

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA NO. 70 COUNTYWIDE
FINANCIAL STATEMENTS
June 30, 2016**

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA NO. 70 COUNTYWIDE
TABLE OF CONTENTS
June 30, 2016**

TABLE OF CONTENTS

	<u>Page</u>
<u>BASIC FINANCIAL STATEMENTS:</u>	
Independent Auditors' Report	1-2
Government-wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet -Governmental Funds	5
Reconciliation of Fund Balances of Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances	7
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Statement of Fiduciary Net Position - Agency Funds	9
Notes to Basic Financial Statements	10
Required Supplementary Information	
Budgetary Comparison Schedules- Special Revenue Funds (General and Term Benefit)	24-25
Combining Schedules	
Combining Balance Sheet- Non-major Governmental Funds	26-27
Combining Schedule of Revenues, Expenditures and Changes in Fund balances- Non-major Governmental Funds	28-29
Combining Schedule of Fiduciary Net Position- Agency Funds	30-32



An Independent CPA Firm

Board of Supervisors
County of San Bernardino
County of San Bernardino Special
District CSA No. 70 Countywide

Independent Auditors' 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 (CSA) Countywide, a component unit of the County of San Bernardino, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise CSA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 minimum audit requirements and reporting guidelines for California Special Districts required by the Office of the State Controller. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Countywide, as of June 30, 2016, and the respective changes in financial position, for the year then ended in accordance 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.

Emphasis of Matter

As described further in note one to the financial statements, during the year ended June 30, 2016 the CSA implemented GASB Statement Nos. 72, 73, and 79. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis and Schedules of Pension Plan Contributions and Proportionate Share of Net Pension Liability that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of San Bernardino Special District County Service Area No. 70 Countywide's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

David L. Gruber and Associates, Inc.
David L. Gruber and Associates, Inc.
Newport Beach, California
November 28, 2016

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA NO. 70 - COUNTYWIDE
Statement of Net Position

June 30, 2016

	<u>Governmental Activities</u>
Assets:	
Cash and investments	\$ 15,545,393
Loan receivable	250,000
Due from other governments	-
Due from County	882,817
Interest receivable	50,545
Capital assets, net of accumulated depreciation	<u>2,061,209</u>
Total assets	<u>18,789,964</u>
Deferred outflows of resources:	
Pensions	<u>48,067</u>
Liabilities:	
Current:	
Accounts payable	146,658
Salaries and benefits payable	290,934
Due to County	63,295
Long-term:	
Loan payable	1,397,932
Net pension liability	382,450
Compensated absences payable	<u>1,202,048</u>
Total liabilities	<u>3,483,317</u>
Deferred outflows of resources:	
Pensions	<u>133,820</u>
Net position:	
Net investment in capital assets	2,061,209
Unrestricted	<u>13,159,685</u>
Total net position	<u><u>\$ 15,220,894</u></u>

See accompanying notes to basic financial statements.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA NO. 70 - COUNTYWIDE
Statement of Activities

Year ended June 30, 2016

<u>Expenses</u>	<u>Governmental Activities</u>
General government:	
Salaries and benefits	\$ 1,363,920
Depreciation	338,905
Services and supplies	<u>743,010</u>
Total expenses - general government	<u>2,445,835</u>
 <u>Program revenues</u>	
Charges for services	2,352,924
Operating grants and contributions	<u>5,304</u>
Total program revenues	<u>2,358,228</u>
Net program revenue (expense)	<u>(87,607)</u>
 <u>General revenues</u>	
Special Assessments	5,876
Investment earnings	103,123
Other revenue	<u>187,169</u>
Total general revenues	<u>296,168</u>
Transfers in from County	330,411
Change in net position	538,972
Net position at beginning of year, as restated (Note 11)	<u>14,681,922</u>
Net position at end of year	<u><u>\$ 15,220,894</u></u>

See accompanying notes to basic financial statements.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA NO. 70 - COUNTYWIDE
Governmental Funds
Balance Sheet
June 30, 2016

	Special Revenue Funds		Capital Project Fund	Other Governmental	Totals
	General (SKV)	Term Benefit (SKW)	Augmentation Reserve (CAN)	Funds	
Assets					
Cash and investments	\$ 6,940,432	2,534,809	4,480,451	1,589,701	15,545,393
Receivables:					
Loan	-	-	-	250,000	250,000
Interest	35,546	4,473	7,829	2,697	50,545
Due from County	882,817	-	-	-	882,817
Due from other governments	-	-	-	-	-
Total assets	\$ 7,858,795	2,539,282	4,488,280	1,842,398	16,728,755
 Liabilities:					
Accounts payable	\$ 114,172	-	-	32,486	146,658
Salaries and benefits payable	290,934	-	-	-	290,934
Due to County	63,295	-	-	-	63,295
Total liabilities	468,401	-	-	32,486	500,887
 Deferred inflows of resources:					
Unavailable revenues	-	-	-	-	-
Total deferred in flows of resources	-	-	-	-	-
 Fund balances (deficits):					
Assigned	7,390,394	2,539,282	4,488,280	1,809,912	16,227,868
Total fund balances	7,390,394	2,539,282	4,488,280	1,809,912	16,227,868
Total liabilities and fund balances	\$ 7,858,795	2,539,282	4,488,280	1,842,398	16,728,755

See accompanying notes to basic financial statements.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
 COUNTY SERVICE AREA NO. 70 - COUNTYWIDE
 Governmental Funds
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Position
 June 30, 2016

Fund balances of governmental funds	\$ 16,227,868
-------------------------------------	---------------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets net of depreciation have not been included as financial resources in governmental fund activity.

Cost of capital assets	6,883,080
Accumulated depreciation	(4,821,871)

Deferred outflows related to contributions made after the actuarial measurement date for the net pension liability.	48,067
---	--------

Deferred inflows related to unrecognized actuarial gains and losses for the net pension liability.	(133,820)
--	-----------

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position.

Proportionate share of net pension liability	(382,450)
Loan payable	(1,397,932)
Compensated absences	<u>(1,202,048)</u>

Net position of governmental activities	<u><u>\$ 15,220,894</u></u>
---	-----------------------------

See accompanying notes to basic financial statements.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
 COUNTY SERVICE AREA NO. 70 - COUNTYWIDE
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Year ended June 30, 2016

	<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>		
	General	Term	Augmentation	Other	
	<u>(SKV)</u>	<u>(SKW)</u>	<u>Reserve</u>	<u>Governmental</u>	<u>Totals</u>
			<u>(CAN)</u>	<u>Funds</u>	
Revenues:					
Intergovernmental	\$ 5,304	-	-	-	5,304
Charges for services	2,352,924	-	-	-	2,352,924
Special Assessments	5,876	-	-	-	5,876
Investment earnings	37,192	19,549	35,203	11,179	103,123
Other	187,169	-	-	-	187,169
Total revenues	<u>2,588,465</u>	<u>19,549</u>	<u>35,203</u>	<u>11,179</u>	<u>2,654,396</u>
Expenditures:					
Current-general government:					
Salaries and Benefits	1,115,611	-	-	-	1,115,611
Services and supplies	895,777	-	-	-	895,777
Capital outlay:					
Improvements to land	-	-	-	26,787	26,787
Debt service:					
Principal	2,410,271	-	-	-	2,410,271
Total expenditures	<u>4,421,659</u>	<u>-</u>	<u>-</u>	<u>26,787</u>	<u>4,448,446</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,833,194)</u>	<u>19,549</u>	<u>35,203</u>	<u>(15,608)</u>	<u>(1,794,050)</u>
Other financing sources (uses):					
Transfers in from County	330,411	-	-	-	330,411
Proceeds of long-term debt	2,090,000	-	-	-	2,090,000
Transfers in	805,466	-	74,469	1,335,000	2,214,935
Transfers out	<u>(882,105)</u>	<u>-</u>	<u>(300,000)</u>	<u>(1,032,830)</u>	<u>(2,214,935)</u>
Total other financing sources and (uses)	<u>2,343,772</u>	<u>-</u>	<u>(225,531)</u>	<u>302,170</u>	<u>2,420,411</u>
Net change in fund balances	510,578	19,549	(190,328)	286,562	626,361
Fund balances, beginning year, as restated	<u>6,879,816</u>	<u>2,519,733</u>	<u>4,678,608</u>	<u>1,523,350</u>	<u>15,601,507</u>
Fund balances, end of year	<u>\$ 7,390,394</u>	<u>2,539,282</u>	<u>4,488,280</u>	<u>1,809,912</u>	<u>16,227,868</u>

See accompanying notes to basic financial statements

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
 COUNTY SERVICE AREA NO. 70 - COUNTYWIDE
 Governmental Funds
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2016

Net change in fund balances - total governmental funds	\$ 626,361
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decreased by the amount of depreciation expense charged for the year, net of disposals.</p>	
Capital outlay, net of disposals	274,086
Depreciation expense, net of disposals	(338,905)
<p>Revenues in the government-wide statement of activities that did not provide current financial resources were not reported as revenues in the governmental funds:</p>	
This amount represents the write off of previous recognized revenues.	(94,532)
<p>Pension obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
	(155,405)
<p>In the statement of activities, only long term debt payable is reported. However, in the governmental funds, principal payments decrease financial resources. Thus the change in net assets differs from the change in fund balance by the principal payments, as well as , issuance of debt.</p>	
Debt service principal payments	2,410,271
Proceeds of long-term debt	(2,090,000)
<p>Changes in compensated absences payable is an expenditure in the governmental funds, but the expendiure reduces long-term liabilities in the statement of net assets.</p>	
	<u>(92,904)</u>
Changes in net position of governmental activities	<u>\$ 538,972</u>

See accompanying notes to basic financial statements.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA NO. 70 - COUNTYWIDE
Statement of Fiduciary Net Position - Agency Funds

June 30, 2016

	<u>Totals</u>
Assets:	
Cash and investments	\$ <u>531,758</u>
Total assets	\$ <u>531,758</u>
Liabilities:	
Due to agent	\$ <u>531,758</u>
Total liabilities	\$ <u>531,758</u>

See accompanying notes to basic financial statements.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA NO. 70 – COUNTYWIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of County Service Area (CSA) No. 70 Countywide conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting entity

The County Service Area (CSA) No. 70 Countywide was established by an act of the Board of Supervisors of the County of San Bernardino (the County) on December 29, 1969 to provide the centralized mechanism for administration of personnel who serve all board governed special districts. The employees are engaged in multi-district operations funded by the various sanitation, water, road, streetlights, parks and recreation districts. Staff provides centralized and regional management services, administration, engineering, budget and finance, human resources, lien administration, park maintenance, payroll and information services, road maintenance and inspection.

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 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, 2016.

Government-wide and fund financial statements

The government-wide financial statements (e.g., the statement of net position and the statement of changes in net position) 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*.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA NO. 70 – COUNTYWIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 report any proprietary fund types. Major individual governmental funds are reported as separate columns in the fund financial statements.

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* as are the proprietary fund and fiduciary fund financial statements. 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 *special revenue fund* labeled “Term Benefit” is used to pay out termination benefits, such as sick leave, holiday and vacation balances for employees that terminate.

The *capital projects fund* labeled “Augmentation Reserve” is used to support unforeseen funding needs.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA NO. 70 – COUNTYWIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial reporting is based upon all GASB pronouncements including the Codification of Accounting and Financial Reporting Guidelines.

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.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the CSA enterprise fund is charges to customers for ambulance transportation services. Operating expenses for enterprise funds include the cost of salaries and benefits, service and supplies, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

Cash 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.

Interfund 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."

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA NO. 70 – COUNTYWIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 1 and become delinquent with penalties on August 31.

Accounts receivable

No allowance for uncollectibles was recorded at June 30, 2016, based on management’s expectation that all accounts receivable will be collected through the property tax roll.

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 or business-type activities columns 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 acquisition value at the date of donation in accordance with GASB Statement No. 72.

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:

<u>Assets</u>	<u>Years</u>
Infrastructure	40-60
Structure and improvements	5-40
Equipment and vehicles	4-15

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA NO. 70 – COUNTYWIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund equity

The CSA implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

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

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA NO. 70 – COUNTYWIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When both restricted and unrestricted resources are available for use when an expenditure is incurred, it is the County’s policy to use restricted resources first, then unrestricted resources as they are needed. It is the County’s policy to consider committed amounts as being reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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, 2016 was as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
\$1,109,144	\$ 655,943	\$ 563,040	\$1,202,048

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 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 do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA NO. 70 – COUNTYWIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements

The District adopted Statement on Governmental Accounting Standards (GASB Statement) No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68*, and GASB Statement No. 79 *Certain External Investment Pools and Pool Participants*.

Deferred Outflows/ Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds of the balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Debt and Interest Payable

In the Government-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the appropriate activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are immediately expensed in the Government- Wide Financial Statements in addition to the Proprietary and Fiduciary Fund Statements in accordance with GASB No. 65. In the Fund Financial Statements, with the exception of advances from other funds, long-term liabilities are not presented. Consequently, long term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability is incurred for governmental activities and business-type activities. In the Fund Financial Statements, only propriety fund types recognize the interest payable when the liability is incurred.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA NO. 70 – COUNTYWIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the Government-Wide Financial Statements, net position are classified in the following categories: *Net Investment in Capital Assets* consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net position are restricted by external creditors, grantors, contributors, laws or regulations of other governments. Unrestricted Net position is all net position that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net position.”

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the CSA’s San Bernardino County Employee’s Retirement Association (SBCERA) plan (Plan) and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by SBCERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2: CASH AND DEPOSITS

Cash, cash equivalents, and investments includes balances 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, cash equivalents, and investments are shown at the fair value as of June 30, 2016. Changes in fair value that occur during a fiscal year are recognized as *investment earnings* reported for that fiscal year. *Investment earnings* reports interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments. The County’s practice is to hold investments until maturity.

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, and fair value hierarchy disclosures required by GASB Statement No. 72.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA NO. 70 – COUNTYWIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 3: CAPITAL ASSETS

Governmental activities:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	101,013	23,787	-	124,800
Total capital assets, not being depreciated:	101,013	23,787	-	124,800
Capital assets, being depreciated:				
Improvements to land	859,500	3,001	-	862,501
Structures and improvements	267,806	22,866	-	290,672
Vehicles	4,881,159	161,377	-	5,042,536
Equipment	507,139	63,055	(59,499)	510,695
Capitalized software	51,876	-	-	51,876
Total capital assets, being depreciated:	6,567,480	250,299	(59,499)	6,758,280
Less accumulated depreciation for:				
Improvements to land	(487,674)	(39,523)	-	(527,197)
Structures and improvements	(115,700)	(8,814)	-	(124,514)
Vehicles	(3,589,453)	(252,850)	-	(3,842,303)
Equipment	(343,215)	(27,343)	59,499	(311,059)
Capitalized software	(6,423)	(10,375)	-	(16,798)
Total accumulated depreciation	(4,542,465)	(338,905)	(59,499)	(4,821,871)
Total capital assets, being depreciated, net	2,025,015	(88,606)	-	1,936,409
Governmental activities capital assets, net	\$ 2,126,028	\$ (64,819)	\$ -	\$ 2,061,209

NOTE 4: RETIREMENT PLAN

Plan Description. Employees of the CSA participate in the County of San Bernardino’s (County) cost-sharing multiple-employer defined benefit retirement plan (the Plan) administered by the San Bernardino County Employee’s Retirement Association (SBCERA). The Plan is governed by the San Bernardino Board of Retirement (Board) under the California County Employees’ Retirement Law of 1937 (CERL) and the California Public Employees’ Pension Reform Act of 2013 (PEPRA). The Plan’s authority to establish and amend the benefit terms are set by the CERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the County of San Bernardino Board of Supervisors and/or the SBCERA Board. 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.

Benefits Provided. SBCERA provides retirement, disability, death and survivor benefits. SBCERA administers the Plan which provides benefits for two membership classifications, General and Safety, and those benefits are tiered based upon date of SBCERA membership. Safety membership is extended to those involved in active law enforcement and fire suppression. All other members, including the CSA’s employees, are classified as General members. Generally, those who become members prior to January 1, 2013 are Tier 1 members. All other members are Tier 2. An employee who is appointed to a regular position, whose service is greater than fifty percent of the full standard of hours required are members of SBCERA, and are provided with pension benefits pursuant to Plan requirements.

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA NO. 70 – COUNTYWIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016**

NOTE 4: RETIREMENT PLAN (Continued)

The CERL and PEPRRA establish benefit terms. Retirement benefits for the General Tier 1 and General Tier 2 Plans are calculated on the basis of age, average final compensation and service credit as follows:

	General – Tier 1	General – Tier 2
Final Average Compensation	Highest 12 months	Highest 36 consecutive months
Normal Retirement Age	Age 55	Age 55
Early Retirement: Years of service required and/or eligible for	Age 70 any years	Age 70 any years
	10 years age 50	5 years age 52
	30 years any age	N/A
Benefit percent per year of service for normal retirement age	2% per year of final average compensation for every year of service credit	At age 67, 2.5% per year of final average compensation for every year of service credit
Benefit Adjustments	Reduced before age 55, increased after 55 up to age 65	Reduced before age 67
Final Average Compensation Limitation	Internal Revenue Code section 401(a)(17)	Government Code section 7522.10

Contributions. Participating employers and active members, including the CSA and the CSA’s employees, are required by statute to contribute a percentage of covered salary to the Plan. This requirement is pursuant to Government Code sections 31453.5 and 31454, for participating employers and Government Code sections 31621.6, 31639.25 and 7522.30 for active members. The contribution requirements are established and may be amended by the SBCERA Board pursuant to Article 1 of the CERL, which is consistent with the Plan’s actuarial funding policy. The contribution rates are adopted yearly, based on an annual actuarial valuation, conducted by an independent actuary, that requires actuarial assumptions with regard to mortality, expected future service (including age at entry into the Plan, if applicable and tier), and compensation increases of the members and beneficiaries. The combined active member and employer contribution rates are expected to finance the costs of benefits for employees that are allocated during the year, with an additional amount to finance any unfunded accrued liability. Participating employers may pay a portion of the active members’ contributions through negotiations and bargaining agreements.

Employee contribution rates for the fiscal year ended June 30, 2016 ranged between 7.81% and 14.21% for Tier 1 General members and between 7.70% and 8.40% for Tier 2 General members.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the CSA’s reported a liability of \$382,450 for its proportionate share of the County’s net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the County’s net pension liability was based on the District’s FY 2015 actual contributions to the County’s pension plan relative to the total contributions of the County as a whole.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA NO. 70 – COUNTYWIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 4: RETIREMENT PLAN (Continued)

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources*	Deferred Inflows of Resources**
\$ 48,067	\$ (133,820)

* Total deferred outflows includes change in assumptions, and change in proportion and differences between share of contributions.

** Total deferred inflows includes differences in expected and actual expense, and net difference between projected and actual earnings on pension plan investments,.

The \$48,067 reported as deferred outflows of resources related to pensions, resulting from the District’s contributions to the County’s plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

See the County of San Bernardino’s Comprehensive Annual Financial Report (CAFR) for details of their pension liabilities, pension expense, deferred outflows and inflows of resources related to pensions, actuarial assumptions, and discount rates, for the current year and two preceding years computed in accordance with GASB 68, *Accounting and Reporting for Pension Plans*, for the year ended June 30, 2016.

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 \$3.0 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$54 million is provided through a combination of insurance policies as recommended by Alliant Insurance Services Inc., Insurance Broker as follows: Primary Liability coverage \$10 million excess of \$3.0 million self-insured retention with Security National Insurance Company (AM TRUST); Excess Liability coverage for \$4 million, excess of \$13 million with Evanston Insurance Company (Markel); and Excess Liability coverage of \$15 million, excess of \$17 million with National Casualty. Allied World Assurance Co. (AWAC) provides excess liability coverage of \$25 million, excess of \$32 million. No settlements related to these programs have exceeded insurance coverage in the last three years.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA NO. 70 – COUNTYWIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 6: RISK MANAGEMENT (Continued)

The Workers' Compensation program was restructured by joining CSAC-EIA (California State Association of Counties – Excess Insurance Authority) Excess Workers' Compensation Program and purchasing a policy with a \$2 million SIR and statutory limits with National Union Fire Insurance Company of Pittsburgh, PA. Property damage claims are insured on an occurrence basis over a \$25 thousand deductible, and insured through CSAC-EIA and reinsured with Lexington Insurance Co. and with several insurers like AWAC, Ironshore, Partner RE, and Lloyd's of London, among others.

The County supplements its self-insurance for medical malpractice claims with a \$25 million policy (\$35 million aggregate) with BETA Risk Management Authority, which provides annual coverage on a claim made form basis with a SIR of \$1 million for each claim.

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

The activities related to such programs are accounted for in the Risk Management Department's internal service funds ("Funds"), except for unemployment insurance, and employee dental insurance, which are accounted for in the General Fund. The liabilities recorded in these Funds are based on the results of actuarial studies and include amounts for allocated and unallocated loss adjustment expenses. The liabilities for these claims are reported using a discounted rate of 0.615% and an actuarially-determined 80% confidence level. It is the County's practice to obtain actuarial studies on an annual basis.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of their claims liability in accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, at June 30, 2016.

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, 2016, the CSA made the following interfund transfers in and out:

	Transfers In			
	General Fund (SKV)	Augmentation Reserve (CAN)	Nonmajor Funds	Total
<u>Transfers Out</u>				
General Fund (SKV)	\$ -	74,469	807,636	882,105
Augmentation Reserve (CAN)	-	-	300,000	300,000
Nonmajor funds	<u>805,466</u>	<u>-</u>	<u>227,364</u>	<u>1,032,830</u>
Total	<u>\$ 804,466</u>	<u>74,469</u>	<u>1,335,000</u>	<u>2,214,935</u>

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA NO. 70 – COUNTYWIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016**

NOTE 8: LOAN RECEIVABLE

The CSA's County's Revolving Fund entered into an agreement with CSA 70 W-4 Pioneer Town under government code 26909 to provide funding for a pipeline project. The County's Revolving Fund advanced the amount of \$250,000 to cover cost of this project. The loan will be repaid within 3 to 18 months after completion of the project. The amount outstanding at June 30, 2016, is \$250,000.

NOTE 9: LOAN PAYABLE

In fiscal year 2014, the CSA received \$4,000,000 of loan proceeds from the County's Revolving Fund which was established under Government Code Section 25210.9c. The loan was made to fund improvements to the Lake Gregory Dam and has a ten-year terms as established by the Board of Supervisors. The loan balance reported on the *Statement of Net Position* at June 30, 2016 was as follows:

	Principal Balance 07/01/15	Additions	Retirements	Principal Balance 06/30/16	Amounts Due Within One Year
CSA Revolving	\$ 1,718,203	2,090,000	2,410,271	1,397,932	-

Future debt service payments for the County's revolving loan are not disclosed because there are no fixed payment dates.

NOTE 10: CONTINGENCIES

As of June 30, 2016 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.

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA NO. 70 – COUNTYWIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016**

NOTE 11: RESTATEMENT OF FINANCIAL POSITION

The following schedule summarizes the effects of the prior period adjustment to the Government-wide and Governmental Statements.

Government-wide:

	<u>Governmental Activities</u>
Net position at June 30, 2015, as previously reported	\$14,748,504
Adjustment to salary accrual understatement recorded in prior year	<u>(66,582)</u>
Net position as July 1, 2015, as restated	<u>\$14,681,922</u>

Governmental:

	<u>General Fund</u>
Net position at June 30, 2015, as previously reported	\$ 6,946,398
Adjustment to salary accrual understatement recorded in prior year	<u>(66,582)</u>
Net position as July 1, 2015, as restated	<u>\$ 6,879,816</u>

NOTE 12: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 28, 2016, which is the date the financial statements were available to be issued, and has determined that there are no transactions that will have a significant impact on the CSA.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
 COUNTY SERVICE AREA NO. 70 - COUNTYWIDE
 General Fund (SKV)
 Budgetary Comparison Schedule
 Year ended June 30, 2016

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ -	-	5,304	5,304
Investment Earnings	-	-	37,192	37,192
Service fees	3,632,356	3,632,356	2,352,924	(1,279,432)
Special Assessments	5,890	5,890	5,876	(14)
Other	<u>286,500</u>	<u>286,500</u>	<u>187,169</u>	<u>(99,331)</u>
Total revenues	<u>3,924,746</u>	<u>3,924,746</u>	<u>2,588,465</u>	<u>(1,336,281)</u>
Expenditures:				
Current-general government:				
Salaries and Benefits	-	-	1,115,611	(1,115,611)
Services and supplies	-	-	895,777	(895,777)
Debt Service:				
Principal	<u>-</u>	<u>-</u>	<u>2,410,271</u>	<u>(2,410,271)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>4,421,659</u>	<u>(2,011,388)</u>
Excess (deficiency) of revenues over expenditures	<u>3,924,746</u>	<u>3,924,746</u>	<u>(1,833,194)</u>	<u>(5,757,940)</u>
Other financing sources (uses):				
Transfer in from County	-	-	330,411	330,411
Proceeds of long-term debt	-	-	2,090,000	2,090,000
Transfers in	-	-	805,466	805,466
Transfers out	<u>-</u>	<u>-</u>	<u>(882,105)</u>	<u>(882,105)</u>
Total other financing sources (uses)	<u>2,739,336</u>	<u>2,739,336</u>	<u>2,343,772</u>	<u>(76,639)</u>
Net change in fund balance	6,664,082	6,664,082	510,578	(6,153,504)
Fund balance, beginning, as restated	<u>6,879,816</u>	<u>6,879,816</u>	<u>6,879,816</u>	<u>-</u>
Fund balance, ending	<u>\$ 13,543,898</u>	<u>13,543,898</u>	<u>7,390,394</u>	<u>(6,153,504)</u>

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
 COUNTY SERVICE AREA NO. 70 - COUNTYWIDE
 Term Benefit (SKW)
 Budgetary Comparison Schedule
 Year ended June 30, 2016

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings	\$ -	-	19,549	19,549
Total revenues	-	-	19,549	19,549
Expenditures:				
Current-general government:				
Salaries and Benefits	-	-	-	-
Services and supplies	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	19,549	19,549
Fund balance, beginning	2,519,733	2,519,733	2,519,733	-
Fund balance, ending	\$ 2,519,733	2,519,733	2,539,282	19,549

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
 COUNTY SERVICE AREA NO. 70 - COUNTYWIDE
 Non-Major Special Revenue Funds
 Combining Balance Sheet
 June 30, 2016

	Special Revenue Funds		
	Reserve for <u>Replacement</u> <u>(SKU)</u>	Revolving Loan <u>Fund</u> <u>(SKI)</u>	Etiwanda <u>POS</u> <u>(SKZ)</u>
<u>Assets:</u>			
Cash and investments	\$ 43,950	542,604	-
Receivables:			
Loan	-	250,000	-
Interest	945	854	-
Total assets	\$ 44,895	793,458	-
<u>Liabilities and Fund Balances:</u>			
<u>Liabilities:</u>			
Accounts payable	\$ -	-	-
Total liabilities	-	-	-
<u>Fund balances (deficits):</u>			
Assigned	44,895	793,458	-
Total fund balances (deficits)	44,895	793,458	-
Total liabilities and fund balances	\$ 44,895	793,458	-

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
 COUNTY SERVICE AREA NO. 70 - COUNTYWIDE
 Non-Major Special Revenue Funds
 Combining Balance Sheet
 (continued)

<u>Capital Projects Funds</u>				
<u>Warehouse</u> <u>(CJA)</u>	<u>Kaiser</u> <u>Commerce</u> <u>Center</u> <u>(NEG)</u>	<u>Muscoy</u> <u>Skatepark</u> <u>(CLO)</u>	<u>Devore</u> <u>Water System</u> <u>Improvement</u> <u>(CLA)</u>	<u>Totals</u>
\$ 1,000,488	39	2,620	-	1,589,701
-	-	-	-	250,000
<u>898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,697</u>
<u>1,001,386</u>	<u>39</u>	<u>2,620</u>	<u>-</u>	<u>1,842,398</u>
<u>-</u>	<u>32,486</u>	<u>-</u>	<u>-</u>	<u>32,486</u>
<u>-</u>	<u>32,486</u>	<u>-</u>	<u>-</u>	<u>32,486</u>
<u>1,001,386</u>	<u>(32,447)</u>	<u>2,620</u>	<u>-</u>	<u>1,809,912</u>
<u>1,001,386</u>	<u>(32,447)</u>	<u>2,620</u>	<u>-</u>	<u>1,809,912</u>
<u>\$ 1,001,386</u>	<u>39</u>	<u>2,620</u>	<u>-</u>	<u>1,842,398</u>

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
 COUNTY SERVICE AREA NO. 70 - COUNTYWIDE
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
 Year ended June 30, 2016

	Special Revenue Funds		
	Reserve for <u>Replacement</u> <u>(SKU)</u>	Revolving Loan <u>Fund</u> <u>(SKI)</u>	Etiwanda POS <u>(SKZ)</u>
Revenues:			
Investment earnings	\$ 6,701	2,896	-
Total revenues	<u>6,701</u>	<u>2,896</u>	<u>-</u>
Expenditures:			
Capital Outlay:			
Improvements to land	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,701</u>	<u>2,896</u>	<u>-</u>
Other financing sources (uses):			
Transfers in	-	300,000	-
Transfers out	<u>(1,000,000)</u>	<u>-</u>	<u>(2)</u>
Total other financing sources and (uses)	<u>(1,000,000)</u>	<u>300,000</u>	<u>(2)</u>
Net change in fund balances	(993,299)	302,896	(2)
Fund balances, beginning of year	<u>1,038,194</u>	<u>490,562</u>	<u>2</u>
Fund balances (deficit), end of year	<u>\$ 44,895</u>	<u>793,458</u>	<u>-</u>

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
 COUNTY SERVICE AREA NO. 70 - COUNTYWIDE
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
 (continued)

Capital Projects Funds				
<u>Warehouse</u> <u>(CJA)</u>	<u>Kaiser</u> <u>Commerce</u> <u>Center</u> <u>(NEG)</u>	<u>Muscoy</u> <u>Skatepark</u> <u>(CLO)</u>	<u>Devore</u> <u>Water System</u> <u>Improvement</u> <u>(CLA)</u>	<u>Totals</u>
1,386	145	51	-	11,179
1,386	145	51	-	11,179
-	-	26,787	-	26,787
-	-	26,787	-	26,787
1,386	145	(26,736)	-	(15,608)
1,000,000	-	35,000	-	1,335,000
-	(32,818)	-	(10)	(1,032,830)
1,000,000	(32,818)	35,000	(10)	302,170
1,001,386	(32,673)	8,264	(10)	286,562
-	226	(5,644)	10	1,523,350
<u>\$ 1,001,386</u>	<u>(32,447)</u>	<u>2,620</u>	<u>-</u>	<u>1,809,912</u>

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA NO. 70 - COUNTYWIDE
Combining Schedulet of Fiduciary Net Position - Agency Funds

June 30, 2016

	CSA 70 Project Impact- FEMA <u>(NAW)</u>	CSA 70 Rhine Road Improvement <u>(NEH)</u>	CSA 70 Rancho Lucerne Dev Agency <u>(NUL)</u>	CSA 70 Trust Cargill <u>(NUM)</u>
Assets:				
Cash and investments	\$ 13	586	3	28
Total assets	<u>\$ 13</u>	<u>586</u>	<u>3</u>	<u>28</u>
Liabilities:				
Due to agent	\$ 13	586	3	28
Total liabilities	<u>\$ 13</u>	<u>586</u>	<u>3</u>	<u>28</u>

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
 COUNTY SERVICE AREA NO. 70 - COUNTYWIDE
 Combining Schedulet of Fiduciary Net Position - Agency Funds
 (continued)

CSA 70 Universal Crest Project (NUQ)	Lytle Creek North CFD (NUS)	CSA 70 Crafton Hills Formtn (NUW)	CSA 70 CFD 2003-1 Debt Admin (VIA)	CSA70 CFD 2002-1 Debt Admin (VIB)
\$ <u>5</u>	<u>37,064</u>	<u>7</u>	<u>73</u>	<u>31,476</u>
<u>\$ 5</u>	<u>37,064</u>	<u>7</u>	<u>73</u>	<u>31,476</u>
<u>\$ 5</u>	<u>37,064</u>	<u>7</u>	<u>73</u>	<u>31,476</u>
<u>\$ 5</u>	<u>37,064</u>	<u>7</u>	<u>73</u>	<u>31,476</u>

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
 COUNTY SERVICE AREA NO. 70 - COUNTYWIDE
 Combining Schedulet of Fiduciary Net Position - Agency Funds
 (continued)

	CSA70 CFD 2006-1 1-A-4 <u>(VKI)</u>	CSA70 CFD 2003-1 Citrus Plaza <u>(VJX)</u>	CSA70 CFD 2006-1 Area 2 <u>(VJZ)</u>	CSA70 CFD2006-1 1-A-3 <u>(VKG)</u>	<u>Totals</u>
Assets:					
Cash and investr:	\$ 149,260	2	97,542	215,699	531,758
Total assets	<u>\$ 149,260</u>	<u>2</u>	<u>97,542</u>	<u>215,699</u>	<u>531,758</u>
Liabilities:					
Due to agent	\$ 149,260	2	97,542	215,699	531,758
Total liabilitie	<u>\$ 149,260</u>	<u>2</u>	<u>97,542</u>	<u>215,699</u>	<u>531,758</u>