

**SAN BERNARDINO COUNTY
FIRE PROTECTION DISTRICT**

REPORT ON AUDIT

JUNE 30, 2010

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Fire Protection District
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Fire Protection District
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Board of Supervisors
San Bernardino County
Fire Protection District

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the San Bernardino County Fire Protection District (District), a component unit of the County of San Bernardino, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District'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, the business-type activities, each major fund, and the aggregate remaining fund information of the San Bernardino County Fire Protection District, as of June 30, 2010, and the respective changes in financial position, and, where applicable, cash flows 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 33 - 39 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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The San Bernardino County Fire Protection District has not presented the *Management's Discussion and Analysis* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Rogers, Anderson, Malody & Scott, LLP

November 30, 2010

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**San Bernardino County
Fire Protection District
Statement of Net Assets
June 30, 2010**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 49,848,569	\$ 233,152	\$ 50,081,721
Accounts receivable, net	1,133,394	1,042,998	2,176,392
Interest receivable	157,038	1,541	158,579
Taxes receivable	2,695,963	-	2,695,963
Internal balances	570,024	(570,024)	-
Due from other governments	5,064,647	-	5,064,647
Capital assets, net of depreciation	31,773,580	-	31,773,580
 Total Assets	 <u>91,243,215</u>	 <u>707,667</u>	 <u>91,950,882</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,062,783	-	1,062,783
Salaries and benefits payable	3,130,613	-	3,130,613
Due to other governments	4,505,102	-	4,505,102
Compensated absences payable	8,874,914	-	8,874,914
Capital lease payable-current portion	148,237	-	148,237
Total Current Liabilities	<u>17,721,649</u>	<u>-</u>	<u>17,721,649</u>
Noncurrent liabilities:			
Capital lease payable	76,357	-	76,357
Total Noncurrent Liabilities	<u>76,357</u>	<u>-</u>	<u>76,357</u>
 Total Liabilities	 <u>17,798,006</u>	 <u>-</u>	 <u>17,798,006</u>
NET ASSETS			
Invested in capital assets, net of related debt	31,548,986	-	31,548,986
Unrestricted	41,896,223	707,667	42,603,890
 Total Net Assets	 <u>\$ 73,445,209</u>	 <u>\$ 707,667</u>	 <u>\$ 74,152,876</u>

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

**San Bernardino County
Fire Protection District
Statement of Activities
For the Year Ended June 30, 2010**

	Governmental Activities	Business-type Activities	Total
EXPENSES			
Salaries and benefits	\$ 97,340,954	\$ -	\$ 97,340,954
Services and supplies	23,205,356	-	23,205,356
Contributions	1,961,425	-	1,961,425
Depreciation	4,706,043	-	4,706,043
Professional fees	-	240,335	240,335
Intergovernmental	4,673,657	-	4,673,657
Interest	12,029	-	12,029
Other	4,342	-	4,342
Total Program Expenses	<u>131,903,806</u>	<u>240,335</u>	<u>132,144,141</u>
PROGRAM REVENUES			
Charges for services	61,572,862	3,116,690	64,689,552
Operating grants and contributions	10,966,219	-	10,966,219
Total Program Revenues	<u>72,539,081</u>	<u>3,116,690</u>	<u>75,655,771</u>
Net Program Revenue (Expense)	<u>(59,364,725)</u>	<u>2,876,355</u>	<u>(56,488,370)</u>
GENERAL REVENUES (EXPENSES)			
Property taxes	35,653,287	-	35,653,287
Other taxes	752,869	-	752,869
Fines, forfeitures and penalties	350,960	-	350,960
State assistance	859,858	-	859,858
Investment earnings	608,395	8,103	616,498
Intergovernmental	9,384,460	-	9,384,460
Gain (loss) on sale of capital assets	34,847	-	34,847
Other	3,283,511	880	3,284,391
TRANSFERS - INTERNAL ACTIVITIES	<u>3,670,073</u>	<u>(3,670,073)</u>	<u>-</u>
Total General Revenues (Expenses) and Transfers	<u>54,598,260</u>	<u>(3,661,090)</u>	<u>50,937,170</u>
Change in Net Assets	(4,766,465)	(784,735)	(5,551,200)
Net Assets - beginning	<u>78,211,674</u>	<u>1,492,402</u>	<u>79,704,076</u>
Net Assets - ending	<u>\$ 73,445,209</u>	<u>\$ 707,667</u>	<u>\$ 74,152,876</u>

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

**San Bernardino County
Fire Protection District
Balance Sheet
Governmental Funds
June 30, 2010**

	SPECIAL REVENUE FUNDS			
	ADMINISTRATIVE			MOUNTAIN REGIONAL SERVICE ZONE
	General	State Homeland	Equipment	Fire
	(SKX)	Security Grant (SME)	Replacement (SKK)	Operations (FMZ)
ASSETS				
Cash and cash equivalents	\$ 9,856,065	\$ 351,764	\$ 19,902,286	\$ 715,782
Accounts receivable, net	1,133,394	-	-	-
Interest receivable	47,777	3,062	39,574	4,380
Taxes receivable	408,900	-	-	522,321
Due from other funds	675,685	-	-	122,059
Due from other governments	1,722,154	930,420	-	1,811,863
Total Assets	<u>\$ 13,843,975</u>	<u>\$ 1,285,246</u>	<u>\$ 19,941,860</u>	<u>\$ 3,176,405</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 941,696	\$ -	\$ -	\$ -
Salaries and benefits payable	2,059,226	-	-	221,631
Due to other funds	119,580	284,495	-	51,967
Due to other governments	299,240	911,758	1,860,935	243,324
Total Liabilities	<u>3,419,742</u>	<u>1,196,253</u>	<u>1,860,935</u>	<u>516,922</u>
Fund Balances:				
Reserved	495,962	9,522	-	700
Unreserved:				
Designated	-	79,471	18,080,925	-
Undesignated	9,928,271	-	-	2,658,783
Total Fund Balances	<u>10,424,233</u>	<u>88,993</u>	<u>18,080,925</u>	<u>2,659,483</u>
Total Liabilities and Fund Balances	<u>\$ 13,843,975</u>	<u>\$ 1,285,246</u>	<u>\$ 19,941,860</u>	<u>\$ 3,176,405</u>

Amounts reported for *governmental activities* in the statement of net assets (Exhibit "A") are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

- Compensated absences
- Capital leases payable

Net Assets of Governmental Activities

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

SPECIAL REVENUE FUNDS				
NORTH DESERT REGIONAL SERVICE ZONE	SOUTH DESERT REGIONAL SERVICE ZONE	VALLEY REGIONAL SERVICE ZONE	OTHER GOVERNMENTAL FUNDS	Total Governmental Funds
Fire Operations (FNZ)	Fire Operations (FSZ)	Fire Operations (FVZ)		
\$ 1,263,621	\$ 1,275,509	\$ 862,841	\$ 15,620,701	\$ 49,848,569
-	-	-	-	1,133,394
6,506	5,133	4,590	46,016	157,038
175,168	477,064	1,068,045	44,465	2,695,963
363,818	196,853	57,951	-	1,416,366
6,685	143,919	-	449,606	5,064,647
<u>\$ 1,815,798</u>	<u>\$ 2,098,478</u>	<u>\$ 1,993,427</u>	<u>\$ 16,160,788</u>	<u>\$ 60,315,977</u>
\$ 7,854	\$ 6,001	\$ -	\$ 107,232	\$ 1,062,783
350,503	200,323	264,611	34,319	3,130,613
233,498	58,804	63,717	34,281	846,342
8,720	1,839	48	1,179,238	4,505,102
<u>600,575</u>	<u>266,967</u>	<u>328,376</u>	<u>1,355,070</u>	<u>9,544,840</u>
2,150	31,954	1,100	46,552	587,940
-	-	-	6,651,987	24,812,383
1,213,073	1,799,557	1,663,951	8,107,179	25,370,814
<u>1,215,223</u>	<u>1,831,511</u>	<u>1,665,051</u>	<u>14,805,718</u>	<u>50,771,137</u>
<u>\$ 1,815,798</u>	<u>\$ 2,098,478</u>	<u>\$ 1,993,427</u>	<u>\$ 16,160,788</u>	
				31,773,580
				(8,874,914)
				<u>(224,594)</u>
				<u>\$ 73,445,209</u>

**San Bernardino County
Fire Protection District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010**

	SPECIAL REVENUE FUNDS			
	ADMINISTRATIVE			MOUNTAIN REGIONAL SERVICE ZONE
	General	State Homeland	Equipment	Fire
	(SKX)	Security Grant (SME)	Replacement (SKK)	Operations (FMZ)
REVENUES				
Property taxes	\$ 6,878,427	\$ -	\$ -	\$ 8,276,002
Other assistance	1,794,791	-	-	-
Service fees	59,141,281	-	-	9,058
Special assessments	276,675	-	-	-
Other taxes	74,893	-	-	124,668
Fines, forfeitures and penalties	4,333	-	-	-
Federal assistance	3,098,961	3,424,796	-	81,247
State assistance	491,810	-	-	107,418
Investment earnings	209,102	13,911	173,792	18,218
Intergovernmental	9,051,960	-	-	-
Other	403,639	-	201,498	-
Total Revenues	81,425,872	3,438,707	375,290	8,616,611
EXPENDITURES				
Salaries and benefits	59,639,857	298,940	-	7,865,043
Services and supplies	13,474,743	1,139,100	-	1,195,214
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay:				
Land	26,500	-	-	-
Vehicles	391,160	-	-	-
Equipment	271,675	151,787	-	29,734
Structures and improvements	25,184	-	-	-
Intergovernmental	959,000	1,862,434	-	-
Other	-	-	-	-
Total Expenditures	74,788,119	3,452,261	-	9,089,991
Excess of Revenues Over (Under)				
Expenditures	6,637,753	(13,554)	375,290	(473,380)

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

SPECIAL REVENUE FUNDS				
<u>NORTH DESERT REGIONAL SERVICE ZONE</u>	<u>SOUTH DESERT REGIONAL SERVICE ZONE</u>	<u>VALLEY REGIONAL SERVICE ZONE</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>Total Governmental Funds</u>
Fire Operations (FNZ)	Fire Operations (FSZ)	Fire Operations (FVZ)		
\$ 6,714,618	\$ 5,784,103	\$ 7,965,614	\$ 34,523	\$ 35,653,287
-	-	-	-	1,794,791
68,119	66,370	19,298	105,592	59,409,718
-	-	-	1,886,469	2,163,144
72,501	88,228	392,579	-	752,869
-	-	-	346,627	350,960
142,962	4,093	376,743	3,539,539	10,668,341
99,794	69,878	90,958	-	859,858
-	10,808	4,547	178,017	608,395
-	32,500	-	300,000	9,384,460
-	-	172,567	711,016	1,488,720
<u>7,097,994</u>	<u>6,055,980</u>	<u>9,022,306</u>	<u>7,101,783</u>	<u>123,134,543</u>
12,184,639	7,408,970	8,723,425	1,021,484	97,142,358
1,715,972	1,288,229	1,875,483	2,660,417	23,349,158
-	-	142,463	-	142,463
-	-	12,029	-	12,029
-	-	-	-	26,500
-	32,500	-	268,869	692,529
-	-	-	-	453,196
-	21,062	-	440,007	486,253
-	-	-	1,852,223	4,673,657
-	4,342	-	-	4,342
<u>13,900,611</u>	<u>8,755,103</u>	<u>10,753,400</u>	<u>6,243,000</u>	<u>126,982,485</u>
<u>(6,802,617)</u>	<u>(2,699,123)</u>	<u>(1,731,094)</u>	<u>858,783</u>	<u>(3,847,942)</u>

**San Bernardino County
Fire Protection District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010**

	SPECIAL REVENUE FUNDS			
	ADMINISTRATIVE			MOUNTAIN REGIONAL SERVICE ZONE
	General	State Homeland	Equipment	Fire
	(SKX)	Security Grant (SME)	Replacement (SKK)	Operations (FMZ)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	\$ 32,033	\$ -	\$ -	\$ 3,562
Transfers in	282,072	-	7,350,294	524,041
Transfers out	(14,314,680)	(1,660)	-	(260,294)
Total Other Financing Sources (Uses)	(14,000,575)	(1,660)	7,350,294	267,309
Net Change in Fund Balances	(7,362,822)	(15,214)	7,725,584	(206,071)
Fund Balances - beginning	17,787,055	104,207	10,355,341	2,865,554
Fund Balances - ending	<u>\$ 10,424,233</u>	<u>\$ 88,993</u>	<u>\$ 18,080,925</u>	<u>\$ 2,659,483</u>

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

<u>SPECIAL REVENUE FUNDS</u>				
<u>NORTH DESERT REGIONAL SERVICE ZONE</u>	<u>SOUTH DESERT REGIONAL SERVICE ZONE</u>	<u>VALLEY REGIONAL SERVICE ZONE</u>		
Fire Operations (FNZ)	Fire Operations (FSZ)	Fire Operations (FVZ)	OTHER GOVERNMENTAL FUNDS	Total Governmental Funds
\$ 6,685	\$ 4,077	\$ -	\$ -	\$ 46,357
5,749,624	3,102,913	1,343,675	200,000	18,552,619
(105,412)	-	-	(200,500)	(14,882,546)
<u>5,650,897</u>	<u>3,106,990</u>	<u>1,343,675</u>	<u>(500)</u>	<u>3,716,430</u>
(1,151,720)	407,867	(387,419)	858,283	(131,512)
<u>2,366,943</u>	<u>1,423,644</u>	<u>2,052,470</u>	<u>13,947,435</u>	<u>50,902,649</u>
<u>\$ 1,215,223</u>	<u>\$ 1,831,511</u>	<u>\$ 1,665,051</u>	<u>\$ 14,805,718</u>	<u>\$ 50,771,137</u>

**San Bernardino County
Fire Protection District
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2010**

Net Change in Fund Balances - Total Governmental Funds \$ (131,512)

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 (\$4,706,043) exceeded capital outlay (\$1,802,280) in the current period. (2,903,763)

Capital assets transferred to and from other governments are not financial resources and, therefore, are not reported in the governmental funds. (1,663,547)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net assets.
Principal payment on capital leases 142,463

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.
Increase in compensated absences payable (198,596)

In the statement of activities, only the loss on the disposal of capital assets is reported. However, in the governmental funds, the loss from the disposal decreases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets disposed. (11,510)

Change in Net Assets of Governmental Activities \$ (4,766,465)

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

**San Bernardino County
Fire Protection District
Statement of Net Assets
Proprietary Funds
June 30, 2010**

	ENTERPRISE FUNDS
	Ambulances
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 233,152
Accounts receivable, net	1,042,998
Interest receivable	1,541
Total Current Assets	1,277,691
Total Assets	1,277,691
LIABILITIES	
Due to other funds	570,024
Total Liabilities	570,024
NET ASSETS	
Unrestricted	707,667
Total Net Assets	\$ 707,667

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

**San Bernardino County
Fire Protection District
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2010**

	ENTERPRISE FUNDS
	Ambulances
OPERATING REVENUE	
Service fees	\$ 3,116,690
Total Operating Revenue	3,116,690
OPERATING EXPENSES	
Professional services	240,335
Total Operating Expenses	240,335
Operating Income	2,876,355
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	8,103
Other	880
Total Nonoperating Revenues (Expenses)	8,983
Income Before Transfers	2,885,338
TRANSFERS	
Transfers out	(3,670,073)
Total Transfers	(3,670,073)
Change in Net Assets	(784,735)
Total Net Assets - beginning	1,492,402
Total Net Assets - ending	\$ 707,667

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

**San Bernardino County
Fire Protection District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010**

	ENTERPRISE FUNDS
	Ambulances
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 3,191,396
Payments to suppliers	<u>3,416</u>
Net Cash Provided by Operating Activities	<u>3,194,812</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	<u>(3,670,073)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Other	<u>880</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	<u>9,151</u>
Net decrease in cash and cash equivalents	(465,230)
Cash and Cash Equivalents - beginning of the year	<u>698,382</u>
Cash and Cash Equivalents - end of the year	<u><u>\$ 233,152</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 2,876,355
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Decrease in due from other funds	47,109
Decrease in accounts receivable, net	27,597
Increase in due to other funds	<u>243,751</u>
Net cash provided by operating activities	<u><u>\$ 3,194,812</u></u>

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

**San Bernardino County
Fire Protection District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2010**

ASSETS

Cash and cash equivalents	<u>\$ 831,164</u>
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Total Assets	<u><u>\$ 831,164</u></u>
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LIABILITIES

Due to bondholders	<u>\$ 831,164</u>
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Total Liabilities	<u><u>\$ 831,164</u></u>
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The accompanying notes are an integral part of these financial statements.

**San Bernardino County
Fire Protection District
Notes to Financial Statements
June 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The San Bernardino County Fire Protection District (the District) is a special district located within the County of San Bernardino. The District was established per LAFCO Resolution 2986/2989 (adopted on January 16, 2008), effective July 1, 2008. The Resolution dissolved County Service Area 70, County Fire Administration and transferred all funds to the expanded Yucca Valley FPD which was renamed in the same resolution to SBCFPD.

The District provides service through Admin or four regional service zones and has service contracts with five cities. Services provided include fire management, administration, ambulance billing, vehicle maintenance, warehousing, communications, training, fire prevention, hazardous materials, household hazardous waste, information systems, human resources, fiscal and the Office of Emergency Services.

The governmental reporting entity consists of administration, four regional service zones and their related ambulances and special assessments funds. The District is a component unit of the County of San Bernardino and is governed by the actions of the County Board of Supervisors.

The four regional service zones are as follows:

Mountain Regional Service Zone:

The Mountain Regional Service Zone provides fire protection services to the areas of Angelus Oaks (Station 15), Fawnskin (Station 49), Forest Falls (Station 128), Green Valley Lake (Station 129), and Lake Arrowhead (Stations 91, 92, 94). This Service Zone supports the above seven fire stations, Limited Term and Paid-Call Firefighter Programs, and ambulance transportation and paramedic services through Lake Arrowhead Ambulance.

North Desert Regional Service Zone:

The North Desert Regional Service Zone provides fire protection services to the areas of Spring Valley Lake (Station 22), Oak Hills (Station 40), Summit Valley (Station 48), Lucerne Valley (Stations 111, 112), Silver Lakes (Station 4), Phelan (Station 10), Wrightwood (Station 101), Pinon Hills (Station 102), El Mirage (Station 11), Baldy Mesa (Station 16), Mt. View Acres (Station 37), Harvard (Station 46), Baker (Station 53), Hinkley (Station 125), and Searles Valley (Station 127). This Service Zone supports the above sixteen fire stations, Limited Term and Paid-Call Firefighter Programs, and ambulance transportation and paramedic services through Lucerne Valley Ambulance, Searles Valley Ambulance and Wrightwood Ambulance.

South Desert Regional Service Zone:

The South Desert Regional Service Zone provides fire protection services to the areas of Big River (Station 17), Black Meadow Landing (Station 55), Copper Mtn Mesa (Station 44), Havasu Landing (Station 118), Johnson Valley (Station 43), Joshua Tree (Station 36), Landers (Station 19), Panorama Heights (Station 35), Parker Strip (Station 21), and Yucca Valley (Stations 121, 122). This Service Zone supports the above eleven fire stations, Limited Term and Paid-Call Firefighter Programs, and ambulance transportation and paramedic services through Havasu Ambulance, and Yucca Valley Ambulance.

**San Bernardino County
Fire Protection District
Notes to Financial Statements
June 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Valley Regional Service Zone:

The Valley Regional Service Zone provides fire protection and paramedic services to the areas of Colton, Devore (Station 2), San Antonio Heights (Station 12), Lytle Creek (Station 20), Mt. Baldy (Station 200), Muscoy (Station 75), Bloomington (Station 76), Loma Linda, Grand Terrace (Station 23), Mentone (Station 9), Oak Glen, and Highland. This Service Zone supports eight fire stations and two communities contracted to outside agencies, Limited Term and Paid-Call Firefighter Programs.

County-wide:

The District has contracts with the cities of Hesperia, Fontana, Adelanto, Victorville and Needles, which include suppression staff, Limited Term Firefighters and administrative staff. Fire, rescue ambulance transportation, and emergency medical services are provided by full-time firefighters, and the Limited Term and Paid-Call Firefighter Programs.

The District also provides administration and operation of various grants including a local bark beetle emergency and the National Resources Conservation Service emergency watershed and tree removal programs, Homeland Security Grant Programs and American Recovery Reinvestment Act Grants.

The accompanying financial statements reflect only the accounts of the San Bernardino County Fire Protection District and are not intended to present the financial position of the County taken as a whole.

Because the District meets the reporting entity criteria established by the Governmental Accounting Standards Board (GASB), the District's financial statements have also been included in the Comprehensive Annual Financial Report of the County as a "component unit" for the fiscal year ended June 30, 2010.

Government-wide and fund financial statements

The government-wide financial statements (e.g., the statement of net assets and the statement of activities) 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*.

**San Bernardino County
Fire Protection District
Notes to Financial Statements
June 30, 2010**

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. 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 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 "State Homeland Security Grant" is used to account for State Homeland Security grant transactions.

The *special revenue fund* labeled "Equipment Replacement" is used for the replacement of fire equipment.

The *special revenue fund* labeled "Mountain Regional Service Zone - Fire Operations" is used to provide fire protection and ambulance services.

**San Bernardino County
Fire Protection District
Notes to Financial Statements
June 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The *special revenue fund* labeled "North Desert Regional Service Zone - Fire Operations" is used to provide fire protection and ambulance services.

The *special revenue fund* labeled "South Desert Regional Service Zone - Fire Operations" is used to provide fire protection, ambulance and paramedic services.

The *special revenue fund* labeled "Valley Regional Service Zone - Fire Operations" is used to provide fire protection and paramedic services.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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 District 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 nonoperating 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.

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.

**San Bernardino County
Fire Protection District
Notes to Financial Statements
June 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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."

All accounts receivable are shown net of an allowance for uncollectibles when applicable. The accounts receivable balances of the Ambulance Enterprise Funds at June 30, 2010 are net of an allowance for doubtful accounts of \$649,447.

Property taxes

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

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

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

**San Bernardino County
Fire Protection District
Notes to Financial Statements
June 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Fund equity

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

Employee compensated absences

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

Compensated absences activity for the year ended June 30, 2010 was as follows:

Beginning Balance	Additions	Deletions	Ending Balance
\$ 8,676,318	\$ 5,847,865	\$ 5,649,269	\$ 8,874,914

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.

**San Bernardino County
Fire Protection District
Notes to Financial Statements
June 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Deficit fund balance

The non-major special revenue fund labeled Kaiser Commerce Center (SFE) has a deficit fund balance of \$404,164 as of June 30, 2010.

C. 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 commitments 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, 2010.

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

NOTE 3: ACCOUNTS RECEIVABLE

At June 30, 2010, the receivables were composed of the following:

	<u>Governmental Fund - General</u>	<u>Enterprise Funds - Ambulances</u>	<u>Total</u>
Accounts	\$ 1,133,394	\$ 1,692,445	\$ 2,825,839
Less: allowance for uncollectible	<u>-</u>	<u>(649,447)</u>	<u>(649,447)</u>
Total accounts receivable, net	<u>\$ 1,133,394</u>	<u>\$ 1,042,998</u>	<u>\$ 2,176,392</u>

**San Bernardino County
Fire Protection District
Notes to Financial Statements
June 30, 2010**

NOTE 4: CAPITAL ASSETS

Capital asset activity for year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,163,298	\$ 42,743	\$ (155,394)	\$ 1,050,647
Construction in progress	3,958,956	310,198	(3,385,050)	884,104
Total capital assets, not being depreciated	<u>5,122,254</u>	<u>352,941</u>	<u>(3,540,444)</u>	<u>1,934,751</u>
Capital assets, being depreciated:				
Improvements to land	1,646,059	479,490	(380,882)	1,744,667
Structures and improvements	20,869,222	3,315,341	(2,939,853)	21,244,710
Vehicles	40,165,999	1,392,134	(2,302,012)	39,256,121
Equipment	4,861,487	521,525	(128,285)	5,254,727
Total capital assets, being depreciated	<u>67,542,767</u>	<u>5,708,490</u>	<u>(5,751,032)</u>	<u>67,500,225</u>
Less accumulated depreciation for:				
Improvements to land	(621,291)	(69,092)	317,661	(372,722)
Structures and improvements	(4,759,239)	(594,149)	1,530,722	(3,822,666)
Vehicles	(28,901,045)	(4,178,689)	1,993,272	(31,086,462)
Equipment	(2,031,046)	(440,336)	91,836	(2,379,546)
Total accumulated depreciation	<u>(36,312,621)</u>	<u>(5,282,266)*</u>	<u>3,933,491</u>	<u>(37,661,396)</u>
Total capital assets, being depreciated, net	<u>31,230,146</u>	<u>426,224</u>	<u>(1,817,541)</u>	<u>29,838,829</u>
Governmental activities capital assets, net	<u>\$ 36,352,400</u>	<u>\$ 779,165</u>	<u>\$ (5,357,985)</u>	<u>\$ 31,773,580</u>

* This amount includes current year depreciation expense of \$4,706,043 and \$576,223 for accumulated depreciation as of June 30, 2010 for various capital assets transferred to the District in the current year.

**San Bernardino County
Fire Protection District
Notes to Financial Statements
June 30, 2010**

NOTE 4: CAPITAL ASSETS (continued)

Included in the above capital asset additions and deletions are the following transfers:

	Transfers In	Transfers Out
Land	\$ 17,193	\$ (155,394)
Improvements to land	-	(371,189)
Structures and improvements	172,668	(2,939,853)
Vehicles	617,844	(1,288,943)
Equipment	66,396	(54,508)
Total	\$ 874,101	\$ (4,809,887)

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at June 30, 2010 are as follows:

	Due from:					Total
	General (SKX)	Fire Operations (FMZ)	Fire Operations (FNZ)	Fire Operations (FSZ)	Fire Operations (FVZ)	
Due to:						
General (SKX)	\$ -	\$ 10,041	\$ 46,694	\$ 16,791	\$ 46,054	\$ 119,580
State Homeland Security Grant (SME)	284,495	-	-	-	-	284,495
Fire Operations (FMZ)	45,273	-	642	1,065	4,987	51,967
Fire Operations (FNZ)	217,481	1,989	11,621	2,206	201	233,498
Fire Operations (FSZ)	41,856	3,718	7,122	-	6,108	58,804
Fire Operations (FVZ)	58,781	949	2,229	1,157	601	63,717
Nonmajor Governmental Funds	27,799	-	6,482	-	-	34,281
Nonmajor Enterprise Funds	-	105,362	289,028	175,634	-	570,024
	\$ 675,685	\$ 122,059	\$ 363,818	\$ 196,853	\$ 57,951	\$ 1,416,366

**San Bernardino County
Fire Protection District
Notes to Financial Statements
June 30, 2010**

NOTE 6: LONG TERM DEBT

Governmental Activities:

Capital Lease

During fiscal year 2006-07, the District entered into a lease agreement as lessee for financing and acquisition of a KME fire truck. This lease agreement qualifies as a capital lease for accounting purposes. The lease agreement has been recorded at the present value of the future minimum lease payments.

The assets acquired through this capital lease are as follows:

Vehicles	\$ 699,405
Less: accumulated depreciation	<u>(427,414)</u>
Total	<u><u>\$ 271,991</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

<u>Year ending June 30,</u>	
2011	\$ 154,491
2012	<u>77,246</u>
Total minimum lease payments	231,737
Less: amount representing interest	<u>(7,143)</u>
Present value of minimum lease payments	<u><u>\$ 224,594</u></u>

Change in long-term liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

Governmental activities:	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Capital leases	<u>\$ 367,057</u>	<u>\$ -</u>	<u>\$ (142,463)</u>	<u>\$ 224,594</u>	<u>\$ 148,237</u>

**San Bernardino County
Fire Protection District
Notes to Financial Statements
June 30, 2010**

NOTE 7: RETIREMENT PLAN

Plan Description

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

Fiduciary Responsibility

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

Funding Policy

Participating members are required by statute (Sections 31621.6 and 31639.25 of the California Government Code) to contribute a percentage of covered salary based on certain actuarial assumptions and their age at entry to the Plan. Employee contribution rates vary according to age and classification (general or safety). General members are required to contribute 7.42% - 12.96% and safety members 9.52% - 15.29% of their annual covered salaries, of which the County pays approximately 7%. County of San Bernardino employer contribution rates are as follows: County General 11.25%, County Safety 24.46%. All employers combined are required to contribute 13.95% of the current year covered payroll. For 2010, the County's annual pension cost of \$197,097,000 was equal to the County's required and actual contributions. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer rates are determined pursuant to Sections 31453 of the 1937 Act.

**San Bernardino County
Fire Protection District
Notes to Financial Statements
June 30, 2010**

NOTE 7: RETIREMENT PLAN (continued)

The County's annual pension cost and prepaid asset, computed in accordance with GASB 27, Accounting for Pensions by State and Local Governmental Employers, for the year ended June 30, 2010, were as follows (in thousands):

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

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

Year Ended June 30,	Annual Contributions Made (in thousands)		Percentage Contributed
	SBCERA	County	
2008	\$ 241,721	\$ 203,712	100%
2009	246,232	200,300	100%
2010	243,773	197,097	100%

The County, along with the SCAQMD, issued Pension Refunding Bonds (the Bonds) in November 1995 with an aggregate amount of \$420,527,000. These Bonds were issued to allow the County and the SCAQMD to refinance each of their unfunded accrued actuarial liabilities with respect to retirement benefits for their respective employees. The Bonds are the obligations of the employers participating in the Plan and the assets of the Plan do not secure the Bonds. The County's portion of the bond issuance was \$386,266,000. The outstanding liability at June 30, 2010 is \$423,652,000.

On June 24, 2004, the County issued its County of San Bernardino Pension Obligation Bonds, Series 2004 A (Fixed Rate Bonds), its County of San Bernardino Pension Obligation Bonds, Series 2004 B (Auction Rate Bonds), and its County of San Bernardino Pension Obligation Bonds, Series 2004 C (Index Bonds) in respective aggregate principal amounts of \$189,070,000, \$149,825,000 and \$125,000,000. The Bonds were issued to finance the County's share of the unfunded accrued actuarial liability of the SBCERA. In April 2008, the County refunded all of the 2004 Series B. The outstanding liability at June 30, 2010 is \$294,515,000.

In April 2008, the County of San Bernardino issued its \$160,900,000 in Pension Obligation Refunding Bonds (POB), Series 2008 (the Series 2008 Bonds). The outstanding liability at June 30, 2010 is \$158,327,000.

**San Bernardino County
Fire Protection District
Notes to Financial Statements
June 30, 2010**

NOTE 8: FEDERAL AND STATE GRANTS

From time to time, the District 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 District expects such amounts, if any, to be immaterial.

NOTE 9: RISK MANAGEMENT

The County has self-insurance programs for public liability, property damage, unemployment insurance, employee dental insurance, hospital and medical malpractice liability, and workers' compensation claims. Public liability claims are self-insured for up to \$2 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$50 million is provided through a combination of insurance policies as recommended by AON Risk Services, Broker of Record, as follows: Primary Liability coverage \$25 million excess of \$2.5 million SIR with CV Starr/Everest; Excess Liability coverage of \$10 million, excess of \$25 million with Allied World Insurance Company (AWAC); and Excess Liability coverage \$15 million, excess of \$35 million with Great American Insurance Company of New York. Workers' compensation claims are self-insured up to \$5 million per occurrence, and covered by Arch Ins. Co. for up to \$3 million for employer's liability, and up to statutory limits for workers' compensation per occurrence. Property damage claims are insured on an occurrence basis over a \$25 thousand deductible, and insured with several insurers like Lexington Ins. Co., Affiliated FM, and Lloyd's of London, among others.

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

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

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

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

**San Bernardino County
Fire Protection District
Notes to Financial Statements
June 30, 2010**

NOTE 9: RISK MANAGEMENT (continued)

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

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

NOTE 10: TRANSFERS IN/OUT

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

	Transfers in:			
	General (SKX)	Equipment Replacement (SKK)	Fire Operations (FMZ)	Fire Operations (FNZ)
Transfers out:				
General (SKX)	\$ -	\$ 7,090,000	\$ -	\$ 3,698,679
State Homeland Security Grant (SME)	1,660	-	-	-
Fire Operations (FMZ)	-	260,294	-	-
Fire Operations (FNZ)	105,412	-	-	-
Nonmajor Governmental Funds	175,000	-	-	25,500
Nonmajor Enterprise Funds	-	-	524,041	2,025,445
	<u>\$ 282,072</u>	<u>\$ 7,350,294</u>	<u>\$ 524,041</u>	<u>\$ 5,749,624</u>

Transfers in:

Fire Operations (FSZ)	Fire Operations (FVZ)	Nonmajor Governmental Funds	Total
\$ 1,982,326	\$ 1,343,675	\$ 200,000	\$ 14,314,680
-	-	-	1,660
-	-	-	260,294
-	-	-	105,412
-	-	-	200,500
1,120,587	-	-	3,670,073
<u>\$ 3,102,913</u>	<u>\$ 1,343,675</u>	<u>\$ 200,000</u>	<u>\$ 18,552,619</u>

**San Bernardino County
Fire Protection District
Notes to Financial Statements
June 30, 2010**

NOTE 11: PROPOSITION 111 APPROPRIATION LIMITS

Proposition 111, which added Article XIII B to the State Constitution, established limits on budget appropriations in order to restrict government spending. We have reviewed the proceeds of taxes received by the District during the 2009-2010 fiscal year, and have found the revenue to be within the guidelines established by Proposition 111.

NOTE 12: CONTINGENCIES

As of June 30, 2010, in the opinion of the District Administration, there are no outstanding matters which would have a significant effect on the financial position of the District.

NOTE 13: REORGANIZATION

On January 16, 2008, the Local Agency Formation Commission of the County of San Bernardino approved Resolution No. 2989, which reorganized the County of San Bernardino's Fire Districts, County Service Areas (CSA) and Special Assessment Zones. This resolution took effect on July 1, 2008, and detached, dissolved or renamed the specific Fire Districts, CSAs and Special Assessment Zones related to the reorganization into the San Bernardino County Fire Protection District.

The purpose of the reorganization was to continue to provide a financial means to maintain current and meet future levels of service to those areas within the County of San Bernardino. Prior to the reorganization, some of the Districts and CSAs were beginning to fail financially, and were in danger of not being able to maintain the current required level of service. With the reorganization, County Fire was able to better consolidate resources by geographic regions in order to continue the ability to provide a consistent level of service to those areas.

In the reorganization, the applicable property taxes remained in the established regions in which the original Districts, CSAs and Special Assessment Zones are located. Additionally, this reorganization bound the new entities to the original budgets approved by the Board of Supervisors.

**San Bernardino County
Fire Protection District
Notes to Financial Statements
June 30, 2010**

NOTE 14: FUND EQUITY

a. *Reservations/designation of fund balance*

The District has established certain fund balance reserve accounts to report the amounts in the following funds which represent available spendable resources restricted for a specific purpose:

	General (SKX)	State Home Security Grant (SME)	Fire Operations (FMZ)	Fire Operations (FNZ)	Fire Operations (FSZ)	Fire Operations (FVZ)	Nonmajor Governmental Funds	Total
Reserved for:								
Encumbrances	\$ 492,762	\$ 9,522	\$ -	\$ -	\$ 31,154	\$ -	\$ 46,452	\$ 579,890
Imprest cash	2,700	-	700	2,150	800	1,100	100	7,550
Change fund	500	-	-	-	-	-	-	500
Total reservations	<u>\$ 495,962</u>	<u>\$ 9,522</u>	<u>\$ 700</u>	<u>\$ 2,150</u>	<u>\$ 31,954</u>	<u>\$ 1,100</u>	<u>\$ 46,552</u>	<u>\$ 587,940</u>

Unreserved - designations:

Major Governmental Funds

Designated for grants \$ 79,471

Designated for operational or capital requirements 18,080,925

Nonmajor Governmental Funds

Designated for terminations benefits 5,477,624

Designated for grants 159,074

Designated for hazmat reimbursement 1,419,453

Designated for special taxes for Fontana Fire Protection District (404,164)

Total designations \$ 24,812,383

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Required Supplementary Information
San Bernardino County
Fire Protection District
Budgetary Comparison Schedule - Special Revenue Fund – General
For the Year Ended June 30, 2010

	Special Revenue Fund			Variance with Final Budget Positive (Negative)
	General (SKX)			
	Original Budget	Final Budget	Actual	
REVENUES				
Property taxes	\$ 7,108,249	\$ 6,953,319	\$ 6,878,427	\$ (74,892)
Other assistance	1,919,038	1,882,980	1,794,791	(88,189)
Service fees	59,294,643	61,474,254	59,141,281	(2,332,973)
Special assessments	178,366	178,366	276,675	98,309
Other taxes	-	-	74,893	74,893
Fines, forfeitures and penalties	-	4,333	4,333	-
Federal assistance	1,542,126	3,222,284	3,098,961	(123,323)
State assistance	286,000	286,000	491,810	205,810
Investment earnings	80,000	229,973	209,102	(20,871)
Intergovernmental	9,388,693	9,143,229	9,051,960	(91,269)
Other	6,150	406,150	403,639	(2,511)
Total Revenues	79,803,265	83,780,888	81,425,872	(2,355,016)
EXPENDITURES				
Salaries and benefits	59,254,470	60,222,975	59,639,857	583,118
Services and supplies	15,487,810	13,568,967	13,474,743	94,224
Capital outlay:				
Land	26,500	25,500	26,500	(1,000)
Vehicles	427,000	391,160	391,160	-
Equipment	277,000	264,372	271,675	(7,303)
Structures and improvements	30,000	25,184	25,184	-
Intergovernmental	-	-	959,000	(959,000)
Reserves and contingencies	4,070,309	11,393,387	-	11,393,387
Total Expenditures	79,573,089	85,891,545	74,788,119	11,103,426
Excess of Revenues Over (Under) Expenditures	230,176	(2,110,657)	6,637,753	8,748,410
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	29,641	32,033	2,392
Transfers in	-	197,930	282,072	84,142
Transfers out	(17,386,942)	(15,273,680)	(14,314,680)	959,000
Total Other Financing Sources (Uses)	(17,386,942)	(15,046,109)	(14,000,575)	1,045,534
Net Change in Fund Balance	\$ (17,156,766)	\$ (17,156,766)	(7,362,822)	\$ 9,793,944
Fund Balance - beginning			17,787,055	
Fund Balance - ending			\$ 10,424,233	

Required Supplementary Information
San Bernardino County
Fire Protection District
Budgetary Comparison Schedule - Special Revenue Fund – State Homeland Security Grant
For the Year Ended June 30, 2010

	Special Revenue Fund			Variance with Final Budget Positive (Negative)
	State Homeland Security Grant (SME)			
	Original Budget	Final Budget	Actual	
REVENUES				
Federal assistance	\$ 4,707,668	\$ 9,354,080	\$ 3,424,796	\$ (5,929,284)
Investment earnings	-	-	13,911	13,911
Other	213,913	213,913	-	(213,913)
Total Revenues	<u>4,921,581</u>	<u>9,567,993</u>	<u>3,438,707</u>	<u>(6,129,286)</u>
EXPENDITURES				
Salaries and benefits	454,662	983,869	298,940	684,929
Services and supplies	2,256,510	4,379,798	1,139,100	3,240,698
Capital outlay:				
Vehicles	-	26,100	-	26,100
Equipment	208,580	355,520	151,787	203,733
Intergovernmental	2,001,829	3,822,706	1,862,434	1,960,272
Total Expenditures	<u>4,921,581</u>	<u>9,567,993</u>	<u>3,452,261</u>	<u>6,115,732</u>
Deficit of Revenues Under Expenditures	<u>-</u>	<u>-</u>	<u>(13,554)</u>	<u>(13,554)</u>
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>-</u>	<u>(1,660)</u>	<u>(1,660)</u>
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(1,660)</u>	<u>(1,660)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(15,214)</u>	<u>\$ (15,214)</u>
Fund Balance - beginning			<u>104,207</u>	
Fund Balance - ending			<u>\$ 88,993</u>	

Required Supplementary Information
San Bernardino County
Fire Protection District
Budgetary Comparison Schedule - Special Revenue Fund – Equipment Replacement
For the Year Ended June 30, 2010

	Special Revenue Fund			Variance with Final Budget Positive (Negative)
	Equipment Replacement (SKK)			
	Original Budget	Final Budget	Actual	
REVENUES				
Investment earnings	\$ 100,000	\$ 100,000	\$ 173,792	\$ 73,792
Other	15,991,636	15,991,636	201,498	(15,790,138)
Total Revenues	<u>16,091,636</u>	<u>16,091,636</u>	<u>375,290</u>	<u>(15,716,346)</u>
EXPENDITURES				
Capital outlay:				
Equipment	26,125,703	26,125,703	-	26,125,703
Total Expenditures	<u>26,125,703</u>	<u>26,125,703</u>	<u>-</u>	<u>26,125,703</u>
Excess of Revenues Over (Under) Expenditures	<u>(10,034,067)</u>	<u>(10,034,067)</u>	<u>375,290</u>	<u>10,409,357</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,070,067	10,070,067	7,350,294	(2,719,773)
Transfers out	(36,000)	(36,000)	-	36,000
Total Other Financing Sources (Uses)	<u>10,034,067</u>	<u>10,034,067</u>	<u>7,350,294</u>	<u>(2,683,773)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	7,725,584	<u>\$ 7,725,584</u>
Fund Balance - beginning			<u>10,355,341</u>	
Fund Balance - ending			<u>\$ 18,080,925</u>	

Required Supplementary Information
San Bernardino County
Fire Protection District
Budgetary Comparison Schedule - Special Revenue Fund - Fire Operations
For the Year Ended June 30, 2010

	Special Revenue Fund			Variance with Final Budget Positive (Negative)
	Fire Operations - Mountain Regional Service Zone (FMZ)			
	Original Budget	Final Budget	Actual	
REVENUES				
Property taxes	\$ 8,166,020	\$ 8,400,270	\$ 8,276,002	\$ (124,268)
Service fees	-	(2,286)	9,058	11,344
Other taxes	-	-	124,668	124,668
Federal assistance	-	-	81,247	81,247
State assistance	-	188,665	107,418	(81,247)
Investment earnings	8,000	19,502	18,218	(1,284)
Total Revenues	8,174,020	8,606,151	8,616,611	10,460
EXPENDITURES				
Salaries and benefits	8,254,775	7,882,138	7,865,043	17,095
Services and supplies	1,437,725	1,173,889	1,195,214	(21,325)
Capital outlay:				
Equipment	36,000	29,734	29,734	-
Reserves and contingencies	284,563	1,041,278	-	1,041,278
Total Expenditures	10,013,063	10,127,039	9,089,991	1,037,048
Deficit of Revenues Under Expenditures	(1,839,043)	(1,520,888)	(473,380)	1,047,508
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	1,527	3,562	2,035
Transfers in	843,723	524,041	524,041	-
Transfers out	(260,294)	(260,294)	(260,294)	-
Total Other Financing Sources (Uses)	583,429	265,274	267,309	2,035
Net Change in Fund Balance	\$ (1,255,614)	\$ (1,255,614)	(206,071)	\$ 1,049,543
Fund Balance - beginning			2,865,554	
Fund Balance - ending			\$ 2,659,483	

Required Supplementary Information
San Bernardino County
Fire Protection District
Budgetary Comparison Schedule - Special Revenue Fund - Fire Operations
For the Year Ended June 30, 2010

	Special Revenue Fund			Variance with Final Budget Positive (Negative)
	Fire Operations - North Desert Regional Service Zone (FNZ)			
	Original Budget	Final Budget	Actual	
REVENUES				
Property taxes	\$ 8,407,141	\$ 6,787,119	\$ 6,714,618	\$ (72,501)
Service fees	40,000	53,985	68,119	14,134
Other taxes	-	-	72,501	72,501
Federal assistance	-	142,962	142,962	-
State assistance	-	99,794	99,794	-
Total Revenues	<u>8,447,141</u>	<u>7,083,860</u>	<u>7,097,994</u>	<u>14,134</u>
EXPENDITURES				
Salaries and benefits	12,736,676	12,235,210	12,184,639	50,571
Services and supplies	1,997,727	1,640,719	1,715,972	(75,253)
Reserves and contingencies	156,490	1,159,396	-	1,159,396
Total Expenditures	<u>14,890,893</u>	<u>15,035,325</u>	<u>13,900,611</u>	<u>1,134,714</u>
Deficit of Revenues Under Expenditures	<u>(6,443,752)</u>	<u>(7,951,465)</u>	<u>(6,802,617)</u>	<u>1,148,848</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	6,685	6,685
Transfers in	4,736,498	5,749,624	5,749,624	-
Transfers out	(600,000)	(105,413)	(105,412)	1
Total Other Financing Sources (Uses)	<u>4,136,498</u>	<u>5,644,211</u>	<u>5,650,897</u>	<u>6,686</u>
Net Change in Fund Balance	<u>\$ (2,307,254)</u>	<u>\$ (2,307,254)</u>	<u>(1,151,720)</u>	<u>\$ 1,155,534</u>
Fund Balance - beginning			<u>2,366,943</u>	
Fund Balance - ending			<u>\$ 1,215,223</u>	

Required Supplementary Information
San Bernardino County
Fire Protection District
Budgetary Comparison Schedule - Special Revenue Fund - Fire Operations
For the Year Ended June 30, 2010

	Special Revenue Fund			Variance with Final Budget Positive (Negative)
	Fire Operations - South Desert Regional Service Zone (FSZ)			
	Original Budget	Final Budget	Actual	
REVENUES				
Property taxes	\$ 5,014,629	\$ 5,872,330	\$ 5,784,103	\$ (88,227)
Service fees	48,772	66,840	66,370	(470)
Other taxes	-	-	88,228	88,228
Federal assistance	-	-	4,093	4,093
State assistance	-	73,971	69,878	(4,093)
Investment earnings	-	18,538	10,808	(7,730)
Intergovernmental	-	-	32,500	32,500
Total Revenues	5,063,401	6,031,679	6,055,980	24,301
EXPENDITURES				
Salaries and benefits	7,630,355	7,468,715	7,408,970	59,745
Services and supplies	1,481,042	1,264,806	1,288,229	(23,423)
Capital outlay:				
Vehicles	-	32,500	32,500	-
Structures and improvements	-	(476)	21,062	(21,538)
Lease purchase - vehicles	55,000	-	-	-
Other	32,825	4,342	4,342	-
Reserves and contingencies	61,371	1,412,622	-	1,412,622
Total Expenditures	9,260,593	10,182,509	8,755,103	1,427,406
Deficit of Revenues Under Expenditures	(4,197,192)	(4,150,830)	(2,699,123)	1,451,707
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	4,077	4,077
Transfers in	2,973,641	2,927,279	3,102,913	175,634
Total Other Financing Sources	2,973,641	2,927,279	3,106,990	179,711
Net Change in Fund Balance	\$ (1,223,551)	\$ (1,223,551)	407,867	\$ 1,631,418
Fund Balance - beginning			1,423,644	
Fund Balance - ending			\$ 1,831,511	

Required Supplementary Information
San Bernardino County
Fire Protection District
Budgetary Comparison Schedule - Special Revenue Fund - Fire Operations
For the Year Ended June 30, 2010

	Special Revenue Fund			Variance with Final Budget Positive (Negative)
	Fire Operations - Valley Regional Service Zone (FVZ)			
	Original Budget	Final Budget	Actual	
REVENUES				
Property taxes	\$ 8,934,180	\$ 8,358,193	\$ 7,965,614	\$ (392,579)
Service fees	104,376	15,554	19,298	3,744
Other taxes	-	-	392,579	392,579
Federal assistance	-	376,743	376,743	-
State assistance	-	90,958	90,958	-
Investment earnings	60,000	15,695	4,547	(11,148)
Other	468,200	183,510	172,567	(10,943)
Total Revenues	<u>9,566,756</u>	<u>9,040,653</u>	<u>9,022,306</u>	<u>(18,347)</u>
EXPENDITURES				
Salaries and benefits	8,671,718	8,958,908	8,723,425	235,483
Services and supplies	2,604,193	1,885,816	1,875,483	10,333
Debt service:				
Principal	265,000	142,463	142,463	-
Interest	76,029	12,029	12,029	-
Reserves and contingencies	161,868	1,408,990	-	1,408,990
Total Expenditures	<u>11,778,808</u>	<u>12,408,206</u>	<u>10,753,400</u>	<u>1,654,806</u>
Deficit of Revenues Under Expenditures	<u>(2,212,052)</u>	<u>(3,367,553)</u>	<u>(1,731,094)</u>	<u>1,636,459</u>
OTHER FINANCING SOURCES				
Transfers in	188,175	1,343,675	1,343,675	-
Total Other Financing Sources	<u>188,175</u>	<u>1,343,675</u>	<u>1,343,675</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (2,023,877)</u>	<u>\$ (2,023,878)</u>	(387,419)	<u>\$ 1,636,459</u>
Fund Balance - beginning			<u>2,052,470</u>	
Fund Balance - ending			<u>\$ 1,665,051</u>	

**San Bernardino County
Fire Protection District
Combined Balance Sheet
Nonmajor Governmental Funds
June 30, 2010**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (see Exhibit "C")
ASSETS			
Cash and cash equivalents	\$ 8,370,449	\$ 7,250,252	\$ 15,620,701
Interest receivable	24,986	21,030	46,016
Taxes receivable	44,465	-	44,465
Due from other governments	449,606	-	449,606
	<u>\$ 8,889,506</u>	<u>\$ 7,271,282</u>	<u>\$ 16,160,788</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 107,232	\$ -	\$ 107,232
Salaries and benefits payable	34,319	-	34,319
Due to other funds	34,281	-	34,281
Due to other governments	726,195	453,043	1,179,238
	<u>902,027</u>	<u>453,043</u>	<u>1,355,070</u>
Fund Balances:			
Reserved	7,185	39,367	46,552
Unreserved:			
Designated	6,651,987	-	6,651,987
Undesignated	1,328,307	6,778,872	8,107,179
	<u>7,987,479</u>	<u>6,818,239</u>	<u>14,805,718</u>
Total Fund Balances	<u>7,987,479</u>	<u>6,818,239</u>	<u>14,805,718</u>
Total Liabilities and Fund Balances	<u>\$ 8,889,506</u>	<u>\$ 7,271,282</u>	<u>\$ 16,160,788</u>

**San Bernardino County
Fire Protection District
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (see Exhibit "D")
REVENUES			
Property taxes	\$ 34,523	\$ -	\$ 34,523
Service fees	105,592	-	105,592
Special assessments	1,886,469	-	1,886,469
Fines, forfeitures and penalties	346,627	-	346,627
Federal assistance	3,539,539	-	3,539,539
Investment earnings	83,989	94,028	178,017
Intergovernmental	-	300,000	300,000
Other	711,000	16	711,016
	<u>6,707,739</u>	<u>394,044</u>	<u>7,101,783</u>
EXPENDITURES			
Salaries and benefits	1,021,484	-	1,021,484
Services and supplies	2,656,287	4,130	2,660,417
Capital outlay:			
Vehicles	268,869	-	268,869
Structures and improvements	-	440,007	440,007
Intergovernmental	1,319,179	533,044	1,852,223
	<u>5,265,819</u>	<u>977,181</u>	<u>6,243,000</u>
Excess of Revenues Over (Under) Expenditures	<u>1,441,920</u>	<u>(583,137)</u>	<u>858,783</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	200,000	-	200,000
Transfers out	(175,000)	(25,500)	(200,500)
	<u>25,000</u>	<u>(25,500)</u>	<u>(500)</u>
Net Change in Fund Balances	1,466,920	(608,637)	858,283
Fund Balances - beginning	<u>6,520,559</u>	<u>7,426,876</u>	<u>13,947,435</u>
Fund Balances - ending	<u>\$ 7,987,479</u>	<u>\$ 6,818,239</u>	<u>\$ 14,805,718</u>

**San Bernardino County
Fire Protection District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010**

	ADMINISTRATIVE			
	Tree Removal Grant (SMF)	Termination Benefits (SKL)	Recycle (RKD)	Violation Penalties (RKE)
ASSETS				
Cash and cash equivalents	\$ 324,556	\$ 5,461,726	\$ 2	\$ 1,072,335
Interest receivable	976	15,898	-	2,471
Taxes receivable	-	-	-	-
Due from other governments	72,793	-	-	344,647
Total Assets	\$ 398,325	\$ 5,477,624	\$ 2	\$ 1,419,453
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 27,966	\$ -	\$ -	\$ -
Salaries and benefits payable	31,354	-	-	-
Due to other funds	26,336	-	-	-
Due to other governments	147,037	-	-	-
Total Liabilities	232,693	-	-	-
Fund Balances:				
Reserved	7,085	-	-	-
Unreserved:				
Designated	158,547	5,477,624	2	1,419,453
Undesignated	-	-	-	-
Total Fund Balances	165,632	5,477,624	2	1,419,453
Total Liabilities and Fund Balances	\$ 398,325	\$ 5,477,624	\$ 2	\$ 1,419,453

ADMINISTRATIVE				
Dead Tree Abatement (SLH)	Office of Justice Program (SKT)	Kaiser Commerce Center (SFE)	Buffer Zone Grant HSGP (SMH)	USFS ARRA Stimulus Grant (SMN)
\$ 817,031	\$ 7,718	\$ 141,145	\$ 105	\$ 286,230
2,378	-	315	420	717
-	-	-	-	-
-	-	-	23,275	8,891
<u>\$ 819,409</u>	<u>\$ 7,718</u>	<u>\$ 141,460</u>	<u>\$ 23,800</u>	<u>\$ 295,838</u>
\$ -	\$ -	\$ -	\$ -	\$ 79,266
-	-	-	-	2,965
-	-	-	881	582
-	-	545,624	22,394	11,140
-	-	545,624	23,275	93,953
-	-	-	-	-
-	-	(404,164)	525	-
819,409	7,718	-	-	201,885
<u>819,409</u>	<u>7,718</u>	<u>(404,164)</u>	<u>525</u>	<u>201,885</u>
<u>\$ 819,409</u>	<u>\$ 7,718</u>	<u>\$ 141,460</u>	<u>\$ 23,800</u>	<u>\$ 295,838</u>

**San Bernardino County
Fire Protection District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010**

	MOUNTAIN REGIONAL SERVICE ZONE		NORTH DESERT REGIONAL SERVICE ZONE	
	PM1 Lake Arrowhead (SND)	Helendale/ Silver Lakes (SLR)	FP3 El Mirage (SHS)	FP1 Red Mountain (SGM)
ASSETS				
Cash and cash equivalents	\$ 17,155	\$ 121,943	\$ 9,149	\$ 9,103
Interest receivable	261	673	99	-
Taxes receivable	7,324	23,065	2,135	265
Due from other governments	-	-	-	-
Total Assets	\$ 24,740	\$ 145,681	\$ 11,383	\$ 9,368
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-	-
Due to other funds	-	-	-	3,132
Due to other governments	-	-	-	-
Total Liabilities	-	-	-	3,132
Fund Balances:				
Reserved	-	-	100	-
Unreserved:				
Designated	-	-	-	-
Undesignated	24,740	145,681	11,283	6,236
Total Fund Balances	24,740	145,681	11,383	6,236
Total Liabilities and Fund Balances	\$ 24,740	\$ 145,681	\$ 11,383	\$ 9,368

NORTH DESERT REGIONAL SERVICE ZONE	SOUTH DESERT REGIONAL SERVICE ZONE		VALLEY REGIONAL SERVICE ZONE		Total Nonmajor Special Revenue Funds (see Schedule Eight)
	FP2 Windy Acres (SLJ)	FP4 Wonder Valley (SLM)	FP-6 Havasu Lake (SIZ)	PM2 Highland (SHV)	
\$ 32,068	\$ 4,334	\$ 23,503	\$ 37,347	\$ 4,999	\$ 8,370,449
92	371	315	-	-	24,986
150	6,019	3,186	2,200	121	44,465
-	-	-	-	-	449,606
<u>\$ 32,310</u>	<u>\$ 10,724</u>	<u>\$ 27,004</u>	<u>\$ 39,547</u>	<u>\$ 5,120</u>	<u>\$ 8,889,506</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107,232
-	-	-	-	-	34,319
3,350	-	-	-	-	34,281
-	-	-	-	-	726,195
<u>3,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>902,027</u>
-	-	-	-	-	7,185
-	-	-	-	-	6,651,987
<u>28,960</u>	<u>10,724</u>	<u>27,004</u>	<u>39,547</u>	<u>5,120</u>	<u>1,328,307</u>
<u>28,960</u>	<u>10,724</u>	<u>27,004</u>	<u>39,547</u>	<u>5,120</u>	<u>7,987,479</u>
<u>\$ 32,310</u>	<u>\$ 10,724</u>	<u>\$ 27,004</u>	<u>\$ 39,547</u>	<u>\$ 5,120</u>	<u>\$ 8,889,506</u>

**San Bernardino County
Fire Protection District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2010**

	ADMINISTRATIVE			
	Tree Removal Grant (SMF)	Termination Benefits (SKL)	Recycle (RKD)	Violation Penalties (RKE)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Service fees	-	95,592	-	10,000
Special assessments	-	-	-	-
Fines, forfeitures and penalties	-	-	-	346,627
Federal assistance	2,733,334	-	-	-
Investment earnings	-	60,974	-	8,805
Other	-	91,000	-	620,000
Total Revenues	2,733,334	247,566	-	985,432
EXPENDITURES				
Salaries and benefits	867,870	-	-	-
Services and supplies	799,657	-	-	-
Capital outlay:				
Vehicles	268,869	-	-	-
Intergovernmental	817,155	-	-	-
Total Expenditures	2,753,551	-	-	-
Excess of Revenues Over (Under) Expenditures	(20,217)	247,566	-	985,432
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(175,000)
Total Other Financing Sources (Uses)	-	-	-	(175,000)
Net Change in Fund Balances	(20,217)	247,566	-	810,432
Fund Balances - beginning	185,849	5,230,058	2	609,021
Fund Balances - ending	\$ 165,632	\$ 5,477,624	\$ 2	\$ 1,419,453

ADMINISTRATIVE				
Dead Tree Abatement (SLH)	Office of Justice Program (SKT)	Kaiser Commerce Center (SFE)	Buffer Zone Grant HSGP (SMH)	USFS ARRA Stimulus Grant (SMN)
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	274,263	-	-
-	-	-	-	-
-	-	-	549,710	256,495
6,595	99	-	524	1,214
-	-	-	-	-
<u>6,595</u>	<u>99</u>	<u>274,263</u>	<u>550,234</u>	<u>257,709</u>
-	-	-	15,333	58,281
-	-	251,733	85,793	144,102
-	-	-	-	-
-	-	-	448,583	53,441
-	-	251,733	549,709	255,824
<u>6,595</u>	<u>99</u>	<u>22,530</u>	<u>525</u>	<u>1,885</u>
-	-	-	-	200,000
-	-	-	-	-
-	-	-	-	200,000
6,595	99	22,530	525	201,885
812,814	7,619	(426,694)	-	-
<u>\$ 819,409</u>	<u>\$ 7,718</u>	<u>\$ (404,164)</u>	<u>\$ 525</u>	<u>\$ 201,885</u>

**San Bernardino County
Fire Protection District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2010**

	MOUNTAIN REGIONAL SERVICE ZONE		NORTH DESERT REGIONAL SERVICE ZONE	
	PM1 Lake Arrowhead (SND)	Helendale/ Silver Lakes (SLR)	FP3 El Mirage (SHS)	FP1 Red Mountain (SGM)
REVENUES				
Property taxes	\$ 8,791	\$ 15,783	\$ 2,048	\$ 1,174
Service fees	-	-	-	-
Special assessments	261,404	916,726	33,544	9,177
Fines, forfeitures and penalties	-	-	-	-
Federal assistance	-	-	-	-
Investment earnings	742	3,012	20	56
Other	-	-	-	-
Total Revenues	270,937	935,521	35,612	10,407
EXPENDITURES				
Salaries and benefits	-	-	-	-
Services and supplies	276,940	800,686	30,424	6,435
Capital outlay:				
Vehicles	-	-	-	-
Intergovernmental	-	-	-	-
Total Expenditures	276,940	800,686	30,424	6,435
Excess of Revenues Over (Under) Expenditures	(6,003)	134,835	5,188	3,972
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(6,003)	134,835	5,188	3,972
Fund Balances - beginning	30,743	10,846	6,195	2,264
Fund Balances - ending	\$ 24,740	\$ 145,681	\$ 11,383	\$ 6,236

NORTH DESERT REGIONAL SERVICE ZONE	SOUTH DESERT REGIONAL SERVICE ZONE		VALLEY REGIONAL SERVICE ZONE		Total Nonmajor Special Revenue Funds (see Schedule Nine)
FP2 Windy Acres (SLJ)	FP4 Wonder Valley (SLM)	FP-6 Havasu Lake (SIZ)	PM2 Highland (SHV)	PM3 Yucaipa (SHP)	
\$ 117	\$ 4,538	\$ -	\$ 2,013	\$ 59	\$ 34,523
-	-	-	-	-	105,592
6,628	138,683	130,736	108,877	6,431	1,886,469
-	-	-	-	-	346,627
-	-	-	-	-	3,539,539
334	639	900	-	75	83,989
-	-	-	-	-	711,000
<u>7,079</u>	<u>143,860</u>	<u>131,636</u>	<u>110,890</u>	<u>6,565</u>	<u>6,707,739</u>
-	-	80,000	-	-	1,021,484
5,975	144,913	24,632	79,838	5,159	2,656,287
-	-	-	-	-	268,869
-	-	-	-	-	1,319,179
<u>5,975</u>	<u>144,913</u>	<u>104,632</u>	<u>79,838</u>	<u>5,159</u>	<u>5,265,819</u>
<u>1,104</u>	<u>(1,053)</u>	<u>27,004</u>	<u>31,052</u>	<u>1,406</u>	<u>1,441,920</u>
-	-	-	-	-	200,000
-	-	-	-	-	(175,000)
-	-	-	-	-	25,000
<u>1,104</u>	<u>(1,053)</u>	<u>27,004</u>	<u>31,052</u>	<u>1,406</u>	<u>1,466,920</u>
<u>27,856</u>	<u>11,777</u>	<u>-</u>	<u>8,495</u>	<u>3,714</u>	<u>6,520,559</u>
<u>\$ 28,960</u>	<u>\$ 10,724</u>	<u>\$ 27,004</u>	<u>\$ 39,547</u>	<u>\$ 5,120</u>	<u>\$ 7,987,479</u>

**San Bernardino County
Fire Protection District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2010**

	ADMINISTRATIVE	MOUNTAIN REGIONAL SERVICE ZONE		NORTH DESERT REGIONAL SERVICE ZONE
	Fire Training Tower (CRE)	Fire Station #91/#92 Remodel (CGB)	Fire Station #15 Remodel (CDN)	Land Design Tri-Communities (CAU)
ASSETS				
Cash and cash equivalents	\$ 460,969	\$ 248	\$ 122,327	\$ 455,037
Interest receivable	1,342	-	534	1,323
Total Assets	\$ 462,311	\$ 248	\$ 122,861	\$ 456,360
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other governments	\$ -	\$ -	\$ -	\$ 453,043
Total Liabilities	-	-	-	453,043
Fund Balances:				
Reserved	-	-	27,867	-
Unreserved:				
Undesignated	462,311	248	94,994	3,317
Total Fund Balances	462,311	248	122,861	3,317
Total Liabilities and Fund Balances	\$ 462,311	\$ 248	\$ 122,861	\$ 456,360

Schedule Twelve

NORTH DESERT REGIONAL SERVICE ZONE			SOUTH DESERT REGIONAL SERVICE ZONE		VALLEY REGIONAL SERVICE ZONE	Total Nonmajor Capital Projects Funds (see Schedule Eight)
Land Aquis./ Design SLV (CAW)	Ludlow/Amboy Fire Station (CDI)	Fire Station 111 (CFZ)	Fire Station #122 Remodel (CKA)	Fire Station #80 Remodel (CNI)		
\$ 381,784 1,111	\$ 214,678 690	\$ 108,440 -	\$ - -	\$ 5,506,769 16,030	\$	7,250,252 21,030
<u>\$ 382,895</u>	<u>\$ 215,368</u>	<u>\$ 108,440</u>	<u>\$ -</u>	<u>\$ 5,522,799</u>	<u>\$</u>	<u>7,271,282</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>453,043</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>453,043</u>
-	11,500	-	-	-		39,367
<u>382,895</u>	<u>203,868</u>	<u>108,440</u>	<u>-</u>	<u>5,522,799</u>		<u>6,778,872</u>
<u>382,895</u>	<u>215,368</u>	<u>108,440</u>	<u>-</u>	<u>5,522,799</u>		<u>6,818,239</u>
<u>\$ 382,895</u>	<u>\$ 215,368</u>	<u>\$ 108,440</u>	<u>\$ -</u>	<u>\$ 5,522,799</u>	<u>\$</u>	<u>7,271,282</u>

**San Bernardino County
Fire Protection District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2010**

	ADMINISTRATIVE	MOUNTAIN REGIONAL SERVICE ZONE		NORTH DESERT REGIONAL SERVICE ZONE
	Fire Training Tower (CRE)	Fire Station #91/#92 Remodel (CGB)	Fire Station #15 Remodel (CDN)	Land Design Tri-Communities (CAU)
REVENUES				
Investment earnings	\$ 5,088	\$ -	\$ 2,963	\$ -
Intergovernmental	-	-	-	-
Other	-	-	-	16
Total Revenues	5,088	-	2,963	16
EXPENDITURES				
Services and supplies	-	416	-	3,712
Capital outlay:				
Structures and improvements	-	-	205,139	85,888
Intergovernmental	-	-	80,000	453,043
Total Expenditures	-	416	285,139	542,643
Excess of Revenues Over (Under)				
Expenditures	5,088	(416)	(282,176)	(542,627)
OTHER FINANCING USES				
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	5,088	(416)	(282,176)	(542,627)
Fund Balances - beginning	457,223	664	405,037	545,944
Fund Balances - ending	\$ 462,311	\$ 248	\$ 122,861	\$ 3,317

Schedule Thirteen

NORTH DESERT REGIONAL SERVICE ZONE		SOUTH DESERT REGIONAL SERVICE ZONE		VALLEY REGIONAL SERVICE ZONE	Total Nonmajor Capital Projects Funds (see Schedule Nine)
Land Design SLV (CAW)	Ludlow/Ambo Fire Station (CDI)	Fire Station 111 (CFZ)	Fire Station #122 Remodel (CKA)	Fire Station #80 Remodel (CNI)	
\$ 5,342	\$ 1,588	\$ 10,118	\$ -	\$ 68,929	\$ 94,028
-	300,000	-	-	-	300,000
-	-	-	-	-	16
<u>5,342</u>	<u>301,588</u>	<u>10,118</u>	<u>-</u>	<u>68,929</u>	<u>394,044</u>
-	-	-	2	-	4,130
-	86,292	62,182	-	506	440,007
-	-	-	1	-	533,044
<u>-</u>	<u>86,292</u>	<u>62,182</u>	<u>3</u>	<u>506</u>	<u>977,181</u>
<u>5,342</u>	<u>215,296</u>	<u>(52,064)</u>	<u>(3)</u>	<u>68,423</u>	<u>(583,137)</u>
<u>-</u>	<u>(25,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,500)</u>
<u>-</u>	<u>(25,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,500)</u>
5,342	189,796	(52,064)	(3)	68,423	(608,637)
<u>377,553</u>	<u>25,572</u>	<u>160,504</u>	<u>3</u>	<u>5,454,376</u>	<u>7,426,876</u>
<u>\$ 382,895</u>	<u>\$ 215,368</u>	<u>\$ 108,440</u>	<u>\$ -</u>	<u>\$ 5,522,799</u>	<u>\$ 6,818,239</u>

**San Bernardino County
Fire Protection District
Combining Statement of Net Assets
Enterprise Funds
June 30, 2010**

	MOUNTAIN REGIONAL SERVICE ZONE	NORTH DESERT REGIONAL SERVICE ZONE	
	Lake Arrowhead Ambulance (EGM)	Lucerne Valley Ambulance (EAJ)	Searles Valley Ambulance (EGE)
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 42,620	\$ 27,319	\$ 8,856
Accounts receivable, net	221,991	99,591	16,247
Interest receivable	263	127	-
Total Current Assets	<u>264,874</u>	<u>127,037</u>	<u>25,103</u>
Total Assets	<u>264,874</u>	<u>127,037</u>	<u>25,103</u>
LIABILITIES			
Due to other funds	<u>105,362</u>	<u>54,471</u>	<u>7,448</u>
Total Liabilities	<u>105,362</u>	<u>54,471</u>	<u>7,448</u>
NET ASSETS			
Unrestricted	<u>159,512</u>	<u>72,566</u>	<u>17,655</u>
Total Net Assets	<u>\$ 159,512</u>	<u>\$ 72,566</u>	<u>\$ 17,655</u>

NORTH DESERT REGIONAL SERVICE ZONE	SOUTH DESERT REGIONAL SERVICE ZONE		Total Enterprise Funds (see Exhibit "F")
Wrightwood Ambulance (EBD)	Havasu Ambulance (EHA)	Yucca Valley Ambulance (EGP)	
\$ 85,753	\$ 7,031	\$ 61,573	\$ 233,152
427,502	21,097	256,570	1,042,998
715	-	436	1,541
<u>513,970</u>	<u>28,128</u>	<u>318,579</u>	<u>1,277,691</u>
<u>513,970</u>	<u>28,128</u>	<u>318,579</u>	<u>1,277,691</u>
<u>227,109</u>	<u>5,954</u>	<u>169,680</u>	<u>570,024</u>
<u>227,109</u>	<u>5,954</u>	<u>169,680</u>	<u>570,024</u>
<u>286,861</u>	<u>22,174</u>	<u>148,899</u>	<u>707,667</u>
<u>\$ 286,861</u>	<u>\$ 22,174</u>	<u>\$ 148,899</u>	<u>\$ 707,667</u>

**San Bernardino County
Fire Protection District
Combining Statement of Revenues, Expenses and
Changes in Net Assets
Enterprise Funds
For the Year Ended June 30, 2010**

	MOUNTAIN REGIONAL SERVICE ZONE	NORTH DESERT REGIONAL SERVICE ZONE	
	Lake Arrowhead Ambulance (EGM)	Lucerne Valley Ambulance (EAJ)	Searles Valley Ambulance (EGE)
OPERATING REVENUE			
Service Fees	\$ 584,881	\$ 257,931	\$ 46,951
Total Operating Revenue	584,881	257,931	46,951
OPERATING EXPENSES			
Professional services	43,929	24,463	5,222
Total Operating Expenses	43,929	24,463	5,222
Operating Income	540,952	233,468	41,729
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	936	1,038	131
Other	-	-	-
Total Nonoperating Revenues (Expenses)	936	1,038	131
Income Before Transfers	541,888	234,506	41,860
TRANSFERS			
Transfers out	(524,041)	(370,145)	(39,155)
Total Transfers	(524,041)	(370,145)	(39,155)
Change in Net Assets	17,847	(135,639)	2,705
Total Net Assets - beginning	141,665	208,205	14,950
Total Net Assets - ending	\$ 159,512	\$ 72,566	\$ 17,655

NORTH DESERT REGIONAL SERVICE ZONE	SOUTH DESERT REGIONAL SERVICE ZONE		Total Enterprise Funds (see Exhibit "G")
Wrightwood Ambulance (EBD)	Havasu Ambulance (EHA)	Yucca Valley Ambulance (EGP)	
\$ 1,271,527	\$ 31,281	\$ 924,119	\$ 3,116,690
<u>1,271,527</u>	<u>31,281</u>	<u>924,119</u>	<u>3,116,690</u>
<u>68,561</u>	<u>3,956</u>	<u>94,204</u>	<u>240,335</u>
<u>68,561</u>	<u>3,956</u>	<u>94,204</u>	<u>240,335</u>
<u>1,202,966</u>	<u>27,325</u>	<u>829,915</u>	<u>2,876,355</u>
4,379	-	1,619	8,103
(91)	-	971	880
<u>4,288</u>	<u>-</u>	<u>2,590</u>	<u>8,983</u>
1,207,254	27,325	832,505	2,885,338
<u>(1,616,145)</u>	<u>(40,212)</u>	<u>(1,080,375)</u>	<u>(3,670,073)</u>
<u>(1,616,145)</u>	<u>(40,212)</u>	<u>(1,080,375)</u>	<u>(3,670,073)</u>
(408,891)	(12,887)	(247,870)	(784,735)
<u>695,752</u>	<u>35,061</u>	<u>396,769</u>	<u>1,492,402</u>
<u>\$ 286,861</u>	<u>\$ 22,174</u>	<u>\$ 148,899</u>	<u>\$ 707,667</u>

**San Bernardino County
Fire Protection District
Combining Statement of Cash Flows
Enterprise Funds
June 30, 2010**

	MOUNTAIN REGIONAL SERVICE ZONE	NORTH DESERT REGIONAL SERVICE ZONE	
	Lake Arrowhead Ambulance (EGM)	Lucerne Valley Ambulance (EAJ)	Searles Valley Ambulance (EGE)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 565,271	\$ 307,744	\$ 44,770
Payments to suppliers	(40,853)	(13,086)	(2,215)
Net Cash Provided by Operating Activities	<u>524,418</u>	<u>294,658</u>	<u>42,555</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	<u>(524,041)</u>	<u>(370,145)</u>	<u>(39,155)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Other income (expense)	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	<u>1,086</u>	<u>1,174</u>	<u>131</u>
Net increase (decrease) in cash and cash equivalents	1,463	(74,313)	3,531
Cash and Cash Equivalents - beginning of the year	<u>41,157</u>	<u>101,632</u>	<u>5,325</u>
Cash and Cash Equivalents - end of the year	<u>\$ 42,620</u>	<u>\$ 27,319</u>	<u>\$ 8,856</u>

NORTH DESERT REGIONAL SERVICE ZONE	SOUTH DESERT REGIONAL SERVICE ZONE		Total Enterprise Funds (see Exhibit "H")
Wrightwood Ambulance (EBD)	Havasu Ambulance (EHA)	Yucca Valley Ambulance (EGP)	
\$ 1,255,819 (17,904)	\$ 30,236 1,998	\$ 987,556 75,476	\$ 3,191,396 3,416
<u>1,237,915</u>	<u>32,234</u>	<u>1,063,032</u>	<u>3,194,812</u>
<u>(1,616,145)</u>	<u>(40,212)</u>	<u>(1,080,375)</u>	<u>(3,670,073)</u>
<u>(91)</u>	<u>-</u>	<u>971</u>	<u>880</u>
<u>4,802</u>	<u>-</u>	<u>1,958</u>	<u>9,151</u>
(373,519)	(7,978)	(14,414)	(465,230)
<u>459,272</u>	<u>15,009</u>	<u>75,987</u>	<u>698,382</u>
<u>\$ 85,753</u>	<u>\$ 7,031</u>	<u>\$ 61,573</u>	<u>\$ 233,152</u>

**San Bernardino County
Fire Protection District
Combining Statement of Cash Flows
Enterprise Funds
June 30, 2010**

	MOUNTAIN REGIONAL SERVICE ZONE	NORTH DESERT REGIONAL SERVICE ZONE	
	Lake Arrowhead Ambulance (EGM)	Lucerne Valley Ambulance (EAJ)	Searles Valley Ambulance (EGE)
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 540,952	\$ 233,468	\$ 41,729
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in assets and liabilities:			
Decrease in due from other funds	-	-	-
(Increase) decrease in accounts receivable, net	(19,610)	49,813	(2,181)
Increase in due to other funds	3,076	11,377	3,007
 Net Cash Provided by Operating Activities	 <u>\$ 524,418</u>	 <u>\$ 294,658</u>	 <u>\$ 42,555</u>

NORTH DESERT REGIONAL SERVICE ZONE	SOUTH DESERT REGIONAL SERVICE ZONE		Total Enterprise Funds (see Exhibit "H")
Wrightwood Ambulance (EBD)	Havasu Ambulance (EHA)	Yucca Valley Ambulance (EGP)	
\$ 1,202,966	\$ 27,325	\$ 829,915	\$ 2,876,355
-	-	47,109	47,109
(15,708)	(1,045)	16,328	27,597
<u>50,657</u>	<u>5,954</u>	<u>169,680</u>	<u>243,751</u>
<u>\$ 1,237,915</u>	<u>\$ 32,234</u>	<u>\$ 1,063,032</u>	<u>\$ 3,194,812</u>

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