

*County of San Bernardino  
State of California*

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2012

LARRY WALKER, AUDITOR-CONTROLLER/  
TREASURER/TAX COLLECTOR

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2012**

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



Supervisor Robert Lovingood .....First District  
Supervisor Janice Rutherford ..... Second District  
Supervisor James Ramos .....Third District  
Supervisor Gary Ovitt, ..... Fourth District  
Supervisor Josie Gonzales, Chair .....Fifth District

**Gregory C. Devereaux – Chief Executive Officer**

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

**COUNTY OF SAN BERNARDINO  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 JUNE 30, 2012**

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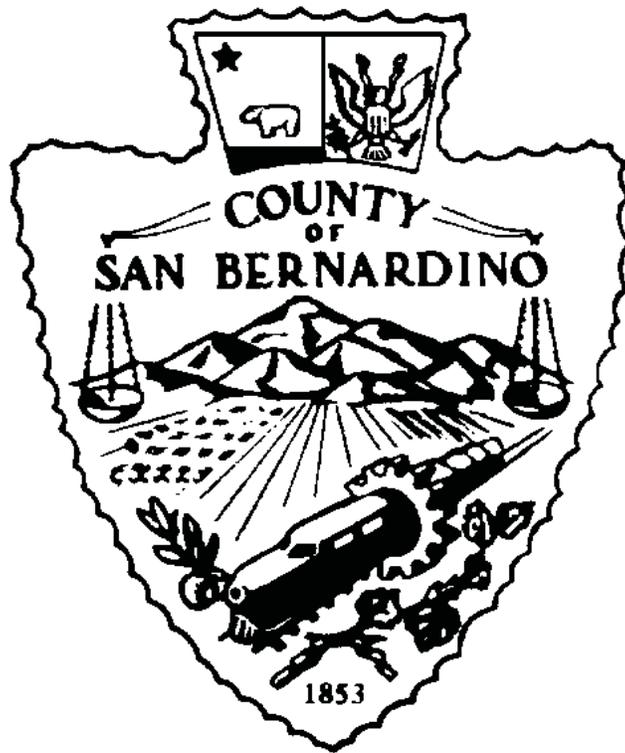
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# INTRODUCTORY SECTION



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

*County of San Bernardino*

# AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



COUNTY OF SAN BERNARDINO

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

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

**LARRY WALKER**  
Auditor-Controller/  
Treasurer/Tax Collector

December 6, 2012

**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, 2012 is submitted herewith in compliance with Section 25253 of the Government Code of the State of California and Article V, Section 8 of the Charter of the County of San Bernardino.

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

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

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

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

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

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

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

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

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

### ***INTERNAL AND BUDGETARY CONTROLS***

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

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

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

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

### ***MAJOR INITIATIVES***

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

- The County successfully implemented its Low Income Health Program, ArrowCare, effective as of January 1, 2012. Arrowcare is intended to be a bridge to healthcare reform in 2014. This program covers childless adults ages 19-64 not otherwise covered by Medi-Cal. By implementing this program, the County's goal is to provide coverage to this population through the health departments so that the County will be the provider of choice in 2014.

## **MAJOR INITIATIVES - Continued**

- Arrowhead Regional Medical Center successfully met the current milestones associated with the new Incentive Plan, a new funding source in 2012-13 under the current Medi-Cal waiver that provides for infrastructure development, innovation redesign, population focused improvement and urgent improvement in quality and safety. This funding is designed to provide an innovative approach for an improved delivery system, patient satisfaction, and outcomes.
- Human Services continues providing quality service to its clients despite the tremendous burden brought upon by the economic downturn. As a result, state and federal funding increases in the Human Services (HS) – Administration Claim, primarily in Transitional Assistance programs, and subsistence programs of CalWORKs, AFDC – Foster Care and Aid to Adoptive Children were made to assist residents in need. HS departments are anticipated to serve an additional 381 CalWORKs cases (1% increase), 4521 Medi-Cal cases (4% increase) and 16,014 Food Stamp cases (15% increase) over the prior year.
- The Human Resources Department is negotiating with four labor unions to obtain employee concessions to address the five-year structural deficit. If achieved, these concessions will generate \$8.9 million in ongoing savings in 2012-13.
- A key strategy of the Economic Development Agency (EDA) is to support businesses both coming into and currently existing in the County, by ensuring that Workforce Investment Act funding assists with layoff aversion, business services and training for specific workforce skills. Through these efforts, EDA will work to keep existing businesses in the county thriving and create an environment that is appealing to businesses looking to relocate to the county.
- Phase one of the San Bernardino County Electronic Procurement Network (ePro) implementation was completed in May 2012, resulting in approximately 5,400 registered vendors and 1,000 county users across all County departments.
- During 2011-12, legislation enacted by the passing of ABx1 26 - Dissolution of Redevelopment Agencies (RDAs) has greatly impacted the Auditor-Controller/Treasurer/Tax Collector (ATC). Due to this new legislation, the ATC has assumed the additional duties of interpreting and calculating the complex statutory and negotiated pass-through agreements of all former Countywide RDAs, currently represented by 26 Successor Agencies. In addition to managing more than 150 agreements, the Property Tax section is also collecting each agency's Recognized Obligation Payment Schedule (ROPS), and incorporating Department of Finance adjustments to make payments to the Successor Agencies from each of their respective Property Tax Trust funds, in accordance with legislation.
- Public Works – Transportation Proposition 1B projects in 2012-13 of \$17.0 million include rehabilitation of Sheep Creek Road; Yucca Loma/Yates road widening; paving of Caughlin Road in Phelan and Hatchery Drive in Moonridge; and Valley Boulevard and Cedar Avenue new median construction.

The County has allocated a minimum of \$15.3 million each year to fund non-major capital projects. This has allowed the County to complete deferred maintenance projects improving the overall condition of county facilities. As a result, this base amount of funding is reduced to \$12.0 million in 2012-13.

In recent years the County has cash funded **\$268.3 million** of major capital projects detailed below:

- Remodel of the 6<sup>th</sup> Floor of the Arrowhead Regional Medical Center converting administrative office space to medical/surgery space. This project was completed in October 2009 at a cost of \$24.4 million.
- Construction of a new medical office building on the site of the Arrowhead Regional Medical Center. This project was completed in September 2010 at a cost of \$25.0 million.
- Construction of a new High Desert Government Center (HDGC) in Hesperia. The project was completed in October 2010 at a cost of \$21.2 million and savings of \$9.0 million.
- High Desert Government Center Public Safety Operations Center (HD PSOC). In the 2011-12 adopted budget, the HDGC project savings of \$9.0 million was redirected to construct a Public Safety Operations

## **MAJOR INITIATIVES - Continued**

Center in the building to augment the existing operations center located in the valley. In 2011-12, a total of \$7.75 million was redirected from the 800 MHz Upgrade Project (\$4.75 million) and the Sheriff's Crime Lab project (\$3.0 million) for a total HD PSOC project budget of \$16.75 million.

- Construction of a new Central Juvenile Hall. This project was cash funded at \$63.6 million and was completed in August 2011.
- Expansion of the Adelanto Adult Detention Facility to increase capacity from 706 to 2,074 beds. The County received a grant award from the State to fund approximately \$83.4 million of this project. The County's share of costs of approximately \$38.1 million was cash funded in 2010-11. Construction commenced December 2010 and estimated project completion is late 2013.
- In past years, the County had planned to construct a new government center building in downtown San Bernardino to provide additional space and to replace buildings that are beyond their useful life. As an alternative to new construction, the County is looking to purchase newer existing buildings at prices lower than replacement cost; seismically retrofit and modernize certain existing buildings; and demolish older facilities. In the 2011-12 adopted budget, this project was funded at \$30.0 million. An additional \$10.0 million was added in the 2012-13 adopted budget for a total of \$40.0 million.

## **ECONOMIC CONDITION AND OUTLOOK**

Between the years 2009 and 2010, total economic output in the Inland Empire region (San Bernardino-Riverside-Ontario metropolitan area) decreased by 0.6%. This was related to the end of the housing boom that peaked in 2006, and was also related to the economic downturn that began in late 2007. Construction dropped precipitously as a percentage of gross domestic product. The decline in construction also affected the mining industry which supplied most of the building materials used in the construction industry. Other factors affecting economic output were the decline in manufacturing, professional and business services, and financial services.

It is projected that between 2008 and 2018, manufacturing employment will increase by 7.8% in this region. The major increases will occur in the industry sector of health care and social assistance (22.4% increase) with ambulatory health care services, hospitals, nursing and residential care facilities and social assistance being the major contributor to growth within that sector at 26.3%, 21.1%, 18.9% and 16% respectively. The increase in this sector reflects the growing needs of the aging population. The wholesale electronic sector is projected to grow at 26.4%, while educational services is projected to grow at 22.8% during that same period followed by general merchandising stores at 17.8%, and warehousing and storage at 13.5%. Construction is also projected to grow, though at a slower pace of 5%. Publishing, manufacturing, and real estate rental and leasing are the sectors projected with the most employment decline at 16.7%, 9% and 7.5% respectively.

Between December of 2008 and January of 2012, the County's labor force increased by 700 to 869,100; or 0.8%. Over the same period, the number of County residents who were employed declined by 20,100 to 762,100; a 2.6% decrease. The unemployment rate climbed from 9.9% in December 2008 to 12.3% in January 2012. However, as of August 2012, the County's unemployment rate improved to 11.8%, with a labor force of 860,600 of which 758,900 are employed.

The County has made increasing efforts to strengthen the relationship between education and industry in order to prepare a workforce that will meet future workforce needs. The County is working in conjunction with the education sector to improve enrollment and decrease dropout rates, strengthening ties with the business and industry sectors. The County's Comprehensive Economic Development Strategy includes plans for increasing education in Science, Technology, Engineering and Math (STEM).

Total taxable sales for the County have grown by 10.20% between 2nd quarter of 2010 and 2nd quarter of 2011 over a 4.21% growth between the 2nd quarter for 2009 and 2010. The largest growth occurred in outlets other than retail and food services which grew at 12.87% between 2010 and 2011 after having declined by 0.55% between the 2nd quarter of 2009 and the 2nd quarter of 2010. Retail and food services grew by 9.04% between the 2nd quarter of 2010 and 2011 after a 6.41% growth rate between the 2nd quarter of 2009 and 2010. The most significant growth rate decrease in between 2010 and 2011 occurred in home furnishing stores at -41.60% after

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

having grown by 0.23% between 2009 and 2010. Similarly, building material and supplies dealers grew only 2.67% between 2010 and 2011 after having grown by 6.24% between 2009 and 2010. These declines in growth rates are most likely reflection of the stagnant housing market in the area.

The current economic downturn, created partly by lax lending practices, has negatively impacted the housing industry. The housing bubble started to deflate in early 2007 and has triggered a serious domino effect across the general economy. After peaking in November 2006 at \$380,000, the median home resale price in San Bernardino County has declined to a low of \$128,649 at the end of the second quarter of 2011, representing a 195% decline from the peak of the market. However, between August 2011 and August 2012, home prices in the County grew by 12% from \$150,000 to \$168,000.

Despite current challenges, the housing market for the County looks bright in the long run. The County's population is projected to be 3.1 million in 2035, an approximate increase of 50% from today's level. It will continue to attract new residents as the economy improves and population-serving businesses will follow as a result. The County's desert area is engaged in alternative energy development. This emerging industry will help generate jobs and increase our nation's "green" sources of energy. Because of the transmission infrastructure, power producers can also sell renewable energy to utilities outside of California. A progressive approach to business and education, an attractive Southern California location, an unprecedented transportation network as well as 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***

Long term financial planning is a process that provides the information needed to establish multi-year budget strategies, budget solutions, and financial policies that address the needs of the County and its residents while maintaining fiscal strength. The County maintains a five year operating forecast that projects discretionary revenues and expenditures of the general fund. This forecast establishes a framework for use in decision making by highlighting significant issues that must be addressed to maintain a structurally balanced budget. This forecast assists the County in understanding the fiscal challenges ahead and the need to establish priorities.

In recent years the County has faced declining revenues and rising costs. For fiscal years 2009-10 through 2011-12, San Bernardino County's assessed valuation decreased \$20.2 billion. This is a consequence of the mortgage and economic crisis that resulted in large numbers of foreclosures, a substantial reduction in the median sales price of a home, and a reduction in the fair market value of homes. However, for 2012-13, the County's assessed valuation increased slightly, up \$1.3 billion from 2011-12. Although the housing market begins to improve, and property tax and other major revenue streams begin to stabilize, costs continue to increase. The County has developed a strategic plan to address the increased costs identified in the current five-year forecast and is working to implement the necessary mitigations.

The County's five year Capital Improvement Plan (CIP) is reviewed annually and revised to reflect current circumstances and opportunities. This review identifies needed capital projects, estimates capital requirements, coordinates their necessary financing and timing, and estimates operational expenses of the project subsequent to completion.

### ***RELEVANT FINANCIAL POLICIES***

#### **Fund Balance and Reserve Policy**

The County has established a number of general fund reserves for a variety of purposes. On June 28, 2011 the Board of Supervisors revised County policy to provide guidelines and goals for reserve levels. This revised policy calls for a general purpose reserve targeted at 20% of locally funded appropriation. The revised policy states that this reserve will be built up with one-time sources until the established target is achieved. For 2011-12 this reserve amount was approved at \$65.2 million. This general purpose reserve is designed to protect the County from unforeseen increases in expenditures or reductions in revenues and other extraordinary events which could adversely impact the financial condition of the County.

## ***RELEVANT FINANCIAL POLICIES - Continued***

County policy also includes provisions for the creation of specific purpose reserves. Specific purpose reserves are created to meet identified future obligations and to fund capital projects. The County may redirect funds in any specific purpose reserve for another purpose. Specific Purpose Reserves are categorized as either Committed or Assigned Fund Balance in the County's Fund Balance and Reserve Policy.

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

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

Ongoing Set-Aside Contingencies represent ongoing sources of financing that have been targeted for future ongoing program needs. The County has no ongoing Set-Aside Contingencies in the 2012-13 Adopted Budget.

### **Investment Policy**

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

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

The County believes that the County Pool is prudently invested and that investments therein are scheduled to mature at the times and in the amounts that are necessary to meet the County's expenditures and other schedule withdrawals. The County Pool does not include investments of the Deferred Compensation program or the County Employees' Retirement Association, which are separately managed. The County utilizes a Countywide banking program with a major bank, which is referred to as "Consolidated Banking," which accelerates the collection and deposit of monies by participating departments into the County Treasury making them readily available for investment.

### **Debt Management Policy**

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

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

### **INDEPENDENT AUDIT**

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

### **CERTIFICATE OF ACHIEVEMENT AND AWARDS**

**Financial Reporting Certificate of Achievement:** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of San Bernardino for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. This was the twenty-fourth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to certificate program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

**Popular Financial Reporting Award:** The County of San Bernardino also received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Report for the fiscal year ended June 30, 2011. This was the six consecutive year that the County has received this prestigious award. In order to receive this award, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

**Budget Presentation Award:** The County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2011. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

### **ACKNOWLEDGEMENTS**

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

Respectfully submitted,



LARRY WALKER  
Auditor-Controller/Treasurer/Tax Collector

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

**ELECTED OFFICES**

COUNTY SUPERVISOR, FIRST DISTRICT *Effective as of December 3, 2012* .....ROBERT LOVINGOOD

COUNTY SUPERVISOR, SECOND DISTRICT ..... JANICE RUTHERFORD

COUNTY SUPERVISOR, THIRD DISTRICT *Effective as of December 3, 2012* .....JAMES RAMOS

COUNTY SUPERVISOR, FOURTH DISTRICT ..... GARY C. OVITT

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

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

AUDITOR-CONTROLLER/TREASURER /TAX COLLECTOR ..... LARRY WALKER

DISTRICT ATTORNEY ..... MICHAEL A. RAMOS

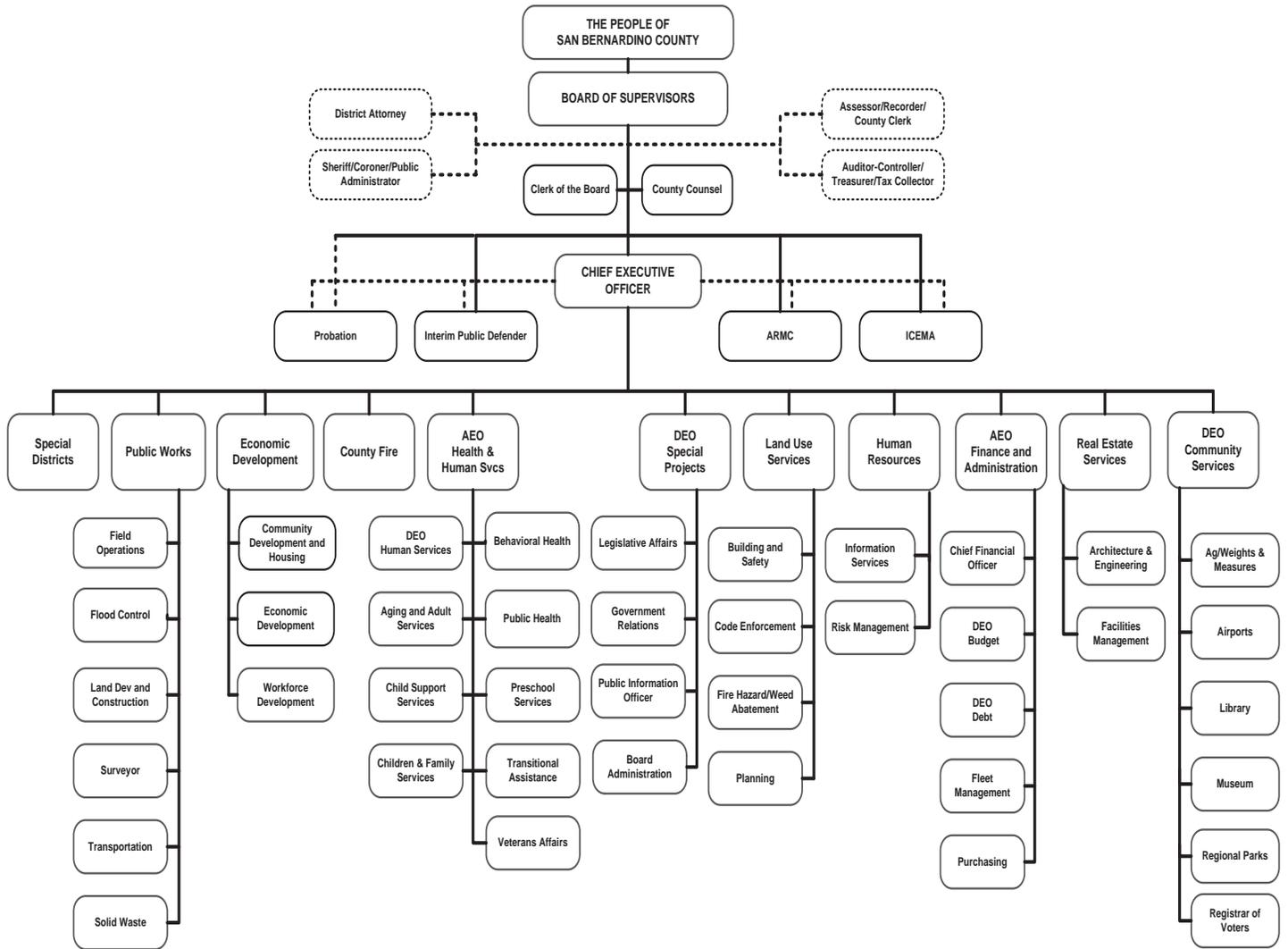
SHERIFF/CORONER /PUBLIC ADMINISTRATOR.....ROD HOOPS

SUPERINTENDENT OF SCHOOLS ..... GARY THOMAS

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

**APPOINTED**

AGING AND ADULT SERVICES.....	COLLEEN KRYGIER
AGRICULTURAL COMMISSIONER/SEALER.....	JOHN GARDNER
AIRPORTS.....	JAMES E. JENKINS
ARCHITECTURE AND ENGINEERING.....	CARL R. ALBAN
ARROWHEAD REGIONAL MEDICAL CENTER.....	PATRICK PETRE
BEHAVIORAL HEALTH .....	CaSONYA THOMAS
BOARD OF RETIREMENT .....	NORM RUGGLES
CHILD SUPPORT SERVICES.....	CONNIE BRUNN
CHILDREN AND FAMILY SERVICES.....	DeANNA AVEY-MOTIKEIT
CLERK OF THE BOARD OF SUPERVISORS .....	LAURA H. WELCH
CHIEF EXECUTIVE OFFICER .....	GREGORY C. DEVEREAUX
COMMUNITY DEVELOPMENT.....	PAT COLE
COUNTY COUNSEL .....	JEAN-RENE BASLE
COUNTY LIBRARIAN .....	LEONARD X. HERNANDEZ
COUNTY MUSEUM .....	ROBERT L. McKERNAN
ECONOMIC DEVELOPMENT AGENCY.....	MARY JANE OLHASSO
FACILITIES MANAGEMENT .....	DAVID H. SLAUGHTER
FIRE DEPARTMENT/FIRE WARDEN.....	MARK HARTWIG
FLEET MANAGEMENT.....	ROGER G. WEAVER
HUMAN RESOURCES .....	ANDREW LAMBERTO
HUMAN SERVICES .....	LINDA HAUGAN
INFORMATION SERVICES .....	JOEL GOLUB
INLAND COUNTIES EMERGENCY MEDICAL AGENCY.....	TOM LYNCH
LAND USE SERVICES .....	CHRISTINE KELLY
LEGISLATIVE AFFAIRS .....	DENA SMITH
PRESCHOOL SERVICES .....	RON GRIFFIN
PROBATION.....	MICHELLE SCRAY
PUBLIC DEFENDER .....	PHYLLIS KAY MORRIS
PUBLIC HEALTH .....	TRUDY RAYMUNDO
PUBLIC WORKS .....	GERRY NEWCOMBE
PURCHASING.....	LAURIE ROZKO
REAL ESTATE SERVICES.....	DAVID H. SLAUGHTER
REGIONAL PARKS.....	KEITH LEE
REGISTRAR OF VOTERS .....	MICHAEL SCARPELLO
RISK MANAGEMENT .....	STEVEN T. ROBLES
SPECIAL DISTRICTS .....	JEFFREY O. RIGNEY
TRANSITIONAL ASSISTANCE DEPARTMENT.....	NANCY SWANSON
VETERANS' AFFAIRS .....	BILL J. MOSELEY
WORKFORCE DEVELOPMENT.....	SANDRA HARMSSEN



# 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, 2011

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.

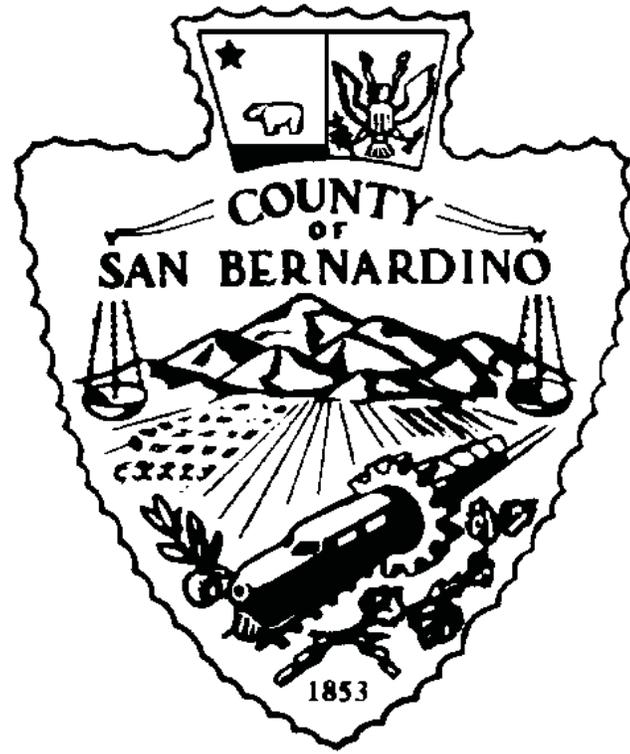


*Christopher P. Morill*

President

*Jeffrey R. Emen*

Executive Director

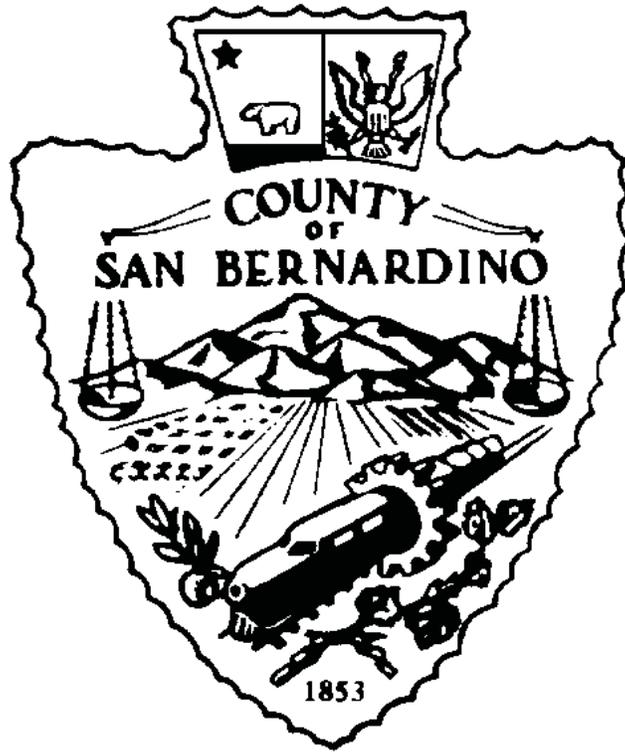


# FINANCIAL SECTION



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

*County of San Bernardino*





**INDEPENDENT AUDITORS' REPORT**

To the Honorable Board of Supervisors  
 County of San Bernardino, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Bernardino, California (the County), as of and for the fiscal year ended June 30, 2012, 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, County of San Bernardino Consolidated Fire Districts, and the County of San Bernardino Redevelopment Successor Agency Private-Purpose Trust Fund, which collectively represent the following percentages of assets, net assets/fund balances and revenues as of and for the fiscal year ended June 30, 2012:

<u>Opinion Unit</u>	<u>Assets</u>	<u>Net Assets/ Fund Balances</u>	<u>Revenues</u>
Governmental Activities	11%	13%	6%
Aggregate Remaining Fund Information	7%	4%	2%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 23, Assembly Bill 1X26 was upheld and declared constitutional by the California Supreme Court on December 29, 2011. As part of its decision, the Supreme Court established the date of dissolution as of February 1, 2012. The redevelopment agencies in California, including the County of San Bernardino Redevelopment Agency (the Agency), were terminated and successor agencies were appointed to wind down the affairs of the former redevelopment agencies in accordance with the provisions of Assembly Bill 1X 26. The County of San Bernardino has elected to be appointed as Successor Agency for purposes of winding down the affairs of the Agency. As a result, the fund balances of the former County of San Bernardino Redevelopment Agency funds were transferred to a private-purpose trust fund on February 1, 2012.

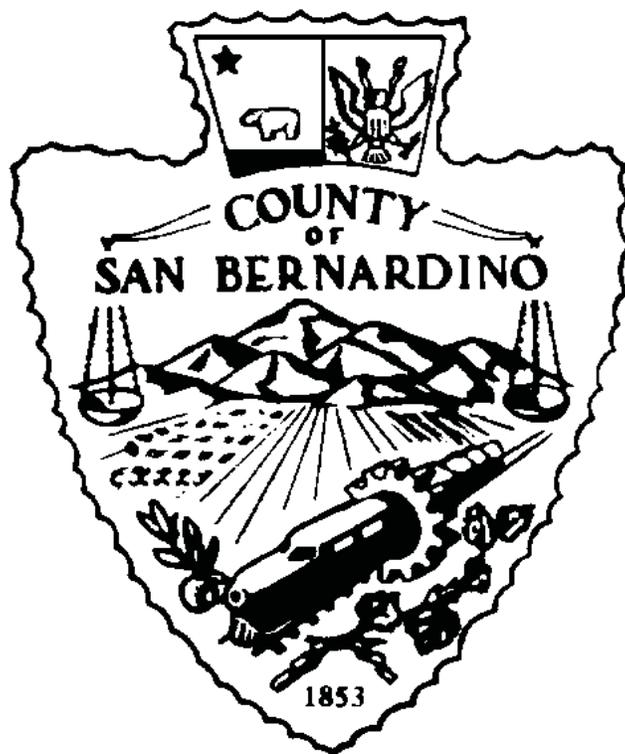
In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and 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.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 17 through 34 and the schedule of funding progress on page 111 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

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 nonmajor fund financial statements and other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described previously, and the report of the other auditors, the individual nonmajor fund financial statements and other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*Vourmile, Tami, Day, Co., LLP*

Rancho Cucamonga, California  
December 28, 2012



# MANAGEMENT'S DISCUSSION AND ANALYSIS



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

*County of San Bernardino*



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Fiscal Year Ended June 30, 2012

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, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section.

#### FINANCIAL HIGHLIGHTS (Amounts in thousands)

- The County's total net assets increased by \$132,058. The net increase is attributable to the \$128,884 increase in governmental activities net assets and the \$3,174 increase in business-type activities net assets.
- As of June 30, 2012, the County governmental funds reported combined fund balances of \$1,187,191, a decrease of \$22,190 in comparison with the prior year. Amounts available for spending include *restricted, committed, assigned, and unassigned fund balances*; these totaled \$1,113,051, or 93.8% of ending fund balance. Of this amount, \$713,175 is restricted by law or externally imposed requirements, and \$122,870 is committed for specific purposes.
- At the end of the fiscal year, amounts available for spending for the general fund totaled \$477,547, or 24.6% of total general fund expenditures. This is an increase of \$54,389 in comparison with the prior year.
- At the end of the fiscal year, the County's total capital assets (net of accumulated depreciation) increased by \$52,224 in comparison with the prior year. (See further detail on page 32).
- At the end of the fiscal year, the County's total long-term debt decreased by \$109,584 in comparison with the prior year. (See further detail on page 33).

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

Component units are blended in the basic financial statements and consist of legally separate entities for which the County is financially accountable. They share substantially the same board as the County and provide services entirely to the County. The following component units have been blended into the basic financial statements: Fire Protection Districts, Flood Control District, Park and Recreation Districts, County Service Areas, Redevelopment Agency of the County of San Bernardino (from July 1, 2011 to February 1, 2012), Inland Empire Public Facilities Corporation, San Bernardino County Financing Authority, and various Joint Powers Authorities (JPAs).

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

**The government-wide financial statements can be found on pages 36-37 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.

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

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

revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

In addition to the General Fund, the County classifies and reports the Capital Improvement Fund as a major fund as required by GASB 34.

**The governmental fund financial statements can be found on pages 40-42 of this report.**

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

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

**The proprietary fund financial statements can be found on pages 43-45 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 46-47 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 49-110 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 budgetary comparison schedules. This section provides additional information to the users of these financial statements.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceed liabilities by \$2,736,026 at the close of the most recent fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets, as restated	\$ 2,432,389	\$ 2,475,328	\$ 394,277	\$ 356,163	\$ 2,826,666	\$ 2,831,491
Capital assets	1,718,405	1,660,632	554,967	560,516	2,273,372	2,221,148
Total assets	<u>4,150,794</u>	<u>4,135,960</u>	<u>949,244</u>	<u>916,679</u>	<u>5,100,038</u>	<u>5,052,639</u>
Current and other liabilities	190,612	198,041	89,853	57,499	280,465	255,540
Long-term liabilities, as restated	1,381,308	1,487,929	702,239	705,202	2,083,547	2,193,131
Total liabilities	<u>1,571,920</u>	<u>1,685,970</u>	<u>792,092</u>	<u>762,701</u>	<u>2,364,012</u>	<u>2,448,671</u>
Net Assets:						
Invested in capital assets, net of related debt	1,598,182	1,436,162	57,487	44,737	1,655,669	1,480,899
Restricted	714,879	783,306	67,968	108,461	782,847	891,767
Unrestricted	265,813	230,522	31,697	780	297,510	231,302
<b>Total Net Assets</b>	<u><u>\$ 2,578,874</u></u>	<u><u>\$ 2,449,990</u></u>	<u><u>\$ 157,152</u></u>	<u><u>\$ 153,978</u></u>	<u><u>\$ 2,736,026</u></u>	<u><u>\$ 2,603,968</u></u>

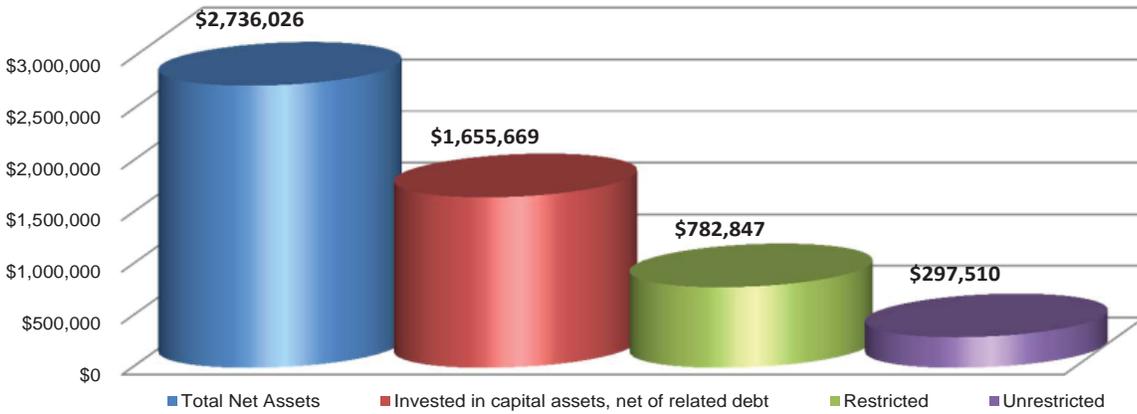
The largest portion of the County's net assets of \$1,655,669 reflects investment in capital assets (e.g. land, land use rights, structures and improvements, equipment and software, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets of \$782,847 represent another significant portion of County net assets. This amount contains external restrictions imposed by creditors, grantors, contributors, laws and regulation of other governments, and restrictions imposed by law through constitutional provisions and enabling legislation.

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

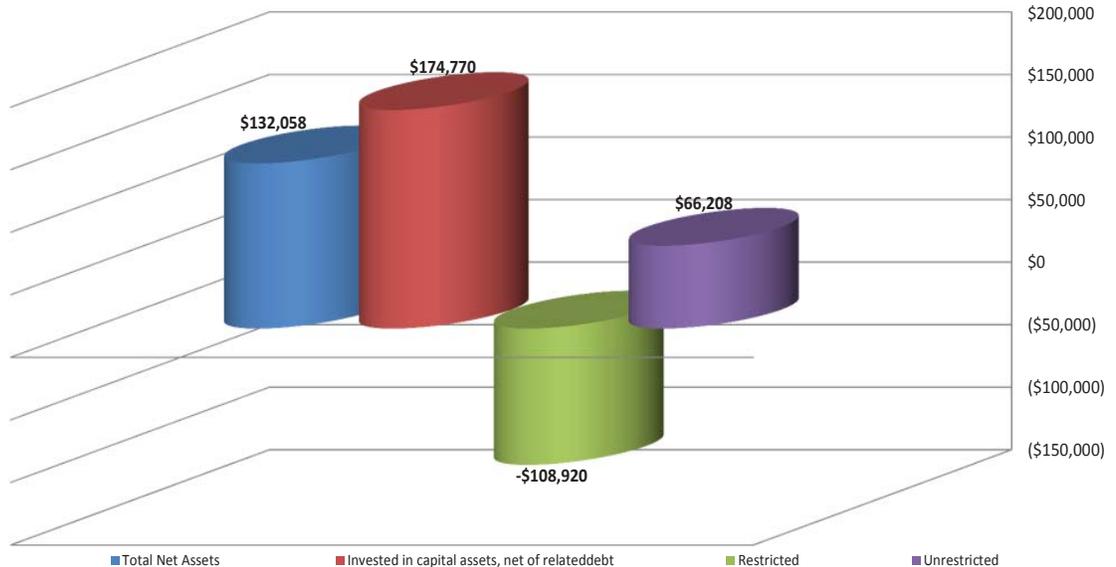
The final component of net assets is unrestricted net assets. Unrestricted net assets are resources that the County may use to meet its current and ongoing obligations to citizens and creditors. The overall unrestricted net assets balance increased by \$66,208 during the current year. The overall increase resulted from decreased restrictions on Waste System Division assets along with unrestricted revenues exceeding related expenses.

### Net Assets



The County's total net assets increased \$132,058 (\$128,884 increase in governmental activities and \$3,174 increase in business-type activities) indicating that the County generated revenue sufficient to cover the cost of operations during the current fiscal year.

### Increase in Net Assets



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

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<u>Revenues:</u>						
Program Revenues						
Charges for Services	\$ 413,849	\$ 405,649	\$ 443,726	\$ 452,056	\$ 857,575	\$ 857,705
Operating Grants/Contributions	1,503,148	1,516,106	47,979	68,234	1,551,127	1,584,340
Capital Grants/Contributions	59,068	10,995	18,987	19,500	78,055	30,495
General Revenue						
Property Taxes, Levied for General Purposes	499,002	491,396	2,674	2,360	501,676	493,756
Property Taxes, Levied for Debt Service	6,324	14,724	-	-	6,324	14,724
Public Safety Tax	133,581	121,623	-	-	133,581	121,623
Sales Taxes	24,555	19,184	-	-	24,555	19,184
Other Taxes	10,070	12,086	-	-	10,070	12,086
Unrestricted Revenues from Use of Money and Property	39,797	49,081	4,753	3,381	44,550	52,462
Miscellaneous	61,989	57,878	1,898	4,155	63,887	62,033
Gains on Sale of Capital Assets	1,708	3,739	-	2	1,708	3,741
<b>Total Revenues</b>	<b>2,753,091</b>	<b>2,702,461</b>	<b>520,017</b>	<b>549,688</b>	<b>3,273,108</b>	<b>3,252,149</b>
<u>Expenses:</u>						
General Government	156,960	165,754	-	-	156,960	165,754
Public Protection	957,600	913,522	-	-	957,600	913,522
Public Ways and Facilities	80,200	72,482	-	-	80,200	72,482
Health and Sanitation	291,415	282,684	-	-	291,415	282,684
Public Assistance	991,174	1,007,153	-	-	991,174	1,007,153
Education	16,905	18,692	-	-	16,905	18,692
Recreation and Cultural Services	26,701	23,788	-	-	26,701	23,788
Interest on Long Term Debt	58,449	64,994	-	-	58,449	64,994
Medical Center	-	-	475,957	445,874	475,957	445,874
Waste Systems	-	-	66,571	95,408	66,571	95,408
Water, Sewer, and Sanitation, as restated	-	-	14,679	14,316	14,679	14,316
Paramedic and Emergency	-	-	527	546	527	546
Others	-	-	71	186	71	186
<b>Total Expenses</b>	<b>2,579,404</b>	<b>2,549,069</b>	<b>557,805</b>	<b>556,330</b>	<b>3,137,209</b>	<b>3,105,399</b>
Excess (Deficit) before Extraordinary Item and Transfers	173,687	153,392	(37,788)	(6,642)	135,899	146,750
Extraordinary Item Transfers	(3,841)	-	-	-	(3,841)	-
	(40,962)	(6,329)	40,962	6,329	-	-
<b>Change in Net Assets</b>	<b>128,884</b>	<b>147,063</b>	<b>3,174</b>	<b>(313)</b>	<b>132,058</b>	<b>146,750</b>
Net Assets -- Beginning of Year	2,449,990	2,302,927	153,978	154,291	2,603,968	2,457,218
<b>Net Assets -- End of Year</b>	<b>\$ 2,578,874</b>	<b>\$ 2,449,990</b>	<b>\$ 157,152</b>	<b>\$ 153,978</b>	<b>\$ 2,736,026</b>	<b>\$ 2,603,968</b>

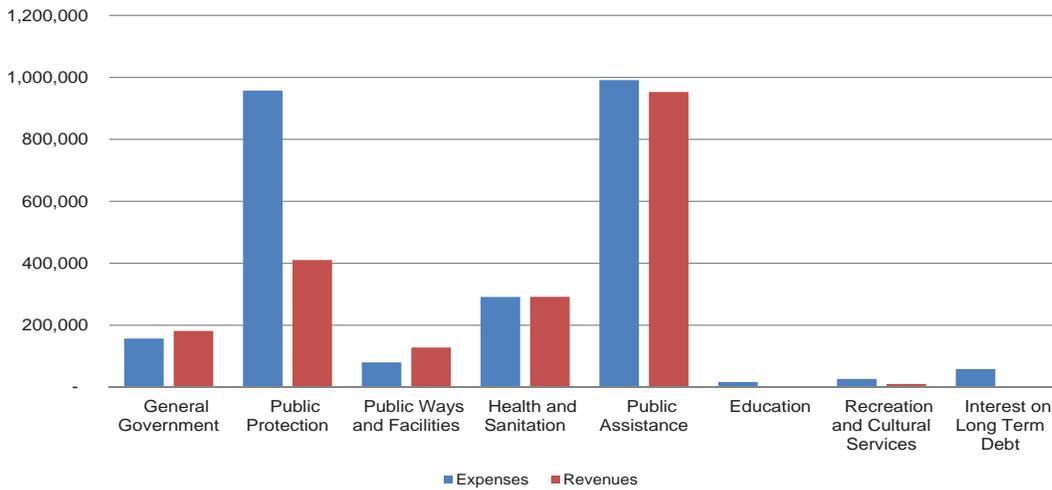
**Governmental Activities** increased the County's net assets by \$128,884. The overall increase in net assets is due to one-time and ongoing revenues exceeding related expenses.

Total revenues of County governmental activities primarily increased due to State funds of \$47,735 received for the expansion of the Adelanto Detention Center, increased Prop 172 sales tax revenue in the amount of \$11,958 and realignment growth of \$14,305.

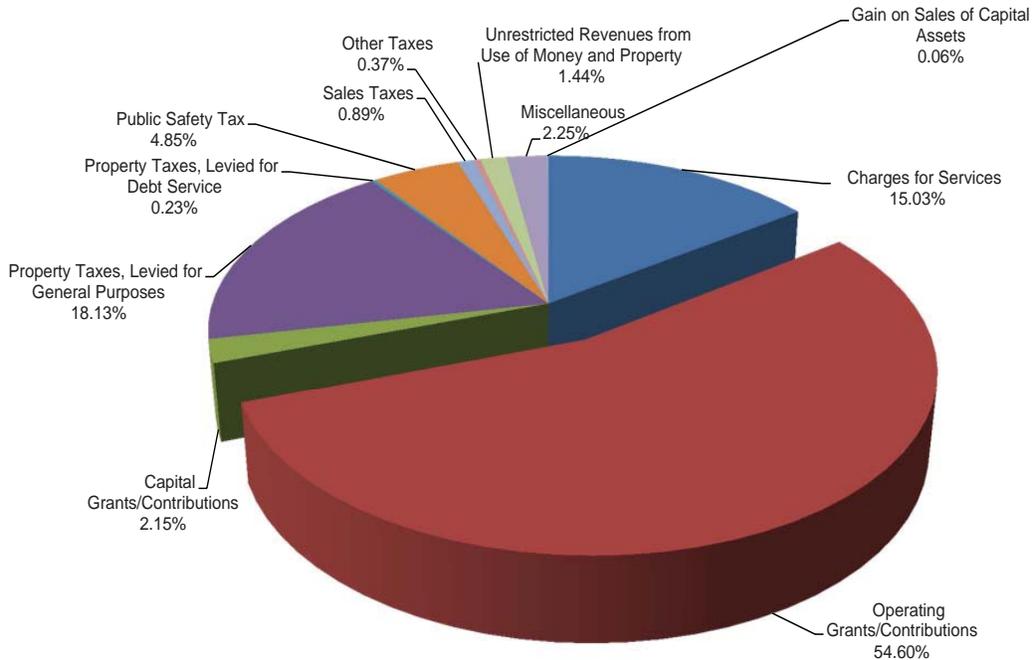
## Management's Discussion and Analysis (Amounts in thousands)

Program expenses for County governmental activities increased as a result of additional funding received and spent on the growing public protection and health services needs, resulting from the current economic condition. These increases are offset by a decrease in interest expense resulting from prior year and current year refunding of bonds and their early redemption.

### Expenses and Program Revenues-Governmental Activities



### Revenues by Source-Governmental Activities

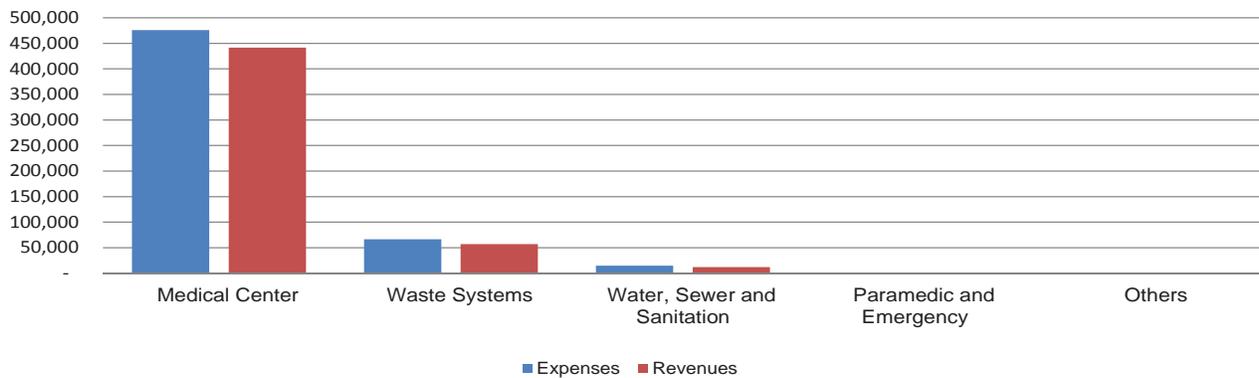


## Management's Discussion and Analysis (Amounts in thousands)

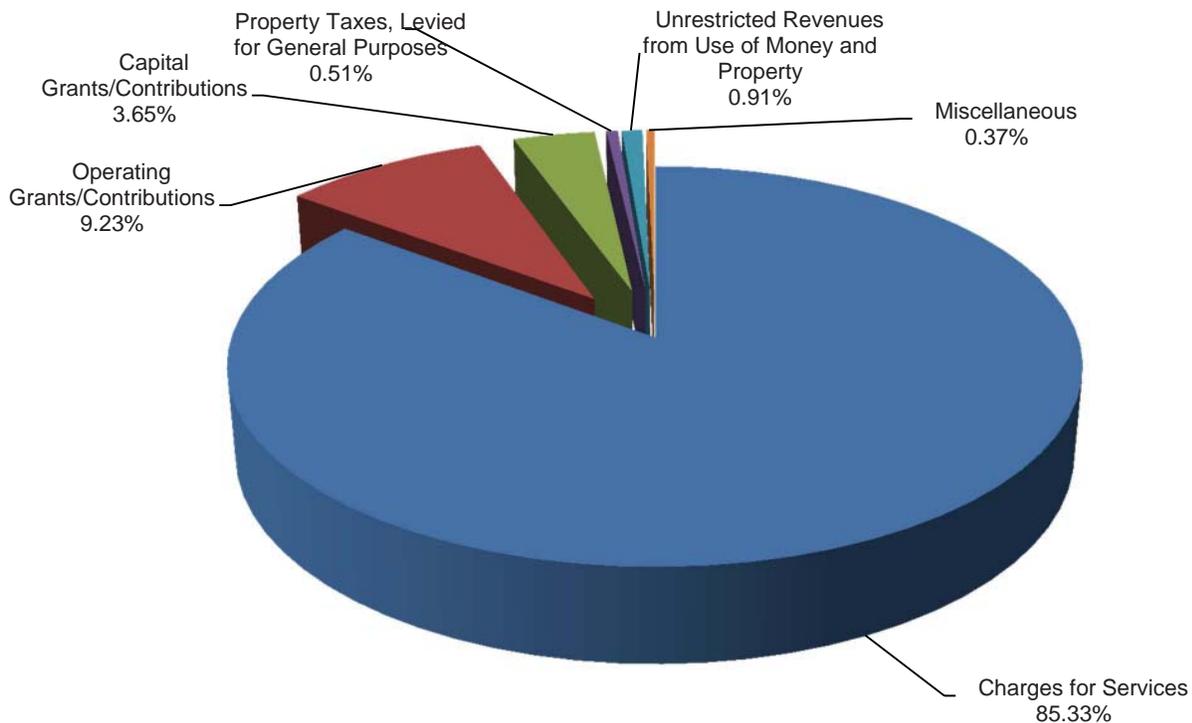
**Business-type Activities** increased the County's net assets by \$3,174 primarily due to increased Realignment contributions to the Medical Center of \$36,396 that were partially offset by decreases in direct grants of \$22,972. The Solid Waste Management Division had an operating loss of \$10,407 as a result of continued closure/post closure and pollution remediation cost increases, which are based on estimates. However, it is important to note that net cash provided by operating activities increased by \$11,020 from the prior year. The County considers the cash balances and working capital sufficient to continue operations and meet its obligations as they become due.

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

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



### Revenues by Source: Business-Type Activities



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

### FINANCIAL ANALYSIS OF COUNTY FUNDS

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

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

At June 30, 2012, the County's governmental funds reported a total fund balance of \$1,187,191 a decrease of \$22,190 in comparison with the prior year. Approximately 60% of the total fund balance, \$713,175, constitutes restricted fund balance, which is restricted by external parties. The remaining fund balance is comprised of a nonspendable amount of \$74,140; committed amounts of \$122,870 which are committed for specific purposes; assigned amounts of \$154,483 set-aside for specific purposes; and an unassigned amount of \$122,523 representing the residual net resources of the general fund available for spending.

The most significant restricted amounts in the governmental funds include \$86,948 for General Government Purposes; \$169,878 for Public Protection and Safety; \$88,020 for Public Ways & Facilities; \$214,589 for Health Programs; and \$139,337 for Public Assistance.

Other governmental funds decreased \$100,533 mostly from the extraordinary loss of \$89,386 due to the dissolution of the County Redevelopment Agency.

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

**General Fund:** The General fund is the chief operating fund of the County. At June 30, 2012, the total fund balance reached \$549,854 an increase of \$51,505 in comparison with the prior year. Approximately 44% or \$240,833 of the total fund balance constitutes restricted fund balance. The remaining fund balance is made up of nonspendable amounts of \$72,307; \$99,991 of committed amounts including \$32,075 for debt service; \$22,879 to cover future space needs; and \$8,500 to fund future retirement; assigned amounts of \$14,200 for financial administration; and \$122,523 in unassigned amounts available for spending.

As a measure of the General fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total general fund expenditures. Unrestricted fund balance represents 12% of total fund expenditures; while total fund balance represents 28%.

The general fund had an increase of \$51,505 primarily the result of AB 109 and AB 117 funding- the 2011 public safety realignment measure that shifts responsibility for certain adult offenders to counties and a \$14,356 Health and Welfare Realignment Growth apportionment. Functions impacted are Public Protection, Health and Sanitation and Public Assistance.

**Capital Improvement Fund:** The Capital Improvement fund accounts for the County's major capital acquisition and construction projects. At June 30, 2012, total fund balance of the Capital Improvement Fund was \$132,580.

The capital improvement fund had an increase of \$26,838 mainly from the transfer of funds for the Adelanto Detention Center.

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

Revenues for total governmental funds totaled \$2,742,383 in fiscal year 2011-12, representing a \$47,006 increase from the prior year.

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

<u>Revenues</u>	<u>Fiscal year 2011-12</u>		<u>Over (Under) Fiscal year 2010-11</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$ 676,218	25%	\$ 11,841	2%
Licenses, Permits and Franchises	22,282	1%	3,074	14%
Fines, Forfeitures and Penalties	17,970	1%	160	1%
Revenues From Use of Money and Property	33,644	1%	(12,118)	-36%
Aid From Other Governmental Agencies	1,560,692	57%	35,216	2%
Charges for Current Services	369,715	13%	3,994	1%
Other Revenues	61,862	2%	4,839	8%
Total Revenues	<u>\$ 2,742,383</u>	<u>100%</u>	<u>\$ 47,006</u>	

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

Even though, Property Tax revenues stayed stagnant, taxes increased by \$11,841, mainly due to a surge in sales tax revenue during fiscal year 2011-12, including the one-half percent sales tax for public safety activities, which was imposed by Proposition 172, effective as of January 1, 1994.

Aid from other governmental agencies increased by a total of \$35,216. Increases in State Aid for the Adelanto Detention Center Expansion in the amount of \$47,735 in the Capital Improvement fund and \$14,305 in the General Fund for Health and Welfare Realignment Growth apportionment along with an \$8,285 increase in Community Development & Housing from federal grants for the Neighborhood Stabilization Program, were partially offset by a decrease in Mental Health Services Act of \$24,282 from prior year.

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

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

Expenditures	Fiscal year 2011-12		Over (Under) Fiscal Year 2010-11	
	Amount	Percent of Total	Amount Changed	Percent
Current:				
General Government	\$ 145,634	5%	\$ (8,357)	-6%
Public Protection	905,548	33%	21,911	2%
Public Ways and Facilities	75,144	3%	(8,779)	-12%
Health and Sanitation	284,652	11%	6,495	2%
Public Assistance	966,485	36%	(27,708)	-3%
Education	15,824	1%	(2,003)	-13%
Recreation and Cultural Services	21,082	1%	1,991	9%
Debt Service:				
Principal	124,338	5%	19,029	15%
Interest and Fiscal Charges	33,504	1%	(5,110)	-15%
Bond Issuance Costs	135	0%	(390)	N/A
Capital Outlay	116,050	4%	2,622	2%
Total Expenditures	<u>\$ 2,688,396</u>	<u>100%</u>	<u>\$ (299)</u>	

Total County governmental funds expenditures decreased \$299 from the prior year.

Public Protection expenditures increased by \$21,911 primarily due to increased costs associated with implementing AB 109 Realignment which shifted responsibility for certain adult offender populations to counties.

Public Assistance expenditures decreased by \$27,708 mostly in CalWORKS – All Other Families. The grant was cut 8% and changes to time limit requirements from 5 years to 4 years reduced the caseload approximately 3%.

Debt Service Principal expenditures increased by \$19,029 due to refunding the West Valley Detention Center Certificates of Participation bonds in the current fiscal year.

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

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

<b>Other Financing Sources (Uses)</b> <b>Governmental Funds</b>	<b>Fiscal Year</b> <b>2011-12</b>	<b>Over (Under) Fiscal year</b> <b>2010-11</b>	
	<b>Amount</b>	<b>Amount</b> <b>Changed</b>	<b>Percent</b>
Transfers Out	\$ (319,341)	\$ (43,197)	16%
Transfers In	279,257	9,498	4%
Long-Term Debt Issued	-	(36,300)	-100%
Refunding Debt Issued	51,585	51,585	N/A
Discount on Debt	-	1,141	-100%
Inception of Capital Lease Obligations	-	(1,290)	-100%
Sale of Capital Assets	1,708	(2,031)	-54%
<b>Total Other Financing Sources and (Uses)</b>	<b>\$ 13,209</b>	<b>\$ (20,594)</b>	

Total Other Financing Sources and (Uses) decreased by \$20,594. Components of the decrease include: increased Realignment contributions of \$36,396 to the Medical Center; Decrease in Long-Term Debt Issued of \$36,300 as new bonds were not issued during fiscal year 2011-12; Refunding Debt Issued increased by \$51,585 as a result of the West Valley Detention Center Refinancing Notes issued in March 2012.

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

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

	<b>Governmental Funds</b>			<b>Total</b> <b>Governmental</b> <b>Funds</b>
	<b>General Fund</b>	<b>Capital</b> <b>Improvement</b> <b>Fund</b>	<b>Other</b> <b>Governmental</b> <b>Funds</b>	
Revenues	\$ 2,151,662	\$ 58,389	\$ 532,332	\$ 2,742,383
Expenditures	(1,939,183)	(91,246)	(657,967)	(2,688,396)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	212,479	(32,857)	(125,635)	53,987
<b>Total Other Financing Sources and (Uses)</b>	<b>(160,974)</b>	<b>59,695</b>	<b>114,488</b>	<b>13,209</b>
<b>Net Changes In Fund Balance</b>				
Before Extraordinary Item	51,505	26,838	(11,147)	67,196
Extraordinary Item			(89,386)	(89,386)
<b>Net Changes In Fund Balance</b>	<b>51,505</b>	<b>26,838</b>	<b>(100,533)</b>	<b>(22,190)</b>
Fund Balance, July 1, 2011	498,349	105,742	605,290	1,209,381
<b>Fund Balance, June 30, 2012</b>	<b>\$ 549,854</b>	<b>\$ 132,580</b>	<b>\$ 504,757</b>	<b>\$ 1,187,191</b>

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

In fiscal year 2011-12, the fund balance of total governmental funds decreased by \$22,190. This decrease is the result of the dissolution of the County Redevelopment Agency pursuant to Assembly Bill 1X 26. Absent this extraordinary item; net Changes in fund balance, had increased by \$67,196.

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

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

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

	Business-Type Activities -- Enterprise Funds			Total Enterprise Funds
	Medical Center	Waste Systems Division	Other Enterprise Funds	
<b>Revenues</b>				
Net Patient Care and Services	\$ 376,004	\$ -	\$ -	\$ 376,004
Charges for Current Services	-	44,326	11,707	56,033
Other	8,423	11,688	1	20,112
Total Operating Revenues	<u>384,427</u>	<u>56,014</u>	<u>11,708</u>	<u>452,149</u>
<b>Operating Expenses</b>				
Professional Services	56,011	25,861	2,395	84,267
Salaries and Employee Benefits	208,480	6,737	5,474	220,691
Services and Supplies	162,203	30,494	3,646	196,343
Depreciation and Amortization	19,794	3,329	2,516	25,639
Other	1,296	-	664	1,960
Total Operating Expenses	<u>447,784</u>	<u>66,421</u>	<u>14,695</u>	<u>528,900</u>
Operating Income (Loss)	<u>(63,357)</u>	<u>(10,407)</u>	<u>(2,987)</u>	<u>(76,751)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Revenue	3,907	684	162	4,753
Interest Expense	(28,071)	(133)	(55)	(28,259)
Tax Revenue	-	-	2,674	2,674
Grant Revenue	38,481	928	314	39,723
Gain (Loss) on Sale of Capital Assets	-	(17)	-	(17)
Other Nonoperating Revenues	-	194	1,704	1,898
Other Nonoperating Expenses	(102)	-	(527)	(629)
Total Nonoperating Revenues (Expenses)	<u>14,215</u>	<u>1,656</u>	<u>4,272</u>	<u>20,143</u>
Income (Loss) Before Contributions and Transfers	(49,142)	(8,751)	1,285	(56,608)
Capital Contributions	18,820	-	-	18,820
Transfers to Other Funds	(10,536)	(294)	(1,710)	(12,540)
Transfers from Other Funds	53,049	-	453	53,502
Change in Net Assets	12,191	(9,045)	28	3,174
Net Assets, July 1, 2011	60,343	8,568	85,067	153,978
Net Assets, June 30, 2012	<u>\$ 72,534</u>	<u>\$ (477)</u>	<u>\$ 85,095</u>	<u>\$ 157,152</u>

The net increase of \$3,174 in net assets was primarily due to the following reasons:

- Total net assets of the Medical Center increased by \$12,191 as a result of increased realignment contributions for Medicare and Medicaid Services (CMS) in excess of increased staffing expenses due to higher volume of hospital operations. The contract for CMS was approved and started January 1, 2012.

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

- Total net assets of the Waste System Division decreased by \$9,045 primarily due to continued closure/post-closure and pollution remediation costs.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund final expenditure budget differs from the original budget by approximately 4%. A net decrease in appropriations of \$96,261 was approved during the fiscal year. The significant components of this net decrease are summarized below:

#### **Health and Sanitation**

- On May 22, 2012, the board adopted a budget amendment which decreased the Behavioral Health budget by \$9,269. This budget decrease reflects the elimination of vacant positions, the delaying of capital projects and postponement of a move from the City of Upland.
- On August 28, 2012, the board adopted a budget amendment which decreased the Public Health budget by \$6,267. This budget decrease reflects salary savings caused by several vacant positions remaining unfilled.
- On August 28, 2012, the board adopted a budget amendment which decreased the Health Care Administration budget by \$32,375. This budget decrease reflects lower debt service payment requirements.

#### **Public Assistance**

- On August 28, 2012, the board adopted a budget amendment which decreased the CalWorks budget by \$14,656. This budget decrease was due to a 1% decline in caseload.
- On August 28, 2012, the board adopted a budget amendment which decreased the Human Services budget by \$27,688. This budget decrease reflects salary and benefits savings due to the uncertainty of the State budget.

#### **Public Protection and Safety**

- On May 22, 2012, the board adopted a budget amendment which increased the Contingencies budget by \$11,781. This budget increase was due to receiving higher than expected revenue from the State for Probation and from higher than expected Prop 172.
- On August 28, 2012, the board adopted a budget amendment which decreased the Sheriff's Department budget by \$11,955. The budget decrease reflects salary savings caused by several vacant positions remaining unfilled and the postponement of fixed asset purchases.

General Government and Health and Sanitation account for the largest expenditure variances of \$60,939 and \$94,729, respectively between the final budget and actual expenditures. This is the result of the county wide plan to reduce salary and benefits and services and supplies due to the current economic condition. The following efforts contributed to the reduction in salaries and benefits: delays in hiring, maintaining positions vacant, and employee compensation reductions.

**The General fund budget to actual statement can be found on page 42 of this report.**

## Management's Discussion and Analysis

(Amounts in thousands)

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital assets

The County's total capital assets for governmental and business-type activities as of June 30, 2012 amounted to \$2,273,372. The County's total related debt used to acquire those assets as of June 30, 2012 amounted to \$617,703. This investment in capital assets less any related debt includes land, land use rights, improvements to land, structures and improvements, equipment and software, development-in-progress (DIP), and infrastructure, less bonds and capital leases payable related to those assets.

Major capital asset activity during the current fiscal year includes the following:

- Structures and Improvements increased approximately \$114,572 as a result of the completion of the following large projects: Central Juvenile Hall Facility Construction for the Probation department in the amount of \$57,699; Courthouse 303 Building Structural Seismic Retrofit and tenant improvements at a cost of \$26,717; Transitional Age Youth Center Building Remodel for the Behavioral Health department in the amount of \$6,403; and Crestline Library Building Construction in the amount of \$5,804.
- The Capital Improvement Fund has the Adelanto Jail Expansion Project in construction with a value in DIP of \$82,548.
- The Flood Control fund has various flood control channel facilities under construction with a DIP value of \$53,797. The flood control facilities are primarily comprised of the West State Street Drain in the amount of \$13,735; Cucamonga Basin #6 in the amount of \$11,652; Cactus Basin project in the amount of \$7,775; and San Timoteo Channel project in the amount of \$8,723.
- Infrastructure increased approximately \$35,823. Transportation completed infrastructure projects of road rehabilitation and construction, drainage improvements, sidewalk construction, paving dirt roads, and signal installations worth \$20,829. Flood Control completed the Sultana/Cypress Storm Drain/Interceptor project in the amount of \$14,645.
- The primary increases in Equipment and Software consist of a dispatch consoles project in the amount of \$5,414 and several software development projects amounting to \$7,866 completed in fiscal year 2011-12.

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)
	2012	2011	2012	2011	2012	2011	Percent of Change
Land	\$ 112,289	\$ 104,718	\$ 21,161	\$ 21,161	\$ 133,450	\$ 125,879	6.01%
Land Use Rights (non-amortizable)	14,739	12,777	351	351	15,090	13,128	14.95%
Land Use Rights (amortizable)	61	-	1,109	1,109	1,170	1,109	5.50%
Development in Progress	287,638	353,018	17,620	15,939	305,258	368,957	-17.26%
Improvement other than Buildings	211,170	199,429	235,207	227,627	446,377	427,056	4.52%
Structures and Improvements	758,978	647,054	562,542	559,894	1,321,520	1,206,948	9.49%
Equipment and Software	323,039	301,097	140,528	133,358	463,567	434,455	6.70%
Infrastructure	1,231,497	1,195,674	-	-	1,231,497	1,195,674	3.00%
Accumulated Depreciation	(1,221,006)	(1,153,135)	(423,551)	(398,923)	(1,644,557)	(1,552,058)	5.96%
Total	<u>\$ 1,718,405</u>	<u>\$ 1,660,632</u>	<u>\$ 554,967</u>	<u>\$ 560,516</u>	<u>\$ 2,273,372</u>	<u>\$ 2,221,148</u>	<u>2.35%</u>

Additional information on the County's capital assets can be found on Note 9 on pages 78-79 of this report.

## Management's Discussion and Analysis

(Amounts in thousands)

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

### Long-term debt

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

- Issuance of 2012 West Valley Detention Center Refinancing Notes in the amount of \$51,585. Outstanding Certificates of Participation totaling \$50,640 (West Valley Detention Center Series 2001A, Series 2001B and Series 2002A) were defeased with the proceeds from the new Refinancing Notes.
- As of January 31, 2012, the remaining principal balance of all County Redevelopment Agency debt (\$88,095) has been transferred to the Successor Agency private purpose trust fund pursuant to Assembly Bill 1X26.
- Principal payments made on Certificates of Participation, Bonds and Notes totaled \$148,285.
- The estimated liability for closure/postclosure care costs increased by \$6,982.
- The estimated liability for litigation and self-insured claims increased by \$15,998.
- The pollution remediation obligation increased by \$6,848.

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

	Governmental Activities		Business Activities		Total		Increase/ (decrease)
	2012	2011	2012	2011	2012	2011	Percent of Change
Certificates of Participation, Net	\$ 28,120	\$ 91,343	\$ 494,830	\$ 516,672	\$ 522,950	\$ 608,015	-13.99%
General Obligation Bonds	-	-	1,155	1,300	1,155	1,300	-11.15%
Revenue Bonds, Net	418,810	431,526	-	-	418,810	431,526	-2.95%
Other Bonds and Notes	589,719	646,567	1,748	1,811	591,467	648,378	-8.78%
Compensated Absences	169,428	156,941	17,512	15,397	186,940	172,338	8.47%
Termination Benefits Payable	2,667	3,905	235	353	2,902	4,258	-31.85%
Capital Lease Obligations	1,615	2,696	4,709	1,449	6,324	4,145	52.57%
Pollution Remediation Obligations	-	-	75,174	68,326	75,174	68,326	10.02%
Estimated Liability for							
Litigation and Self-Insured Claims	166,949	150,951	-	-	166,949	150,951	10.60%
Estimated Liability for Closure /							
Postclosure Care Cost	-	-	106,876	99,894	106,876	99,894	6.99%
Other Long-Term Liabilities	4,000	4,000	-	-	4,000	4,000	0.00%
Total	<u>\$ 1,381,308</u>	<u>\$ 1,487,929</u>	<u>\$ 702,239</u>	<u>\$ 705,202</u>	<u>\$ 2,083,547</u>	<u>\$ 2,193,131</u>	<u>-5.00%</u>

Additional information on the County's long-term debt can be found in Note 11 on pages 81-92 of this report.

### ECONOMIC FACTORS AND BUDGETING

The Board of Supervisor adopted the County's final budget on June 15, 2012. The budget plan uses no one-time monies to finance on-going costs and does not rely on the use of County reserves for on-going operations.

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

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

**(Amounts in thousands)**

In May 2011, a plan was implemented to eliminate the cumulative five-year structural deficit for fiscal years 2011-12 through 2015-16. The County has resolved the 2011-12 structural deficit. The 2012-13 adopted budget focuses on the remaining cumulative structural budget deficit through 2015-16, of which \$33.2 million pertains to 2012-13. Significant ongoing issues include declining revenues, previously negotiated salary and benefit increases, retirement cost increases, increased County Fire subsidies, and additional staffing requirements for the Adelanto Detention Center Expansion.

To address this deficit, the County Administrative Office developed a strategic plan, which includes the following measures:

- Defer funding the \$34.2 million needed to staff the Adult Detention Center. In the interim, work with the Sheriff/Coroner/Public Administrator to secure funding from non-general fund sources or transition a portion of staff from other County facilities to this facility
- Implement departmental reductions and achieve employee compensation reductions
- Increase AB 109 revenue for jailed prisoners
- Stop funding increased health care benefit costs when current labor agreements expires
- Reduce contributions to the 900 MHz Upgrade project and the base allocation to the Capital Improvement Program.

This strategic plan does not include potential impact the 2012-13 State Budget may have on the County due to its unpredictability.

The County has identified the following critical areas be addressed in 2012-13 in order to prevent unnecessary costs and risks:

- General Plan and Development Code updates, and development of Specific Plans or Community Plans
- System related upgrades, maintenance, and support costs
- Replacement of buildings beyond their useful life
- Public Works and County Fire funding shortfalls

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

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

# BASIC FINANCIAL STATEMENTS



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

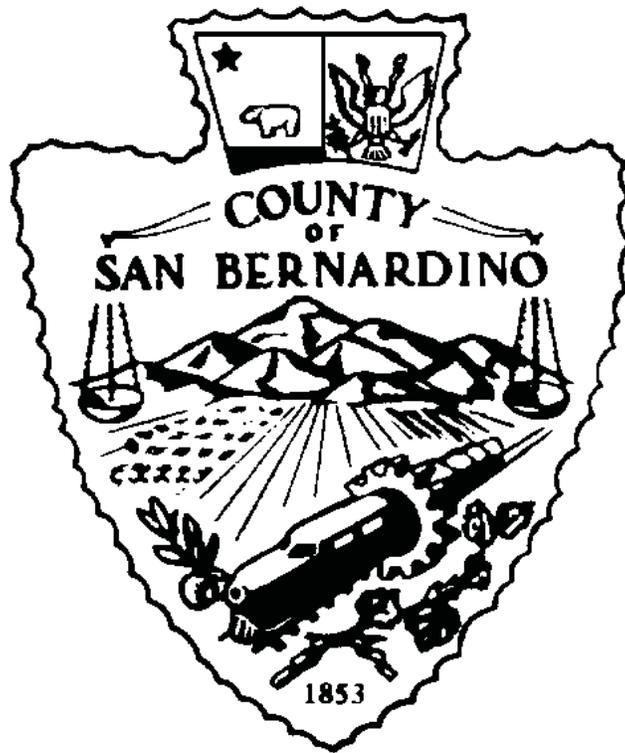
*County of San Bernardino*

# GOVERNMENT-WIDE FINANCIAL STATEMENTS



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

*County of San Bernardino*



**COUNTY OF SAN BERNARDINO  
STATEMENT OF NET ASSETS  
JUNE 30, 2012 (IN THOUSANDS)**

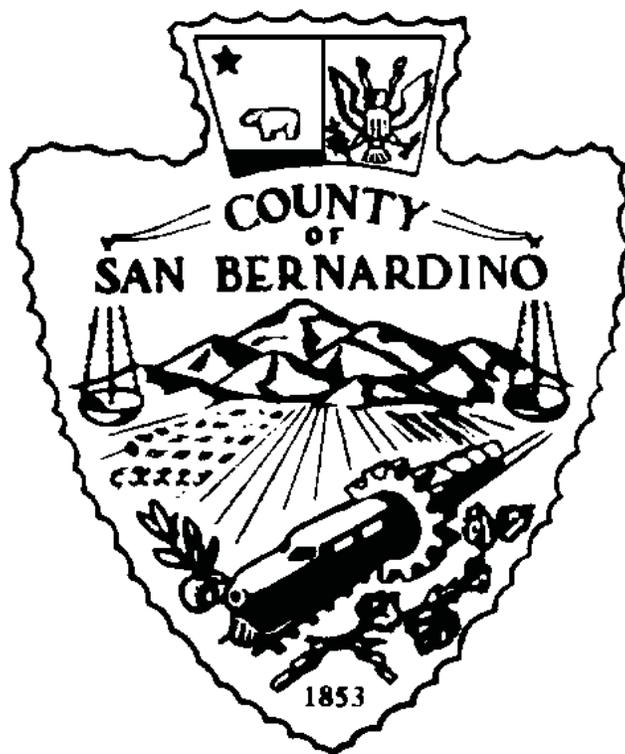
	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 SAN BERNARDINO
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 1,316,647	\$ 160,354	\$ 1,477,001	\$ 93,246
INVESTMENTS (NOTE 6)	2,127	-	2,127	-
ACCOUNTS RECEIVABLE, NET	6,042	46,561	52,603	-
TAXES RECEIVABLE	44,545	147	44,692	-
INTEREST RECEIVABLE	13,326	271	13,597	115
LOAN RECEIVABLE	68,632	162	68,794	-
OTHER RECEIVABLES	11,538	2,143	13,681	-
DUE FROM OTHER GOVERNMENTS	238,288	51,218	289,506	4,057
INTERNAL BALANCES	3,140	(3,140)	-	-
LAND HELD FOR RESALE	2,412	-	2,412	-
INVENTORIES	5,852	1,654	7,506	-
PREPAID ITEMS	6,344	3,561	9,905	33
DEFERRED CHARGES	5,870	4,962	10,832	-
RESTRICTED CASH AND INVESTMENTS (NOTES 6 & 8)	5,845	126,384	132,229	-
PREPAID PENSION ASSET	701,781	-	701,781	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:				
LAND (NOTE 9)	112,289	21,161	133,450	-
LAND USE RIGHTS (NOTE 9)	14,739	351	15,090	-
DEVELOPMENT IN PROGRESS (NOTE 9)	287,638	17,620	305,258	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
LAND USE RIGHTS (NOTE 9)	61	1,109	1,170	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 9)	2,201,645	797,749	2,999,394	-
EQUIPMENT AND SOFTWARE (NOTE 9)	323,039	140,528	463,567	-
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 9)	(1,221,006)	(423,551)	(1,644,557)	-
<b>TOTAL ASSETS</b>	<b>4,150,794</b>	<b>949,244</b>	<b>5,100,038</b>	<b>97,451</b>
<b>LIABILITIES</b>				
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	75,615	45,415	121,030	94
SALARIES AND BENEFITS PAYABLE	51,004	9,478	60,482	87
DUE TO OTHER GOVERNMENTS	42,891	23,305	66,196	5,599
INTEREST PAYABLE	11,590	10,807	22,397	-
UNEARNED REVENUE	9,512	848	10,360	-
NONCURRENT LIABILITIES:				
PORTION DUE PAYABLE IN ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	104,282	11,350	115,632	6
TERMINATION BENEFITS PAYABLE (NOTE 11)	1,229	117	1,346	-
BONDS AND NOTES PAYABLE (NOTE 11)	76,053	26,450	102,503	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 13)	873	1,264	2,137	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	8,275	8,275	-
ESTIMATED LIABILITY FOR CLOSURES POST-CLOSURE CARE COSTS (NOTES 11 & 16)	-	3,530	3,530	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 10 & 11)	37,793	-	37,793	-
PORTION DUE OR PAYABLE AFTER ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	65,146	6,162	71,308	132
TERMINATION BENEFITS PAYABLE (NOTE 11)	1,438	118	1,556	-
BONDS AND NOTES PAYABLE, NET (NOTE 11)	960,596	471,283	1,431,879	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 13)	742	3,445	4,187	-
OTHER LONG TERM LIABILITIES (NOTE 11)	4,000	-	4,000	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	66,899	66,899	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTES 11 & 16)	-	103,346	103,346	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 10 & 11)	129,156	-	129,156	-
<b>TOTAL LIABILITIES</b>	<b>1,571,920</b>	<b>792,092</b>	<b>2,364,012</b>	<b>5,918</b>
<b>NET ASSETS</b>				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	1,598,182	57,487	1,655,669	-
RESTRICTED FOR:				
GRANTS AND OTHER COUNTY PROGRAMS	713,175	-	713,175	-
PERPETUAL CARE - NONEXPENDABLE	1,704	-	1,704	-
DEBT SERVICE	-	42,044	42,044	-
LANDFILL CLOSURE	-	25,924	25,924	-
UNRESTRICTED	265,813	31,697	297,510	91,533
<b>TOTAL NET ASSETS</b>	<b>\$ 2,578,874</b>	<b>\$ 157,152</b>	<b>\$ 2,736,026</b>	<b>\$ 91,533</b>

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

COUNTY OF SAN BERNARDINO  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

FUNCTIONS/PROGRAMS	PRIMARY GOVERNMENT				COMPONENT UNIT
	PROGRAM REVENUES		NET (EXPENSE)/REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
<b>PRIMARY GOVERNMENT:</b>					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 156,960	\$ 152,268	\$ 29,249	\$ -	\$ 24,557
PUBLIC PROTECTION	957,600	220,028	190,394	14	(547,164)
PUBLIC WAYS AND FACILITIES	80,200	7,206	61,721	59,054	47,781
HEALTH AND SANITATION	291,415	23,298	268,409	-	292
PUBLIC ASSISTANCE	991,174	1,000	951,801	-	(38,373)
EDUCATION	16,905	979	457	-	(15,469)
RECREATION AND CULTURAL SERVICES	26,701	9,070	1,117	-	(16,514)
INTEREST ON LONG TERM DEBT	58,449	-	-	-	(58,449)
TOTAL GOVERNMENTAL ACTIVITIES	<u>2,579,404</u>	<u>413,849</u>	<u>1,503,148</u>	<u>59,068</u>	<u>(603,339)</u>
BUSINESS-TYPE ACTIVITIES:					
MEDICAL CENTER	475,957	376,004	46,904	18,820	(34,229)
WASTE SYSTEMS	66,571	56,014	928	-	(9,629)
WATER, SEWER, AND SANITATION	14,679	11,590	147	167	(2,775)
PARAMEDIC AND EMERGENCY	527	-	-	-	(527)
OTHERS	71	118	-	-	47
TOTAL BUSINESS-TYPE ACTIVITIES	<u>557,805</u>	<u>443,726</u>	<u>47,979</u>	<u>18,987</u>	<u>(47,113)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 3,137,209</u>	<u>\$ 857,575</u>	<u>\$ 1,551,127</u>	<u>\$ 78,055</u>	<u>(603,339)</u>
<b>COMPONENT UNIT</b>					
FIRST 5 SAN BERNARDINO	\$ 25,533	\$ -	\$ 22,932	\$ -	\$ -
GENERAL REVENUES:					
PROPERTY TAXES, LEVIED FOR GENERAL PURPOSES					501,676
PROPERTY TAXES, LEVIED FOR DEBT SERVICE					6,324
PUBLIC SAFETY TAX					133,581
SALES TAXES					24,555
OTHER TAXES					10,070
UNRESTRICTED REVENUES FROM USE OF MONEY AND PROPERTY					44,550
MISCELLANEOUS					63,887
GAIN ON SALE OF CAPITAL ASSETS					1,708
EXTRAORDINARY ITEM (NOTE 22)					(3,841)
TRANSFERS					(40,962)
TOTAL GENERAL REVENUES, EXTRAORDINARY ITEM AND TRANSFERS					782,510
CHANGE IN NET ASSETS					132,058
NET ASSETS - BEGINNING					2,603,968
NET ASSETS - ENDING					\$ 2,736,026
					\$ (2,601)

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



# FUND FINANCIAL STATEMENTS



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

*County of San Bernardino*



**COUNTY OF SAN BERNARDINO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2012 (IN THOUSANDS)**

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 355,033	\$ 130,094	\$ 510,379	\$ 995,506
INVESTMENTS (NOTE 6)	-	-	2,127	2,127
ACCOUNTS RECEIVABLE - NET	3,159	-	2,536	5,695
TAXES RECEIVABLE	39,310	-	5,235	44,545
INTEREST RECEIVABLE	13,455	-	7	13,462
LOAN RECEIVABLE	67,341	-	1,291	68,632
OTHER RECEIVABLES	11,283	-	255	11,538
DUE FROM OTHER FUNDS (NOTE 7)	29,704	3,291	20,021	53,016
DUE FROM OTHER GOVERNMENTS	199,350	11,837	25,808	236,995
LAND HELD FOR RESALE	549	-	1,863	2,412
INVENTORIES	1,390	-	78	1,468
PREPAID ITEMS	769	-	51	820
INTERFUND RECEIVABLE (NOTE 7)	2,708	-	133	2,841
RESTRICTED CASH AND INVESTMENTS (NOTES 6 & 8)	-	-	5,845	5,845
<b>TOTAL ASSETS</b>	<b>\$ 724,051</b>	<b>\$ 145,222</b>	<b>\$ 575,629</b>	<b>\$ 1,444,902</b>
<b>LIABILITIES AND FUND BALANCES</b>				
ACCOUNTS PAYABLE	\$ 33,797	\$ 12,451	\$ 23,237	\$ 69,485
SALARIES AND BENEFITS PAYABLE	41,528	-	8,060	49,588
DUE TO OTHER FUNDS (NOTE 7)	24,151	191	28,473	52,815
DUE TO OTHER GOVERNMENTS	36,034	-	6,828	42,862
UNEARNED AND DEFERRED REVENUE	38,687	-	4,005	42,692
INTERFUND PAYABLE (NOTE 7)	-	-	269	269
<b>TOTAL LIABILITIES</b>	<b>174,197</b>	<b>12,642</b>	<b>70,872</b>	<b>257,711</b>
<b>FUND BALANCES (NOTE 2):</b>				
NONSPENDABLE	72,307	-	1,833	74,140
RESTRICTED	240,833	-	472,342	713,175
COMMITTED	99,991	22,879	-	122,870
ASSIGNED	14,200	109,701	30,582	154,483
UNASSIGNED	122,523	-	-	122,523
<b>TOTAL FUND BALANCES</b>	<b>549,854</b>	<b>132,580</b>	<b>504,757</b>	<b>1,187,191</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 724,051</b>	<b>\$ 145,222</b>	<b>\$ 575,629</b>	
Amounts reported for governmental activities in the statement of net assets are different due to the following (Note 4):				
Capital assets used in governmental activities that are not financial resources and, therefore, not reported in the funds.				1,678,560
Other long-term assets that are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.				38,902
Prepaid Pension Asset				701,781
Internal service funds that are used by management to charge the costs of general services, telecommunication services, computer operations, vehicle services, risk management, and flood control equipment to individual funds.				
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.				192,584
Interest payable				(11,590)
Long-term liabilities, including bonds payables, that are not due and payable in the current period and, therefore not reported in the funds.				(1,208,554)
Net assets of governmental activities (page 36)				<b>\$ 2,578,874</b>

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

**COUNTY OF SAN BERNARDINO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)**

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>				
TAXES	\$ 576,693	\$ -	\$ 99,525	\$ 676,218
LICENSES, PERMITS, AND FRANCHISES	21,515	-	767	22,282
FINES, FORFEITURES, AND PENALTIES	9,418	-	8,552	17,970
REVENUE FROM USE OF MONEY AND PROPERTY	26,769	9	6,866	33,644
AID FROM OTHER GOVERNMENTAL AGENCIES	1,212,107	57,544	291,041	1,560,692
CHARGES FOR CURRENT SERVICES	281,708	281	87,726	369,715
OTHER REVENUES	23,452	555	37,855	61,862
<b>TOTAL REVENUES</b>	<b>2,151,662</b>	<b>58,389</b>	<b>532,332</b>	<b>2,742,383</b>
<b>EXPENDITURES</b>				
CURRENT:				
GENERAL GOVERNMENT	133,239	1,551	10,844	145,634
PUBLIC PROTECTION	721,589	-	183,959	905,548
PUBLIC WAYS AND FACILITIES	2,707	-	72,437	75,144
HEALTH AND SANITATION	187,566	-	97,086	284,652
PUBLIC ASSISTANCE	865,668	-	100,817	966,485
EDUCATION	3,086	-	12,738	15,824
RECREATION AND CULTURAL SERVICES	14,043	-	7,039	21,082
DEBT SERVICE:				
PRINCIPAL	405	-	123,933	124,338
INTEREST AND FISCAL CHARGES	865	-	32,639	33,504
BOND ISSUANCE COSTS	-	-	135	135
CAPITAL OUTLAY	10,015	89,695	16,340	116,050
<b>TOTAL EXPENDITURES</b>	<b>1,939,183</b>	<b>91,246</b>	<b>657,967</b>	<b>2,688,396</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	212,479	(32,857)	(125,635)	53,987
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS OUT (NOTE 7)	(217,214)	(11,215)	(90,912)	(319,341)
TRANSFERS IN (NOTE 7)	55,330	70,910	153,017	279,257
REFUNDING DEBT ISSUED (NOTE 11)	-	-	51,585	51,585
SALE OF CAPITAL ASSETS	910	-	798	1,708
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>(160,974)</b>	<b>59,695</b>	<b>114,488</b>	<b>13,209</b>
NET CHANGES IN FUND BALANCE BEFORE EXTRAORDINARY ITEM	51,505	26,838	(11,147)	67,196
EXTRAORDINARY ITEM (NOTE 22)	-	-	(89,386)	(89,386)
NET CHANGES IN FUND BALANCE	51,505	26,838	(100,533)	(22,190)
FUND BALANCES, JULY 1, 2011	498,349	105,742	605,290	1,209,381
FUND BALANCES, JUNE 30, 2012	<u>\$ 549,854</u>	<u>\$ 132,580</u>	<u>\$ 504,757</u>	<u>\$ 1,187,191</u>
<b>NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL</b>				<b>\$ (22,190)</b>
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:				
Expenditures for general capital assets, infrastructure and other related capital asset adjustments			129,199	
Less current year depreciation.			<u>(73,486)</u>	55,713
Internal service funds are used by management to charge the costs of general service group, telecommunication service, computer operations, vehicle services, risk management, and flood control equipment.				
The net revenues of the internal service fund is reported within governmental activities.				
				(19,815)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.				
				8,997
Expenses in the statement of activities that do not require the use of current financial resources and therefore, are not reported as expenditure in the governmental fund.				
				(35,757)
Amortization of the Prepaid Pension Asset				
				(17,353)
Extraordinary item (Note 22)				
				85,545
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources of governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds, report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.				
This amount is the net effect of these differences in the treatment of long-term debt and related items.				
				<u>73,744</u>
Changes in net assets of governmental activities (page 37)				
				<u>\$ 128,884</u>

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

COUNTY OF SAN BERNARDINO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL ON A BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
<b>REVENUES</b>				
TAXES	\$ 555,693	\$ 566,244	\$ 576,693	\$ 10,449
LICENSES, PERMITS AND FRANCHISES	18,849	20,580	21,515	935
FINES, FORFEITURES AND PENALTIES	9,615	8,556	9,418	862
REVENUES FROM USE OF MONEY AND PROPERTY	36,651	34,544	26,769	(7,775)
AID FROM OTHER GOVERNMENTAL AGENCIES	1,116,953	1,086,904	1,212,107	125,203
CHARGES FOR CURRENT SERVICES	367,305	306,367	281,708	(24,659)
OTHER REVENUES	17,351	24,890	23,452	(1,438)
<b>TOTAL REVENUES</b>	<b>2,122,417</b>	<b>2,048,085</b>	<b>2,151,662</b>	<b>103,577</b>
<b>EXPENDITURES:</b>				
CURRENT:				
GENERAL GOVERNMENT	188,360	194,540	133,601	60,939
PUBLIC PROTECTION	746,293	744,672	723,711	20,961
PUBLIC WAYS AND FACILITIES	2,855	2,776	2,707	69
HEALTH AND SANITATION	336,465	284,299	189,570	94,729
PUBLIC ASSISTANCE	918,167	866,739	866,075	664
EDUCATION	3,286	3,176	3,086	90
RECREATION AND CULTURAL SERVICES	14,483	14,122	14,144	(22)
DEBT SERVICE:				
PRINCIPAL	428	405	405	-
INTEREST AND FISCAL CHARGES	6,112	4,161	865	3,296
CAPITAL OUTLAY	14,884	20,182	9,708	10,474
<b>TOTAL EXPENDITURES</b>	<b>2,231,333</b>	<b>2,135,072</b>	<b>1,943,872</b>	<b>191,200</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(108,916)</b>	<b>(86,987)</b>	<b>207,790</b>	<b>294,777</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS OUT (NOTE 7)	(229,523)	(248,983)	(217,214)	31,769
TRANSFERS IN (NOTE 7)	82,400	82,733	55,330	(27,403)
SALE OF CAPITAL ASSETS	800	843	910	67
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>(146,323)</b>	<b>(165,407)</b>	<b>(160,974)</b>	<b>4,433</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(255,239)</b>	<b>(252,394)</b>	<b>46,816</b>	<b>299,210</b>
FUND BALANCES, JULY 1, 2011	493,849	493,849	493,849	-
<b>FUND BALANCES, JUNE 30, 2012</b>	<b>\$ 238,610</b>	<b>\$ 241,455</b>	<b>\$ 540,665</b>	<b>\$ 299,210</b>

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

**COUNTY OF SAN BERNARDINO  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2012 (IN THOUSANDS)**

	BUSINESS-TYPE ACTIVITIES -				GOVERNMENTAL
	ENTERPRISE FUNDS			TOTAL ENTERPRISE FUNDS	ACTIVITIES
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	OTHER ENTERPRISE FUNDS		INTERNAL SERVICE FUNDS
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 44,585	\$ 82,383	\$ 33,386	\$ 160,354	\$ 321,141
ACCOUNTS RECEIVABLE, NET	38,013	6,011	2,537	46,561	347
TAXES RECEIVABLE	-	-	147	147	-
INTEREST RECEIVABLE	271	-	-	271	-
OTHER RECEIVABLES	-	2,102	41	2,143	-
DUE FROM OTHER FUNDS (NOTE 7)	3,264	6	74	3,344	4,695
DUE FROM OTHER GOVERNMENTS	49,082	1,703	433	51,218	1,293
INVENTORIES	1,587	-	67	1,654	4,384
PREPAID ITEMS	3,286	275	-	3,561	5,832
RESTRICTED CASH AND CASH EQUIVALENTS (NOTES 6 & 8)	27,416	74,059	-	101,475	-
<b>TOTAL CURRENT ASSETS</b>	<b>167,504</b>	<b>166,539</b>	<b>36,685</b>	<b>370,728</b>	<b>337,692</b>
<b>NONCURRENT ASSETS:</b>					
NOTES RECEIVABLE	-	-	162	162	-
DEFERRED CHARGES	4,661	301	-	4,962	-
RESTRICTED CASH AND INVESTMENTS (NOTES 6 & 8)	24,909	-	-	24,909	-
<b>CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:</b>					
LAND (NOTE 9)	-	17,736	3,425	21,161	396
LAND USE RIGHTS (NOTE 9)	-	93	258	351	-
DEVELOPMENT IN PROGRESS (NOTE 9)	852	7,547	9,221	17,620	2,607
<b>CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:</b>					
LAND USE RIGHTS (NOTE 9)	-	105	1,004	1,109	-
STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 9)	566,916	159,585	71,248	797,749	9,654
EQUIPMENT AND SOFTWARE (NOTE 9)	137,557	1,463	1,508	140,528	98,014
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 9)	(281,681)	(108,741)	(33,129)	(423,551)	(70,826)
<b>TOTAL NONCURRENT ASSETS</b>	<b>453,214</b>	<b>78,089</b>	<b>53,697</b>	<b>585,000</b>	<b>39,845</b>
<b>TOTAL ASSETS</b>	<b>620,718</b>	<b>244,628</b>	<b>90,382</b>	<b>955,728</b>	<b>377,537</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	39,787	5,033	595	45,415	6,130
SALARIES AND BENEFITS PAYABLE	9,184	293	1	9,478	1,416
DUE TO OTHER FUNDS (NOTE 7)	2,846	2,316	750	5,912	2,328
DUE TO OTHER GOVERNMENTS	14,961	8,129	215	23,305	29
INTEREST PAYABLE	10,552	12	243	10,807	136
UNEARNED REVENUE	-	840	8	848	160
COMPENSATED ABSENCES PAYABLE (NOTE 11)	10,870	480	-	11,350	2,872
TERMINATION BENEFITS PAYABLE (NOTE 11)	111	6	-	117	62
BONDS AND NOTES PAYABLE (NOTE 11)	18,140	8,045	265	26,450	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 13)	1,264	-	-	1,264	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	8,275	-	8,275	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTES 11 & 16)	-	3,530	-	3,530	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 10 & 11)	-	-	-	-	37,793
<b>TOTAL CURRENT LIABILITIES</b>	<b>107,715</b>	<b>36,959</b>	<b>2,077</b>	<b>146,751</b>	<b>50,926</b>
<b>NONCURRENT LIABILITIES:</b>					
INTERFUND PAYABLE (NOTE 7)	-	-	572	572	2,000
COMPENSATED ABSENCES PAYABLE (NOTE 11)	5,695	467	-	6,162	2,809
TERMINATION BENEFITS PAYABLE (NOTE 11)	112	6	-	118	62
BONDS AND NOTES PAYABLE (NOTE 11)	431,217	37,428	2,638	471,283	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 13)	3,445	-	-	3,445	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	66,899	-	66,899	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTES 11 & 16)	-	103,346	-	103,346	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 10 & 11)	-	-	S-	-	129,156
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>440,469</b>	<b>208,146</b>	<b>3,210</b>	<b>651,825</b>	<b>134,027</b>
<b>TOTAL LIABILITIES</b>	<b>548,184</b>	<b>245,105</b>	<b>5,287</b>	<b>798,576</b>	<b>184,953</b>
<b>NET ASSETS</b>					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	(25,761)	32,616	50,632	57,487	39,845
<b>RESTRICTED FOR:</b>					
DEBT SERVICE	42,044	-	-	42,044	-
LANDFILL CLOSURE COSTS	-	25,924	-	25,924	-
<b>UNRESTRICTED</b>	<b>56,251</b>	<b>(59,017)</b>	<b>34,463</b>	<b>31,697</b>	<b>152,739</b>
<b>TOTAL NET ASSETS</b>	<b>\$ 72,534</b>	<b>\$ (477)</b>	<b>\$ 85,095</b>	<b>\$ 157,152</b>	<b>\$ 192,584</b>

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

COUNTY OF SAN BERNARDINO  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
	MEDICAL CENTER	WASTE SYSTEM DIVISION	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
OPERATING REVENUES:					
NET PATIENT CARE AND SERVICE	\$ 376,004	\$ -	\$ -	\$ 376,004	\$ -
CHARGES FOR CURRENT SERVICES	-	44,326	11,707	56,033	146,444
OTHER	8,423	11,688	1	20,112	-
TOTAL OPERATING REVENUES	384,427	56,014	11,708	452,149	146,444
OPERATING EXPENSES:					
PROFESSIONAL SERVICES	56,011	25,861	2,395	84,267	20,005
SALARIES AND EMPLOYEE BENEFITS	208,480	6,737	5,474	220,691	34,175
SELF-INSURANCE CLAIMS	-	-	-	-	58,008
SERVICES AND SUPPLIES	162,203	30,494	3,646	196,343	50,003
DEPRECIATION AND AMORTIZATION	19,794	3,329	2,516	25,639	8,670
OTHER	1,296	-	664	1,960	544
TOTAL OPERATING EXPENSES	447,784	66,421	14,695	528,900	171,405
OPERATING INCOME (LOSS)	(63,357)	(10,407)	(2,987)	(76,751)	(24,961)
NONOPERATING REVENUES (EXPENSES)					
INTEREST REVENUE	3,907	684	162	4,753	1,538
INTEREST EXPENSE	(28,071)	(133)	(55)	(28,259)	(149)
TAX REVENUE	-	-	2,674	2,674	-
GRANT REVENUE	38,481	928	314	39,723	347
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	-	(17)	-	(17)	325
OTHER NONOPERATING REVENUES	-	194	1,704	1,898	3,963
OTHER NONOPERATING EXPENSES	(102)	-	(527)	(629)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	14,215	1,656	4,272	20,143	6,024
CHANGE IN NET ASSETS BEFORE CONTRIBUTIONS AND TRANSFERS	(49,142)	(8,751)	1,285	(56,608)	(18,937)
CAPITAL CONTRIBUTIONS	18,820	-	-	18,820	-
TRANSFERS OUT (NOTE 7)	(10,536)	(294)	(1,710)	(12,540)	(3,297)
TRANSFERS IN (NOTE 7)	53,049	-	453	53,502	2,419
CHANGE IN NET ASSETS	12,191	(9,045)	28	3,174	(19,815)
TOTAL NET ASSETS, JULY 1, 2011	60,343	8,568	85,067	153,978	212,399
TOTAL NET ASSETS, JUNE 30, 2012	\$ 72,534	\$ (477)	\$ 85,095	\$ 157,152	\$ 192,584

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

COUNTY OF SAN BERNARDINO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES --	
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
CASH RECEIVED FROM PATIENT CARE AND SERVICES	\$ 368,458	\$ 58,145	\$ 13,778	\$ 440,381	\$ 148,547
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(190,302)	(37,542)	(6,860)	(234,704)	(112,752)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(204,483)	(6,728)	(5,473)	(216,684)	(33,608)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(26,327)	13,875	1,445	(11,007)	2,187
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
TAXES RECEIVED	-	-	2,630	2,630	-
GRANTS RECEIVED	38,481	928	314	39,723	-
TRANSFERS RECEIVED	53,049	-	453	53,502	2,419
TRANSFERS PAID	(10,536)	(294)	(338)	(11,168)	(3,297)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	80,994	634	3,059	84,687	(878)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(4,562)	(7,837)	(2,174)	(14,573)	(9,163)
CAPITAL CONTRIBUTION	18,820	-	-	18,820	-
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	(1,392)	-	-	(1,392)	-
PRINCIPAL PAID ON BONDS AND NOTES	(14,767)	(7,470)	(208)	(22,445)	-
INTEREST PAID ON BONDS AND NOTES	(28,306)	(128)	(235)	(28,669)	-
INTEREST PAID	-	-	-	-	(13)
GRANT REVENUE	-	-	-	-	347
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	4	-	4	404
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(30,207)	(15,431)	(2,617)	(48,255)	(8,425)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
INTEREST ON INVESTMENTS	3,636	684	162	4,482	1,538
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,636	684	162	4,482	1,538
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	28,096	(238)	2,049	29,907	(5,578)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	68,814	156,680	31,337	256,831	326,719
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 96,910	\$ 156,442	\$ 33,386	\$ 286,738	\$ 321,141
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
OPERATING INCOME (LOSS)	\$ (63,357)	\$ (10,407)	\$ (2,987)	\$ (76,751)	\$ (24,961)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
DEPRECIATION AND AMORTIZATION	19,794	3,329	2,516	25,639	8,670
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	(102)	194	1,177	1,269	3,963
CHANGES IN ASSETS AND LIABILITIES:					
ACCOUNTS RECEIVABLE	(4,861)	246	770	(3,845)	528
DUE FROM OTHER FUNDS	(1,468)	25	-	(1,443)	(2,776)
DUE FROM OTHER GOVERNMENTS	(9,640)	72	(425)	(9,993)	476
OTHER RECEIVABLES	-	1,594	-	1,594	-
INVENTORIES	(209)	-	(14)	(223)	(1,766)
PREPAID ITEMS	318	797	-	1,115	816
ACCOUNTS PAYABLE AND OTHER LIABILITIES	11,982	876	369	13,227	685
SALARIES AND BENEFITS PAYABLE	1,995	14	1	2,010	130
DUE TO OTHER FUNDS	2,258	203	-	2,461	-
DUE TO OTHER GOVERNMENTS	14,961	3,107	38	18,106	(13)
ESTIMATED LIABILITIES FOR LITIGATION AND SELF-INSURANCE CLAIMS	-	6,982	-	6,982	15,998
POLLUTION REMEDIATION OBLIGATION	-	6,848	-	6,848	-
COMPENSATED ABSENCES PAYABLE	2,114	1	-	2,115	499
TERMINATION BENEFITS PAYABLE	(112)	(6)	-	(118)	(62)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (26,327)	\$ 13,875	\$ 1,445	\$ (11,007)	\$ 2,187
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
The capital lease obligation of \$4,652 was incurred when the Medical Center entered into an equipment lease agreement.					
<b>BREAKDOWN OF CASH AND CASH EQUIVALENTS</b>					
CASH AND CASH EQUIVALENTS	\$ 44,585	\$ 82,383	\$ 33,386	\$ 160,354	\$ 321,141
RESTRICTED CASH AND INVESTMENTS	52,325	74,059	-	126,384	-
TOTAL	\$ 96,910	\$ 156,442	\$ 33,386	\$ 286,738	\$ 321,141

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, 2012 (IN THOUSANDS)**

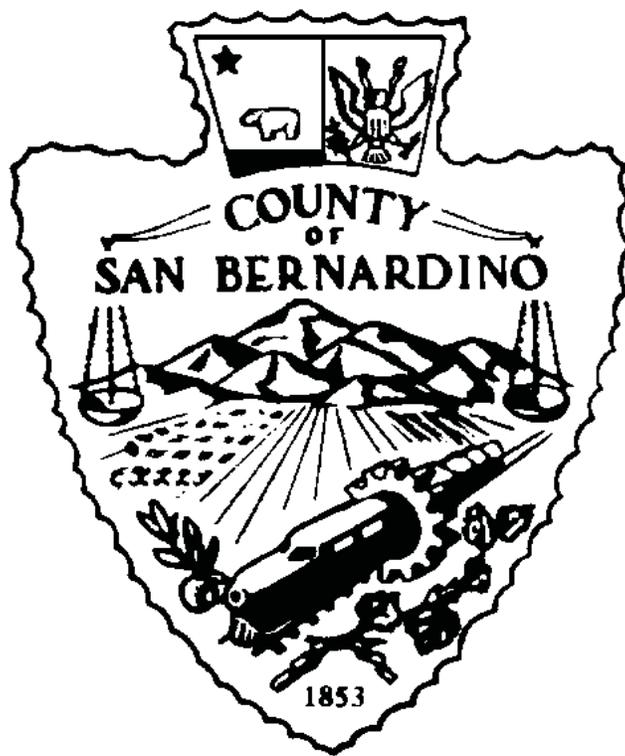
	<u>INVESTMENT TRUST FUND</u>	<u>PRIVATE- PURPOSE TRUST FUND</u>	<u>AGENCY</u>
<b>ASSETS</b>			
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 1,956,216	\$ 73,450	\$ 267,844
ACCOUNTS RECEIVABLE - NET	150	-	22,886
TAXES RECEIVABLE	-	-	108,300
INTEREST RECEIVABLE	9	-	-
LOANS RECEIVABLE	45	-	-
DUE FROM OTHER GOVERNMENTS	3,049	75	31,357
LAND HELD FOR RESALE	-	21,621	-
PREPAID ITEMS	238	-	-
RESTRICTED CASH AND CASH EQUIVALENTS (NOTE 6)	-	6,933	-
DEFERRED CHARGES	-	2,296	-
EQUIPMENT	-	24	-
ACCUMULATED DEPRECIATION	-	(20)	-
TOTAL ASSETS	<u>1,959,707</u>	<u>104,379</u>	<u>430,387</u>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE	-	10	\$ -
DUE TO OTHER GOVERNMENTS	-	906	430,387
INTEREST PAYABLE	-	4,168	-
LOANS PAYABLE	-	10,415	-
BONDS PAYABLE	-	87,884	-
TOTAL LIABILITIES	<u>-</u>	<u>103,383</u>	<u>\$ 430,387</u>
<b>NET ASSETS</b>			
NET ASSETS HELD IN TRUST	<u>\$ 1,959,707</u>	<u>\$ 996</u>	

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

**COUNTY OF SAN BERNARDINO**  
**STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)**

	<b>INVESTMENT TRUST FUND</b>	<b>PRIVATE- PURPOSE TRUST FUND</b>
<b>ADDITIONS:</b>		
CONTRIBUTIONS:		
CONTRIBUTIONS ON POOLED INVESTMENTS	\$ 8,665,167	\$ -
PROPERTY TAXES AND REDEVELOPMENT AGENCY PROPERTY TAX TRUST FUND	-	3,561
OTHER REVENUES	-	385
TOTAL CONTRIBUTIONS	<u>8,665,167</u>	<u>3,946</u>
INTEREST AND INVESTMENT REVENUE:		
NET INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENTS	(2,546)	84
INTEREST INCOME ON CASH AND SECURITIES	11,874	148
TOTAL INTEREST AND INVESTMENT REVENUES	<u>9,328</u>	<u>232</u>
TOTAL ADDITIONS	<u>8,674,495</u>	<u>4,178</u>
<b>DEDUCTIONS:</b>		
DISTRIBUTION FROM POOLED INVESTMENTS	9,086,967	-
DISTRIBUTION AND OBLIGATION RETIREMENTS	-	6,664
ADMINISTRATIVE EXPENSES	-	359
TOTAL DEDUCTIONS	<u>9,086,967</u>	<u>7,023</u>
CHANGE IN NET ASSETS BEFORE EXTRAORDINARY ITEM	(412,472)	(2,845)
EXTRAORDINARY ITEM (NOTE 22):		
NET ASSETS RECEIVED UPON DISSOLUTION OF REDEVELOPMENT AGENCY	-	3,841
TOTAL EXTRAORDINARY ITEM	<u>-</u>	<u>3,841</u>
CHANGE IN NET ASSETS	(412,472)	996
NET ASSETS HELD IN TRUST - BEGINNING	2,372,179	-
NET ASSETS HELD IN TRUST - ENDING	<u>\$ 1,959,707</u>	<u>\$ 996</u>

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



# NOTES TO THE BASIC FINANCIAL STATEMENTS



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

*County of San Bernardino*

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Amounts in thousands)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The County of San Bernardino (County), which was established by an act of the State Legislature on April 26, 1853, is a legal subdivision of the State of California charged with governmental powers. The County's powers are exercised through a five-member Board of Supervisors (Board) which, as the governing body of the County, is responsible for the legislative and executive control of the County. As required by generally accepted accounting principles (GAAP), the accompanying financial statements present the activities of the County (the primary government) and its component units.

**Blended Component Units**

Because of their relationship with the County and the nature of their operations, component units are, in substance, part of the County's operations and, accordingly, the activities of these component units are combined, or blended, with the activities of the County for purposes of reporting in the accompanying basic financial statements. The basis for blending the component units is that their governing bodies are substantially the same as the County's Board.

While each of these component units is legally separate from the County, the County is financially accountable for these entities. Financial accountability is demonstrated by the County's Board acting as the governing board for each of the component units.

The component units discussed below are included in the County's reporting entity because of the significance or their operational or financial relationships with the County.

- Fire Protection Districts
- Flood Control District
- Park and Recreation Districts
- County Service Areas
- Various Joint Powers Authorities (JPAs)
- Inland Empire Public Facilities Corporation, created for the benefit of the County
- San Bernardino County Financing Authority
- Redevelopment Agency of the County of San Bernardino (RDA) from July 1, 2011 to February 1, 2012

Additional detailed financial information, including separately issued financial statements of the County's component units, can be obtained from the Auditor-Controller/Treasurer/Tax Collector's Office at 222 W. Hospitality Lane, San Bernardino, CA 92415-0018.

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This impacted the County that previously had reported a redevelopment agency within the reporting entity of the County as a blended component unit. In accordance with the timeline set forth in the Bill, the Successor Agency to the Redevelopment Agency of the County of San Bernardino (Successor Agency) was created, and all of the assets, liabilities and obligations of the former RDA were transferred to the Successor Agency on February 1, 2012 (Note 23). The Successor Agency is not a component unit of the County and it is reported as private purpose trust fund.

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Amounts in thousands)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Discretely Presented Component Unit**

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

**B. Government-wide and fund financial statements**

The basic financial statements consist of the following:

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

*Government-wide Financial Statements*

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

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

*Fund Financial Statements*

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund group classification – governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Amounts in thousands)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The County reports the following major governmental funds:

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

The County reports the following major enterprise funds:

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

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

- *Internal Service Funds* account for central services group that provides services to other departments or agencies of the County on a cost reimbursement basis. Central services group includes printing services, central mail, telecommunication services, computer operations, vehicle services, risk management, and flood control equipment operations.
- The *Investment Trust Fund* accounts for the pooled investments of numerous self-governed school and special districts for which cash and investments are held by the County Treasurer. The financial reporting for these governmental entities, which are independent of the County, is limited to the total amount of cash and investments and other assets, and the related fiduciary responsibility of the County for disbursements of these assets. Activities of the school districts and special districts are administered by their own separate elected boards and are independent of the County Board of Supervisors. The County Auditor-Controller makes disbursements upon the request of the responsible school and self-governed district officers. The County Board of Supervisors has no effective authority to govern, manage, approve budgets, assume financial responsibility, establish revenue limits, or to appropriate surplus funds available in these entities. Therefore, these entities are fiscally independent of the County.

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Amounts in thousands)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- The *Private Purpose Trust Fund* accounts for the San Bernardino Redevelopment Successor Agency (Successor Agency) which operates under the auspices of a legislatively formed Oversight Board comprised of representatives of the local agencies that serve the redevelopment project area. The Oversight Board, in its fiduciary capacity, has authority over the operations and the timely dissolution of the former RDA. It is tasked with fulfilling the obligations of the former RDA, and is also responsible for revenue collection, maintaining necessary bond reserves and disposing of excess property.
- The *Agency Funds* are custodial in nature and do not involve measurement of results of operations. Such funds primarily account for assets held by the County in an agency capacity pending transfer or distribution to individuals, private organizations, other governmental agencies, or other funds.

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

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. In the fund financial statements, property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year-end. Property taxes are recorded as deferred revenue when not received within sixty days after fiscal year-end. In the government-wide financial statements, property taxes are recorded as revenue when levied regardless of when the cash is collected. Sales taxes, interest, and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period, and recognized as revenue. The County considers items available if received within 9 months of year end, for voluntary non-exchange transactions such as federal and state grants. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

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

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Amounts in thousands)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fiduciary funds include all Trust and Agency Funds, which account for assets held in a trustee or an agency capacity for individuals, private organizations, or other governments.

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

**D. Assets, Liabilities, and Net Position**

**(a) Cash and Cash Equivalents**

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

**(b) Investments**

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

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

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

The \$46,561 accounts receivable balance in the Business-Type Activities column of the statement of net assets at June 30, 2012 is due to the \$38,013 accounts receivable of the Medical Center, net of an allowance for doubtful accounts of \$229,441; the \$6,011 accounts receivable of the Waste System Division; and the \$2,537 accounts receivable of the County Service Areas respectively. These funds are reflected as part of the business-type activities on the statement of net assets.

The \$44,545 taxes receivable balance in the Governmental Activities column of the statement of net assets at June 30, 2012 is net of an allowance of doubtful accounts of \$533.

The \$68,632 loans receivable balance in the Governmental Activities column of the statement of net assets is accrued. Of this amount, \$42,806 represents the Teeter advance receivable, \$1,392 is due from other various agencies, \$14,019 represents a County loan to the Adelanto City Redevelopment Successor Agency, and \$10,415 represents a County loan to the County Redevelopment Successor Agency. This amount is also recorded as a loan payable in the Private-Purpose Trust fund since all obligations previously due by the former County Redevelopment Agency were transferred to the County Redevelopment Successor Agency pursuant to AB 1X 26 and 1484. This receivable and payable were previously reported as interfund receivable and payable prior to the RDA dissolution as of February 1, 2012.

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Amounts in thousands)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The \$13,326 interest receivable in the Governmental Activities column of the statement of net assets is accrued. Of this amount, \$10,538 is due from the Adelanto City Redevelopment Successor Agency and \$2,359 is due from the County Redevelopment Successor Agency.

The \$11,538 other receivables in the Governmental Activities column of the statement of net assets are accrued for amounts due to the County that do not specifically relate to one of the above receivable accounts. This amount is primarily due to delinquent penalties, redemption penalties and redemption interest related to Teeter advance receivable.

**(d) Due From Other Governments**

At June 30, 2012, the Governmental Funds accrued \$236,995 of receivables from other governments, of which, \$175,066 was due from the State of California. Of the amount owed by the State, \$50,648 was for health care services, \$39,609 was for public social services, \$50,443 was for motor vehicle license fees and sales tax monies, and the remaining \$34,366 was for other services. The remaining amount of \$61,929 was due from the federal government and other governmental agencies. Governmental activities balance is \$238,288 and Business-Type is \$51,218.

**(e) Land Held for Resale**

Land held for resale is an asset acquired and held with the intent of sale, and is recorded 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, 2012, the County's land held for resale is being carried at \$2,412.

The \$21,621 land held for resale balance in the Private Purpose Trust Fund is an asset held by the Successor Agency. Approval of the sale and distribution of all Successor Agency assets including land held for resale are now controlled by the Oversight Board.

**(f) Inventories and Prepaid Items**

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

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

**(g) Capital Assets**

Capital assets, which include land, structures and improvements, equipment, software, land use rights including easement/right-of-way, and infrastructure assets (roadways, bridges, roadway signage, guardrails, drainage systems, traffic lights, dams, and flood control), are reported in the applicable governmental or

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Amounts in thousands)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

business-type activities columns in the government-wide financial statements. These capital assets have initial useful lives extending beyond a single reporting period.

Such assets are recorded at historical cost or estimated historical cost if purchased or developed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

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

**(h) Unearned and Deferred Revenue**

In the fund financial statements, governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Amounts in thousands)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

At June 30, 2012, the various components of deferred revenue and unearned revenue reported in the governmental funds and governmental activities were as follows:

<b>Governmental Funds</b>	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Developer Deposits	\$ -	\$ 5,061	\$ 5,061
Property Tax Receivable	16,062	-	16,062
Due from governmental agencies	13,201	4,346	17,547
Due from other agencies	-	17	17
Nonmajor funds			
Property Tax Receivable	3,769	-	3,769
Due from governmental agencies	-	213	213
Due from other agencies	-	23	23
Total Governmental Funds	<u>33,032</u>	<u>9,660</u>	<u>42,692</u>
<b>Internal Service Funds</b>			
Telecommunication Services	-	17	17
Risk Management	-	143	143
Total Internal Service Funds	<u>-</u>	<u>160</u>	<u>160</u>
<b>Government-wide Reconciliation</b>			
Property Tax Receivable	(19,831)	-	(19,831)
Due from governmental and other agencies	(13,201)	-	(13,201)
Eliminations	-	(308)	(308)
Total Government-wide Reconciliation	<u>(33,032)</u>	<u>(308)</u>	<u>(33,340)</u>
Total Governmental Activities	<u>\$ -</u>	<u>\$ 9,512</u>	<u>\$ 9,512</u>

**(i) Employee Compensated Absences**

Compensated employee absences (vacation, compensatory time off, annual leave, perfect attendance leave, and sick leave) are accrued as an expense and liability in the proprietary funds when incurred. In the governmental funds, only those amounts that are due and payable at year-end are accrued. Compensated employee absences that exceed this amount represent a reconciling item between the fund and government-wide presentations.

**(j) Termination Benefits**

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

**(k) Pollution Remediation Obligations**

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

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(l) Long-term Obligations**

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

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

**(m) Interfund Transactions**

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

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

**(n) Net Assets/Fund Balances**

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

- *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets as well as any premium or discount paid on debt reduce the balance in this category.
- *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

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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, 2012, the County reported restricted net assets of \$714,879 in the Governmental Activities restricted for the following purposes:

Restricted for:	Amount
State Realignment Funds	\$ 188,942
Permanent Funds: Nonexpendable	1,704
Teeter Plan	11,314
Grants and Other County Programs	512,919
	\$ 714,879

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

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

**(o) Property Taxes**

The County levies, collects, and apportions property taxes for all taxing jurisdictions within the County, including school and special districts. Property taxes are determined by applying approved rates to the assessed values of properties. The total 2011-12 gross assessed valuation of the County of San Bernardino was \$116,875,970 (after deducting \$48,606,183 for the redevelopment tax allocation increment and \$1,842,311 for the homeowner’s exemption value).

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

Secured property taxes are levied in two equal installments, November 1 and February 1. They become delinquent with penalties after December 10 and April 10, respectively. The lien date is January 1 of each year. Unsecured property taxes are due on the March 1 lien date and become delinquent with penalties after August 31. The term “unsecured” refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed.

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(p) Use of Estimates**

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

**(q) Implemented Accounting Pronouncements**

**Governmental Accounting Standards Board Statement No. 57**

During fiscal year 2012, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 57, *Accounting and Financial Reporting for OPEB Measurements by Agent Employers and Agent Multiple-Employer Plan*. This statement had no impact to the financial statements. There were no postemployment benefits other than pensions during fiscal year 2011-12.

**Governmental Accounting Standards Board Statement No. 64**

During fiscal year 2012, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 64, *Accounting and Financial Reporting for Derivative Instruments: Application of Hedge Accounting Termination Provisions*. This statement had no impact to the financial statements.

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Amounts in thousands)**

**NOTE 2 – FUND BALANCES**

**Fund Balance Policy**

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

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

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

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**  
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**NOTE 2 – FUND BALANCES (CONTINUED)**

The County Board of Supervisors establishes, modifies or rescinds fund balance commitments by passage of a resolution.

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

**General Purpose Reserve and Mandatory Contingencies Reserve**

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

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

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

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

**Fund Balance Spend Down and Replenish Procedure**

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

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

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

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**  
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**NOTE 2 – FUND BALANCES (CONTINUED)**

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

As of June 30, 2012, the County's General Purposes Reserve is \$65,235 which is included in the Unassigned Fund Balance as determined by the Fund Balance Policy.

Details of Fund Balance Classifications are as follows:

	General Fund	Capital Improvement Fund	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	Nonmajor Permanent Funds	Total
<b>Nonspendable:</b>							
Loan Receivable	\$ 67,341	\$ -		\$ -	\$ -	\$ -	\$ 67,341
Noncurrent Interfund Receivable	2,258	-	-	-	-	-	2,258
Land held for resale	549	-	-	-	-	-	549
Prepaid Items and Inventories	2,159	-	129	-	-	-	2,288
Endowments	-	-	-	-	-	1,704	1,704
<b>Total Nonspendable Fund Balance</b>	<b>72,307</b>	<b>-</b>	<b>129</b>	<b>-</b>	<b>-</b>	<b>1,704</b>	<b>74,140</b>
<b>Restricted for:</b>							
General Government Purposes	11,314	-	31,240	43,187	1,207	-	86,948
Public Protection and Safety	14,533	-	149,266	-	6,079	-	169,878
Public Ways and Facilities	-	-	88,020	-	-	-	88,020
Health Programs	111,564	-	103,025	-	-	-	214,589
Public Assistance	103,422	-	35,915	-	-	-	139,337
Education	-	-	1,527	-	-	-	1,527
Recreation and Cultural Services	-	-	5,613	-	7,263	-	12,876
<b>Total Restricted Fund Balance</b>	<b>240,833</b>	<b>-</b>	<b>414,606</b>	<b>43,187</b>	<b>14,549</b>	<b>-</b>	<b>713,175</b>
<b>Committed to:</b>							
Debt Service	32,075	-	-	-	-	-	32,075
Future Space Needs	22,879	-	-	-	-	-	22,879
Teeter Plan	13,396	-	-	-	-	-	13,396
Property Tax System	9,000	-	-	-	-	-	9,000
Future Retirement	8,500	-	-	-	-	-	8,500
Capital Improvement Programs	-	22,879	-	-	-	-	22,879
Fire Protection Facilities	4,000	-	-	-	-	-	4,000
Earned Leave	3,596	-	-	-	-	-	3,596
Insurance	3,000	-	-	-	-	-	3,000
Restitution	1,545	-	-	-	-	-	1,545
Revolving Loan Program	2,000	-	-	-	-	-	2,000
<b>Total Committed Fund Balance</b>	<b>99,991</b>	<b>22,879</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>122,870</b>
<b>Assigned to:</b>							
General Government Purposes	-	109,701	1,140	-	-	-	110,841
Public Protection and Safety	-	-	6,296	-	-	-	6,296
Public Ways and Facilities	-	-	6,105	-	-	-	6,105
Health Programs	-	-	11,942	-	-	-	11,942
Public Assistance	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Recreation and Cultural Services	-	-	5,099	-	-	-	5,099
Financial Administration	14,200	-	-	-	-	-	14,200
<b>Total Assigned Fund Balance</b>	<b>14,200</b>	<b>109,701</b>	<b>30,582</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>154,483</b>
<b>Unassigned Fund Balance</b>	<b>122,523</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>122,523</b>
<b>Total Fund Balances</b>	<b>\$ 549,854</b>	<b>\$ 132,580</b>	<b>\$ 445,317</b>	<b>\$ 43,187</b>	<b>\$ 14,549</b>	<b>\$ 1,704</b>	<b>\$ 1,187,191</b>

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

**NOTE 3 – FUND RECLASSIFICATION**

The County evaluated the Nonmajor enterprise funds of the Fire Protection Districts, and found its ambulance activity should be reported in the Fire Protection Districts' Special Revenue Funds. Ending net assets at June 30, 2011 of \$1,963 was not restated; but, rather reclassified via a transfer in fiscal year 2012.

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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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 40)	Long-term Assets and Liabilities (1)	Internal Service Funds (2) (Page 43)	Eliminations	Statement of Net Assets Totals (Page 36)
<b>Assets</b>					
Cash and Cash Equivalents	\$ 995,506	\$ -	\$ 321,141	\$ -	\$ 1,316,647
Investments	2,127	-	-	-	2,127
Accounts Receivable - Net	5,695	-	347	-	6,042
Taxes Receivable	44,545	-	-	-	44,545
Interest Receivable	13,462	-	-	(136)	13,326
Loans Receivable	68,632	-	-	-	68,632
Other Receivables	11,538	-	-	-	11,538
Due from Other Funds	53,016	-	4,695	(57,711)	-
Due from Other Governments	236,995	-	1,293	-	238,288
Internal Balances	-	-	-	3,140	3,140
Land Held for Resale	2,412	-	-	-	2,412
Inventories	1,468	-	4,384	-	5,852
Prepaid Items	820	-	5,832	(308)	6,344
Deferred Charges	-	5,870	-	-	5,870
Interfund Receivable	2,841	-	-	(2,841)	-
Restricted Cash and Investments	5,845	-	-	-	5,845
Prepaid Pension Asset	-	701,781	-	-	701,781
Land	-	111,893	396	-	112,289
Land Use Rights - Not Amortized	-	14,739	-	-	14,739
Development In Progress	-	285,031	2,607	-	287,638
Land Use Rights - Amortized	-	61	-	-	61
Structures, Improvements, and Infrastructure	-	2,191,991	9,654	-	2,201,645
Equipment and Software	-	225,025	98,014	-	323,039
Accumulated Depreciation and Amortization	-	(1,150,180)	(70,826)	-	(1,221,006)
<b>Total Assets</b>	<b>\$ 1,444,902</b>	<b>\$ 2,386,211</b>	<b>\$ 377,537</b>	<b>\$ (57,856)</b>	<b>\$ 4,150,794</b>
<b>Liabilities</b>					
Accounts Payable and Other Current Liabilities	69,485	-	6,130	-	75,615
Salaries and Benefits Payable	49,588	-	1,416	-	51,004
Due to Other Funds	52,815	-	2,328	(55,143)	-
Due to Other Governments	42,862	-	29	-	42,891
Interest Payable	-	11,590	136	(136)	11,590
Unearned and Deferred Revenue	42,692	(33,032)	160	(308)	9,512
Interfund Payable	269	-	2,000	(2,269)	-
Compensated Absences Payable	-	163,747	5,681	-	169,428
Termination Benefits Payable	-	2,543	124	-	2,667
Bonds and Notes Payable	-	1,210,036	-	-	1,210,036
Capital Lease Obligations	-	1,615	-	-	1,615
Other Long-Term Liabilities	-	4,000	-	-	4,000
Estimated Liability for Litigation and Self-Insured Claims	-	-	166,949	-	166,949
Deferred Amount on Refunding	-	(6,275)	-	-	(6,275)
Premium	-	1,708	-	-	1,708
Discount	-	(168,820)	-	-	(168,820)
<b>Total Liabilities</b>	<b>257,711</b>	<b>1,187,112</b>	<b>184,953</b>	<b>(57,856)</b>	<b>1,571,920</b>
<b>Fund Balance/Net Assets</b>	<b>1,187,191</b>	<b>1,199,099</b>	<b>192,584</b>	<b>-</b>	<b>2,578,874</b>
<b>Total Liabilities and Fund Balance/Net Assets</b>	<b>\$ 1,444,902</b>	<b>\$ 2,386,211</b>	<b>\$ 377,537</b>	<b>\$ (57,856)</b>	<b>\$ 4,150,794</b>

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

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

(1) Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds.		
Land	\$	111,893
Land Use Rights - not being amortized		14,739
Development in Progress		285,031
Land Use Rights - being amortized		61
Structures, Improvements, and Infrastructure		2,191,991
Equipment and Software		225,025
Accumulated Depreciation and Amortization		(1,150,180)
	\$	1,678,560
(1) Other long-term assets that are not available to pay for current-period expenditures and are therefore deferred in the governmental funds.		38,902
(1) Prepaid Pension Asset		701,781
(1) Interest Payable		(11,590)
(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		(163,747)
Termination Benefits Payable		(2,543)
Bonds and Notes Payable		(1,210,036)
Capital Lease Obligations		(1,615)
Other Long Term Liabilities		(4,000)
Deferred Amount on Refunding		6,275
Premium		(1,708)
Discount		168,820
		<u>(1,208,554)</u>
	\$	<u>1,199,099</u>
(2) Internal service funds that are used by management to charge the costs of general services, telecommunication services, computer operations, vehicle services, risk management, and flood control equipment to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.		<u>\$ 192,584</u>
(1) GASB 34 Conversion Entries		
(2) Internal Service Funds reported as part of Governmental Activities		

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

**(a) Budgetary Information**

In accordance with the provisions of Section 29000 – 29144 and 30200 of the Government Code of the State of California, commonly known as the County Budget Act, the County prepares and adopts the final budget no later than October 2, for each fiscal year. Budgets are adopted for the General Fund, certain Special Revenue Funds, certain Debt Service 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 and Debt Service Funds, and Permanent Funds.

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

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

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

For the year ended June 30, 2012, expenditures exceeded appropriations in the recreation and cultural services of the general fund by \$ 22. This overexpenditure was funded by available fund balance.

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

The annual County Budget is prepared, approved and adopted in accordance with provisions of the County Budget Act. In preparing the budget, the County utilizes a basis of accounting which is different from the basis prescribed by generally accepted accounting principles (GAAP). The accompanying General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual on a Budgetary Basis presents a comparison of the legally adopted budget and the actual data on a budgetary basis.

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

**NOTE 5 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

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

	General Fund
Fund balance - budgetary basis	\$ 540,665
Outstanding encumbrances for budgeted funds	9,189
Fund balance - GAAP basis	\$ 549,854

**(d) Deficit Fund Equity/Net Assets**

The Waste Systems Division enterprise fund has deficit net assets of \$477 as of June 30, 2012. The Division reported increased long-term liabilities for pollution remediation and landfill closure/post closure costs in accordance with GASB 49 resulting in the current deficit. These long-term liabilities are based on estimates, which are subject to change due to future technological advancements and legislative amendments.

**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 a 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 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 \$1,752,716 at June 30, 2012.

As of June 30, 2012, the fair value of the County pool was \$3.51 billion. Approximately 10.1% 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, 2012, \$206,991 of the amounts deposited in the County pool was attributable to depositors who are not required to, but choose to, invest in the County pool. These include independent special districts, State Trial Court, and other governmental agencies. The deposits held for both involuntary and voluntary entities are reported in the Investment Trust Fund.

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

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

The County has not produced or provided any letters of credit or legal binding guarantees as supplemental support of the pool values during the year ended at June 30, 2012. The pool provides monthly reporting to both the Treasury Oversight Committee who reviews investment policy and the County Board of Supervisors who reviews and approves investment policy.

The County does not pool its external participants' investments separately from the County pool. The average rate of return on investments during fiscal year 2011-12 was 0.62%.

A summary of the investments held by the County Treasurer as of June 30, 2012, is as follows:

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate Range</u>	<u>Maturity Range</u>	<u>Average Maturity</u>
U.S. Treasury Securities	\$ 303,653	\$ 304,348	0.45% - 1.00%	01/15/13 - 12/31/16	829
U.S. Government Agencies	1,963,791	1,968,461	0.08% - 1.91%	08/22/12 - 03/15/16	475
Negotiable Certificates of Deposit	680,000	680,242	0.15% - 0.69%	07/02/12 - 06/21/13	90
Commercial Paper	329,941	329,985	0.05% - 0.16%	07/02/12 - 09/17/12	10
Repurchase Agreements	50,000	50,000	0.14%	07/02/12	3
Money Market Mutual Funds	173,000	173,000	0.05%	07/02/12	1
<b>Total Treasurer's Pooled Investments</b>	<b>3,500,385</b>	<b>3,506,036</b>			
<b>Investments Controlled by Fiscal Agents:</b>					
Guaranteed Investment Contracts	4,751	4,751			
Municipal Bonds	27,299	27,294			
Mutual Funds	64,581	66,708			
U.S. Treasury Securities	24,784	22,665			
Total Investments Controlled by Fiscal Agents	121,415	121,418			
<b>Total Investments</b>	<b>\$ 3,621,800</b>	<b>\$ 3,627,454</b>			
Cash in Banks:					
Non-Interest Bearing Deposits		381,592			
<b>Total Cash and Investments</b>		<b>\$ 4,009,046</b>			

**Investments authorized by debt agreement**

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

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

**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 (Moody's), or F-1 (Fitch) while an issuer of long-term corporate debt must have a minimum letter rating of "AA". Municipal notes and bonds and money market mutual funds must have a minimum letter rating of "AAA" from two of three NRSRO's (if rated by three). Limits are also placed on the maximum percentage investment by sector and by individual issuer (see schedule).

As of June 30, 2012, all investments held by the County Pool were within policy limits.

<u>Investment Type</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>Weighted % of Pool 6/30/2012</u>
U.S. Treasury Securities	AA+	Aaa	AAA	100%	None	8.68%
U.S. Government Agencies	AA+	Aaa	AAA	100%	None	56.15%
Negotiable Certificates of Deposit	A1+	P1	F1+	30%	5%	15.84%
Negotiable Certificates of Deposit	A1	P1	F1+	30%	5%	3.56%
Commercial Paper	A1+	P1	F1+	40%	5%	1.28%
Commercial Paper	A1	P1	F1+	40%	5%	4.99%
Commercial Paper	A1+	P1	N/R	40%	5%	2.14%
Commercial Paper	A1	P1	F1	40%	5%	1.00%
Repurchase Agreements	A1	P1	F1	40%	None	1.43%
Money Market Mutual Funds	AAA	Aaa	AAA	15%	10%	4.93%

The County's investments controlled by fiscal agents were rated as of June 30, 2012 as follows:

<u>Investment Type</u>	<u>S&amp;P Rating</u>	<u>Moody's Rating</u>	<u>Fitch Rating</u>	<u>Weighted % of Investments 6/30/2012</u>
Guaranteed Investment Contracts	B-	B2	N/R	3.91
Municipal Bonds	AAA	Aa1	AA	1.90
Municipal Bonds	AAA	Aaa	N/R	3.29
Municipal Bonds	AAA	Aaa	AAA	3.71
Municipal Bonds	AA	Aa2	AA	3.29
Municipal Bonds	AA+	Aa1	AA+	3.21
Municipal Bonds	AAA	Aa1	A+	3.29
Municipal Bonds	AA-	Aa3	AA-	3.78
Mutual Funds	AAA	Aaa	N/R	41.72
Mutual Funds	AAA	Aaa	AAA	5.71
Mutual Funds	AAA	N/R	N/R	7.52
U.S. Treasury Securities	AA+	Aaa	AAA	18.67

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

**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, 2012, the following issuers represented more than five-percent of the County Pool balance:

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Federal Home Loan Bank (FHLB)	\$ 437,155	12.47%
Federal National Mortgage Association (FNMA)	622,288	17.75%
Federal Home Loan Mortgage Corporation (FHLMC)	713,390	20.35%
Federal Farm Credit Bank (FFCB)	195,628	5.58%
Total Investments	<u>\$ 1,968,461</u>	

**Interest rate risk**

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

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

The County manages its exposure to interest rate risk by carefully matching cash flows and maturing positions to meet expenditures, limiting 40% of the County Pool to maturities of one year or less, and by maintaining an overall Duration-to-Maturity of 1.5 years or less. Modified Duration is a measure of a fixed income's cash flow using present values, weighted for cash flows as a percentage of the investments full price. Effective Duration makes assumptions regarding the most likely timing and amounts of variable cash flows arising from such investments as callable bonds. Duration-to-Maturity assumes that all securities in the portfolio, including callable and floating rate notes, are held to final maturity.

California Law and where more restrictive, the San Bernardino County Pool Investment Policy, place limitations on the maximum maturity of investments to be purchased by sector (see schedule). As of June 30, 2012, all investments held by the County Pool were within policy limits.

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Range (Days)</u>	<u>Maturity Limits</u>	<u>Modified Duration</u>
U.S. Treasury Securities	\$ 304,348	199 - 1,645	5 Years	2.23
U.S. Government Agencies	1,968,461	53 - 1,354	5 Years	0.95
Negotiable Certificates of Deposit	680,242	3 - 356	1,095 days	0.25
Commercial Paper	329,985	3 - 79	270 days	0.03
Repurchase Agreements	50,000	3	180 days	0.006
Money Market Mutual Funds	173,000	1	Daily Liq.	0.003
Total Investments	<u>\$ 3,506,036</u>			

Weighted average maturity of the investments controlled by fiscal agents, as of June 30, 2012 is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Guaranteed Investment Contracts	\$ 4,751	16.07
Municipal Bonds	27,294	12.51
Mutual Funds	66,708	0.02
U.S. Treasury Securities	22,665	10.38
Total Investments	<u>\$ 121,418</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, 2012, the carrying amount of the County's deposits was \$381,592 and the corresponding bank balance was \$388,860. The difference of \$7,268 was primarily due to outstanding warrants, wires and deposits in transit. Of the bank balances, \$387,875 was insured by FDIC depository insurance.

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 6 – CASH AND INVESTMENTS (CONTINUED)**

*Custodial Credit Risk for Investments* exists when, in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

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

As of June 30, 2012, Cash and Investments are classified in the accompanying financial statements as follows:

	<b>Total Governmental Activities</b>	<b>Total Business-type Activities</b>	<b>Total Fiduciary Funds</b>	<b>Discretely Presented Component Unit</b>	<b>Total</b>
Cash and Investments	\$ 1,318,774	\$ 160,354	\$ 2,297,510	\$ 93,246	\$ 3,869,884
Restricted Cash and Investments	5,845	126,384	6,933	-	139,162
<b>Total Cash and Investments</b>	<b>\$ 1,324,619</b>	<b>\$ 286,738</b>	<b>\$ 2,304,443</b>	<b>\$ 93,246</b>	<b>\$ 4,009,046</b>

A separate financial statement is not issued for the external investment pool. The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2012:

**Statement of Net Assets**

Equity of internal pool participants	\$ 1,546,329
Equity of external pool participants:	
Voluntary	206,991
Involuntary	1,752,716
<b>Total Net Assets held for pool participants</b>	<b>\$ 3,506,036</b>

**Statement of Changes in Net Assets**

Net Assets at July 1, 2011	\$ 4,112,203
Net change in investments by pool participants	(606,167)
<b>Net Assets at June 30, 2012</b>	<b>\$ 3,506,036</b>

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 7 – INTERFUND TRANSACTIONS**

Interfund receivables and payables have been eliminated in the government-wide financial statements to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities. Internal balances that are residual amounts due between the governmental and business-type activities are not subject to elimination.

Due to/from other funds at June 30, 2012 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 23,790
	Capital Improvement Funds	7
	Medical Center	2,394
	Waste Systems	1,666
	Internal Service Funds	1,331
	Nonmajor Enterprise Funds	516
		<u>29,704</u>
Nonmajor Governmental Funds	General Fund	17,427
	Nonmajor Governmental Funds	2,445
	Capital Improvement Funds	90
	Waste Systems	30
	Internal Service Funds	3
	Nonmajor Enterprise Funds	26
	<u>20,021</u>	
Capital Improvement Funds	General Fund	659
	Nonmajor Governmental Funds	1,744
	Waste Systems	9
	Internal Service Funds	676
	Nonmajor Enterprise Funds	203
	<u>3,291</u>	
Medical Center	General Fund	3,146
	Nonmajor Governmental Funds	118
	<u>3,264</u>	
Waste Systems	Nonmajor Governmental Funds	6
		<u>6</u>
Internal Service Funds	General Fund	2,849
	Nonmajor Governmental Funds	366
	Capital Improvement Funds	94
	Medical Center	452
	Waste Systems	611
	Internal Service Funds	318
	Nonmajor Enterprise Funds	5
	<u>4,695</u>	
Nonmajor Enterprise Funds	General Fund	70
	Nonmajor Governmental Funds	4
	<u>74</u>	
	Total	<u>\$ 61,055</u>

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

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

Interfund Receivable/Payable at June 30, 2012 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 136
	Internal Service Funds	2,000
	Nonmajor Enterprise Funds	<u>572</u>
		<u>2,708</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>133</u>
		<u>133</u>
	Total	<u><u>\$ 2,841</u></u>

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

Transfers To/From Other Funds for the year ended June 30, 2012 are as follows:

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

Transfers In/Out

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

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Medical Center	\$ 52,077
	Nonmajor Enterprise Funds	99
		<u>52,176</u>
Nonmajor Governmental Funds	Medical Center	312
	Nonmajor Enterprise Funds	354
		<u>666</u>
Medical Center	General Fund	15
	Capital Improvement Funds	20
	Nonmajor Governmental Funds	10,501
		<u>10,536</u>
Capital Improvement Funds	Medical Center	660
		<u>660</u>
Waste Systems	Capital Improvement Funds	9
	Nonmajor Governmental Funds	285
		<u>294</u>
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	1,710
		<u>1,710</u>
	Total	<u>\$ 66,042</u>

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

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

Transfer Out	Transfer In	Amount
General Fund	Capital Improvement Funds	\$ 64,694
	Nonmajor Governmental Funds	97,925
	Internal Service Funds	2,419
		165,038
Nonmajor Governmental Funds	General Fund	50,484
	Capital Improvement Funds	5,968
	Nonmajor Governmental Funds	33,794
		90,246
Capital Improvement Funds	General Fund	3,265
	Nonmajor Governmental Funds	7,290
		10,555
Internal Service Funds	General Fund	1,566
	Capital Improvement Funds	219
	Nonmajor Governmental Funds	1,512
		3,297
	Total	\$ 269,136

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

Amounts transferred from the General Fund to the Medical Center are the results of year-end budgeted transfers including the Medical Center's debt service payments.

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

The amount transferred from Nonmajor Governmental Funds to Nonmajor Governmental Funds is primarily due to the transfer of the assets and liabilities of the former Redevelopment Agency to the County Redevelopment Successor Agency Housing funds.

During fiscal year 2012, the former Redevelopment Agency transferred a total of \$16,737, of which \$7,588 was transferred to Nonmajor Governmental Funds prior to February 1, 2012 primarily for RDA debt service payments. The remaining \$9,149 was transferred to the County Redevelopment Successor Housing fund.

**COUNTY OF SAN BERNARDINO**  
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**NOTE 8 – RESTRICTED CASH AND INVESTMENTS**

Cash and cash equivalents of \$132,229 are restricted by legal or contractual requirements at June 30, 2012 and are comprised of the following:

**Governmental Activities**

*Flood Control District:*

Restricted cash and cash equivalents of \$5,845 represent funds held by a trustee, which are restricted for debt service payments.

**Business-Type Activities**

*Medical Center:*

Restricted cash and cash equivalents of \$52,325 represent funds set aside for debt service payments.

*Waste System Division:*

Restricted cash and cash equivalents of \$74,059 represent funds set aside as specified bond covenants and for groundwater detection, treatment and remediation, and for State mandated site closure and maintenance costs as required by the Department of Resources Recycling and Recovery (CalRecycle) formerly California Integrated Waste Management Board (CIWMB).

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

Capital asset activity for the year ended June 30, 2012 is as follows:

**Primary Government**

	Balance 7/1/2011	Additions	Deletions	Balance June 30, 2012
<b>Governmental Activities</b>				
Capital assets, non-depreciable/amortizable:				
Land	\$ 104,718	\$ 8,174	\$ 603	\$ 112,289
Land Use Rights	12,777	2,000	38	14,739
Development in progress	353,018	98,299	163,679	287,638
Total assets, non-depreciable/amortizable	<u>470,513</u>	<u>108,473</u>	<u>164,320</u>	<u>414,666</u>
Capital Assets, depreciable/amortizable:				
Land Use Rights	-	61	-	61
Improvements other than Buildings	199,429	11,741	-	211,170
Structures and Improvements	647,054	113,003	1,079	758,978
Equipment and Software	301,097	37,603	15,661	323,039
Infrastructure	1,195,674	35,823	-	1,231,497
Total assets-depreciable/amortizable	<u>2,343,254</u>	<u>198,231</u>	<u>16,740</u>	<u>2,524,745</u>
Less accumulated depreciation/amortization for :				
Land Use Rights	-	19	-	19
Improvements other than Buildings	105,255	8,825	-	114,080
Structures and Improvements	223,657	18,549	672	241,534
Equipment and Software	199,012	28,777	13,613	214,176
Infrastructure	625,211	25,986	-	651,197
Total accumulated depreciation/amortization	<u>1,153,135</u>	<u>82,156</u>	<u>14,285</u>	<u>1,221,006</u>
Total capital assets, depreciable/amortizable, net	<u>1,190,119</u>	<u>116,075</u>	<u>2,455</u>	<u>1,303,739</u>
Governmental activities capital assets, net	<u>\$ 1,660,632</u>	<u>\$ 224,548</u>	<u>\$ 166,775</u>	<u>\$ 1,718,405</u>
<b>Business-type Activities</b>				
Capital assets, non-depreciable/amortizable:				
Land	\$ 21,161	\$ -	\$ -	\$ 21,161
Land Use Rights	351	-	-	351
Development in progress	15,939	8,758	7,077	17,620
Total assets, non-depreciable/amortizable	<u>37,451</u>	<u>8,758</u>	<u>7,077</u>	<u>39,132</u>
Capital Assets, depreciable/amortizable:				
Land Use Rights	1,109	-	-	1,109
Improvements other than Buildings	227,627	7,580	-	235,207
Structures and Improvements	559,894	2,648	-	562,542
Equipment and Software	133,358	7,293	123	140,528
Total capital assets-depreciable/amortizable	<u>921,988</u>	<u>17,521</u>	<u>123</u>	<u>939,386</u>
Less accumulated depreciation/amortization for :				
Land Use Rights	69	33	-	102
Improvements other than Buildings	127,223	4,669	-	131,892
Structures and Improvements	162,480	14,942	-	177,422
Equipment and Software	109,151	5,104	120	114,135
Total accumulated depreciation/amortization	<u>398,923</u>	<u>24,748</u>	<u>120</u>	<u>423,551</u>
Total capital assets, depreciable/amortizable, net	<u>523,065</u>	<u>(7,227)</u>	<u>3</u>	<u>515,835</u>
Business-type activities capital assets, net	<u>\$ 560,516</u>	<u>\$ 1,531</u>	<u>\$ 7,080</u>	<u>\$ 554,967</u>

**COUNTY OF SAN BERNARDINO**  
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**NOTE 9 – CAPITAL ASSETS (CONTINUED)**

**Depreciation**

Depreciation expense is charged to governmental functions as follows:

General Government	\$	13,938
Public Protection		34,634
Public Ways and Facilities		24,291
Health and Sanitation		1,212
Public Assistance		3,064
Education		771
Recreation and Cultural Services		<u>4,246</u>
Total depreciation expense - governmental activities	\$	<u>82,156</u>

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

Medical Center	\$	19,361
Waste Systems Division		2,871
Other:		
County Service Areas		<u>2,516</u>
Total depreciation expense - business type activities	\$	<u>24,748</u>

**Development in Progress**

Development in Progress consists of the following projects:

	Governmental Activities	Business-Type Activities
Medical Center Projects	\$ -	\$ 852
Waste Systems Division Projects	-	7,547
Flood Control Projects	53,797	-
Other County Projects	<u>233,841</u>	<u>9,221</u>
Total	<u>\$ 287,638</u>	<u>\$ 17,620</u>

**COUNTY OF SAN BERNARDINO**  
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**NOTE 10 – SELF INSURANCE**

The County has self-insurance programs for public liability, property damage, unemployment insurance, employee dental insurance, hospital and medical malpractice liability, and workers' compensation claims. Public liability claims are self-insured for up to \$2.5 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$100 million is provided through a combination of insurance policies as recommended by Arthur J. Gallagher & Co., Broker of Record, as follows: Primary Liability coverage \$25 million excess of \$2.5 million self-insured retention with Starr Indemnity & Liability Co.; Excess Liability coverage of \$10 million, excess of \$25 million with Allied World Assurance Co.; and Excess Liability coverage \$15 million, excess of \$35 million with Great American Insurance Company of New York. In addition, Ironshore Specialty Ins. Co. provides excess liability coverage of \$10 million, excess of \$50 million; Allied World Assurance Co. provides \$15 million, excess of \$60 million; and Arch Insurance Co. provides \$25 million in excess of \$75 million. Workers' compensation claims are self-insured up to \$10 million per occurrence, and covered by Arch Ins. Co. for up to \$3 million for employer's liability, and up to statutory limits for workers' compensation per occurrence. Property damage claims are insured on an occurrence basis over a \$25 thousand deductible, and insured with several insurers like Lexington Ins. Co., Affiliated FM, and Lloyd's of London, among others.

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

The activities related to such programs are accounted for in Risk Management except for unemployment insurance, and employee dental insurance, which are accounted for in the General Fund. The IBNR (Incurred But Not Reported) and IBNS (Incurred But Not Settled) liabilities stated on Risk Management's balance sheet are based upon the results of actuarial studies, and include amounts for allocated and unallocated loss adjustment expenses. The liabilities for these claims are reported using a discounted rate of 0.493%. It is Risk Management's practice to obtain actuarial studies on an annual basis.

The total claims liability of \$167 million reported at June 30, 2012 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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**NOTE 10 – SELF INSURANCE (CONTINUED)**

Changes in the claims liability amount in fiscal years 2011 and 2012 were:

Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimates	Current Year Claim Payments	Ending Balance
2010-11	\$145,394	\$40,832	(\$35,275)	\$150,951
2011-12	\$150,951	\$58,008	(\$42,010)	\$166,949

**NOTE 11 – LONG TERM OBLIGATIONS**

**Primary Government**

The following is a summary of long-term liability transactions for the year ended June 30, 2012:

	Beginning Balance July 1, 2011	Additions	Reductions	Ending Balance June 30, 2012	Due Within One Year
<b><u>Governmental Activities</u></b>					
Certificates of Participation, net	\$ 91,343	\$ -	\$ 63,223	\$ 28,120	\$ 5,155
Revenue Bonds, net	431,526	-	12,716	418,810	45,560
Other Bonds and Notes	646,567	51,585	108,433 (1)	589,719	25,338
Compensated Absences	156,941	111,984	99,497	169,428	104,282
Termination Benefits Payable	3,905	-	1,238	2,667	1,229
Capital Lease Obligations	2,696	-	1,081	1,615	873
Estimated Liability for Litigation and Self -Insured Claims	150,951	58,008	42,010	166,949	37,793
Other Long-Term Liabilities	4,000	-	-	4,000	-
Total Governmental Activities - Long-term Liabilities	<u>\$ 1,487,929</u>	<u>\$ 221,577</u>	<u>\$ 328,198</u>	<u>\$ 1,381,308</u>	<u>\$ 220,230</u>
<b><u>Business-type Activities</u></b>					
Certificates of Participation, net	\$ 516,672	\$ -	\$ 21,842	\$ 494,830	\$ 26,185
General Obligation Bonds	1,300	-	145	1,155	200
Notes	1,811	-	63	1,748	65
Compensated Absences	15,397	13,689	11,574	17,512	11,350
Termination Benefits Payable	353	-	118	235	117
Capital Lease Obligations	1,449	4,652	1,392	4,709	1,264
Pollution Remediation Obligations	68,326	15,672	8,824	75,174	8,275
Estimated Liability for Closure/ Postclosure Care Costs	99,894	10,489	3,507	106,876	3,530
Total Business-type Activities - Long-term Liabilities	<u>\$ 705,202</u>	<u>\$ 44,502</u>	<u>\$ 47,465</u>	<u>\$ 702,239</u>	<u>\$ 50,986</u>

(1) This amount includes Tax Allocation Bonds transferred to the County Redevelopment Successor Agency Trust Fund in the amount of \$87,886.

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

**Termination Benefits Payable**

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

Approximately 304 employees accepted the incentive and retired during the eligible period. The county-wide termination benefit payable at June 30, 2012 is \$2,902. The fourth of five annual installment payments were paid in July 2012.

**Pollution Remediation Obligations**

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

*Solid Waste Management Division*

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

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

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

Further, as the current owner of land on which the former Broco Treatment, Storage, and Disposal Facility (TSDF) operated until 1987, currently identified as the Unit 5 Area of the Mid-Valley Sanitary Landfill, the County became legally obligated to complete the closure that the former Broco owner/operator had failed to do in the late 1980s when the Broco TSDF was closed and relocated. The 1998 Environmental Impact Report for the Mid-Valley Expansion mentioned the need to investigate the soils due to some then-recently discovered groundwater impacts; but SWMD was unaware of the unclosed TSDF at the time of purchase of the land in 1993-1994. SWMD was advised in a letter from the Department of Toxic Substances Control (DTSC) in September 2002 that the County would need to formally close this regulated facility. The closure plan was first submitted to the DTSC in 2005, and has been amended in 2007 and 2009 pursuant to DTSC review and request for changes. The DTSC completed its environmental review of the closure plan in October 2010 and

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**NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)**

approved the closure plan. During FY 2009-10 SWMD was able to reasonably estimate the cost to close the facility, and the cost has been added to the pollution remediation obligations. In addition, SWMD disclosed in FY 2010-11 an occurrence of a pollution event at the inactive Yucaipa Disposal Site. A VOC plume has been detected in the groundwater, which has migrated beyond the landfill boundary. SWMD is working very closely with the RWQCB to develop pollution remediation measures to address the contamination.

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

SWMD has disclosed, to the State of California, in FY 2011-12 the occurrence of a pollution event at the inactive Heaps Peak Disposal Site. A landfill leachate discharge occurred that threatens the groundwater. SWMD is working very closely with the RWQCB to ensure its pollution remediation measures address the contamination.

On July 19, 2011, the RWQCB issued a Notice of Violation for this event. Solid Waste submitted a workplan to provide for leachate collection, treatment, and disposal to correct this problem that was approved by the RWQCB. Under this workplan: a) a contract task order was initiated in May 2011 (work commenced in FY 2011-12) for the installation of an influent storage tank and retaining wall; b) a contract was initiated in July 2012 to construct the leachate treatment system; and, c) a contract work order was initiated in September 2011 for the installation of a new groundwater monitoring well.

In FY 2011-12 the estimated total pollution remediation liability increased by \$6,848 from \$68,326 at June 30, 2011 to \$75,174 at June 30, 2012. The major contributing factors that caused the GASB 49 liability to increase are listed below:

- The new Heaps Peak estimated liability for the cleanup of a leachate discharge ordered by the State RWQCB Notice of Violation issued on July 19, 2011 was added for a net increase of \$8,169.
- The Yucaipa net liability decreased by a net of \$495 primarily due to a new estimated insurance recovery estimate. No other major cost estimate changes or new work scope, were enacted in FY 2011-12 for this site.
- The Mid-Valley net liability decreased by a net \$826 primarily due to current expenses incurred in excess of net estimate increases including applied inflation. No major cost estimate changes, and no new work scope, were enacted in FY 2011-12 for this site.

Current and future estimated remediation costs of \$75,174 are based on actual component costs adjusted for inflation in the post FY 2011-12 fiscal years. Future estimates may be revised to reflect changes to equipment and service costs as well as any changes in technology and regulations. In FY 2011-12 SWMD expended \$2,595 in performing pollution remediation activities at Mid-Valley Landfill, Yucaipa Disposal Site and Heaps Peak Disposal Site. Outlays are expected to be incurred in FY 2012-13 totaling \$8,275. SWMD does not anticipate any recoveries as of June 30, 2012 for the Mid-Valley Landfill and Heaps Peak Disposal Site, but does anticipate receiving at least \$355 in insurance recoveries for the Yucaipa Disposal Site during FY 2012-13. The presence of perchlorate, VOC and leachate will continue to be remediated and monitored with an expected estimated outlay of \$66,899 from FY 2013-14 through FY 2040-41.

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**NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)**

*Department of Airports*

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

**Other Long-Term Liabilities**

At June 30, 2012, \$4,000 is owed to the United States Army Corp of Engineers for the construction of the San Timoteo Creek Project. In governmental activities, the liability for compensated absences is mostly liquidated by the General fund.

**Bonds and Notes Payable**

*Certificates of Participation*

Certificates of Participation (COP) are secured by annual lease payments payable by the County for use of the facilities constructed or acquired from the COP proceeds. The County has created nonprofit organizations and joint powers authorities to issue the Certificates. The County leases various projects from the authorities. The lease payments are used by the authorities to pay interest on, and principal of, the COPs.

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

In prior years, the County has defeased certain Certificates of Participation by placing the proceeds of new certificates in an irrevocable trust to provide for all future debt service payments on the old certificates. Accordingly, the trust account assets and the liability for the defeased certificates are not included in the County's basic financial statements. At June 30, 2012, approximately \$61,070 of outstanding debt was considered defeased.

In October, 2011, the County redeemed certain West Valley Detention Center COPs. The optional redemption occurred on November 1, 2011. The optional redemption of \$220, \$235, and \$1,790 of outstanding principal occurred on the 2001 Series A and Series B, and the 2002 Series A Certificates, respectively.

*West Valley Detention Center – Refinancing Notes*

In March 2012, the County issued the West Valley Detention Center Refinancing Notes in the amount of \$51,585 to refund all of the West Valley Detention Center Certificates of Participation issued by IEPFC in the

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

amount of \$50,640 with a 2% premium on the early redemption of the certificates. Total debt service will be paid to the Banc of America Public Capital Corp by the County in semiannual installments beginning November 1, 2012 through November 1, 2018 representing \$51,585 in principal and \$4,945 in interest for an effective interest rate of 2.59%. The defeasance resulted in the recognition of an accounting loss of \$3,326 for the year ended June 30, 2012, which the County will amortize over the period of maturity of the Refunding Note. As a result of this refunding, the County has reduced its debt service requirement by \$3,759. This results in an economic gain of \$3,410.

*San Bernardino County Financing Authority*

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

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

The prior fiscal years and current fiscal year Surcharge Revenues were more than the required scheduled annual principal and interest payments. The debt service schedule for the current fiscal year required principal and interest payments totaling \$1,278. The total Surcharged Revenues received during the fiscal year totaled \$2,216. Surcharge Revenues are projected to produce 150 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$31,941. Interest is payable semi-annually at interest rates from 5.10 percent to 5.50 percent starting December 1, 2007. The bonds are not subject to optional redemption prior to maturity; \$3,100 is expected to mature on June 17, 2017, and \$15,270 is expected to mature on June 1, 2037.

*Pension Obligation Bonds 2004 and 2008 Series*

The County Board of Supervisors adopted a resolution to authorize the issuance of the County of San Bernardino pension obligation debenture in order to finance the County's share of the unfunded accrued actuarial liability of the San Bernardino County Employee Retirement Association (SBCERA). On June 24, 2004, the County issued County of San Bernardino Pension Obligation Bonds, Series 2004 A (Fixed Rate Bonds), County of San Bernardino Pension Obligation Bonds, Series 2004 B (Auction Rate Bonds), and County of San Bernardino Pension Obligation Bonds, Series 2004 C (Index Bonds) in 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; and 2004 to 2023 for Index Bonds. Series 2004 A Fixed Rate Bonds have fixed interest rates that range from 2.43% to 5.86%. The Series 2004 B Pension Obligation Bonds were fully refunded in April 2008 by the issued Pension Obligation Refunding Bonds, Series 2008, which have a fixed interest rate of 6.020%.

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

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

<u>Certificates of Participation</u>	<u>Interest Rates (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue Amount</u>	<u>Outstanding as of 6/30/2012</u>
Justice Center/Airport Improvement	3.00 to 5.00	3/1/2002	7/1/2016	68,100	28,370
<b><u>Deferred Amount on Refunding:</u></b>					
Justice Center/Airport Improvement					(740)
<b><u>Premium (Discounts):</u></b>					
Justice Center/Airport Improvement					490
Net Certificates of Participation					<u>28,120</u>
<b><u>Revenue Bonds</u></b>					
Pension Obligation Bonds (1995)	5.68 to 7.72	11/22/1995	8/1/2021	386,266	570,470
Courthouse Project Bonds (2007)	5.10 to 5.50	6/29/2007	6/30/2037	18,370	<u>17,160</u>
Subtotal					587,630
<b><u>Premium/(Discounts):</u></b>					
Pension Obligation Bonds (1995)					(168,820)
Net Revenue Bonds					<u>418,810</u>
<b><u>Other Bonds and Notes</u></b>					
County Library Note	3.41	7/18/2001	2/1/2031	1,982	1,502
CSA 70 Zone G Wrightwood Loan	6.38	12/30/2006	12/30/2016	725	384
Flood Control District:					
Judgment Obligation Bonds (Series A)	4.50 to 5.00	5/30/2007	8/1/2029	58,355	51,605
Refunding Bonds (Series 2007)	4.25 to 5.00	5/29/2007	8/1/2021	23,845	19,310
Refunding Bonds (Series 2008)	0.66 to 4.86	4/16/2008	8/1/2037	37,295	37,295
Pension Obligation Bonds (2004)	0.54 to 5.86	6/24/2004	8/1/2023	463,895	273,700
Pension Obligation Refunding Bonds (2008)	6.02	4/16/2008	6/30/2024	160,900	158,655
West Valley Detention Center Refinancing Notes (2012)	2.59	3/29/2012	11/1/2018	51,585	<u>51,585</u>
Subtotal					594,036
<b><u>Deferred Amount on Refunding:</u></b>					
Flood Control - Refunding Bonds (Series 2008)					(627)
Pension Obligation Refunding Bonds (2008)					(1,582)
West Valley Detention Center Refinancing Notes (2012)					(3,326)
<b><u>Premium/(Discounts):</u></b>					
Flood Control District:					
Judgment Obligation Bonds (Series A)					328
Refunding Bonds (Series 2007)					890
Net Other Bonds and Notes					<u>589,719</u>
Total Bonds And Notes Payable, Governmental Activities					<u>\$ 1,036,649</u>

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**NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)**

*Medical Center and Waste Systems Division (COP)*

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 a nonprofit public benefit corporation, Inland Empire Public Facilities Corporation (IEPFC), to issue the Certificates. The County leases various projects from the corporation. The lease payments are used by the corporation to pay interest and principal of the COPs.

IEPFC issues a stand-alone financial report, which may be obtained by contacting the Auditor-Controller/Treasurer/Tax Collector, 222 W Hospitality Lane – 4<sup>th</sup> Floor, San Bernardino, California 92415-0018.

*County Service Area*

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

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**NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)**

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

<u>Medical Center</u>	<u>Interest Rates (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue Amount</u>	<u>Outstanding as of 06/30/2012</u>
Certificates of Participation:					
Medical Center Project (Series 1994)	4.60 to 7.00	02/01/1994	08/01/2028	\$ 283,245	\$ 120,370
Medical Center Project (Series 1995)	4.80 to 7.00	06/01/1995	08/01/2022	363,265	24,670
Medical Center Project (Series 1996)	5.00 to 5.25	01/01/1996	08/01/2028	65,070	63,985
Arrowhead Refunding Project (Series 2009A)	3.00 to 5.50	12/17/2009	08/01/2026	243,980	231,915
Arrowhead Refunding Project (Series 2009B)	3.00 to 5.25	12/17/2009	08/01/2026	44,750	43,880
					<u>484,820</u>
Plus/(Less):					
Deferred Amount on Refunding					(31,413)
Discounts					(7,712)
Premium					<u>3,662</u>
Subtotal					<u>449,357</u>
<b>Waste Systems Division</b>					
Certificates of Participation:					
Solid Waste Financing (Series 2008 B)	0.70	04/16/2008	03/01/2024	74,390	47,170
Less:					
Deferred Amount on Refunding					(1,697)
Subtotal					<u>45,473</u>
Net Certificates of Participation					<u>494,830</u>
<b>County Service Areas</b>					
General Obligation Bonds:					
Spring Valley Lake Sewer Facilities:					
Series A	6.50 to 6.75	02/15/1972	02/15/2002	1,300	15
Series B	6.10 to 6.15	04/01/1974	04/01/2004	1,000	15
Helendale Sewer Facilities:					
Series A	5.00	06/01/1978	06/01/1998	1,550	5
Helendale Water Facilities:					
Series B	7.00	09/01/1982	06/01/1997	1,450	5
Pinon Hills Water Distribution:					
Series A	5.00	03/01/1978	03/01/2018	1,708	505
Series B	5.00	03/01/1978	03/01/2018	275	60
Series C	9.00 to 11.00	11/01/1984	03/01/2005	1,518	5
Landers Water Distribution System	5.00	06/01/1979	06/01/2019	1,540	540
Oak Hills Water Distribution Facilities	7.00	09/01/1974	09/01/1994	750	5
General Obligation Bonds					<u>1,155</u>
Notes Payable:					
Oak Hills Water (Loan)		11/25/2003	08/25/2033	2,150	1,748
Notes Payable					<u>1,748</u>
Total Business-type Activities					<u>\$ 497,733</u>

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

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

The following is a schedule of principal debt service requirements to maturity as of June 30, 2012 for COPs, 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>
2013	\$ 5,155	\$ 45,560	\$ 25,338	\$ 76,053
2014	5,475	47,940	28,651	82,066
2015	5,585	50,435	32,098	88,118
2016	5,950	53,050	35,965	94,965
2017	6,205	55,800	40,014	102,019
2018-2022	-	322,025	247,254	569,279
2023-2027	-	3,190	137,275	140,465
2028-2032	-	4,175	19,810	23,985
2033-2037	-	5,455	22,540	27,995
2038-2042	-	-	5,091	5,091
Total Principal	28,370	587,630	594,036	1,210,036
Plus: Premium	490	-	1,218	1,708
Less:				
Deferred Amount on Refunding	(740)	-	(5,535)	(6,275)
Discount	-	(168,820)	-	(168,820)
Total Bonds and Notes Payable	<u>\$ 28,120</u>	<u>\$ 418,810</u>	<u>\$ 589,719</u>	<u>\$ 1,036,649</u>

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

The following is a schedule of interest expense requirements to maturity as of June 30, 2012 for COPs, 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>
2013	\$ 1,209	\$ 936	\$ 24,606	\$ 26,751
2014	997	919	23,240	25,156
2015	747	901	21,804	23,452
2016	459	881	20,155	21,495
2017	155	861	18,274	19,290
2018-2022	-	3,944	60,421	64,365
2023-2027	-	3,194	18,202	21,396
2028-2032	-	2,213	9,354	11,567
2033-2037	-	933	4,690	5,623
2038-2042	-	-	287	287
<b>Total Interest</b>	<b>\$ 3,567</b>	<b>\$ 14,782</b>	<b>\$ 201,033</b>	<b>\$ 219,382</b>

The following is a schedule of principal debt service requirements to maturity as of June 30, 2012 for COPs, 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>
2013	\$ 26,185	\$ 200	\$ 65	\$ 26,450
2014	27,800	160	67	28,027
2015	29,610	160	69	29,839
2016	31,390	170	71	31,631
2017	33,300	180	73	33,553
2018-2022	132,045	285	401	132,731
2023-2027	174,340	-	467	174,807
2028-2032	77,320	-	535	77,855
<b>Total Principal</b>	<b>531,990</b>	<b>1,155</b>	<b>1,748</b>	<b>534,893</b>
Plus: Premium Amount	3,662			3,662
Less:				
Deferred Amount on Refunding	(33,110)	-	-	(33,110)
Discount Amount	(7,712)	-	-	(7,712)
<b>Total Bonds and Notes Payable</b>	<b>\$ 494,830</b>	<b>\$ 1,155</b>	<b>\$ 1,748</b>	<b>\$ 497,733</b>

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

The following is a schedule of interest expense requirements to maturity as of June 30, 2012 for COPs, bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Total
2013	\$ 24,897	\$ 80	\$ 61	\$ 25,038
2014	23,897	48	59	24,004
2015	22,842	40	57	22,939
2016	21,729	32	54	21,815
2017	20,546	23	52	20,621
2018-2022	82,896	14	225	83,135
2023-2027	42,334	5	158	42,497
2028-2032	3,843	-	81	3,924
Total Interest	<u>\$ 242,984</u>	<u>\$ 242</u>	<u>\$ 747</u>	<u>\$ 243,973</u>

**Agreement with Liquidity Facilities**

*Solid Waste Financing (2008 Refunding Program):* As of June 30, 2012, \$47,170 of the 2008 Certificates of Participation (2008 Refunding Program) Series B (taxable) remain outstanding. These Certificates of Participation have an option tender provision for bondholders, on seven days' notice, to tender their certificates at par value. In connection with the issuance of the 2008 Certificates of Participation, the County executed a Letter of Credit and Reimbursement Agreement between the County and Bank of America, NA (Bank). The term of this Agreement expires on April 1, 2013.

As of June 30, 2012, there were no outstanding certificates that have been tendered but failed to be remarketed. In accordance with the Agreement, in the event any certificates are tendered and are not remarketed, interest is required to be paid to the Bank at the higher of a) Prime Rate or b) Federal Funds plus 0.5 percent, which was 3.25 percent and .62 percent respectively at June 30, 2012.

*Flood Control Refunding Bonds (Series 2008):* The 2008 Judgment Obligation Refunding Bonds (Bonds), in the amount of \$37,295, have an optional tender provision that gives the bondholder the option of selling their Bonds back to the District, at par, upon seven days' notice. The District has obtained a letter of credit from Bank of America ("Bank") to provide credit support, and cash for such tenders, in the event tendered Bonds cannot be immediately remarketed to another investor. The District entered into a Reimbursement Agreement and Fee Letter with Bank of America in July of 2011 to document the terms related to the issuance of the Letter of Credit. This Letter of Credit is an irrevocable direct pay letter of credit with a stated expiration date of July 5, 2013.

As of June 30, 2012, there were no outstanding 2008 Judgment Obligation Bonds that have been tendered but failed to be remarketed. In accordance with the agreement, in the event any Bonds are optionally tendered and cannot be remarketed, interest on tendered Bonds for the first ninety days is paid to the Bank at the highest of a) Prime Rate plus 1.5%, b) overnight effective federal funds rate plus 3%, c) 7.5% or d) the maximum rate of interest borne by Bonds that are still held by investors. After ninety days, upon commencement of a term loan, the rate paid to the Bank is the highest of a) through d) above, plus 1%.

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**NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)**

**Conduit Debt (Limited Obligation)**

*Single and Multi-Family Mortgage Revenue Bonds*

The County issues Single Family Mortgage Revenue Bonds to provide funds to purchase mortgage loans secured by first trust deeds on newly constructed and existing single-family residences. Additionally, the County issues Multi-Family Mortgage Revenue Bonds to finance the construction of multi-family apartment projects in the County. These programs assist persons and families of low and moderate income within the County to afford the costs of safe and sanitary housing. The bonds will be payable solely from and secured by a pledge of payment received on the acquired mortgage loans, certain insurance with respect thereto, and other monies pledged under the bond resolution. Single Mortgage Revenue Bonds of \$3,445 and Multi-Family Mortgage Revenue Bonds of \$125,199 at June 30, 2012 do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

*School District General Obligation Bonds*

County of San Bernardino issued General Obligation Bonds (GOB) on behalf of certain Schools within the San Bernardino School District. The GOBs are payable solely by ad valorem taxes to be levied within the District. The General Obligation Bonds of \$11,900 at June 30, 2012 do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

*Special Assessment*

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 \$29,894 at June 30, 2012 do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

**Discretely Presented Component Units**

Long-term liability transactions for FIRST 5 of San Bernardino for the year ended June 30, 2012, are as follows:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2012</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 131	\$ 13	\$ 6	\$ 138	\$ 6

**NOTE 12 – INVESTMENT AGREEMENT TERMINATIONS**

The agreement with Lehman Bros. Special Financing Inc. (Lehman) for the 2002 Justice Center/Airport Improvement reserve fund requires Lehman to deliver securities to the trustee periodically at a guaranteed rate of 4.56 percent. The most recent delivery occurred on July 1, 2008. On September 17, 2008, the County elected to terminate the agreement, pursuant to applicable agreement provisions, as a result of the downgrade of Lehman Bros. Holdings. Under the terms of the agreement, Lehman owes the County a termination payment in an amount not yet determined. In order to protect the County's interest the County filed a claim in

**COUNTY OF SAN BERNARDINO**  
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**NOTE 12 – INVESTMENT AGREEMENT TERMINATIONS (CONTINUED)**

bankruptcy court. This claim seeks to provide the County relief for the loss of the 4.56 percent investment rate that was guaranteed in the Lehman agreement. The County is awaiting the processing of this claim. The County expresses no opinion on its ability to collect this termination payment.

**NOTE 13 – LEASES**

**Capital Leases**

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Asset:		
Equipment	\$ 3,684	\$ 16,433
Less: Accumulated depreciation	3,517	11,097
Total	<u>\$ 167</u>	<u>\$ 5,336</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012, are as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2013	\$ 919	\$ 1,334
2014	451	1,301
2015	324	1,301
2016	-	948
Total Minimum Lease Payments	<u>1,694</u>	<u>4,884</u>
Less: Amount Representing Interest	<u>(79)</u>	<u>(175)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,615</u>	<u>\$ 4,709</u>

**Operating Leases**

The government leases building and office facilities and other equipment under non-cancelable operating leases. Total costs for such leases were \$41,109 for the year ended June 30, 2012. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30,</u>	
2013	\$ 38,106
2014	33,156
2015	26,171
2016	19,764
2017	18,092
2018-2022	<u>58,707</u>
Total Minimum Payments	<u>\$ 193,996</u>

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 14 – COLLATERALIZED FACILITIES**

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

<u>Facilities</u>	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Foothill Law and Justice	\$ 42,642	\$ -	\$ -	\$ 42,642
Victorville Law Center	8,644	-	-	8,644
West Valley Detention Center	146,327	-	-	146,327
Courthouse & Annex	9,450	-	-	9,450
Mid-Valley Landfill	59,260	-	-	59,260
West Valley Juvenile Detention Center	-	5,077	-	5,077
Arrowhead Regional Medical Center	490,481	-	-	490,481
Hall of Records (New)	12,666	-	-	12,666
Hall of Records (Old)	2,054	-	-	2,054
Glen Helen Pavilion Amphitheater	26,174	-	-	26,174
Sheriff's Admin Bldg	13,416	-	-	13,416
County Government Center	25,711	-	-	25,711
	<u>\$ 836,825</u>	<u>\$ 5,077</u>	<u>\$ -</u>	<u>\$ 841,902</u>

In March 2012, future lease revenue from the West Valley Juvenile Detention Center was assigned to the Banc of America Public Capital Corp. in exchange for a loan.

**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, 2012 and 2011, the Medi-Cal program represented approximately 46% and 48 %, and the Medicare program represented approximately 24% and 20%, respectively, of the Medical Center's net patient service revenues. Medi-Cal inpatient services are reimbursed at contractually agreed upon per diem rates and outpatient services are reimbursed under a schedule of maximum allowances. Medicare inpatient services are reimbursed based upon pre-established rates for diagnostic-related groups. Outpatient services and defined capital and the medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. Final reimbursement is determined as a result of audits by the intermediary of annual cost reports submitted by the Medical Center. Reports on the results of such audits have been received through June 30, 2007 for Medicare and June 30, 2010 for Medi-Cal. Adjustments as a result of such audits are recorded in the year the amounts can be determined.

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

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

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

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

<b>Landfill</b>	<b>Capacity</b>		<b>Landfill</b>	<b>Capacity</b>	
	<b>Used</b>	<b>Years Remaining</b>		<b>Used</b>	<b>Years Remaining</b>
Apple Valley	100%	Inactive	Milliken	100%	Inactive
Baker	100%	Inactive	Morongo Valley	100%	Inactive
Barstow	5%	572	Needles	100%	Inactive
Big Bear	100%	Inactive	Newberry Springs	100%	Inactive
Colton	99%	1	Phelan	100%	Inactive
Hesperia	100%	Inactive	San Timoteo	43%	43
Landers	83%	7	Trona-Argus	100%	Inactive
Lenwood-Hinkley	100%	Inactive	Twentynine Palms	100%	Inactive
Lucerne Valley	100%	Inactive	Victorville	16%	181
Mid-Valley	32%	91	Yermo	100%	Inactive

The landfill closure and post-closure care cost estimates of \$214,324 and \$140,632 respectively for a total of \$354,956, are based upon the most recently submitted Closure/Post-Closure Maintenance Plan documents filed with the State and Federal permitting agencies. If, at some future date, these closure cost estimates are adjusted (due to changes in inflation, technology, regulations, etc.), the County is required to make corresponding changes in the amount of funds deposited for closure.

Each year a portion of each landfill's estimated closure and postclosure cost is recognized as an expense and liability based upon the amount of capacity used during the fiscal year. In FY 2011-12 adjustments were made for the following landfills: i) Landers' closure and postclosure cost estimates were updated based on the new April 2011/May 23, 2011 Joint Technical Documents and ii) Big Bear's final closure costs were adjusted (decreased) for a FY 2010-11 unrealized accrual on one contract. Also, Big Bear's final closure was certified by the State on June 5, 2012.

The increase in the estimated useful lives of Barstow, Mid-Valley and Victorville Landfills in FY 2011-12 is due to revised calculations based on the availability of new engineering data pertaining to landfill capacity, density and tonnage utilization.

As of June 30, 2012, the cumulative liability recorded by the County based upon individual landfill capacity usage was \$208,306 (\$127,406 closure costs and \$80,900 post-closure costs). The remaining \$146,650 of estimated closure and post-closure costs will be recorded and funded as landfill capacities are used.

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

Closure and post-closure related expenses of \$90,004 and \$11,425 have been incurred through June 30, 2012, which reduced the landfill closure and post-closure liabilities to \$37,401 and \$69,475 respectively.

The estimated closure and postclosure activity for the year ended June 30, 2012 includes the following:

	<u>Beginning Balance</u>	<u>Increase (Decrease)</u>	<u>Ending Balance</u>
Estimated Liability for Closure Care Costs	\$33,265	\$4,136	\$37,401
Estimated Liability for Postclosure Care Costs	66,629	2,846	69,475
Total	<u>\$99,894</u>	<u>\$6,982</u>	<u>\$106,876</u>

In accordance with a Pledge of Revenue Mechanism adopted by the County of San Bernardino Board of Supervisors on July 28, 2009, the County has pledged tipping fees and interest revenue to fund the post-closure maintenance costs as needed. Total tipping fees received in the current fiscal year were \$44,326 and post-closure expenses were \$1,210. Each landfill site's maintenance costs are budgeted annually following the Closure and Post-Closure Maintenance Plan as approved by the Department of Resources Recycling and Recovery (CalRecycle). The County has restricted cash of \$63,325 of the \$74,059 in the Solid Waste enterprise fund to provide financial assurance for landfill closure costs as required by CalRecycle. The term for each landfill site funding requirements is thirty (30) years starting with the date of closure as certified by the State.

**NOTE 17 – RETIREMENT PLAN**

**Plan Description**

The San Bernardino County Employees' Retirement Association (SBCERA) is a cost-sharing multiple-employer defined benefit pension plan (the Plan) operating under the California County Employees Retirement Law of 1937 (the 1937 Act). It provides retirement, death and disability benefits to members. Although legally established as a single employer plan, the City of Big Bear Lake, California State Association of Counties, South Coast Air Quality Management District (SCAQMD), San Bernardino Associated Governments (SANBAG), Local Agency Formation Commission (LAFCO), San Bernardino County Law Library, Barstow Fire Protection District, Hesperia Recreation and Park District, SBCERA, City of Chino Hills, Crest Forest Fire Protection District, Mojave Desert Air Quality Management District (MDAQMD), California Electronic Recording Transaction Network Authority (CERTNA), Inland Valley Development Agency (IVDA), San Bernardino International Airport Authority (SBIAA), the San Bernardino County Superior Court, Inland Library system (ILS), Rim of the World Recreation and Park District (RIM-REC), Department of Water and Power for the City of Big Bear Lake and Crestline Sanitation District were later included, along with the County, and are collectively referred to as the "Plan Sponsors" or "employers". The plan is governed by the SBCERA Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years of service credit.

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.

**COUNTY OF SAN BERNARDINO**  
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**NOTE 17 – RETIREMENT PLAN (CONTINUED)**

**Fiduciary Responsibility**

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

**Funding Policy**

Participating members are required by statute (Sections 31621.6 and 31639.25 of the California Government Code) to contribute a percentage of covered salary based on certain actuarial assumptions and their age at entry to the Plan. Employee contribution rates vary according to age and classification (general or safety). Members are required to contribute 7.42% - 12.95% for general members and 9.54% - 15.32% for safety members (refundable rates), of their annual covered salary of which the County pays approximately 7% (for certain employee units). County of San Bernardino employer contribution rates are as follows: County General 14.50%, County Safety 30.89%. All employers combined are required to contribute an average 17.85% of the current year covered payroll. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer rates are determined pursuant to Sections 31453 and 31454 of the 1937 Act.

The County's annual pension cost and prepaid asset, computed in accordance with GASB 27, *Accounting for Pensions by State and Local Governmental Employers*, for the year ended June 30, 2012, were as follows:

Annual Required Contribution (County fiscal year basis)	\$ 229,169
Interest On Pension Assets	(55,733)
Adjustment To The Annual Required Contribution	73,086
Annual Pension Cost	<u>246,522</u>
Annual Contributions Made	<u>229,169</u>
Increase/(Decrease) in Net Pension Assets	(17,353)
Net Pension Asset, Beginning of Year	<u>719,134</u>
Net Pension Asset, End of Year	<u><u>\$ 701,781</u></u>

**COUNTY OF SAN BERNARDINO**  
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**NOTE 17 – RETIREMENT PLAN (CONTINUED)**

The following table shows the County’s required contributions, annual pension cost and net pension asset, for the current year and two preceding years:

Year Ended June 30	SBCERA Annual Required Contribution	County Annual Required Contribution	Percentage Contributed	County Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2010	\$ 243,773	\$ 197,097	100%	\$ 225,454	87%	\$ 741,388
2011	258,128	213,311	100%	235,565	91%	719,134
2012	278,091	229,169	100%	246,522	93%	701,781

The County, along with the SCAQMD, issued Pension Refunding Bonds (Bonds) in November 1995 with an aggregate amount of \$420,527. These Bonds were issued to allow the County and the SCAQMD to refinance each of their unfunded accrued actuarial liabilities with respect to retirement benefits for their respective employees. The Bonds are the obligations of the employers participating in the Plan and the assets of the Plan do not secure the Bonds. The County’s portion of the bond issuance was \$386,266. The outstanding liability at June 30, 2012 is \$401,650 (Note 11).

On June 24, 2004, the County issued its County of San Bernardino Pension Obligation Bonds, Series 2004 A (Fixed Rate Bonds), its County of San Bernardino Pension Obligation Bonds, Series 2004 B (Auction Rate Bonds), and its County of San Bernardino Pension Obligation Bonds, Series 2004 C (Index Bonds) in a respective aggregate principal amounts of \$189,070, \$149,825, and \$125,000. The Bonds were issued to finance the County’s share of the unfunded accrued actuarial liability of the SBCERA. In April 2008, the County refunded all of the 2004 Series B. The outstanding liability at June 30, 2012 is \$273,700 (Note 11).

In April 2008, the County of San Bernardino issued its \$160,900 in Pension Obligation Refunding Bonds (POB), Series 2008 (Series 2008 Bonds). The outstanding liability at June 30, 2012 is \$157,073 (Note 11).

**COUNTY OF SAN BERNARDINO**  
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**NOTE 18 – LEASE/LEASEBACK**

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

The Letter of Credit (Loan) and the Letter of Credit (Equity) provide for the payment of the County's obligation under the sublease and exercise of its purchase option. As a result, obligations under the lease-leaseback arrangement are considered to be economically, although not legally defeased. Therefore, the trust assets and the related debt have been excluded from the County's financial statements. The term of the full lease with the financing institution ends in 2034. However, the sublease provides a procedure whereby the sublease with respect to one Parcel was terminated as of January 2010 and, with respect to another Parcel, will terminate on July 1, 2014 and with respect to five Parcels on a certain date specified in 2021.

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

As requested by the investor, in October 2008, AIG posted collateral to secure its obligations under the Letter of Credit (Equity). The County continues to analyze all options relating to this transaction, including the replacement of the provider of the Letter of Credit (Loan). As of June 30, 2012, assuming that the investor would agree to a termination in whole of the lease-leaseback transaction, the County estimated that the cost of termination would be approximately \$25.6 million. If AIG were unable to fulfill its guarantee under the Letter of Credit (Loan), the County estimates that the cost to the County to make the remaining sublease payments and purchase option payments would be approximately \$192.6 million over the next 9 years.

AIG is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (SEC). Such reports, proxy statements and other information can be inspected and copied at public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, United States, at prescribed rates. In addition, the SEC maintains a website at <http://www.sec.gov>, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC. The County takes no responsibility for the accuracy, completeness or timeliness of such reports, proxy statements or other information, and such reports, proxy statements and other information is not incorporated herein by reference.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 18 – LEASE/LEASEBACK (CONTINUED)**

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

**NOTE 19 – COMMITMENTS AND CONTINGENCIES**

**Lawsuits and Other Claims**

The County has been named as a defendant in numerous lawsuits and claims arising in the normal course of operations. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable loss to the County; such loss has been recorded in the accompanying basic financial statements. In the opinion of County management and County Counsel, the ultimate outcome of the remaining claims cannot be determined at this time.

**Grants**

The County recognizes as revenue, grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Although the County's grant programs are being audited through June 30, 2012 in accordance with the provisions of the Single Audit Act of 1996, these programs are still subject to financial and compliance audits and resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

The County is assessing its self-insured workers' compensation operations to determine if an obligation to federal and state grantor agencies exists due to reserve contributions in excess of the discounted present value of the actuarially determined liability. The County has lowered self-insurance rates charged to user departments to gradually reduce this excess reserve level.

**Commitments**

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

	Outstanding Encumbrances
Major Governmental Funds:	
General Fund	\$ 9,189
Capital Improvement Fund	28,045
Total Major Governmental Funds	<u>37,234</u>
Nonmajor Governmental Funds	36,587
Total Governmental Funds	<u><u>\$ 73,821</u></u>

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**NOTE 19 – COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Agreements**

**(a) El Mirage Off-Highway Vehicle Park**

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

**(b) Redevelopment Plans**

The County is evaluating several Tax Sharing Agreements entered into with various former Redevelopment Agencies (Agencies) for mutually beneficial projects.

The County's share of tax increment previously allocated to, and held by Agencies on behalf of the County, would have been allocated and paid to the County. Since, California Redevelopment Agencies were dissolved as of February 1, 2012, the County may find it is owed unused funds currently held by Redevelopment Successor Agencies.

The County has not recorded any receivable or revenue relating to this matter because all enforceable obligations of the former Redevelopment Agencies require the approval of each agency's Oversight Board and the California Department of Finance before being payable to the County.

**Pollution Remediation**

**(a) Sanitary Landfills**

*Leachate Contamination of Ground Water:* On November 10, 1998, the County approved a settlement agreement with the San Gabriel Valley Water Company (SGVWC). This agreement settles the claim that leachate (PCE) from the Mid-Valley Sanitary Landfill has negatively impacted some of SGVWC's wells. This agreement requires the County to pay for the annual operation and maintenance cost of the (PCE) treatment system for as long as the specified contaminants continue to be detected at FWC's wells in this area. As security for each annual payment, the County must annually post a letter of credit for 125% of the year's operations and maintenance costs, based upon an estimated budget submitted by the SGVWC. When the agreement was approved, the then-current estimate for the annual operations and maintenance costs was \$500 per year. The agreement does not state a specified number of years over which these annual costs may be incurred; therefore, a reasonable estimate of the contingent liability cannot be determined.

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

*City of Rialto and City of Colton lawsuits involving perchlorate at the MVSL:* In 2008, the County entered into a settlement of \$5 Million for the federal and state perchlorate lawsuits filed by the City of Rialto and the City of Colton ("independent settlement"). The effectiveness of the independent settlement was initially made subject

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

to certain conditions, including that the County reach a settlement regarding perchlorate remediation with the Regional Water Quality Control Board, Santa Ana Region (“RWQCB”) and that the federal court make a determination that the proposed independent settlement is in good faith (“County’s Motion”). (The precedent condition of the RWQCB settlement was omitted by the parties in an amendment to the independent settlement in 2010.) In light of the possibility of a settlement of the federal court perchlorate lawsuits involving all parties (“global settlement”), the County and Cities temporarily deferred further action on their independent settlement starting in mid-2008. The global settlement discussions failed to result in a settlement and so in October 2009, the federal court perchlorate lawsuits were refiled. In addition to the lawsuits refiled by the Cities, two additional lawsuits were filed by Goodrich Corporation and by Emhart Industries Inc., both of which name the County as a defendant. Since the mediation for global settlement was not successful, the County and Cities proceeded again with the independent settlement. The County’s Motion was filed December 15, 2010 and on December 22, 2011, the federal court issued an order granting the motion (“Order”). Appeals were filed and still pending as of June 30, 2012. This court decision bars the claims of Goodrich, Emhart and other parties to the litigation. Beginning in early 2012, all of the parties, including the County, again took part in mediation discussions for a global settlement. The County participated in order, among other things, to obtain dismissals of the appeal filed against the Order. These discussions resulted in tentative agreements to resolve the litigation against most but not all of the parties. On June 4, 2012, the United States Environmental Protection Agency (“USEPA”) advised the federal court judge of the tentative settlements. In the two settlements announced to the Court, the County tentatively agreed to resolve all claims with certain parties (the “PSI Parties”) under which the County would receive a pro rata share of insurance proceeds in the amount of \$333, the PSI Parties would dismiss their appeal and would take certain action on the Stonehurst Property to mitigate expected contamination there. The other tentative settlement (with the Emhart Parties and Department of Defense (DoD)) provided that the County would pay \$2,000 towards groundwater remediation, would release its claims against settling parties and would receive a covenant not to sue from USEPA, and the Emhart Parties and DoD would dismiss their appeals. These settlement agreements must be approved by the federal court so at this time, an estimate of the potential liability for perchlorate-related lawsuits cannot be made.

*San Gabriel Valley Water Company lawsuit involving perchlorate at the MVSL:* On July 1, 2008, San Gabriel Valley Water Company filed a claim alleging that perchlorate from the County’s MVSL, including the expansion portion of the property where aggregate mining is taking place, has impacted its wells in the Rialto-Colton Basin. It is too early to determine the potential liability of the County.

*Breach of contract lawsuit for indemnity:* In November 2009 a settlement agreement was signed by all parties and the lawsuit was dismissed. Pursuant to the agreement additional costs have been incurred. The lawsuit concerned the County’s duty to defend the sellers of land adjacent to the MVSL which the County purchased for expansion purposes. A term of the sale was the County’s agreement to indemnify the former owners against claims arising from the presence of hazardous materials discovered on the property after the close of escrow. When Rialto filed its federal lawsuit, it named the former landowners as defendants. The County agreed to defend and indemnify the former owners pursuant to the terms of the sales agreement. However, this offer was rejected as the former owners claimed that a conflict of interest existed relative to the attorney chosen by the County to provide the defense. The former landowners filed suit seeking recovery from the County of their attorneys’ fees and costs in defending themselves in the federal perchlorate action and the settlement resolved those claims. The County is now obligated to pay the former owners attorneys’ fees until the federal litigation, discussed above, is resolved.

**COUNTY OF SAN BERNARDINO**  
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**(Amounts in thousands)**

**NOTE 19 – COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Fiscal Year 2011/12 Settlements:**

*CSDSP Settlement with Burrtec, Operations Contractor for SWMD:*

In 2011, SWMD staff determined that overpayments had been made to its operations contractor, Burrtec Waste Industries, Inc. (Burrtec) for the Comprehensive Disposal Site Diversion Program (CSDSP). SWMD staff calculated that overpayments totaling \$4,191 had been made from May 2007 through December 2010, and SWMD advised Burrtec of the need to repay these funds to the County. Burrtec disputed that any overpayments had been made. In October 2011, Burrtec and the County entered into a settlement agreement to resolve this dispute whereby Burrtec would pay to the County a total amount of \$2,305, with interest, in monthly installments over a 48-month term.

*County Settlement with Insurance Company of the State of Pennsylvania (“ICSOP”) for Investigation Costs Associated with the Inactive Yucaipa Disposal Site (“YDS”)*

In early 2012, the County filed a lawsuit against ICSOP to obtain recoupment of the costs of investigating and remediating the Chino Airport Plume. During negotiations between the County and ICSOP it was determined that under the same policies and the same legal theory of recovery of investigation costs, that ICSOP would also be responsible to pay the County for its costs of investigation incurred at the YDS. The County expects to receive reimbursements for investigatory costs incurred as of June 30, 2012.

**(b) Chino Airport**

On June 27, 2008, the Regional Board issued a Clean-up and Abatement Order (Order No. R8-2008-0064). The order requires the County to conduct an investigation of Volatile Organic Compounds (VOC) located in groundwater off-site of the Chino Airport and develop a remedial action plan. Trichloroethylene, (TCE) which is a VOC, was originally found in wells down gradient of Chino Airport in the 1980s. The County is currently complying with the Regional Board’s Order by installing monitoring wells to allow better characterization of the water table at different depths south of Chino Airport. The County anticipates that the monitoring wells will be installed during fiscal year 2012-13. The ultimate remediation plan and any settlement will be subject to review and approval by the Regional Board. It is anticipated that a settlement will be deemed by the Regional Board to satisfy the County’s cleanup obligation under the Order. The County expects to receive reimbursements for investigatory costs incurred as of June 30, 2012.

**Property Tax Administration Fees**

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

On November 19, 2012, the California Supreme Court concluded that the Court of Appeal correctly held that section 97.75 does not authorize County’s collection of the disputed administration fee, and further concluded

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**  
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**NOTE 19 – COMMITMENTS AND CONTINGENCIES (CONTINUED)**

that the Legislature intended no change in how property tax administration fees are calculated under 95.3 and that the ERAF monies diverted by the Triple Flip and VLF Swap remain exempt from the property tax administration fee. Therefore, the County’s method of calculating property tax administration fees violates the statutory scheme.

Even though the County was not named in the lawsuit, this is significant for the County of San Bernardino because it uses the same PTAF calculation methodology as the County of Los Angeles and the Supreme Court decision has statewide applicability. The potential financial impact to the County related to the outcome of this case averages approximately \$2,840 per year of property tax administration fees. The estimated amount of PTAF that could potentially be recovered by the cities from fiscal years 2006-07 through 2011-12 ranges from \$2,810 to \$14,720, plus possible interest.

**Successor Housing Agency to the Redevelopment Agency of the County of San Bernardino**

On May 1, 2001, the County of San Bernardino Redevelopment Agency (the “Agency”), entered into an agreement with the Housing Authority of the County of San Bernardino and Housing Partners I, Inc. (developer) to develop and operate a senior citizen housing development for low income and very low income senior citizens. As part of the agreement, the San Bernardino County Redevelopment Agency loaned the developer \$3,700. Upon completion and occupancy of the development, portions of the loan can be forgiven. On the fifth year anniversary of occupancy, and every subsequent fifth year thereafter, the Agency shall forgive twenty percent (20%) of the principal amount of the Agency Loan, provided that the Borrower is in compliance with its Low and Very Low Income Housing Requirements. Any portion of the Agency Loan remaining unpaid upon the 25<sup>th</sup> anniversary of the issuance of a Certificate of Occupancy for any Unit shall be forgiven. As of June 30, 2012, twenty percent of the loan has been forgiven.

The Agency estimates that the developer will likely meet the conditions to continue forgiving the loan over the next 5 years and thereafter. Accordingly, the outstanding loan amount is not recognized in the financial statements at this time. It is anticipated that the loan will be approved to be transferred to the Successor Housing Agency to the Redevelopment Agency of the County of San Bernardino.

**NOTE 20 – SHORT-TERM DEBT**

In July 2011, the County issued Tax and Revenue Anticipation Notes (TRANS) totaling \$165,000 which were repaid June 29, 2012. This issue followed the prior year issued TRANS of \$165,000 which was repaid June 30, 2011. The proceeds of the TRANS were intended to provide financing for 2011-12 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.

<u>Beginning Balance July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2012</u>
\$ -	\$ 165,000	\$ 165,000	\$ -

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**  
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**NOTE 21 – SUBSEQUENT EVENTS**

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

In July 2012 the County issued \$190,000 of Tax and Revenue Anticipation Notes in the form of Series A Bonds (Bonds) due June 28, 2013. The stated interest for the Bonds is set at 2.00% per annum with a yield of 0.210%. 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 2012-13 and legally available for payment thereof. Proceeds from the Bonds will be used for fiscal year 2012-13 General Fund expenditures, including current expenditures, capital expenditures, and the discharge of other obligations or indebtedness of the County.

**Pension Reform**

On September 12, 2012, AB 340, known as the California Public Employees' Pension Reform Act of 2013 was signed into law and becomes effective on January 1, 2013. AB 340 will have minimal impact on current and retired SBCERA members. Most changes and provisions will only affect "new" public employees hired on or after January 1, 2013. The full impact of the new legislation is still being evaluated and more information will be known as it is implemented. At this time, it is known that AB 340, does not impact the benefit formula for current members, and member contribution rates to SBCERA have not changed or the calculation of the highest earnable compensation.

The legislation does allow for future changes to contribution rates; however, these changes would be determined through negotiations between bargaining units and the County. Other known changes are an end of the Additional Retirement Credit (ARC) purchases; new service-connected disability retirement formulas for safety members only and retirees returning to work must wait longer.

**City of San Bernardino Bankruptcy Filing**

On August 1, 2012 the City of San Bernardino filed an emergency petition for Chapter 9 Bankruptcy. The County of San Bernardino and the City of San Bernardino are completely separate legal and fiscal entities with separately elected governing bodies, budgets, and finances.

The County has contracts with the City to provide services for which the City is obligated to pay. The County has investigated department operations to identify any sources of potential receivables which would be impacted by the City's Chapter 9 filing. The Department of Public Works – Solid Waste Division has the largest exposure to the bankruptcy proceedings in receivables due from the City. On November 27, 2012 the San Bernardino County Board of Supervisors authorized County Counsel to initiate litigation to seek payment of the obligations owed to the County. The current City service contract with the County ends on December 16, 2012.

**Certificate of Participation Redemption**

On December 4, 2012, the County Board of Supervisors authorized the optional prepayment of the outstanding principal amount of the 2008 Refunding Program Certificates of Participation. As of December 4, 2012 the outstanding principal amount is \$43,255 and will be paid using cash from the Solid Waste Management Division enterprise fund and available debt service reserve funds held by the trustee. The optional prepayment will result in the elimination of approximately \$9.0 million in annual debt service costs of the Solid Waste Management Division.

**COUNTY OF SAN BERNARDINO**  
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**NOTE 22 – EXTRAORDINARY ITEM**

**Redevelopment Successor Agency**

In accordance with the timeline set forth in Assembly Bill 1X 26, all of the assets, liabilities and obligations of the former San Bernardino County Redevelopment Agency were transferred to the Redevelopment Successor Agency on February 1, 2012.

Because of the different measurement focus of the governmental funds (current financial resources measurements focus) and the measurement focus of the trust funds (economic resources measurement focus), the extraordinary amount recognized in the governmental funds was not the same amount as the extraordinary amount that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary amount recognized in the fund financial statements and the extraordinary amount recognized in the fiduciary fund financial statements is reconciled as follows:

	Amount
Total extraordinary loss in governmental funds	\$ 89,386
Capital assets recorded in the government-wide financial statements	5
Long-term debt and related items reported in the government-wide financial statements	(85,550)
Net increase to net assets of the Successor Agency Trust Fund as a result of initial transfers	\$ 3,841

The amount above is equal to amount of extraordinary loss reported in the government-wide financial statements of the County.

In November 2005, the San Bernardino County Redevelopment Agency (SBCRDA) issued Tax Allocation Bonds, 2005 Series A (2005 Bonds) in the amount of \$58,275 to provide funds for the acquisition and construction of various projects in the San Sevaire Redevelopment Project Area and to advance refund the 2000 Bonds.

In November 2010, the SBCRDA issued Tax Allocation Bonds, 2010 Series A (Taxable) (the 2010 A Bonds) in the amount of \$16,945 to provide funds for the acquisition and construction of various projects in the San Sevaire Redevelopment Project Area and to replenish an account of the Low and Moderate Income Housing Fund.

In November 2010, the SBCRDA issued Tax Allocation Bonds, 2010 Series B (Taxable Recovery Zone Economic Development Bonds) (the 2010 B Bonds) in the amount of \$13,605 to provide funds for the acquisition and construction of various projects in the San Sevaire Redevelopment Project Area and to fund a reserve account for the 2010 B Bonds.

In October 2010, the SBCRDA issued Cedar Glen Disaster Recovery Project Area Tax Allocation Bonds, Series 2010 (the 2010 Bonds) in the amount of \$5,750 to provide funds for the acquisition and construction of various projects in the Cedar Glen Disaster Recovery Project Area and to fund a reserve account for the 2010 Bonds.

**COUNTY OF SAN BERNARDINO**  
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**(Amounts in thousands)**

**NOTE 22 – EXTRAORDINARY ITEM (CONTINUED)**

These liabilities of SBCRDA (the former RDA) in the amount of \$87,886 as of February 1, 2012 (effectively the same date as January 31, 2012) were transferred to the Redevelopment Successor Agency in accordance with Assembly Bills 1X 26 and 1484 and are accounted for in the private purpose trust fund. At June 30, 2012, the outstanding liability is \$87,884 (Note 23). Bonds are not an obligation of the County.

The Redevelopment Successor Agency issues a stand-alone financial report, which may be obtained by contacting the Agency, 385 North Arrowhead Ave, 3<sup>rd</sup> Floor, San Bernardino, CA 92415-0043.

**First 5 – Discretely Presented Component Unit**

On March 24, 2011, the Governor signed Assembly Bill 99 (AB99) into law. AB 99 established the Children and Families Health and Human Services Fund (Fund). As specified in the legislation, the Fund will be used, upon appropriation, by the California State Legislature for Health and Human Services. The bill requires \$1 billion of the combined state and local Children and Families Funds to be deposited in the Fund for the 2011-12 fiscal year. The amount required from each First 5 Commission (AB99 payment) represents 50% of the fund balance as of June 30, 2010. For First 5 San Bernardino, this amount was \$49,818. The AB 99 payment is due by June 30, 2012.

In accordance with the legislation, no 2012-2013 commission revenues will be paid until the full AB 99 payment is made. Accordingly, the Commission has accrued the AB 99 obligation as a liability at June 30, 2011. A lawsuit has been filed by Commissions against the State challenging that the bill violates the intent of Proposition 10.

On November 21, 2011, Fresno Superior Court Judge Debra Kazanjian issued a ruling in favor of the County First 5 Commissions' lawsuit challenging Assembly Bill 99 (AB 99). The State chose not to appeal the ruling of the Superior Court. The Commission accrued the expenditure as an extraordinary item in fiscal year 2010-2011 and has reversed this item in fiscal year 2011-2012 resulting in an extraordinary gain in the amount of \$49,818.

**NOTE 23 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the County of San Bernardino that previously had reported a redevelopment agency within the reporting entity of the County as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the County or another unit of local government will agree to serve as the "successor agency" to wind down the agency and its activities and hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the County Board of Supervisors elected to become the Successor Agency for the former Redevelopment Agency (RDA) in accordance with the Bill as part of County resolution number 2012-01.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California were not permitted to enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

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

**NOTE 23 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY  
(CONTINUED)**

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

The County believes, in consultation with legal counsel, that the obligations of the former County Redevelopment Agency due to the County, including the loan totaling \$10,415, are valid enforceable obligations payable by the Successor Agency trusts under the requirements of Assembly Bill X1 26 and AB 1484 (as described below). The County's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the County.

Prior to that date, the final seven months of the activity of the RDA are reported in the governmental funds of the County. After the date of dissolution, as allowed under Health and Safety Code Section 34176(a) (as enacted by the Bill), the County elected to retain the housing assets and functions previously performed by the former RDA and formed the Successor Housing Agency. The assets and activities for the Successor Housing Agency fund continue to be reported in the County's governmental fund financial statements. The remaining assets, liabilities, and activities of the dissolved RDA, are reported in the Successor Agency fiduciary fund (private-purpose trust fund) in the financial statements of the County.

The transfer of the assets and liabilities of the former RDA as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the County to fiduciary funds was reported as an extraordinary loss in the governmental fund financial statements. The receipt of these assets and liabilities as of February 1, 2012 was reported in the private-purpose trust fund financial statements as an extraordinary gain.

On June 27, 2012, the Legislature passed and the Governor signed Assembly Bill 1484, the primary purpose of which is to make technical and substantive amendments to Assembly Bill X1 26. As a budget "trailer bill," AB 1484 was effective immediately upon signature by the Governor. Further, AB 1484 defines that a successor agency is a legally separate entity as all authority, rights, powers, duties, and obligations previously vested with the former redevelopment agencies, under the Community Redevelopment Law, are vested in the successor agencies.

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

**NOTE 24 – NEW ACCOUNTING PRONOUNCEMENTS**

**GASB 60 - Accounting and Financial Reporting for Service Concession Arrangements**

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs) and establishes recognition, measurement, and disclosure requirements for SCAs, improving the comparability of financial statements. The requirements of this Statement are effective for the fiscal year ending June 30, 2013.

**GASB 61 - The Financial Reporting Entity: Omnibus**

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. The objective of this statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The requirements of this Statement are effective for the fiscal year ending June 30, 2013.

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

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in pronouncements issued on or before November 30, 1989, which does not conflict with GASB and issued through 1) Financial Accounting Standards Board [FASB] Statements and Interpretations, 2) Accounting Principles Board Opinions, 3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' [AICPA] Committee on Accounting Procedures. The requirements of this Statement are effective for the fiscal year ending June 30, 2013.

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

In June 2011, GASB issued Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The requirements of this Statement are effective for the fiscal year ending June 30, 2013.

**GASB 65 – Items Previously Reported as Assets and Liabilities**

In March 2012, GASB issued Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported

**COUNTY OF SAN BERNARDINO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**  
**(Amounts in thousands)**

**NOTE 24 – NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The requirements of this Statement are effective for the fiscal year ending June 30, 2014.

**GASB 66 – Technical Corrections–2012 (an amendment of GASB Statement No. 10 and No. 62)**

In March 2012, GASB issued Statement No. 66 – *Technical Corrections – 2012 - an Amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to resolve conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this Statement are effective for the fiscal year ending June 30, 2013.

**GASB 67 – Financial Reporting for Pension Plans (an amendment of GASB Statement No. 25)**

In June 2012, GASB issued Statement No. 67 – *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 25*. This Statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. This Statement and Statement No. 68 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement - determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The scope of this Statement addresses accounting and financial reporting for the activities of pension plans that are administered through trusts. The requirements of this Statement are effective for the fiscal year ending June 30, 2014.

**GASB 68 – Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)**

In June 2012, GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The requirements of this Statement are effective for the fiscal year ending June 30, 2015.

# REQUIRED SUPPLEMENTARY INFORMATION



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

*County of San Bernardino*

**REQUIRED SUPPLEMENTARY INFORMATION  
(Unaudited)**

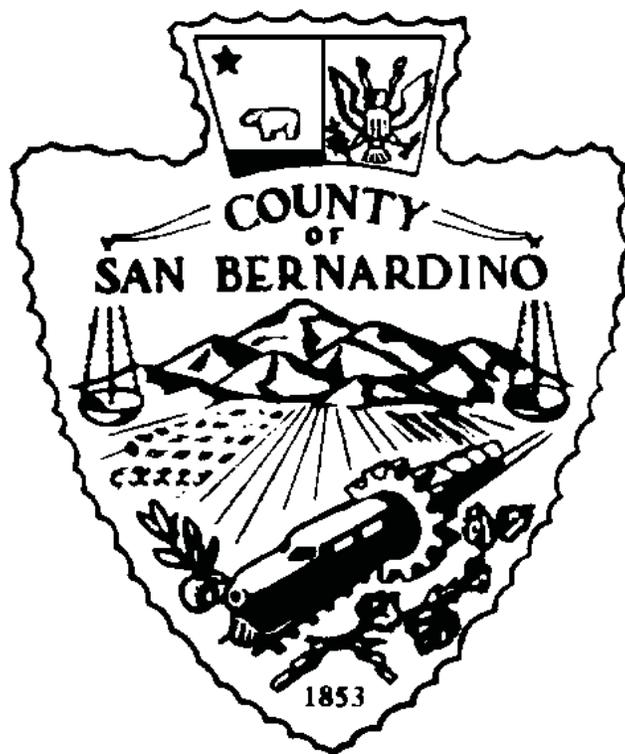
**San Bernardino County Employees' Retirement Association  
Schedule of Funding Progress  
(Amounts in Thousands)**

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Accrued Liability ("AAL")** (b)	Unfunded/ (Overfunded) AAL ("UAAL") (b) - (a)	Funded Ratio (a) / (b)	Projected Total Compensation (c)	UAAL as a Percentage of Projected Total Compensation [( b ) - ( a )] / ( c )
6/30/2007	5,797,400	6,227,013	429,613	93.10%	1,102,151	38.98%
6/30/2008	6,341,531	6,773,629	432,098	93.62%	1,219,562	35.43%
6/30/2009	6,383,388	7,013,534	630,146	91.02%	1,226,431	51.38%
6/30/2010***	6,367,232	7,444,986	1,077,754	85.52%	1,250,193	86.21%
6/30/2011	6,484,507	8,189,646	1,705,139	79.18%	1,244,555	137.01%
6/30/2012	6,789,492	8,606,577	1,817,084	78.89%	1,260,309	144.18%

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

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

\*\*\* Does not reflect the transfer of \$40.6 million from the General Retiree Subsidy Reserve to the Current Service Reserve.



# SUPPLEMENTAL INFORMATION



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

*County of San Bernardino*

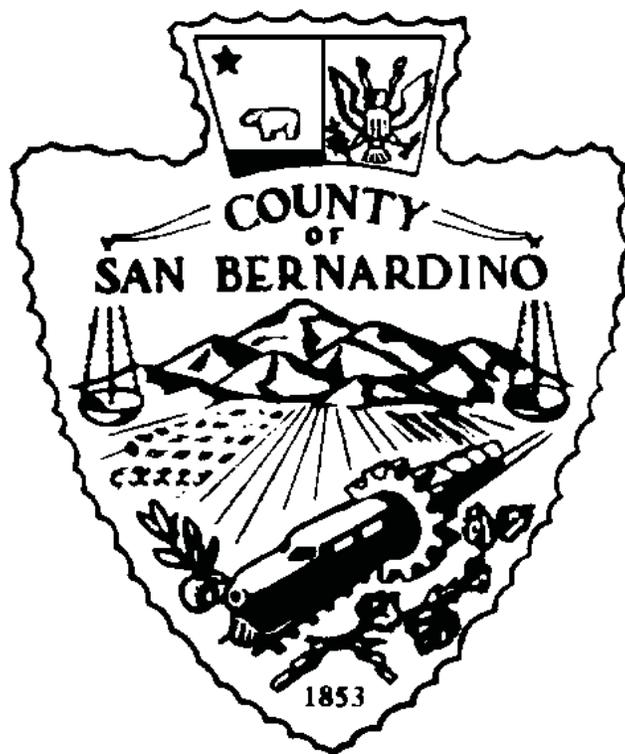
# COMBINED FINANCIAL STATEMENTS NONMAJOR GOVERNMENTAL FUNDS



complete county  
of choices ... vibrant economy ... skilled workforce ...  
... countywide prosperity ... sustainable systems ...  
destination ... a home ... San Bernardino County ... complete  
... vibrant economy ... skilled workforce ... unique advantages ...  
... systems ... model communities ... a destination ... a home ... San  
... broad range of choices ... vibrant economy ... skilled workforce ...  
... sustainable systems ... model communities ... a destination ... a home ...  
... broad range of choices ... vibrant economy ... skilled workforce ... unique  
... systems ... model communities ... a destination ... a home ... San Bernardino  
... vibrant economy ... skilled workforce ... unique advantages ... countywide  
... destination ... a home ... San Bernardino County ... complete county ...  
... unique advantages ... countywide prosperity ... sustainable system  
... County ... complete county ... broad range of choices ... vibrant  
... prosperity ... sustainable systems ... model communities ... a  
... broad range of choices ... vibrant economy ... skilled workf  
... model communities ... a destination ... a home ... San  
... vibrant economy ... skilled workforce ... unique advantages ...  
... destination ... a home ... San Bernardino County ... compl  
... unique advantages ... countywide prosperity ... sustain  
... County ... complete county ... broad range of choices  
... sustainability ... sustainable systems ... model communities ...  
... broad range of choices ... vibrant economy ... skilled workf

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

*County of San Bernardino*

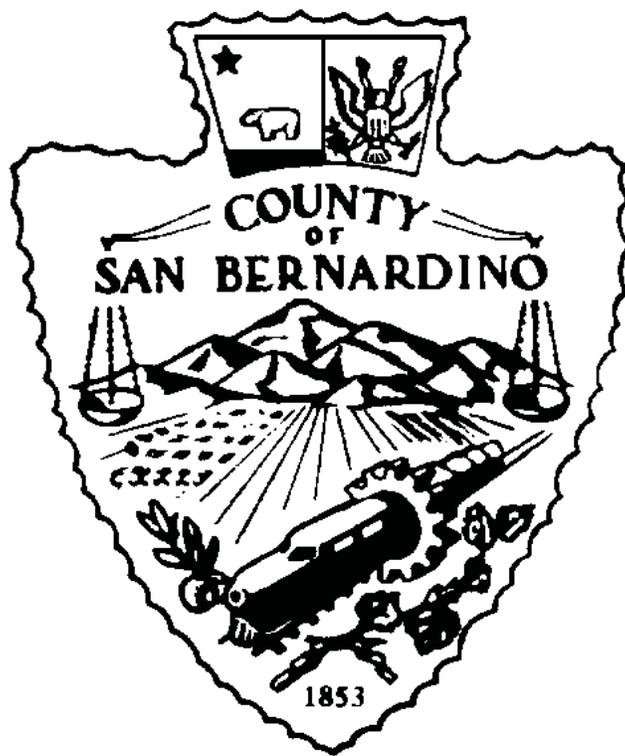


**COUNTY OF SAN BERNARDINO  
 COMBINED BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2012 (IN THOUSANDS)**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
<b>ASSETS</b>					
CASH AND CASH EQUIVALENTS	\$ 452,986	\$ 41,060	\$ 14,629	\$ 1,704	\$ 510,379
INVESTMENTS	-	2,127	-	-	2,127
ACCOUNTS RECEIVABLE - NET	2,536	-	-	-	2,536
TAXES RECEIVABLE	5,235	-	-	-	5,235
INTEREST RECEIVABLE	7	-	-	-	7
LOAN RECEIVABLE	1,291	-	-	-	1,291
OTHER RECEIVABLES	255	-	-	-	255
DUE FROM OTHER FUNDS	20,021	-	-	-	20,021
DUE FROM OTHER GOVERNMENTS	25,808	-	-	-	25,808
LAND HELD FOR RESALE	1,863	-	-	-	1,863
INVENTORIES	78	-	-	-	78
PREPAID ITEMS	51	-	-	-	51
INTERFUND RECEIVABLE	133	-	-	-	133
RESTRICTED CASH AND INVESTMENTS	5,845	-	-	-	5,845
TOTAL ASSETS	<u>\$ 516,109</u>	<u>\$ 43,187</u>	<u>\$ 14,629</u>	<u>\$ 1,704</u>	<u>\$ 575,629</u>
<b>LIABILITIES AND FUND BALANCES</b>					
ACCOUNTS PAYABLE	\$ 23,177	\$ -	\$ 60	\$ -	\$ 23,237
SALARIES AND BENEFITS PAYABLE	8,060	-	-	-	8,060
DUE TO OTHER FUNDS	28,453	-	20	-	28,473
DUE TO OTHER GOVERNMENTS	6,828	-	-	-	6,828
DEFERRED AND UNEARNED REVENUE	4,005	-	-	-	4,005
INTERFUND PAYABLE	269	-	-	-	269
TOTAL LIABILITIES	<u>70,792</u>	<u>-</u>	<u>80</u>	<u>-</u>	<u>70,872</u>
<b>FUND BALANCES:</b>					
NONSPENDABLE	129	-	-	1,704	1,833
RESTRICTED	414,606	43,187	14,549	-	472,342
ASSIGNED	30,582	-	-	-	30,582
TOTAL FUND BALANCES	<u>445,317</u>	<u>43,187</u>	<u>14,549</u>	<u>1,704</u>	<u>504,757</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 516,109</u>	<u>\$ 43,187</u>	<u>\$ 14,629</u>	<u>\$ 1,704</u>	<u>\$ 575,629</u>

**COUNTY OF SAN BERNARDINO  
 COMBINED - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
<b>REVENUES</b>					
TAXES	\$ 99,525	\$ -	\$ -	\$ -	\$ 99,525
LICENSES, PERMITS, AND FRANCHISES	767	-	-	-	767
FINES, FORFEITURES, AND PENALTIES	8,552	-	-	-	8,552
REVENUES FROM USE OF MONEY AND PROPERTY	6,653	97	110	6	6,866
AID FROM OTHER GOVERNMENTAL AGENCIES	291,037	4	-	-	291,041
CHARGES FOR CURRENT SERVICES	87,619	-	95	12	87,726
OTHER REVENUES	35,988	1,701	166	-	37,855
<b>TOTAL REVENUES</b>	<b>530,141</b>	<b>1,802</b>	<b>371</b>	<b>18</b>	<b>532,332</b>
<b>EXPENDITURES</b>					
<b>CURRENT:</b>					
GENERAL GOVERNMENT	7,401	1,364	2,079	-	10,844
PUBLIC PROTECTION	183,959	-	-	-	183,959
PUBLIC WAYS AND FACILITIES	72,437	-	-	-	72,437
HEALTH AND SANITATION	97,086	-	-	-	97,086
PUBLIC ASSISTANCE	100,817	-	-	-	100,817
EDUCATION	12,738	-	-	-	12,738
RECREATION AND CULTURAL SERVICES	7,039	-	-	-	7,039
<b>DEBT SERVICE:</b>					
PRINCIPAL	4,493	119,440	-	-	123,933
INTEREST AND FISCAL CHARGES	4,616	28,023	-	-	32,639
BOND ISSUANCE COSTS	-	135	-	-	135
CAPITAL OUTLAY	14,805	-	1,535	-	16,340
<b>TOTAL EXPENDITURES</b>	<b>505,391</b>	<b>148,962</b>	<b>3,614</b>	<b>-</b>	<b>657,967</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	24,750	(147,160)	(3,243)	18	(125,635)
<b>OTHER FINANCING SOURCES (USES):</b>					
TRANSFERS OUT	(84,554)	-	(6,351)	(7)	(90,912)
TRANSFERS IN	59,037	93,245	735	-	153,017
PROCEEDS OF REFUNDING BONDS	-	51,585	-	-	51,585
SALE OF CAPITAL ASSETS	798	-	-	-	798
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>(24,719)</b>	<b>144,830</b>	<b>(5,616)</b>	<b>(7)</b>	<b>114,488</b>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	31	(2,330)	(8,859)	11	(11,147)
EXTRAORDINARY ITEM	(27,154)	(9,540)	(52,692)	-	(89,386)
NET CHANGE IN FUND BALANCES	(27,123)	(11,870)	(61,551)	11	(100,533)
FUND BALANCES, JULY 1, 2011	472,440	55,057	76,100	1,693	605,290
FUND BALANCES, JUNE 30, 2012	\$ 445,317	\$ 43,187	\$ 14,549	\$ 1,704	\$ 504,757



# COMBINING FINANCIAL STATEMENTS NONMAJOR GOVERNMENTAL FUNDS



COMPLETE  
ANNUAL  
FINANCIAL  
REPORT

*County of San Bernardino*

# NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS

## SPECIAL REVENUE FUNDS DESCRIPTIONS

### ***TRANSPORTATION***

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

### ***SPECIAL TRANSPORTATION***

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

### ***SPECIAL AVIATION***

The Special Aviation fund accounts for County airport construction projects financed principally by state and federal grants.

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

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

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

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

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

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

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

The Jobs and Employment Services fund was established to provide services to job seekers, incumbent workers, entrepreneurs, and employers through Workforce Investment Act (WIA) funding from the Department of Labor.

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

The Courthouse Temporary Construction fund accounts for revenues derived from a surcharge on parking fines, non-parking offenses, and criminal fines used for the acquisition, rehabilitation, construction, and financing of courtrooms and courtroom facilities.

## **NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued**

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

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

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

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

### ***MICROGRAPHICS FEES***

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

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

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

### ***SHERIFF SPECIAL PROJECTS***

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

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

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

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

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

## **NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued**

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

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

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

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

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

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

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

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

### ***REDEVELOPMENT AGENCY (RDA)***

The Redevelopment Agency fund accounts for the revenues and expenditures related to the San Sevaine and other redevelopment projects, and the administration of low and moderate-income housing. Tax increment revenues represent the principal source of financing. On February 1, 2012, pursuant to the Redevelopment Dissolution Act, all assets, liabilities and activities of the former Redevelopment Agency were transferred to the Redevelopment Successor Agency – a private purpose trust fund and Redevelopment Successor Housing Fund.

### ***REDEVELOPMENT SUCCESSOR HOUSING***

On February 1, 2012, pursuant to the Redevelopment Dissolution Act, the County elected to become the Redevelopment Successor Housing Agency to account for the low and moderate-income assets and administer the functions previously performed by the former RDA.

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

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

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

Other Special Revenue funds account for revenues received for various activities and programs including Master Settlement Agreement, Block Grant Carryover Program, Workers' Compensation Insurance Fraud Prosecution, Specialized Prosecutions, San Manuel Ampitheater, Bio-terrorism Preparedness, H1N1

## **NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued**

Preparedness, Vital Statistics State Fees, Vector Control Assessments, Chino Agricultural Preserve, Off-Highway Vehicle License Fees, County Trails System, Park Maintenance and Development, Proposition 40 Projects, and Inland Counties Emergency Medical Agency. Revenues are primarily derived from the tobacco lawsuit Master Settlement Agreement, federal and state funds, park admission fees, rents, and service fees.

### **DEBT SERVICE FUNDS DESCRIPTIONS**

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

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

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

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

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

This fund is used to account for the Redevelopment Agency of the County of San Bernardino bonds. Tax increment revenues represent the principal source of financing. On February 1, 2012, pursuant to the Redevelopment Dissolution Act, these resources and obligations were transferred to the Redevelopment Successor Agency, a private-purpose trust fund.

### **CAPITAL PROJECTS FUNDS DESCRIPTIONS**

#### ***REDEVELOPMENT AGENCY (RDA)***

The Redevelopment Agency Capital Projects fund is used to account for establishing one or more redevelopment projects areas of the County. Tax increment revenues represent the principal source of financing. On February 1, 2012, pursuant to the Redevelopment Dissolution Act, these resources and obligations were transferred to the Redevelopment Successor Agency private-purpose trust fund and Redevelopment Successor Housing fund.

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

The Fire Protection Districts Capital Projects funds account for the financial resources used to acquire and construct fire protection facilities within certain geographical areas of the County. Major projects include San Sevaine Fire Station #80, Angeles Oaks Fire Station #15, and Ludlow/Amboy Fire Station. These projects are primarily financed by transfers from the Fire Protection Districts' special revenue funds and interest income.

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

The Park and Recreation Districts Capital Projects fund accounts for the financial resources used to acquire and construct recreational facilities within certain geographical areas of the County. Major projects include animal park relocation and Paradise Park. These projects are primarily financed by Proposition 40 project funds, transfers from the Park and Recreation Districts' special revenue funds, and interest income.

## **NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued**

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

The County Service Areas Capital Projects fund accounts for the financial resources and acquisition and construction of facilities within certain geographical areas of the County. Major projects include Huston Creek Expansion and Lake Arrowhead Park Improvement. These funds are primarily financed by state capital grant, transfers from the County Service Areas special revenue funds, and interest income.

### **PERMANENT FUNDS DESCRIPTIONS**

***LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND*** - The Lucerne Valley Cemetery Endowment Care fund accounts for cash deposits collected for grave lots sold, and are used to defray the costs of care and maintenance of the cemetery.

***ETIWANDA CSA 70 OS-1 ENDOWMENT CARE FUND*** – The Etiwanda CSA 70 OS-1 Endowment Care fund uses all interest earned for operating activities for the North Etiwanda Preserve.

**COUNTY OF SAN BERNARDINO  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
JUNE 30, 2012 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>TRANSPORTATION</u>	<u>SPECIAL TRANSPORTATION</u>	<u>SPECIAL AVIATION</u>
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS	\$ 452,986	\$ 56,713	\$ 24,919	\$ 4,151
ACCOUNTS RECEIVABLE - NET	2,536	122	-	-
TAXES RECEIVABLE	5,235	-	-	-
INTEREST RECEIVABLE	7	-	-	-
LOAN RECEIVABLE	1,291	-	-	-
OTHER RECEIVABLES	255	62	-	-
DUE FROM OTHER FUNDS	20,021	2,427	-	19
DUE FROM OTHER GOVERNMENTS	25,808	6,492	1,172	-
LAND HELD FOR RESALE	1,863	-	-	-
INVENTORIES	78	78	-	-
PREPAID ITEMS	51	-	-	-
INTERFUND RECEIVABLE	133	133	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	5,845	-	-	-
TOTAL ASSETS	<u>\$ 516,109</u>	<u>\$ 66,027</u>	<u>\$ 26,091</u>	<u>\$ 4,170</u>
<b>LIABILITIES AND FUND BALANCES</b>				
ACCOUNTS PAYABLE	\$ 23,177	\$ 3,745	\$ 1,936	\$ 199
SALARIES AND BENEFITS PAYABLE	8,060	1,030	-	-
DUE TO OTHER FUNDS	28,453	1,017	800	328
DUE TO OTHER GOVERNMENTS	6,828	837	150	-
INTEREST PAYABLE	-	-	-	-
DEFERRED REVENUE	4,005	30	-	-
INTERFUND PAYABLE	269	-	133	-
TOTAL LIABILITIES	<u>70,792</u>	<u>6,659</u>	<u>3,019</u>	<u>527</u>
<b>FUND BALANCES:</b>				
NONSPENDABLE	129	78	-	-
RESTRICTED	414,606	53,185	23,072	2,737
ASSIGNED	30,582	6,105	-	906
TOTAL FUND BALANCES	<u>445,317</u>	<u>59,368</u>	<u>23,072</u>	<u>3,643</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 516,109</u>	<u>\$ 66,027</u>	<u>\$ 26,091</u>	<u>\$ 4,170</u>

**COUNTY OF SAN BERNARDINO  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2012 (IN THOUSANDS)**

	<b>MENTAL HEALTH SERVICES ACT</b>	<b>PRESCHOOL SERVICES</b>	<b>AGING AND ADULT SERVICES</b>	<b>JOBS AND EMPLOYMENT SERVICES</b>
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS	\$ 86,205	\$ 327	\$ 698	\$ 797
ACCOUNTS RECEIVABLE - NET	-	-	-	206
DUE FROM OTHER FUNDS	13,441	199	11	24
DUE FROM OTHER GOVERNMENTS	140	2,488	830	1,352
TOTAL ASSETS	<u>\$ 99,786</u>	<u>\$ 3,014</u>	<u>\$ 1,539</u>	<u>\$ 2,379</u>
<b>LIABILITIES AND FUND BALANCES</b>				
ACCOUNTS PAYABLE	\$ 6,242	\$ 1,761	\$ -	\$ 969
SALARIES AND BENEFITS PAYABLE	921	898	51	287
DUE TO OHER FUNDS	3,805	43	65	35
DEFERRED REVENUE	-	-	-	75
TOTAL LIABILITIES	<u>10,968</u>	<u>2,702</u>	<u>116</u>	<u>1,366</u>
<b>FUND BALANCES:</b>				
RESTRICTED	88,818	312	1,423	1,013
TOTAL FUND BALANCES	<u>88,818</u>	<u>312</u>	<u>1,423</u>	<u>1,013</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 99,786</u>	<u>\$ 3,014</u>	<u>\$ 1,539</u>	<u>\$ 2,379</u>

**COUNTY OF SAN BERNARDINO  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2012 (IN THOUSANDS)**

	<b>COURTHOUSE TEMPORARY CONSTRUCTION</b>	<b>CRIMINAL JUSTICE TEMPORARY CONSTRUCTION</b>	<b>CENTRAL COURTHOUSE SURCHARGE</b>	<b>MICROGRAPHICS FEES</b>
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS	\$ 12	\$ 108	\$ -	\$ 7,376
ACCOUNTS RECEIVABLE - NET	-	-	-	69
LOAN RECEIVABLE	-	-	-	1,291
DUE FROM OTHER FUNDS	12	12	-	-
DUE FROM OTHER GOVERNMENTS	4	4	-	-
TOTAL ASSETS	<u>\$ 28</u>	<u>\$ 124</u>	<u>\$ -</u>	<u>\$ 8,736</u>
<b>LIABILITIES AND FUND BALANCES</b>				
ACCOUNTS PAYABLE	\$ -	\$ -	\$ -	\$ 163
SALARIES AND BENEFITS PAYABLE	-	-	-	34
DUE TO OTHER FUNDS	-	-	-	159
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>356</u>
<b>FUND BALANCES:</b>				
RESTRICTED	28	124	-	6,934
ASSIGNED	-	-	-	1,446
TOTAL FUND BALANCES	<u>28</u>	<u>124</u>	<u>-</u>	<u>8,380</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 28</u>	<u>\$ 124</u>	<u>\$ -</u>	<u>\$ 8,736</u>

**COUNTY OF SAN BERNARDINO  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2012 (IN THOUSANDS)**

	<b>LOCAL LAW ENFORCEMENT BLOCK GRANT</b>	<b>SHERIFF SPECIAL PROJECTS</b>	<b>FIRE PROTECTION DISTRICTS</b>	<b>ECONOMIC AND COMMUNITY DEVELOPMENT</b>
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS	\$ 5,044	\$ 31,663	\$ 46,520	\$ 20,310
ACCOUNTS RECEIVABLE - NET	-	16	1,197	-
TAXES RECEIVABLE	-	-	1,939	-
OTHER RECEIVABLES	-	-	9	-
DUE FROM OTHER FUNDS	-	73	929	-
DUE FROM OTHER GOVERNMENTS	-	1,087	3,422	1,764
PREPAID ITEMS	-	-	51	-
TOTAL ASSETS	<u>\$ 5,044</u>	<u>\$ 32,839</u>	<u>\$ 54,067</u>	<u>\$ 22,074</u>
<b>LIABILITIES AND FUND BALANCES</b>				
ACCOUNTS PAYABLE	\$ -	\$ 939	\$ 575	\$ 387
SALARIES AND BENEFITS PAYABLE	-	6	3,408	67
DUE TO OTHER FUNDS	205	9,842	2,154	1,066
DUE TO OTHER GOVERNMENTS	-	345	1,305	591
DEFERRED REVENUE	-	-	1,519	-
TOTAL LIABILITIES	<u>205</u>	<u>11,132</u>	<u>8,961</u>	<u>2,111</u>
<b>FUND BALANCES:</b>				
NONSPENDABLE	-	-	51	-
RESTRICTED	4,839	17,793	45,055	19,963
ASSIGNED	-	3,914	-	-
TOTAL FUND BALANCES	<u>4,839</u>	<u>21,707</u>	<u>45,106</u>	<u>19,963</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,044</u>	<u>\$ 32,839</u>	<u>\$ 54,067</u>	<u>\$ 22,074</u>

**COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS (CONTINUED)  
 JUNE 30, 2012 (IN THOUSANDS)**

	<b>FLOOD CONTROL DISTRICT</b>	<b>COUNTY SERVICE AREAS</b>	<b>PARK AND RECREATION DISTRICTS</b>	<b>COUNTY FREE LIBRARY</b>
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS	\$ 60,301	\$ 21,571	\$ 1,036	\$ 1,717
ACCOUNTS RECEIVABLE - NET	539	94	30	167
TAXES RECEIVABLE	2,334	178	120	664
INTEREST RECEIVABLE	7	-	-	-
OTHER RECEIVABLE	-	82	102	-
DUE FROM OTHER FUNDS	1,162	293	50	250
DUE FROM OTHER GOVERNMENTS	1,854	-	650	15
RESTRICTED CASH AND INVESTMENTS	5,845	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 72,042</b>	<b>\$ 22,218</b>	<b>\$ 1,988</b>	<b>\$ 2,813</b>
<b>LIABILITIES AND FUND BALANCES</b>				
ACCOUNTS PAYABLE	\$ 5,520	\$ 52	\$ 6	\$ 443
SALARIES AND BENEFITS PAYABLE	508	298	65	260
DUE TO OTHER FUNDS	736	98	10	61
DUE TO OTHER GOVERNMENTS	1,404	-	-	43
DEFERRED REVENUE	1,676	132	89	479
INTERFUND PAYABLE	-	136	-	-
<b>TOTAL LIABILITIES</b>	<b>9,844</b>	<b>716</b>	<b>170</b>	<b>1,286</b>
<b>FUND BALANCES:</b>				
RESTRICTED	62,198	21,502	1,818	1,527
<b>TOTAL FUND BALANCES</b>	<b>62,198</b>	<b>21,502</b>	<b>1,818</b>	<b>1,527</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 72,042</b>	<b>\$ 22,218</b>	<b>\$ 1,988</b>	<b>\$ 2,813</b>

**COUNTY OF SAN BERNARDINO  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2012 (IN THOUSANDS)**

	<b>REDEVELOPMENT AGENCY</b>	<b>REDEVELOPMENT SUCCESSOR HOUSING</b>	<b>JOINT POWERS AUTHORITIES</b>	<b>OTHER SPECIAL REVENUE</b>
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS	\$ -	\$ 5,222	\$ 5,746	\$ 72,550
ACCOUNTS RECEIVABLE - NET	-	-	-	96
DUE FROM OTHER FUNDS	-	-	-	1,119
DUE FROM OTHER GOVERNMENTS	-	-	-	4,534
LAND HELD FOR RESALE	-	1,863	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 7,085</u>	<u>\$ 5,746</u>	<u>\$ 78,299</u>
<b>LIABILITIES AND FUND BALANCES</b>				
ACCOUNTS PAYABLE	\$ -	\$ -	\$ -	\$ 240
SALARIES AND BENEFITS PAYABLE	-	-	-	227
DUE TO OTHER FUNDS	-	-	933	7,096
DUE TO OTHER GOVERNMENTS	-	360	10	1,783
DEFERRED REVENUE	-	-	-	5
TOTAL LIABILITIES	<u>-</u>	<u>360</u>	<u>943</u>	<u>9,351</u>
<b>FUND BALANCES:</b>				
RESTRICTED	-	6,725	4,803	50,737
ASSIGNED	-	-	-	18,211
TOTAL FUND BALANCES	<u>-</u>	<u>6,725</u>	<u>4,803</u>	<u>68,948</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 7,085</u>	<u>\$ 5,746</u>	<u>\$ 78,299</u>

**COUNTY OF SAN BERNARDINO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)**

	TOTAL	TRANSPORTATION	SPECIAL TRANSPORTATION	SPECIAL AVIATION
<b>REVENUES:</b>				
TAXES	\$ 99,525	\$ -	\$ 6,195	\$ -
LICENSES, PERMITS AND FRANCHISES	767	356	-	-
FINES, FORFEITURES AND PENALTIES	8,552	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	6,653	225	136	581
AID FROM OTHER GOVERNMENTAL AGENCIES	291,037	59,342	1,227	910
CHARGES FOR CURRENT SERVICES	87,619	4,422	474	-
OTHER REVENUES	35,988	1,163	491	-
<b>TOTAL REVENUES</b>	<b>530,141</b>	<b>65,508</b>	<b>8,523</b>	<b>1,491</b>
<b>EXPENDITURES:</b>				
<b>CURRENT:</b>				
GENERAL GOVERNMENT	7,401	-	-	-
PUBLIC PROTECTION	183,959	-	-	-
PUBLIC WAYS AND FACILITIES	72,437	56,717	12,002	1,418
HEALTH AND SANITATION	97,086	-	-	-
PUBLIC ASSISTANCE	100,817	-	-	-
EDUCATION	12,738	-	-	-
RECREATION AND CULTURAL SERVICES	7,039	-	-	-
<b>DEBT SERVICE:</b>				
PRINCIPAL	4,493	212	-	-
INTEREST AND FISCAL CHARGES	4,616	10	-	-
CAPITAL OUTLAY	14,805	5,833	-	1,307
<b>TOTAL EXPENDITURES</b>	<b>505,391</b>	<b>62,772</b>	<b>12,002</b>	<b>2,725</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	24,750	2,736	(3,479)	(1,234)
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS OUT	(84,554)	(6,195)	-	(240)
TRANSFERS IN	59,037	16,234	-	19
SALE OF CAPITAL ASSETS	798	456	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(24,719)</b>	<b>10,495</b>	<b>-</b>	<b>(221)</b>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	31	13,231	(3,479)	(1,455)
EXTRAORDINARY ITEM	(27,154)	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>(27,123)</b>	<b>13,231</b>	<b>(3,479)</b>	<b>(1,455)</b>
FUND BALANCES, JULY 1, 2011	472,440	46,137	26,551	5,098
<b>FUND BALANCES, JUNE 30, 2012</b>	<b>\$ 445,317</b>	<b>\$ 59,368</b>	<b>\$ 23,072</b>	<b>\$ 3,643</b>

**COUNTY OF SAN BERNARDINO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)**

	MENTAL HEALTH SERVICES ACT	PRESCHOOL SERVICES	AGING AND ADULT SERVICES	JOBS AND EMPLOYMENT SERVICES
<b>REVENUES:</b>				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 457	\$ 3	\$ 4	\$ 452
AID FROM OTHER GOVERNMENTAL AGENCIES	67,634	47,001	3,913	19,953
OTHER REVENUES	114	588	846	6
<b>TOTAL REVENUES</b>	<b>68,205</b>	<b>47,592</b>	<b>4,763</b>	<b>20,411</b>
<b>EXPENDITURES:</b>				
CURRENT:				
HEALTH AND SANITATION	73,490	-	-	-
PUBLIC ASSISTANCE	-	45,930	4,709	19,756
CAPITAL OUTLAY	143	286	-	-
<b>TOTAL EXPENDITURES</b>	<b>73,633</b>	<b>46,216</b>	<b>4,709</b>	<b>19,756</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,428)	1,376	54	655
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS OUT	(975)	(1,234)	(58)	(290)
TRANSFERS IN	-	122	-	-
SALE OF CAPITAL ASSETS	-	6	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(975)</b>	<b>(1,106)</b>	<b>(58)</b>	<b>(290)</b>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(6,403)	270	(4)	365
EXTRAORDINARY ITEM	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>(6,403)</b>	<b>270</b>	<b>(4)</b>	<b>365</b>
FUND BALANCES, JULY 1, 2011	95,221	42	1,427	648
<b>FUND BALANCES, JUNE 30, 2012</b>	<b>\$ 88,818</b>	<b>\$ 312</b>	<b>\$ 1,423</b>	<b>\$ 1,013</b>

**COUNTY OF SAN BERNARDINO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
SPECIAL REVENUE FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)**

	COURTHOUSE TEMPORARY CONSTRUCTION	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	CENTRAL COURTHOUSE SURCHARGE	MICROGRAPHICS FEES
<b>REVENUES:</b>				
FINES, FORFEITURES AND PENALTIES	\$ 2,027	\$ 2,502	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	24	33	-	24
CHARGES FOR CURRENT SERVICES	-	-	2,216	3,805
<b>TOTAL REVENUES</b>	<b>2,051</b>	<b>2,535</b>	<b>2,216</b>	<b>3,829</b>
<b>EXPENDITURES:</b>				
CURRENT:				
PUBLIC PROTECTION	-	-	-	3,194
CAPITAL OUTLAY	-	-	-	11
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,205</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,051	2,535	2,216	624
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS OUT	(9,008)	(12,533)	(2,216)	(4,011)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(9,008)</b>	<b>(12,533)</b>	<b>(2,216)</b>	<b>(4,011)</b>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(6,957)	(9,998)	-	(3,387)
EXTRAORDINARY ITEM	-	-	-	-
NET CHANGE IN FUND BALANCES	(6,957)	(9,998)	-	(3,387)
FUND BALANCES, JULY 1, 2011	6,985	10,122	-	11,767
FUND BALANCES, JUNE 30, 2012	<b>\$ 28</b>	<b>\$ 124</b>	<b>\$ -</b>	<b>\$ 8,380</b>

**COUNTY OF SAN BERNARDINO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)**

	LOCAL LAW ENFORCEMENT BLOCK GRANT	SHERIFF SPECIAL PROJECTS	FIRE PROTECTION DISTRICTS	ECONOMIC AND COMMUNITY DEVELOPMENT
<b>REVENUES:</b>				
TAXES	\$ -	\$ -	\$ 33,744	\$ 4
FINES, FORFEITURES AND PENALTIES	-	-	31	1
REVENUES FROM USE OF MONEY AND PROPERTY	17	133	315	268
AID FROM OTHER GOVERNMENTAL AGENCIES	1,341	12,117	12,173	29,050
CHARGES FOR CURRENT SERVICES	-	4,072	57,424	12
OTHER REVENUES	-	2,472	1,329	2,623
<b>TOTAL REVENUES</b>	<b>1,358</b>	<b>18,794</b>	<b>105,016</b>	<b>31,958</b>
<b>EXPENDITURES:</b>				
CURRENT:				
PUBLIC PROTECTION	1,550	21,528	104,575	-
PUBLIC ASSISTANCE	-	-	-	26,731
DEBT SERVICE:				
PRINCIPAL	-	-	318	-
INTEREST AND FISCAL CHARGES	-	-	107	-
CAPITAL OUTLAY	104	1,987	2,029	2,285
<b>TOTAL EXPENDITURES</b>	<b>1,654</b>	<b>23,515</b>	<b>107,029</b>	<b>29,016</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(296)	(4,721)	(2,013)	2,942
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS OUT	(3)	(277)	(6,760)	(2,662)
TRANSFERS IN	-	-	14,204	76
SALE OF CAPITAL ASSETS	-	-	64	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3)</b>	<b>(277)</b>	<b>7,508</b>	<b>(2,586)</b>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(299)	(4,998)	5,495	356
EXTRAORDINARY ITEM	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>(299)</b>	<b>(4,998)</b>	<b>5,495</b>	<b>356</b>
FUND BALANCES, JULY 1, 2011	5,138	26,705	39,611	19,607
<b>FUND BALANCES, JUNE 30, 2012</b>	<b>\$ 4,839</b>	<b>\$ 21,707</b>	<b>\$ 45,106</b>	<b>\$ 19,963</b>

**COUNTY OF SAN BERNARDINO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)**

	FLOOD CONTROL DISTRICT	COUNTY SERVICE AREAS	PARK AND RECREATION DISTRICTS	COUNTY FREE LIBRARY
<b>REVENUES:</b>				
TAXES	\$ 36,224	\$ 2,944	\$ 2,144	\$ 11,917
LICENSES, PERMITS AND FRANCHISES	124	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	1,031	198	57	-
AID FROM OTHER GOVERNMENTAL AGENCIES	5,232	216	96	457
CHARGES FOR CURRENT SERVICES	737	3,611	1,035	979
OTHER REVENUES	131	424	83	301
<b>TOTAL REVENUES</b>	<b>43,479</b>	<b>7,393</b>	<b>3,415</b>	<b>13,654</b>
<b>EXPENDITURES:</b>				
<b>CURRENT:</b>				
GENERAL GOVERNMENT	-	1,970	-	-
PUBLIC PROTECTION	40,281	808	-	-
PUBLIC WAYS AND FACILITIES	-	2,110	-	-
HEALTH AND SANITATION	-	56	-	-
EDUCATION	-	-	-	12,738
RECREATION AND CULTURAL SERVICES	-	1,272	3,230	-
<b>DEBT SERVICE:</b>				
PRINCIPAL	3,511	71	-	56
INTEREST AND FISCAL CHARGES	3,454	31	-	61
CAPITAL OUTLAY	90	393	14	16
<b>TOTAL EXPENDITURES</b>	<b>47,336</b>	<b>6,711</b>	<b>3,244</b>	<b>12,871</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,857)	682	171	783
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS OUT	(584)	(939)	(118)	(359)
TRANSFERS IN	5,903	6,496	188	-
SALE OF CAPITAL ASSETS	187	82	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>5,506</b>	<b>5,639</b>	<b>70</b>	<b>(359)</b>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	1,649	6,321	241	424
EXTRAORDINARY ITEM	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,649</b>	<b>6,321</b>	<b>241</b>	<b>424</b>
FUND BALANCES, JULY 1, 2011	60,549	15,181	1,577	1,103
<b>FUND BALANCES, JUNE 30, 2012</b>	<b>\$ 62,198</b>	<b>\$ 21,502</b>	<b>\$ 1,818</b>	<b>\$ 1,527</b>

**COUNTY OF SAN BERNARDINO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)**

	REDEVELOPMENT AGENCY	REDEVELOPMENT SUCCESSOR HOUSING	JOINT POWER AUTHORITIES	OTHER SPECIAL REVENUE
<b>REVENUES:</b>				
TAXES	\$ 6,324	\$ -	\$ -	\$ 29
LICENSES, PERMITS AND FRANCHISES	-	-	-	287
FINES, FORFEITURES AND PENALTIES	-	-	-	3,991
REVENUES FROM USE OF MONEY AND PROPERTY	84	42	2	2,567
AID FROM OTHER GOVERNMENTAL AGENCIES	-	202	-	30,173
CHARGES FOR CURRENT SERVICES	-	-	-	8,832
OTHER REVENUES	633	22	-	24,762
<b>TOTAL REVENUES</b>	<b>7,041</b>	<b>266</b>	<b>2</b>	<b>70,641</b>
<b>EXPENDITURES:</b>				
<b>CURRENT:</b>				
GENERAL GOVERNMENT	2,739	2,690	2	-
PUBLIC PROTECTION	-	-	-	12,023
PUBLIC WAYS AND FACILITIES	-	-	-	190
HEALTH AND SANITATION	-	-	-	23,540
PUBLIC ASSISTANCE	-	-	-	3,691
RECREATION AND CULTURAL SERVICES	-	-	-	2,537
<b>DEBT SERVICE:</b>				
PRINCIPAL	-	-	325	-
INTEREST AND FISCAL CHARGES	-	-	953	-
CAPITAL OUTLAY	-	-	-	307
<b>TOTAL EXPENDITURES</b>	<b>2,739</b>	<b>2,690</b>	<b>1,280</b>	<b>42,288</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,302</b>	<b>(2,424)</b>	<b>(1,278)</b>	<b>28,353</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS OUT	(16,737)	-	(900)	(18,455)
TRANSFERS IN	-	9,149	2,216	4,430
SALE OF CAPITAL ASSETS	-	-	-	3
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(16,737)</b>	<b>9,149</b>	<b>1,316</b>	<b>(14,022)</b>
<b>NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM</b>	<b>(12,435)</b>	<b>6,725</b>	<b>38</b>	<b>14,331</b>
<b>EXTRAORDINARY ITEM</b>	<b>(27,154)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(39,589)</b>	<b>6,725</b>	<b>38</b>	<b>14,331</b>
<b>FUND BALANCES, JULY 1, 2011</b>	<b>39,589</b>	<b>-</b>	<b>4,765</b>	<b>54,617</b>
<b>FUND BALANCES, JUNE 30, 2012</b>	<b>\$ -</b>	<b>\$ 6,725</b>	<b>\$ 4,803</b>	<b>\$ 68,948</b>

**COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 DEBT SERVICE FUNDS  
 JUNE 30, 2012 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>PENSION OBLIGATION BONDS</u>	<u>REDEVELOPMENT AGENCY BONDS</u>
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS	\$ 41,060	\$ 12,392	\$ 28,668	\$ -
INVESTMENTS	2,127	-	2,127	-
TOTAL ASSETS	<u>\$ 43,187</u>	<u>\$ 12,392</u>	<u>\$ 30,795</u>	<u>\$ -</u>
<b>FUND BALANCES:</b>				
RESTRICTED	\$ 43,187	\$ 12,392	\$ 30,795	\$ -
TOTAL FUND BALANCES	<u>\$ 43,187</u>	<u>\$ 12,392</u>	<u>\$ 30,795</u>	<u>\$ -</u>

**COUNTY OF SAN BERNARDINO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>PENSION OBLIGATION BONDS</u>	<u>REDEVELOPMENT AGENCY BONDS</u>
<b>REVENUES</b>				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 97	\$ 1	\$ 96	\$ -
AID FROM OTHER GOVERNMENTAL AGENCIES	4	-	-	4
OTHER REVENUES	1,701	-	1,701	-
TOTAL REVENUES	<u>1,802</u>	<u>1</u>	<u>1,797</u>	<u>4</u>
<b>EXPENDITURES</b>				
CURRENT:				
GENERAL GOVERNMENT	1,364	1,117	3	244
DEBT SERVICE:				
PRINCIPAL	119,440	64,135	53,880	1,425
INTEREST AND FISCAL CHARGES	28,023	5,001	20,276	2,746
BOND ISSUANCE COSTS	135	135	-	-
TOTAL EXPENDITURES	<u>148,962</u>	<u>70,388</u>	<u>74,159</u>	<u>4,415</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(147,160)</u>	<u>(70,387)</u>	<u>(72,362)</u>	<u>(4,411)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS IN	93,245	17,624	68,288	7,333
REFUNDING DEBT ISSUED	51,585	51,585	-	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>144,830</u>	<u>69,209</u>	<u>68,288</u>	<u>7,333</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(2,330)	(1,178)	(4,074)	2,922
EXTRAORDINARY ITEM	(9,540)	-	-	(9,540)
NET CHANGE IN FUND BALANCES	<u>(11,870)</u>	<u>(1,178)</u>	<u>(4,074)</u>	<u>(6,618)</u>
FUND BALANCES, JULY 1, 2011	<u>55,057</u>	<u>13,570</u>	<u>34,869</u>	<u>6,618</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ 43,187</u>	<u>\$ 12,392</u>	<u>\$ 30,795</u>	<u>\$ -</u>

**COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUNDS  
 JUNE 30, 2012 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>REDEVELOPMENT AGENCY</u>	<u>FIRE PROTECTION DISTRICTS</u>
<b>ASSETS</b>			
CASH AND CASH EQUIVALENTS	\$ 14,629	\$ -	\$ 6,079
LAND HELD FOR RESALE	-	-	-
TOTAL ASSETS	<u>\$ 14,629</u>	<u>\$ -</u>	<u>\$ 6,079</u>
<b>LIABILITIES AND FUND BALANCES</b>			
ACCOUNTS PAYABLE	\$ 60	\$ -	\$ -
DUE TO OTHER FUNDS	20	-	-
TOTAL LIABILITIES	<u>80</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES:</b>			
RESTRICTED	14,549	-	6,079
TOTAL FUND BALANCES	<u>14,549</u>	<u>-</u>	<u>6,079</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,629</u>	<u>\$ -</u>	<u>\$ 6,079</u>

**COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUNDS (CONTINUED)  
 JUNE 30, 2012 (IN THOUSANDS)**

	<u>PARK AND RECREATION DISTRICTS</u>	<u>COUNTY SERVICE AREAS</u>
<b>ASSETS</b>		
CASH AND CASH EQUIVALENTS	\$ 7,288	\$ 1,262
LAND HELD FOR RESALE	-	-
TOTAL ASSETS	<u>\$ 7,288</u>	<u>\$ 1,262</u>
<b>LIABILITIES AND FUND BALANCES</b>		
ACCOUNTS PAYABLE	\$ 14	\$ 46
DUE TO OTHER FUNDS	11	9
TOTAL LIABILITIES	<u>25</u>	<u>55</u>
<b>FUND BALANCES:</b>		
RESTRICTED	7,263	1,207
TOTAL FUND BALANCES	<u>7,263</u>	<u>1,207</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,288</u>	<u>\$ 1,262</u>

**COUNTY OF SAN BERNARDINO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)**

	TOTAL	REDEVELOPMENT AGENCY	FIRE PROTECTION DISTRICTS
<b>REVENUES</b>			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 110	\$ 38	\$ 31
CHARGES FOR CURRENT SERVICES	95	-	-
OTHER REVENUES	166	-	-
<b>TOTAL REVENUES</b>	<b>371</b>	<b>38</b>	<b>31</b>
<b>EXPENDITURES</b>			
CURRENT:			
GENERAL GOVERNMENT	2,079	2,079	-
CAPITAL OUTLAY	1,535	-	352
<b>TOTAL EXPENDITURES</b>	<b>3,614</b>	<b>2,079</b>	<b>352</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,243)	(2,041)	(321)
<b>OTHER FINANCING SOURCES (USES):</b>			
TRANSFERS OUT	(6,351)	-	(900)
TRANSFERS IN	735	-	-
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>(5,616)</b>	<b>-</b>	<b>(900)</b>
NET CHANGE IN FUND BALANCE BEFORE EXTRAORDINARY ITEM	(8,859)	(2,041)	(1,221)
EXTRAORDINARY ITEM	(52,692)	(52,692)	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>(61,551)</b>	<b>(54,733)</b>	<b>(1,221)</b>
FUND BALANCES, JULY 1, 2011	76,100	54,733	7,300
<b>FUND BALANCES, JUNE 30, 2012</b>	<b>\$ 14,549</b>	<b>\$ -</b>	<b>\$ 6,079</b>

**COUNTY OF SAN BERNARDINO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECTS FUNDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)**

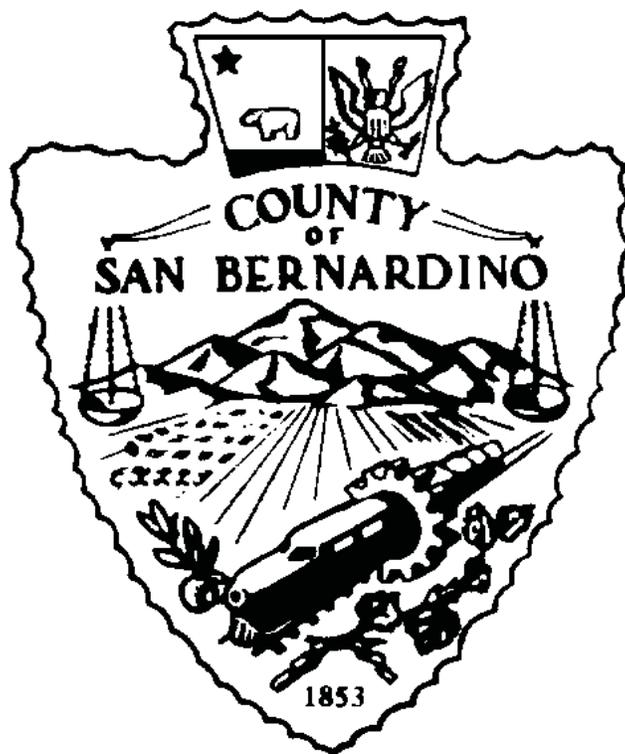
	<u>PARK AND RECREATION DISTRICTS</u>	<u>COUNTY SERVICE AREAS</u>
<b>REVENUES</b>		
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 35	\$ 6
CHARGES FOR CURRENT SERVICES	-	95
OTHER REVENUES	<u>166</u>	<u>-</u>
TOTAL REVENUES	<u>201</u>	<u>101</u>
<b>EXPENDITURES</b>		
CAPITAL OUTLAY	<u>624</u>	<u>559</u>
TOTAL EXPENDITURES	<u>624</u>	<u>559</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(423)</u>	<u>(458)</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
TRANSFERS OUT	(81)	(5,370)
TRANSFERS IN	<u>85</u>	<u>650</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>4</u>	<u>(4,720)</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(419)	(5,178)
EXTRAORDINARY ITEM	-	-
NET CHANGE IN FUND BALANCES	<u>(419)</u>	<u>(5,178)</u>
FUND BALANCES, JULY 1, 2011	<u>7,682</u>	<u>6,385</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ 7,263</u>	<u>\$ 1,207</u>

**COUNTY OF SAN BERNARDINO  
 COMBINING BALANCE SHEET  
 PERMANENT FUNDS  
 JUNE 30, 2012 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND</u>	<u>ETIWANDA CSA 70 OS-1 ENDOWMENT CARE FUND</u>
<b>ASSETS</b>			
CASH AND CASH EQUIVALENTS	\$ 1,704	\$ 92	\$ 1,612
TOTAL ASSETS	<u>\$ 1,704</u>	<u>\$ 92</u>	<u>\$ 1,612</u>
<b>FUND BALANCES</b>			
NONSPENDABLE	\$ 1,704	\$ 92	\$ 1,612
TOTAL FUND BALANCES	<u>\$ 1,704</u>	<u>\$ 92</u>	<u>\$ 1,612</u>

**COUNTY OF SAN BERNARDINO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**PERMANENT FUNDS**  
**YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND</u>	<u>ETIWANDA CSA 70 OS-1 ENDOWMENT CARE FUND</u>
<b>REVENUES</b>			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 6	\$ -	\$ 6
CHARGES FOR CURRENT SERVICES	12	-	12
TOTAL REVENUES	<u>18</u>	<u>-</u>	<u>18</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
TRANSFERS OUT	<u>(7)</u>	<u>-</u>	<u>(7)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(7)</u>	<u>-</u>	<u>(7)</u>
NET CHANGE IN FUND BALANCES	11	-	11
FUND BALANCES JULY 1, 2011	<u>1,693</u>	<u>92</u>	<u>1,601</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ 1,704</u>	<u>\$ 92</u>	<u>\$ 1,612</u>



# COMBINING FINANCIAL STATEMENTS NONMAJOR ENTERPRISE FUNDS



complete county  
of choices ... vibrant economy ... skilled workforce ...  
... countywide prosperity ... sustainable systems ...  
destination ... a home ... San Bernardino County ... complete  
... vibrant economy ... skilled workforce ... unique advantages ...  
... systems ... model communities ... a destination ... a home ... San  
... broad range of choices ... vibrant economy ... skilled workforce ...  
... sustainable systems ... model communities ... a destination ... a home ...  
... broad range of choices ... vibrant economy ... skilled workforce ... unique  
... systems ... model communities ... a destination ... a home ... San Bernardino  
... vibrant economy ... skilled workforce ... unique advantages ... countywide  
... destination ... a home ... San Bernardino County ... complete county ...  
... unique advantages ... countywide prosperity ... sustainable system  
... County ... complete county ... broad range of choices ... vibrant  
... prosperity ... sustainable systems ... model communities ... a  
... broad range of choices ... vibrant economy ... skilled workf  
... model communities ... a destination ... a home ... San  
... vibrant economy ... skilled workforce ... unique advantages ...  
... destination ... a home ... San Bernardino County ... compl  
... unique advantages ... countywide prosperity ... sustain  
... County ... complete county ... broad range of choices  
... sustainability ... sustainable systems ... model communities ...  
... broad range of choices ... vibrant economy ... skilled workf

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*County of San Bernardino*

## **NONMAJOR ENTERPRISE FUNDS DESCRIPTIONS**

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

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

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

The Fire Protection Districts-Ambulance Funds account for ambulance transport services. User fees are the principal source of revenue. This fund was transferred to Nonmajor Governmental Funds during the fiscal year 2012.

### ***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, 2012 (IN THOUSANDS)**

	TOTAL	COUNTY SERVICE AREAS	FIRE PROTECTION DISTRICTS	OTHER ENTERPRISE
<b>ASSETS</b>				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 33,386	\$ 33,274	\$ -	\$ 112
ACCOUNTS RECEIVABLE, NET	2,537	2,537	-	-
TAXES RECEIVABLE	147	147	-	-
OTHER RECEIVABLES	41	41	-	-
DUE FROM OTHER FUNDS	74	74	-	-
DUE FROM OTHER GOVERNMENTS	433	433	-	-
INVENTORIES	67	-	-	67
TOTAL CURRENT ASSETS	<u>36,685</u>	<u>36,506</u>	<u>-</u>	<u>179</u>
NONCURRENT ASSETS:				
NOTES RECEIVABLE	162	162	-	-
CAPITAL ASSETS NOT BEING DEPRECIATED OR AMORTIZED				
LAND	3,425	3,425	-	-
LAND USE RIGHTS	258	258	-	-
DEVELOPMENT IN PROGRESS	9,221	9,221	-	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
LAND USE RIGHTS	1,004	1,004	-	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE	71,248	71,248	-	-
EQUIPMENT AND SOFTWARE	1,508	1,508	-	-
ACCUMULATED DEPRECIATION AND AMORTIZATION	(33,129)	(33,129)	-	-
TOTAL NONCURRENT ASSETS	<u>53,697</u>	<u>53,697</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>90,382</u>	<u>90,203</u>	<u>-</u>	<u>179</u>
<b>LIABILITIES</b>				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	595	595	-	-
SALARIES AND BENEFITS PAYABLE	1	-	-	1
DUE TO OTHER FUNDS	750	750	-	-
DUE TO OTHER GOVERNMENTS	215	215	-	-
INTEREST PAYABLE	243	243	-	-
UNEARNED REVENUE	8	8	-	-
BONDS AND NOTES PAYABLE	265	265	-	-
TOTAL CURRENT LIABILITIES	<u>2,077</u>	<u>2,076</u>	<u>-</u>	<u>1</u>
NONCURRENT LIABILITIES:				
INTERFUND PAYABLE	572	572	-	-
BONDS AND NOTES PAYABLE	2,638	2,638	-	-
TOTAL NONCURRENT LIABILITIES	<u>3,210</u>	<u>3,210</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>5,287</u>	<u>5,286</u>	<u>-</u>	<u>1</u>
<b>NET ASSETS</b>				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	50,632	50,632	-	-
UNRESTRICTED	34,463	34,285	-	178
TOTAL NET ASSETS	<u>\$ 85,095</u>	<u>\$ 84,917</u>	<u>\$ -</u>	<u>\$ 178</u>

**COUNTY OF SAN BERNARDINO**  
**COMBINING - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)**

	TOTAL	COUNTY SERVICE AREAS	FIRE PROTECTION DISTRICTS	OTHER ENTERPRISE
OPERATING REVENUES:				
CHARGES FOR CURRENT SERVICES	\$ 11,707	\$ 11,589	\$ -	\$ 118
OTHER OPERATING REVENUES	1	1	-	-
TOTAL OPERATING REVENUES	<u>11,708</u>	<u>11,590</u>	<u>-</u>	<u>118</u>
OPERATING EXPENSES:				
PROFESSIONAL SERVICES	2,395	2,395	-	-
SALARIES AND EMPLOYEES BENEFITS	5,474	5,417	-	57
SERVICES AND SUPPLIES	3,646	3,632	-	14
DEPRECIATION AND AMORTIZATION	2,516	2,516	-	-
OTHER	664	664	-	-
TOTAL OPERATING EXPENSES	<u>14,695</u>	<u>14,624</u>	<u>-</u>	<u>71</u>
OPERATING INCOME (LOSS)	<u>(2,987)</u>	<u>(3,034)</u>	<u>-</u>	<u>47</u>
NONOPERATING REVENUES (EXPENSES):				
INTEREST REVENUES	162	162	-	-
INTEREST EXPENSE	(55)	(55)	-	-
TAX REVENUE	2,674	2,674	-	-
GRANT REVENUE	314	314	-	-
OTHER NONOPERATING REVENUES	1,704	1,704	-	-
OTHER NONOPERATING EXPENSES	(527)	-	(527)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>4,272</u>	<u>4,799</u>	<u>(527)</u>	<u>-</u>
CHANGE IN NET ASSETS BEFORE TRANSFERS	1,285	1,765	(527)	47
TRANSFERS OUT	(1,710)	(25)	(1,684)	(1)
TRANSFERS IN	453	205	248	-
CHANGE IN NET ASSETS	<u>28</u>	<u>1,945</u>	<u>(1,963)</u>	<u>46</u>
TOTAL NET ASSETS, JULY 1, 2011	<u>85,067</u>	<u>82,972</u>	<u>1,963</u>	<u>132</u>
TOTAL NET ASSETS, JUNE 30, 2012	<u>\$ 85,095</u>	<u>\$ 84,917</u>	<u>\$ -</u>	<u>\$ 178</u>

COUNTY OF SAN BERNARDINO  
STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	TOTAL	COUNTY SERVICE AREAS	FIRE PROTECTION DISTRICTS- AMBULANCE	OTHER ENTERPRISE
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
CASH RECEIVED FROM SERVICES	\$ 13,778	\$ 13,642	\$ -	\$ 136
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(6,860)	(6,305)	(527)	(28)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(5,473)	(5,417)	-	(56)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,445	1,920	(527)	52
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
TAXES RECEIVED	2,630	2,630	-	-
GRANTS RECEIVED	314	314	-	-
TRANSFERS RECEIVED	453	205	248	-
TRANSFERS PAID	(338)	(284)	(53)	(1)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	3,059	2,865	195	(1)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(2,174)	(2,174)	-	-
PRINCIPAL PAID ON BONDS AND NOTES	(208)	(208)	-	-
INTEREST PAID ON BONDS AND NOTES	(235)	(235)	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,617)	(2,617)	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
INTEREST ON INVESTMENTS	162	162	-	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	162	162	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,049	2,330	(332)	51
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	31,337	30,944	332	61
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 33,386	\$ 33,274	\$ -	\$ 112
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
OPERATING INCOME (LOSS)	\$ (2,987)	\$ (3,034)	\$ -	\$ 47
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION AND AMORTIZATION	2,516	2,516	-	-
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	1,177	1,704	(527)	-
CHANGES IN ASSETS AND LIABILITIES:				
ACCOUNTS RECEIVABLE	770	752	-	18
DUE FROM OTHER GOVERNMENTS	(425)	(425)	-	-
INVENTORIES	(14)	-	-	(14)
ACCOUNTS PAYABLE AND OTHER LIABILITIES	369	369	-	-
SALARIES AND BENEFITS PAYABLE	1	-	-	1
DUE TO OTHER GOVERNMENTS	38	38	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,445	\$ 1,920	\$ (527)	\$ 52
<b>BREAKDOWN OF CASH AND CASH EQUIVALENTS</b>				
CASH AND CASH EQUIVALENTS	\$ 33,386	\$ 33,274	\$ -	\$ 112

# COMBINING FINANCIAL STATEMENTS INTERNAL SERVICE FUNDS



complete county  
of choices ... vibrant economy ... skilled workforce ...  
... countywide prosperity ... sustainable systems ...  
destination ... a home ... San Bernardino County ... complete  
... vibrant economy ... skilled workforce ... unique advantages ...  
... systems ... model communities ... a destination ... a home ... San  
... broad range of choices ... vibrant economy ... skilled workforce ...  
... sustainable systems ... model communities ... a destination ... a home ...  
... broad range of choices ... vibrant economy ... skilled workforce ... unique  
... systems ... model communities ... a destination ... a home ... San Bernardino  
... vibrant economy ... skilled workforce ... unique advantages ... countywide  
... destination ... a home ... San Bernardino County ... complete county ...  
... unique advantages ... countywide prosperity ... sustainable system  
... County ... complete county ... broad range of choices ... vibrant  
... prosperity ... sustainable systems ... model communities ... a  
... broad range of choices ... vibrant economy ... skilled workf  
... model communities ... a destination ... a home ... San  
... vibrant economy ... skilled workforce ... unique advantages ...  
... destination ... a home ... San Bernardino County ... compl  
... unique advantages ... countywide prosperity ... sustain  
... County ... complete county ... broad range of choices  
... sustainability ... sustainable systems ... model communities ...  
... broad range of choices ... vibrant economy ... skilled workf

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County of San Bernardino

## **INTERNAL SERVICE FUNDS DESCRIPTIONS**

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

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

### ***TELECOMMUNICATION SERVICES***

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

### ***COMPUTER OPERATIONS***

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

### ***VEHICLE SERVICES***

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

### ***RISK MANAGEMENT***

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

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

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

**COUNTY OF SAN BERNARDINO  
COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
JUNE 30, 2012 (IN THOUSANDS)**

	TOTAL	GENERAL SERVICE GROUP	TELECOMMUNICATION SERVICES	COMPUTER OPERATIONS
<b>ASSETS</b>				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 321,141	\$ 3,403	\$ 16,238	\$ 11,868
ACCOUNTS RECEIVABLE - NET	347	11	54	-
DUE FROM OTHER FUNDS	4,695	741	1,133	2,061
DUE FROM OTHER GOVERNMENTS	1,293	112	768	21
INVENTORIES	4,384	66	2,873	-
PREPAID ITEMS	5,832	191	-	-
TOTAL CURRENT ASSETS	<u>337,692</u>	<u>4,524</u>	<u>21,066</u>	<u>13,950</u>
NONCURRENT ASSETS:				
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:				
LAND	396	-	-	-
DEVELOPMENT IN PROGRESS	2,607	-	2,570	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
STRUCTURES AND IMPROVEMENTS	9,654	19	2,697	522
EQUIPMENT AND SOFTWARE	98,014	1,215	37,004	15,700
ACCUMULATED DEPRECIATION AND AMORTIZATION	(70,826)	(1,087)	(24,615)	(8,614)
TOTAL NONCURRENT ASSETS	<u>39,845</u>	<u>147</u>	<u>17,656</u>	<u>7,608</u>
TOTAL ASSETS	<u>377,537</u>	<u>4,671</u>	<u>38,722</u>	<u>21,558</u>
<b>LIABILITIES</b>				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE	6,130	223	582	1,909
SALARIES AND BENEFITS PAYABLE	1,416	85	362	538
DUE TO OTHER FUNDS	2,328	24	638	941
DUE TO OTHER GOVERNMENTS	29	-	-	-
INTEREST PAYABLE	136	-	136	-
UNEARNED REVENUE	160	-	17	-
COMPENSATED ABSENCES PAYABLE	2,872	173	821	1,017
TERMINATION BENEFITS PAYABLE	62	7	24	13
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	37,793	-	-	-
TOTAL CURRENT LIABILITIES	<u>50,926</u>	<u>512</u>	<u>2,580</u>	<u>4,418</u>
NONCURRENT LIABILITIES:				
INTERFUND PAYABLE	2,000	-	2,000	-
COMPENSATED ABSENCES PAYABLE	2,809	150	595	897
TERMINATION BENEFITS PAYABLE	62	7	24	13
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	129,156	-	-	-
TOTAL NONCURRENT LIABILITIES	<u>134,027</u>	<u>157</u>	<u>2,619</u>	<u>910</u>
TOTAL LIABILITIES	<u>184,953</u>	<u>669</u>	<u>5,199</u>	<u>5,328</u>
<b>NET ASSETS</b>				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	39,845	147	17,656	7,608
UNRESTRICTED	152,739	3,855	15,867	8,622
TOTAL NET ASSETS	<u>\$ 192,584</u>	<u>\$ 4,002</u>	<u>\$ 33,523</u>	<u>\$ 16,230</u>

**COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS (CONTINUED)  
 JUNE 30, 2012 (IN THOUSANDS)**

	<u>VEHICLE SERVICES</u>	<u>RISK MANAGEMENT</u>	<u>FLOOD CONTROL EQUIPMENT</u>
<b>ASSETS</b>			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 14,161	\$ 269,891	\$ 5,580
ACCOUNTS RECEIVABLE - NET	166	-	116
DUE FROM OTHER FUNDS	74	596	90
DUE FROM OTHER GOVERNMENTS	292	-	100
INVENTORIES	1,445	-	-
PREPAID ITEMS	37	5,604	-
TOTAL CURRENT ASSETS	<u>16,175</u>	<u>276,091</u>	<u>5,886</u>
NONCURRENT ASSETS:			
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:			
LAND	396	-	-
DEVELOPMENT IN PROGRESS	37	-	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
STRUCTURES AND IMPROVEMENTS	6,416	-	-
EQUIPMENT AND SOFTWARE	28,526	687	14,882
ACCUMULATED DEPRECIATION AND AMORTIZATION	(25,077)	(280)	(11,153)
TOTAL NONCURRENT ASSETS	<u>10,298</u>	<u>407</u>	<u>3,729</u>
TOTAL ASSETS	<u>26,473</u>	<u>276,498</u>	<u>9,615</u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	1,834	1,571	11
SALARIES AND BENEFITS PAYABLE	241	190	-
DUE TO OTHER FUNDS	100	625	-
DUE TO OTHER GOVERNMENTS	29	-	-
UNEARNED REVENUE	-	143	-
COMPENSATED ABSENCES PAYABLE	511	350	-
TERMINATION BENEFITS PAYABLE	7	11	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	37,793	-
TOTAL CURRENT LIABILITIES	<u>2,722</u>	<u>40,683</u>	<u>11</u>
NONCURRENT LIABILITIES:			
COMPENSATED ABSENCES PAYABLE	797	370	-
TERMINATION BENEFITS PAYABLE	7	11	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	129,156	-
TOTAL NONCURRENT LIABILITIES	<u>804</u>	<u>129,537</u>	<u>-</u>
TOTAL LIABILITIES	<u>3,526</u>	<u>170,220</u>	<u>11</u>
<b>NET ASSETS</b>			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	10,298	407	3,729
UNRESTRICTED	12,649	105,871	5,875
TOTAL NET ASSETS	<u>\$ 22,947</u>	<u>\$ 106,278</u>	<u>\$ 9,604</u>

**COUNTY OF SAN BERNARDINO**  
**COMBINING - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)**

	TOTAL	GENERAL SERVICES GROUP	TELECOMMUNICATION SERVICES	COMPUTER OPERATIONS
OPERATING REVENUES:				
CHARGES FOR CURRENT SERVICES	\$ 146,444	\$ 10,844	\$ 22,987	\$ 20,701
TOTAL OPERATING REVENUES	<u>146,444</u>	<u>10,844</u>	<u>22,987</u>	<u>20,701</u>
OPERATING EXPENSES:				
PROFESSIONAL SERVICES	20,005	804	1,042	3,969
SALARIES AND EMPLOYEES BENEFITS	34,175	2,654	9,535	10,654
SELF-INSURED CLAIMS	58,008	-	-	-
SERVICES AND SUPPLIES	50,003	7,135	10,386	4,590
DEPRECIATION AND AMORTIZATION	8,670	31	2,508	1,705
OTHER	544	-	-	-
TOTAL OPERATING EXPENSES	<u>171,405</u>	<u>10,624</u>	<u>23,471</u>	<u>20,918</u>
OPERATING INCOME (LOSS)	<u>(24,961)</u>	<u>220</u>	<u>(484)</u>	<u>(217)</u>
NONOPERATING REVENUES (EXPENSES):				
INTEREST REVENUES	1,538	-	-	-
INTEREST EXPENSE	(149)	-	(136)	(1)
GRANT REVENUE	347	-	197	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	325	(6)	25	(17)
OTHER NONOPERATING REVENUES	3,963	-	(18)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>6,024</u>	<u>(6)</u>	<u>68</u>	<u>(18)</u>
CHANGE IN NET ASSETS BEFORE TRANSFERS	(18,937)	214	(416)	(235)
TRANSFERS OUT	(3,297)	(124)	(379)	(1,575)
TRANSFERS IN	2,419	-	2,032	-
CHANGE IN NET ASSETS	(19,815)	90	1,237	(1,810)
TOTAL NET ASSETS, JULY 1, 2011	<u>212,399</u>	<u>3,912</u>	<u>32,286</u>	<u>18,040</u>
TOTAL NET ASSETS, JUNE 30, 2012	<u>\$ 192,584</u>	<u>\$ 4,002</u>	<u>\$ 33,523</u>	<u>\$ 16,230</u>

**COUNTY OF SAN BERNARDINO**  
**COMBINING - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)**

	<u>VEHICLE SERVICES</u>	<u>RISK MANAGEMENT</u>	<u>FLOOD CONTROL EQUIPMENT</u>
OPERATING REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 21,718	\$ 67,375	\$ 2,819
TOTAL OPERATING REVENUES	<u>21,718</u>	<u>67,375</u>	<u>2,819</u>
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	1,224	12,964	2
SALARIES AND EMPLOYEES BENEFITS	6,278	5,054	-
SELF-INSURED CLAIMS	-	58,008	-
SERVICES AND SUPPLIES	14,286	11,888	1,718
DEPRECIATION AND AMORTIZATION	3,370	66	990
OTHER	-	544	-
TOTAL OPERATING EXPENSES	<u>25,158</u>	<u>88,524</u>	<u>2,710</u>
OPERATING INCOME (LOSS)	<u>(3,440)</u>	<u>(21,149)</u>	<u>109</u>
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUES	70	1,441	27
INTEREST EXPENSE	-	(12)	-
GRANT REVENUE	50	-	100
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	423	-	(100)
OTHER NONOPERATING REVENUES	3,586	395	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>4,129</u>	<u>1,824</u>	<u>27</u>
CHANGE IN NET ASSETS BEFORE TRANSFERS	689	(19,325)	136
TRANSFERS OUT	(687)	(532)	-
TRANSFERS IN	387	-	-
CHANGE IN NET ASSETS	389	(19,857)	136
TOTAL NET ASSETS, JULY 1, 2011	<u>22,558</u>	<u>126,135</u>	<u>9,468</u>
TOTAL NET ASSETS, JUNE 30, 2012	<u>\$ 22,947</u>	<u>\$ 106,278</u>	<u>\$ 9,604</u>

COUNTY OF SAN BERNARDINO  
STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

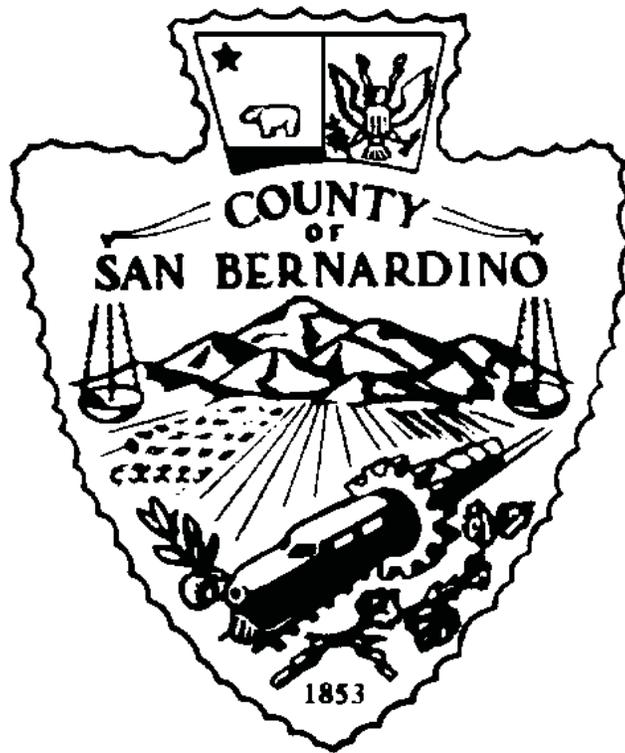
	TOTAL	GENERAL SERVICES GROUP	TELE-COMMUNICATION SERVICES	COMPUTER OPERATIONS	VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
CASH RECEIVED FROM SERVICES	\$ 148,547	\$ 10,578	\$ 23,498	\$ 19,001	\$ 25,422	\$ 67,432	\$ 2,616
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(112,752)	(7,420)	(14,035)	(7,116)	(15,658)	(66,814)	(1,709)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(33,608)	(2,630)	(9,398)	(10,413)	(6,182)	(4,985)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,187	528	65	1,472	3,582	(4,367)	907
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
TRANSFERS RECEIVED	2,419	-	2,032	-	387	-	-
TRANSFERS PAID	(3,297)	(124)	(379)	(1,575)	(687)	(532)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(878)	(124)	1,653	(1,575)	(300)	(532)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(9,163)	(13)	(1,643)	(3,516)	(3,421)	(57)	(513)
INTEREST PAID	(13)	-	-	(1)	-	(12)	-
GRANT REVENUE	347	-	197	-	50	-	100
PROCEEDS FROM SALE OF CAPITAL ASSETS	404	-	-	-	404	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(8,425)	(13)	(1,446)	(3,517)	(2,967)	(69)	(413)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
INTEREST ON INVESTMENTS	1,538	-	-	-	70	1,441	27
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,538	-	-	-	70	1,441	27
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,578)	391	272	(3,620)	385	(3,527)	521
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	326,719	3,012	15,966	15,488	13,776	273,418	5,059
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 321,141	\$ 3,403	\$ 16,238	\$ 11,868	\$ 14,161	\$ 269,891	\$ 5,580
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>							
OPERATING INCOME (LOSS)	\$ (24,961)	\$ 220	\$ (484)	\$ (217)	\$ (3,440)	\$ (21,149)	\$ 109
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
DEPRECIATION AND AMORTIZATION	8,670	31	2,508	1,705	3,370	66	990
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	3,963	-	(18)	-	3,586	395	-
CHANGES IN ASSETS AND LIABILITIES:							
ACCOUNTS RECEIVABLE	528	(1)	639	-	6	-	(116)
DUE FROM OTHER FUNDS	(2,776)	(262)	(388)	(1,900)	126	(365)	13
DUE FROM OTHER GOVERNMENTS	476	132	258	200	(14)	-	(100)
INVENTORIES	(1,766)	275	(1,985)	-	(56)	-	-
PREPAID ITEMS	816	246	-	280	(37)	327	-
ACCOUNTS PAYABLE AND OTHER LIABILITIES	685	(137)	(602)	1,163	(42)	292	11
SALARIES AND BENEFITS PAYABLE	130	(3)	38	92	(4)	7	-
DUE TO OTHER FUNDS	-	-	-	-	-	-	-
DUE TO OTHER GOVERNMENTS	(13)	-	-	-	(13)	-	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURANCE CLAIMS	15,998	-	-	-	-	15,998	-
COMPENSATED ABSENCES PAYABLE	499	34	123	161	107	74	-
TERMINATION BENEFITS PAYABLE	(62)	(7)	(24)	(12)	(7)	(12)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 2,187	\$ 528	\$ 65	\$ 1,472	\$ 3,582	\$ (4,367)	\$ 907
<b>BREAKDOWN OF CASH AND CASH EQUIVALENTS</b>							
CASH AND CASH EQUIVALENTS	\$ 321,141	\$ 3,403	\$ 16,238	\$ 11,868	\$ 14,161	\$ 269,891	\$ 5,580

# COMBINING FINANCIAL STATEMENTS TRUST & AGENCY FUNDS



COMPLETE  
ANNUAL  
FINANCIAL  
REPORT

*County of San Bernardino*



## TRUST AND AGENCY FUNDS DESCRIPTIONS

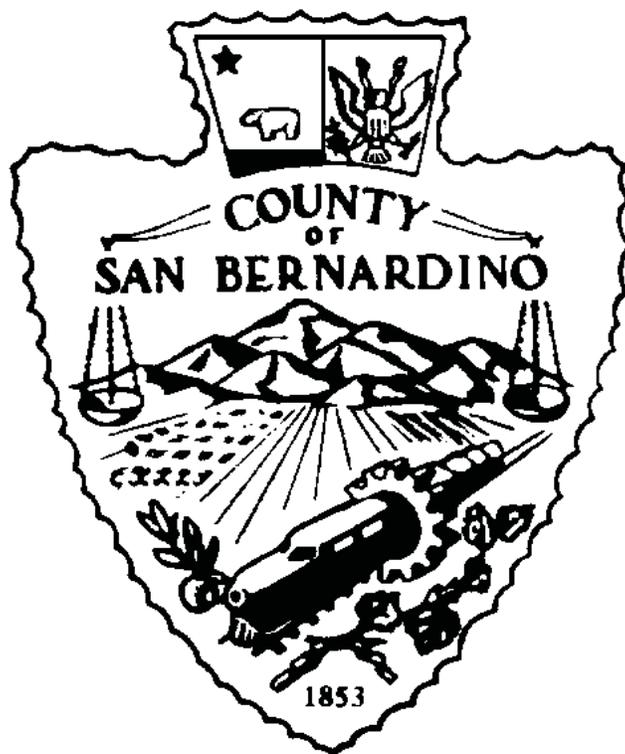
### *AGENCY FUNDS*

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

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

COUNTY OF SAN BERNARDINO  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

<u>TOTAL AGENCY FUNDS</u>	<u>BALANCE JULY 1, 2011</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUN 30, 2012</u>
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 261,334	\$ 10,448,233	\$ 10,441,723	\$ 267,844
ACCOUNTS RECEIVABLE	23,552	22,887	23,553	22,886
TAXES RECEIVABLE	99,504	215,227	206,431	108,300
DUE FROM OTHER GOVERNMENTS	<u>39,155</u>	<u>40,042</u>	<u>47,840</u>	<u>31,357</u>
TOTAL ASSETS	<u>\$ 423,545</u>	<u>\$ 10,726,389</u>	<u>\$ 10,719,547</u>	<u>\$ 430,387</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	<u>\$ 423,545</u>	<u>\$ 180,514</u>	<u>\$ 173,672</u>	<u>\$ 430,387</u>
TOTAL LIABILITIES	<u>\$ 423,545</u>	<u>\$ 180,514</u>	<u>\$ 173,672</u>	<u>\$ 430,387</u>
<u>SPECIAL ASSESSMENT FUNDS</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1,386	\$ 178	\$ 113	\$ 1,451
DUE FROM OTHER GOVERNMENTS	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>
TOTAL ASSETS	<u>\$ 1,388</u>	<u>\$ 179</u>	<u>\$ 115</u>	<u>\$ 1,452</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	<u>\$ 1,388</u>	<u>\$ 64</u>	<u>\$ -</u>	<u>\$ 1,452</u>
TOTAL LIABILITIES	<u>\$ 1,388</u>	<u>\$ 64</u>	<u>\$ -</u>	<u>\$ 1,452</u>
<u>OTHER AGENCY FUNDS</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 259,948	\$ 10,448,055	\$ 10,441,610	\$ 266,393
ACCOUNTS RECEIVABLE	23,552	22,887	23,553	22,886
TAXES RECEIVABLE	99,504	215,227	206,431	108,300
DUE FROM OTHER GOVERNMENTS	<u>39,153</u>	<u>40,041</u>	<u>47,838</u>	<u>31,356</u>
TOTAL ASSETS	<u>\$ 422,157</u>	<u>\$ 10,726,210</u>	<u>\$ 10,719,432</u>	<u>\$ 428,935</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	<u>\$ 422,157</u>	<u>\$ 180,450</u>	<u>\$ 173,672</u>	<u>\$ 428,935</u>
TOTAL LIABILITIES	<u>\$ 422,157</u>	<u>\$ 180,450</u>	<u>\$ 173,672</u>	<u>\$ 428,935</u>



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



COMPLETE  
ANNUAL  
FINANCIAL  
REPORT

*County of San Bernardino*

COUNTY OF SAN BERNARDINO  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
CERTAIN SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	<u>TOTAL</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 105,744	\$ 99,525	\$ (6,219)
LICENSES, PERMITS AND FRANCHISES	726	767	41
FINES, FORFEITURES AND PENALTIES	8,802	8,552	(250)
REVENUES FROM USE OF MONEY AND PROPERTY	7,613	6,651	(962)
AID FROM OTHER GOVERNMENTAL AGENCIES	292,364	291,037	(1,327)
CHARGES FOR CURRENT SERVICES	90,601	87,619	(2,982)
OTHER REVENUES	59,632	35,988	(23,644)
TOTAL REVENUES	<u>565,482</u>	<u>530,139</u>	<u>(35,343)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	64,398	7,279	57,119
PUBLIC PROTECTION	336,510	190,622	145,888
PUBLIC WAYS AND FACILITIES	150,683	76,278	74,405
HEALTH AND SANITATION	182,015	99,138	82,877
PUBLIC ASSISTANCE	137,936	101,220	36,716
EDUCATION	13,427	12,738	689
RECREATION AND CULTURAL SERVICES	16,918	7,211	9,707
DEBT SERVICE:			
PRINCIPAL	4,635	4,168	467
INTEREST AND FISCAL CHARGES	5,288	3,663	1,625
CAPITAL OUTLAY	21,806	17,957	3,849
TOTAL EXPENDITURES	<u>933,616</u>	<u>520,274</u>	<u>413,342</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(368,134)</u>	<u>9,865</u>	<u>377,999</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(141,741)	(83,490)	58,251
TRANSFERS IN	110,108	56,821	(53,287)
SALE OF CAPITAL ASSETS	332	798	466
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(31,301)</u>	<u>(25,871)</u>	<u>5,430</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(399,435)	(16,006)	383,429
EXTRAORDINARY ITEM	-	(27,154)	(27,154)
NET CHANGE IN FUND BALANCES	(399,435)	(43,160)	356,275
FUND BALANCES, JULY 1, 2011	447,311	447,311	-
FUND BALANCES, JUNE 30, 2012	<u>\$ 47,876</u>	<u>\$ 404,151</u>	<u>\$ 356,275</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	<b>TRANSPORTATION</b>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
LICENSES, PERMITS AND FRANCHISES	\$ 360	\$ 356	\$ (4)
REVENUES FROM USE OF MONEY AND PROPERTY	525	225	(300)
AID FROM OTHER GOVERNMENTAL AGENCIES	59,250	59,342	92
CHARGES FOR CURRENT SERVICES	4,507	4,422	(85)
OTHER REVENUES	<u>670</u>	<u>1,163</u>	<u>493</u>
TOTAL REVENUES	<u>65,312</u>	<u>65,508</u>	<u>196</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	102,164	62,406	39,758
DEBT SERVICE:			
PRINCIPAL	213	212	1
INTEREST AND FISCAL CHARGES	12	10	2
CAPITAL OUTLAY	<u>6,728</u>	<u>6,056</u>	<u>672</u>
TOTAL EXPENDITURES	<u>109,117</u>	<u>68,684</u>	<u>40,433</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(43,805)</u>	<u>(3,176)</u>	<u>40,629</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(6,196)	(6,195)	1
TRANSFERS IN	14,285	16,234	1,949
SALE OF CAPITAL ASSETS	<u>95</u>	<u>456</u>	<u>361</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>8,184</u>	<u>10,495</u>	<u>2,311</u>
NET CHANGE IN FUND BALANCES	(35,621)	7,319	42,940
FUND BALANCES, JULY 1, 2011	<u>36,076</u>	<u>36,076</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ 455</u>	<u>\$ 43,395</u>	<u>\$ 42,940</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	<u>SPECIAL TRANSPORTATION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 6,196	\$ 6,195	\$ (1)
REVENUES FROM USE OF MONEY AND PROPERTY	230	136	(94)
AID FROM OTHER GOVERNMENTAL AGENCIES	1,227	1,227	-
CHARGES FOR CURRENT SERVICES	485	474	(11)
OTHER REVENUES	-	491	491
TOTAL REVENUES	<u>8,138</u>	<u>8,523</u>	<u>385</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	<u>31,249</u>	<u>10,158</u>	<u>21,091</u>
TOTAL EXPENDITURES	<u>31,249</u>	<u>10,158</u>	<u>21,091</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(23,111)</u>	<u>(1,635)</u>	<u>21,476</u>
NET CHANGE IN FUND BALANCES	(23,111)	(1,635)	21,476
FUND BALANCES, JULY 1, 2011	<u>23,177</u>	<u>23,177</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ 66</u>	<u>\$ 21,542</u>	<u>\$ 21,476</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

SPECIAL AVIATION

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 724	\$ 581	\$ (143)
AID FROM OTHER GOVERNMENTAL AGENCIES	915	910	(5)
TOTAL REVENUES	<u>1,639</u>	<u>1,491</u>	<u>(148)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	3,250	1,413	1,837
CAPITAL OUTLAY	2,935	2,906	29
TOTAL EXPENDITURES	<u>6,185</u>	<u>4,319</u>	<u>1,866</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,546)</u>	<u>(2,828)</u>	<u>1,718</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(444)	(240)	204
TRANSFERS IN	200	19	(181)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(244)</u>	<u>(221)</u>	<u>23</u>
NET CHANGE IN FUND BALANCES	(4,790)	(3,049)	1,741
FUND BALANCES, JULY 1, 2011	4,800	4,800	-
FUND BALANCES, JUNE 30, 2012	<u>\$ 10</u>	<u>\$ 1,751</u>	<u>\$ 1,741</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	<u>MENTAL HEALTH SERVICES ACT</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 463	\$ 457	\$ (6)
AID FROM OTHER GOVERNMENTAL AGENCIES	67,634	67,634	-
OTHER REVENUES	181	114	(67)
TOTAL REVENUES	<u>68,278</u>	<u>68,205</u>	<u>(73)</u>
EXPENDITURES:			
CURRENT:			
HEALTH AND SANITATION	138,767	75,535	63,232
CAPITAL OUTLAY	143	143	-
TOTAL EXPENDITURES	<u>138,910</u>	<u>75,678</u>	<u>63,232</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(70,632)</u>	<u>(7,473)</u>	<u>63,159</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(975)	(975)	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(975)</u>	<u>(975)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(71,607)	(8,448)	63,159
FUND BALANCES, JULY 1, 2011	93,955	93,955	-
FUND BALANCES, JUNE 30, 2012	<u>\$ 22,348</u>	<u>\$ 85,507</u>	<u>\$ 63,159</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	<u>PRESCHOOL SERVICES DEPARTMENT</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 18	\$ 3	\$ (15)
AID FROM OTHER GOVERNMENTAL AGENCIES	47,021	47,001	(20)
OTHER REVENUES	<u>707</u>	<u>588</u>	<u>(119)</u>
TOTAL REVENUES	<u>47,746</u>	<u>47,592</u>	<u>(154)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	46,218	46,131	87
CAPITAL OUTLAY	<u>305</u>	<u>304</u>	<u>1</u>
TOTAL EXPENDITURES	<u>46,523</u>	<u>46,435</u>	<u>88</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,223</u>	<u>1,157</u>	<u>(66)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(1,234)	(1,234)	-
TRANSFERS IN	-	122	122
SALE OF CAPITAL ASSETS	<u>(6)</u>	<u>6</u>	<u>12</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,240)</u>	<u>(1,106)</u>	<u>134</u>
NET CHANGE IN FUND BALANCES	(17)	51	68
FUND BALANCES, JULY 1, 2011	<u>28</u>	<u>28</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ 11</u>	<u>\$ 79</u>	<u>\$ 68</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	<u>AGING AND ADULT SERVICES</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 4	\$ 4	\$ -
AID FROM OTHER GOVERNMENTAL AGENCIES	4,724	3,913	(811)
OTHER REVENUES	<u>898</u>	<u>846</u>	<u>(52)</u>
TOTAL REVENUES	<u>5,626</u>	<u>4,763</u>	<u>(863)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	<u>6,981</u>	<u>4,709</u>	<u>2,272</u>
TOTAL EXPENDITURES	<u>6,981</u>	<u>4,709</u>	<u>2,272</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,355)</u>	<u>54</u>	<u>1,409</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(58)</u>	<u>(58)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(58)</u>	<u>(58)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,413)	(4)	1,409
FUND BALANCES, JULY 1, 2011	<u>1,427</u>	<u>1,427</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ 14</u>	<u>\$ 1,423</u>	<u>\$ 1,409</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

JOBS AND EMPLOYMENT SERVICES

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 442	\$ 452	\$ 10
AID FROM OTHER GOVERNMENTAL AGENCIES	20,052	19,953	(99)
OTHER REVENUES	<u>92</u>	<u>6</u>	<u>(86)</u>
TOTAL REVENUES	<u>20,586</u>	<u>20,411</u>	<u>(175)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	20,724	20,255	469
CAPITAL OUTLAY	<u>15</u>	<u>14</u>	<u>1</u>
TOTAL EXPENDITURES	<u>20,739</u>	<u>20,269</u>	<u>470</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(153)</u>	<u>142</u>	<u>295</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(290)</u>	<u>(290)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(290)</u>	<u>(290)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(443)	(148)	295
FUND BALANCES, JULY 1, 2011	<u>646</u>	<u>646</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ 203</u>	<u>\$ 498</u>	<u>\$ 295</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	<u>COURTHOUSE TEMPORARY CONSTRUCTION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ 2,300	\$ 2,027	\$ (273)
REVENUES FROM USE OF MONEY AND PROPERTY	80	24	(56)
TOTAL REVENUES	<u>2,380</u>	<u>2,051</u>	<u>(329)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(9,351)</u>	<u>(8,935)</u>	<u>416</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(9,351)</u>	<u>(8,935)</u>	<u>416</u>
NET CHANGE IN FUND BALANCES	(6,971)	(6,884)	87
FUND BALANCES, JULY 1, 2011	6,912	6,912	-
FUND BALANCES (DEFICIT), JUNE 30, 2012	<u>\$ (59)</u>	<u>\$ 28</u>	<u>\$ 87</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

CRIMINAL JUSTICE TEMPORARY CONSTRUCTION

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ 2,710	\$ 2,502	\$ (208)
REVENUES FROM USE OF MONEY AND PROPERTY	115	33	(82)
TOTAL REVENUES	<u>2,825</u>	<u>2,535</u>	<u>(290)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(12,928)</u>	<u>(12,442)</u>	<u>486</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(12,928)</u>	<u>(12,442)</u>	<u>486</u>
NET CHANGE IN FUND BALANCES	(10,103)	(9,907)	196
FUND BALANCES, JULY 1, 2011	10,031	10,031	-
FUND BALANCES (DEFICIT), JUNE 30, 2012	<u>\$ (72)</u>	<u>\$ 124</u>	<u>\$ 196</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	<u>CENTRAL COURTHOUSE SURCHARGE</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 1	\$ -	\$ (1)
CHARGES FOR CURRENT SERVICES	<u>2,800</u>	<u>2,216</u>	<u>(584)</u>
TOTAL REVENUES	<u>2,801</u>	<u>2,216</u>	<u>(585)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(2,801)</u>	<u>(2,216)</u>	<u>585</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(2,801)</u>	<u>(2,216)</u>	<u>585</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES, JULY 1, 2011	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

MICROGRAPHICS FEES

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 18	\$ 24	\$ 6
CHARGES FOR CURRENT SERVICES	3,811	3,805	(6)
OTHER REVENUES	75	-	(75)
TOTAL REVENUES	<u>3,904</u>	<u>3,829</u>	<u>(75)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	10,248	3,956	6,292
CAPITAL OUTLAY	12	11	1
TOTAL EXPENDITURES	<u>10,260</u>	<u>3,967</u>	<u>6,293</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,356)</u>	<u>(138)</u>	<u>6,218</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(4,011)</u>	<u>(4,011)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(4,011)</u>	<u>(4,011)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(10,367)	(4,149)	6,218
FUND BALANCES, JULY 1, 2011	11,732	11,732	-
FUND BALANCES, JUNE 30, 2012	<u>\$ 1,365</u>	<u>\$ 7,583</u>	<u>\$ 6,218</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

LOCAL LAW ENFORCEMENT BLOCK GRANT

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 21	\$ 17	\$ (4)
AID FROM OTHER GOVERNMENTAL AGENCIES	1,359	1,341	(18)
TOTAL REVENUES	1,380	1,358	(22)
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	6,384	1,550	4,834
CAPITAL OUTLAY	116	104	12
TOTAL EXPENDITURES	6,500	1,654	4,846
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,120)	(296)	4,824
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(3)	(3)	-
TOTAL OTHER FINANCING SOURCES AND (USES)	(3)	(3)	-
NET CHANGE IN FUND BALANCES	(5,123)	(299)	4,824
FUND BALANCES, JULY 1, 2011	5,138	5,138	-
FUND BALANCES, JUNE 30, 2012	\$ 15	\$ 4,839	\$ 4,824

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, 2012 (IN THOUSANDS)

	<u>SHERIFF SPECIAL PROJECTS</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ 10	\$ -	\$ (10)
REVENUES FROM USE OF MONEY AND PROPERTY	264	133	(131)
AID FROM OTHER GOVERNMENTAL AGENCIES	12,399	12,117	(282)
CHARGES FOR CURRENT SERVICES	4,522	4,072	(450)
OTHER REVENUES	<u>2,205</u>	<u>2,472</u>	<u>267</u>
TOTAL REVENUES	<u>19,400</u>	<u>18,794</u>	<u>(606)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	43,430	22,557	20,873
CAPITAL OUTLAY	<u>2,297</u>	<u>2,042</u>	<u>255</u>
TOTAL EXPENDITURES	<u>45,727</u>	<u>24,599</u>	<u>21,128</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(26,327)</u>	<u>(5,805)</u>	<u>20,522</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(288)</u>	<u>(277)</u>	<u>11</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(288)</u>	<u>(277)</u>	<u>11</u>
NET CHANGE IN FUND BALANCES	(26,615)	(6,082)	20,533
FUND BALANCES, JULY 1, 2011	<u>26,665</u>	<u>26,665</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ 50</u>	<u>\$ 20,583</u>	<u>\$ 20,533</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	<u>FIRE PROTECTION DISTRICTS</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 32,882	\$ 33,744	\$ 862
FINES, FORFEITURES AND PENALTIES	1	31	30
REVENUES FROM USE OF MONEY AND PROPERTY	251	315	64
AID FROM OTHER GOVERNMENTAL AGENCIES	12,127	12,173	46
CHARGES FOR CURRENT SERVICES	58,588	57,424	(1,164)
OTHER REVENUES	26,459	1,329	(25,130)
TOTAL REVENUES	<u>130,308</u>	<u>105,016</u>	<u>(25,292)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	146,086	104,909	41,177
DEBT SERVICE:			
PRINCIPAL	331	318	13
INTEREST AND FISCAL CHARGES	107	107	-
CAPITAL OUTLAY	3,742	2,717	1,025
TOTAL EXPENDITURES	<u>150,266</u>	<u>108,051</u>	<u>42,215</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(19,958)</u>	<u>(3,035)</u>	<u>16,923</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(58,743)	(6,760)	51,983
TRANSFERS IN	64,975	14,204	(50,771)
SALE OF CAPITAL ASSETS	64	64	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>6,296</u>	<u>7,508</u>	<u>1,212</u>
NET CHANGE IN FUND BALANCES	(13,662)	4,473	18,135
FUND BALANCES, JULY 1, 2011	38,212	38,212	-
FUND BALANCES, JUNE 30, 2012	<u>\$ 24,550</u>	<u>\$ 42,685</u>	<u>\$ 18,135</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

ECONOMIC AND COMMUNITY DEVELOPMENT

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 4	\$ 4	\$ -
FINES, FORFEITURES AND PENALTIES	1	1	-
REVENUES FROM USE OF MONEY AND PROPERTY	381	268	(113)
AID FROM OTHER GOVERNMENTAL AGENCIES	29,632	29,050	(582)
CHARGES FOR CURRENT SERVICES	12	12	-
OTHER REVENUES	2,604	2,623	19
TOTAL REVENUES	<u>32,634</u>	<u>31,958</u>	<u>(676)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	46,855	26,465	20,390
CAPITAL OUTLAY	2,285	2,285	-
TOTAL EXPENDITURES	<u>49,140</u>	<u>28,750</u>	<u>20,390</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(16,506)</u>	<u>3,208</u>	<u>19,714</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(2,906)	(2,662)	244
TRANSFERS IN	268	76	(192)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(2,638)</u>	<u>(2,586)</u>	<u>52</u>
NET CHANGE IN FUND BALANCES	(19,144)	622	19,766
FUND BALANCES, JULY 1, 2011	19,234	19,234	-
FUND BALANCES, JUNE 30, 2012	<u>\$ 90</u>	<u>\$ 19,856</u>	<u>\$ 19,766</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

FLOOD CONTROL DISTRICT

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 36,503	\$ 36,224	\$ (279)
LICENSES, PERMITS AND FRANCHISES	52	124	72
REVENUES FROM USE OF MONEY AND PROPERTY	1,210	1,031	(179)
AID FROM OTHER GOVERNMENTAL AGENCIES	5,370	5,232	(138)
CHARGES FOR CURRENT SERVICES	813	737	(76)
OTHER REVENUES	130	131	1
TOTAL REVENUES	<u>44,078</u>	<u>43,479</u>	<u>(599)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	103,041	44,819	58,222
DEBT SERVICE:			
PRINCIPAL	3,766	3,511	255
INTEREST AND FISCAL CHARGES	5,066	3,454	1,612
CAPITAL OUTLAY	398	90	308
TOTAL EXPENDITURES	<u>112,271</u>	<u>51,874</u>	<u>60,397</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(68,193)</u>	<u>(8,395)</u>	<u>59,798</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(13,394)	(584)	12,810
TRANSFERS IN	26,167	5,903	(20,264)
SALE OF CAPITAL ASSETS	97	187	90
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>12,870</u>	<u>5,506</u>	<u>(7,364)</u>
NET CHANGE IN FUND BALANCES	(55,323)	(2,889)	52,434
FUND BALANCES, JULY 1, 2011	57,829	57,829	-
FUND BALANCES, JUNE 30, 2012	<u>\$ 2,506</u>	<u>\$ 54,940</u>	<u>\$ 52,434</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	<u>COUNTY SERVICE AREAS</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 2,978	\$ 2,944	\$ (34)
REVENUES FROM USE OF MONEY AND PROPERTY	198	198	-
AID FROM OTHER GOVERNMENTAL AGENCIES	216	216	-
CHARGES FOR CURRENT SERVICES	3,611	3,611	-
OTHER REVENUES	442	424	(18)
TOTAL REVENUES	<u>7,445</u>	<u>7,393</u>	<u>(52)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	17,428	1,850	15,578
PUBLIC PROTECTION	1,239	808	431
PUBLIC WAYS AND FACILITIES	5,018	2,110	2,908
HEALTH AND SANITATION	396	56	340
RECREATION AND CULTURAL SERVICES	3,009	1,280	1,729
DEBT SERVICE:			
PRINCIPAL	269	71	198
INTEREST AND FISCAL CHARGES	42	31	11
CAPITAL OUTLAY	820	803	17
TOTAL EXPENDITURES	<u>28,221</u>	<u>7,009</u>	<u>21,212</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(20,776)</u>	<u>384</u>	<u>21,160</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(1,118)	(939)	179
TRANSFERS IN	1,954	6,496	4,542
SALE OF CAPITAL ASSETS	82	82	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>918</u>	<u>5,639</u>	<u>4,721</u>
NET CHANGE IN FUND BALANCES	(19,858)	6,023	25,881
FUND BALANCES, JULY 1, 2011	14,912	14,912	-
FUND BALANCES (DEFICIT), JUNE 30, 2012	<u>\$ (4,946)</u>	<u>\$ 20,935</u>	<u>\$ 25,881</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	<u>PARK AND RECREATION DISTRICTS</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 2,016	\$ 2,144	\$ 128
REVENUES FROM USE OF MONEY AND PROPERTY	57	57	-
AID FROM OTHER GOVERNMENTAL AGENCIES	96	96	-
CHARGES FOR CURRENT SERVICES	1,035	1,035	-
OTHER REVENUES	19	83	64
TOTAL REVENUES	<u>3,223</u>	<u>3,415</u>	<u>192</u>
EXPENDITURES:			
CURRENT:			
RECREATION AND CULTURAL SERVICES	4,188	3,256	932
CAPITAL OUTLAY	110	110	-
TOTAL EXPENDITURES	<u>4,298</u>	<u>3,366</u>	<u>932</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,075)</u>	<u>49</u>	<u>1,124</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(223)	(118)	105
TRANSFERS IN	384	188	(196)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>161</u>	<u>70</u>	<u>(91)</u>
NET CHANGE IN FUND BALANCES	(914)	119	1,033
FUND BALANCES, JULY 1, 2011	1,577	1,577	-
FUND BALANCES, JUNE 30, 2012	<u>\$ 663</u>	<u>\$ 1,696</u>	<u>\$ 1,033</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	<u>COUNTY FREE LIBRARY</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 11,692	\$ 11,917	\$ 225
AID FROM OTHER GOVERNMENTAL AGENCIES	447	457	10
CHARGES FOR CURRENT SERVICES	973	979	6
OTHER REVENUES	<u>276</u>	<u>301</u>	<u>25</u>
TOTAL REVENUES	<u>13,388</u>	<u>13,654</u>	<u>266</u>
EXPENDITURES:			
CURRENT:			
EDUCATION	13,427	12,738	689
DEBT SERVICE:			
PRINCIPAL	56	56	-
INTEREST AND FISCAL CHARGES	61	61	-
CAPITAL OUTLAY	<u>33</u>	<u>16</u>	<u>17</u>
TOTAL EXPENDITURES	<u>13,577</u>	<u>12,871</u>	<u>706</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(189)</u>	<u>783</u>	<u>972</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(361)</u>	<u>(359)</u>	<u>2</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(361)</u>	<u>(359)</u>	<u>2</u>
NET CHANGE IN FUND BALANCES	(550)	424	974
FUND BALANCES, JULY 1, 2011	<u>1,103</u>	<u>1,103</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ 553</u>	<u>\$ 1,527</u>	<u>\$ 974</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	<u>REDEVELOPMENT AGENCY</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 11,846	\$ 6,324	\$ (5,522)
REVENUES FROM USE OF MONEY AND PROPERTY	149	84	(65)
AID FROM OTHER GOVERNMENTAL AGENCIES	450	-	(450)
OTHER REVENUES	-	633	633
TOTAL REVENUES	<u>12,445</u>	<u>7,041</u>	<u>(5,404)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	27,389	2,739	24,650
CAPITAL OUTLAY	1,135	-	1,135
TOTAL EXPENDITURES	<u>28,524</u>	<u>2,739</u>	<u>25,785</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(16,079)</u>	<u>4,302</u>	<u>20,381</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(7,151)	(16,737)	(9,586)
TRANSFERS IN	300	-	(300)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(6,851)</u>	<u>(16,737)</u>	<u>(9,886)</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(22,930)	(12,435)	10,495
EXTRAORDINARY ITEM	-	(27,154)	(27,154)
NET CHANGE IN FUND BALANCES	(22,930)	(39,589)	(16,659)
FUND BALANCES, JULY 1, 2011	39,589	39,589	-
FUND BALANCES, JUNE 30, 2012	<u>\$ 16,659</u>	<u>\$ -</u>	<u>\$ (16,659)</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	<u>REDEVELOPMENT SUCCESSOR HOUSING</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 1,598	\$ -	\$ (1,598)
REVENUES FROM USE OF MONEY AND PROPERTY	41	42	1
AID FROM OTHER GOVERNMENTAL AGENCIES	484	202	(282)
OTHER REVENUES	<u>30</u>	<u>22</u>	<u>(8)</u>
TOTAL REVENUES	<u>2,153</u>	<u>266</u>	<u>(1,887)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	18,555	2,690	15,865
CAPITAL OUTLAY	<u>366</u>	<u>-</u>	<u>366</u>
TOTAL EXPENDITURES	<u>18,921</u>	<u>2,690</u>	<u>16,231</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(16,768)</u>	<u>(2,424)</u>	<u>14,344</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	<u>-</u>	<u>9,149</u>	<u>9,149</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>-</u>	<u>9,149</u>	<u>9,149</u>
NET CHANGE IN FUND BALANCES	(16,768)	6,725	23,493
FUND BALANCES, JULY 1, 2011	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT), JUNE 30, 2012	<u>\$ (16,768)</u>	<u>\$ 6,725</u>	<u>\$ 23,493</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

OTHER SPECIAL REVENUE

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 29	\$ 29	\$ -
LICENSES, PERMITS AND FRANCHISES	314	287	(27)
FINES, FORFEITURES AND PENALTIES	3,780	3,991	211
REVENUES FROM USE OF MONEY AND PROPERTY	2,421	2,567	146
AID FROM OTHER GOVERNMENTAL AGENCIES	28,961	30,173	1,212
CHARGES FOR CURRENT SERVICES	9,444	8,832	(612)
OTHER REVENUES	24,844	24,762	(82)
TOTAL REVENUES	<u>69,793</u>	<u>70,641</u>	<u>848</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	1,026	-	1,026
PUBLIC PROTECTION	26,082	12,023	14,059
PUBLIC WAYS AND FACILITIES	9,002	191	8,811
HEALTH AND SANITATION	42,852	23,547	19,305
PUBLIC ASSISTANCE	17,158	3,660	13,498
RECREATION AND CULTURAL SERVICES	9,721	2,675	7,046
CAPITAL OUTLAY	366	356	10
TOTAL EXPENDITURES	<u>106,207</u>	<u>42,452</u>	<u>63,755</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(36,414)</u>	<u>28,189</u>	<u>64,603</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(19,266)	(18,455)	811
TRANSFERS IN	1,575	4,430	2,855
SALE OF CAPITAL ASSETS	-	3	3
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(17,691)</u>	<u>(14,022)</u>	<u>3,669</u>
NET CHANGE IN FUND BALANCES	(54,105)	14,167	68,272
FUND BALANCES, JULY 1, 2011	54,268	54,268	-
FUND BALANCES, JUNE 30, 2012	<u>\$ 163</u>	<u>\$ 68,435</u>	<u>\$ 68,272</u>

COUNTY OF SAN BERNARDINO  
 REDEVELOPMENT AGENCY BONDS  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	<u>REDEVELOPMENT AGENCY BONDS</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
AID FROM OTHER GOVERNMENTAL AGENCIES	\$ -	\$ 4	\$ 4
TOTAL REVENUES	<u>-</u>	<u>4</u>	<u>4</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	3,911	244	3,667
DEBT SERVICE:			
PRINCIPAL	1,425	1,425	-
INTEREST AND FISCAL CHARGES	5,461	2,746	2,715
TOTAL EXPENDITURES	<u>10,797</u>	<u>4,415</u>	<u>6,382</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,797)</u>	<u>(4,411)</u>	<u>6,386</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	6,866	7,333	467
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>6,866</u>	<u>7,333</u>	<u>467</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(3,931)	2,922	6,853
EXTRAORDINARY ITEM	<u>-</u>	<u>(9,540)</u>	<u>(9,540)</u>
NET CHANGE IN FUND BALANCES	(3,931)	(6,618)	(2,687)
FUND BALANCES, JULY 1, 2011	6,618	6,618	-
FUND BALANCES, JUNE 30, 2012	<u>\$ 2,687</u>	<u>\$ -</u>	<u>\$ (2,687)</u>

COUNTY OF SAN BERNARDINO  
 CAPITAL IMPROVEMENT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)  
 BUDGET AND ACTUAL ON A BUDGETARY BASIS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
<b>REVENUES</b>				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ -	\$ 9	\$ 9
AID FROM OTHER GOVERNMENTAL AGENCIES	78,864	79,131	57,544	(21,587)
CHARGES FOR CURRENT SERVICES	-	-	281	281
OTHER REVENUES	42	47	555	508
<b>TOTAL REVENUES</b>	<b>78,906</b>	<b>79,178</b>	<b>58,389</b>	<b>(20,789)</b>
<b>EXPENDITURES:</b>				
<b>CURRENT:</b>				
GENERAL GOVERNMENT	7,423	7,504	1,552	5,952
CAPITAL OUTLAY	233,965	229,915	99,558	130,357
<b>TOTAL EXPENDITURES</b>	<b>241,388</b>	<b>237,419</b>	<b>101,110</b>	<b>136,309</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(162,482)	(158,241)	(42,721)	115,520
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS OUT	(31,840)	(59,163)	(11,215)	47,948
TRANSFERS IN	109,061	129,588	70,910	(58,678)
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>77,221</b>	<b>70,425</b>	<b>59,695</b>	<b>(10,730)</b>
NET CHANGE IN FUND BALANCES	(85,261)	(87,816)	16,974	104,790
FUND BALANCES, JULY 1, 2011	87,561	87,561	87,561	-
<b>FUND BALANCES (DEFICIT), JUNE 30, 2012</b>	<b>\$ 2,300</b>	<b>\$ (255)</b>	<b>\$ 104,535</b>	<b>\$ 104,790</b>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS  
 CERTAIN CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	TOTAL		
	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 349	\$ 110	\$ (239)
CHARGES FOR CURRENT SERVICES	95	95	-
OTHER REVENUES	170	166	(4)
TOTAL REVENUES	<u>614</u>	<u>371</u>	<u>(243)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	2,079	2,079	-
RECREATION AND CULTURAL SERVICES	6,105	-	6,105
DEBT SERVICE:			
PRINCIPAL	45	-	45
CAPITAL OUTLAY	53,054	1,173	51,881
TOTAL EXPENDITURES	<u>61,283</u>	<u>3,252</u>	<u>58,031</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(60,669)</u>	<u>(2,881)</u>	<u>57,788</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(3,291)	(6,351)	(3,060)
TRANSFERS IN	1,740	735	(1,005)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,551)</u>	<u>(5,616)</u>	<u>(4,065)</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(62,220)	(8,497)	53,723
EXTRAORDINARY ITEM	-	(52,692)	(52,692)
NET CHANGE IN FUND BALANCES	(62,220)	(61,189)	1,031
FUND BALANCE, JULY 1, 2011	75,514	75,514	-
FUND BALANCES, JUNE 30, 2012	<u>\$ 13,294</u>	<u>\$ 14,325</u>	<u>\$ 1,031</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	<u>REDEVELOPMENT AGENCY</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 295	\$ 38	\$ (257)
TOTAL REVENUES	<u>295</u>	<u>38</u>	<u>(257)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	2,079	2,079	-
CAPITAL OUTLAY	43,188	-	43,188
TOTAL EXPENDITURES	<u>45,267</u>	<u>2,079</u>	<u>43,188</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(44,972)</u>	<u>(2,041)</u>	<u>42,931</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(1,287)</u>	-	<u>1,287</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,287)</u>	<u>-</u>	<u>1,287</u>
NET CHANGE IN FUND BALANCES	(46,259)	(2,041)	44,218
EXTRAORDINARY ITEM	<u>-</u>	<u>(52,692)</u>	<u>(52,692)</u>
NET CHANGE IN FUND BALANCES	(46,259)	(54,733)	(8,474)
FUND BALANCES, JULY 1, 2011	<u>54,733</u>	<u>54,733</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ 8,474</u>	<u>\$ -</u>	<u>\$ (8,474)</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	<u>FIRE PROTECTION DISTRICTS</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 31	\$ 31
TOTAL REVENUES	<u>-</u>	<u>31</u>	<u>31</u>
EXPENDITURES:			
CAPITAL OUTLAY	6,391	355	6,036
TOTAL EXPENDITURES	<u>6,391</u>	<u>355</u>	<u>6,036</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,391)</u>	<u>(324)</u>	<u>6,067</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(891)	(900)	(9)
TRANSFERS IN	16	-	(16)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(875)</u>	<u>(900)</u>	<u>(25)</u>
NET CHANGE IN FUND BALANCES	(7,266)	(1,224)	6,042
FUND BALANCES, JULY 1, 2011	7,287	7,287	-
FUND BALANCES, JUNE 30, 2012	<u>\$ 21</u>	<u>\$ 6,063</u>	<u>\$ 6,042</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

	<u>PARK AND RECREATION DISTRICTS</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 46	\$ 35	\$ (11)
OTHER REVENUES	170	166	(4)
TOTAL REVENUES	<u>216</u>	<u>201</u>	<u>(15)</u>
EXPENDITURES:			
CURRENT:			
RECREATION AND CULTURAL SERVICES	6,105	-	6,105
CAPITAL OUTLAY	738	171	567
TOTAL EXPENDITURES	<u>6,843</u>	<u>171</u>	<u>6,672</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,627)</u>	<u>30</u>	<u>6,657</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(644)	(81)	563
TRANSFERS IN	85	85	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(559)</u>	<u>4</u>	<u>563</u>
NET CHANGE IN FUND BALANCES	(7,186)	34	7,220
FUND BALANCES, JULY 1, 2011	7,198	7,198	-
FUND BALANCES, JUNE 30, 2012	<u>\$ 12</u>	<u>\$ 7,232</u>	<u>\$ 7,220</u>

COUNTY OF SAN BERNARDINO  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)  
 CERTAIN CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2012 (IN THOUSANDS)

COUNTY SERVICE AREAS

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 8	\$ 6	\$ (2)
CHARGES FOR CURRENT SERVICES	<u>95</u>	<u>95</u>	<u>-</u>
TOTAL REVENUES	<u>103</u>	<u>101</u>	<u>(2)</u>
EXPENDITURES:			
DEBT SERVICE:			
PRINCIPAL	45	-	45
CAPITAL OUTLAY	<u>2,737</u>	<u>647</u>	<u>2,090</u>
TOTAL EXPENDITURES	<u>2,782</u>	<u>647</u>	<u>2,135</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,679)</u>	<u>(546)</u>	<u>2,133</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(469)	(5,370)	(4,901)
TRANSFERS IN	<u>1,639</u>	<u>650</u>	<u>(989)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>1,170</u>	<u>(4,720)</u>	<u>(5,890)</u>
NET CHANGE IN FUND BALANCES	(1,509)	(5,266)	(3,757)
FUND BALANCES, JULY 1, 2011	<u>6,296</u>	<u>6,296</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ 4,787</u>	<u>\$ 1,030</u>	<u>\$ (3,757)</u>

# STATISTICAL SECTION



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

*County of San Bernardino*

# STATISTICAL SECTION

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

## **CONTENTS**

### **FINANCIAL TRENDS**

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

### **REVENUE CAPACITY**

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

### **DEBT CAPACITY**

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

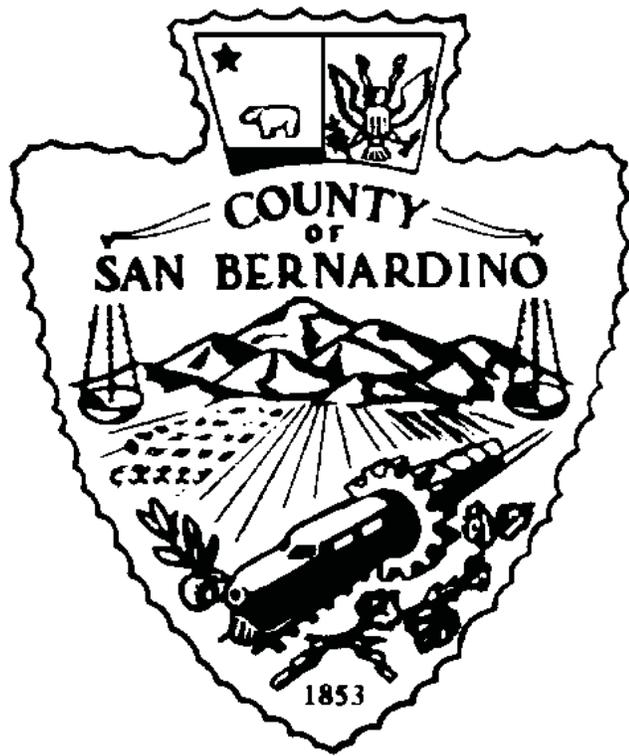
### **ECONOMIC AND DEMOGRAPHIC INFORMATION**

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

### **OPERATION INFORMATION**

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

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



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

	2002-03		2005-06		2006-07		2007-08		2008-09		2009-10		2010-11		2011-12	
	as restated	2003-04	2004-05	as restated	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12						
<b>GOVERNMENTAL ACTIVITIES</b>																
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$ 789,223	\$ 892,791	\$ 919,051	\$ 986,723	\$ 1,095,664	\$ 1,147,871	\$ 1,218,294	\$ 1,318,593	\$ 1,436,162	\$ 1,598,182			\$ 1,436,162	\$ 1,598,182		
RESTRICTED	410,106	400,271	465,540	541,483	674,368	688,298	794,489	716,035	783,306	714,879			783,306	714,879		
UNRESTRICTED	119,932	77,292	149,702	44,373	108,424	222,623	150,272	268,299	230,522	265,813			230,522	265,813		
SUBTOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	<u>1,319,261</u>	<u>1,370,354</u>	<u>1,534,293</u>	<u>1,572,579</u>	<u>1,878,456</u>	<u>2,058,792</u>	<u>2,163,055</u>	<u>2,302,927</u>	<u>2,449,990</u>	<u>2,578,874</u>			<u>2,449,990</u>	<u>2,578,874</u>		
<b>BUSINESS-TYPE ACTIVITIES</b>																
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	(63,993)	(60,294)	(45,032)	(50,023)	(17,138)	(20,021)	35,887	26,837	44,737	57,487			44,737	57,487		
RESTRICTED	47,357	45,523	47,908	46,444	47,023	48,814	37,283	93,399	108,461	67,968			108,461	67,968		
UNRESTRICTED	60,269	88,102	96,577	181,381	121,734	110,023	82,871	34,055	780	31,697			780	31,697		
SUBTOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS	<u>43,633</u>	<u>73,331</u>	<u>99,453</u>	<u>177,802</u>	<u>151,619</u>	<u>138,816</u>	<u>156,041</u>	<u>154,291</u>	<u>153,978</u>	<u>157,152</u>			<u>153,978</u>	<u>157,152</u>		
<b>PRIMARY GOVERNMENT</b>																
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	725,230	832,497	874,019	936,700	1,078,526	1,127,850	1,254,181	1,345,430	1,480,899	1,655,669			1,480,899	1,655,669		
RESTRICTED	457,463	445,794	513,448	587,927	721,391	737,112	831,772	809,434	891,767	782,847			891,767	782,847		
UNRESTRICTED	180,201	165,394	246,279	225,754	230,158	332,646	233,143	302,354	231,302	297,510			231,302	297,510		
TOTAL PRIMARY GOVERNMENT NET ASSETS	<u>\$ 1,362,894</u>	<u>\$ 1,443,685</u>	<u>\$ 1,633,746</u>	<u>\$ 1,750,381</u>	<u>\$ 2,030,075</u>	<u>\$ 2,197,608</u>	<u>\$ 2,319,096</u>	<u>\$ 2,457,218</u>	<u>\$ 2,603,968</u>	<u>\$ 2,736,026</u>			<u>\$ 2,603,968</u>	<u>\$ 2,736,026</u>		

**Notes:**

Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted when 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

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

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

	2002-03 as restated	2003-04	2004-05	2005-06 as restated	2006-07 as restated	2007-08 as restated	2008-09 as restated	2009-10 as restated	2010-11	2011-12
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 113,270	\$ 132,933	\$ 125,760	\$ 137,092	\$ 153,460	\$ 179,638	\$ 177,438	\$ 177,506	\$ 165,754	\$ 156,960
Public Protection	586,715	656,464	702,624	764,154	844,036	888,798	921,218	897,257	913,522	957,600
Public Ways and Facilities	53,849	37,095	61,786	73,014	67,254	85,271	75,704	73,251	72,482	80,200
Health and Sanitation	303,216	328,530	329,669	241,795	273,143	303,533	336,662	326,590	282,684	291,415
Public Assistance	818,786	820,853	827,800	817,924	802,043	854,721	882,975	935,205	1,007,153	991,174
Education	12,782	10,357	16,243	17,612	18,106	20,788	21,941	19,693	18,692	16,905
Recreation and Cultural Services	17,456	22,284	21,185	19,355	24,899	24,086	24,697	22,677	23,788	26,701
Interest on Long Term Debt	45,109	42,678	72,041	75,350	83,260	77,444	83,770	65,144	64,994	58,449
Total Governmental Activities	<u>1,951,183</u>	<u>2,051,194</u>	<u>2,157,108</u>	<u>2,146,296</u>	<u>2,266,201</u>	<u>2,434,279</u>	<u>2,524,405</u>	<u>2,517,323</u>	<u>2,549,069</u>	<u>2,579,404</u>
Business-type Activities:										
Medical Center	418,332	456,087	496,437	430,459	477,814	421,531	466,933	441,722	445,874	475,957
Waste Systems	62,393	29,781	53,835	69,320	53,320	83,543	56,389	56,688	95,408	66,571
Other	20,823	19,827	19,446	21,463	31,503	53,305	21,479	-	-	-
Water, Sewer and Sanitation	-	-	-	-	-	-	-	32,536	14,316	14,679
Paramedic and Emergency	-	-	-	-	-	-	-	240	546	527
Miscellaneous	-	-	-	-	-	-	-	341	186	71
Total Business-type Activities	<u>501,548</u>	<u>505,695</u>	<u>569,718</u>	<u>521,242</u>	<u>562,637</u>	<u>558,379</u>	<u>544,801</u>	<u>531,527</u>	<u>556,330</u>	<u>557,805</u>
Total Primary Government Expenses	<u>\$ 2,452,731</u>	<u>\$ 2,556,889</u>	<u>\$ 2,726,826</u>	<u>\$ 2,667,538</u>	<u>\$ 2,828,838</u>	<u>\$ 2,992,658</u>	<u>\$ 3,069,206</u>	<u>\$ 3,048,850</u>	<u>\$ 3,105,399</u>	<u>\$ 3,137,209</u>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 84,719	\$ 93,387	\$ 93,122	\$ 99,452	\$ 103,993	\$ 105,052	\$ 110,817	\$ 115,911	\$ 122,048	\$ 152,268
Public Protection	132,329	140,922	160,169	168,524	198,803	214,252	249,714	231,718	243,283	220,028
Public Ways and Facilities	3,154	5,463	3,416	4,933	6,772	9,005	7,183	5,518	6,610	7,206
Health and Sanitation	110,458	125,299	141,471	42,713	49,200	42,820	56,732	63,613	20,911	23,298
Public Assistance	2,915	3,435	2,356	3,296	2,827	3,646	2,656	2,720	2,993	1,000
Education	889	1,054	1,008	1,105	1,170	1,100	1,240	1,202	1,075	979
Recreation and Cultural Services	8,700	7,833	7,342	7,030	7,695	8,391	8,882	8,992	8,729	9,070
Operating Grants/Contributions:										
General Government	5,588	13,982	8,646	9,438	19,275	16,687	11,752	8,404	19,262	29,249
Public Protection	121,453	146,814	151,158	168,369	198,710	149,313	140,036	160,938	169,002	190,394
Public Ways and Facilities	41,400	38,228	41,539	58,946	69,247	59,600	48,876	70,501	60,518	61,721
Health and Sanitation	204,083	222,900	246,782	247,842	315,857	300,174	319,212	330,099	303,449	268,409
Public Assistance	785,015	765,606	785,408	780,819	732,626	816,090	826,639	886,533	958,859	951,801
Education	1,711	978	762	987	1,219	1,215	907	998	1,290	457
Recreation and Cultural Services	501	801	4,368	4,262	6,800	1,920	2,652	3,035	3,726	1,117
Capital Grants/Contributions:										
General Government	-	-	-	-	-	-	4,728	-	-	-
Public Protection	14,780	-	-	-	57	20	-	72	-	14
Public Ways and Facilities	-	10,608	6,129	2,440	475	3,052	3,919	4,796	9,221	59,054
Health and Sanitation	-	-	-	-	-	-	-	-	1,699	-
Recreation and Cultural Services	-	-	-	-	124	277	20	1,708	75	-
Subtotal Governmental Activities	<u>1,517,695</u>	<u>1,577,310</u>	<u>1,653,676</u>	<u>1,600,156</u>	<u>1,714,670</u>	<u>1,732,614</u>	<u>1,795,965</u>	<u>1,896,758</u>	<u>1,932,750</u>	<u>1,976,065</u>
Business-type Activities:										
Charges for Services:										
Medical Center	320,290	372,815	427,102	345,923	375,973	335,749	370,464	380,954	380,357	376,004
Waste System	44,272	54,831	63,240	65,616	63,419	67,898	60,755	56,964	57,281	56,014
Other	17,031	18,835	21,026	20,206	20,253	19,852	14,814	-	-	-
Water, Sewer and Sanitation	-	-	-	-	-	-	-	12,910	10,696	11,590
Paramedic and Emergency	-	-	-	-	-	-	-	3,117	3,516	-
Others (1)	-	-	-	-	-	-	-	146	206	118
Operating Grants & Contributions:										
Medical Center	15,386	13,727	13,443	13,147	13,527	12,579	8,012	6,968	68,148	46,904
Waste System	-	946	-	-	-	-	-	-	33	928
Other (1)	235	103	2,318	2,825	833	14	156	-	-	-
Water, Sewer and Sanitation (1)	-	-	-	-	-	-	-	46	53	147
Paramedic and Emergency (1)	-	-	-	-	-	-	-	-	-	-
Others (1)	-	-	-	-	-	-	-	-	-	-
Capital Grants & Contributions:										
Medical Center	29,735	22,166	20,259	21,521	26,976	24,142	19,554	19,045	19,500	18,820
Water, Sewer and Sanitation	-	-	-	-	-	-	-	70	-	167
Subtotal Business-type Activities	<u>426,949</u>	<u>483,423</u>	<u>547,388</u>	<u>469,238</u>	<u>500,981</u>	<u>460,234</u>	<u>473,755</u>	<u>480,220</u>	<u>539,790</u>	<u>510,692</u>
Total Primary Government Program Revenues	<u>\$ 1,944,644</u>	<u>\$ 2,060,733</u>	<u>\$ 2,201,064</u>	<u>\$ 2,069,394</u>	<u>\$ 2,215,651</u>	<u>\$ 2,192,848</u>	<u>\$ 2,269,720</u>	<u>\$ 2,376,978</u>	<u>\$ 2,472,540</u>	<u>\$ 2,486,757</u>
<b>Net (Expense) / Revenue</b>										
Governmental Activities	\$ (433,488)	\$ (473,884)	\$ (503,432)	\$ (546,140)	\$ (551,531)	\$ (701,665)	\$ (728,440)	\$ (620,565)	\$ (616,319)	\$ (603,339)
Business-type Activities	(74,599)	(22,272)	(22,330)	(52,004)	(61,656)	(98,145)	(71,046)	(51,307)	(16,540)	(47,113)
Total Primary Government Net Expenses	<u>\$ (508,087)</u>	<u>\$ (496,156)</u>	<u>\$ (525,762)</u>	<u>\$ (598,144)</u>	<u>\$ (613,187)</u>	<u>\$ (799,810)</u>	<u>\$ (799,486)</u>	<u>\$ (671,872)</u>	<u>\$ (632,859)</u>	<u>\$ (650,452)</u>

(Continued)

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

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

	2002-03 as restated	2003-04	2004-05	2005-06 as restated	2006-07 as restated	2007-08 as restated	2008-09 as restated	2009-10 as restated	2010-11	2011-12
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 185,768	\$ 206,860	\$ 213,644	\$ 418,703	\$ 477,973	\$ 538,962	\$ 562,625	\$ 524,857	\$ 491,396	\$ 499,002
Property Taxes, Levied for Debt Service	4,224	4,932	3,557	8,375	10,907	15,620	18,528	15,608	14,724	6,324
Public Safety Tax	94,206	110,188	125,222	140,855	150,903	147,794	126,083	116,963	121,623	133,581
Sales Taxes	21,766	22,285	26,683	30,875	31,846	26,316	21,992	17,894	19,184	24,555
Other Taxes	20,167	25,202	37,453	54,221	58,261	44,381	21,847	12,810	12,086	10,070
Motor Vehicle In-Lieu Taxes	117,661	94,583	175,266	-	-	-	-	-	-	-
Unrestricted Revenues from Use of Money and Property	37,247	33,063	43,762	61,590	76,046	88,878	74,567	52,445	49,081	39,797
Miscellaneous	58,393	46,876	63,545	51,784	74,695	67,409	67,055	52,154	57,878	61,989
Gains on Sale of Capital Assets	2,332	5,051	4,857	5,523	4,182	2,055	1,655	2,968	3,739	1,708
Special Item - Litigation Settlement	-	-	-	(102,000)	28,000	-	-	-	-	-
Extraordinary Item - RDA Dissolution	-	-	-	-	-	-	-	-	-	(3,841)
Transfers	(41,839)	(24,063)	(26,618)	(85,500)	(55,405)	(49,414)	(61,649)	(35,262)	(6,329)	(40,962)
Subtotal Governmental Activities	499,925	524,977	667,371	584,426	857,408	882,001	832,703	760,437	763,382	732,223
Business-type Activities										
Property Taxes, Levied for General Purposes	7,221	5,837	5,432	4,768	6,453	5,972	4,500	3,641	2,360	2,674
Unrestricted Revenues from Use of Money and Property	14,107	10,289	9,695	5,994	14,628	16,630	10,182	8,803	3,381	4,753
Miscellaneous	3,281	11,747	6,687	5,704	8,063	14,101	13,519	1,840	4,155	1,898
Gains on Sale of Capital Assets	168	34	20	157	(83)	-	56	11	2	-
Special Item - Gain on Sale of Surplus Land	-	-	-	28,230	-	-	-	-	-	-
Special Item - Eminent Domain Settlement	-	-	-	-	1,676	-	-	-	-	-
Special Item - Litigation Settlement	-	-	-	-	(2,500)	(775)	(1,635)	-	-	-
Transfers	41,839	24,063	26,618	85,500	55,405	49,414	61,649	35,262	6,329	40,962
Subtotal Business-type Activities	66,616	51,970	48,452	130,353	83,642	85,342	88,271	49,557	16,227	50,287
Total primary government	\$ 566,541	\$ 576,947	\$ 715,823	\$ 714,779	\$ 941,050	\$ 967,343	\$ 920,974	\$ 809,994	\$ 779,609	\$ 782,510
<b>Changes in Net Assets</b>										
Governmental Activities	\$ 66,437	\$ 51,093	\$ 163,939	\$ 38,286	\$ 305,877	\$ 180,336	\$ 104,263	\$ 139,872	\$ 147,063	\$ 128,884
Business-type Activities	(7,983)	29,698	26,122	78,349	21,986	(12,803)	17,225	(1,750)	(313)	3,174
Total Primary Government	\$ 58,454	\$ 80,791	\$ 190,061	\$ 116,635	\$ 327,863	\$ 167,533	\$ 121,488	\$ 138,122	\$ 146,750	\$ 132,058

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

	2002-03	2003-04	2004-05	2005-06 as restated	2006-07	2007-08 as restated	2008-09 as restated	2009-10	2010-11	2011-12
<b>General Fund</b>										
Reserved for:										
Encumbrances	\$ 15,542	\$ 9,632	\$ 33,021	\$ 15,267	\$ 18,605	\$ 23,355	\$ 18,803	\$ -	\$ -	\$ -
Prepaid Items	1,489	1,344	7	7	1,278	2,310	4,145	-	-	-
Noncurrent Interfund Receivables	25	1,025	-	2,000	20,765	18,511	18,461	-	-	-
Inventories	1,166	1,205	295	296	435	424	350	-	-	-
Loans Receivable	1,457	1,462	1,817	16,745	35	42,532	54,396	-	-	-
Teeter	9,077	9,077	9,827	13,672	17,720	15,942	22,904	-	-	-
Unreserved:										
Designated	106,264	108,878	112,900	127,727	176,451	228,753	183,227	-	-	-
Undesignated	150,554	197,175	290,869	237,331	254,437	213,857	183,971	-	-	-
Nonspendable	-	-	-	-	-	-	-	73,667	75,191	72,307
Restricted	-	-	-	-	-	-	-	156,619	196,178	240,833
Committed	-	-	-	-	-	-	-	146,600	76,999	99,991
Assigned	-	-	-	-	-	-	-	-	-	14,200
Unassigned	-	-	-	-	-	-	-	133,718	149,981	122,523
<b>Subtotal General Fund</b>	<b>285,574</b>	<b>329,798</b>	<b>448,736</b>	<b>413,045</b>	<b>489,726</b>	<b>545,684</b>	<b>486,257</b>	<b>510,604</b>	<b>498,349</b>	<b>549,854</b>
<b>Capital Improvement Fund (1)</b>										
Reserved for:										
Encumbrances	-	-	-	-	-	-	16,517	-	-	-
Unreserved:										
Undesignated, Reported in:										
Capital Projects Fund	-	-	-	-	-	-	133,778	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	16,837	-	-
Committed	-	-	-	-	-	-	-	-	27,820	22,879
Assigned	-	-	-	-	-	-	-	81,477	77,922	109,701
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Capital Improvement Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150,295</b>	<b>98,314</b>	<b>105,742</b>	<b>132,580</b>
<b>All Other Governmental Funds</b>										
Reserved for:										
Encumbrances	47,087	38,293	51,536	68,059	62,569	61,612	40,964	-	-	-
Prepaid items	1,000	-	23	-	89	100	140	-	-	-
Noncurrent Interfund Receivables	453	403	400	400	400	400	-	-	-	-
Land Held for Resale	-	-	-	2,754	9,896	14,657	16,984	-	-	-
Inventories	933	235	214	185	80	131	126	-	-	-
Loans Receivable	144	116	-	-	-	-	1,470	-	-	-
Debt Service	48,947	40,193	30,719	26,260	28,444	33,323	41,985	-	-	-
Endowments	-	-	-	-	-	-	1,594	-	-	-
Unreserved:										
Designated	-	-	-	-	-	-	11,990	-	-	-
Undesignated, Reported in:										
Special Revenue Funds	200,564	217,986	204,808	241,105	326,420	326,216	335,589	-	-	-
Capital Projects Funds	34,898	16,943	53,357	94,529	88,841	105,197	51,848	-	-	-
Permanent Funds	514	543	482	517	583	631	561	-	-	-
Nonspendable (2)	-	-	-	-	-	-	-	3,793	3,302	1,833
Restricted (2)	-	-	-	-	-	-	-	540,378	585,435	472,342
Committed (2)	-	-	-	-	-	-	-	-	-	-
Assigned (2)	-	-	-	-	-	-	-	15,807	16,553	30,582
<b>Subtotal All Other Governmental Funds</b>	<b>334,540</b>	<b>314,712</b>	<b>341,539</b>	<b>433,809</b>	<b>517,322</b>	<b>542,267</b>	<b>503,251</b>	<b>559,978</b>	<b>605,290</b>	<b>504,757</b>
<b>Total Governmental Fund Balance</b>	<b>\$ 620,114</b>	<b>\$ 644,510</b>	<b>\$ 790,275</b>	<b>\$ 846,854</b>	<b>\$ 1,007,048</b>	<b>\$ 1,087,951</b>	<b>\$ 1,139,803</b>	<b>\$ 1,168,896</b>	<b>\$ 1,209,381</b>	<b>\$ 1,187,191</b>

**Notes:**

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

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

	2002-03	2003-04	2004-05	2005-06 as restated	2006-07	2007-08 restated	2008-09	2009-10	2010-11	2011-12
<b>Revenues (by Source)</b>										
Taxes	\$ 329,753	\$ 371,404	\$ 400,646	\$ 644,390	\$ 733,833	\$ 778,973	\$ 753,320	\$ 684,669	\$ 664,377	\$ 676,218
Licenses, Permits, and Franchises	16,670	18,630	20,964	22,462	25,077	16,641	24,779	16,959	19,208	22,282
Fines, Forfeitures, and Penalties	18,841	16,458	18,744	18,656	19,224	23,051	22,373	23,877	17,810	17,970
Rev from Use of Money and Property	37,247	33,063	44,205	62,919	76,046	82,791	69,902	51,635	45,762	33,644
Aid from Other Governments	1,296,324	1,298,765	1,425,832	1,273,869	1,344,390	1,464,970	1,358,743	1,464,999	1,525,476	1,560,692
Charges for Current Services	307,653	342,305	369,176	285,935	325,979	336,310	385,423	385,102	365,721	369,715
Other Revenues	58,418	47,154	64,227	51,988	73,956	123,781	66,665	58,864	57,023	61,862
<b>Total Revenues</b>	<b>2,064,906</b>	<b>2,127,779</b>	<b>2,343,794</b>	<b>2,360,219</b>	<b>2,598,505</b>	<b>2,826,517</b>	<b>2,681,205</b>	<b>2,686,105</b>	<b>2,695,377</b>	<b>2,742,383</b>
<b>Expenditures (by Function)</b>										
General Government	110,847	178,026	123,212	137,547	152,991	187,146	161,448	164,880	153,991	145,634
Public Protection	560,753	859,932	686,855	749,900	851,946	919,110	892,497	876,602	883,637	905,548
Public Ways and Facilities	59,272	57,576	47,364	75,416	81,659	67,169	61,814	66,084	83,923	75,144
Health and Sanitation	301,484	386,749	329,595	245,187	277,677	331,793	334,305	324,942	278,157	284,652
Public Assistance	814,631	923,900	826,829	827,230	820,617	945,016	877,345	930,093	994,193	966,485
Education	12,543	14,029	15,912	17,469	18,149	19,247	20,983	18,858	17,827	15,824
Recreation and Cultural Services	14,986	19,545	18,490	16,443	22,086	19,836	20,726	18,697	19,091	21,082
Debt Service										
Principal	96,480	23,163	31,887	37,596	41,445	25,098	49,041	61,637	105,309	124,338
Interest	30,313	26,727	44,078	54,968	62,191	11,509	58,313	40,973	38,614	33,504
Bond Issuance Costs	-	-	-	2,297	2,230	-	-	-	525	135
Advance Refunding Escrow	-	-	-	1,622	-	-	-	-	-	-
Capital Outlay	60,147	60,279	53,914	107,057	97,056	110,040	95,185	116,427	113,428	116,050
<b>Total Expenditures</b>	<b>2,061,456</b>	<b>2,549,926</b>	<b>2,178,136</b>	<b>2,272,732</b>	<b>2,428,047</b>	<b>2,635,964</b>	<b>2,571,657</b>	<b>2,619,193</b>	<b>2,688,695</b>	<b>2,688,396</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,450	(422,147)	165,658	87,487	170,458	190,553	109,548	66,912	6,682	53,987
<b>Other Financing Sources (Uses)</b>										
Transfer to Other Funds	(182,454)	(126,812)	(198,539)	(296,777)	(300,797)	(285,876)	(444,888)	(316,758)	(276,144)	(319,341)
Transfer from Other Funds	140,615	102,896	172,054	216,806	253,304	246,897	382,918	275,554	269,759	279,257
Refunding Bonds Issued	63,791	-	-	58,275	23,845	-	-	-	-	51,585
Premium on Refunding Bonds	-	-	-	1,270	1,385	-	-	-	-	-
Payment To Refunded Bond Escrow Agent	-	-	-	(18,792)	(24,709)	-	-	-	-	-
Long-Term Debt Issued	-	466,142	940	2,118	132,851	-	-	-	36,300	-
Discount on Debt	-	-	-	-	-	-	-	-	(1,141)	-
Inception Of Capital Leases Obligations	1,485	1,038	796	823	1,675	1,446	2,619	418	1,290	-
Sale of Capital Assets	2,332	3,279	4,856	5,369	4,182	2,968	1,655	2,968	3,739	1,708
<b>Total Other Financing Sources and (Uses)</b>	<b>25,769</b>	<b>446,543</b>	<b>(19,893)</b>	<b>(30,908)</b>	<b>91,736</b>	<b>(34,565)</b>	<b>(57,696)</b>	<b>(37,818)</b>	<b>33,803</b>	<b>13,209</b>
<b>Special Item</b>										
Judgement Obligation Bonds Uses	-	-	-	-	(102,000)	-	-	-	-	-
<b>Total Special Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(102,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Extraordinary Item	-	-	-	-	-	-	-	-	-	(89,386)
<b>Net Change in Fund Balance</b>	<b>\$ 29,219</b>	<b>\$ 24,396</b>	<b>\$ 145,765</b>	<b>\$ 56,579</b>	<b>\$ 160,194</b>	<b>\$ 155,988</b>	<b>\$ 51,852</b>	<b>\$ 29,094</b>	<b>\$ 40,485</b>	<b>\$ (22,190)</b>
Debt Service as a Percentage of Noncapital Expenditures:	6.34%	2.00%	3.58%	4.27%	4.45%	1.45%	4.33%	4.10%	5.69%	6.17%

**Note:**

- Noncapital expenditures used in calculating the debt service ratio for fiscal years 2010-11 and 2011-12 equal total governmental fund expenditures less:  
 a- The amount reported separately in the changes in fund balances schedule as capital outlay or capital expenditures (to the extent capitalized for the government-wide statement of net assets), and  
 b- Any expenditures for capitalized assets contained within the functional expenditure categories.

**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>
2002-2003	\$ 85,489,055	\$ 6,741,921	\$ 3,168,274	\$ (1,677,990)	\$ 93,721,260	1.00%
2003-2004	93,691,969	6,814,015	3,103,587	(1,759,907)	101,849,664	1.00%
2004-2005	104,412,156	6,754,932	3,198,469	(1,779,075)	112,586,482	1.00%
2005-2006	119,954,789	7,405,467	3,313,150	(1,777,529)	128,895,877	1.00%
2006-2007	142,703,331	7,590,432	3,538,535	(1,790,813)	152,041,485	1.00%
2007-2008	165,009,379	8,910,772	3,779,487	(1,803,535)	175,896,103	1.00%
2008-2009	172,978,860	9,766,061	4,156,938	(1,831,986)	185,069,873	1.00%
2009-2010	160,789,645	10,313,477	4,087,163	(1,842,083)	173,348,202	1.00%
2010-2011	153,693,818	10,073,682	4,346,267	(1,859,053)	166,254,714	1.00%
2011-2012	152,756,444	9,533,571	5,034,449	(1,842,311)	165,482,153	1.00%

**Notes:**

Due to the 1978 passage of the property tax initiative Proposition 13 (Prop 13) the County does not track the estimated actual value of all County properties. Under Prop 13 property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date purchase. Additionally, Prop 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.

- (1) Secured property is generally real property, defined as land, mines, minerals, timber and improvements such as buildings, structures, crops, trees and vines.
- (2) Unsecured property is generally personal property including machinery, equipment, office tools and supplies.
- (3) Unitary properties are railroads and utilities crossing the county and are assessed by the State Board of Equalization.
- (4) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.

**Source:**

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

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

<u>FISCAL YEAR</u>	<u>SAN BERNARDINO COUNTY GENERAL</u>	<u>SCHOOLS</u>	<u>SAN BERNARDINO MUNICIPAL WATER</u>	<u>TOTAL</u>
2002-03	1.0000	0.0315	0.1400	1.1715
2003-04	1.0000	0.0579	0.1400	1.1979
2004-05	1.0000	0.1105	0.1400	1.2505
2005-06	1.0000	0.0954	0.1600	1.2554
2006-07	1.0000	0.0902	0.1550	1.2452
2007-08	1.0000	0.0788	0.1650	1.2438
2008-09	1.0000	0.1071	0.1650	1.2721
2009-10	1.0000	0.1027	0.1650	1.2677
2010-11	1.0000	0.1351	0.1650	1.3001
2011-12	1.0000	0.1457	0.1625	1.3082

**Note:**

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

**Source:**

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

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

TAXPAYERS	TYPE OF BUSINESS	FISCAL YEAR 2012		FISCAL YEAR 2003	
		ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE	ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE
SOUTHERN CALIFORNIA EDISON	UTILITY	\$ 2,968,029,238	1.79%	\$ N/A	N/A
PROLOGIS	REAL ESTATE	728,327,508	0.44%	163,348,580	0.17%
VERIZON CALIFORNIA , INC	COMMUNICATIONS	619,446,773	0.37%	N/A	N/A
MAJESTIC REALTY	REAL ESTATE	531,346,466	0.32%	396,159,627	0.42%
CATELLUS DEVELOPMENT CORP	REAL ESTATE	491,335,901	0.30%	156,260,720	0.17%
FED NATL MORTGAGE ASSOC	FINANCIAL SVCS	371,839,991	0.22%	7,335,629	0.01%
WAL-MART STORES	RETAIL	370,983,054	0.22%	105,525,469	0.11%
CALIFORNIA STEEL INDUSTRIES	MANUFACTURING	362,999,999	0.22%	380,000,000	0.41%
STATER BROTHERS MARKETS	RETAIL	336,186,259	0.20%	46,929,947	0.05%
SOUTHERN CALIFORNIA GAS	UTILITY	324,554,240	0.20%	N/A	N/A
TOTAL		<u>\$ 7,105,049,429</u>	<u>4.28%</u>	<u>\$ 1,255,559,972</u>	<u>1.34%</u>

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

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

**SAN BERNARDINO COUNTY  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL 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
2012	\$ 2,132,085	\$ 1,954,521	91.67%	\$ -	\$ 1,954,521	91.67%
2011	2,134,012	2,029,684	95.11%	76,553	2,106,237	98.70%
2010	2,189,390	2,070,936	94.58%	91,131	2,162,067	98.75%
2009	2,320,100	2,167,576	93.43%	123,019	2,290,595	98.73%
2008	2,187,535	2,025,529	92.50%	141,715	2,167,244	99.07%
2007	1,908,390	1,799,062	94.30%	88,273	1,887,335	98.90%
2006	1,635,460	1,576,842	96.40%	54,333	1,631,175	99.74%
2005	1,430,975	1,379,658	96.40%	34,145	1,413,803	98.80%
2004	1,297,403	1,257,459	96.90%	33,457	1,290,916	99.50%
2003	1,187,114	1,139,679	96.00%	41,499	1,181,178	99.50%

**Notes:**

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

**Source:**

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

COUNTY OF SAN BERNARDINO  
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT  
 AS OF JUNE 30, 2012

2011-12 ASSESSED VALUATION:	\$ 165,482,153,000	(includes unitary utility valuation)
Redevelopment Incremental Valuation:	48,606,183,000	
Adjusted Assessed Valuation:	<u>\$ 116,875,970,000</u>	

OVERLAPPING TAX AND ASSESSMENT DEBT:	PERCENT APPLICABLE	DEBT 06/30/12
METROPOLITAN WATER DISTRICT	3.015 %	\$ 5,925,832
CHAFFEY COMMUNITY COLLEGE DISTRICT	100.000	145,842,855
SAN BERNARDINO VALLEY JOINT COMMUNITY COLLEGE DISTRICT	98.565	421,459,653
OTHER COMMUNITY COLLEGE DISTRICTS	VARIOUS	158,873,260
APPLE VALLEY UNIFIED SCHOOL DISTRICT	100.000	32,488,758
CHINO VALLEY UNIFIED SCHOOL DISTRICT	100.000	139,374,999
COLTON JOINT UNIFIED SCHOOL DISTRICT	97.121	182,824,865
FONTANA UNIFIED SCHOOL DISTRICT	100.000	282,321,988
REDLANDS UNIFIED SCHOOL DISTRICT	100.000	105,269,784
RIALTO UNIFIED SCHOOL DISTRICT	100.000	76,992,225
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT	100.000	165,304,799
UPLAND UNIFIED SCHOOL DISTRICT	100.000	89,620,142
OTHER UNIFIED SCHOOL DISTRICTS	VARIOUS	113,347,952
UNION HIGH SCHOOL DISTRICTS	100.000	171,166,880
SCHOOL DISTRICTS	100.000	172,680,704
CITY OF REDLANDS	100.000	1,145,000
COUNTY SERVICE AREAS	100.000	565,000
MOJAVE WATER AGENCY	100.000	16,755,000
MOJAVE WATER AGENCY, I.D. M	100.000	26,475,000
COUNTY WATER DISTRICTS	100.000	735,000
ETIWANDA SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS	100.000	101,045,000
CITY OF CHINO COMMUNITY FACILITIES DISTRICTS	100.000	123,990,000
CHINO HILLS COMMUNITY FACILITIES DISTRICTS	100.000	55,430,000
FONTANA COMMUNITY FACILITIES DISTRICTS	100.000	128,445,000
RANCHO CUCAMONGA COMMUNITY FACILITIES DISTRICTS	100.000	93,300,000
UPLAND COMMUNITY FACILITIES DISTRICTS	100.000	42,245,000
OTHER COMMUNITY FACILITIES DISTRICTS	5.732 - 100.000	239,751,395
CITY, COUNTY AND SPECIAL DISTRICT 1915 ACT BONDS (Estimate)	100.000	37,827,242
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 3,131,203,333</u>

RATIO TO 2011-12 ASSESSED VALUATION:  
 TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT.....1.87%

COUNTY OF SAN BERNARDINO  
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (CONTINUED)  
 AS OF JUNE 30, 2012

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:	PERCENT APPLICABLE	DEBT 6/30/12
SAN BERNARDINO COUNTY GENERAL FUND OBLIGATIONS	100.000 %	\$ 613,235,000
SAN BERNARDINO COUNTY PENSION OBLIGATIONS	100.000	547,885,591 (2)
SAN BERNARDINO COUNTY FLOOD DISTRICT GENERAL FUND OBLIGATIONS	100.000	108,210,000
COMMUNITY COLLEGE DISTRICT CERTIFICATES OF PARTICIPATION	Various	25,961,276
CHINO VALLEY UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	23,295,000
FONTANA UNIFIED SCHOOL DISTRICT	100.000	49,910,000
HESPERIA UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	101,890,000
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	53,080,000
SNOWLINE JOINT UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	98.048	60,225,984
OTHER UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	Various	41,599,307
UNION HIGH SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	6,550,000
CUCAMONGA SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	10,805,000
ORO GRANDE SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	35,715,000
OTHER SCHOOL DISTRICT GENERAL FUND OBLIGATIONS	100.000	16,125,000
CITY OF FONTANA CERTIFICATES OF PARTICIPATION	100.000	57,040,000
CITY OF ONTARIO GENERAL FUND OBLIGATIONS	100.000	27,660,000
CITY OF MONTCLAIR GENERAL FUND OBLIGATIONS	100.000	60,500,000
CITY OF SAN BERNARDINO GENERAL FUND OBLIGATIONS	100.000	20,210,000
CITY OF VICTORVILLE GENERAL FUND OBLIGATIONS	100.000	83,070,000
OTHER CITY GENERAL FUND OBLIGATIONS	100.000	130,626,377
WATER DISTRICT CERTIFICATES OF PARTICIPATION	100.000	7,865,000
OTHER SPECIAL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	3,375,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 2,084,833,535</u>
TOTAL DIRECT DEBT		\$ 1,161,120,591
TOTAL OVERLAPPING DEBT (1)		\$ 4,054,916,277
COMBINED DEBT		\$ 5,216,036,868 (3)

**RATIOS TO 2011-12 ADJUSTED ASSESSED VALUATION**

TOTAL DIRECT DEBT (\$1,161,120,591) .....	0.98%
COMBINED TOTAL DEBT	4.39%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12: \$ -

**Notes:**

- (1) The method used to calculate the overlapping debt is based on the percentage of the overlapping agency's assessed valuation located within boundaries of the county.
- (2) Excludes accreted values.
- (3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

**Source:**

California Municipal Statistics

COUNTY OF SAN BERNARDINO  
 COMPUTATION OF LEGAL DEBT MARGIN  
 LAST TEN FISCAL YEARS (IN THOUSANDS)

<u>FISCAL YEAR</u>	<u>(1) ASSESSED VALUE</u>	<u>(2) LEGAL DEBT LIMIT</u>	<u>(3) BONDED DEBT</u>	<u>(4) LEGAL DEBT MARGIN</u>	<u>RATIO OF BONDED DEBT TO DEBT LIMIT</u>
2002-03	\$ 93,721,260	\$ 1,171,516	\$ 2,657	\$ 1,168,859	0.23%
2003-04	101,849,664	1,273,121	2,321	1,270,800	0.18%
2004-05	112,586,482	1,407,331	2,045	1,405,286	0.15%
2005-06	128,895,877	1,611,198	1,930	1,609,268	0.12%
2006-07	152,041,485	1,900,519	1,815	1,898,704	0.10%
2007-08	175,896,103	2,198,701	1,695	2,197,006	0.08%
2008-09	185,069,873	2,313,373	1,570	2,311,803	0.07%
2009-10	173,348,202	2,166,853	1,440	2,165,413	0.07%
2010-11	166,254,714	2,078,184	1,300	2,076,884	0.06%
2011-12	165,482,153	2,068,527	1,155	2,067,372	0.06%

**Notes:**

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

**Source:**

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

COUNTY OF SAN BERNARDINO  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS (IN THOUSANDS, EXCEPT PER CAPITA)  
JUNE 30, 2012

FISCAL YEAR	GOVERNMENTAL ACTIVITIES					BUSINESS-TYPE ACTIVITIES				TOTAL OUTSTANDING DEBT	PERCENTAGE OF ASSESSED VALUE (1)	PERCENTAGE OF PERSONAL INCOME (2)	PER CAPITA (2)
	CERTIFICATES OF PARTICIPATION	REVENUE BONDS	BONDS AND NOTES	CAPITAL LEASE OBLIGATION	OTHER LONG-TERM LIABILITIES	CERTIFICATES OF PARTICIPATION	GENERAL OBLIGATION BONDS	NOTES	CAPITAL LEASE OBLIGATION				
2002-03	\$ 232,640	\$ 434,889	\$ 21,184	\$ 6,994	\$ 23,246	\$ 694,739	\$ 2,657	\$ 2,729	\$ 289	\$ 1,419,367	1.51%	3.20%	\$ 785
2003-04	225,523	437,820	484,755	5,517	26,553	670,652	2,321	3,836	1,659	1,858,636	1.82%	3.86%	998
2004-05	212,704	439,539	484,409	4,457	29,900	645,146	2,045	4,435	1,305	1,823,940	1.62%	3.59%	952
2005-06	200,528	439,879	522,835	3,889	25,227	618,099	1,930	6,905	2,438	1,821,730	1.41%	3.44%	916
2006-07	186,959	457,038	649,062	4,010	9,290	589,367	1,815	6,399	4,136	1,908,076	1.25%	3.47%	942
2007-08	172,024	451,137	639,878	1,627	8,554	563,741	1,695	2,971	2,751	1,844,378	1.05%	3.31%	898
2008-09	155,801	448,874	637,450	3,231	5,230	530,325	1,570	2,823	1,359	1,786,663	0.97%	3.20%	869
2009-10	140,708	441,447	625,756	2,591	4,549	537,969	1,440	1,872	530	1,756,862	1.01%	2.80%	847
2010-11	91,343	431,526	646,567	2,696	4,000	516,672	1,300	1,811	1,449	1,697,364	1.02%	2.79%	827
2011-12	28,120	418,810	589,719	1,615	4,000	494,830	1,155	1,748	4,709	1,544,706	0.93%	2.53%	748

Notes:

- (1) See the "Assessed Value and Actual Value of Taxable Property" table for total taxable assessed value. Assessed value does not include tax exempt property.
- (2) See the "Demographic and Economic Statistics" table for the personal income and the population figures.

Source:

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

COUNTY OF SAN BERNARDINO  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS (IN THOUSANDS)  
 June 30, 2012

**GEOGRAPHICAL LOCATION:** The County of San Bernardino is located in the southern portion of California and is bordered on the east by the State of Arizona and the State of Nevada, on the north by Inyo County, on the west by Kern and Los Angeles Counties, and on the south by Orange and Riverside Counties.

**ALTITUDE:** Elevation ranges from a high of 11,502 feet above sea level to a low of 181 feet above sea level.

**AREA OF COUNTY:** Approximately 20,180 square miles (Largest area in the contiguous United States).

**COUNTY SEAT:** San Bernardino, California

**FORM OF GOVERNMENT:** Chartered County, governed by five-member Board of Supervisors

**DATE CHARTER ADOPTED:** April 7, 1913

**FISCAL YEAR:** July 1 - June 30

**REGISTERED VOTERS:** 811,328 as of June 30, 2012

<u>CALENDAR YEAR</u>	<u>(1), (2) POPULATION</u>	<u>(2) PERSONAL INCOME</u>	<u>(2), (6) PER CAPITA PERSONAL INCOME</u>	<u>(3) SCHOOL ENROLLMENT</u>	<u>(4) UNEMPLOYMENT RATE</u>
2003	1,863	44,290,000	23.77	407	5.50%
2004	1,916	48,117,000	25.11	419	6.90%
2005	1,951	50,567,000	25.92	423	5.40%
2006	1,992	52,988,000	26.60	425	4.70%
2007	2,028	55,020,000	27.13	428	5.70%
2008	2,055 (5)	55,752,000	27.13	428	8.50%
2009	2,061 (5)	56,203,000	27.27	420	13.90%
2010	2,035 (5)	62,790,000	30.86	416	14.80%
2011	2,052 (6)	60,739,000	29.60	417	12.90%
2012	2,064 (6)	61,094,000	29.60	414	12.60%

**ESTIMATED POPULATION OF THE COUNTY OF SAN BERNARDINO AS OF JANUARY 1, 2012 (whole numbers):**

INCORPORATED CITIES

Adelanto	31,066	Montclair	37,163
Apple Valley	70,033	Needles	4,894
Barstow	23,019	Ontario	166,134
Big Bear Lake	5,088	Rancho Cucamonga	169,498
Chino	79,171	Redlands	69,498
Chino Hills	75,655	Rialto	100,606
Colton	52,690	San Bernardino	211,674
Fontana	199,898	Twentynine Palms	25,713
Grand Terrace	12,157	Upland	74,568
Hesperia	91,033	Victorville	119,059
Highland	53,664	Yucaipa	52,100
Loma Linda	23,389	Yuca Valley	20,916
		<b>Total</b>	<b>1,768,686</b>
		Unincorporated Areas:	295,233
		<b>Total Population</b>	<b>2,063,919</b>

**Sources:**

- (1) California Department of Finance.
- (2) Bureau of Economic Analysis U.S. Department of Commerce
- (3) Superintendent of Schools
- (4) California Employment Development Department
- (5) 2008 and 2009 data were estimates while 2010 data was from the 2010 Census.
- (6) County of San Bernardino 2012-13 Final Budget

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

<b>Employer</b>	<b>2012</b>			<b>Employer</b>	<b>2003</b>		
	(1) Employees	Rank	(2) Percentage of Total Employment		(1) Employees	Rank	(2) Percentage of Total Employment
County of San Bernardino	17,395	1	1.85%	County of San Bernardino	18,000	1	2.36%
U.S. Army, Fort Irwin & National Training Center	13,805	2	1.47%	Loma Linda University Adventist Health Sciences Center	11,582	2	1.52%
U.S. Marine Corps Air Ground Combat Center	12,486	3	1.33%	U.S. Marine Corps Air Ground Task Force Training Command	10,120	3	1.33%
Loma Linda University and Medical Center	8,582	4	0.91%	Stater Bros.	6,700	4	0.88%
San Bernardino City Unified School District	8,574	5	0.91%	San Bernardino City Unified School District	6,000	5	0.79%
Ontario International Airport	7,510	6	0.80%	Kaiser Foundation Hospitals	4,642	6	0.61%
Stater Bros. (2011 data)	6,902	7	0.73%	Wal-Mart Stores, Inc.	4,400	7	0.58%
Walmart Stores, Inc. (2010 data)	6,125	8	0.65%	United Parcel Services Inc.	4,160	8	0.55%
Kaiser Permanente (Fontana only)	5,682	9	0.60%	Fontana Unified School District	4,000	9	0.52%
United Parcel Service Inc (2011 data)	5,304	10	0.56%	Loma Linda University	3,791	10	0.50%
<b>Total</b>	<b>92,365</b>		<b>9.82%</b>		<b>57,171</b>		<b>9.63%</b>

**Notes:**

Data represents estimated number of employees.  
Starting fiscal year 2009, Court employees are excluded from County of San Bernardino total employees.  
Starting fiscal year 2011, data is derived from new source (Book of Lists).

**Sources (1) (2):**

The Book of Lists (2003 edition)  
Inlandempire\_us/sanber\_large\_employers.htm  
Sbchamber.org/Relocation/major\_employers.htm  
Factfinder2.census.gov

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

FUNCTION/PROGRAM	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General	1,643	1,624	1,639	1,691	1,699	1,790	1,728	1,612	1,550	1,432
Public Protection	7,111	6,923	7,069	7,480	7,777	7,672	6,679	6,501	6,175	6,147
Public Ways & Facilities	455	468	384	384	465	501	522	486	450	433
Health and Sanitation	3,910	3,781	3,840	3,922	4,139	4,339	4,285	4,086	3,919	4,163
Public Assistance	3,880	3,664	3,753	3,735	3,799	4,214	4,163	4,744	4,920	4,898
Education	211	202	218	226	235	261	246	229	191	149
Recreation & Cultural	375	368	333	335	268	386	347	337	317	317
Total	17,585	17,029	17,235	17,774	18,382	19,163	17,970	17,995	17,522	17,539

**Notes:**

A full-time employee is scheduled to work 260 days per year. At eight hours per day, 2080 hours are scheduled per year (including vacation and sick leave), and full-time equivalent employment (FTE) is calculated by dividing all paid hours by 2080.  
Starting fiscal year 2009, Court total FTE, reported previously under Public Protection function, is no longer included as part of the County FTE.

**Source:**

San Bernardino County payroll records as of June 30

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

	2002-03	2003-04	2004-05	2005-06 (1)	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Function/Program</b>										
<b>General Government</b>										
Legal Documents Recorded (W)	860,496	949,864	968,961	945,500	838,333	628,866	564,379	556,429	556,196	547,996
Percentage of payments process within 10 days (P)	*	*	*	80%	86%	93%	86%	92%	60%	66%
<b>Public Protection</b>										
Criminal Felonies Filed - District Attorney (W)	16,700	18,876	20,193	21,950	20,511	24,099	22,409	21,712	21,090	20,551
Criminal Misdemeanor Filed - District Attorney (W)	36,500	39,412	38,863	38,963	44,035	49,223	45,700	44,208	43,680	40,250
Average Cases Supervised-Probation (W)	21,052	21,368	*	23,400	25,690	29,205	25,120	24,570	24,130	23,961
Percentage of new adults cases assessed with a valid risk instrument- Probation (P)	*	*	*	59%	77%	79%	78%	87%	90%	87%
Sherriff's calls for Service (W)	650,264	809,400	*	710,000	1,193,961	1,247,993	1,157,568	1,102,208	1,023,360	1,009,040
Number of inmate-on-inmate assaults per 1,000 per month. (P)	*	*	*	12%	7%	7%	6%	4%	4%	8%
Percent of autopsies performed per reportable deaths - Coroner (P)	*	*	*	6%	19%	9%	17%	13%	19%	15%
Fire Protection - No. of Fire calls (W)	92,131	89,553	91,324	99,235	86,915	89,106	89,061	95,635	93,540	154,953
<b>Public Way &amp; Facilities</b>										
<b>Solid Waste</b>										
Total Tonnage Landfilled (W)	1,484,693	1,497,304	1,794,126	1,852,124	1,757,436	1,665,566	1,267,447	1,162,672	1,156,231	*
Pounds of trash per cubic yard of capacity-High Volume Sites (P)	*	*	*	1,035	1,120	1,130	1,125	1,356	1,287	*
Maintained Road Miles (W)	2,834	2,834	2,822	2,830	2,780	2,774	2,775	2,765	2,769	2,770
Average Pavement Condition index (PCI) of county maintained roads (P)	*	*	*	75	76	77	78	77	76	76
<b>Health and Sanitation</b>										
Direct Billable hours: Clinic - Behavioral Health (W)	242,418	228,505	226,811	293,542	201,247	236,285	267,560	261,014	242,862	230,201
Patient Visits - Public Health (W)	92,853	102,052	110,519	112,037	130,073	76,786	89,110	69,474	75,572	75,664
Arrowhead Regional Medical Center - Emergency Room Visits (W)	66,734	88,338	81,712	97,790	106,298	113,537	124,156	130,640	125,710	117,616
<b>Public Assistance</b>										
Annual Paid Cases - CalWORKS-All Other Families (W)	377,456	364,569	351,902	345,072	307,742	333,096	384,946	425,331	460,817	464,196
Percentage of successful placements of people in Work Participation Rate (P)	*	*	*	56%	19%	23%	23%	32%	40%	47%
Annual Paid Cases - CalWORKS-2 Parent Families (W)	3,120	27,928	23,147	24,155	18,748	26,322	42,284	48,652	56,435	58,296
Average child support collections per month (W)	10,831,461	12,293,906	12,607,140	12,000,000	12,619,615	12,792,980	12,809,690	12,740,128	13,538,777	14,396,490
Percentage of current support collected - Child Support (W)	*	*	*	46%	49%	51%	51%	51%	55%	59%
<b>Education</b>										
<b>County Library</b>										
Circulation (W)	2,902,322	2,716,652	2,482,274	2,600,000	2,520,000	2,638,000	3,033,418	3,112,735	2,906,315	2,515,202
Total Patron Visits (W)	3,309,608	3,318,250	3,183,479	3,120,000	3,374,000	3,846,000	4,597,787	4,728,093	4,246,432	3,579,262
Total feet of space available at branch libraries (P)	*	*	*	200,000	222,231	326,015	368,795	379,511	379,511	379,511
<b>Recreation and Cultural Services</b>										
<b>County Museum</b>										
Total Paid Attendance (W)	65,185	67,098	57,971	71,500	71,000	90,810	64,708	63,838	49,955	69,348
Collected Lots, Objects, and Specimens (W)	1,500,000	1,510,000	1,600,000	1,601,000	1,601,000	1,800,000	2,300,000	2,300,000	2,300,410	2,400,125
<b>Regional Parks</b>										
Total Attendance (W)	2,516,000	2,258,753	2,280,000	2,160,000	2,200,000	2,200,205	1,898,960	2,012,647	2,121,921	1,915,278
Number of miles of open and usable trails maintained by Regional Parks (P)	*	*	*	13	17	18	24	46	46	28

**Notes:**  
 (1) In FY 05-06 work indicators have been replaced with work performance measures and all FY 2005-06 are estimates.

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

**Sources:**

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

Function/Program	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
<b>General Government</b>										
Recorder's Data Processing Equipment	40	43	53	63	60	58	59	65	63	42
<b>Public Protection</b>										
Major Correction & Detention Facilities	5	6	6	7	7	7	7	7	7	7
Sheriff Stations	15	15	10	10	10	10	9	9	9	9
Sheriff Vehicles	1,605	1,551	1,684	1,618	1,809	1,658	1,658	1,764	1,788	1,698
Fire Department Equipment	207	250	323	373	361	432	429	461	497	457
<b>Public Way &amp; Facilities</b>										
Solid Waste Heavy Equipment	30	25	24	18	18	16	12	11	10	10
Transportation: Trucks, Trailers, and Other Vehicles	236	273	268	276	274	264	274	288	283	281
Airports	6	6	6	6	6	6	6	6	6	6
Bridges	318	318	318	318	318	318	318	318	318	318
Traffic Signal	160	192	212	220	252	265	329	334	358	365
<b>Health and Sanitation</b>										
Major Health Administration Buildings	2	2	2	2	2	2	2	2	2	2
Animal Shelter and Insecticide Buildings	2	2	2	2	2	2	2	2	2	2
Public Health Laboratory/Science/Engineering Equipment	36	40	46	46	51	99	134	140	157	158
Medical Center: Number of Hospitals	1	1	1	1	1	1	1	1	1	1
<b>Public Assistance</b>										
Administrative & Office Equipment	463	464	508	549	452	441	495	515	571	631
<b>Education</b>										
Library Branches	28	29	29	29	30	30	30	31	31	31
Bookmobiles	2	2	2	2	2	2	2	2	2	2
<b>Recreation and Cultural Services</b>										
County Museum: Main Facility	1	1	1	1	1	1	1	1	1	1
County Regional Parks	9	9	9	9	9	9	9	9	9	9

**Source:**

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

