COUNTY OF SAN BERNARDINO
SPECIAL DISTRICTS
COUNTY SERVICE AREA No. 70
ZONE W - HINKLEY

REPORT ON AUDIT

JUNE 30, 2006

County of San Bernardino Special Districts
County Service Area No. 70
Zone W - Hinkley
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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS

JAY H. ZERCHER, C.P.A.
ROBERT B. MEMORY, 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.

LEENA SHANBHAG, C.P.A.
NANCY O'RAFFERTY, C.P.A.
LAURIE K. MARSCHER, C.P.A.
SCOTT W. MANNO, C.P.A.
JENNY LIU, C.P.A.
BRAD A. WELEBIR, C.P.A.

Board of Supervisors
County of San Bernardino
County of San Bernardino Special
District County Service Area
No. 70 - Zone W - Hinkley

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County of San Bernardino Special District County Service Area No. 70 - Zone W - Hinkley (CSA), a component unit of the County of San Bernardino, as of and for the year ended June 30, 2006, 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, each major fund and the aggregate remaining fund information of the County of San Bernardino Special District County Service Area No. 70 - Zone W - Hinkley, as of June 30, 2006, 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 pages 19 to 20 are 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.

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VANIR TOWER • *290 NORTH "D" STREET • SUITE 300*
SAN BERNARDINO, CA 92401
(909) 889-0871 • (909) 824-6736 • FAX (909) 889-5361
Website: www.ramscpa.net

The County of San Bernardino Special District County Service Area No. 70 - Zone W - Hinkley 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CSA's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the component unit financial statements taken as a whole.

Rogers, Anderson, Malody & Scott, LLP

September 15, 2006

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Exhibit "A"

County of San Bernardino Special Districts
County Service Area No. 70 - Zone W - Hinkley
Statement of Net Assets
June 30, 2006

ASSETS		
Cash and cash equivalents	$	71,122
Interest receivable		184
Taxes receivable		7,520
Due from other governments		3,071
Capital assets, net of depreciation		307,068
Total Assets		388,965
LIABILITIES		
Salaries and benefits payable		807
Total Liabilities		807
NET ASSETS		
Invested in capital assets, net of related debt		307,068
Unrestricted		81,090
Total Net Assets	$	388,158

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 W - Hinkley
Statement of Activities
For the Year Ended June 30, 2006

EXPENSES	
Salaries and benefits	$ 45,897
Services and supplies	72,748
Depreciation	7,098
Interest	279
Total Program Expenses	126,022
PROGRAM REVENUE	-
Net Program Expense	(126,022)
GENERAL REVENUES	
Property taxes	99,695
Other taxes	7,796
State assistance	1,604
Intergovernmental	77,623
Investment earnings	210
Other	1,163
Gain on sale of capital assets	1,525
Total General Revenues	189,616
Change in Net Assets	63,594
Net Assets - beginning	324,564
Net Assets - ending	$ 388,158

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

County of San Bernardino Special Districts
County Service Area No. 70 - Zone W - Hinkley
Balance Sheet
Governmental Funds
June 30, 2006

	SPECIAL REVENUE FUNDS	
	Fire (SLS)	Park (SLT)
ASSETS		
Cash and cash equivalents	$ 50,294	$ 19,773
Interest receivable	-	184
Taxes receivable	7,520	-
Due from other funds	3,071	-
Total Assets	$ 60,885	$ 19,957
LIABILITIES AND FUND BALANCES		
Liabilities:		
Salaries and benefits payable	$ 807	$ -
Total Liabilities	807	-
Fund Balances:		
Unreserved:		
Undesignated	60,078	19,957
Total Fund Balances	60,078	19,957
Total Liabilities and Fund Balances	$ 60,885	$ 19,957

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.

Net Assets of Governmental Activities

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

OTHER GOVERNMENTAL FUNDS	Total Governmental Funds
$ 1,055	$ 71,122
-	184
-	7,520
-	3,071
$ 1,055	$ 81,897
$ -	$ 807
-	807
1,055	81,090
1,055	81,090
$ 1,055	
	307,068
	$ 388,158

County of San Bernardino Special Districts
County Service Area No. 70 - Zone W - Hinkley
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2006

	SPECIAL REVENUE FUNDS	
	Fire (SLS)	Park (SLT)
REVENUES		
Property taxes	$ 97,085	$ 2,610
Other taxes	7,796	-
State assistance	1,604	-
Investment earnings	-	184
Other	1,163	-
Total Revenues	107,648	2,794
EXPENDITURES		
Salaries and benefits	43,312	2,585
Services and supplies	64,283	8,465
Debt service:		
Interest	7,695	-
Total Expenditures	115,290	11,050
Excess of Revenues Over (Under) Expenditures	(7,642)	(8,256)
OTHER FINANCING SOURCES (USES)		
Proceeds from sale of capital assets	1,525	-
Transfer in	82,718	-
Transfer out	(5,095)	-
Total Other Financing Sources (Uses)	79,148	-
Net Change in Fund Balances	71,506	(8,256)
Fund Balances - beginning	(11,428)	28,213
Fund Balances - ending	$ 60,078	$ 19,957

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

OTHER GOVERNMENTAL FUNDS	Total Governmental Funds
$ -	$ 99,695
-	7,796
-	1,604
26	210
-	1,163
26	110,468
-	45,897
-	72,748
-	7,695
-	126,340
26	(15,872)
-	1,525
-	82,718
-	(5,095)
-	79,148
26	63,276
1,029	17,814
$ 1,055	$ 81,090

Exhibit "E"

County of San Bernardino Special Districts
County Service Area No. 70 - Zone W - Hinkley
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, 2006

Net Change in Fund Balances - Total Governmental Funds	$	63,276
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 ($7,098) exceeded capital outlay ($-0-) in the current period.		(7,098)
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.		
Increase in interest payable		7,416
Change in Net Assets of Governmental Activities	$	63,594

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 W was established by an act of the Board of Supervisors of the County of San Bernardino (the County) to provide fire protection and park services to the community of Hinkley under the administrative direction of the County Fire Department.

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 W 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, 2006.

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 "Fire" provides fire protection services for the community of Hinkley under the administrative direction of the County Fire Department.
>
> The *special revenue fund* labeled "Park" provides park services to the community of Hinkley.

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 the March 1 lien date and become delinquent with penalties on August 31.

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.

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.

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.

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, 2006.

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 year ended June 30, 2006 was as follows:

Governmental activities:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 1,500	$ -	$ -	$ 1,500
Total capital assets, not being depreciated	1,500	-	-	1,500
Capital assets, being depreciated:				
Land improvements	22,152	-	-	22,152
Structures and improvements	352,791	-	-	352,791
Vehicles	221,437	-	-	221,437
Equipment	23,373	7,644	(7,644)	23,373
Total capital assets, being depreciated	619,753	7,644	(7,644)	619,753
Less accumulated depreciation for:				
Land improvements	(5,086)	(492)	-	(5,578)
Structures and improvements	(65,756)	(5,019)	-	(70,775)
Vehicles	(221,437)	-	-	(221,437)
Equipment	(14,808)	(1,587)	-	(16,395)
Total accumulated depreciation	(307,087)	(7,098)	-	(314,185)
Total capital assets, being depreciated, net	312,666	546	(7,644)	305,568
Governmental activities capital assets, net	$ 314,166	$ 546	$ (7,644)	$ 307,068

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, the City of Chino Hills, the California State Association of Counties, the San Bernardino County Law Library, Crest Forest Fire Protection District, Mojave Desert Air Quality Management District (the MDAQMD) and the South Coast Air Quality Management District (the AQMD), were later included, along with the County of San Bernardino (the County), and are collectively referred to as the "Participating Members". The plan is governed by the San Bernardino Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W Hospitality Lane - 3rd floor, San Bernardino, California 92415-0014.

Fiduciary responsibility

The Retirement Association is controlled by its own board, the Retirement Board, which acts as a fiduciary agent for the accounting and control of member and employee contributions and investment income. The Retirement Association publishes its own Comprehensive Annual Financial Report and receives a separate independent audit. The Retirement Association is also a legally separate entity from the County and not a component unit. For these reasons, the County's Comprehensive Annual Financial Report excludes the Retirement Association pension trust fund as of June 30, 2006.

Funding policy

Participating members are required by statute (Sections 31621, 31621.2 and 31639.25 of the California Government Code) to contribute a percentage of covered salary based on certain actuarial assumptions and their age at entry to the Plan. Employee contribution rates vary according to age and classification (general or safety). Members are required to contribute 8.89% - 12.65% for general members and 10.85% - 14.77% for safety members, of their annual covered salary of which the County pays approximately 7%. County of San Bernardino employer contribution rates are as follow: County General 10.8%, County Safety 23.84%. All employers combined are required to contribute 13.01% of the current year covered payroll. For 2006, the County's annual pension cost of $166,614,000 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.

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, 2006, were as follows (in thousands):

Annual Required Contribution (County fiscal year basis)	$	166,614
Interest on Pension Assets		(34,207)
Adjustment to the Annual Required Contribution		40,156
Annual Pension Cost		172,563
Annual Contributions Made		166,614
Increase/(Decrease) in Pension Assets		(5,949)
Pension Assets, Beginning of Year		844,882
Pension Assets, End of Year	$	838,933

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	Annual Contributions Made (in thousands) County	Percentage Contributed
2004	$ 652,325	$ 540,106	100%
2005	$ 161,906	$ 141,450	100%
2006	$ 197,343	$ 166,614	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 current amount outstanding at June 30, 2006 is $439,879,000.

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 a 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. The current amount outstanding at June 30, 2006 is $461,665,000.

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 CSA is insured through the County's self-insurance programs for public liability, property damage, unemployment insurance, employee dental insurance, hospital and medical malpractice liability, and workers' compensation claims. Public liability claims are self-insured for up to $1 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to $25 million is provided through a Risk Pool Agreement with California State Association of Counties (CSAC) Excess Insurance Authority ("EIA") Liability Program II. Workers' compensation claims are self-insured up to $2 million per occurrence, and covered by CSAC EIA for up to $10 million for employer's liability, and up to $50 million for workers' compensation per occurrence. Property damage claims are insured on an occurrence basis over a $25,000 deductible, and insured with CSAC EIA Property Program.

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

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

The activities related to such programs are accounted for in the County's Risk Management Fund (an Internal Service Fund) except for unemployment insurance, and employee dental insurance, which are accounted for in the County's General Fund. The IBNR and IBNS liabilities stated on the Risk Management Fund's balance sheet are based upon the results of actuarial studies, and include amounts for allocated and unallocated loss adjustment expenses. The liabilities for these claims are reported using a discounted rate of 4.25%. It is the County's practice to obtain actuarial studies on an annual basis.

The County has a risk management investment program agreement with the Bank of New York to finance the self-insured general liability, automobile liability, workers' compensation, and medical malpractice programs. The County's investment in the agreement totaled $47.7 million at June 30, 2006.

NOTE 6: RISK MANAGEMENT (continued)

The total claims liability of $127.2 million reported at June 30, 2006 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 2005 and 2006 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)
2004 - 05	$ 101,709	$ 44,309	$ (30,304)	$ 115,714
2005 - 06	$ 115,714	$ 46,926	$ (35,407)	$ 127,233

NOTE 7: CONTINGENCIES

As of June 30, 2006, 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.

Required Supplementary Information
County of San Bernardino Special Districts
County Service Area No. 70 - Zone W - Hinkley
Budgetary Comparison Schedule - Special Revenue Funds (Fire, Park)
For the Year Ended June 30, 2006

	SPECIAL REVENUE FUNDS			
	Fire (SLS)			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 87,139	$ 87,139	$ 97,085	$ 9,946
Other taxes	-	-	7,796	7,796
State assistance	-	-	1,604	1,604
Investment earnings	-	-	-	-
Service fees	-	-	-	-
Other	-	-	1,163	1,163
Total Revenues	87,139	87,139	107,648	20,509
EXPENDITURES				
Salaries and benefits	41,745	42,505	43,312	(807)
Services and supplies	66,361	65,601	64,283	1,318
Reserves and contingencies	25,669	25,669	-	25,669
Debt service:				
Principal	40,000	40,000	-	40,000
Interest	10,000	10,000	7,695	2,305
Total Expenditures	183,775	183,775	115,290	68,485
Excess of Revenues Over (Under) Expenditures	(96,636)	(96,636)	(7,642)	88,994
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	1,525	1,525
Transfer in	75,000	75,000	82,718	7,718
Transfer out	(5,095)	(5,095)	(5,095)	-
Total Other Financing Sources (Uses)	69,905	69,905	79,148	9,243
Net Change in Fund Balances	$ (26,731)	$ (26,731)	71,506	$ 98,327
Fund Balances - beginning			(11,428)	
Fund Balances - ending			$ 60,078	

SPECIAL REVENUE FUNDS

Park (SLT)

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ 2,610	$ 2,610	$ 2,610	$ -
-	-	-	-
-	-	-	-
400	400	184	(216)
600	600	-	(600)
-	-	-	-
3,610	3,610	2,794	(816)
2,406	2,606	2,585	21
11,664	11,464	8,465	2,999
17,727	17,727	-	17,727
-	-	-	-
-	-	-	-
31,797	31,797	11,050	20,747
(28,187)	(28,187)	(8,256)	19,931
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
$ (28,187)	$ (28,187)	(8,256)	$ 19,931
		28,213	
		$ 19,957	

Required Supplementary Information
County of San Bernardino Special Districts
County Service Area No. 70 - Zone W - Hinkley
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

	CAPITAL PROJECTS FUNDS			Total Nonmajor Governmental Funds (see Exhibit C)
	Fire Station (CKB)	Roof (CKF)	Defibrillator (CND)	
ASSETS				
Cash and cash equivalents	$ 6	$ 1,047	$ 2	$ 1,055
Total Assets	$ 6	$ 1,047	$ 2	$ 1,055
LIABILITIES AND FUND BALANCES				
Liabilities	$ -	$ -	$ -	$ -
Fund Balances:				
Unreserved:				
Undesignated	6	1,047	2	1,055
Total Fund Balances	6	1,047	2	1,055
Total Liabilities and Fund Balances	$ 6	$ 1,047	$ 2	$ 1,055

Schedule Three

Required Supplementary Information
County of San Bernardino Special Districts
County Service Area No. 70 - Zone W - Hinkley
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

	CAPITAL PROJECTS FUNDS			Total Nonmajor Governmental Funds (see Exhibit C)
	Fire Station (CKB)	Roof (CKF)	Defibrillator (CND)	
REVENUES				
Investment earnings	$ -	$ 26	$ -	$ 26
Total Revenues	-	26	-	26
EXPENDITURES	-	-	-	-
Net Change in Fund Balances	-	26	-	26
Fund Balances - beginning	6	1,021	2	1,029
Fund Balances - ending	$ 6	$ 1,047	$ 2	$ 1,055