

CSA 70 TV-5 MESA (SLE-331)

ACTIVITY: TV TRANSLATOR

DESCRIPTION OF MAJOR SERVICES

County Service Area (CSA) 70, Improvement Zone TV-5 was established by an act of the County of San Bernardino Board of Supervisors on July 11, 1995 to provide eight channels of UHF translator service broadcast from Pinto Mountain to the 100 square mile area encompassing Copper Mesa, Desert Heights, Flamingo Heights, Landers, and Yucca Mesa. This District provides service to approximately 18,000 households and is financed by assessment of \$25 per improved parcel on 6,412 parcels that was approved by voters in 1995. This District does not utilize an Advisory Commission or MAC. Meetings are held with residents as needed.

BUDGET AND ACTUAL HISTORY

	2007-08 Actuals	2008-09 Actuals	2008-09 Adopted Budget	2009-10 Approved Adjustments	2009-10 Adopted Budget
Appropriations:					
Salaries and Benefits	46,732	44,508	48,413	2,455	50,868
Services and Supplies	47,397	48,851	83,761	(10,028)	73,733
Central Computer	113	52	127	865	992
Travel and Related Charges	-	-	-	-	-
Other Charges	-	-	-	-	-
Land/Structures/Improvements	-	-	-	-	-
Equipment/Vehicles	84,996	8,802	10,000	2,500	12,500
Lease/Purchases	-	-	-	-	-
Transfers Out	54,923	43,453	43,453	(6,472)	36,981
Reimbursements	-	(12,000)	(12,000)	(2,355)	(14,355)
Operating Transfers Out	-	-	-	-	-
Reserves & Contingencies	-	-	103,672	47,715	151,387
Total Appropriations	234,161	133,666	277,426	34,680	312,106
Revenue:					
Taxes	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Use Of Money and Property	11,884	10,534	9,500	2,000	11,500
State, Fed or Gov't Aid	-	-	-	-	-
Current Services	165,647	159,481	166,998	(4,162)	162,836
Other Revenue	239	493	-	-	-
Operating Transfers In	-	-	-	-	-
Total Revenue	177,770	170,508	176,498	(2,162)	174,336
Fund Balance			100,928	36,842	137,770
Budgeted Staffing			1	-	1

CSA 70 TV-5 MESA (SLE-331)

2009-10 ADOPTED BUDGET

	<u>Budgeted Staffing</u>	<u>Amount</u>
APPROPRIATIONS:		
Salaries and Benefits	1	50,868
* Regular Salaries and Benefits that funds 1 regular position		
Services and Supplies		73,733
* \$31,000 Utilities		
* \$10,000 General Maintenance, Structure, Improvements, and Grounds		
* \$10,000 General Maintenance, Equipment		
* \$ 6,000 Vehicle Maintenance & Repairs		
* \$16,733 Other Services & Supplies accounts		
Change from prior year: \$10,028 decrease primarily due to contracted maintenance and repairs now being performed by staff		
Central Computer		992
* Data Processing		
Change from prior year: \$865 increase primarily due to additional use of County Information Services		
Travel and Related Charges		-
Other Charges		-
Land/Structures/Improvements		-
Equipment/Vehicles		12,500
* See Equipment Budget Detail section for complete list of budgeted vehicles and equipment purchases		
Change from prior year: \$2,500 increase due to FY 09/10 purchase of backup transmitter		
Lease/Purchases		-
Transfers Out		36,981
* \$24,970 Salaries and Benefits to SKV 105 (CSA 70 Countywide) to provide for management and support services		
* \$12,011 Services and Supplies to SKV 105 (CSA 70 Countywide) to provide for management and support services		
Change from prior year: \$6,472 decrease due to allocation of management and support services cost		
Reimbursements		(14,355)
* Salaries and Benefits from TV-2, TV-4 and CSA-40 for shared position		
Change from prior year: \$2,355 increase due to higher cost and recovery of shared TV Services Assistant position		
Operating Transfers Out		-
Reserves & Contingencies		151,387
* \$100,000 Reserves		
* \$ 51,387 Contingencies		
Change from prior year: \$47,715 increase to fund future year operations		
Total Appropriations and Budgeted Staffing	1	312,106

CSA 70 TV-5 MESA (SLE-331)

2009-10 ADOPTED BUDGET (Continued)

	<u>Amount</u>
REVENUE:	
Taxes	-
Licenses and Permits	-
Fines and Forfeitures	-
Use of Money and Property	11,500
* \$7,000 Rental of facilities	
* \$4,500 Interest	
Change from prior year: \$2,000 increase to more closely align with FY 08/09 actual	
State, Fed or Gov't Aid	-
Current Services	162,836
* Service Charges	
Other Revenue	-
Operating Transfers In	-
Total Revenue	<u><u>174,336</u></u>

**COUNTY OF SAN BERNARDINO
SPECIAL DISTRICTS
COUNTY SERVICE AREA No. 70
ZONE TV-5 - MESA TRANSLATOR**

REPORT ON AUDIT

JUNE 30, 2009

County of San Bernardino Special Districts
County Service Area No. 70
Zone TV-5 - Mesa Translator
Table of Contents

	Exhibit	Page
INDEPENDENT AUDITOR'S REPORT		1 - 2
BASIC FINANCIAL STATEMENTS		
Government-Wide Financial Statements		
Statement of Net Assets	A	3
Statement of Activities	B	4
Fund Financial Statements		
Balance Sheet - Governmental Fund	C	5
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund	D	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities	E	7
Notes to Financial Statements		8 - 17
Required Supplementary Information	Schedule	
Budgetary Comparison Schedule - Special Revenue Fund (General)	One	18



ROGERS, ANDERSON, MALODY & SCOTT, LLP

CERTIFIED PUBLIC ACCOUNTANTS

ROBERT B. MEMORY, C.P.A. (1945-2009)
OF COUNCIL
JAY H. ZERCHER, C.P.A.

PHILLIP H. WALLER, C.P.A.
BRENDA L. ODLE, C.P.A.
TERRY P. SHEA, C.P.A.
KIRK A. FRANKS, C.P.A.
MATTHEW B. WILSON, C.P.A.
SCOTT W. MANNO, C.P.A.
LEENA SHANBHAG, C.P.A.

NANCY O'RAFFERTY, C.P.A.
BRADFORD A. WELEBIR, C.P.A.
JENNY LIU, C.P.A.
TIMOTHY P. HORN, C.P.A.
KATIE L. MILLSOM, C.P.A.
JOHN J. BADIA, C.P.A.
JONATHAN R. KUHN, C.P.A.
BRADFORD L. ROCKABRAND, C.P.A.
PAPA MATAR THIAW, C.P.A.

Board of Supervisors
County of San Bernardino
County of San Bernardino Special
District County Service Area
No. 70 - Zone TV-5 - Mesa Translator

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities and the major fund of the County of San Bernardino Special District County Service Area No. 70 - Zone TV-5 - Mesa Translator (CSA), a component unit of the County of San Bernardino, as of and for the year ended June 30, 2009, which collectively comprise the CSA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the CSA's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the State Controller's Minimum Audit Requirement for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the County of San Bernardino Special District County Service Area No. 70 - Zone TV-5 - Mesa Translator, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

The budgetary comparison information on page 18 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

PCPS THE AICPA ALLIANCE FOR CPA FIRMS

CALIFORNIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

The County of San Bernardino Special District County Service Area No. 70 - Zone TV-5 - Mesa Translator has not presented the *Management's Discussion and Analysis* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Rogers, Anderson, Malody & Seath, LLP

November 15, 2009

County of San Bernardino Special Districts
County Service Area No. 70 - Zone TV-5 - Mesa Translator
Statement of Net Assets
June 30, 2009

ASSETS

Cash and cash equivalents	\$ 134,508
Interest receivable	662
Taxes receivable	5,803
Capital assets, net of depreciation	<u>125,165</u>
 Total Assets	 <u>266,138</u>

LIABILITIES

Salaries and benefits payable	3,000
Compensated absences payable	<u>7,998</u>
 Total Liabilities	 <u>10,998</u>

NET ASSETS

Invested in capital assets	125,165
Unrestricted	<u>129,975</u>
 Total Net Assets	 <u><u>\$ 255,140</u></u>

The accompanying notes are an integral part of these financial statements.

County of San Bernardino Special Districts
County Service Area No. 70 - Zone TV-5 - Mesa Translator
Statement of Activities
For the Year Ended June 30, 2009

EXPENSES

Salaries and benefits	\$ 65,839
Services and supplies	60,221
Depreciation	16,113
Total Program Expenses	142,173

PROGRAM REVENUE

Charges for services	169,809
Net Program Revenue	27,636

GENERAL REVENUES

Property taxes	(3,009)
Investment earnings	3,656
Other	68
Total General Revenues	715

Change in Net Assets	28,351
----------------------	--------

Net Assets - beginning	226,789
-------------------------------	---------

Net Assets - ending	\$ 255,140
----------------------------	------------

The accompanying notes are an integral part of these financial statements.

**County of San Bernardino Special Districts
County Service Area No. 70 - Zone TV-5 - Mesa Translator
Balance Sheet
Governmental Fund
June 30, 2009**

	SPECIAL REVENUE FUND <hr/> General (SLE) <hr/>
ASSETS	
Cash and cash equivalents	\$ 134,508
Interest receivable	662
Taxes receivable	<u>5,803</u>
Total Assets	<u>\$ 140,973</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Salaries and benefits payable	<u>\$ 3,000</u>
Total Liabilities	<u>3,000</u>
Fund Balance:	
Unreserved:	
Undesignated	<u>137,973</u>
Total Fund Balance	<u>137,973</u>
Total Liabilities and Fund Balance	<u>\$ 140,973</u>
Total Fund Balance - Governmental Fund	\$ 137,973
Amounts reported for <i>governmental activities</i> in the statement of net assets (Exhibit "A") are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	125,165
Compensated absences payable are not financial resources and, therefore, are not reported in the fund.	<u>(7,998)</u>
Net Assets of Governmental Activities	<u>\$ 255,140</u>

The accompanying notes are an integral part of these financial statements.

County of San Bernardino Special Districts
County Service Area No. 70 - Zone TV-5 - Mesa Translator
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2009

	SPECIAL REVENUE FUND <hr/> General (SLE) <hr/>
REVENUES	
Property taxes	\$ (3,009)
Special assessments	162,309
Service fees	7,500
Investment earnings	3,656
Other	68
	<hr/>
Total Revenues	170,524
	<hr/>
EXPENDITURES	
Salaries and benefits	64,621
Services and supplies	60,221
Capital outlay:	
Equipment	8,802
	<hr/>
Total Expenditures	133,644
	<hr/>
Net Change in Fund Balance	36,880
Fund Balance - beginning	<hr/> 101,093
Fund Balance - ending	<hr/> \$ 137,973 <hr/>

The accompanying notes are an integral part of these financial statements.

**County of San Bernardino Special Districts
County Service Area No. 70 - Zone TV-5 - Mesa Translator
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Fund to the
Statement of Activities
For the Year Ended June 30, 2009**

Net Change in Fund Balance - Total Governmental Fund	\$	36,880
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$16,113) exceeded capital outlay (\$8,802) in the current period.</p>		
		(7,311)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Increase in compensated absences payable		(1,218)
Change in Net Assets of Governmental Activities	\$	28,351

The accompanying notes are an integral part of these financial statements.

County of San Bernardino Special Districts
County Service Area No. 70 - Zone TV-5 - Mesa Translator
Notes to Financial Statements
June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The County Service Area (CSA) No. 70 - Zone TV-5 was established by an act of the Board of Supervisors of the County of San Bernardino (the County) on July 11, 1995 under Section 4700 of the State Health & Safety Code to provide eight channels of UHF translator service broadcast from Pinto Mountain to the 100 square mile area encompassing Copper Mesa, Desert Heights, Flamingo Heights, Landers, and Yucca Mesa.

The CSA is a component unit of the County of San Bernardino and is governed by the actions of the County Board of Supervisors.

The accompanying financial statements reflect only the accounts of the County Service Area No. 70 - Zone TV-5 of the County of San Bernardino and are not intended to present the financial position of the County taken as a whole.

Because the CSA meets the reporting entity criteria established by the Governmental Accounting Standards Board (GASB), the CSA's financial statements have also been included in the Comprehensive Annual Financial Report of the County as a "component unit" for the fiscal year ended June 30, 2009.

Government-wide and fund financial statements

The government-wide financial statements (e.g., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the reporting entity. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Currently, the CSA does not have any proprietary or fiduciary fund types. Major individual governmental funds are reported as separate columns in the fund financial statements.

County of San Bernardino Special Districts
County Service Area No. 70 - Zone TV-5 - Mesa Translator
Notes to Financial Statements
June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus, basis of accounting, and financial statement presentation

The government-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are 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 payment is due.

Property taxes are considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The *special revenue fund* labeled "General" is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

County of San Bernardino Special Districts
County Service Area No. 70 - Zone TV-5 - Mesa Translator
Notes to Financial Statements
June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits and investments

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (e.g., the current portion of interfund loans) or "advances to/from other funds" (e.g., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Currently, the CSA does not have any business-type activities.

Property taxes

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

Inventories and prepaid items

Inventories, if any, are valued at cost using the first-in/first-out method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

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

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (for improvements to land and structures and equipment) and have an estimated useful life in excess of two years. Structures with an initial cost of \$100,000 are considered capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**County of San Bernardino Special Districts
County Service Area No. 70 - Zone TV-5 - Mesa Translator
Notes to Financial Statements
June 30, 2009**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Infrastructure	40 - 60
Structures and improvements	5 - 40
Equipment and vehicles	4 - 15

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Employee compensated absences

Accumulated vacation, holiday benefits, sick pay and compensatory time are recorded as an expense and liability as the benefits are earned. Compensated absence liabilities are recorded as a current liability. The CSA is not obligated to pay for unused sick leave if an employee terminates or retires.

Compensated absences activity for the year ended June 30, 2009 was as follows:

Beginning Balance	Additions	Deletions	Ending Balance
\$ 6,780	\$ 3,283	\$ 2,065	\$ 7,998

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

County of San Bernardino Special Districts
County Service Area No. 70 - Zone TV-5 - Mesa Translator
Notes to Financial Statements
June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Stewardship, compliance and accountability

A. Budgetary information

In accordance with provisions of Section 29000 - 29143 of the Government code of the State of California, commonly known as the County Budget Act, the District prepares and adopts a budget on or before August 30 for each fiscal year.

Budgets are prepared on the modified accrual basis of accounting. The legal level of budgetary control is the object level and the sub-object level for fixed assets within each fund.

Amendments or transfers of appropriations between funds or departments must be approved by the Board. Transfers at the sub-object level or cost center level may be done at the discretion of the Special District's Administration Department head. Any deficiency of budgeted revenues and other financing sources over expenditures and other financing uses is financed by beginning available fund balances as provided for in the County Budget Act.

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitment will be reappropriated and honored during the subsequent year.

NOTE 2: CASH AND DEPOSITS

Cash and cash equivalents includes the cash balance of monies deposited with the County Treasurer which are pooled and invested for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the District's account based upon the District's average daily deposit balance during the allocation period. Cash and cash equivalents are shown at the fair value as of June 30, 2009.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of their investment policy and disclosures related to investment credit risk, concentration of credit risk, interest rate risk and custodial credit risk, as required by GASB Statement No. 40.

County of San Bernardino Special Districts
County Service Area No. 70 - Zone TV-5 - Mesa Translator
Notes to Financial Statements
June 30, 2009

NOTE 3: CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 11,885	\$ -	\$ -	\$ 11,885
Total capital assets, not being depreciated	11,885	-	-	11,885
Capital assets, being depreciated:				
Improvements to land	100,000	-	-	100,000
Vehicles	26,092	-	-	26,092
Equipment	186,173	8,802	-	194,975
Total capital assets, being depreciated	312,265	8,802	-	321,067
Less accumulated depreciation for:				
Improvements to land	(62,500)	(5,000)	-	(67,500)
Vehicles	(23,555)	(2,537)	-	(26,092)
Equipment	(105,619)	(8,576)	-	(114,195)
Total accumulated depreciation	(191,674)	(16,113)	-	(207,787)
Total capital assets, being depreciated, net	120,591	(7,311)	-	113,280
Governmental activities capital assets, net	<u>\$ 132,476</u>	<u>\$ (7,311)</u>	<u>\$ -</u>	<u>\$ 125,165</u>

**County of San Bernardino Special Districts
County Service Area No. 70 - Zone TV-5 - Mesa Translator
Notes to Financial Statements
June 30, 2009**

NOTE 4: RETIREMENT PLAN

Plan Description

The San Bernardino County Employees' Retirement Association (SBCERA) is a cost-sharing multiple-employer defined benefit pension plan (the Plan) operating under the California County Employees' Retirement Act of 1937 (1937 Act). It provides retirement, death, and disability benefits to members. Although legally established as a single employer plan, the City of Big Bear Lake, California State Association of Counties, South Coast Air Quality Management District (AQMD), San Bernardino Associated Governments (SANBAG), Local Agency Formation Commission (LAFCO), San Bernardino County Law Library, Barstow Fire Protection District, Hesperia Parks and Recreation, San Bernardino County Employees' Retirement Association (SBCERA), City of Chino Hills, Crest Forest Fire District, Mojave Desert Air Quality Management District (MDAQMD), California Electronic Recording Transaction Authority (CERTNA), Inland Valley Development Agency (IVDA), San Bernardino International Airport Authority (SBIAA), and the Superior Courts were later included, along with the County of San Bernardino (the County), and are collectively referred to as the "Participating Members." The plan is governed by the San Bernardino Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W Hospitality Lane - 3rd floor, San Bernardino, California 92415-0014.

Fiduciary Responsibility

SBCERA is controlled by its own board, the Retirement Board, which acts as a fiduciary agent for the accounting and control of member and employee contributions and investment income. SBCERA publishes its own Comprehensive Annual Financial Report and receives a separate independent audit. SBCERA is also a legally separate entity from the County and not a component unit. For these reasons, the County's Comprehensive Annual Financial Report excludes SBCERA pension trust fund as of June 30, 2009.

Funding Policy

Participating members are required by statute (Sections 31621, 31621.6 and 31639.25 of the California Government Code) to contribute a percentage of covered salary based on certain actuarial assumptions and their age at entry to the Plan. Employee contribution rates vary according to age and classification (general or safety). General members are required to contribute 7.68% - 12.96% and safety members 9.85% - 15.29% of their annual covered salaries, of which the County pays approximately 7%. County of San Bernardino employer contribution rates are as follows: County General 11.25%, County Safety 24.46%. All employers combined are required to contribute 13.95% of the current year covered payroll. For 2009, the County's annual pension cost of \$200,300,000 was equal to the County's required and actual contributions. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer rates are determined pursuant to Section 31453 of the 1937 Act.

County of San Bernardino Special Districts
County Service Area No. 70 - Zone TV-5 - Mesa Translator
Notes to Financial Statements
June 30, 2009

NOTE 4: RETIREMENT PLAN (continued)

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

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

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

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

The County, along with the AQMD, issued Pension Refunding Bonds (the Bonds) in November 1995 with an aggregate amount of \$420,527,000. These Bonds were issued to allow the County and the AQMD to refinance each of their unfunded accrued actuarial liabilities with respect to retirement benefits for their respective employees. The Bonds are the obligations of the employers participating in the Plan, and the assets of the Plan do not secure the Bonds. The County's portion of the bond issuance was \$386,266,000. The outstanding liability at June 30, 2009 is \$430,784,000.

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 respective aggregate principal amounts of \$189,070,000, \$149,825,000 and \$125,000,000. The Bonds were issued to finance the County's share of the unfunded accrued actuarial liability of the SBCERA. In April 2008, the County refunded all of the 2004 Series B. The outstanding liability at June 30, 2009 is \$301,595,000.

In April 2008, the County of San Bernardino issued its \$160,900,000 in Pension Obligation Refunding Bonds (POB), Series 2008 (the Series 2008 Bonds). The outstanding liability at June 30, 2009 is \$158,889,000.

County of San Bernardino Special Districts
County Service Area No. 70 - Zone TV-5 - Mesa Translator
Notes to Financial Statements
June 30, 2009

NOTE 5: FEDERAL AND STATE GRANTS

From time to time the CSA may receive funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although the CSA expects such amounts, if any, to be immaterial.

NOTE 6: RISK MANAGEMENT

The County has self-insurance programs for public liability, property damage, unemployment insurance, employee dental insurance, hospital and medical malpractice liability, and workers' compensation claims. Public liability claims are self-insured for up to \$2 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$50 million is provided through a Risk Pool Agreement with California State Association of Counties (CSAC) Excess Insurance Authority (EIA) Liability Program II. Workers' compensation claims are self-insured up to \$5 million per occurrence, and covered by Arch Ins. Co. for up to \$3 million for employer's liability, and up to statutory limits for workers' compensation per occurrence. Property damage claims are insured on an occurrence basis over a \$25 thousand deductible, and insured with several insurers like Lexington Ins. Co., Affiliated FM, and Lloyd's of London, among others.

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

All public officials and County employees are insured under a blanket Comprehensive Disappearance, Destruction, and Dishonesty policy covering County monies and securities, with National Union Fire Ins. Co. of Pittsburgh with a \$100 thousand deductible, and excess limits up to \$10 million per occurrence.

The activities related to such programs are accounted for in Risk Management except for unemployment insurance, and employee dental insurance, which are accounted for in the General Fund. The IBNR (Incurred But Not Reported) and IBNS (Incurred But Not Settled) liabilities stated on Risk Management's balance sheet are based upon the results of actuarial studies, and include amounts for allocated and unallocated loss adjustment expenses. The liabilities for these claims are reported using a discounted rate of 2.75%. It is the Risk Management's practice to obtain actuarial studies on an annual basis.

The total claims liability of \$149.9 million reported at June 30, 2009 is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

**County of San Bernardino Special Districts
County Service Area No. 70 - Zone TV-5 - Mesa Translator
Notes to Financial Statements
June 30, 2009**

NOTE 6: RISK MANAGEMENT (continued)

Changes in the claims liability amount in fiscal years 2008 and 2009 were:

Fiscal Year	Beginning of Fiscal Year Liability (in thousands)	Current Year Claims and Changes in Estimates (in thousands)	Claims Payments (in thousands)	End of Fiscal Year Liability (in thousands)
2007-08	\$ 129,683	\$ 51,702	\$ (32,064)	\$ 149,321
2008-09	\$ 149,321	\$ 32,909	\$ (32,289)	\$ 149,941

NOTE 7: CONTINGENCIES

As of June 30, 2009, in the opinion of the CSA Administration, there are no outstanding matters, which would have a significant effect on the financial position of the CSA.

NOTE 8: PROPOSITION 111 APPROPRIATION LIMITS

Proposition 111, which added Article XIII B to the State Constitution, establishes limits on budget appropriations in order to restrict government spending. We have reviewed the proceeds of taxes received by the District during the 2008-2009 fiscal year, and have found the revenue to be within the guidelines established by Proposition 111.

Required Supplementary Information
County of San Bernardino Special Districts
County Service Area No. 70 - Zone TV-5 - Mesa Translator
Budgetary Comparison Schedule - Special Revenue Fund (General)
For the Year Ended June 30, 2009

	Special Revenue Fund			Variance with Final Budget Positive (Negative)
	General (SLE)			
	Original Budget	Final Budget	Actual	
REVENUES				
Property taxes	\$ 8,618	\$ 8,618	\$ (3,009)	\$ (11,627)
Special assessments	158,380	158,380	162,309	3,929
Service fees	5,500	5,500	7,500	2,000
Investment earnings	4,000	4,000	3,656	(344)
Other		-	68	68
Total Revenues	<u>176,498</u>	<u>176,498</u>	<u>170,524</u>	<u>(5,974)</u>
EXPENDITURES				
Salaries and benefits	68,547	68,547	64,621	3,926
Services and supplies	95,207	95,207	60,221	34,986
Capital outlay:				
Equipment	10,000	10,000	8,802	1,198
Reserves and contingencies	103,672	103,672	-	103,672
Total Expenditures	<u>277,426</u>	<u>277,426</u>	<u>133,644</u>	<u>143,782</u>
Net Change in Fund Balance	<u>\$ (100,928)</u>	<u>\$ (100,928)</u>	36,880	<u>\$ 137,808</u>
Fund Balance - beginning			<u>101,093</u>	
Fund Balance - ending			<u>\$ 137,973</u>	