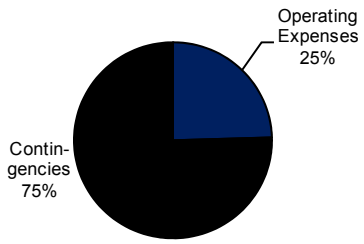
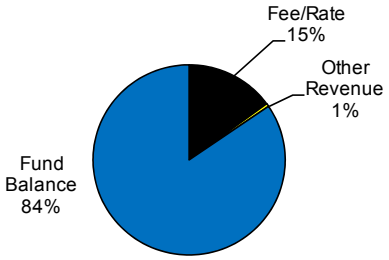
CSA 70 TV-4 Wonder Valley

DESCRIPTION OF MAJOR SERVICES

Budget at a Glance	
Total Expenditure Authority	$169,513
Total Sources	$26,330
Fund Balance	$143,183
Total Staff	0

County Service Area (CSA) 70, Zone TV-4 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) television translator service broadcast from Pinto Mountain, for the direct benefit of Wonder Valley. This district provides service to approximately 2,000 households and is funded by a special per parcel tax, which funds a part-time TV production assistant for community television, and a basic community television program service. 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
	

ANALYSIS OF 2011-12 ADOPTED BUDGET

GROUP: Operations and Community Services
DEPARTMENT: Special Districts
FUND: CSA 70 TV-4 Wonder Valley

BUDGET UNIT: SLF 332
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	1,825	0	0	0	0	0	**0**
Operating Expenses	15,511	15,130	8,951	9,008	9,009	41,593	**32,584**
Capital Expenditures	0	9,282	0	0	0	0	**0**
Contingencies	0	0	0	0	143,426	127,920	**(15,506)**
Total Exp Authority	17,336	24,412	8,951	9,008	152,435	169,513	**17,078**
Reimbursements	0	0	0	0	0	0	**0**
Total Appropriation	17,336	24,412	8,951	9,008	152,435	169,513	**17,078**
Operating Transfers Out	0	0	0	0	0	0	**0**
Total Requirements	17,336	24,412	8,951	9,008	152,435	169,513	**17,078**
Departmental Revenue							
Taxes	0	0	0	0	0	0	**0**
Realignment	0	0	0	0	0	0	**0**
State, Fed or Gov't Aid	0	0	0	0	0	0	**0**
Fee/Rate	26,478	24,830	24,152	25,163	25,163	25,430	**267**
Other Revenue	5,039	1,902	50,976	1,377	1,313	900	**(413)**
Total Revenue	31,517	26,732	75,128	26,540	26,476	26,330	**(146)**
Operating Transfers In	0	0	0	0	0	0	**0**
Total Sources	31,517	26,732	75,128	26,540	26,476	26,330	**(146)**
				Fund Balance	125,959	143,183	**17,224**
				Budgeted Staffing	0	0	**0**

BUDGET CHANGES AND OPERATIONAL IMPACT

Operating expenses of $41,593 primarily represent costs for maintenance and Administrative Support services. The increase of $32,584 is primarily due to additional use of professional and specialized services.

Contingencies of $127,920 are decreasing by $15,506 to fund current year operations.

Departmental revenue of $26,330 includes per parcel service charges and interest earnings and is decreasing by $146 based on projected revenue.

COUNTY OF SAN BERNARDINO
SPECIAL DISTRICTS
COUNTY SERVICE AREA No. 70
ZONE TV-4 - WONDER VALLEY

FINANCIAL STATEMENTS

JUNE 30, 2010

County of San Bernardino Special Districts
County Service Area No. 70
Zone TV-4 - Wonder Valley
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Board of Supervisors
County of San Bernardino
County of San Bernardino Special
District County Service Area
No. 70 Zone TV-4 - Wonder Valley

ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying financial statements of the governmental activities and each major fund of the County of San Bernardino Special District County Service Area No. 70 – Zone TV-4 – Wonder Valley (CSA) 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, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the CSA.

A review consists principally of inquiries of CSA personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The budgetary comparison information on page 18 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

The County of San Bernardino Special District County Service Area No. 70 – Zone TV-4 – Wonder Valley 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

MEMBERS

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CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit "A"

County of San Bernardino Special Districts
County Service Area No. 70 Zone TV-4 - Wonder Valley
Statement of Net Assets
June 30, 2010

ASSETS		
Cash and cash equivalents	$	223,833
Interest receivable		650
Special assessments receivable		1,093
Capital assets, net of depreciation		180,491
Total Assets		406,067
LIABILITIES		-
NET ASSETS		
Invested in capital assets		180,491
Unrestricted		225,576
Total Net Assets	$	406,067

The accompanying notes are an integral part of these financial statements.
See accompanying accountant's report.

Exhibit "B"

County of San Bernardino Special Districts
County Service Area No. 70 Zone TV-4 - Wonder Valley
Statement of Activities
For the Year Ended June 30, 2010

EXPENSES		
Salaries and benefits	$	4,800
Services and supplies		4,151
Depreciation		995
Total Program Expenses		9,946
PROGRAM REVENUE		
Charges for services		22,714
Net Program Revenue		12,768
GENERAL REVENUES		
Property taxes		1,438
Investment earnings		2,441
Total General Revenues		3,879
Change in Net Assets		16,647
Net Assets - beginning		389,420
Net Assets - ending	$	406,067

The accompanying notes are an integral part of these financial statements.
See accompanying accountant's report.

Exhibit "C"

County of San Bernardino Special Districts
County Service Area No. 70 Zone TV-4 - Wonder Valley
Balance Sheet
Governmental Funds
June 30, 2010

	SPECIAL REVENUE FUND General (SLF)	CAPTIAL PROJECTS FUND Power System (CAL)	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 124,637	$ 99,196	$ 223,833
Interest receivable	229	421	650
Special assessments receivable	1,093	-	1,093
Total Assets	$ 125,959	$ 99,617	$ 225,576
LIABILITIES AND FUND BALANCES			
Liabilities	$ -	$ -	$ -
Fund Balances:			
Unreserved:			
Undesignated	125,959	99,617	225,576
Total Fund Balances	125,959	99,617	225,576
Total Liabilities and Fund Balances	$ 125,959	$ 99,617	

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 funds.	180,491
Net Assets of Governmental Activities	$ 406,067

The accompanying notes are an integral part of these financial statements.
See accompanying accountant's report.

Exhibit "D"

County of San Bernardino Special Districts
County Service Area No. 70 Zone TV-4 - Wonder Valley
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	SPECIAL REVENUE FUND General (SLF)	CAPTIAL PROJECTS FUND Power System (CAL)	Total Governmental Funds
REVENUES			
Property taxes	$ 1,438	$ -	$ 1,438
Special assessments	22,714	-	22,714
Investment earnings	831	1,610	2,441
Total Revenues	24,983	1,610	26,593
EXPENDITURES			
Salaries and benefits	4,800	-	4,800
Services and supplies	4,151	-	4,151
Total Expenditures	8,951	-	8,951
Excess of Revenues Over Expenditures	16,032	1,610	17,642
OTHER FINANCING SOURCES (USES)			
Transfer in	50,000	-	50,000
Transfer out	-	(50,000)	(50,000)
Total Other Financing Sources (Uses)	50,000	(50,000)	-
Net Change in Fund Balances	66,032	(48,390)	17,642
Fund Balances - beginning	59,927	148,007	207,934
Fund Balances - ending	$ 125,959	$ 99,617	$ 225,576

The accompanying notes are an integral part of these financial statements.
See accompanying accountant's report.

Exhibit "E"

County of San Bernardino Special Districts
County Service Area No. 70 Zone TV-4 - Wonder Valley
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2010

Net Change in Fund Balances - Total Governmental Funds	$	17,642
Amounts reported for governmental activities in the statement of activities 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 ($995) exceeded capital outlay ($-0-) in the current period.		(995)
Change in Net Assets of Governmental Activities	$	16,647

The accompanying notes are an integral part of these financial statements.
See accompanying accountant's report.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The County Service Area (CSA) No. 70 Zone TV-4 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 television translator service broadcast from Pinto Mountain, for the direct benefit of Wonder Valley.

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-4 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 funds:

> 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.
>
> The *capital projects fund* labeled “Power System” is used to account for financial resources to be used for the acquisition of a power system.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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:				
Construction in progress	$ 172,285	$ -	$ -	$ 172,285
Total capital assets, not being depreciated	172,285	-	-	172,285
Capital assets, being depreciated:				
Equipment	99,532	-	-	99,532
Total capital assets, being depreciated	99,532	-	-	99,532
Less accumulated depreciation for:				
Equipment	(90,331)	(995)	-	(91,326)
Total accumulated depreciation	(90,331)	(995)	-	(91,326)
Total capital assets, being depreciated, net	9,201	(995)	-	8,206
Governmental activities capital assets, net	$ 181,486	$ (995)	$ -	$ 180,491

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:

	Annual Contributions Made (in thousands)		
Year Ended June 30,	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: TRANSFERS IN/OUT

Interfund transfers are transactions used to close out a fund, reimburse an operating fund, and transfer cash between operating funds and capital projects funds. At June 30, 2010, the CSA made the following interfund transfer in and out:

Transfer out:	Transfer in: General (SLF)
Power System (CAL)	$ 50,000

NOTE 8: 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 9: 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-4 - Wonder Valley
Budgetary Comparison Schedule - Special Revenue Fund (General)
For the Year Ended June 30, 2010

	Special Revenue Fund General (SLF)			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 1,677	$ 1,338	$ 1,438	$ 100
Special assessments	23,602	21,722	22,714	992
Investment earnings	1,855	746	831	85
Total Revenues	27,134	23,806	24,983	1,177
EXPENDITURES				
Salaries and benefits	7,192	4,800	4,800	-
Services and supplies	22,592	4,151	4,151	-
Reserves and contingencies	57,276	124,781	-	124,781
Total Expenditures	87,060	133,732	8,951	124,781
Excess of Revenues Over (Under) Expenditures	(59,926)	(109,926)	16,032	125,958
OTHER FINANCING SOURCES				
Transfer in	-	50,000	50,000	-
Total Other Financing Sources	-	50,000	50,000	-
Net Change in Fund Balance	$ (59,926)	$ (59,926)	66,032	$ 125,958
Fund Balance - beginning			59,927	
Fund Balance - ending			$ 125,959	