  
Redevelopment Incremental Valuation: 41,880,273,709  
Adjusted Assessed Valuation: \$ 111,952,023,250

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>PERCENT APPLICABLE</u>	<u>DEBT 6/30/07</u>
METROPOLITAN WATER DISTRICT	3.002 %	\$ 10,780,632
CHAFFEY COMMUNITY COLLEGE DISTRICT	100.000	184,369,966
SAN BERNARDINO VALLEY JOINT COMMUNITY COLLEGE DISTRICT	98.530	160,202,440
OTHER COMMUNITY COLLEGE DISTRICTS	VARIOUS	12,683,615
APPLE VALLEY UNIFIED SCHOOL DISTRICT	100.000	35,138,758
CHINO VALLEY UNIFIED SCHOOL DISTRICT	100.000	145,619,999
COLTON JOINT UNIFIED SCHOOL DISTRICT	97.114	96,921,862
FONTANA UNIFIED SCHOOL DISTRICT	100.000	141,229,612
REDLANDS UNIFIED SCHOOL DISTRICT	100.000	69,933,512
RIALTO UNIFIED SCHOOL DISTRICT	100.000	52,165,038
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT	100.000	165,299,383
UPLAND UNIFIED SCHOOL DISTRICT	100.000	31,971,279
OTHER UNIFIED SCHOOL DISTRICTS	VARIOUS	53,926,702
UNION HIGH SCHOOL DISTRICTS	100.000	131,765,100
SCHOOL DISTRICTS	100.000	136,253,987
CITY OF REDLANDS	100.000	3,625,000
COUNTY SERVICE AREAS	100.000	940,000
MOJAVE WATER AGENCY	100.000	22,340,000
MOJAVE WATER AGENCY, I.D. M	100.000	34,825,000
COUNTY WATER DISTRICTS	100.000 (1)	1,362,000
ETIWANDA SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS	100.000	78,290,000
CITY OF FONTANA COMMUNITY FACILITIES DISTRICTS	100.000	171,585,000
CITY OF CHINO COMMUNITY FACILITIES DISTRICTS	100.000	123,570,000
RANCHO CUCAMONGA COMMUNITY FACILITIES DISTRICTS	100.000	107,530,000
CHINO HILLS COMMUNITY FACILITIES DISTRICTS	100.000	79,035,000
SAN BERNARDINO COUNTY COMMUNITY FACILITIES DISTRICTS	100.000	28,770,000
OTHER COMMUNITY FACILITIES DISTRICTS	100.000	244,974,219
CITY, COUNTY AND SPECIAL DISTRICT 1915 ACT BONDS (Estimate)	100.000	95,140,512
 TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		 <u>\$ 2,420,248,616</u>



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>
1997-98	74,234,100	784,338	4,683	779,655	0.60%
1998-99	76,131,874	798,417	4,177	794,240	0.52%
1999-00	78,243,977	978,050	3,691	814,359	0.38%
2000-01	81,494,288	1,018,679	3,365	1,015,314	0.33%
2001-02	86,812,930	1,085,162	2,979	1,082,183	0.27%
2002-03	93,721,260	1,171,516	2,657	1,168,859	0.23%
2003-04	101,849,664	1,273,121	2,321	1,270,800	0.18%
2004-05	112,586,482	1,407,331	2,045	1,405,286	0.15%
2005-06	128,895,877	1,611,198	1,930	1,609,268	0.12%
2006-07	152,041,485	1,900,519	1,815	1,898,704	0.10%

**Notes:**

- (1) Assessed Value does not include tax exempt property. Property value data can be found in the "Assessed Value and Actual Value of Property" schedule.
- (2) The legal debt limit is 1.25% of assessed value.
- (3) Bonded debt subject to limitation; amount includes only general obligation bonds.
- (4) The legal debt margin is the County's available borrowing authority under state finance statutes and is calculated by subtracting the debt applicable to the legal debt limit.

**Source:**

Auditor-Controller/Recorder, County of San Bernardino

COUNTY OF SAN BERNARDINO  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST SIX FISCAL YEARS (IN THOUSANDS, EXCEPT PER CAPITA)  
JUNE 30, 2007

FISCAL YEAR	GOVERNMENTAL ACTIVITIES					BUSINESS-TYPE ACTIVITIES				TOTAL OUTSTANDING DEBT	PERCENTAGE OF ASSESSED VALUE (1)	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%	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%	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%	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%	952
2005-06	200,528	439,879	522,835	3,889	27,345	618,099	1,930	6,905	2,438	1,823,848	1.41%	916
2006-07	186,959	457,038	649,062	4,010	11,386	589,367	1,815	6,399	4,136	1,910,172	1.26%	942

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 population figures.

Source:

Auditor/Controller-Recorder, County of San Bernardino

COUNTY OF SAN BERNARDINO  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS (IN THOUSANDS)  
 June 30, 2007

**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

**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 continental 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:** 738,849 as of June 30, 2007

CALENDAR YEAR	(1), (2) POPULATION	(2) PERSONAL INCOME	(2) PER CAPITA PERSONAL INCOME	(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT RATE
1998	1,646 (5)	33,524	20.36	357	6.30%
1999	1,682 (5)	35,315	21.00	365	5.60%
2000	1,719 (5)	37,772	21.97	374	4.80%
2001	1,762 (5)	40,431	22.95	383	4.60%
2002	1,809 (5)	42,141	23.29	394	5.60%
2003	1,863 (5)	44,290	23.77	407	5.50%
2004	1,916 (5)	48,117	25.11	419	6.90%
2005	1,951 (6)	50,567 (7)	25.92 (7)	423	5.40%
2006	1,992 (6)	52,988 (7)	26.60 (7)	425	4.70%
2007	2,028 (6)	56,350 (7)	27.79 (7)	428	5.70%

**ESTIMATED POPULATION OF THE COUNTY OF SAN BERNARDINO AS OF JANUARY 1, 2007 (whole numbers) (1):**

INCORPORATED CITIES

Adelanto	27,139	Montclair	36,622
Apple Valley	70,297	Needles	5,759
Barstow	23,943	Ontario	172,701
Big Bear Lake	6,207	Rancho Cucamonga	172,331
Chino	81,224	Redlands	71,375
Chino Hills	78,668	Rialto	99,064
Colton	51,797	San Bernardino	205,010
Fontana	181,640	Twentynine Palms	24,830
Grand Terrace	12,380	Upland	75,169
Hesperia	85,876	Victorville	102,538
Highland	52,186	Yucaipa	51,784
Loma Linda	22,451	Yucca Valley	21,044
		Total	1,732,035
		Unincorporated Areas:	295,978
		Total Population	2,028,013

**Sources:**

- (1) California Department of Finance (population for 2006 and 2007).
- (2) Bureau of Economic Analysis U.S. Department of Commerce
- (3) Superintendent of Schools
- (4) California Employment Development Department

**Notes:**

- (5) Population is estimated on July 1
- (6) Population estimated as of January 1
- (7) Estimated amounts

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

<b>Employer</b>	<b>2007</b>				<b>1998</b>		
	(1) Employees	Rank	(2) Percentage of Total Employment		(1) Employees	Rank	(2) Percentage of Total Employment
County of San Bernardino (4)	18,382	1	2.13%	County of San Bernardino (3)	16,100	1	2.37%
Loma Linda University Adventist Health Services C	13,000	2	1.51%	Loma Linda University Adventist Health Services Center	5,450	2	0.80%
San Bernardino City Unified School District	8,574	3	0.99%	Stater Brothers	5,000	5	0.74%
Stater Brothers	7,600	4	0.88%	Kaiser Permanente	5,050	4	0.74%
Ontario International Airport	7,510	5	0.87%	San Bernardino City Unified School District	3,650	6	0.54%
Kaiser Permanente	5,682	6	0.66%	Ontario International Airport	5,100	3	0.75%
Fontana Unified School District	3,953	7	0.46%	Fontana Unified School District	1,940	8	0.29%
San Manuel Band of Mission Indians	3,261	8	0.38%	San Manuel Band of Mission Indians	*	*	*
Chino Valley Unified School District	3,200	9	0.37%	Chino Valley Unified School District	2,400	7	0.35%
California State University San Bernardino	3,012	10	0.35%	California State University San Bernardino	*	*	*
	74,174				44,690		

**Notes:**

(\*) Data not available.

**Sources:**

- (1) Business Press Book of List
- (2) Annual Source EDD
- (3) Annual Census Report 1998 filed in March 12th.
- (4) San Bernardino County payroll records as of June 30 2007

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

FUNCTION/PROGRAM	FULL-TIME EQUIVALENT EMPLOYEES AS OF JUNE 30									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General	--	1,459	1,505	1,592	1,677	1,643	1,624	1,639	1,691	1,699
Public Protection	--	6,022	6,254	6,462	6,940	7,111	6,923	7,069	7,480	7,777
Public Ways & Facilities	--	363	370	392	444	455	468	384	384	465
Health and Sanitation	--	3,314	3,570	3,722	3,909	3,910	3,781	3,840	3,922	4,139
Public Assistance	--	3,693	4,035	4,112	4,335	3,880	3,664	3,753	3,735	3,799
Education	--	173	199	214	216	211	202	218	226	235
Recreation & Cultural	--	362	435	428	395	375	368	333	335	268
Total	--	15,385	16,368	16,922	17,915	17,585	17,029	17,235	17,774	18,382

**Notes:**

- (1) County Employees by function/program is only available for the last 9 years due to the conversion to the current system.
- (2) A full-time employee is scheduled to work 260 days per year. At eight hours per day, 2080 hours are scheduled per year (including vacation and sick leave). Full-time equivalent employment (FTE) is calculated by dividing all paid hours by 2080.

**Source:**

San Bernardino County payroll records as of June 30.

**COUNTY OF SAN BERNARDINO  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST SIX YEARS**

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
<b>Function/Program</b>						
<b>General Government</b>						
Legal Documents Recorded (W)	671,000	860,496	949,864	968,961	945,500	838,333
Percentage of payment process within 10 days (P)	*	*	*	*	80%	86%
<b>Public Protection</b>						
Criminal Felonies Filed - District Attorney (W)	16,956	16,700	18,876	20,193	21,950	20,511
Criminal Misdemeanor Filed - District Attorney (W)	36,862	36,500	39,412	38,863	38,963	44,035
Average Cases Supervised-Probation (W)	20,895	21,052	21,368	*	23,400	25,690
Percentage of new adults cases assessed with a valid risk instrument- Probation (P)					59%	77%
Sherriff's calls for Service (W)	607,714	650,264	809,400	*	710,000	1,193,961
Number of inmate-on-inmate assaults per 1,000 per month. (P)	*	*	*	*	11.50%	7.44%
Percent of autopsies performed per reportable deaths - Coroner (P)	*	*	*	*	6%	19%
<b>Fire Protection</b>						
No. of Fire calls (W)	88,711	92,131	89,553	91,324	99,235	86,915
<b>Public Way &amp; Facilities</b>						
<b>Solid Waste</b>						
Total Tonnage Landfilled (W)	1,142,707	1,484,693	1,497,304	1,794,126	1,852,124	1,757,436
Pounds of trash per cubic yard of capacity-High Volume Sites (P)					1,035	1,120
Maintained Road Miles (W)	2,830	2,834	2,834	2,822	2,830	2,780
Average Pavement Condition index (PCI) of county maintained roads (P)	*	*	*	*	75	76
<b>Health and Sanitation</b>						
Direct Billable hours: Clinic - Behavior Health (W)	185,996	242,418	228,505	226,811	293,542	201,247
Patient Visits - Public Health (W)	95,786	92,853	102,052	110,519	112,037	130,073
<b>Arrowhead Regional Medical Center</b>						
Emergency Room Visits (W)	60,490	66,734	88,338	81,712	97,790	106,298
<b>Public Assistance</b>						
Annual Paid Cases - CalWORKS-All Other Families (W)	379,681	377,456	364,569	351,902	345,072	307,742
Percentage of successful placements of people in Work Participation Rate (P)	*	*	*	*	56%	19%
Annual Paid Cases - CalWORKS-2 Parent Families (W)	34,388	3,120	27,928	23,147	24,155	18,748
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
Percentage of current support collected - Child Support (W)	*	*	*	*	46%	49%
<b>Education</b>						
<b>County Library</b>						
Circulation (W)	2,931,733	2,902,322	2,716,652	2,482,274	2,600,000	2,520,000
Total Patron Visits (W)	3,124,386	3,309,508	3,318,250	3,183,479	3,120,000	3,374,000
Total feet of space available at branch libraries (P)	*	*	*	*	200,000	222,231
<b>Recreation and Cultural Services</b>						
<b>County Museum</b>						
Total Paid Attendance (W)	108,909	65,185	67,098	57,971	71,500	71,000
Collected Lots, Objects, and Spe (W)	1,200,000	1,500,000	1,510,000	1,600,000	1,601,000	1,601,000
<b>Regional Parks</b>						
Total Attendance (W)	2,287,460	2,516,000	2,258,753	2,280,000	2,160,000	2,200,000
Number of miles of open and usable trails maintained by Regional Parks (P)	*	*	*	*	13.3	16.6

**Notes:**

- (1) Operating Indicators by function/program is only available for the last six fiscal years due to the change in the County's functions as a result of the implementation of GASB 34.
- (2) In FY 05-06 work indicators have been replaced with work performance measures and all FY 2005-06 are estimates

**Key:**

- (W) Work Indicator
- (P) Performance Measures
- (\* )Information not available

**Source:**

SB County and Special Districts Final Budget  
Auditor/Controller-Recorder, County of San Bernardino

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

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
<b>Function/Program</b>						
<b>General Government</b>						
Recorder's Data Processing Equipment (2)	36	40	43	53	63	60
<b>Public Protection</b>						
Major Correction & Detention Facilities	4	5	6	6	7	7
Sheriff Stations	15	15	15	10	10	10
Sheriff Vehicles	1599	1,605	1,551	1,684	1,618	1,809
Fire Department Equipment	181	207	250	323	373	361
<b>Public Way &amp; Facilities</b>						
Solid Waste Heavy Equipment	27	30	25	24	18	18
Transportation: Trucks, Trailers, and Other Vehicles	218	236	273	268	276	274
Airports	6	6	6	6	6	6
Bridges (2)	318	318	318	318	318	318
Traffic Signal	148	160	192	212	220	252
<b>Health and Sanitation</b>						
Major Health Administration Buildings	2	2	2	2	2	2
Animal Shelter and Insecticide Buildings	2	2	2	2	2	2
Public Health Laboratory/Science/Engineering Equipment (2)	33	36	40	46	46	51
Medical Center: Number of Hospitals	1	1	1	1	1	1
<b>Public Assistance</b>						
Administrative & Office Equipment	459	463	464	508	549	452
<b>Education</b>						
Library Branches	28	28	29	29	29	30
Bookmobiles	2	2	2	2	2	2
<b>Recreation and Cultural Services</b>						
County Museum: Main Facility	1	1	1	1	1	1
County Regional Parks	9	9	9	9	9	9

**Notes:**

(1) Capital Assets by function/program is only available for the last six fiscal years due to the change in the County's functions as a result of the implementation of GASB 34.

(2) Prior years data was restated due to change from functional basis to programmatic basis

**Source:**

SB County Budget  
 SB County Special Districts Final Budget  
 Auditor/Controller-Recorder, County of San Bernardino



**County of San Bernardino**

Auditor/Controller-Recorder

222 West Hospitality Lane

San Bernardino, CA 92415-0018