CSA 70 TV-5 Mesa

DESCRIPTION OF MAJOR SERVICES

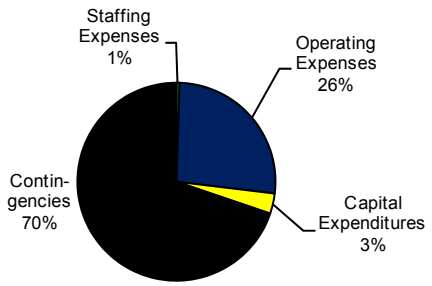
Budget at a Glance

Total Expenditure Authority	$453,670
Total Sources	$168,171
Fund Balance	$285,499
Total Staff	1

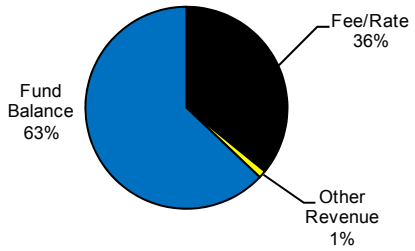
County Service Area (CSA) 70, Zone TV-5 was established by an act of the County of San Bernardino Board of Supervisors on July 11, 1995 to provide eight channels of ultra high frequency (UHF) translator service broadcast from Pinto Mountain to the 100 square mile area encompassing Copper Mesa, Desert Heights, Flamingo Heights, Landers, and Yucca Mesa. This District provides service to approximately 18,000 households and is funded by special per parcel assessment. This District does not utilize an Advisory Commission or Municipal Advisory Council. Meetings are held with residents as needed.

2011-12 ADOPTED BUDGET

EXPENDITURE AUTHORITY



SOURCES

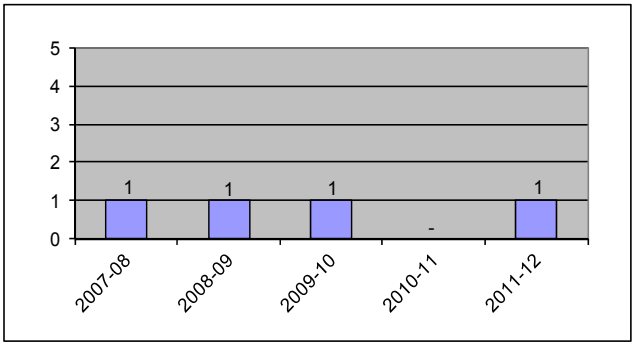


BUDGETED STAFFING

STAFFING ANALYSIS

Authorized Positions	2009-10 Final	2010-11 Adopted	2010-11 Final	2011-12 Adopted
Regular	1	0	0	0
Limited Term	0	0	0	1
Total	1	0	0	1
Staffing Expenses	$19,710	$2,741	$371	$2,339

5-YEAR STAFFING TREND



ANALYSIS OF 2011-12 ADOPTED BUDGET

GROUP: Operations and Community Services
DEPARTMENT: Special Districts
FUND: CSA 70 TV-5 Mesa

BUDGET UNIT: SLE 331
FUNCTION: Operating
ACTIVITY: General

	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Actual	2010-11 Final Budget	2011-12 Adopted Budget	Change From 2010-11 Final Budget
Appropriation							
Staffing Expenses	46,732	44,508	19,710	369	371	2,339	**1,968**
Operating Expenses	102,433	92,356	83,626	87,018	87,019	119,722	**32,703**
Capital Expenditures	84,996	8,802	10,495	846	846	15,000	**14,154**
Contingencies	0	0	0	0	285,241	316,609	**31,368**
Total Exp Authority	234,161	145,666	113,830	88,233	373,477	453,670	**80,193**
Reimbursements	0	(12,000)	(7,178)	0	0	0	**0**
Total Appropriation	234,161	133,666	106,652	88,233	373,477	453,670	**80,193**
Operating Transfers Out	0	0	0	0	0	0	**0**
Total Requirements	234,161	133,666	106,652	88,233	373,477	453,670	**80,193**
Departmental Revenue							
Taxes	0	0	0	9,610	8,764	0	**(8,764)**
Realignment	0	0	0	0	0	0	**0**
State, Fed or Gov't Aid	0	0	0	0	0	0	**0**
Fee/Rate	165,647	159,481	162,692	157,054	157,901	162,671	**4,770**
Other Revenue	12,123	11,027	8,275	4,666	4,714	5,500	**786**
Total Revenue	177,770	170,508	170,967	171,330	171,379	168,171	**(3,208)**
Operating Transfers In	0	0	0	0	0	0	**0**
Total Sources	177,770	170,508	170,967	171,330	171,379	168,171	**(3,208)**
				Fund Balance	202,098	285,499	**83,401**
				Budgeted Staffing	0	1	**1**

BUDGET CHANGES AND OPERATIONAL IMPACT

Staffing expenses of $2,339 fund 1 public service employee (PSE) position and are increasing by $1,968 due to additional PSE hours.

Operating expenses of $119,722 include costs for utilities, maintenance, professional services, vehicle charges, insurance, and administrative support. The increase of $32,703 is primarily due to higher utility charges.

Capital expenditures of $15,000 support the purchase of a transmitter/modulator not required in prior year.

Contingencies of $316,609 are increasing by $31,368 to support future year operations.

Departmental revenue of $168,171 includes a per parcel special tax and interest earnings and is decreasing by $3,208 based on projected revenue.

2011-12 POSITION SUMMARY

Division	Regular	Limited Term	Total	Filled	Vacant	New	Total
Operations	0	1	1	0	0	1	1
Total	0	1	1	0	0	1	1

Operations
1 Public Service Employee

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

REPORT ON AUDIT

JUNE 30, 2010

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

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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, 2010, 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, 2010, 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

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CERTIFIED PUBLIC ACCOUNTANTS

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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 & Scott, LLP

November 30, 2010

Exhibit "A"

County of San Bernardino Special Districts
County Service Area No. 70 Zone TV-5 - Mesa Translator
Statement of Net Assets
For the Year Ended June 30, 2010

ASSETS		
Cash and cash equivalents	$	204,564
Interest receivable		578
Special assessments receivable		7,452
Capital assets, net of depreciation		121,038
Total Assets		333,632
LIABILITIES		
Accounts payable		9,673
Total Liabilities		9,673
NET ASSETS		
Invested in capital assets		121,038
Unrestricted		202,921
Total Net Assets	$	323,959

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

Exhibit "B"

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, 2010

EXPENSES		
Salaries and benefits	$	29,504
Services and supplies		57,810
Depreciation		14,645
Total Program Expenses		101,959
PROGRAM REVENUE		
Charges for services		161,376
Net Program Revenue		59,417
GENERAL REVENUES		
Property taxes		7,316
Investment earnings		2,086
Total General Revenues		9,402
Change in Net Assets		68,819
Net Assets - beginning		255,140
Net Assets - ending	$	323,959

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

Exhibit "C"

County of San Bernardino Special Districts
County Service Area No. 70 Zone TV-5 - Mesa Translator
Balance Sheet
Governmental Fund
For the Year Ended June 30, 2010

	SPECIAL REVENUE FUND General (SLE)
ASSETS	
Cash and cash equivalents	$ 204,564
Interest receivable	578
Special assessments receivable	7,452
Total Assets	$ 212,594
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	$ 9,673
Total Liabilities	9,673
Fund Balance:	
Unreserved:	
Undesignated	202,921
Total Fund Balance	202,921
Total Liabilities and Fund Balance	$ 212,594
Total Fund Balance - Governmental Fund	$ 202,921
Amounts reported for *governmental activities* 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.	121,038
Net Assets of Governmental Activities	$ 323,959

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

Exhibit "D"

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, 2010

	SPECIAL REVENUE FUND
	General (SLE)
REVENUES	
Property taxes	$ 7,316
Special assessments	155,376
Service fees	6,000
Investment earnings	2,086
Total Revenues	170,778
EXPENDITURES	
Salaries and benefits	37,502
Services and supplies	58,656
Capital outlay:	
Equipment	9,672
Total Expenditures	105,830
Net Change in Fund Balance	64,948
Fund Balance - beginning	137,973
Fund Balance - ending	$ 202,921

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

Exhibit "E"

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, 2010

Net Change in Fund Balance - Total Governmental Fund	$	64,948
Amounts reported for *governmental activities* in the statement of activites are different because:		
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 ($14,645) exceeded capital outlay ($10,518) in the current period.		(4,127)
Some expenses reported in the Statement of Activities do not require the use of current financail resources and, therefore, are not reported as expenditures in governmental funds.		
Decrease in compensated absences payable		7,998
Change in Net Assets of Governmental Activities	$	68,819

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

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, 2010.

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2010 was as follows:

Beginning Balance	Additions	Deletions	Ending Balance
$ 7,998	$ -	$ 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.

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 CSA 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 CSA's account based upon the CSA's average daily deposit balance during the allocation period. Cash and cash equivalents are shown at the fair value as of June 30, 2010.

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.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 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	194,975	10,518	-	205,493
Total capital assets, being depreciated	321,067	10,518	-	331,585
Less accumulated depreciation for:				
Improvements to land	(67,500)	(5,000)	-	(72,500)
Vehicles	(26,092)	-	-	(26,092)
Equipment	(114,195)	(9,645)	-	(123,840)
Total accumulated depreciation	(207,787)	(14,645)	-	(222,432)
Total capital assets, being depreciated, net	113,280	(4,127)	-	109,153
Governmental activities capital assets, net	$ 125,165	$ (4,127)	$ -	$ 121,038

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 (SCAQMD), San Bernardino Associated Governments (SANBAG), Local Agency Formation Commission (LAFCO), San Bernardino County Law Library, Barstow Fire Protection District, Hesperia Recreation and Parks District, SBCERA, City of Chino Hills, Crest Forest Fire District, Mojave Desert Air Quality Management District (MDAQMD), California Electronic Recording Transaction Network Authority (CERTNA), Inland Valley Development Agency (IVDA), San Bernardino International Airport Authority (SBIAA), the San Bernardino County Superior Court Inland Library System (ILS) and Rim of the World Recreation and Parks District (RIM-REC) were later included, along with the County, and are collectively referred to as the "Participating Members." The plan is governed by the SBCERA Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W Hospitality Lane - 3rd Floor, San Bernardino, California 92415-0014.

Fiduciary Responsibility

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

Funding Policy

Participating members are required by statute (Sections 31621.6 and 31639.25 of the California Government Code) to contribute a percentage of covered salary based on certain actuarial assumptions and their age at entry to the Plan. Employee contribution rates vary according to age and classification (general or safety). General members are required to contribute 7.42% - 12.96% and safety members 9.52% - 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 2010, the County's annual pension cost of $197,097,000 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 Sections 31453 of the 1937 Act.

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, 2010, were as follows (in thousands):

Annual Required Contribution (County fiscal year basis)	$	197,097
Interest on Pension Assets		(4,131)
Adjustment to the Annual Required Contribution		32,488
Annual Pension Cost		225,454
Annual Contributions Made		197,097
Increase/(Decrease) in Pension Assets		(28,357)
Pension Assets, Beginning of Year		769,745
Pension Assets, End of Year	$	741,388

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) SBCERA	County	Percentage Contributed
2008	$ 241,721	$ 203,712	100%
2009	246,232	200,300	100%
2010	243,773	197,097	100%

The County, along with the SCAQMD, issued Pension Refunding Bonds (the Bonds) in November 1995 with an aggregate amount of $420,527,000. 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 $386,266,000. The outstanding liability at June 30, 2010 is $423,652,000.

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, 2010 is $294,515,000.

NOTE 4: RETIREMENT PLAN (continued)

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, 2010 is $158,327,000.

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 combination of insurance policies as recommended by AON Risk Services, Broker of Record, as follows: Primary Liability coverage $25 million excess of $2.5 million SIR with CV Starr/Everest; Excess Liability coverage of $10 million, excess of $25 million with Allied World Insurance Company (AWAC); and Excess Liability coverage $15 million, excess of $35 million with Great American Insurance Company of New York. Workers' compensation claims are self-insured up to $5 million per occurrence, and covered by Arch Ins. Co. for up to $3 million for employer's liability, and up to statutory limits for workers' compensation per occurrence. Property damage claims are insured on an occurrence basis over a $25 thousand deductible, and insured with several insurers like Lexington Ins. Co., Affiliated FM, and Lloyd’s of London, among others.

The County supplements its self-insurance for medical malpractice claims with Steadfast Ins. Co., which provides annual coverage on a 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.

NOTE 6: RISK MANAGEMENT (continued)

The activities related to such programs are accounted for in Risk Management except for unemployment insurance, and employee dental insurance, which are accounted for in the General Fund. The IBNR (Incurred But Not Reported) and IBNS (Incurred But Not Settled) liabilities stated on Risk Management's balance sheet are based upon the results of actuarial studies, and include amounts for allocated and unallocated loss adjustment expenses. The liabilities for these claims are reported using a discounted rate of 1.70%. It is Risk Management's practice to obtain actuarial studies on an annual basis.

The total claims liability of $145.4 million reported at June 30, 2010 is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

Changes in the claims liability amount in fiscal years 2009 and 2010 were:

Fiscal Year	Beginning of Fiscal Year Liability (in thousands)	Current Year Claims and Changes in Estimates (in thousands)	Claims Payments (in thousands)	End of Fiscal Year Liability (in thousands)
2008-09	$ 149,321	$ 32,909	$ (32,289)	$ 149,941
2009-10	$ 149,941	$ 37,441	$ (45,000)	$ 142,382

NOTE 7: CONTINGENCIES

As of June 30, 2010, 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 XIIIB 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 2009-2010 fiscal year, and have found the revenue to be within the guidelines established by Proposition 111.

Schedule One

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, 2010

	Special Revenue Fund			
	General (SLE)			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 6,608	$ 6,181	$ 7,316	$ 1,135
Special assessments	156,228	149,059	155,376	6,317
Service fees	7,000	7,000	6,000	(1,000)
Investment earnings	4,500	697	2,086	1,389
Total Revenues	174,336	162,937	170,778	7,841
EXPENDITURES				
Salaries and benefits	61,483	37,502	37,502	-
Services and supplies	86,737	58,656	58,656	-
Capital outlay:				
Equipment	12,500	9,672	9,672	-
Reserves and contingencies	151,387	194,878	-	194,878
Total Expenditures	312,107	300,708	105,830	194,878
Net Change in Fund Balance	$ (137,771)	$ (137,771)	64,948	$ 202,719
Fund Balance - beginning			137,973	
Fund Balance - ending			$ 202,921	