



SAN BERNARDINO
COUNTY

**San Bernardino County
State of California**

COMPREHENSIVE
ANNUAL FINANCIAL
REPORT

Fiscal Year Ended June 30, 2017

Oscar Valdez, Auditor-Controller/Treasurer/Tax Collector



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2017**

**SAN BERNARDINO COUNTY
CALIFORNIA
1853**



- Supervisor Robert Lovingood, Chair.....First District**
- Supervisor Janice RutherfordSecond District**
- Supervisor James Ramos.....Third District**
- Supervisor Curt Hagman, Vice Chair..... Fourth District**
- Supervisor Josie Gonzales.....Fifth District**

Gary McBride – Chief Executive Officer

*Prepared by the Office of the Auditor-Controller/Treasurer/Tax Collector
Oscar Valdez, Auditor-Controller/Treasurer/Tax Collector*

**COUNTY OF SAN BERNARDINO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 JUNE 30, 2017**

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SAN BERNARDINO
COUNTY



SAN BERNARDINO
COUNTY



INTRODUCTORY **SECTION**

AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



- 268 West Hospitality Lane, Fourth Floor
San Bernardino, CA 92415-0018 • (909) 387-8322 • Fax (909) 890-4045
- 268 West Hospitality Lane, First Floor
San Bernardino, CA 92415-0360 • (909) 387-8308 • Fax (909) 890-5797

Matt Brown
Assistant Auditor-Controller/Treasurer/Tax Collector

John Johnson
Assistant Auditor-Controller/Treasurer/Tax Collector

December 22, 2017

HONORABLE BOARD OF SUPERVISORS COUNTY OF SAN BERNARDINO

County Government Center
385 North Arrowhead Avenue
San Bernardino, CA 92415-0110

Honorable Board Members:

The Comprehensive Annual Financial Report of the County of San Bernardino for the fiscal year ended June 30, 2017, is submitted herewith in compliance with Section 25253 of the California Government Code and Article V, Section 8, of the County of San Bernardino Charter.

The accompanying Basic Financial Statements were prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board, the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The responsibility to ensure the accuracy of the presented data and the completeness and fairness of its presentation, including all disclosures, rests with the County of San Bernardino (County). We believe the data is presented in a manner designed to fairly set forth the financial position and results of County operations, and that all disclosures necessary to enable the reader to gain a full understanding of the County's financial activities have been included.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget 2 CFR 200 Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Information related to the single audit, including the schedule of expenditures of federal awards, schedule of findings and questioned costs, and the independent auditor's report on compliance and internal control are published separately from this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. MD&A complements this transmittal letter and should be read in conjunction with it.

THE REPORTING ENTITY AND ITS SERVICES

The County of San Bernardino, located in Southern California, was established by an act of the State Legislature on April 26, 1853, forming the County from parts of Los Angeles, San Diego, and Mariposa Counties. The County is a charter law county divided into five supervisorial districts on the basis of population. The County encompasses an area of over 20,160 square miles and includes 24 incorporated cities. In terms of land area, it is the largest county in the contiguous United States. The County is also one of the fastest growing areas in the nation and is the fifth most populous of the 58 counties in California.

THE REPORTING ENTITY AND ITS SERVICES - Continued

The County provides a wide range of services to its residents, including police protection, criminal prosecution, medical and health services, education, senior citizen assistance, roads, library services, support for judicial institutions, airport services, cultural and environmental services, parks, and a variety of public assistance programs. Special districts and county service areas provide services to remote geographical areas and rapidly growing communities. These services include fire protection, parks, flood control, water, sewer, sanitation, street lighting, and roads.

The accompanying Basic Financial Statements include all County organizations and entities, functions, and activities for which the County Board of Supervisors is financially accountable. Also included are numerous self-governed school and special district funds for which the County acts as depository. The financial reporting for these entities, which are not governed by and act independently of the County of San Bernardino, is limited to reporting, as Investment and Private-Purpose Trust Funds, the total amount of cash, investments, and other assets collected for, disbursed by, and held for these entities.

INTERNAL AND BUDGETARY CONTROLS

The County's internal accounting control system exists to provide reasonable – but not absolute – assurance that assets are safeguarded against loss or unauthorized disposition, and to provide reliable records for preparing financial statements and maintaining accountability for assets because the cost of a control should not exceed the benefits to be derived. The Auditor-Controller/Treasurer/Tax Collector's Auditor Division actively participates in evaluating and improving the internal accounting control system.

As a recipient of Federal and State financial awards, the County is also responsible for ensuring that an adequate internal control structure is in place to assure compliance with applicable laws and regulations related to public assistance programs. This internal control structure is subject to periodic evaluation by management and internal audit staff.

The County uses the modified accrual basis of accounting for its Governmental Funds. Revenues are recognized when they become measurable and available to finance operations of the year. Expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term obligations, which is recognized when payment is due. The accrual basis of accounting is used for all Proprietary Fund Types and the Fiduciary Funds. Revenues are recognized when they are earned and become measurable and expenses are recorded when they are incurred.

The objective of budgetary control is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County's Board of Supervisors. Budgets are adopted for the General Fund, certain Special Revenue Funds, Debt Service Funds, and Capital Project Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained at the appropriation unit level. Encumbrance accounting is utilized to assure effective budgetary control. Purchase orders and contracts are reviewed and a determination is made that valid and sufficient appropriations exist for payment of ordered goods and services. Encumbrances outstanding at year end do not constitute expenditures or liabilities. Unencumbered appropriations expire at year end and encumbrances outstanding at that time are included within restricted, committed, or assigned fund balance, as appropriate.

MAJOR INITIATIVES

The County has successfully undertaken several key programs and projects during the last fiscal year. These, along with other programs and projects that will be undertaken in the upcoming year, include the following:

- The County has allocated funds towards improving security at County Facilities. This includes immediate improvements to facilities, such as expanded security guard services, upgraded security cameras and key card access installations undertaken by departments. \$2.7 million has been allocated in the capital program to conduct security assessments of County facilities, develop security policies and procedures and provide training, and develop design standards for security equipment. An additional \$1.1 million in security-related projects will also be implemented in 2017-18.

MAJOR INITIATIVES - Continued

- Implementation of the County's upgraded enterprise permitting system, EZ-Online Permitting System (Accela), occurred in 2017-18. The system includes a shared database, precise digital maps, and satellite images of land data that are linked to the County's GIS database. It also provides field staff with remote real-time access to the database, streamlines permitting processes across various departments in the County and offers customers and the public access to a web portal to manage and monitor applications, permits, and development-related information online.
- The Workforce Development Department budget includes \$15.9 million for training and employment services programs projected to serve 70,000 customers. Services offered include career counseling, job placement, and youth and adult employment training. The Workforce Development Department also expects to offer resources to over 200 businesses to help them grow and avert potential layoffs.
- The implementation of the County's new Enterprise Financial Management System began in May 2016 with the first phase and successfully completed in October 2017. The first phase deployment included the core financial accounting modules, supplier relationship management and procurement, human capital management, reporting, and data warehouse capabilities. The next phase including the extended functionalities of the core financial accounting modules and other module enhancements have already commenced in 2017-18.
- County Fire is assuming fire, rescue, Emergency Medical Services (EMS), and prevention responsibilities within the City of Upland (\$11.7 million) as a result of pending annexation in 2017-18. This continued expansion of a regional approach will provide a more effective and efficient delivery of fire services for County residents.
- The Department of Behavioral Health is expanding Mental Health Services Act programs, notably in the following areas: \$3.5 million for expanded adult residential treatment services to support the transition of clients from hospitalization to less costly and less restrictive residential placement facilitating reintegration into the community; \$7.0 million for contracted children services programs to support expanded early intervention and mental health services for children; and \$19.5 million for contracted services to support the operations of crisis stabilization and crisis residential facilities constructed with SB82 grant funds through the California Health Facility Finance Agency (CHFFA).

ECONOMIC CONDITION AND OUTLOOK

Overview

San Bernardino's economy is clearly in its expansion phase. Each of the major sectors is showing continued growth and this is continuing into 2017. Importantly, major taxable revenue streams are now exceeding their former records on an inflation adjusted basis.

Industry and Employment

San Bernardino County is experiencing strong employment growth. During the Great Recession (2008-2011), the County lost 68,000 jobs. However from 2012-2016, it added 119,600 positions. The County thus had 727,100 jobs in 2016, 51,800 more than in its 2007 pre-recession peak of 675,300. Its 2016 growth was 17,000 positions (2.4%). In 2017, the U.S. Bureau of Labor Statistics has the County starting the year up at 3.2%. If that continues, it will add an estimated 23,300 jobs to reach a new high of 750,400. The unemployment is down from a high of 13.5% in 2010 to 5.9% in 2017. In comparison, the state-wide unemployment rate is 5.4% and U.S. unemployment rate is 4.3%.

ECONOMIC CONDITION AND OUTLOOK - Continued

Among economic base sectors driving San Bernardino County's economy, logistics activity led the County's job growth. In 2016, the sector added 4,500 new jobs following a gain of 7,200 the prior year. In 2016, it created 26.5% of the County's 17,000 new jobs. This sector is being driven by the strong growth of Southern California's economy, expanding port activity which is headed for its third highest year, and e-commerce that is expanding at 15.0% compounded each year and is largely being conducted in Southern California through fulfillment centers in the County. Manufacturing growth added to San Bernardino County's economic base in 2016, adding 1,400 new jobs, an 8.2% share of the employment expansion. Both these sectors have median pay levels of \$45,000 to \$55,000 in 2017.

Health care and social assistance was San Bernardino County's other major sector. In 2016, the group added 3,900 workers, a 22.9% share of growth. The County's population growth and falling share of medically uninsured drove this fact. The sector's median pay is just over \$60,000 in 2017.

Housing

In second quarter 2017, the median priced home in San Bernardino County sold for \$308,000, up 7% from the prior year. This followed increases of 8.7% in 2016. Homebuyers are finding San Bernardino County very affordable compared to other Southern California areas. The current data showed that 51% of its families could afford the prices of its bottom 50% of homes, making it the Southern California's most affordable county compared to Riverside (39%), Orange (21%) and Los Angeles (28%) counties. With housing beginning to recover and industrial building continuing, the County's construction sector gained 1,100 jobs in 2016, a 6.5% share of total growth for all business sectors. The sector pays \$45,000 to \$55,000 in 2017.

Retail

Important to the funding of local government, San Bernardino County's retail sales increased 4.8% in 2016 with total taxable sales reaching a record \$37.0 billion. That was 18.2% above the prior high in 2006 (\$31.3 billion) and approximately above the 17.2% rise in prices from 2006-2016 indicating that the purchasing power of sales taxes now exceeds its 2006 record level.

LONG-TERM FINANCIAL PLANNING

Long-term financial planning is a strategic process that provides the information needed to establish multi-year budget solutions, and financial policies that address the needs of the County and its residents while maintaining fiscal strength. The County maintains a five-year financial forecast that projects ongoing discretionary revenues and expenditures of the General Fund. This forecast establishes a framework for use in decision making by highlighting significant issues that must be addressed to maintain a structurally balanced budget. This forecast assists the County in understanding the fiscal challenges ahead and the need to establish priorities.

The County's five year financial forecast identifies key factors that affect the County's fiscal outlook. This includes changes in major revenue streams such as property tax, and changes in costs due to retirement assumptions, Memoranda of Understanding (MOUs) with employee groups, and impacts from the State budget.

The County has established several general fund reserves for long-term financial planning purposes. This includes a general purpose reserve which holds funds to protect the County from unforeseen increases in expenditures or reductions in revenues, or other extraordinary events which could adversely impact the fiscal health of the County. Specific purpose reserves are created to meet identified future obligations and to fund capital projects.

LONG-TERM FINANCIAL PLANNING - Continued

The County's five-year Capital Improvement Plan (CIP) is reviewed annually and revised to reflect current circumstances and opportunities. This review identifies needed capital projects, estimates capital requirements, coordinates their necessary financing and timing, and estimates operational expenses of the project subsequent to completion. The County allocates base funding in the amount of \$12.0 million annually for maintenance and non-major projects.

In recent years, the County cash funded \$483.2 million to the major capital projects detailed below:

- Construction of a new on-site medical office building at Arrowhead Regional Medical Center. This project was completed in September 2010 at a cost of \$25.0 million.
- Construction of a new High Desert Government Center (HDGC) in Hesperia. The project was completed in October 2010 at a cost of \$29.2 million.
- Construction of the new Central Valley Juvenile Detention and Assessment Center. This project was completed in February 2011 at a cost of \$63.6 million.
- Remodel of the HDGC to add a Public Safety Operations Center for the High Desert (HD PSOC). The project was completed in May 2013 at a cost of \$15.0 million.
- 800 MHz Upgrade Project. This project will upgrade the aging 800 MHz radio system. The total adjusted estimated cost is \$158.2 million with an estimated project duration of 7 years. \$150.0 million has been funded through 2017-18.
- Expansion of the High Desert Detention Center (formerly known as the Adelanto Adult Detention Center) to increase capacity from 706 to 2,074 beds. The County received a grant award from the State to fund \$100.0 million of this project. The County's share of costs was approximately \$41.9 million and was cash funded in 2010-11 and 2012-13. Construction commenced December 2010 and concluded January 2014.
- In 2012-13, the Board of Supervisors approved \$1.3 million to design, expand and remodel the existing Sheriff's Crime Lab located at 200 S. Lena Road in San Bernardino. \$15.7 was funded in 2013-14 for a total cost of \$17.0 million for construction of this project. The total project cost was \$15.5 million; a total savings of \$1.5 million under budget.
- In past years, the County had planned to construct a new government center building in downtown San Bernardino to provide additional space and replace buildings beyond their useful life. As an alternative to new construction, the County purchased newer existing buildings at prices lower than replacement cost; and is in the process of seismically retrofitting and modernizing certain existing buildings; and demolishing older facilities. \$142.8 million has been funded to date and \$49.0 million has been expended or encumbered.

RELEVANT FINANCIAL POLICIES

Fund Balance and Reserve Policy

The County has established a number of General Fund reserves for a variety of purposes. On June 28, 2011, the Board of Supervisors revised the County policy that provides guidelines and goals for reserve levels. This revision calls for a general purpose reserve targeted at 20% of locally funded appropriation built up with one-time sources until the established target is achieved. This general purpose reserve is designed to protect the County from unforeseen increases in expenditures or reductions in revenues and other extraordinary events which could adversely impact its financial condition.

RELEVANT FINANCIAL POLICIES - Continued

County policy also includes provisions for the creation of Specific Purpose reserves. Specific Purpose reserves are created to meet identified future obligations and to fund capital projects. The County may redirect funds in any Specific Purpose reserve for another purpose. Specific Purpose reserves are categorized as either Committed or Assigned Fund Balance in the County's Fund Balance and Reserve Policy.

County policy also requires the establishment of a contingency account targeted at 1.5% of locally funded appropriation. This mandatory contingency account is designed to accommodate unanticipated operational changes, legislative impacts, or other economic events affecting the County's operations which could not reasonably have been foreseen at the time the budget was prepared. In addition to the mandatory contingency account, the County has two other types of contingencies:

Contingency for Uncertainties represents unallocated financing available from current year sources (both ongoing and one-time) that has not been set aside or contributed to reserves.

Ongoing Set-Aside Contingencies represent ongoing sources of financing that have been targeted for future ongoing program needs. The County has no Ongoing Set-Aside Contingencies in the 2017-18 Adopted Budget.

Investment Policy

The County Treasurer's investment policy allows for the purchase of a variety of securities with limitations as to exposure, maturity, and ratings, which vary with each security type. The composition of the portfolio will change over time as existing investments mature or are sold, and as new investments are made. The Pool provides monthly reporting of its assets by sector, duration, fair value, and other features to both the Treasury Oversight Committee, who reviews investment policy, and the County Board of Supervisors, who reviews and approves investment policy.

The County's investment policy does not allow investments in derivative instruments in the Treasury Pool. None of the securities held by the County Pool are considered structured notes that incorporate "derivative" features, i.e., interest rates tied to alternative indices, formulas, or other pricing features. Derivative securities exclude traditional floating rate securities tied to indices such as LIBOR, T-Bills, Fed Funds, etc., and federal agency or corporate securities with traditional call features. In addition, the County Pool does not invest in, nor has it ever invested in, "inverse floaters". The County's investment policy places a 10% portfolio limit on reverse repurchase agreements, therefore limiting leverage.

The County believes that the County Pool is prudently invested and that investments therein are scheduled to mature at the times and in the amounts that are necessary to meet the County's expenditures and other schedule withdrawals. The County Pool does not include investments of the Deferred Compensation program or the County Employees' Retirement Association, which are separately managed. The County utilizes a Countywide banking program with two major banks, referred to as "Consolidated Banking", which accelerates the collection and deposit of monies by participating departments into the County Treasury, making them readily available for investment.

Debt Management Policy

The County's debt management policy minimizes the amount of outstanding debt necessary to fulfill its infrastructure and economic development responsibilities, while maintaining its ability to incur present and future debt at minimal interest rates. The County's debt policy provides the following general guidelines: 1) Debt will not be used to finance ongoing operational costs. However, debt may be used where economically efficient, to reduce or eliminate current long-term operational liabilities; 2) Whenever possible, the County shall pursue alternative sources of funding when cost effective in order to minimize the level of debt; and 3) Whenever practical, voter approval on the method of debt shall be utilized.

The County maintains a Debt Advisory Committee (DAC) with the responsibility for oversight and review of all debt policy and debt issuance activities. DAC makes recommendations to the Board of Supervisors regarding appropriate actions on debt matters.

INDEPENDENT AUDIT

The County's financial statements have been audited by Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants and independent auditors. The independent auditors have issued an unmodified (clean) opinion on the County's basic financial statements for the year ending June 30, 2017. The Independent Auditors' Report is included in the Financial Section, which is an integral part of this Comprehensive Annual Financial Report.

CERTIFICATE OF ACHIEVEMENT AND AWARDS

Financial Reporting Certificate of Achievement: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of San Bernardino for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. This was the twenty-ninth consecutive year that the County received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which must conform to certificate program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

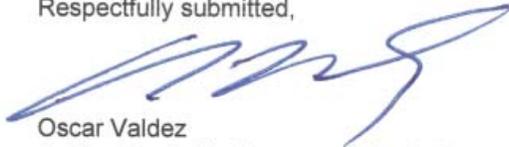
Popular Financial Reporting Award: The County of San Bernardino also received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report for the fiscal year ended June 30, 2016. This was the eleventh consecutive year that the County has received this prestigious award. In order to receive this award, a government unit must publish a Popular Annual Financial Report, the contents of which must conform to program standards of creativity, presentation, understandability, and reader appeal.

Budget Presentation Award: The County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2016. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, operations guide, financial plan, and communication device.

ACKNOWLEDGEMENTS

The preparation of the Comprehensive Annual Financial Report and its timely issuance is the result of a concentrated, dedicated, and coordinated effort by the entire Auditor-Controller/Treasurer/Tax Collector staff. I would like to acknowledge the special efforts of the General Accounting, Internal Audits, and Management Services sections, and of our independent auditors, Vavrinek, Trine, Day & Co., LLP, for their assistance in the report preparation. I would also like to thank all County departments who have participated in its preparation.

Respectfully submitted,



Oscar Valdez
Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

**COUNTY OF SAN BERNARDINO
DIRECTORY OF COUNTY OFFICIALS**

ELECTED OFFICES

COUNTY SUPERVISOR, FIRST DISTRICT (CHAIR) ROBERT A. LOVINGOOD

COUNTY SUPERVISOR, SECOND DISTRICT JANICE RUTHERFORD

COUNTY SUPERVISOR, THIRD DISTRICT JAMES RAMOS

COUNTY SUPERVISOR, FOURTH DISTRICT (VICE CHAIR)..... CURT HAGMAN

COUNTY SUPERVISOR, FIFTH DISTRICT JOSIE GONZALES

ASSESSOR/RECORDER/COUNTY CLERK BOB DUTTON

AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR OSCAR VALDEZ

DISTRICT ATTORNEY MICHAEL A. RAMOS

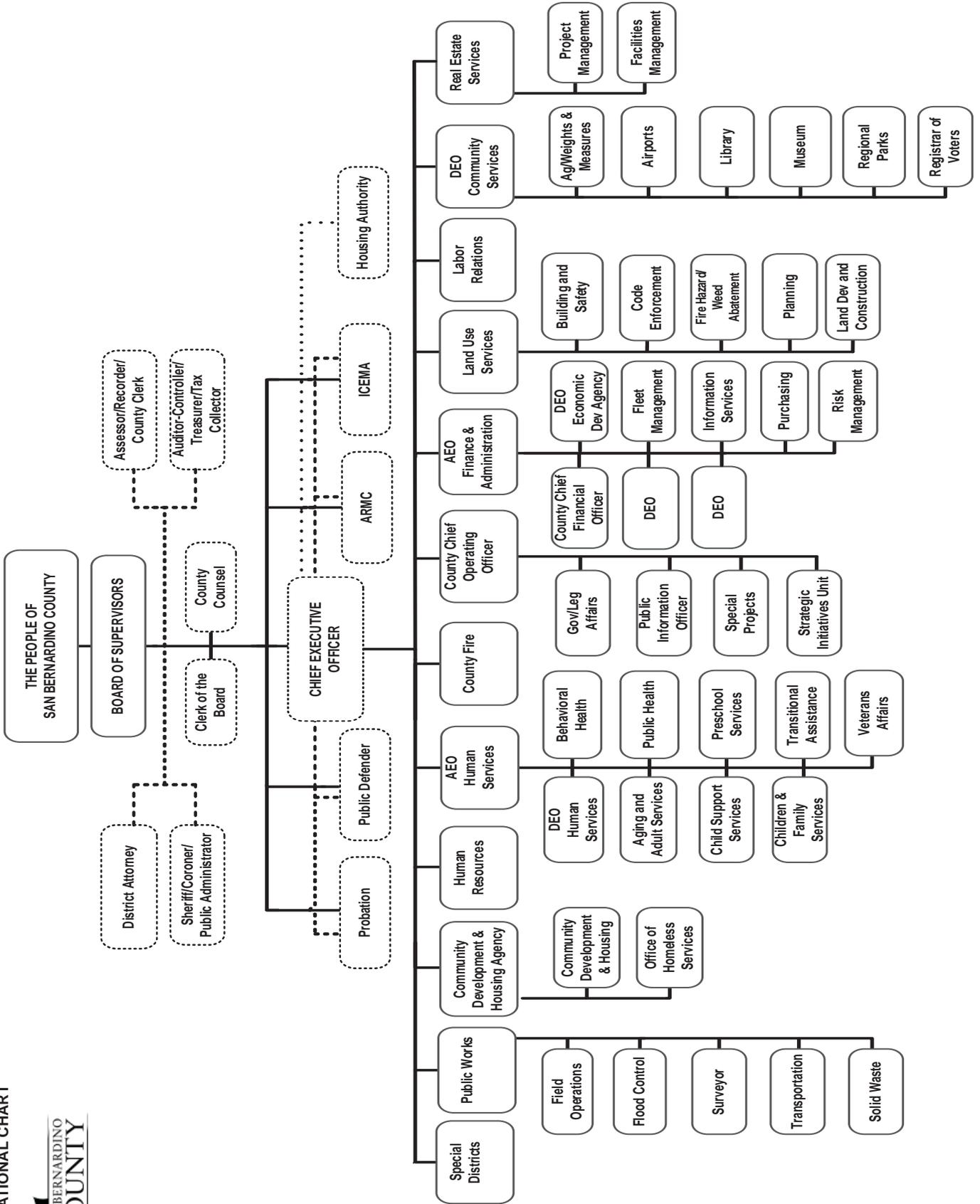
SHERIFF/CORONER/PUBLIC ADMINISTRATOR JOHN McMAHON

SUPERINTENDENT OF SCHOOLS TED ALEJANDRE

**COUNTY OF SAN BERNARDINO
DIRECTORY OF COUNTY OFFICIALS**

APPOINTED

AGING AND ADULT SERVICES	SHARON NEVINS
AGRICULTURAL COMMISSIONER/SEALER	ROBERTA Y. WILLHITE
AIRPORTS	JAMES E. JENKINS
ARROWHEAD REGIONAL MEDICAL CENTER	WILLIAM L. GILBERT
BEHAVIORAL HEALTH	VERONICA KELLEY
BOARD OF RETIREMENT	GARY A. AMELIO
CHIEF EXECUTIVE OFFICER	GARY McBRIDE
CHILD SUPPORT SERVICES	MARIE GIRULAT
CHILDREN AND FAMILY SERVICES	MARLENE HAGEN
CLERK OF THE BOARD OF SUPERVISORS	LAURA H. WELCH
COMMUNITY DEVELOPMENT	DENA FUENTES
COUNTY COUNSEL	MICHELLE BLAKEMORE
COUNTY LIBRARIAN.....	MICHAEL JIMENEZ
COUNTY MUSEUM	MELISSA RUSSO
ECONOMIC DEVELOPMENT AGENCY	REG JAVIER
FACILITIES MANAGEMENT.....	TERRY W. THOMPSON
FIRE DEPARTMENT/FIRE WARDEN.....	MARK HARTWIG
FLEET MANAGEMENT.....	RON LINDSEY
HOUSING AND SUCCESSOR AGENCY	DENA FUENTES
HOUSING AUTHORITY	MARIA RAZO
HUMAN RESOURCES (<i>INTERIM</i>)	BOB WINDLE
HUMAN SERVICES.....	CaSONYA THOMAS
INFORMATION SERVICES	JENNIFER HILBER
INLAND COUNTIES EMERGENCY MEDICAL AGENCY	TOM LYNCH
LAND USE SERVICES.....	TOM HUDSON
LEGISLATIVE AFFAIRS.....	JOSH CANDELARIA
PRESCHOOL SERVICES	DIANA ALEXANDER
PROBATION.....	MICHELLE SCRAY BROWN
PUBLIC DEFENDER	PHYLLIS K. MORRIS
PUBLIC HEALTH	TRUDY RAYMUNDO
PUBLIC WORKS	KEVIN BLAKESLEE
PURCHASING	LAURIE ROZKO
REAL ESTATE SERVICES	TERRY W. THOMPSON
REGIONAL PARKS	BEAHTA DAVIS
REGISTRAR OF VOTERS	MICHAEL J. SCARPELLO
RISK MANAGEMENT.....	LEANNA WILLIAMS
SPECIAL DISTRICTS	JEFFREY O. RIGNEY
TRANSITIONAL ASSISTANCE DEPARTMENT.....	GILBERT RAMOS
VETERANS' AFFAIRS.....	FRANK GUEVARA
WORKFORCE DEVELOPMENT	REG JAVIER





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in Financial
Reporting**

Presented to

**County of San Bernardino
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO





SAN BERNARDINO
COUNTY



FINANCIAL
SECTION





INDEPENDENT AUDITORS' REPORTS

To the Honorable Board of Supervisors
 County of San Bernardino, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Bernardino, California (the County), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the County of San Bernardino Consolidated Fire Districts, the County of San Bernardino Redevelopment Successor Agency Private-Purpose Trust Fund, and the Housing Authority of the County of San Bernardino, which collectively represent the following percentages of assets, net position/fund balances and revenues as of and for the fiscal year ended June 30, 2017:

<u>Opinion Units</u>	<u>Assets</u>	<u>Net Position/ Fund Balances</u>	<u>Revenues</u>
Governmental Activities	3%	-1%	6%
Business-Type Activities	12%	20%	14%
Housing Authority Enterprise Fund (Major Fund)	100%	100%	100%
Aggregate Remaining Fund Information	2%	0%	2%

Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68 and No. 73*, as of July 1, 2016. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 – 33, the schedule of the County's proportionate share of the net pension liability, the schedule of the County's contributions, the schedules of changes in the Housing Authority's net pension liability and related ratios, the schedule of the Housing Authority's contributions, and the schedule of funding progress - HACSB on pages 129 - 133 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 and other auditors 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's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other supplementary information is the responsibility of management and was derived from and relates 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements and other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Vavrinik, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 22, 2017



SAN BERNARDINO
COUNTY



MANAGEMENT'S DISCUSSION **AND ANALYSIS**



MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2017

This section of the County's annual financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the County's Basic Financial Statements following this section.

FINANCIAL HIGHLIGHTS (Amounts in thousands)

- The County's total net position increased by \$415,478. The net increase is attributable to the \$322,235 increase in governmental activities net position and the \$93,243 increase in business-type activities net position.
- As of June 30, 2017, the County governmental funds reported combined fund balances of \$2,044,715, an increase of \$157,797 in comparison with the prior year. Amounts available for spending include *restricted, committed, assigned, and unassigned fund balances*; these totaled \$1,998,650, or 97.7% of the ending fund balance. Of this amount, \$1,182,355 is restricted by law or externally imposed requirements, and \$295,051 is committed for specific purposes.
- At the end of the fiscal year, amounts available for spending for the General Fund totaled \$1,006,693, or 41.9% of total General Fund expenditures. This is a decrease of \$917 in comparison with the prior year.
- At the end of the fiscal year, the County's total capital assets (net of accumulated depreciation) increased by \$38,556 in comparison with the prior year. (See further detail on page 30.)
- At the end of the fiscal year, the County's total long-term obligations increased by \$393,178 in comparison with the prior year. (See further detail on page 31.)

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components; 1) **Government-Wide** Financial Statements; 2) **Fund** Financial Statements and 3) **Notes** to the Basic Financial Statements.

Government-Wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business. These statements include *all* assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the County using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Management's Discussion and Analysis **(Amounts in thousands)**

The statement of net position presents information on all County assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollectible taxes and earned but unused vacation leave).

Both of these Government-Wide financial statements distinguish between the functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The County's governmental activities include General Government, Public Protection, Public Ways and Facilities, Health and Sanitation, Public Assistance, Education, Recreation and Cultural Services. The County's business-type activities include Medical Center, Water, Sewer, Sanitation Facilities, Waste Systems Division, Housing Authority, Museum Gift Shop, and Regional Parks Snack Bar Operations.

Component units are blended in the basic financial statements and consist of legally separate entities for which the County is financially accountable. They share substantially the same board as the County and provide services entirely to the County. The following component units have been blended into the basic financial statements: Fire Protection Districts, Flood Control District, Park and Recreation Districts, County Service Areas, Inland Empire Public Facilities Corporation, San Bernardino County Financing Authority, Housing Authority of the County of San Bernardino, and various Joint Powers Authorities (JPAs).

The Government-Wide financial statements also include a discretely presented component unit, FIRST 5 of San Bernardino County. FIRST 5 is a discretely presented component unit as its governing body is not substantially the same as that of the County and FIRST 5 does not provide services entirely or almost entirely to the County but rather to the citizenry.

The Government-Wide financial statements can be found on pages 36-37 of this report.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-Wide financial statements. However, unlike the Government-Wide financial statements, Governmental Fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

Management's Discussion and Analysis (Amounts in thousands)

Because the focus of governmental funds is narrower than that of the Government-Wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-Wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County reports thirty-two individual governmental funds including two major governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund and the Capital Improvement Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements located in a separate section in this report.

The governmental fund financial statements can be found on pages 40-42 of this report.

Proprietary funds include two types of funds, enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. Enterprise funds are used to account for the Medical Center, Water, Sewer, Sanitation, Waste Systems Division, Museum Gift Shop, Housing Authority, and Regional Parks Snack Bar Operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its printing services, central mail services, surplus property, telecommunication services, computer operations including application development, fleet management, self-insured worker's compensation, public liabilities, and flood control. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the Government-Wide financial statements.

Proprietary funds provide the same type of information as the Government-Wide financial statements, only in more detail. The Medical Center, Waste Systems Division, and the Housing Authority are considered to be major enterprise funds of the County. The County's six internal service fund activities are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in this report. Data from the other enterprise funds are combined into a single aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements located in a separate section of this report.

The proprietary fund financial statements can be found on pages 44-49 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the primary government. Fiduciary funds are not reflected in the Government-Wide financial statements because the resources of those funds are not available to support County programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 50-51 of this report.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund financial statements. The notes can be found on pages 53-127 of this report.

Management's Discussion and Analysis (Amounts in thousands)

Supplemental Information

The Supplemental Information section of this report contains the combining statements and budgetary comparison schedules. This section provides additional information to the users of these financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$2,372,203 at the close of the most recent fiscal year.

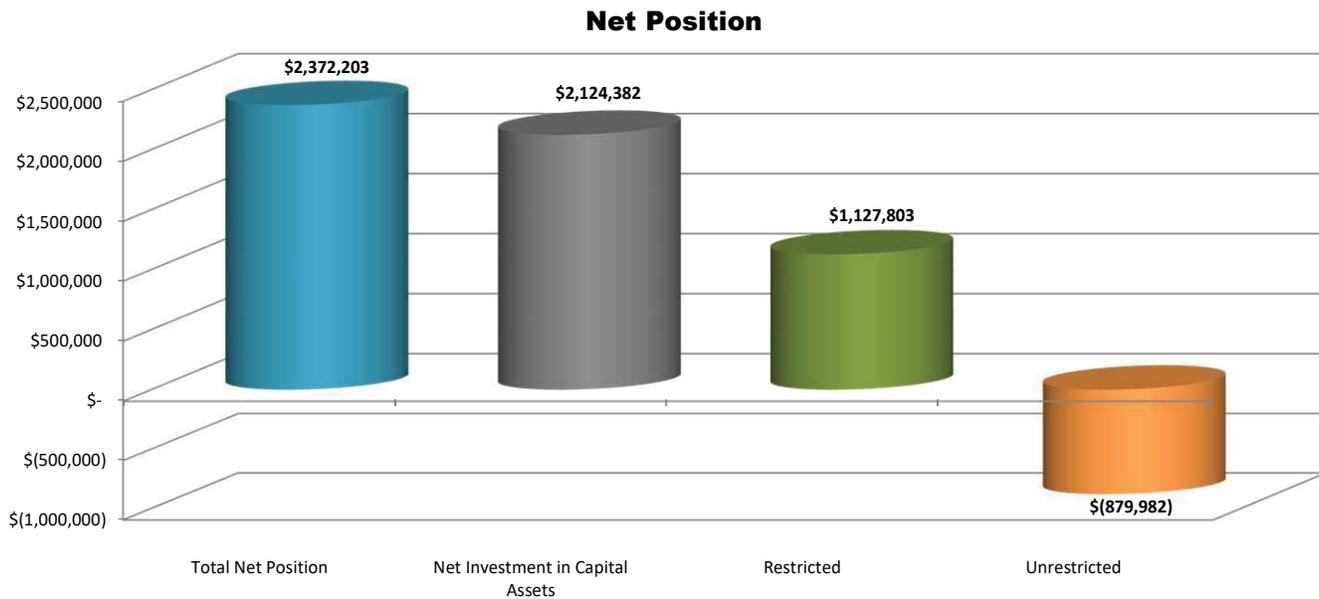
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 2,724,686	\$ 2,522,175	\$ 697,664	\$ 576,390	\$ 3,422,350	\$ 3,098,565
Capital assets	1,961,705	1,902,387	603,056	623,818	2,564,761	2,526,205
Total assets	<u>4,686,391</u>	<u>4,424,562</u>	<u>1,300,720</u>	<u>1,200,208</u>	<u>5,987,111</u>	<u>5,624,770</u>
Deferred outflows of resources	<u>827,604</u>	<u>462,115</u>	<u>123,429</u>	<u>75,580</u>	<u>951,033</u>	<u>537,695</u>
Current and other liabilities	266,164	233,492	76,645	91,140	342,809	324,632
Long-term liabilities	2,969,685	2,652,640	896,630	820,497	3,866,315	3,473,137
Total liabilities	<u>3,235,849</u>	<u>2,886,132</u>	<u>973,275</u>	<u>911,637</u>	<u>4,209,124</u>	<u>3,797,769</u>
Deferred inflows of resources	<u>317,023</u>	<u>361,657</u>	<u>39,794</u>	<u>46,314</u>	<u>356,817</u>	<u>407,971</u>
Net Position:						
Net investment in capital assets	1,919,224	1,843,897	205,158	202,941	2,124,382	2,046,838
Restricted	1,046,820	942,150	80,983	74,990	1,127,803	1,017,140
Unrestricted	(1,004,921)	(1,147,159)	124,939	39,906	(879,982)	(1,107,253)
Total Net Position	<u>\$ 1,961,123</u>	<u>\$ 1,638,888</u>	<u>\$ 411,080</u>	<u>\$ 317,837</u>	<u>\$ 2,372,203</u>	<u>\$ 1,956,725</u>

The largest portion of the County's net position of \$2,124,382 reflects investment in capital assets (e.g. land, land use rights, structures and improvements, equipment and software, and infrastructure); as well as capital-related deferred outflows of resources less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

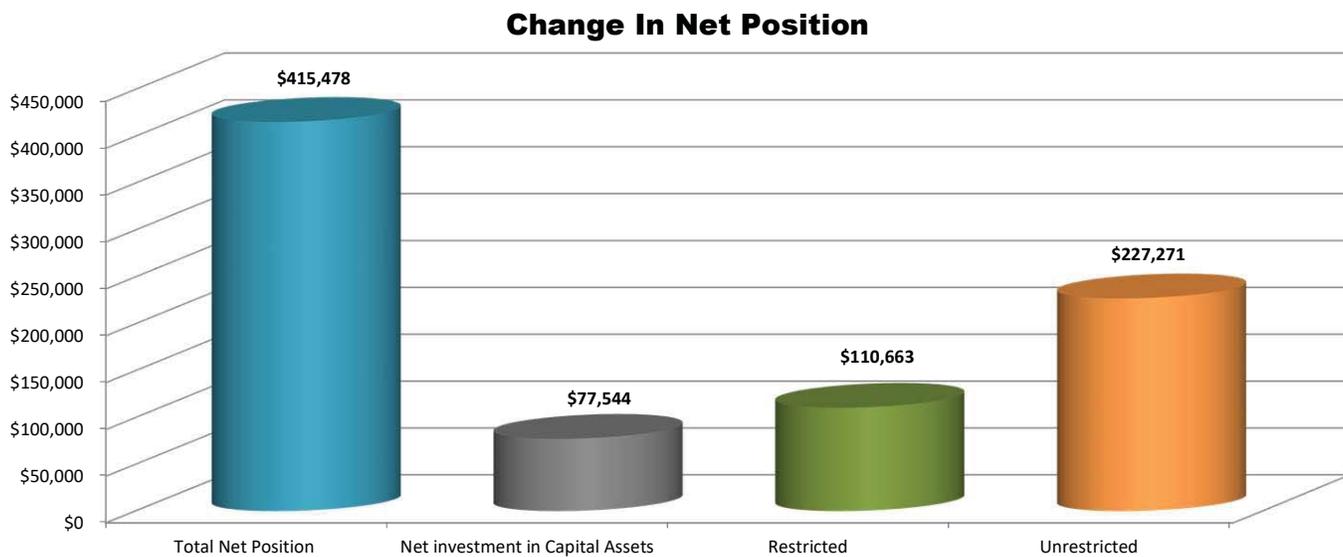
Restricted net position of \$1,127,803 represents another significant portion of County net position. This amount contains external restrictions imposed by creditors, grantors, contributors, laws and regulation of other governments, and restrictions imposed by law through constitutional provisions and enabling legislation.

Management's Discussion and Analysis (Amounts in thousands)

The final component of net position is unrestricted net position. Unrestricted net position represent resources that the County may use to meet its current and ongoing obligations to citizens and creditors. The overall unrestricted net position balance increased by \$227,271 primarily as the result of an overall increase in current assets.



The County's total net position increased by \$415,478 (\$322,235 increase in governmental activities plus \$93,243 increase in business-type activities) indicating that the County generated revenue sufficient to cover the cost of operations during the current fiscal year.



Management's Discussion and Analysis (Amounts in thousands)

The following table illustrates the changes in net position for governmental and business-type activities.

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues						
Charges for Services	\$ 475,999	\$ 445,526	\$ 580,952	\$ 554,837	\$ 1,056,951	\$ 1,000,363
Operating Grants/Contributions	1,866,958	1,791,745	202,470	186,445	2,069,428	1,978,190
Capital Grants/Contributions	8,047	484	19,316	19,186	27,363	19,670
General Revenue						
Property Taxes, Levied for General Purposes	664,059	617,923	3,105	2,981	667,164	620,904
Public Safety Tax	174,648	164,993	-	-	174,648	164,993
Sales Taxes	28,019	43,595	-	-	28,019	43,595
Other Taxes	20,125	20,743	-	-	20,125	20,743
Unrestricted Revenues from Use of Money and Property	48,663	42,739	1,263	3,155	49,926	45,894
Miscellaneous	70,077	69,822	10,132	4,536	80,209	74,358
Gains on Sale of Capital Assets	3,781	11,676	329	671	4,110	12,347
Total Revenues	3,360,376	3,209,246	817,567	771,811	4,177,943	3,981,057
Expenses:						
General Government	169,368	158,981	-	-	169,368	158,981
Public Protection	1,164,533	1,054,075	-	-	1,164,533	1,054,075
Public Ways and Facilities	86,017	81,902	-	-	86,017	81,902
Health and Sanitation	390,442	338,910	-	-	390,442	338,910
Public Assistance	1,138,660	1,079,575	-	-	1,138,660	1,079,575
Education	20,010	19,424	-	-	20,010	19,424
Recreation and Cultural Services	24,984	24,505	-	-	24,984	24,505
Interest on Long Term Debt	39,447	42,744	-	-	39,447	42,744
Medical Center	-	-	535,515	507,668	535,515	507,668
Waste Systems	-	-	62,075	60,717	62,075	60,717
Housing Authority	-	-	114,722	105,876	114,722	105,876
Water, Sewer, and Sanitation	-	-	16,745	20,804	16,745	20,804
Others	-	-	47	67	47	67
Total Expenses	3,033,461	2,800,116	729,104	695,132	3,762,565	3,495,248
Excess (Deficiency) before Transfers	326,915	409,130	88,463	76,679	415,378	485,809
Transfers	(4,680)	(19,728)	4,780	19,628	100	(100)
Change in Net Position	322,235	389,402	93,243	96,307	415,478	485,709
Net Position -- Beginning of Year	1,638,888	1,249,486	317,837	221,530	1,956,725	1,471,016
Net Position -- End of Year	\$ 1,961,123	\$ 1,638,888	\$ 411,080	\$ 317,837	\$ 2,372,203	\$ 1,956,725

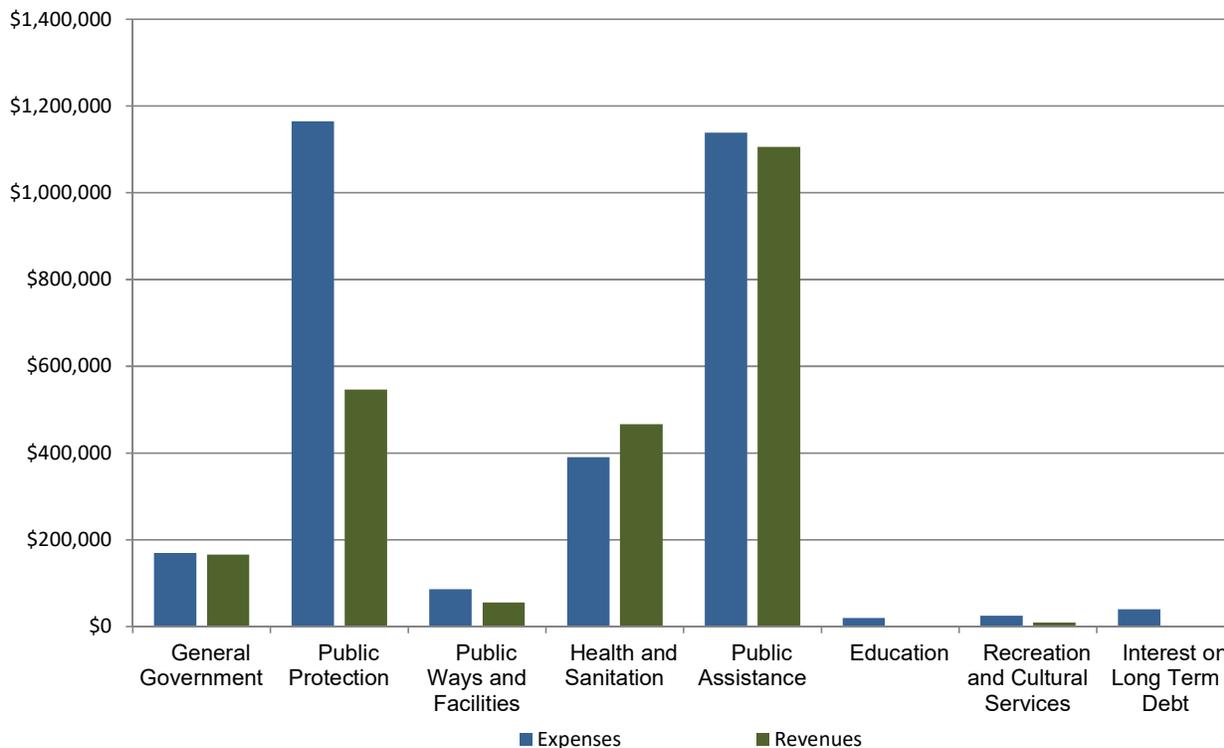
Governmental Activities increased the County's net position from \$1,638,888 to \$1,961,123. The overall increase in net position is due to one-time and ongoing revenues exceeding related expenses.

Total revenues of County governmental activities increased primarily due to increases in property tax revenues, charges for services, and operating grants/contributions such as contributions for Medi-Cal inpatient services, the Medi-Cal Managed Care Program, and other state and federal support.

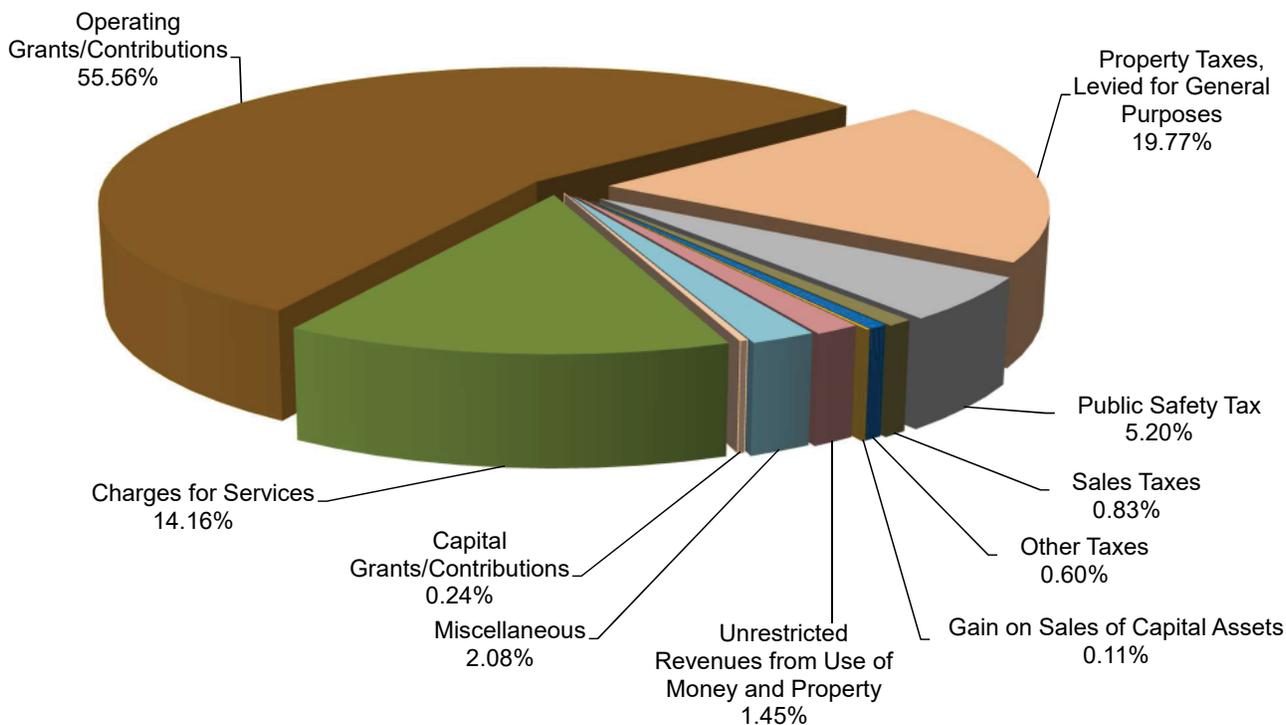
Program expenses for County governmental activities increased as a result of increases in Public Protection, Health and Sanitation, and Public Assistance expenses. Public Protection expenses increased primarily as the result of negotiated salary increases, the net addition of positions to the Sheriff's Department, and increased retirement contribution requirements. The increase in Health and Sanitation expenditures was primarily associated with the Medi-Cal 2020 Waiver and the shift towards outpatient, primary and preventative care. The increase in Public Assistance expenses was primarily due to increases in expenses related to the provision of financial assistance to adoptive children and children in foster care and negotiated salary increases.

Management's Discussion and Analysis (Amounts in thousands)

Expenses and Program Revenues-Governmental Activities



Revenues by Source-Governmental Activities

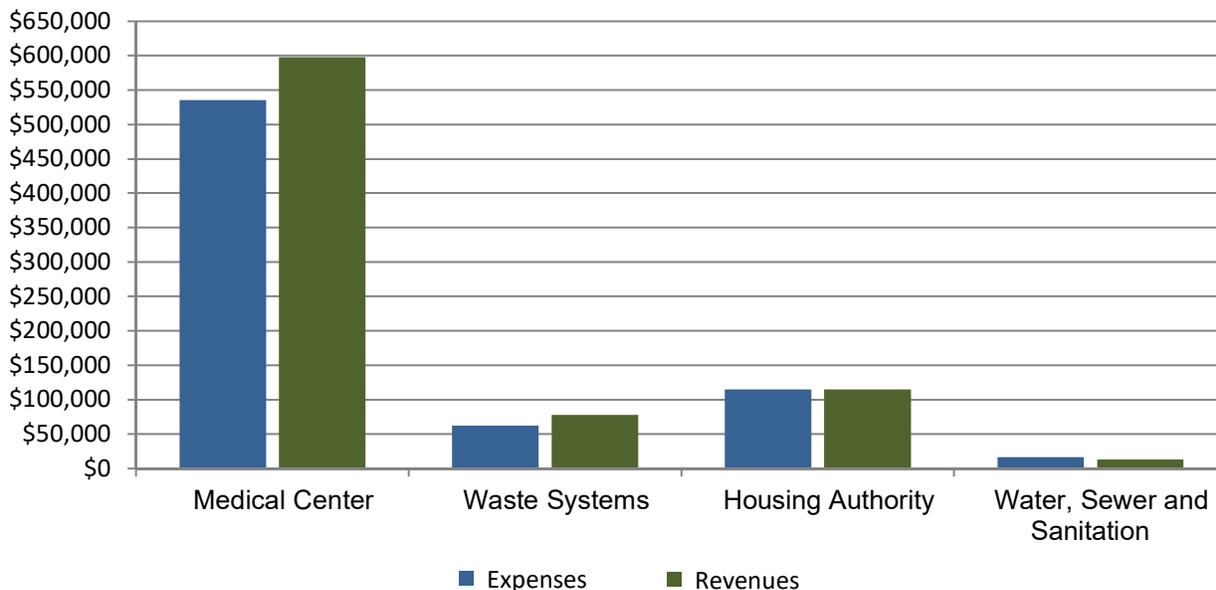


Management's Discussion and Analysis (Amounts in thousands)

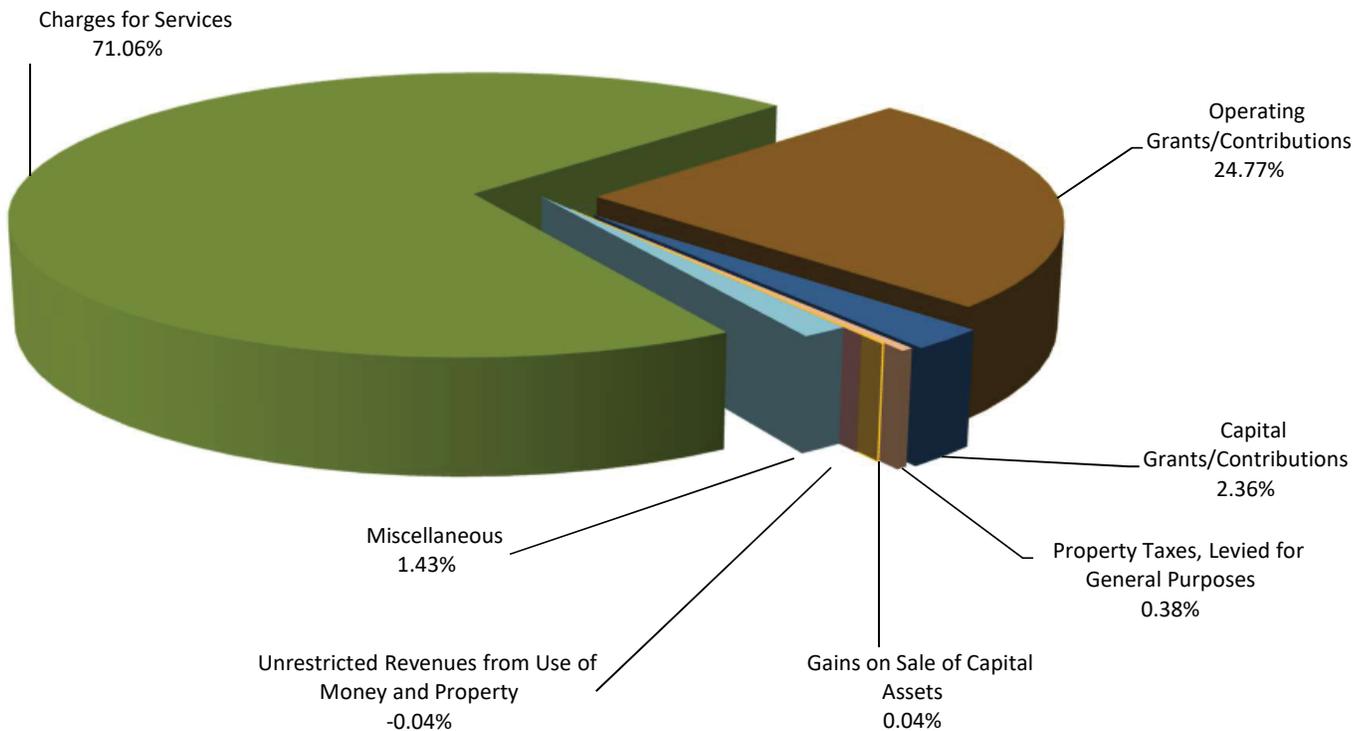
Business-type Activities increased the County's net position from \$317,837 to \$411,080. This is primarily due to the Medical Center receiving additional revenues during the current fiscal year.

The following table shows actual revenues, expenses, and results of operations for the current fiscal year:

Expenses and Program Revenues-Business-Type Activities



Revenues by Source-Business-Type Activities



Management's Discussion and Analysis (Amounts in thousands)

FINANCIAL ANALYSIS OF COUNTY FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The governmental activities functions are contained in the General, Special Revenue, Debt Service, Capital Project, Permanent, and Internal Service Funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unrestricted fund balance, which includes committed, assigned, and unassigned fund balances, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

On June 30, 2017, the County's governmental funds reported a total fund balance of \$2,044,715, an increase of \$157,797 in comparison with the prior year. Approximately 57.8% of the total fund balance, \$1,182,355, constitutes restricted fund balance, which is restricted by external parties. The remaining fund balance is comprised of a nonspendable amount of \$46,065; committed amounts of \$295,051, which are committed for specific purposes; assigned amounts of \$249,330 set-aside for specific purposes; and an unassigned amount of \$271,914, representing the residual net resources of the General Fund available for spending.

The most significant restricted amounts in the governmental funds include \$187,626 for the Mental Health Services Act, \$138,500 for Health Services Realignment, \$120,045 for Flood Control, and \$97,924 for Social Services Realignment.

The County reports the General Fund and the Capital Improvement Fund as major governmental funds.

General Fund: The General Fund is the chief operating fund of the County. On June 30, 2017, the total fund balance was \$1,050,636, a decrease of \$6,022 in comparison with the prior year. Approximately 41.4% or \$435,337 of the total fund balance constitutes restricted fund balance. The remaining fund balance is made up of \$43,943 of nonspendable amounts; \$295,051 of committed amounts, including \$32,075 for debt service, \$31,000 for the County Buildings and Retrofit Project, \$27,106 for the Valley Dispatch Center Reserve, and \$26,644 for asset replacement; assigned amounts including \$4,391 primarily for automated systems development; and \$271,914 in unassigned amounts available for spending.

As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total General Fund expenditures. Unrestricted fund balance represents 23.8% of total fund expenditures; while total fund balance represents 43.7%.

Capital Improvement Fund: The Capital Improvement Fund accounts for the County's major capital acquisition and construction projects. On June 30, 2017, the total fund balance of the Capital Improvement Fund was \$241,172. The capital improvement fund had an increase of \$105,837, primarily as the result of significantly increased contributions for maintenance and upgrades of County facilities.

Revenues for total governmental funds totaled \$3,344,596 in fiscal year 2016-17, representing a \$161,923 increase from the prior year.

Management's Discussion and Analysis
(Amounts in thousands)

The following table presents the amount of revenues from various sources as well as the changes from the prior year:

<u>Revenues</u>	<u>Fiscal Year 2016-17</u>		<u>Over (Under) Fiscal Year 2015-16</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount Changed</u>	<u>Percent</u>
Taxes	\$ 891,168	27%	\$ 41,769	5%
Licenses, Permits and Franchises	26,731	1%	1,572	6%
Fines, Forfeitures and Penalties	14,326	0%	2,330	19%
Revenues From Use of Money and Property	44,417	1%	(3,215)	-7%
Aid From Other Governmental Agencies	1,871,165	56%	83,691	5%
Charges for Current Services	434,218	13%	31,025	8%
Other Revenues	62,571	2%	1,251	2%
Total Revenues	<u>\$ 3,344,596</u>	<u>100%</u>	<u>\$ 158,423</u>	

The County's three major funding sources: taxes, aid from other governmental agencies, and charges for current services, constitute 96% of all revenues.

Tax revenues increased by \$41,769 mainly due to continued increase in assessed valuation of properties within the County and the Proposition 172 half-cent sales tax.

Aid from other Governmental Agencies increased by \$83,691 primarily due to the Medi-Cal 2020 Waiver in new federal funding which shifted the focus away from hospital-based and inpatient care, towards outpatient, primary and preventative care.

Charges for Current Services increased by \$31,025 primarily as a result of an increase in law enforcement contract revenues and fire protection services.

The following table presents expenditures of governmental funds by function compared to prior year amounts:

<u>Expenditures</u>	<u>Fiscal Year 2016-17</u>		<u>Over (Under) Fiscal Year 2015-16</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount Changed</u>	<u>Percent</u>
Current:				
Licenses, Permits and Franchises	\$ 151,379	5%	\$ 2,219	1%
Public Protection	1,121,754	35%	69,383	7%
Public Ways and Facilities	72,848	2%	10,556	17%
Health and Sanitation	392,447	12%	39,666	11%
Public Assistance	1,148,941	36%	18,077	2%
Education	19,388	1%	1,148	6%
Recreation and Cultural Services	20,475	1%	755	4%
Debt Service:				
Principal	102,499	3%	(9,253)	-8%
Interest and Fiscal Charges	17,247	1%	(3,196)	-16%
Bond Issuance Costs	-	0%	(187)	-100%
Capital Outlay	140,905	4%	19,996	17%
Total Expenditures	<u>\$ 3,187,883</u>	<u>100%</u>	<u>\$ 149,164</u>	

Total County governmental funds expenditures increased by \$149,164 from the prior year.

Management's Discussion and Analysis
(Amounts in thousands)

Public Protection expenditures increased by \$69,383 primarily as the result of negotiated salary increases, due the Safety MOU approved in early 2017, and increased retirement contribution requirements.

Public Assistance expenditures increased by \$18,077 primarily due to increases in expenditures related to the provision of financial assistance to adoptive children and children in foster care and negotiated salary increases.

Health and Sanitation expenditures increased by \$39,666 is associated with the Medi-Cal 2020 Waiver and the shift towards outpatient, primary and preventative care.

Other financing sources and uses are presented below to illustrate changes from the prior year:

Other Financing Sources (Uses) Governmental Funds	Fiscal Year 2016-17	Over (Under) Fiscal Year 2015-16	
	Amount	Amount Changed	Percent
Transfers Out	\$ (395,117)	\$ (92,224)	30%
Transfers In	391,807	90,422	30%
Refunding Debt Issued	-	(27,870)	-100%
Payment to Refunded Bond Escrow Agent	-	27,870	-100%
Insurance Recoveries	-	(3,916)	-100%
Sale of Capital Assets	4,394	(10,817)	-71%
Total Other Financing Sources and (Uses)	<u>\$ 1,084</u>	<u>\$ (16,535)</u>	

The following table illustrates the changes in fund balances for governmental funds:

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

	Governmental Funds			
	General Fund	Capital Improvement Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Licenses, Permits and Franchises				
Revenues	\$ 2,671,790	\$ 5,500	\$ 667,306	\$ 3,344,596
Expenditures	(2,404,883)	(78,876)	(704,124)	(3,187,883)
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	266,907	(73,376)	(36,818)	156,713
Total Other Financing Sources and (Uses)	(272,929)	179,213	94,800	1,084
Net Changes In Fund Balance	(6,022)	105,837	57,982	157,797
Fund Balance, Beginning	1,056,658	135,335	694,925	1,886,918
Fund Balance, Ending	<u>\$ 1,050,636</u>	<u>\$ 241,172</u>	<u>\$ 752,907</u>	<u>\$ 2,044,715</u>

In fiscal year 2016-17, the fund balance of total governmental funds increased by \$157,797. This increase is the result of a continued trend of revenues exceeding associated expenditures, with notable increases seen in tax revenue, aid from other governments, and charges for current services.

Management's Discussion and Analysis
(Amounts in thousands)

Proprietary funds: County proprietary funds provide the same type of format found in the Business-Type Activities financial statements, but in more detail.

The following table shows actual revenues, expenses, and results of operations for the current fiscal year:

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds
	Medical Center	Waste Systems Division	Housing Authority	Total Nonmajor Enterprise Funds	
Licenses, Permits and Franchises					
Net Patient Care and Services	\$ 473,065	\$ -	\$ -	\$ -	\$ 473,065
Charges for Current Services	-	66,950	17,354	12,862	97,166
Other	10,287	10,721	96,883	-	117,891
Total Operating Revenues	<u>483,352</u>	<u>77,671</u>	<u>114,237</u>	<u>12,862</u>	<u>688,122</u>
Operating Expenses					
Professional Services	52,762	32,169	-	2,744	87,675
Salaries and Employee Benefits	253,740	7,033	14,737	6,074	281,584
Services and Supplies	176,156	20,757	90,388	4,166	291,467
Depreciation and Amortization	23,805	2,116	5,966	2,938	34,825
Other	6,401	-	1,567	597	8,565
Total Operating Expenses	<u>512,864</u>	<u>62,075</u>	<u>112,658</u>	<u>16,519</u>	<u>704,116</u>
Operating Income (Loss)	<u>(29,512)</u>	<u>15,596</u>	<u>1,579</u>	<u>(3,657)</u>	<u>(15,994)</u>
Nonoperating Revenues (Expenses)					
Interest Revenue	(51)	855	256	203	1,263
Interest Expense	(22,651)	-	(2,064)	(235)	(24,950)
Tax Revenue	-	-	-	3,105	3,105
Grant Revenue	95,188	78	-	34	95,300
Gain (Loss) on Sale of Capital Assets	-	-	329	(4)	325
Other Nonoperating Revenues	184	7,970	640	1,338	10,132
Other Nonoperating Expenses	-	-	-	(34)	(34)
Total Nonoperating Revenues (Expenses)	<u>72,670</u>	<u>8,903</u>	<u>(839)</u>	<u>4,407</u>	<u>85,141</u>
Change in Net Position Before Contributions and Transfers	43,158	24,499	740	750	69,147
Capital Contributions	18,826	-	462	28	19,316
Transfers Out	(10,148)	(2,153)	-	(104)	(12,405)
Transfers In	16,913	100	100	72	17,185
Change in Net Position	68,749	22,446	1,302	746	93,243
Net Position, Beginning	42,081	101,335	80,444	93,977	317,837
Net Position, Ending	<u>\$ 110,830</u>	<u>\$ 123,781</u>	<u>\$ 81,746</u>	<u>\$ 94,723</u>	<u>\$ 411,080</u>

The net increase of \$93,243 in net position was primarily due to the Medical Center receiving additional revenue, specifically revenue for the Medi-Cal Managed Care Program which emphasizes primary and preventive care and is administered by the California Department of Health Care Services.

Management's Discussion and Analysis (Amounts in thousands)

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final expenditure budget differs from the original budget by approximately 0.2%. A net increase in appropriations of \$4,668 was approved during the fiscal year. The significant components of this net increase are summarized below:

General

- On December 6, 2016, the Board adopted a budget amendment to decrease General Fund Contingencies by \$65,900 primarily due to a shift in Discretionary General Funding amounts to County General Fund Reserves as well as costs resulting from changes in employee MOU and compensation agreements and costs related to capital improvement projects.
- On March 7, 2017, the Board adopted a budget amendment to increase General Fund transfers by \$57,300 to the Capital Improvement Fund for the Land Acquisition at Chino Airport Project pursuant to a judgment settlement on inverse condemnation litigation.

Public Assistance

- On December 6, 2016, the Board adopted a budget amendment which increased the Human Services Department's budget by \$2,900 primarily to fund the addition of 45 new positions within the Children and Family Services Department to provide increased child welfare services due to caseload growth.

Public Protection

- On March 7, 2017, the Board adopted a budget amendment which increased the Probation Department's budget by \$10,400 primarily to fund transfers to the Capital Improvement Fund for costs related to the 157-175 Civic Center Building Seismic Retrofit and Remodel project and the Barstow Probation Building Acquisition and Improvements project.

During the current fiscal year, the Health and Sanitation, Public Protection and Public Assistance functions accounted for the largest expenditure variances of \$156,549, \$58,823, and \$54,807 respectively between the final budget and actual expenditures. The Public Protection variance was primarily the result of the actual salary expenditures that were less than final budgeted amounts. The Health and Sanitation variance is primarily the result of the matching reimbursement received by the Health Administrator budget unit for intergovernmental transfers to cover the required local match for various healthcare programs from the State on behalf of the Medical Center. The Public Assistance variance is primarily due to the County taking a conservative approach in budgeting for the highest potential expenditures in the Human Services Department's budget across many social services programs.

The total difference of \$156,397 between estimated revenues and actual revenues was caused by the receipt of aid from other governments and taxes exceeding estimates; offset by a negative variance in charges for current services. These differences are primarily due to increases in the following: State revenues associated with Medi-Cal 2020 Waiver, Sales Taxes, and Property Taxes.

The General fund budget to actual statement can be found on page 42 of this report.

Management's Discussion and Analysis (Amounts in thousands)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's total capital assets and related deferred outflows of resources for governmental and business-type activities as of June 30, 2017, amounted to \$2,564,761, and \$20,312, respectively. The County's total related debt used to acquire those assets as of June 30, 2017, amounted to \$460,691. This investment in capital assets less any related debt includes land, land use rights, improvements to land, structures and improvements, equipment and software, development-in-progress, and infrastructure, less bonds and capital leases payable related to those assets.

Major capital asset activity during the current fiscal year includes the following:

- Structures and Improvements increased approximately \$57,860, due to the addition of the Sheriff's Crime Lab in the amount of \$14,414, 303 building remodel in the amount of \$6,685 and the Sheriff's Aviation relocation in the amount of \$8,761. The remaining amount was the result of the completion of a variety of structure and improvement projects.
- Development in Progress (DIP) increased approximately \$17,162 due to an increase related to the following large projects: \$3,513 for a Residential Housing Project, \$2,451 for campus improvements at the Government Center, \$4,157 for the Enterprise Financial Management System and \$4,832 for preliminary space programming.
- The Flood Control Fund has various flood control channel facilities under construction with a DIP value of \$49,075. The flood control facilities are primarily comprised of the Cactus Basin projects in the amount of \$25,042; Oro Grande Wash project in the amount of \$2,754; Hesperia Detention Basin project in the amount of \$3,290; and the Francis Street Storm Drain project for \$3,794.
- Infrastructure increased approximately \$27,671 due to the completion of the following Flood Control projects: the Cucamonga Basin #6 project for \$12,216; the San Timoteo Creek project for \$7,683; and the Yucca Loma Bridge project for \$3,402.
- Equipment and Software increased approximately \$32,679. The primary increase consists of licensed vehicles totaling \$10,255, computer equipment totaling \$5,721, and law enforcement equipment totaling \$10,021 which includes the addition of 4 Sheriff helicopters.

Management's Discussion and Analysis (Amounts in thousands)

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

	Governmental Activities		Business-Type Activities		Total		Increase/ (decrease)
	2017	2016	2017	2016	2017	2016	Percent of Change
Land	\$ 130,818	\$ 126,913	\$ 32,796	\$ 32,554	\$ 163,614	\$ 159,467	2.60%
Land Use Rights (non-amortizable)	23,835	23,869	351	351	24,186	24,220	-0.14%
Land Use Rights (amortizable)	123	123	1,109	1,109	1,232	1,232	0.00%
Development in Progress	268,963	250,687	13,805	14,919	282,768	265,606	6.46%
Improvements other than Buildings	273,799	258,563	269,153	264,076	542,952	522,639	3.89%
Structures and Improvements	1,063,536	1,009,731	758,813	754,758	1,822,349	1,764,489	3.28%
Infrastructure	1,384,369	1,356,698	-	-	1,384,369	1,356,698	2.04%
Equipment and Software	411,921	385,656	182,090	178,353	594,011	564,009	5.32%
Accumulated Depreciation/Amortization	(1,595,659)	(1,509,853)	(655,061)	(622,302)	(2,250,720)	(2,132,155)	5.56%
Total	\$ 1,961,705	\$ 1,902,387	\$ 603,056	\$ 623,818	\$ 2,564,761	\$ 2,526,205	1.53%

Additional information on the County's capital assets can be found on Note 8 on pages 82-83 of this report.

The County's infrastructure assets are recorded in the Government-Wide financial statements at historical cost except for those assets installed prior to fiscal year 2001, whereby the County determined cost based on standard and normal costing techniques, according to GASB 34.

Long-term Debt and Obligations

Long-term obligations of the governmental and business-type activities are presented below to illustrate changes from the prior year:

	Governmental Activities		Business-Type Activities		Total		Increase/ (decrease)
	2017	2016	2017	2016	2017	2016	Percent of Change
Certificates of Participation, Net	\$ -	\$ 6,205	\$ 380,782	\$ 402,936	\$ 380,782	\$ 409,141	-6.93%
General Obligation Bonds	-	-	335	515	335	515	-34.95%
Revenue Bonds, Net	289,805	323,169	-	-	289,805	323,169	-10.32%
Other Bonds and Notes	417,864	458,223	32,338	35,131	450,202	493,354	-8.75%
Compensated Absences	181,803	171,670	20,993	19,545	202,796	191,215	6.06%
Termination Benefits Payable	72	101	15	15	87	116	-25.00%
Capital Lease Obligations	-	-	3,962	4,192	3,962	4,192	-5.49%
Other Long-Term Liabilities	-	-	62,088	10,435	62,088	10,435	495.00%
Pollution Remediation Obligations	-	-	65,015	62,878	65,015	62,878	3.40%
Estimated Liability for Litigation and Self-Insured Claims	246,495	236,695	-	-	246,495	236,695	4.14%
Estimated Liability for Closure / Postclosure Care Cost	-	-	96,369	102,418	96,369	102,418	-5.91%
Net Other Postemployment Benefit Obligation for Housing Authority	-	-	3,837	4,042	3,837	4,042	-5.07%
Net Pension Liability	1,833,646	1,456,577	230,896	178,390	2,064,542	1,634,967	26.27%
Total	\$ 2,969,685	\$ 2,652,640	\$ 896,630	\$ 820,497	\$ 3,866,315	\$ 3,473,137	11.32%

Additional information on the County's long-term debt can be found in Note 11 on pages 86-97 of this report.

Management's Discussion and Analysis (Amounts in thousands)

The County's major long-term obligations activity during the fiscal year is as follows: reduction in long-term debt of certificates of participation, bonds and notes, and capital leases totaling \$105,285, reduction in liability for closure/postclosure care cost of \$6,049; offset by increase in net pension liabilities of \$429,575 and increase in pollution remediation obligation of \$2,137.

A significant portion of the revenue bonds are the Pension Obligation Bonds (1995) totaling \$275,755 with an AA rating from Standard & Poor's that were issued by the San Bernardino Financing Authority. Included in long-term debt are also the Pension Obligation Bonds (2004) totaling \$172,250 with an AA- rating from Standard & Poor's and the Pension Obligation Refunding Bonds (2008) totaling \$153,895 with an AA rating from Standard & Poor's.

ECONOMIC FACTORS AND BUDGETING

The Board of Supervisors adopted the County's final budget on June 13, 2017. The budget plan does not use reserves to fund ongoing costs and there is limited use of one-time sources to fund operating costs.

The General Fund spending authority totals \$3.1 billion and is funded by departmental revenues, Countywide discretionary revenues, and other financing sources.

As of June 30, 2017, the County's General Fund projects a cumulative structural surplus of \$108.1 million over the next five fiscal years. However, it will be necessary to exercise fiscal caution over the upcoming period due to several significant projected costs not currently funded in the ongoing budget plan, including staffing of the expanded High Desert Detention Center, projected increases in Memoranda of Understanding and Retirement costs, as well as substantial projected costs, including the discontinuance of the In-Home Supportive Services Maintenance of Effort program, and post-implementation support for the Enterprise Financial System.

In addition, the County's fiscal planning efforts are presented with major challenges in year 2017-18 and beyond. These challenges include fiscal uncertainty inherent in the State budget process, sales tax volatility and projected increases in retirement costs.

The County has also identified the following critical areas to be addressed in 2017-18 in order to prevent unnecessary costs and risks:

- Funding increased costs to maintain current service levels
- Setting aside funds to mitigate potential impacts from the State
- Continuing investment in facilities, infrastructure and operating systems
- Maintaining fiscal responsibility through contribution to reserves of \$64.6 million

Management's Discussion and Analysis
(Amounts in thousands)

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or separate reports of the County's component units, or if you need any additional financial information, contact the Auditor-Controller/Treasurer/Tax Collector's Office, 268 W. Hospitality Lane, County of San Bernardino, California, 92415-0018.





SAN BERNARDINO
COUNTY



BASIC FINANCIAL
STATEMENTS



SAN BERNARDINO
COUNTY



GOVERNMENT-WIDE
FINANCIAL
STATEMENTS



**COUNTY OF SAN BERNARDINO
STATEMENT OF NET POSITION
JUNE 30, 2017 (IN THOUSANDS)**

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 SAN BERNARDINO
ASSETS				
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 2,105,420	\$ 426,880	\$ 2,532,300	\$ 84,379
INVESTMENTS (NOTE 4)	1,627	-	1,627	-
ACCOUNTS RECEIVABLE, NET (NOTE 5)	9,244	49,506	58,750	-
TAXES RECEIVABLE (NOTE 5)	41,119	146	41,265	-
INTEREST RECEIVABLE (NOTE 5)	25,714	305	26,019	241
LOANS RECEIVABLE (NOTE 5)	38,589	6,081	44,670	-
OTHER RECEIVABLES, NET (NOTE 5)	13,274	34,181	47,455	-
DUE FROM OTHER GOVERNMENTS (NOTE 5)	371,230	62,372	433,602	2,782
INTERNAL BALANCES (NOTE 6)	14,059	(14,029)	30	-
LAND HELD FOR RESALE	50,038	-	50,038	-
INVENTORIES	5,505	2,797	8,302	-
PREPAID ITEMS	7,063	8,032	15,095	3
RESTRICTED CASH AND INVESTMENTS (NOTE 4 & 7)	41,804	121,393	163,197	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:				
LAND (NOTE 8)	130,818	32,796	163,614	-
LAND USE RIGHTS (NOTE 8)	23,835	351	24,186	-
DEVELOPMENT IN PROGRESS (NOTE 8)	268,963	13,805	282,768	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
LAND USE RIGHTS (NOTE 8)	123	1,109	1,232	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 8)	2,721,704	1,027,966	3,749,670	130
EQUIPMENT AND SOFTWARE (NOTE 8)	411,921	182,090	594,011	14
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 8)	(1,595,659)	(655,061)	(2,250,720)	(55)
TOTAL ASSETS	4,686,391	1,300,720	5,987,111	87,494
DEFERRED OUTFLOWS OF RESOURCES (NOTE 9)	827,604	123,429	951,033	1,017
LIABILITIES				
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	96,265	41,723	137,988	43
SALARIES AND BENEFITS PAYABLE	93,156	16,040	109,196	118
DUE TO OTHER GOVERNMENTS	30,269	3,900	34,169	4,075
INTEREST PAYABLE	7,946	11,950	19,896	-
ADVANCES FROM OTHERS (NOTE 10)	38,528	3,032	41,560	-
NONCURRENT LIABILITIES:				
PORTION DUE PAYABLE IN ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	107,430	12,791	120,221	1
TERMINATION BENEFITS PAYABLE (NOTE 11)	24	15	39	-
COPS, BONDS AND NOTES PAYABLE (NOTE 11)	104,462	24,639	129,101	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	-	1,679	1,679	-
OTHER LONG TERM LIABILITIES (NOTE 11)	-	57,015	57,015	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	4,569	4,569	-
ESTIMATED LIABILITY FOR CLOSURES/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	1,823	1,823	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	53,772	-	53,772	-
PORTION DUE OR PAYABLE AFTER ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	74,373	8,202	82,575	179
TERMINATION BENEFITS PAYABLE (NOTE 11)	48	-	48	-
COPS, BONDS AND NOTES PAYABLE, NET (NOTE 11)	603,207	388,816	992,023	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	-	2,283	2,283	-
OTHER LONG TERM LIABILITIES (NOTE 11)	-	5,073	5,073	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	60,446	60,446	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	94,546	94,546	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	192,723	-	192,723	-
NET OTHER POSTEMPLOYMENT BENEFITS OBLIGATION FOR HOUSING AUTHORITY (NOTE 20)	-	3,837	3,837	-
NET PENSION LIABILITY (NOTE 19)	1,833,646	230,896	2,064,542	2,184
TOTAL LIABILITIES	3,235,849	973,275	4,209,124	6,600
DEFERRED INFLOWS OF RESOURCES (NOTE 16)	317,023	39,794	356,817	411
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	1,919,224	205,158	2,124,382	90
RESTRICTED FOR:				
GRANTS AND OTHER COUNTY PROGRAMS (NOTE 1)	1,045,108	-	1,045,108	-
PERPETUAL CARE - NONEXPENDABLE	1,712	-	1,712	-
DEBT SERVICE	-	40,741	40,741	-
LANDFILL CLOSURE	-	30,161	30,161	-
HOUSING PROGRAMS	-	10,081	10,081	-
UNRESTRICTED	(1,004,921)	124,939	(879,982)	81,410
TOTAL NET POSITION	\$ 1,961,123	\$ 411,080	\$ 2,372,203	\$ 81,500

The notes to the financial statements are an integral part of this statement.

**COUNTY OF SAN BERNARDINO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				PRIMARY GOVERNMENT			COMPONENT UNIT
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE)/REVENUE AND CHANGES IN NET POSITION			FIRST 5 SAN BERNARDINO
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
PRIMARY GOVERNMENT:								
GOVERNMENTAL ACTIVITIES:								
GENERAL GOVERNMENT	\$ 169,368	\$ 155,023	\$ 10,117	\$ 996	\$ (3,232)	\$ -	\$ (3,232)	\$ -
PUBLIC PROTECTION	1,164,533	278,441	267,910	-	(618,182)	-	(618,182)	-
PUBLIC WAYS AND FACILITIES	86,017	6,209	42,414	7,051	(30,343)	-	(30,343)	-
HEALTH AND SANITATION	390,442	23,516	442,958	-	76,032	-	76,032	-
PUBLIC ASSISTANCE	1,138,660	2,891	1,102,910	-	(32,859)	-	(32,859)	-
EDUCATION	20,010	1,114	234	-	(18,662)	-	(18,662)	-
RECREATION AND CULTURAL SERVICES	24,984	8,805	415	-	(15,764)	-	(15,764)	-
INTEREST ON LONG TERM DEBT	39,447	-	-	-	(39,447)	-	(39,447)	-
TOTAL GOVERNMENTAL ACTIVITIES	3,033,461	475,999	1,866,958	8,047	(682,457)	-	(682,457)	-
BUSINESS-TYPE ACTIVITIES:								
MEDICAL CENTER	535,515	473,065	105,475	18,826	-	61,851	61,851	-
WASTE SYSTEMS	62,075	77,671	78	-	-	15,674	15,674	-
HOUSING AUTHORITY	114,722	17,354	96,883	462	-	(23)	(23)	-
WATER, SEWER, AND SANITATION	16,745	12,778	34	28	-	(3,905)	(3,905)	-
OTHERS	47	84	-	-	-	37	37	-
TOTAL BUSINESS-TYPE ACTIVITIES	729,104	580,952	202,470	19,316	-	73,634	73,634	-
TOTAL PRIMARY GOVERNMENT	\$ 3,762,565	\$ 1,056,951	\$ 2,069,428	\$ 27,363	(682,457)	73,634	(608,823)	-
COMPONENT UNIT								
FIRST 5 SAN BERNARDINO	\$ 17,277	\$ -	\$ 21,132	\$ -	-	-	-	3,855
GENERAL REVENUES:								
PROPERTY TAXES, LEVIED FOR GENERAL PURPOSES					664,059	3,105	667,164	-
PUBLIC SAFETY TAX					174,648	-	174,648	-
SALES TAXES					28,019	-	28,019	-
OTHER TAXES					20,125	-	20,125	-
REVENUES FROM USE OF MONEY AND PROPERTY					48,663	1,263	49,926	403
MISCELLANEOUS					70,077	10,132	80,209	44
GAIN ON SALE OF CAPITAL ASSETS					3,781	329	4,110	-
TRANSFERS (NOTE 6)					(4,680)	4,780	100	-
TOTAL GENERAL REVENUES AND TRANSFERS					1,004,692	19,609	1,024,301	447
CHANGE IN NET POSITION					322,235	93,243	415,478	4,302
NET POSITION - BEGINNING					1,638,888	317,837	1,956,725	77,198
NET POSITION - ENDING					\$ 1,961,123	\$ 411,080	\$ 2,372,203	\$ 81,500

The notes to the financial statements are an integral part of this statement.





SAN BERNARDINO
COUNTY



FUND FINANCIAL
STATEMENTS



**COUNTY OF SAN BERNARDINO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017 (IN THOUSANDS)**

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 851,041	\$ 196,428	\$ 718,973	\$ 1,766,442
INVESTMENTS (NOTE 4)	-	-	1,627	1,627
ACCOUNTS RECEIVABLE, NET (NOTE 5)	3,450	-	2,432	5,882
TAXES RECEIVABLE (NOTE 5)	33,635	-	7,484	41,119
INTEREST RECEIVABLE (NOTE 5)	23,893	329	1,492	25,714
LOANS RECEIVABLE (NOTE 5)	37,645	-	944	38,589
OTHER RECEIVABLES (NOTE 5)	12,857	-	409	13,266
DUE FROM OTHER FUNDS (NOTE 6)	27,362	4,600	21,633	53,595
DUE FROM OTHER GOVERNMENTS (NOTE 5)	288,947	223	80,815	369,985
LAND HELD FOR RESALE	549	47,827	1,662	50,038
INVENTORIES	1,269	-	73	1,342
PREPAID ITEMS	1,715	-	337	2,052
INTERFUND RECEIVABLE (NOTE 6)	3,124	-	15,815	18,939
RESTRICTED CASH AND INVESTMENTS (NOTES 4 & 7)	25,460	-	16,344	41,804
TOTAL ASSETS	<u>\$ 1,310,947</u>	<u>\$ 249,407</u>	<u>\$ 870,040</u>	<u>\$ 2,430,394</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 47,407	\$ 6,272	\$ 35,426	\$ 89,105
SALARIES AND BENEFITS PAYABLE	74,081	-	16,240	90,321
DUE TO OTHER FUNDS (NOTE 6)	23,910	376	33,161	57,447
DUE TO OTHER GOVERNMENTS	25,027	-	5,235	30,262
ADVANCES FROM OTHERS (NOTE 10)	13,792	1,258	14,478	29,528
INTERFUND PAYABLE (NOTE 6)	-	-	2,968	2,968
TOTAL LIABILITIES	<u>184,217</u>	<u>7,906</u>	<u>107,508</u>	<u>299,631</u>
DEFERRED INFLOWS OF RESOURCES (NOTE 16)	<u>76,094</u>	<u>329</u>	<u>9,625</u>	<u>86,048</u>
FUND BALANCES (NOTE 17):				
NONSPENDABLE	43,943	-	2,122	46,065
RESTRICTED	435,337	42,891	704,127	1,182,355
COMMITTED	295,051	-	-	295,051
ASSIGNED	4,391	198,281	46,658	249,330
UNASSIGNED	271,914	-	-	271,914
TOTAL FUND BALANCES	<u>1,050,636</u>	<u>241,172</u>	<u>752,907</u>	<u>2,044,715</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,310,947</u>	<u>\$ 249,407</u>	<u>\$ 870,040</u>	
Amounts reported for governmental activities in the statement of net position are different due to the following (Note 2):				
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.				1,909,305
Receivables that are not available to pay for current-period expenditures are deferred in the governmental funds.				86,048
Internal service funds are used by management to charge the costs of general services, telecommunication services, computer operations, fleet management, risk management, and flood control equipment to individual funds. The assets, deferred outflows of resources, liabilities and deferred inflows of resources of the internal service funds are included in the governmental activities in the statement of net position.				105,409
Interest payable on long-term debt				(7,946)
Deferred outflows and inflows of resources related to pensions and deferred amounts on refunding are applicable to future periods and therefore are not reported in the funds.				493,455
Long-term liabilities, including net pension liability, bonds payables, and related items, are not due and payable in the current period and, therefore not reported in the funds.				(2,669,863)
Net position of governmental activities (page 36)				<u>\$ 1,961,123</u>

The notes to the financial statements are an integral part of this statement.

**COUNTY OF SAN BERNARDINO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)**

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
TAXES	\$ 742,386	\$ -	\$ 148,782	\$ 891,168
LICENSES, PERMITS, AND FRANCHISES	25,162	-	1,569	26,731
FINES, FORFEITURES, AND PENALTIES	5,306	-	9,020	14,326
REVENUE FROM USE OF MONEY AND PROPERTY	35,605	5	8,807	44,417
AID FROM OTHER GOVERNMENTAL AGENCIES	1,523,872	711	346,582	1,871,165
CHARGES FOR CURRENT SERVICES	320,119	-	114,099	434,218
OTHER REVENUES	19,340	4,784	38,447	62,571
TOTAL REVENUES	2,671,790	5,500	667,306	3,344,596
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT	145,439	1,066	4,874	151,379
PUBLIC PROTECTION	891,099	-	230,655	1,121,754
PUBLIC WAYS AND FACILITIES	2,715	-	70,133	72,848
HEALTH AND SANITATION	250,867	-	141,580	392,447
PUBLIC ASSISTANCE	1,062,836	-	86,105	1,148,941
EDUCATION	2,954	-	16,434	19,388
RECREATION AND CULTURAL SERVICES	12,998	-	7,477	20,475
DEBT SERVICE:				
PRINCIPAL	7,565	-	94,934	102,499
INTEREST AND FISCAL CHARGES	932	-	16,315	17,247
CAPITAL OUTLAY	27,478	77,810	35,617	140,905
TOTAL EXPENDITURES	2,404,883	78,876	704,124	3,187,883
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	266,907	(73,376)	(36,818)	156,713
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT (NOTE 6)	(305,089)	(2,378)	(87,650)	(395,117)
TRANSFERS IN (NOTE 6)	30,130	181,591	180,086	391,807
SALE OF CAPITAL ASSETS	2,030	-	2,364	4,394
TOTAL OTHER FINANCING SOURCES AND (USES)	(272,929)	179,213	94,800	1,084
NET CHANGES IN FUND BALANCE	(6,022)	105,837	57,982	157,797
FUND BALANCES, BEGINNING	1,056,658	135,335	694,925	1,886,918
FUND BALANCES, ENDING	<u>\$ 1,050,636</u>	<u>\$ 241,172</u>	<u>\$ 752,907</u>	<u>\$ 2,044,715</u>
NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL				\$ 157,797

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense:

Expenditures for general capital assets, infrastructure and other related capital asset adjustments

\$ 149,549

Less current year depreciation/amortization expense.

(93,260)

Less current year program expenses related to capital assets adjustments.

(8,614)

47,675

Internal service funds are used by management to charge the costs of general service group, telecommunication service, computer operations, fleet management services, risk management, and flood control equipment.

The net revenues of the internal service fund is reported within governmental activities.

2,194

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.

11,390

Expenses in the statement of activities that do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental fund.

(31,923)

Governmental funds report pension contributions as expenditures. However, in the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense:

Expenditures for pension contributions

263,639

Less current year pension expense.

(230,513)

33,126

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources of governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds, report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

101,976

Changes in net position of governmental activities (page 37)

\$ 322,235

The notes to the financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL ON A BUDGETARY BASIS
YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
TAXES	\$ 710,796	\$ 728,682	\$ 742,386	\$ 13,704
LICENSES, PERMITS AND FRANCHISES	23,678	24,348	25,162	814
FINES, FORFEITURES AND PENALTIES	5,926	5,956	5,306	(650)
REVENUES FROM USE OF MONEY AND PROPERTY	34,143	37,644	35,605	(2,039)
AID FROM OTHER GOVERNMENTAL AGENCIES	1,234,512	1,256,987	1,523,872	266,885
CHARGES FOR CURRENT SERVICES	412,145	442,753	320,119	(122,634)
OTHER REVENUES	18,393	19,023	19,340	317
TOTAL REVENUES	2,439,593	2,515,393	2,671,790	156,397
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT	240,446	181,523	145,274	36,249
PUBLIC PROTECTION	924,979	952,312	893,489	58,823
PUBLIC WAYS AND FACILITIES	3,359	2,803	2,768	35
HEALTH AND SANITATION	391,177	413,066	256,517	156,549
PUBLIC ASSISTANCE	1,108,491	1,117,859	1,063,052	54,807
EDUCATION	3,196	3,196	2,975	221
RECREATION AND CULTURAL SERVICES	13,507	14,239	13,180	1,059
DEBT SERVICE:				
PRINCIPAL	7,565	7,565	7,565	-
INTEREST AND FISCAL CHARGES	7,005	6,505	932	5,573
CAPITAL OUTLAY	30,767	36,092	29,217	6,875
TOTAL EXPENDITURES	2,730,492	2,735,160	2,414,969	320,191
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(290,899)	(219,767)	256,821	476,588
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT (NOTE 6)	(237,953)	(338,214)	(305,089)	33,125
TRANSFERS IN (NOTE 6)	38,203	45,098	30,130	(14,968)
SALE OF CAPITAL ASSETS	650	650	2,030	1,380
TOTAL OTHER FINANCING SOURCES AND (USES)	(199,100)	(292,466)	(272,929)	19,537
NET CHANGE IN FUND BALANCES	(489,999)	(512,233)	(16,108)	496,125
FUND BALANCES, BEGINNING	1,012,947	1,012,947	1,012,947	-
FUND BALANCES, ENDING	\$ 522,948	\$ 500,714	\$ 996,839	\$ 496,125

The notes to the basic financial statements are an integral part of this statement.



**COUNTY OF SAN BERNARDINO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017 (IN THOUSANDS)**

BUSINESS-TYPE ACTIVITIES -

	ENTERPRISE FUNDS		
	MEDICAL CENTER 6/30/2017	WASTE SYSTEMS DIVISION 6/30/2017	HOUSING AUTHORITY 9/30/2016
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 239,707	\$ 119,522	\$ 25,892
ACCOUNTS RECEIVABLE, NET (NOTE 5)	35,693	10,308	1,723
INTEREST RECEIVABLE (NOTE 5)	292	-	13
LOANS RECEIVABLE (NOTE 5)	-	-	190
OTHER RECEIVABLES, NET (NOTE 5)	4,701	1,234	-
DUE FROM OTHER FUNDS (NOTE 6)	2,300	153	-
DUE FROM OTHER GOVERNMENTS (NOTE 5)	60,209	1,750	413
INVENTORIES	2,368	-	395
PREPAID ITEMS	3,498	111	1,020
RESTRICTED CASH AND CASH EQUIVALENTS (NOTES 4 & 7)	19,021	61,324	11,367
TOTAL CURRENT ASSETS	367,789	194,402	41,013
NONCURRENT ASSETS:			
LOANS RECEIVABLE (NOTE 5)	-	-	5,891
OTHER RECEIVABLES (NOTE 5)	-	24,200	3,863
PREPAID ITEMS	-	141	3,262
RESTRICTED CASH AND INVESTMENTS (NOTES 4 & 7)	29,681	-	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:			
LAND (NOTE 8)	-	17,736	11,199
LAND USE RIGHTS (NOTE 8)	-	93	-
DEVELOPMENT IN PROGRESS (NOTE 8)	1,760	5,972	472
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
LAND USE RIGHTS (NOTE 8)	-	105	-
STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 8)	574,042	176,758	190,054
EQUIPMENT AND SOFTWARE (NOTE 8)	176,534	1,075	3,029
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 8)	(392,779)	(117,975)	(99,019)
TOTAL NONCURRENT ASSETS	389,238	108,105	118,751
TOTAL ASSETS	757,027	302,507	159,764
DEFERRED OUTFLOWS OF RESOURCES (NOTES 9 & 19)	117,541	3,382	2,506
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	32,775	5,407	2,971
SALARIES AND BENEFITS PAYABLE	15,491	548	-
DUE TO OTHER FUNDS (NOTE 6)	239	191	-
DUE TO OTHER GOVERNMENTS	-	3,689	-
INTEREST PAYABLE	8,253	-	3,641
ADVANCES FROM OTHERS (NOTE 10)	-	1,257	1,756
COMPENSATED ABSENCES PAYABLE (NOTE 11)	12,205	522	64
TERMINATION BENEFITS PAYABLE (NOTE 11)	15	-	-
BONDS AND NOTES PAYABLE (NOTE 11)	23,630	-	703
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	1,679	-	-
OTHER LONG TERM LIABILITIES, DUE IN ONE YEAR (NOTE 11)	57,015	-	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	4,569	-
ESTIMATED LIABILITY FOR CLOSURES/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	1,823	-
TOTAL CURRENT LIABILITIES	151,302	18,006	9,135
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE (NOTE 6)	-	-	15,510
COMPENSATED ABSENCES PAYABLE (NOTE 11)	6,938	486	778
BONDS AND NOTES PAYABLE (NOTE 11)	357,152	-	30,188
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	2,283	-	-
OTHER LONG TERM LIABILITIES (NOTE 11)	4,484	-	589
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	60,446	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	94,546	-
NET OTHER POSTEMPLOYMENT BENEFITS OBLIGATION FOR HOUSING AUTHORITY (NOTE 20)	-	-	3,837
NET PENSION LIABILITY (NOTE 19)	203,926	6,946	20,024
TOTAL NONCURRENT LIABILITIES	574,783	162,424	70,926
TOTAL LIABILITIES	726,085	180,430	80,061
DEFERRED INFLOWS OF RESOURCES (NOTES 16 & 19)	37,653	1,678	463
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	(5,668)	83,764	74,844
RESTRICTED FOR:			
DEBT SERVICE	40,741	-	-
LANDFILL CLOSURE COSTS	-	30,161	-
HOUSING PROGRAMS	-	-	10,081
UNRESTRICTED	75,757	9,856	(3,179)
TOTAL NET POSITION	\$ 110,830	\$ 123,781	\$ 81,746

The notes to the financial statements are an integral part of this statement.

**COUNTY OF SAN BERNARDINO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
JUNE 30, 2017 (IN THOUSANDS)**

	BUSINESS- TYPE ACTIVITIES -		GOVERNMENTAL
	ENTERPRISE FUNDS		ACTIVITIES
	TOTAL NONMAJOR ENTERPRISE FUNDS 6/30/2017	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS 6/30/2017
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 41,759	\$ 426,880	\$ 338,978
ACCOUNTS RECEIVABLE, NET (NOTE 5)	1,782	49,506	3,362
TAXES RECEIVABLE (NOTE 5)	146	146	-
INTEREST RECEIVABLE (NOTE 5)	-	305	-
LOANS RECEIVABLE (NOTE 5)	-	190	-
OTHER RECEIVABLES, NET (NOTE 5)	183	6,118	8
DUE FROM OTHER FUNDS (NOTE 6)	52	2,505	4,019
DUE FROM OTHER GOVERNMENTS (NOTE 5)	-	62,372	1,245
INVENTORIES	34	2,797	4,163
PREPAID ITEMS	-	4,629	5,300
RESTRICTED CASH AND CASH EQUIVALENTS (NOTES 4 & 7)	-	91,712	-
TOTAL CURRENT ASSETS	43,956	647,160	357,075
NONCURRENT ASSETS:			
LOANS RECEIVABLE (NOTE 5)	-	5,891	-
OTHER RECEIVABLES (NOTE 5)	-	28,063	-
PREPAID ITEMS	-	3,403	-
RESTRICTED CASH AND INVESTMENTS (NOTES 4 & 7)	-	29,681	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:			
LAND (NOTE 8)	3,861	32,796	894
LAND USE RIGHTS (NOTE 8)	258	351	-
DEVELOPMENT IN PROGRESS (NOTE 8)	5,601	13,805	4,975
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
LAND USE RIGHTS (NOTE 8)	1,004	1,109	-
STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 8)	87,112	1,027,966	14,843
EQUIPMENT AND SOFTWARE (NOTE 8)	1,452	182,090	121,575
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 8)	(45,288)	(655,061)	(89,887)
TOTAL NONCURRENT ASSETS	54,000	670,094	52,400
TOTAL ASSETS	97,956	1,317,254	409,475
DEFERRED OUTFLOWS OF RESOURCES (NOTES 9 & 19)	-	123,429	27,773
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	570	41,723	7,160
SALARIES AND BENEFITS PAYABLE	1	16,040	2,835
DUE TO OTHER FUNDS (NOTE 6)	133	563	2,079
DUE TO OTHER GOVERNMENTS	211	3,900	7
INTEREST PAYABLE	56	11,950	-
ADVANCES FROM OTHERS (NOTE 10)	19	3,032	9,289
COMPENSATED ABSENCES PAYABLE (NOTE 11)	-	12,791	3,597
TERMINATION BENEFITS PAYABLE (NOTE 11)	-	15	-
BONDS AND NOTES PAYABLE (NOTE 11)	306	24,639	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	-	1,679	-
OTHER LONG TERM LIABILITIES, DUE IN ONE YEAR (NOTE 11)	-	57,015	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	4,569	-
ESTIMATED LIABILITY FOR CLOSURES/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	1,823	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	-	-	53,772
TOTAL CURRENT LIABILITIES	1,296	179,739	78,739
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE (NOTE 6)	461	15,971	-
COMPENSATED ABSENCES PAYABLE (NOTE 11)	-	8,202	4,060
BONDS AND NOTES PAYABLE (NOTE 11)	1,476	388,816	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	-	2,283	-
OTHER LONG TERM LIABILITIES (NOTE 11)	-	5,073	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	60,446	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	94,546	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	-	-	192,723
NET OTHER POSTEMPLOYMENT BENEFITS OBLIGATION FOR HOUSING AUTHORITY (NOTE 20)	-	3,837	-
NET PENSION LIABILITY (NOTE 19)	-	230,896	45,670
TOTAL NONCURRENT LIABILITIES	1,937	810,070	242,453
TOTAL LIABILITIES	3,233	989,809	321,192
DEFERRED INFLOWS OF RESOURCES (NOTES 16 & 19)	-	39,794	10,647
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	52,218	205,158	52,400
RESTRICTED FOR:			
DEBT SERVICE	-	40,741	-
LANDFILL CLOSURE COSTS	-	30,161	-
HOUSING PROGRAMS	-	10,081	-
UNRESTRICTED	42,505	124,939	53,009
TOTAL NET POSITION	\$ 94,723	\$ 411,080	\$ 105,409

The notes to the financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

BUSINESS-TYPE ACTIVITIES -

ENTERPRISE FUNDS

	MEDICAL CENTER 6/30/2017	WASTE SYSTEM DIVISION 6/30/2017	HOUSING AUTHORITY 9/30/2016
OPERATING REVENUES:			
NET PATIENT CARE AND SERVICE CHARGES FOR CURRENT SERVICES	\$ 473,065	\$ -	\$ -
OTHER	10,287	66,950	17,354
TOTAL OPERATING REVENUES	<u>483,352</u>	<u>10,721</u>	<u>96,883</u>
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	52,762	32,169	-
SALARIES AND EMPLOYEE BENEFITS	253,740	7,033	14,737
SERVICES AND SUPPLIES	176,156	20,757	90,388
DEPRECIATION AND AMORTIZATION	23,805	2,116	5,966
OTHER	6,401	-	1,567
TOTAL OPERATING EXPENSES	<u>512,864</u>	<u>62,075</u>	<u>112,658</u>
OPERATING INCOME (LOSS)	<u>(29,512)</u>	<u>15,596</u>	<u>1,579</u>
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUE	(51)	855	256
INTEREST EXPENSE	(22,651)	-	(2,064)
GRANT REVENUE	95,188	78	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	-	-	329
OTHER NONOPERATING REVENUES	184	7,970	640
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>72,670</u>	<u>8,903</u>	<u>(839)</u>
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	43,158	24,499	740
CAPITAL CONTRIBUTIONS	18,826	-	462
TRANSFERS OUT (NOTE 6)	(10,148)	(2,153)	-
TRANSFERS IN (NOTE 6)	16,913	100	100
CHANGE IN NET POSITION	68,749	22,446	1,302
TOTAL NET POSITION, BEGINNING	42,081	101,335	80,444
TOTAL NET POSITION, ENDING	<u>\$ 110,830</u>	<u>\$ 123,781</u>	<u>\$ 81,746</u>

The notes to the basic financial statement are an integral part of the statement.

COUNTY OF SAN BERNARDINO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES -		GOVERNMENTAL
	ENTERPRISE FUNDS		ACTIVITIES
	TOTAL NONMAJOR ENTERPRISE FUNDS 6/30/2017	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS 6/30/2017
OPERATING REVENUES:			
NET PATIENT CARE AND SERVICE	\$ -	\$ 473,065	\$ -
CHARGES FOR CURRENT SERVICES	12,862	97,166	219,064
OTHER	-	117,891	-
TOTAL OPERATING REVENUES	12,862	688,122	219,064
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	2,744	87,675	31,206
SALARIES AND EMPLOYEE BENEFITS	6,074	281,584	50,172
SELF-INSURED CLAIMS	-	-	71,655
SERVICES AND SUPPLIES	4,166	291,467	58,453
DEPRECIATION AND AMORTIZATION	2,938	34,825	12,363
OTHER	597	8,565	1,025
TOTAL OPERATING EXPENSES	16,519	704,116	224,874
OPERATING INCOME (LOSS)	(3,657)	(15,994)	(5,810)
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUE	203	1,263	1,838
INTEREST EXPENSE	(235)	(24,950)	(8)
TAX REVENUE	3,105	3,105	-
GRANT REVENUE	34	95,300	66
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	(4)	325	1,430
OTHER NONOPERATING REVENUES	1,338	10,132	6,048
OTHER NONOPERATING EXPENSES	(34)	(34)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	4,407	85,141	9,374
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	750	69,147	3,564
CAPITAL CONTRIBUTIONS	28	19,316	-
TRANSFERS OUT (NOTE 6)	(104)	(12,405)	(2,260)
TRANSFERS IN (NOTE 6)	72	17,185	890
CHANGE IN NET POSITION	746	93,243	2,194
TOTAL NET POSITION, BEGINNING	93,977	317,837	103,215
TOTAL NET POSITION, ENDING	\$ 94,723	\$ 411,080	\$ 105,409

The notes to the basic financial statement are an integral part of the statement.

**COUNTY OF SAN BERNARDINO
STATEMENT OF CASHFLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MEDICAL CENTER 6/30/2017	WASTE SYSTEMS DIVISION 6/30/2017	HOUSING AUTHORITY 9/30/2016
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH RECEIVED FROM PATIENT CARE AND SERVICES	\$ 472,248	\$ 80,955	\$ 19,866
CASH RECEIVED FROM OPERATING GRANT FOR HOUSING	-	-	95,424
CASH PAYMENTS FOR HOUSING ASSISTANCE	-	-	(76,762)
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(202,445)	(48,271)	(15,674)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(256,512)	(7,187)	(10,694)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>13,291</u>	<u>25,497</u>	<u>12,160</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
GRANTS RECEIVED	118,545	78	-
TRANSFERS RECEIVED	16,913	100	100
TRANSFERS PAID	(10,148)	(2,153)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>125,310</u>	<u>(1,975)</u>	<u>100</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(4,727)	(3,038)	(2,246)
CAPITAL GRANTS AND CONTRIBUTIONS	18,826	-	462
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	(2,319)	-	-
PRINCIPAL PAID ON BONDS AND NOTES	(22,154)	-	(883)
INTEREST PAID ON BONDS AND NOTES	(20,828)	-	(1,706)
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	-	927
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(31,202)</u>	<u>(3,038)</u>	<u>(3,446)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
INTEREST ON INVESTMENTS	(51)	855	248
INVESTMENTS ACTIVITY, NET	8,612	-	(6,217)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>8,561</u>	<u>855</u>	<u>(5,969)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	115,960	21,339	2,845
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>172,449</u>	<u>159,507</u>	<u>34,414</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 288,409</u>	<u>\$ 180,846</u>	<u>\$ 37,259</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
OPERATING INCOME (LOSS)	\$ (29,512)	\$ 15,596	\$ 1,579
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION	23,805	2,116	5,966
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	-	7,970	640
CHANGES IN ASSETS, DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS:			
ACCOUNTS RECEIVABLE	(16,119)	(908)	1,489
DUE FROM OTHER FUNDS	11,374	3,115	-
DUE FROM OTHER GOVERNMENTS	(26,543)	(347)	92
OTHER RECEIVABLES	18,650	1,109	(1,551)
INVENTORIES	50	-	(83)
PREPAID ITEMS	(1,234)	119	(1,288)
ACCOUNTS PAYABLE AND OTHER LIABILITIES	34,229	98	890
SALARIES AND BENEFITS PAYABLE	524	103	-
DUE TO OTHER FUNDS	(171)	(335)	-
DUE TO OTHER GOVERNMENTS	-	715	-
ADVANCES FROM OTHERS	-	315	383
COMPENSATED ABSENCES PAYABLE	1,366	17	65
OTHER NON-CASH ITEMS	(3,128)	(4,186)	3,978
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 13,291</u>	<u>\$ 25,497</u>	<u>\$ 12,160</u>
NONCASH CAPITAL AND FINANCING ACTIVITIES:			
LEASE PURCHASE OF CAPITAL ASSETS	\$ 2,089	\$ -	\$ -
DECREASE IN INTERFUND PAYABLE - PRINCIPAL FORGIVEN BY LENDER (ECD)	-	-	(740)
BREAKDOWN OF CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS	\$ 239,707	\$ 119,522	\$ 25,892
RESTRICTED CASH AND INVESTMENTS	<u>48,702</u>	<u>61,324</u>	<u>11,367</u>
TOTAL	<u>\$ 288,409</u>	<u>\$ 180,846</u>	<u>\$ 37,259</u>

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SAN BERNARDINO
STATEMENT OF CASHFLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		GOVERNMENTAL ACTIVITIES
	TOTAL NONMAJOR ENTERPRISE FUNDS 6/30/2017	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS 6/30/2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH RECEIVED FROM PATIENT CARE AND SERVICES	\$ 14,628	\$ 587,697	\$ -
CASH RECEIVED FROM OPERATING GRANT FOR HOUSING	-	95,424	-
CASH PAYMENTS FOR HOUSING ASSISTANCE	-	(76,762)	-
CASH RECEIVED FROM OTHER FUNDS FOR INTERNAL SERVICES	-	-	230,092
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(7,534)	(273,924)	(171,397)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(6,074)	(280,467)	(49,595)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,020	51,968	9,100
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
TAXES RECEIVED	3,155	3,155	-
GRANTS RECEIVED	34	118,657	66
INTERFUND LOAN REPAYMENT	-	-	(894)
INTEREST PAID ON INTERFUND LOAN	-	-	(8)
INTERFUND LOAN ADVANCED	-	-	894
TRANSFERS RECEIVED	72	17,185	890
TRANSFERS PAID	(147)	(12,448)	(2,260)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	3,114	126,549	(1,312)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(2,565)	(12,576)	(17,138)
CAPITAL GRANTS AND CONTRIBUTIONS	28	19,316	-
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	-	(2,319)	-
PRINCIPAL PAID ON BONDS AND NOTES	(244)	(23,281)	-
INTEREST PAID ON BONDS AND NOTES	(234)	(22,768)	-
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	927	416
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(3,015)	(40,701)	(16,722)
CASH FLOWS FROM INVESTING ACTIVITIES:			
INTEREST ON INVESTMENTS	203	1,255	1,838
NET CASH PROVIDED BY INVESTING ACTIVITIES	203	3,650	1,838
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,322	141,466	(7,096)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	40,437	406,807	346,074
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 41,759	\$ 548,273	\$ 338,978
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
OPERATING INCOME (LOSS)	\$ (3,657)	\$ (15,994)	\$ (5,810)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION	2,938	34,825	12,363
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	1,304	9,914	7,058
CHANGES IN ASSETS, DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS:			
ACCOUNTS RECEIVABLE	448	(15,090)	(3,285)
DUE FROM OTHER FUNDS	-	14,489	(1,632)
DUE FROM OTHER GOVERNMENTS	13	(26,785)	(138)
OTHER RECEIVABLES	-	18,208	29
INVENTORIES	2	(31)	(286)
PREPAID ITEMS	-	(2,403)	(3,740)
ACCOUNTS PAYABLE AND OTHER LIABILITIES	(135)	35,082	(14,382)
SALARIES AND BENEFITS PAYABLE	-	627	226
DUE TO OTHER FUNDS	-	(506)	-
DUE TO OTHER GOVERNMENTS	106	821	7
ADVANCES FROM OTHERS	1	699	9,019
COMPENSATED ABSENCES PAYABLE	-	1,448	385
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	-	9,800
OTHER NON-CASH ITEMS	-	(3,336)	(514)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,020	\$ 51,968	\$ 9,100
NONCASH CAPITAL AND FINANCING ACTIVITIES:			
LEASE PURCHASE OF CAPITAL ASSETS	\$ -	\$ 2,089	\$ -
DECREASE IN INTERFUND PAYABLE - PRINCIPAL FORGIVEN BY LENDER (ECD)	-	(740)	-
BREAKDOWN OF CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS	\$ 41,759	\$ 426,880	\$ 338,978
RESTRICTED CASH AND INVESTMENTS	-	121,393	-
TOTAL	\$ 41,759	\$ 548,273	\$ 338,978

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017 (IN THOUSANDS)

	INVESTMENT TRUST FUND	PRIVATE- PURPOSE TRUST FUND	AGENCY
ASSETS			
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 3,404,527	\$ 3,489	\$ 600,359
ACCOUNTS RECEIVABLE - NET	-	-	18,172
TAXES RECEIVABLE	-	-	153,656
DUE FROM OTHER GOVERNMENTS	-	-	16,359
LAND HELD FOR RESALE	-	15,555	-
PREPAID ITEMS	-	609	-
RESTRICTED CASH AND CASH EQUIVALENTS	-	7,515	-
EQUIPMENT	-	16	-
ACCUMULATED DEPRECIATION EQUIPMENT	-	(16)	-
TOTAL ASSETS	3,404,527	27,168	\$ 788,546
LIABILITIES:			
DUE TO OTHER GOVERNMENTS	-	89	\$ 788,546
INTEREST PAYABLE	-	1,476	-
BONDS AND NOTES PAYABLE			
DUE IN ONE YEAR	-	1,982	-
DUE AFTER ONE YEAR	-	80,068	-
TOTAL LIABILITIES	-	83,615	\$ 788,546
DEFERRED INFLOWS OF RESOURCES	-	709	
NET POSITION			
NET POSITION (DEFICIT) HELD IN TRUST	\$ 3,404,527	\$ (57,156)	

The notes to the financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

	<u>INVESTMENT TRUST FUND</u>	<u>PRIVATE- PURPOSE TRUST FUND</u>
ADDITIONS:		
CONTRIBUTIONS:		
CONTRIBUTIONS ON POOLED INVESTMENTS	\$ 11,188,809	\$ -
REDEVELOPMENT AGENCY PROPERTY TAX TRUST FUND	-	8,502
OTHER REVENUES	-	242
TOTAL CONTRIBUTIONS	<u>11,188,809</u>	<u>8,744</u>
INTEREST AND INVESTMENT REVENUE:		
NET DECREASE IN FAIR VALUE OF INVESTMENTS	(10,034)	-
INTEREST INCOME ON CASH AND SECURITIES	22,969	29
TOTAL INTEREST AND INVESTMENT REVENUES	<u>12,935</u>	<u>29</u>
TOTAL ADDITIONS	<u>11,201,744</u>	<u>8,773</u>
DEDUCTIONS:		
DISTRIBUTION FROM POOLED INVESTMENTS	10,887,701	-
DISTRIBUTION AND OBLIGATION RETIREMENTS	-	12,231
ADMINISTRATIVE EXPENSES	-	137
TOTAL DEDUCTIONS	<u>10,887,701</u>	<u>12,368</u>
CHANGE IN NET POSITION	314,043	(3,595)
NET POSITION (DEFICIT) HELD IN TRUST, BEGINNING	<u>3,090,484</u>	<u>(53,561)</u>
NET POSITION (DEFICIT) HELD IN TRUST, ENDING	<u>\$ 3,404,527</u>	<u>\$ (57,156)</u>

The notes to the financial statements are an integral part of this statement.





SAN BERNARDINO
COUNTY



NOTES TO THE BASIC
FINANCIAL
STATEMENTS

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County of San Bernardino (County), which was established by an act of the State Legislature on April 26, 1853, is a legal subdivision of the State of California charged with governmental powers. The County's powers are exercised through a five-member Board of Supervisors (Board) which, as the governing body of the County, is responsible for the legislative and executive control of the County. As required by generally accepted accounting principles (GAAP), the accompanying financial statements present the activities of the County (the primary government) and its component units.

Blended Component Units

Because of their relationship with the County and the nature of their operations, blended component units are, in substance, part of the County's operations and, accordingly, the activities of these component units are combined, or blended, with the activities of the County for purposes of reporting in the accompanying basic financial statements. The basis for blending the component units is that their governing bodies are substantially the same as the County's Board and their operational or financial relationships with the County.

While each of these component units is legally separate from the County, the County has financial benefit or burden and/or fiscal dependence for these entities, and potential exclusion would result in misleading financial reporting of the County. Financial accountability is demonstrated by the County's Board acting as the governing board for each of the component units.

The component units discussed below are included in the County's reporting entity:

- *Fire Protection District* - Established per Local Agency Formation Commission (LAFCO) Resolution 2986/2989 (adopted on January 16, 2008), effective July 1, 2008. Services provided include fire management, ambulance billing, fire prevention, hazardous materials, household hazardous waste, and the Office of Emergency Services. The district is included in the reporting entity because it has the same governing board and management as the County.
- *Flood Control District* - Established under Chapter 73 of the 1939 Statutes for the State of California. The District maintains and constructs flood control channels, basins, storm drains and dams in six geographical zones within the County. The District is included in the reporting entity because it has the same governing board and management as the County.
- *Park and Recreation Districts* - Responsible for the operation and maintenance of parks and improvement zones located throughout the County. The Districts are included in the reporting entity because they have the same governing board and management as the County.
- *County Service Areas* - Established to provide specific services to distinct geographical areas within the County. Services include, but are not limited to, management and maintenance of streetlights, roads, sanitation collection systems and water distribution systems. The County Service Areas are included in the reporting entity because they have the same governing board and management as the County.
- *Various Joint Powers Authorities (JPAs)* – Includes In Home Support Services (IHSS), Inland Counties Emergency Medical Agency (ICEMA), and San Bernardino County Industrial Development Authority (COIDA). With the exception of ICEMA, separate financial statements are not available for these JPAs. The JPAs are included in the reporting entity because they have the same governing board and management as the County.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Inland Empire Public Facilities Corporation (IEPFC)* - A nonprofit public benefit corporation, formed on May 30, 1986, to serve the County by financing, refinancing, acquiring, constructing, improving, leasing and selling buildings, building improvements, equipment, land, land improvements, and any other real or personal property for the benefit of residents of the County. The Corporation is included in the reporting entity because it has the same governing board as the County, and there is a financial benefit or burden relationship with the County.
- *San Bernardino County Financing Authority (SBCFA)* - Created pursuant to a Joint Exercise of Powers Agreement dated May 16, 1966 as amended on July 1, 1982, and May 1, 1983, as amended and restated on March 27, 1989, and as amended on February 15, 1994. SBCFA provides financing for public capital improvements for the County, to acquire such public capital improvements, and to purchase certain underlying obligations issued by or on behalf of the County. The Authority is included in the reporting entity because it has the same governing board as the County, and there is a financial benefit or burden relationship with the County.
- *Housing Authority of the County of San Bernardino (HACSB)* – a public agency established in 1941, whose primary goal is to provide decent housing in a suitable living environment for families that cannot afford standard private housing such as economically disadvantaged or elderly individuals. It accomplishes this goal through various federal, state and other funded programs. The HACSB is included in the reporting entity because they have the same governing board and management as the County. The Authority has a September 30th year-end and the information incorporated into the County's financial statements is from September 30, 2016. Since it was determined that a common fiscal year-end is impractical, the County incorporates financial statements for the HACSB's fiscal year ending during the County's fiscal year in accordance with GASB 14, *Financial Reporting Entity*.

Additional detailed financial information, including separately issued financial statements (except as noted above) of the County's component units, can be obtained from the Auditor-Controller/Treasurer/Tax Collector's Office at 268 W. Hospitality Lane, San Bernardino, CA 92415-0018.

Discretely Presented Component Unit

FIRST 5 San Bernardino, formerly known as the Children and Families First Commission, was formed in 1998 under the California Health and Safety Code - Section 130100, Chapter 29 of Title 1 of the San Bernardino County Code, and the California Children and Families First Act of 1998. The Commission was created for the purpose of promoting, supporting and improving the early development of children from the prenatal stage to five years of age and is funded by allocations of California Proposition 10 Tobacco Tax. FIRST 5 is a discretely presented component unit because its governing body is not substantially the same as the County's governing body, it does not provide services entirely or exclusively to the County, and the County has the ability to impose its will by appointing all of the Commissioners who serve at the pleasure of the San Bernardino County Board of Supervisors.

Additional detailed financial information, including separately issued financial statements can be obtained from First 5 San Bernardino's Office at 735 E. Carnegie Drive, Suite 150, San Bernardino, CA 92408.

B. Government-wide and fund financial statements

The basic financial statements consist of the following:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the basic financial statements.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the primary government, the County, and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Certain indirect costs are included in the program expenses of the appropriate functions. Program revenues include 1) charges paid by the recipient for goods or services offered by the program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund group classification – governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in separate columns. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

- The *General Fund* accounts for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as General Government, Public Protection, Public Ways and Facilities, Health and Sanitation, Public Assistance, Education, and Recreation and Cultural Services.
- The *Capital Improvement Fund* accounts for construction, rehabilitation, and repair projects for numerous facilities and structures administered by the Project Management Division. The fund is primarily financed by transfers from the general fund.

The County reports the following major enterprise funds:

- *County Medical Center* accounts for the operation of Arrowhead Regional Medical Center inpatient and outpatient care operations, including emergency room services and indigent care to County residents. The fund is financed primarily by patient care services. Separately issued financial statements for the County Medical Center can be obtained from the Auditor-Controller/Treasurer/Tax Collector's Office at 268 W. Hospitality Lane, San Bernardino, CA 92415-0018.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Waste Systems Division* accounts for refuse disposal services provided to the public by five landfill sites. The waste disposal program is financed by funds derived from gate fees at the San Bernardino Valley landfill sites and from land use fees charged to property owners in both the mountain and desert areas.
- *HACSB* accounts for the activities of the Authority, a blended component unit of the County. HACSB provides various types of housing assistance to low and moderate income residents of San Bernardino County. HACSB's fiscal year-end was September 30, 2016.

The County reports the following additional fund types in the fund financial statements:

- *Internal Service Funds* account for central services group that provides services to other departments or agencies of the County on a cost reimbursement basis. Central services group includes printing services, surplus property, central mail, telecommunication services, computer operations, fleet management, risk management, and flood control equipment operations.
- The *Investment Trust Fund* accounts for the pooled investments of numerous self-governed school and special districts for which cash and investments are held by the County Treasurer. The financial reporting for these governmental entities, which are independent of the County, is limited to the total amount of cash and investments and other assets, and the related fiduciary responsibility of the County for disbursements of these assets. Activities of the school districts and special districts are administered by their own separate elected boards and are independent of the County Board of Supervisors. The County Auditor-Controller makes disbursements upon the request of the responsible school and self-governed district officers. The County Board of Supervisors has no effective authority to govern, manage, approve budgets, assume financial responsibility, establish revenue limits, or to appropriate surplus funds available in these entities. Therefore, these entities are fiscally independent of the County.
- The *Private Purpose Trust Fund* accounts for the San Bernardino Redevelopment Successor Agency (Successor Agency) which operates under the auspices of a legislatively formed Oversight Board comprised of representatives of the local agencies that serve the redevelopment project area. The Oversight Board, in its fiduciary capacity, has authority over the operations and the timely dissolution of the former Redevelopment Agency (RDA). It is tasked with fulfilling the obligations of the former RDA, and is also responsible for revenue collection, maintaining necessary bond reserves and disposing of excess property. The Successor Agency issues a stand-alone financial report, which may be obtained by contacting the Successor Agency, 385 North Arrowhead Ave, 3rd Floor, San Bernardino, CA 92415-0043.
- The *Agency Funds* are custodial in nature and do not involve measurement of results of operations. Such funds primarily account for assets held by the County in an agency capacity pending transfer or distribution to individuals, private organizations, other governmental agencies, or other funds.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide, proprietary, and fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes and sales taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable, earned, spendable and available. In the fund financial statements, property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year-end. Property taxes are recorded as deferred inflows of resources when not received within sixty days after fiscal year-end. In the government-wide financial statements, property taxes are recorded as revenue when levied regardless of when the cash is collected. Sales taxes, interest, and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period, and recognized as revenue.

The County considers items available if received within 9 months of year end, for voluntary non-exchange transactions such as federal and state grants and government-mandated non-exchange transactions. Expenditures are generally 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 the payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

The County reports items as deferred inflows of resources when all eligibility requirements are met except for timing requirements or resources recognized as assets that do not meet the availability criterion for recognition as revenue in governmental funds.

Proprietary funds are used to account for business-type activities, which are financed mainly by fees and charges to users of the services provided by the funds' operations. Proprietary funds distinguish operating revenues and expenses from non-operating 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. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds include all Trust and Agency Funds, which account for assets held in a trustee or an agency capacity for individuals, private organizations, or other governments.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

(a) Cash and Cash Equivalents

For purposes of the statement of cash flows, the County considers all pooled investments and other highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

(b) Investments

The County's pooled investments are governed by the California Government Code (CGC) and the County's Investment Policy. These approved investments include U.S. Government Treasury and Agency securities, bankers' acceptances, commercial paper, CD's, medium term notes, mutual funds, repurchase agreements and reverse repurchase agreements as authorized by the CGC Sections 53601, 53635 and 53638 that limit the investments to certain maximum percentages by investment type in the pool.

The County's pooled investments and securities are reported at fair value. The County intends to either hold investments until maturity or until market values equal or exceed cost. The value of the various investments will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Certain money market investments and investment contracts are recorded at cost.

The County categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

(c) Land Held for Resale

Land held for resale are assets acquired and held with the intent of sale, and are recorded at the lower of cost or market, until such time as there is an event which would indicate an agreed-upon sales price. It is not the intent of the County to hold these assets for gain or profit.

(d) Inventories and Prepaid Items

Inventories, which consist principally of materials and supplies held for consumption, are valued at cost (first-in, first-out basis) for governmental fund types and at an amount which approximates the lower of average cost or market for proprietary fund types. Inventories of the governmental and business-type activities are accounted for as expenses when the inventory items are consumed. In the governmental fund financial statements, reported inventories are offset with nonspendable fund balance because these amounts are not available for appropriation and expenditure.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and accounted for as expenses when consumed rather than purchased in both the government-wide and the fund financial statements.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources are a consumption of net position that is applicable to a future reporting period and deferred inflows of resources are an acquisition of net position that is applicable to a future reporting period. A deferred outflows of resources has a positive effect on net position, similar to assets, and a deferred inflows of resources has a negative effect on net position, similar to liabilities. The County has certain items, which qualify for reporting as deferred outflows of resources (Note 9 and Note 19) and deferred inflows of resources (Note 16 and Note 19).

(f) Capital Assets

Capital assets, which include land, structures and improvements, equipment, software, land use rights including easement/right-of-way, and infrastructure assets (roadways, bridges, roadway signage, guardrails, drainage systems, traffic lights, dams, and flood control), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. These capital assets have initial useful lives extending beyond a single reporting period.

Such assets are recorded at historical cost or estimated historical cost if purchased or developed. Donated capital assets are recorded at acquisition value (an entry price) at the date of donation.

The capitalization threshold for the County is \$5,000 (amount not rounded) except for the following assets:

- Structures and Infrastructure: \$100,000 (amount not rounded)
- Internally generated software: \$100,000 (amount not rounded)
- Easements/right-of-way: \$10,000 (amount not rounded)

Structures and improvements, equipment, software and infrastructure of the primary government are depreciated or amortized using the straight-line method over the following estimated useful lives:

- Infrastructure 10 to 100 years
- Structures and improvements Up to 45 years
- Equipment and software 5 to 15 years

Certain intangible assets with contractual, legal, regulatory, or any other factors, which limit the useful lives of those assets, are amortized in accordance with such factors or provisions.

(g) Employee Compensated Absences

Compensated employee absences (vacation, compensatory time off, annual leave, perfect attendance leave, and sick leave) are accrued as an expense and liability in the proprietary funds when incurred. In the governmental funds, only those amounts that are due and payable at year-end are accrued. Compensated employee absences that exceed this amount represent a reconciling item between the fund and government-wide presentations.

(h) Termination Benefits

The County offered monetary incentives to hasten employee voluntary termination of services. Termination benefits are different in nature than salaries and benefits, including post employment benefits. Accordingly, a liability for termination benefits is accrued and presented separately from the salaries and benefits (Note 11).

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Pollution Remediation Obligations

The County estimates pollution remediation outlays to remediate the effects of a pollution event in accordance with generally accepted accounting principles. Those outlays include remedial investigation, site assessment, corrective measures feasibility studies, remediation work, equipment and monitoring of the polluted site (Note 11).

(j) Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net position. Bond premiums and discounts 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 recognized as an expense in the period incurred.

In the fund financial statements, governmental bond premiums and discounts, as well as bond issuance costs, are recognized in the period issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(k) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's cost-sharing multiple-employer defined benefit retirement plan administered by the San Bernardino County Employees' Retirement Association (SBCERA) and the Housing Authority's agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by SBCERA and CalPERS. For this purpose, employer and employee contributions are recognized in the period the related salaries are earned and become measurable pursuant to formal commitments, statutory or contractual requirement, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, and investments are reported at fair value.

(l) Interfund Transactions

Interfund transactions are reflected as loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "Due to/from other funds" (i.e., the current portion of interfund loans) or "Interfund receivables/payables" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Interfund receivables, as reported in the fund financial statements, are offset by the corresponding fund balance classification to indicate that they are not available for appropriation and are not available financial resources.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

(m) Net Position/Fund Balances

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, and capital-related deferred outflows of resources into one component of net position. Accumulated depreciation, capital-related deferred inflows of resources, and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets as well as any premium or discount paid on debt reduce the balance in this category.
- *Restricted Net Position*– This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulation of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Examples of restricted net position include federal and state grants that are restricted by grant agreements for specific purposes and restricted cash set aside for debt service payments.
- *Unrestricted Net Position* – This category represents the net position, not restricted for any project or other purpose.

At June 30, 2017, the County reported restricted net position of \$1,046,820 in the Governmental Activities restricted for the following purposes:

Restricted for:	Amount
Grants and Other County Programs:	
State Realignment Funds	\$ 419,555
Teeter Plan	14,204
Other Grants and Programs	611,349
Perpetual Care - Nonexpendable	1,712
	\$ 1,046,820

In the fund financial statements, governmental funds report fund balance as (1) Nonspendable Fund Balance, (2) Restricted Fund Balance, (3) Committed Fund Balance, (4) Assigned Fund Balance, and (5) Unassigned Fund Balance. These components of fund balance are reported primarily to indicate the extent to which the County is bound to honor constraint on the specific purposes for which amounts in the fund can be spent (Note 17).

- 1) *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.
- 2) *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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 3) *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.
- 4) *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.
- 5) *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. Negative equity in all other governmental funds is reflected as unassigned.

The County Board of Supervisors establishes, modifies or rescinds fund balance commitments by passage of a resolution. The County also uses budget and finance policy to authorize the assignment of fund balance, which is done through adoption of the budget and subsequent budget amendments throughout the year.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then followed by unrestricted resources; committed, assigned and unassigned, as they are needed.

(n) Fund Balance Policy

The objective of the County's fund balance and reserve policy is to ensure the County of San Bernardino maintains a minimum level of unassigned fund balance designated as general purpose reserve to meet seasonal cash flow shortfalls, revenue shortfalls, unanticipated expenditures, economic downturns or effects of local disasters. The policy also addresses the circumstances under which unassigned fund balance can be "spent down" and how the unassigned fund balance will be replenished if it falls below the established minimum.

General Purpose Reserve and Mandatory Contingencies Reserve

The County has established an unassigned fund balance designated as General Purpose Reserve for the general fund targeted at 20% of locally funded appropriations based on the adopted budget. Locally funded appropriations are those funded by countywide discretionary revenues such as unrestricted property tax, sales tax, interest income, and other revenues not linked to specific programs and those funded by ongoing operating transfers in.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The unassigned fund balance designated as General Purpose Reserve is built up with one-time sources until the established target is achieved. In the event the locally funded appropriations decline from the previous fiscal year, the General Purpose Reserve shall have no downward adjustments. Increases to the General Purpose Reserve generally are only made once at the beginning of the fiscal year.

The County also maintains a Mandatory Contingencies Reserve set at a minimum of 1.5% of locally funded appropriations based on adopted budget. The amount needed to fund the Mandatory Contingencies Reserve for the succeeding fiscal year will be categorized as unassigned fund balance. In the event the locally funded appropriation declines from the previous fiscal year, the Mandatory Contingencies shall have no downward adjustments. Increases to the Mandatory Contingencies generally are only made once at the beginning of the fiscal year.

The remaining unassigned fund balance amount not allocated to the General Purpose Reserve or Mandatory Contingencies will be included in Uncertainties Contingencies Reserve.

Fund Balance Spend Down and Replenishment Procedure

Use of unassigned fund balance will be limited to nonrecurring expenditures, debt reduction, one-time capital costs or emergency situations (such as economic conditions or natural disasters). The County generally will use the Uncertainties Contingencies Reserve first, then the Mandatory Contingencies and finally the General Purpose Reserve allocation when using the unassigned fund balance.

The County recognizes that unforeseen events may cause the use of unassigned fund balance which will result in it falling below the established minimum. However, if this occurs, or is expected to occur within the five year planning cycle, the budget balancing strategies will be invoked to determine corrective actions. When necessary, the following budget balancing strategies will be used in order of priority:

- 1) Seek other revenue opportunities, including new service fees or increase to existing fees;
- 2) Reduce expenditures through improved productivity;
- 3) Reduce or eliminate services;
- 4) Reduce employee salaries and benefits.

A planned draw down of unassigned fund balance generally should not exceed 3% of locally funded appropriation in a given fiscal year. Generally before the unassigned fund balance can be withdrawn below the target, a replenishment plan must be adopted. For withdrawals, as soon as economic conditions have recovered, one-time sources will be used to replenish reserves before using for one-time, non-emergency expenses. The unassigned fund balance shall be built up with one-time sources until the established target is achieved/ replenished.

As of June 30, 2017, the County's General Purposes Reserve is \$97,124 which is included in the Unassigned Fund Balance as determined by the Fund Balance Policy.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Property Taxes

The County levies, collects, and apportions property taxes for all taxing jurisdictions within the County, including school and special districts. Property taxes are determined by applying approved rates to the assessed values of properties. The total 2016-17 taxable assessed valuation of the County of San Bernardino was \$200,360,174.

Article XIII A of the State of California Constitution limits the property tax levy to support general government services of the various taxing jurisdictions to \$1.00 per \$100.00 of assessed value. Taxes levied to service voter-approved debt prior to June 30, 1978 are excluded from this limitation. Secured property taxes are levied in two equal installments, November 1 and February 1. They become delinquent with penalties after December 10 and April 10, respectively. The lien date is January 1 of each year. Unsecured property taxes are due on the March 1 lien date and become delinquent with penalties after August 31. The term “unsecured” refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed.

The County apportions property tax according to the Teeter Plan, which is an alternate property tax distribution procedure authorized by the California Legislature in 1949. Generally, the Teeter Plan provides for a property tax distribution procedure by which secured roll taxes are distributed based on the tax levy, rather than on the basis of actual tax collections, for agencies that elect to participate in the Teeter Plan (including the County General Fund). Under the Teeter Plan, the County advances each participant an amount equal to the participant’s Teeter Secured Levy (adjusted at year end for corrections to the assessment roll) that remains unpaid at the end of the fiscal year. In return, the County General Fund receives all future delinquent tax payments, penalties and interest. The County bears the risk of loss on the delinquent property taxes but benefits from the penalties and interest associated with these delinquent taxes when they are paid. Under the Teeter Plan, the County is also required to establish a tax loss reserve fund to cover losses that may occur as a result of sales of tax-defaulted properties.

(p) Use of Estimates

The presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

(q) Implemented Accounting Pronouncements

During fiscal year 2017, the County adopted the following Governmental Accounting Standards Board (GASB) Statements:

GASB 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

In June 2015, GASB issued Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement is effective for periods beginning after June 15, 2016. The County has implemented this Statement as of July 1, 2016, except for the Housing Authority, due to its fiscal year beginning October 1, 2015. The adoption of this statement did not have an impact on the financial statements.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB 77 – Tax Abatement Disclosures

In August 2015, GASB issued Statement No. 77 – *Tax Abatement Disclosures*. The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. The Statement is effective for periods beginning after December 15, 2015. The County has implemented this Statement as of July 1, 2016, except for the Housing Authority, due to its fiscal year beginning October 1, 2015. It was determined that the County did not have any material items that are subject to the provisions of this Statement as of June 30, 2017.

GASB 78 – Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. The Statement is effective for periods beginning after December 15, 2015. The County has implemented this Statement as of July 1, 2016, except for the Housing Authority, due to its fiscal year beginning October 1, 2015. The adoption of this statement did not have an impact on the financial statements.

GASB 80 – Blending Requirements for Certain Component Units (an amendment of GASB Statement No. 14)

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units — an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The Statement is effective for periods beginning after June 15, 2016. The County has implemented this Statement as of July 1, 2016, except for the Housing Authority, due to its fiscal year beginning October 1, 2015. The adoption of this statement did not have an impact on the financial statements.

GASB 82 – Pension Issues (an amendment of GASB Statements No. 67, No. 68, and No. 73)

In March 2016, GASB issued Statement No. 82, *Pension Issues*. The objective of this Statement is to address certain issues that have been raised with respect to GASB 67, *Financial Reporting for Pension Plans*, GASB 68, *Accounting and Financial Reporting for Pensions*, and GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASBs 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The County adopted both parts of this statement, except for the Housing Authority, due to its fiscal year beginning October 1, 2015. The implementation required restatement of the previously reported covered-employee payroll to covered payroll in required supplementary information.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Amounts reported for governmental activities in the statement of net position are different from those reported for governmental funds in the balance sheet. The following provides a reconciliation of those differences:

	Total Governmental Funds (Page 40)	Long-term Assets and Liabilities (1)	Internal Service Funds (2) (Page 45)	Eliminations	Statement of Net Position Totals (Page 36)
Assets and Deferred Outflows of Resources					
Assets:					
Cash and Cash Equivalents	\$ 1,766,442	\$ -	\$ 338,978	\$ -	\$ 2,105,420
Investments	1,627	-	-	-	1,627
Accounts Receivable - Net	5,882	-	3,362	-	9,244
Taxes Receivable	41,119	-	-	-	41,119
Interest Receivable	25,714	-	-	-	25,714
Loans Receivable	38,589	-	-	-	38,589
Other Receivables	13,266	-	8	-	13,274
Due from Other Funds	53,595	-	4,019	(57,614)	-
Due from Other Governments	369,985	-	1,245	-	371,230
Internal Balances	-	-	-	14,059	14,059
Land Held for Resale	50,038	-	-	-	50,038
Inventories	1,342	-	4,163	-	5,505
Prepaid Items	2,052	-	5,300	(289)	7,063
Interfund Receivable	18,939	-	-	(18,939)	-
Restricted Cash and Investments	41,804	-	-	-	41,804
Land	-	129,924	894	-	130,818
Land Use Rights - Not Amortized	-	23,835	-	-	23,835
Development In Progress	-	263,988	4,975	-	268,963
Land Use Rights - Amortized	-	123	-	-	123
Structures, Improvements, and Infrastructure	-	2,706,861	14,843	-	2,721,704
Equipment and Software	-	290,346	121,575	-	411,921
Accumulated Depreciation and Amortization	-	(1,505,772)	(89,887)	-	(1,595,659)
Total Assets	2,430,394	1,909,305	409,475	(62,783)	4,686,391
Deferred Outflows of Resources:					
Deferred Amounts on Refunding	-	2,167	-	-	2,167
Pensions	-	797,664	27,773	-	825,437
Total Deferred Outflows of Resources	-	799,831	27,773	-	827,604
Total Assets and Deferred Outflows of Resources	\$ 2,430,394	\$ 2,709,136	\$ 437,248	\$ (62,783)	\$ 5,513,995
Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ 89,105	\$ -	\$ 7,160	\$ -	\$ 96,265
Salaries and Benefits Payable	90,321	-	2,835	-	93,156
Due to Other Funds	57,447	-	2,079	(59,526)	-
Due to Other Governments	30,262	-	7	-	30,269
Interest Payable	-	7,946	-	-	7,946
Advances from Others	29,528	-	9,289	(289)	38,528
Interfund Payable	2,968	-	-	(2,968)	-
Compensated Absences Payable	-	174,146	7,657	-	181,803
Termination Benefits Payable	-	72	-	-	72
Bonds and Notes Payable	-	751,094	-	-	751,094
Premium	-	395	-	-	395
Discount	-	(43,820)	-	-	(43,820)
Estimated Liability for Litigation and Self-Insured Claims	-	-	246,495	-	246,495
Net Pension Liability	-	1,787,976	45,670	-	1,833,646
Total Liabilities	299,631	2,677,809	321,192	(62,783)	3,235,849
Deferred Inflows of Resources:					
Unavailable Revenues	86,048	(86,048)	-	-	-
Deferred Amounts on Refunding	-	216	-	-	216
Pensions	-	306,160	10,647	-	316,807
Total Deferred Inflows of Resources	86,048	220,328	10,647	-	317,023
Fund Balance/Net Position	2,044,715	(189,001)	105,409	-	1,961,123
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position	\$ 2,430,394	\$ 2,709,136	\$ 437,248	\$ (62,783)	\$ 5,513,995

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

(1)	Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds.		
	Land	\$ 129,924	
	Land Use Rights - not being amortized	23,835	
	Development in Progress	263,988	
	Land Use Rights - being amortized	123	
	Structures, Improvements, and Infrastructure	2,706,861	
	Equipment and Software	290,346	
	Accumulated Depreciation and Amortization	<u>(1,505,772)</u>	
			<u>\$ 1,909,305</u>
(1)	Receivables are not available to pay for current-period expenditures and are therefore deferred in the governmental funds.	<u>\$ 86,048</u>	<u>\$ 86,048</u>
(1)	Interest Payable		<u>\$ (7,946)</u>
(1)	Deferred outflows and inflows of resources are applicable to future periods and therefore are not reported in the funds.		
	Deferred Outflows of Resources - Deferred Amounts on Refunding	\$ 2,167	
	Deferred Outflows of Resources - Pensions	797,664	
	Deferred Inflows of Resources - Deferred Amounts on Refunding	(216)	
	Deferred Inflows of Resources - Pensions	<u>(306,160)</u>	
			<u>\$ 493,455</u>
(1)	Long-term liabilities, including bonds payable, that are not due and payable in the current period and therefore are not reported in the funds.		
	Compensated Absences Payable	\$ (174,146)	
	Termination Benefits Payable	(72)	
	Bonds and Notes Payable	(751,094)	
	Premium	(395)	
	Discount	43,820	
	Net Pension Liability	<u>(1,787,976)</u>	
			<u>\$ (2,669,863)</u>
(2)	Internal service funds that are used by management to charge the costs of general services, telecommunication services, computer operations, fleet management, risk management, and flood control equipment to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		<u>\$ 105,409</u>
(1)	GASB 34 Conversion Entries		
(2)	Internal Service Funds reported as part of Governmental Activities		

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

(a) Budgetary Information

In accordance with the provisions of Section 29000 – 29144 and 30200 of the Government Code of the State of California, commonly known as the County Budget Act, the County prepares and adopts the final budget no later than October 2, for each fiscal year. Budgets are adopted for the General Fund, certain Special Revenue Funds, certain Debt Service Funds, and certain Capital Projects Funds. Budgets are prepared on the modified accrual basis of accounting, except that current year encumbrances are budgeted as expenditures.

Annual budgets are not adopted for the following funds: Pension Obligation Bonds Debt Service, Joint Powers Authorities Special Revenue and Debt Service Funds, and Permanent Funds.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

The legal level of budgetary control is maintained at the object level for general expenditures and sub-object level for capital assets within departments. However, presentation of the basic financial statements at the legal level of control is not feasible due to excessive length. Because of the large volume of detail, the budget and the actual statements have been aggregated by function. The County does prepare a separate final budget document at the object and sub-object level that is available to the public by the office of the Auditor-Controller/Treasurer/Tax Collector.

Amendments or transfers of appropriations between funds or departments must be approved by the Board. Throughout the year, supplemental appropriations may be necessary and are normally financed by unanticipated revenues. These must also be approved by the Board. Amendments or transfers of appropriations between object code levels within the same department may be approved by the Board or the County Administrative Office. Transfers at the sub-object code level or cost center level may be done at the discretion of the department head. Any deficiency of the budgeted revenues and other financing sources over expenditures and other financing uses is financed by beginning available fund balances as provided in the County Budget Act.

(b) Reconciliation of Budgetary Basis to GAAP Basis

The annual County Budget is prepared, approved and adopted in accordance with provisions of the County Budget Act. In preparing the budget, the County utilizes a basis of accounting which is different from the basis prescribed by generally accepted accounting principles (GAAP). The accompanying General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual on a Budgetary Basis presents a comparison of the legally adopted budget and the actual data on a budgetary basis.

The following adjustments are necessary to provide a meaningful comparison of the actual results of operations with the budget:

	General Fund
Fund balance - budgetary basis	\$ 996,839
Outstanding encumbrances for budgeted funds	53,797
Fund balance - GAAP basis	\$ 1,050,636

NOTE 4 – CASH AND INVESTMENTS

Cash and investments include the cash balances of substantially all funds which are pooled (the “pool”) and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. The pool is not registered as an investment company with the Securities and Exchange Commission (SEC). Included also are cash and investments held by certain joint powers and certain public agencies authorities and cash held by various trustee financial institutions in accordance with the California Government Code.

State law requires that all operating monies of the County, school districts, and certain special districts be held by the County Treasurer. The net position value associated with legally mandated external participants in the asset pool was \$3,137,871 at June 30, 2017.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2017, the fair value of the County investment pool was \$6.0 billion. Approximately 14% of the County pool is attributable to the County General Fund, with the remainder of the balance comprised of other county funds, component units, school districts and special districts. Additionally, as of June 30, 2017, \$266,656 of the amounts deposited in the County pool was attributable to depositors who are not required to, but choose to, invest in the County pool. These include independent special districts, State Trial Court, and other governmental agencies. The deposits held for both involuntary and voluntary external participants are reported in the Investment Trust Fund.

The fair value of the pool is determined monthly, and depends on, among other factors, the maturities and types of investments and general market conditions. The fair value of each participant's position including both voluntary and involuntary participants is the same as the value of the pool share. The method used to determine participants' equity withdrawn is based on the daily average book value of the participants' percentage participation in the pool.

The County has not produced or provided any letters of credit or legal binding guarantees as supplemental support of the pool values during the year ended at June 30, 2017. The pool provides monthly reporting to both The Treasury Oversight Committee who reviews investment policy and the County Board of Supervisors who reviews and approves investment policy.

The County does not pool its external participants' investments separately from the County pool. The average rate of return on investments during fiscal year 2016-17 was 0.97%.

A summary of the total cash and investments as of June 30, 2017 is as follows:

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate Range</u>	<u>Maturity Range ^A</u>	<u>Average Maturity (days)</u>
U.S. Treasury Securities	\$ 673,369	\$ 674,162	0.89% - 2.10%	08/31/17 - 01/31/22	897
U.S. Government Agencies	1,667,532	1,664,110	0.73% - 1.62%	07/14/17 - 05/08/20	417
Negotiable Certificates of Deposit	1,433,001	1,432,646	0.66% - 1.50%	07/03/17 - 06/28/18	142
Commercial Paper	1,116,186	1,117,822	0.93% - 1.49%	07/03/17 - 12/29/17	55
Medium-Term Notes	85,004	84,746	0.82% - 1.87%	01/12/18 - 02/06/20	524
Insured Placement Service Accounts	50,000	50,000	0.45%	07/01/17	1
JPA Investment Pools	192,000	192,000	1.09%	07/01/17	1
Money Market Mutual Funds	2,000	2,000	0.53% - 0.82%	07/01/17	1
Supranational Securities	833,798	830,009	0.94% - 1.90%	07/19/17 - 05/12/20	561
Total County's Pooled Investments	6,052,890	6,047,495			
Investments Held Outside County Pool:					
U.S. Government Agencies	5,988	6,194	0.88%	05/21/18	165
Guaranteed Investment Contracts	4,751	4,751	6.31%	07/27/28	4,045
State and Local Municipal Bonds	41,234	39,650	4.00% - 5.75%	7/1/2017 - 1/1/2040	1,756
Money Market Mutual Funds	81,732	81,732	N/A	N/A	N/A
U.S. Treasury Securities	14,711	18,737	7.63%	11/15/22	1,964
Local Agency Investment Fund	10,335	10,335	0.60%	N/A	N/A
Total Investments Held Outside County Pool	158,751	161,399			
Total Investments	\$ 6,211,641	6,208,894			
Cash in Bank:					
Cash Equivalents and Demand Deposits (County)		561,575			
Cash Equivalents and Demand Deposits (HACSB)		26,924			
Total Cash in Bank		588,499			
Total Cash and Investments		\$ 6,797,393			

^A Includes HACSB with 9/30/2016 year end (some range(s) are prior to 6/30/2017).

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

The following table presents the authorized investment types per California Government Code (CGC), along with their respective requirements and restrictions per the CGC and the County Investment Pool Policy:

Investment Type	Maximum Maturity		Maximum % of Pool		Maximum % Per Issuer		Minimum Rating ^{A, B}	
	CGC	Investment Policy	CGC	Investment Policy	CGC	Investment Policy	CGC	Investment Policy ^C
U.S. Treasury Securities	5 years	5 years	None	None	None	None	None	None
U.S. Government Agencies	5 years	5 years	None	None	None	None	None	None
Negotiable Certificates of Deposit	5 years	3 years	30%	30%	None	5%	None	A-1, A- by 2 CRA
Collateralized Certificates of Deposit	5 years	1 year	None	10%	None	None	None	None
Bankers Acceptances	180 days	180 days	40%	30%	30%	100MM, 5% ^D	None	A-1 by 2 CRA
Commercial Paper	270 days	270 days	40%	40%	10%	5%	A-1, A	A-1 by 2 CRA
Repurchase Agreements	1 year	180 days	None	40%	None	None	None	None
Reverse Repurchase Agreements	92 days ^E	92 days ^E	20%	10%	None	None	None ^F	None ^F
Municipal Debt	5 years	5 years	None	10%	None	None	None	AAA by 2 CRA
Medium-Term Corporate Notes	5 years	3 years	30%	10%	None	100MM, 5% ^D	A	A- by 2 CRA
Insured Placement Service Accounts	5 years	Immediate liquidity	30%	5%	None	50MM, 100MM ^G	None	Not applicable
JPA Investment Pools	Not applicable	Immediate liquidity	None	5%	None	200MM	None	AAA _m
Money Market Mutual Funds	Not applicable	Immediate liquidity	20%	15%	None	10%	AAA _m by 2 CRA	AAA _m by 2 CRA
Supranational Securities	5 years	5 years	30%	30%	None	None	AA	AA

Footnote:

^A Minimum credit rating categories are without regard to ratings modifiers (+/-). Short-term rating appears before long-term rating.

^B Standard & Poor's Ratings (quoted) or its equivalent nationally recognized statistical rating organization (NRSRO) rating or better.

^C The County uses the credit ratings issued by the following credit rating agencies (CRA): Standard & Poor's Ratings Services, Moody's Investors Service, and Fitch Ratings.

^D Maximum \$100MM par value of any one issuer, subject to 5% overall corporate issuer limit.

^E May exceed 92 days if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale and final maturity dates of the same security.

^F Must have held the securities used for the agreements for at least 30 days.

^G FICA accounts balances are fully covered by FDIC insurance. Term deposits are not permitted. Maximum \$50MM per selected depository institution. Maximum \$100MM per placement service.

Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County has the ability to access.

Level 2 — Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the County's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the County's own data.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by the County's management. County management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to County management's perceived risk of that investment.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Deposits and withdrawals in governmental investment pools, such as LAIF and JPA Investment Pools, guaranteed investment agreements and insured placement service accounts are made on the basis of \$1 and not fair value. Accordingly, the fair value of the County's proportionate share in these types of investments is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

The following is a description of the valuation methods and assumptions used by the County to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at June 30, 2016. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. County management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The County treasury pool's asset market prices are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. Non-negotiable FDIC-insured bank certificates of deposit are priced at par. When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy.

For investments classified within Level 2 of the fair value hierarchy, the County's custodians generally use a multi-dimensional relational model. Inputs to their pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others.

Investments classified at Level 3 represent securities that are entirely owned by the County and have not traded publicly. The securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated.

The valuation of 2a7 Money Market Mutual funds held by the pool is at one-dollar net asset value (NAV) per share. The total fair value of these at June 30, 2017 was \$2,000, with \$0 unfunded commitments. The redemption frequency is daily and redemption notice period of intra-daily. This type of investment primarily invests in short term U.S Treasury and government securities (including repurchase agreements collateralized by U.S. Treasury and government agency securities).

COUNTY OF SAN BERNARDINO
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(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

The valuation of 2a7 Money Market Mutual funds held outside the pool is at one-dollar net asset value (NAV) per share. The total fair value of these at June 30, 2017 was \$81,732, with \$0 unfunded commitments. The redemption frequency is daily and redemption notice period of intra-daily. This type of investment primarily invests in short term U.S Treasury, government securities (including repurchase agreements collateralized by U.S. Treasury and government agency securities), agency mortgage-backed securities, and short term high quality municipal obligations that provide income exempt from federal and California state income tax and federal alternative minimum tax.

As of June 30, 2017, the County has the following recurring fair value measurements:

	Balance at June 30, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
County's Pooled Investment:				
U.S. Treasury Securities	\$ 674,162	\$ 674,162	\$ -	\$ -
U.S. Government Agencies	1,664,110	24,955	1,639,155	-
Negotiable Certificates of Deposit	1,432,646	-	1,432,646	-
Commercial Paper	1,117,822	-	1,117,822	-
Medium-Term Notes	84,746	-	84,746	-
Supranational Securities	830,009	-	780,327	49,682
Total County's Pooled Investments by Fair Value Level	5,803,495	\$ 699,117	\$ 5,054,696	\$ 49,682
Investments Held Outside County Pool by Fair Value Level:				
U.S. Government Agencies	6,194	\$ -	\$ 6,194	\$ -
State and Local Municipal Bonds	39,650	-	39,650	-
U.S. Treasury Securities	18,737	-	18,737	-
Total Investments Held Outside County Pool by Fair Value Level	64,581	\$ -	\$ 64,581	\$ -
Uncategorized Investments				
Uncategorized Investments Held in County's Pool:				
Insured Placement Service Accounts	50,000			
JPA Investment Pools	192,000			
Total Uncategorized Investments Held in County's Pool	242,000			
Uncategorized Investments Held Outside County's Pool:				
Guaranteed Investment Contracts	4,751			
Local Agency Investment Fund	10,335			
Total Uncategorized Investments Held Outside County's Pool	15,086			
Investments Measured at the Net Asset Value (NAV)				
County's Pooled Investments Measured at the Net Asset Value (NAV):				
Money Market Mutual Funds	2,000			
Investments Held Outside County Pool Measured at the Net Asset Value (NAV):				
Money Market Mutual Funds	81,732			
Total Investments	\$ 6,208,894			

Investments authorized by debt agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the trust agreements, created in connection with the issuance of debt (see Note 11) rather than the general provisions of the California Government Code. Certificates of Participation, Pension Obligation Bond and Revenue Bond indentures specify the types of securities in which proceeds may be invested as well as any related insurance, collateral, or minimum credit rating requirements. Although requirements may vary between debt issues, money market funds are all required to be investment grade. Guaranteed investment contracts are required to be acceptable to the municipal bond insurer. The fair value of investments is based on the valuation provided by trustee banks.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
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NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

Investment credit risk

Investment credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. Generally accepted accounting principles require the disclosure of credit quality ratings for investments in debt securities as well as investments in external investment pools, money market funds, and other pooled investments of fixed income securities.

California Law and San Bernardino County Treasury Pool Investment Policy (where more restrictive) place limitations on the purchase of investments in the County Pool. Purchases of commercial paper, banker's acceptances, and negotiable certificates of deposit are restricted to issuers rated in the top three long-term letter ratings by a minimum of two of three nationally recognized statistical rating organizations (NRSRO's). For an issuer of short-term debt, the rating must be no less than A-1 (S&P), P-1 (Moody's), or F-1 (Fitch) while an issuer of medium-term corporate notes must have a minimum letter rating of "A". Purchases of Supranational issuer securities must have a minimum long-term letter rating of "AA" from one NRSRO. Municipal notes and bonds and money market mutual funds must have a minimum letter rating of "AAA" from two of three NRSRO's (if rated). JPA Pools must have a minimum letter rating of "AAA" from one NRSRO. (Letter ratings are stated without regard to ratings modifiers +/-) Limits are also placed on the maximum percentage investment by sector and by individual issuer (see schedule).

As of June 30, 2017, all investments held by the County Pool were within policy limits.

Investment Type	S&P Rating *	Moody's Rating *	Fitch Rating *	Maximum Allowed % of Portfolio	Individual Issuer Limitations	Weighted % of Pool
U.S. Treasury Securities	NA	NA	NA	None	None	11.14%
U.S. Government Agencies	A-1+	P-1	NR	None	None	0.41%
U.S. Government Agencies	AA+	Aaa	AAA	None	None	17.19%
U.S. Government Agencies	AA+	Aaa	NR	None	None	9.91%
Negotiable Certificates of Deposit	A-1+	P-1	F1+	30%	5%	15.42%
Negotiable Certificates of Deposit	A-1+	P-1	AA-	30%	5%	0.83%
Negotiable Certificates of Deposit	A-1	P-1	F1+	30%	5%	6.20%
Negotiable Certificates of Deposit	AA-	Aa3	AA-	30%	5%	0.41%
Negotiable Certificates of Deposit	A+	A1	F1+	30%	5%	0.83%
Commercial Paper	A-1+	P-1	F1	40%	5%	4.08%
Commercial Paper	A-1+	P-1	F1+	40%	5%	1.82%
Commercial Paper	A-1	P-1	F1	40%	5%	7.32%
Commercial Paper	A-1	P-1	F1+	40%	5%	5.28%
Medium-Term Notes	AAA	Aaa	AA+	10%	100MM, 5%	0.99%
Medium-Term Notes	AA	Aa2	AA-	10%	100MM, 5%	0.41%
Insured Placement Service Accounts	NR	NR	NR	5%	50MM, 100MM	0.83%
JPA Investment Pools	AAAm	NR	NR	5%	200MM	3.17%
Money Market Mutual Funds	AAAm	Aaa	AAA	15%	10%	0.02%
Money Market Mutual Funds	AAAm	Aaa	NR	15%	10%	0.02%
Supranational Securities	AAA	Aaa	AAA	30%	None	12.98%
Supranational Securities	A-1+	P-1	F1+	30%	None	0.74%

* NA = Not Applicable, NR = Not Rated

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

The County's investments held outside County Pool were rated as of June 30, 2017 as follows:

<u>Investment Type</u>	<u>S&P Rating *</u>	<u>Moody's Rating *</u>	<u>Fitch Rating *</u>	<u>Weighted % of Investments</u>
Guaranteed Investment Contracts	BBB	Ba1	NR	2.94%
Local Agency Investment Fund (HACSB)	NR	NR	NR	6.40%
Municipal Bonds	A	NR	NR	0.98%
Municipal Bonds	AA	Aa1	AA	0.84%
Municipal Bonds	AA	Aa2	AA	0.39%
Municipal Bonds	AA	Aa2	NR	0.56%
Municipal Bonds	AA	Aa3	NR	2.55%
Municipal Bonds	AA-	Aa3	AA-	3.16%
Municipal Bonds	AA-	A1	AA	2.08%
Municipal Bonds	AA+	Aa1	AA+	3.53%
Municipal Bonds	AA+	Aaa	NR	0.52%
Municipal Bonds	AAA	Aaa	AAA	3.88%
Municipal Bonds	AAA	Aaa	NR	2.57%
Municipal Bonds	AAA	Aa1	AA+	2.12%
Municipal Bonds	AAA	Aa2	NR	0.64%
Municipal Bonds	NR	NR	NR	0.75%
Mutual Funds	AAA	Aaa	NR	14.05%
Mutual Funds	AAA	Aaa	AAA	4.66%
Mutual Funds	NR	NR	NR	31.93%
U.S. Government Agencies	AA+	Aaa	AAA	3.84%
U.S. Treasury Securities	NA	NA	NA	11.61%

* NA = Not Applicable, NR = Not Rated

Concentration of credit risk

An increased risk of loss occurs as more investments are acquired from one issuer (i.e. lack of diversification). This results in a *concentration of credit risk*.

Generally accepted accounting principles require disclosure of investments by amount and issuer that represent five-percent or more of total investments held. This requirement excludes investments issued or explicitly guaranteed by the United States Government, investments in mutual funds, external investment pools, and other pooled investments.

As of June 30, 2017, the following issuers represented more than five-percent of the County's Pooled Investment balance:

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Federal Home Loan Bank (FHLB)	\$ 624,064	10.02%
International Bank of Reconstruction and Development	606,780	9.74%
Federal Home Loan Mortgage Corp (FHLMC)	407,033	6.54%
Federal National Mortgage Assoc (FNMA)	363,925	5.84%

Interest rate risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. Generally, the longer the maturity of an investment, the greater the interest rate risk associated with that investment.

Generally accepted accounting principles require that *interest rate risk* be disclosed using a minimum of one of five approved methods, which are: *segmented time distribution, specific identification, weighted average maturity, duration, and simulated model*.

COUNTY OF SAN BERNARDINO
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NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

The County manages its exposure to interest rate risk by carefully matching cash flows and maturing positions to meet expenditures, limiting 40% of the County Pool to maturities of one year or less, and by maintaining an overall Duration-to-Maturity of 1.5 years or less. Modified Duration, which the County uses, is a measure of a fixed income's cash flow using present values, weighted for cash flows as a percentage of the investments full price. The modified duration of the total pooled investment at June 30, 2017 is 0.84 years. Effective Duration makes assumptions based on current market conditions regarding the most likely timing and amounts of variable cash flows arising from such investments as callable bonds. Duration-to-Maturity assumes that all securities in the portfolio, including callable and floating rate notes, are held to final maturity.

California Law and where more restrictive, the San Bernardino County Pool Investment Policy, place limitations on the maximum maturity of investments to be purchased by sector (see schedule). As of June 30, 2017, all investments held by the County Pool were within policy limits.

A summary of County pooled investments for Maturity Range, Limits, and Modified Duration is as follows:

Investment Type	Fair Value	Maturity Range (days)	Maturity Limits	Modified Duration (years)
U.S. Treasury Securities	\$ 674,162	62 - 1,676	1,825 days	2.38
U.S. Government Agencies	1,664,110	14 - 1,043	1,825 days	1.12
Negotiable Certificates of Deposit	1,432,646	3 - 363	1,095 days	0.38
Commercial Paper	1,117,822	3 - 182	270 days	0.14
Medium-Term Corporate Notes	84,746	196 - 951	1,095 days	1.41
Insured Placement Service Accounts	50,000	1	Immediate liquidity	0.01
JPA Investment Pools	192,000	1	Immediate liquidity	0.01
Money Market Mutual Funds	2,000	1	Immediate liquidity	0.01
Supranational Securities	830,009	19 - 1,047	1,825 days	1.51
Total County's Pooled Investments	\$ 6,047,495			

Weighted average maturity of the investments held outside the County Pool, as of June 30, 2017 is as follows:

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. Government Agencies	\$ 6,194	0.89
Guaranteed Investment Contracts	4,751	11.08
State and Local Municipal Bonds	39,650	4.81
Money Market Mutual Funds	81,732	0.01
U.S. Treasury Securities	18,737	5.38
Local Agency Investment Fund	10,335	0.00
Total Investments Held Outside County Pool	\$ 161,399	

Custodial credit risk

Custodial Credit Risk for Deposits exists when, in the event of a depository financial institution failure, a government may be unable to recover deposits, or recover collateral securities that are in the possession of an outside party.

Generally accepted accounting principles require the disclosure of deposits into a financial institution that are not covered by FDIC depository insurance and that are uncollateralized.

COUNTY OF SAN BERNARDINO
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NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

California Law requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure County deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2017, the carrying amount of the County's deposits was \$588,499 and the corresponding bank balance was \$588,209, of which both balances include \$180,000 in a certain negotiable order of withdrawal account. The difference of \$290 was primarily due to outstanding warrants, wires and deposits in transit. Of the bank balances, \$1,750 was insured by FDIC depository insurance and the remainder was collateralized, as required by California Government Code Section 53652.

Custodial Credit Risk for Investments exists when, in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

In order to limit *Custodial Credit Risk for Investments*, San Bernardino County Pool Investment Policy requires that all investments and investment collateral be transacted on a delivery-vs-payment basis with a third-party custodian and registered in the County's name. All counterparties to repurchase agreements must sign a SIFMA Global Master Repurchase Agreement and/or Tri-Party Repurchase Agreement before engaging in repurchase agreement transactions.

As of June 30, 2017, Cash and Investments are classified in the accompanying financial statements as follows:

	Total Governmental Activities	Total Business-type Activities	Total Fiduciary Funds	Discretely Presented Component Unit	Total
Cash and Investments	\$ 2,107,047	\$ 426,880	\$ 4,008,375	\$ 84,379	\$ 6,626,681
Restricted Cash and Investments	41,804	121,393	7,515	-	170,712
Total Cash and Investments	\$ 2,148,851	\$ 548,273	\$ 4,015,890	\$ 84,379	\$ 6,797,393

The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2017:

Statement of Net Position	
Equity of internal pool participants	\$ 2,642,968
Equity of external pool participants:	
Voluntary	266,656
Involuntary	3,137,871
Total Net Position held for pool participants	\$ 6,047,495
Statement of Changes in Net Position	
Net Position at July 1, 2016	\$ 5,682,728
Net change in investments by pool participants	364,767
Net Position at June 30, 2017	\$ 6,047,495

COUNTY OF SAN BERNARDINO
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NOTE 5 – RECEIVABLES

Receivables at year-end of major individual funds, nonmajor funds, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

Governmental Activities:

	<u>Accounts</u>	<u>Taxes</u>	<u>Interest</u>	<u>Loans</u>	<u>Other Receivables</u>	<u>Due From Other Governments</u>	<u>Total Governmental Activities</u>
General Fund	\$ 3,450	\$ 33,635	\$ 23,893	\$ 37,645	\$ 12,857	\$ 288,947	\$ 400,427
Capital Improvement Fund	-	-	329	-	-	223	552
Nonmajor Governmental Funds	2,440	7,484	1,492	944	409	80,815	93,584
Less Allowance for Doubtful Accounts	(8)	-	-	-	-	-	(8)
Internal Service Funds	3,362	-	-	-	8	1,245	4,615
Total Governmental Activities Receivables	<u>\$ 9,244</u>	<u>\$ 41,119</u>	<u>\$ 25,714</u>	<u>\$ 38,589</u>	<u>\$ 13,274</u>	<u>\$ 371,230</u>	<u>\$ 499,170</u>

Business-Type Activities:

	<u>Accounts</u>	<u>Taxes</u>	<u>Interest</u>	<u>Loans</u>	<u>Other Receivables</u>	<u>Due From Other Governments</u>	<u>Total Business- Type Activities</u>
Medical Center	\$ 187,688	\$ -	\$ 292	\$ -	\$ 4,701	\$ 60,209	\$ 252,890
Less Allowance for Doubtful Accounts	(151,995)	-	-	-	-	-	(151,995)
Waste Systems Division	10,882	-	-	-	25,595	1,750	38,227
Less Allowance for Doubtful Accounts	(574)	-	-	-	(161)	-	(735)
Housing Authority	1,910	-	13	6,081	3,863	413	12,280
Less Allowance for Doubtful Accounts	(187)	-	-	-	-	-	(187)
Nonmajor Enterprise Funds	1,782	146	-	-	183	-	2,111
Total Business-Type Activities Receivables	<u>\$ 49,506</u>	<u>\$ 146</u>	<u>\$ 305</u>	<u>\$ 6,081</u>	<u>\$ 34,181</u>	<u>\$ 62,372</u>	<u>\$ 152,591</u>

Due From Other Governments

At June 30, 2017, the Governmental Funds accrued \$369,985 of receivables from other governments, of which, \$281,112 was due from the State of California. Of the amount owed by the State, \$108,053 was for health care services, \$69,113 was for public social services, \$29,263 was for motor vehicle license fees and sales tax monies, and the remaining \$74,683 was for other services. The remaining amount of \$88,873 was due from the federal government and other governmental agencies.

Loans Receivable

The loans receivable balance in the Governmental Activities is \$38,589, of this amount, \$18,462 represents the receivable under the Teeter Plan, \$944 is due from other various agencies, \$13,357 represents a County loan to the Adelanto Successor Agency, and \$5,826 represents a County loan to the County Redevelopment Successor Agency. The loans receivable balance in the Business-Type Activities is \$6,081, this amount represents various loans and note agreements with related parties of the HACSB.

Interest Receivable

Of the \$25,714 interest receivable reported in the Governmental Activities column of the statement of net position, \$19,941 is due from the Adelanto City Redevelopment Successor Agency.

Other Receivables

The \$13,274 other receivables in the Governmental Activities column of the statement of net position are accrued for amounts due to the County that do not specifically relate to one of the above receivable accounts. This amount is primarily due to delinquent penalties, redemption penalties and redemption interest related to receivable under the Teeter Plan. The other receivables in the Business-Type Activities total \$34,181. The majority of the \$25,434 reported in the Waste Systems Division represents insurance recoveries related to the Mid-Valley Landfill Perchlorate pollution remediation activities.

COUNTY OF SAN BERNARDINO
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NOTE 6 – INTERFUND TRANSACTIONS

Interfund receivables and payables have been eliminated in the government-wide financial statements to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities. Internal balances that are residual amounts due between the governmental and business-type activities are not subject to elimination.

Due To/From Other Funds at June 30, 2017 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 26,575
	Capital Improvement Funds	75
	Medical Center	186
	Waste Systems	119
	Internal Service Funds	358
	Nonmajor Enterprise Funds	49
		<u>27,362</u>
Nonmajor Governmental Funds	General Fund	18,283
	Nonmajor Governmental Funds	2,530
	Capital Improvement Funds	297
	Waste Systems	45
	Internal Service Funds	399
	Nonmajor Enterprise Funds	79
	<u>21,633</u>	
Capital Improvement Funds	General Fund	580
	Nonmajor Governmental Funds	2,831
	Internal Service Funds	1,189
	<u>4,600</u>	
Medical Center	General Fund	2,268
	Nonmajor Governmental Funds	32
	<u>2,300</u>	
Waste Systems	Nonmajor Governmental Funds	47
	Internal Service Funds	106
	<u>153</u>	
Internal Service Funds	General Fund	2,727
	Nonmajor Governmental Funds	1,146
	Capital Improvement Funds	4
	Medical Center	53
	Waste Systems	27
	Housing Authority*	30
	Internal Service Funds	27
Nonmajor Enterprise Funds	5	
	<u>4,019</u>	
Nonmajor Enterprise Funds	General Fund	52
		<u>52</u>
	<u>\$ 60,119</u>	

* This transaction occurred in June 2017. As such, this amount was only reported as receivable in the Internal Service Fund and not included in the HACSB Fund due to its fiscal year ended September 30, 2016.

COUNTY OF SAN BERNARDINO
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NOTE 6 – INTERFUND TRANSACTIONS (CONTINUED)

The amount due from Nonmajor Governmental Funds to the General Fund primarily due to transfers and payments for services provided to other governmental funds.

Interfund Receivable/Payable at June 30, 2017 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 2,913
	Nonmajor Enterprise Funds	211
		<u>3,124</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	55
	Housing Authority	15,510
	Nonmajor Enterprise Funds	250
		<u>15,815</u>
	Total	<u>\$ 18,939</u>

These amounts represent noncurrent interfund loans (advances) between funds and blended component units of the County for the purpose of financing cash flow needs. Interfund loans are expected to be repaid within a reasonable period of time. The \$15,510 is an amount loaned from the Economic and Community Development to the Housing Authority for a variety of housing related projects.

Transfers To/From Other Funds for the year ended June 30, 2017 reflect funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following schedule briefly summarizes the County's transfer activity:

Transfers In/Out

(a) Between Governmental and Business-type Activities:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Medical Center	\$ 16,913
	Waste Systems	100
		<u>17,013</u> *
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	72
		<u>72</u>
Medical Center	Nonmajor Governmental Funds	10,147
	Capital Improvement Funds	1
		<u>10,148</u>
Waste Systems	Nonmajor Governmental Funds	2,153
		<u>2,153</u>
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	104
		<u>104</u>
	Total	<u>\$ 29,490</u>

* In June 2016, the Housing Authority received a transfer of \$100 which was reported as transfer-out in the General Fund in Fiscal Year 2016 and as transfer-in in the HACSB Fund in Fiscal Year 2017 due to its fiscal year ended September 30, 2016.

COUNTY OF SAN BERNARDINO
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NOTE 6 – INTERFUND TRANSACTIONS (CONTINUED)

(b) Between Funds within the Governmental or Business-type Activities (1):

Transfer Out	Transfer In	Amount
General Fund	Nonmajor Governmental Funds	\$ 136,815
	Capital Improvement Funds	150,371
	Internal Service Funds	890
		288,076
Nonmajor Governmental Funds	General Fund	27,752
	Nonmajor Governmental Funds	28,607
	Capital Improvement Funds	31,219
		87,578
Capital Improvement Funds	General Fund	2,378
		2,378
Internal Service Funds	Nonmajor Governmental Funds	2,260
		2,260
	Total	\$ 380,292

(1) These transfers were eliminated in the consolidation, by column, for the Governmental and Business-type Activities.

Amounts transferred from the Nonmajor Governmental Funds to the General Fund are primarily the results of \$20,400 of the tobacco settlement agreement for debt service of the Medical Center.

Amounts transferred from the General Fund to the Medical Center are the results of year-end budgeted transfers including the Medical Center's debt service payments.

Amounts transferred from the General Fund to the Nonmajor Governmental Funds are the results of the joint power authorities' debt service payments, the pension obligation bond debt service payments, various capital improvement projects, and the Early and Periodic Screening, Diagnostic and Treatment Program.

Amounts transferred from the Medical Center and the Internal Service Funds to the Nonmajor Governmental Funds are the results of their share of the pension obligation bond debt service payments.

Amounts transferred from the General Fund to the Capital Improvement Fund are mainly for various capital improvement projects.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 – RESTRICTED CASH AND INVESTMENTS

Cash and cash equivalents of \$163,197 are restricted by legal or contractual requirements at June 30, 2017 and are comprised of the following:

Governmental Activities

General Fund:

Restricted cash and cash equivalents of \$25,460 represent funds held by a trustee, which are restricted for electronic benefits payments.

Nonmajor Governmental Funds:

Flood Control District: Restricted cash and cash equivalents of \$15,859 consists of \$3,223 being restricted for debt service payments and \$12,636 for unexpended proceeds and interest thereon received for and restricted by settlement agreements for flood control improvements in addition to amounts withheld for retainage related to ongoing construction projects. Of this amount, \$12,064 is restricted for construction of Cactus Basin 4 and 5 and \$572 is for construction contract retainage. Construction contract retainage is required to be maintained until the work is completed and approved.

Joint Powers Authorities:

Restricted cash of \$485 represents funds held by a trustee, which are restricted for a special mandatory redemption of the Courthouse revenue bonds to occur on December 1, 2017, pursuant to the Trust Indenture.

Business-Type Activities

Medical Center:

Restricted cash and cash equivalents of \$48,702 represent funds held by a trustee, which are restricted for debt service payments.

Waste System Division:

Restricted cash and cash equivalents of \$61,324 consists of \$59,751 set aside for groundwater detection, treatment and remediation, and for State mandated site closure, maintenance costs, and corrective action as required by the Department of Resources Recycling and Recovery (CalRecycle) formerly California Integrated Waste Management Board (CIWMB), \$870 represents customer deposits, and the remaining \$703 represents site clean up.

Housing Authority:

Restricted cash and cash equivalents of \$11,367 represent deposits to lender required replacement reserve and impound accounts, insurance reserve, security deposit and residual receipt accounts.

COUNTY OF SAN BERNARDINO
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NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 is as follows:

Primary Government

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets, non-depreciable/non-amortizable:				
Land	\$ 126,913	\$ 3,962	\$ 57	\$ 130,818
Land Use Rights	23,869	579	613	23,835
Development in progress	250,687	99,866	81,590	268,963
Total capital assets, non-depreciable/non-amortizable	<u>401,469</u>	<u>104,407</u>	<u>82,260</u>	<u>423,616</u>
Capital Assets, depreciable/amortizable:				
Land Use Rights	123	-	-	123
Improvements other than Buildings	258,563	15,382	146	273,799
Structures and Improvements	1,009,731	56,998	3,193	1,063,536
Infrastructure	1,356,698	27,724	53	1,384,369
Equipment and Software	385,656	45,108	18,843	411,921
Total capital assets, depreciable/amortizable	<u>3,010,771</u>	<u>145,212</u>	<u>22,235</u>	<u>3,133,748</u>
Less accumulated depreciation/amortization for :				
Land Use Rights	123	-	-	123
Improvements other than Buildings	147,689	9,598	145	157,142
Structures and Improvements	330,417	32,250	1,614	361,053
Infrastructure	767,147	30,090	34	797,203
Equipment and Software	264,477	33,685	18,024	280,138
Total accumulated depreciation/amortization	<u>1,509,853</u>	<u>105,623</u>	<u>19,817</u>	<u>1,595,659</u>
Total capital assets, depreciable/amortizable, net	<u>1,500,918</u>	<u>39,589</u>	<u>2,418</u>	<u>1,538,089</u>
Governmental activities capital assets, net	<u>\$ 1,902,387</u>	<u>\$ 143,996</u>	<u>\$ 84,678</u>	<u>\$ 1,961,705</u>
Business-type Activities				
Capital assets, non-depreciable/non-amortizable:				
Land	\$ 32,554	\$ 271	\$ 29	\$ 32,796
Land Use Rights	351	-	-	351
Development in progress	14,919	7,018	8,132	13,805
Total capital assets, non-depreciable/non-amortizable	<u>47,824</u>	<u>7,289</u>	<u>8,161</u>	<u>46,952</u>
Capital Assets, depreciable/amortizable:				
Land Use Rights	1,109	-	-	1,109
Improvements other than Buildings	264,076	5,118	41	269,153
Structures and Improvements	754,758	4,172	117	758,813
Equipment and Software	178,353	5,817	2,080	182,090
Total capital assets, depreciable/amortizable	<u>1,198,296</u>	<u>15,107</u>	<u>2,238</u>	<u>1,211,165</u>
Less accumulated depreciation/amortization for :				
Land Use Rights	105	-	-	105
Improvements other than Buildings	147,012	4,595	36	151,571
Structures and Improvements	329,833	21,423	71	351,185
Equipment and Software	145,352	8,924	2,076	152,200
Total accumulated depreciation/amortization	<u>622,302</u>	<u>34,942</u>	<u>2,183</u>	<u>655,061</u>
Total capital assets, depreciable/amortizable, net	<u>575,994</u>	<u>(19,835)</u>	<u>55</u>	<u>556,104</u>
Business-type activities capital assets, net	<u>\$ 623,818</u>	<u>\$ (12,546)</u>	<u>\$ 8,216</u>	<u>\$ 603,056</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 8 – CAPITAL ASSETS (CONTINUED)

Depreciation

Depreciation expense is charged to governmental functions as follows:

General Government	\$	21,394
Public Protection		48,973
Public Ways and Facilities		26,236
Health and Sanitation		1,467
Public Assistance		2,856
Education		817
Recreation and Cultural Services		3,880
		<u>3,880</u>
Total depreciation expense - governmental activities	\$	<u>105,623</u>

Depreciation expense and related adjustment are charged to business-type functions as follows:

Medical Center	\$	23,805
Waste Systems Division		2,116
Housing Authority *		6,083
Special Districts		2,938
		<u>2,938</u>
Total depreciation and related expense - business type activities	\$	<u>34,942</u>

Development in Progress

Development in Progress consists of the following projects:

	Governmental Activities	Business-Type Activities
Medical Center Projects	\$ -	\$ 1,760
Waste Systems Division Projects	-	5,972
Housing Authority	-	472
Special Districts	-	5,601
800 MHz Replacement Project	60,975	-
Transportation Projects	56,255	-
Flood Control Projects	49,290	-
Space Programming	8,550	-
Residential Housing	7,751	-
West Valley Detention Center - ADA Improvements	6,513	-
Crisis Residential Housing	3,362	-
Campus Improvements	3,246	-
Apple Valley Library	2,319	-
Other County Projects	70,702	-
	<u>70,702</u>	<u>-</u>
Total	\$ 268,963	\$ 13,805

* Of this amount, depreciation expense is \$5,966

COUNTY OF SAN BERNARDINO
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NOTE 9 – DEFERRED OUTFLOWS OF RESOURCES

The County recognized deferred outflows of resources in the government-wide financial statements. These items are a consumption of net position by the County that is applicable to a future reporting period. The County has two items that are reportable on the Government-Wide Statement of Net Position: from changes in the net pension liability, and charges on refunding that result from the difference in the carrying value of refunded debt and its reacquisition price.

The balances as of June 30, 2017 of deferred outflows of resources are as follows:

Governmental Activities	Ending Balance
Deferred Outflows related to Pensions	\$ 825,437
Deferred Charges on Refunding:	
Other Bonds and Notes	
Flood Control Refunding Bonds (Series 2008)	507
Pension Obligation Refunding Bonds (2008)	867
West Valley Detention Center Refinancing Notes (2012)	793
Total Governmental Activities	\$ 827,604
Business-Type Activities	
Deferred Outflows related to Pensions	\$ 103,910
Deferred Charges on Refunding:	
Certificates of Participation	
Medical Center Project (Series 1994)	5,094
Medical Center Project (Series 1995)	2
Medical Center Project (Series 1996)	3,130
Arrowhead Refunding Project (Series 2009A)	8,661
Arrowhead Refunding Project (Series 2009B)	2,632
Total Business-Type Activities	\$ 123,429

Refer to Note 19 Retirement Plan, for additional Deferred Outflows of Resources information related to pensions.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 – ADVANCES FROM OTHERS

Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when earned. Therefore, both governmental funds and proprietary funds defer revenue recognition in connection with resources that have been received as of year-end, but not yet earned. A liability for advances from others such as grantors or third parties is offset by the corresponding assets recognized with a transaction before the earnings process is completed.

The balances as of June 30, 2017 of advances from others are as follows:

Governmental Funds	
General Fund	
Developer Deposits	\$ 6,500
Advances from Governmental Agencies	4,268
Advances from Other Agencies	3,024
	13,792
Capital Improvement Fund	
Advances from Other County Departments	1,258
Nonmajor Governmental Funds	
Advances from Governmental Agencies	12,623
Advances from Other Agencies	1,007
Advances from Other County Departments	848
	14,478
Total Governmental Funds	29,528
Internal Service Funds	
Advances from Governmental Agencies	9,000
Advances from Other County Departments	289
Total Internal Service Funds	9,289
Government-Wide Eliminations	
Risk Management	(289)
Total Governmental Activities	\$ 38,528
Business-Type Funds	
Waste Systems Division	
Customer Deposits	\$ 871
Advances from Other Agencies	386
	1,257
Housing Authority	
Customer Deposits	1,756
Nonmajor Enterprise Funds	
Advances from Other Agencies	19
Total Business-Type Activities	\$ 3,032

COUNTY OF SAN BERNARDINO
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NOTE 11 – LONG TERM OBLIGATIONS

Primary Government

The following is a summary of long-term liability transactions for the year ended June 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Certificates of Participation	\$ 6,205	\$ -	\$ 6,205	\$ -	\$ -
Revenue Bonds, net	323,169	-	33,364	289,805	59,120
Other Bonds and Notes	458,223	-	40,359	417,864	45,342
Compensated Absences	171,670	119,568	109,435	181,803	107,430
Termination Benefits Payable	101	-	29	72	24
Estimated Liability for Litigation and Self -Insured Claims	236,695	71,655	61,855	246,495	53,772
Net Pension Liability	1,456,577	377,069	-	1,833,646	-
Total Governmental Activities - Long-term Liabilities	<u>\$ 2,652,640</u>	<u>\$ 568,292</u>	<u>\$ 251,247</u>	<u>\$ 2,969,685</u>	<u>\$ 265,688</u>
<u>Business-Type Activities</u>					
Certificates of Participation, net	\$ 402,936	\$ -	\$ 22,154	\$ 380,782	\$ 23,630
General Obligation Bonds	515	-	180	335	240
Notes	35,131	-	2,793	32,338	769
Compensated Absences	19,545	16,754	15,306	20,993	12,791
Termination Benefits Payable	15	-	-	15	15
Capital Lease Obligations	4,192	2,089	2,319	3,962	1,679
Other Long-Term Liabilities	10,435	57,307	5,654	62,088	57,015
Pollution Remediation Obligations	62,878	2,430	293	65,015	4,569
Estimated Liability for Closure/ Postclosure Care Costs	102,418	2,256	8,305	96,369	1,823
Net Other Postemployment Benefits Obligation for Housing Authority	4,042	403	608	3,837	-
Net Pension Liability	178,390	52,506	-	230,896	-
Total Business-type Activities - Long-term Liabilities	<u>\$ 820,497</u>	<u>\$ 133,745</u>	<u>\$ 57,612</u>	<u>\$ 896,630</u>	<u>\$ 102,531</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities.

For the governmental activities the liabilities for compensated absences, termination benefits, and net pension liability are typically liquidated by the General Fund and other funds in which financial resources are received to account for such outflows of resources, respectively. The liability for litigation and self-insured claims is liquidated by the Risk Management Internal Service Fund.

Termination Benefits Payable

In March 2009, the County offered a Retirement Incentive Program to employees as a salary savings measure for the upcoming years. Under this program, employees retiring between March 3, 2009 and June 30, 2009 were eligible to receive \$250 (not expressed in thousands) for each completed quarter of continuous regular County service or \$1,000 per year of service (not expressed in thousands), payable annually over a five-year period. The position would have to remain vacant.

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NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

Approximately 304 employees accepted the incentive and retired during the eligible period. The county-wide termination benefit payable at June 30, 2017 is \$87. The fifth annual installment payment was paid in July 2013. Over the span of the program, 16 employees returned to work and are not eligible to receive payments during a year in which they are employed by the County. Of the 16 employees who returned to work, 5 remain employed by the County as of June 30, 2017. The remaining installment payments for these 5 employees will be deferred until their employment with the County ends.

Pollution Remediation Obligations

GASB 49, “*Accounting and Financial Reporting for Pollution Remediation Obligations*”, addresses pollution remediation obligations. Once an obligating event occurs, governments are required to estimate expected cash outlays for the various components of expected remediation activities related to current or potential detrimental effects of existing pollution.

Solid Waste Management Division

The County, through its Solid Waste Management Division (SWMD) has been named as a discharger in orders issued by the Santa Ana Regional Water Quality Control Board (RWQCB) for perchlorate and volatile organic compounds (VOCs) in the groundwater in the Rialto-Colton Basin. The County operates its Mid-Valley Sanitary Landfill (MVSL), including historic, unlined landfill cells, and operating landfill cell and an undeveloped area planned for expansion, on land overlying the Rialto-Colton basin. The County was previously named in lawsuits to compel it to participate in pollution remediation in the Rialto-Colton Basin alleged to be related to activities at the Mid-Valley Sanitary Landfill, including the expansion property.

SWMD is currently managing a groundwater remediation project down gradient from the Mid-Valley Landfill and the expansion property. The expansion property is immediately adjacent to land formerly used in various manufacturing operations. Perchlorate and VOCs have been detected in groundwater.

In 1998, directives were issued by the RWQCB to SWMD to investigate impacts to groundwater from VOCs on the west side of the MVSL. This investigation resulted in the construction of a pump and treat system on County-owned land to capture as much contamination as possible, and this on-site system continues to be operated by SWMD as of June 30, 2017. The remediation plan also included the settlement with San Gabriel Valley Water Company DBA Fontana Water Company whereby the water company would treat VOCs that escaped the County-run system and the County pays the water company for the treatment of VOCs. It is not currently possible to determine when the County’s obligation to San Gabriel Valley Water Company will end.

In 2002 to 2004, directives were issued by the RWQCB to SWMD requesting investigation into groundwater impacts and the preparation of a corrective action plan to address the impacts of perchlorate and VOCs. SWMD, following RWQCB protocol, conducted a variety of additional tests and analysis for perchlorate and VOCs in the portion of the Rialto-Colton Basin down gradient of the MVSL, including the expansion property on the east side. The findings led to the preparation and implementation of a remediation plan approved by the RWQCB. That remediation system has continued to be operated as of June 30, 2017.

In FY 2010-11, SWMD disclosed the occurrence of a pollution event at the inactive Yucaipa Disposal Site. A VOC plume had been detected in the groundwater, which had migrated beyond the landfill boundary. SWMD continues to work closely with the RWQCB to ensure its pollution remediation measures adequately address the contamination.

COUNTY OF SAN BERNARDINO
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NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

On July 20, 2011, RWQCB approved SWMD's engineering feasibility study for corrective action at the Yucaipa Disposal Site. The study evaluates existing nature and extent for groundwater pollution and appraises several remedial action alternatives to address the VOC plume at the landfill. On September 14, 2011, SWMD submitted to RWQCB the work plan for the bio-enhancement corrective action program pilot study to evaluate the effectiveness of in-situ bio-enhancement technology as a full-scale corrective action approach to treat groundwater impacted by VOC. On September 23, 2011, the RWQCB approved the use of the pilot study as of June 30, 2017, and the pilot study is still being conducted.

SWMD disclosed, to the State of California, in FY 2011-12 the occurrence of a pollution event at the inactive Heaps Peak Disposal Site. A landfill leachate discharge occurred that threatened the groundwater. SWMD is working very closely with the RWQCB to ensure its pollution remediation measures address the contamination.

On July 19, 2011, the RWQCB issued a Notice of Violation for this event. SWMD submitted a work plan to provide for leachate collection, treatment, and disposal to correct this problem that was approved by the RWQCB. Under this work plan: a) a contract task order was initiated in May 2011 (work commenced in FY 2012-13) for the installation of an influent storage tank and retaining wall, b) a contract was initiated in July 2013 to construct the leachate treatment system, and c) a contract work order was initiated in September 2011 for the installation of a new groundwater monitoring well.

A release of volatile organic compounds (VOC) in groundwater at the Lenwood Hinkley Sanitary Landfill (LHSL) was detected by regular monitoring activity in 1994. An Engineering Feasibility Study (EFS) was developed in 2000 to evaluate the costs for viable mitigation alternatives for LHSL. Following comments received by the Lahontan Regional Water Quality Control Board, a revised EFS was submitted in 2002, which concluded that monitored natural attenuation was the appropriate response to groundwater impacts. In response to increasing VOC trends in the northwest region of the landfill, a "Focused" EFS was prepared in August 2013, recommending a Pilot Study using a mitigative method of in-situ enhanced reductive dechlorination (a.k.a. subsurface bioenhancement) in the groundwater.

The RWQCB notified SWMD regarding the violation of the Waste Discharge Requirements on July 25, 2014 based upon the 2013 Groundwater Monitoring Reports submitted by SWMD, which showed VOCs and other contaminants above set regulatory standards; therefore, a new GASB 49 event (increasing VOC trend) was reported in FY 2014-15.

SWMD initiated a bioenhanced in-situ remedial Pilot Study in April of 2015 consisting of an initial injection of carbon donor media near compliance well LHSL and monthly sampling and analyses to track the chemical response in groundwater. The velocity of groundwater north of the landfill is relatively slow, however, and quarterly monitoring activities were resumed in November 2015. Effects from the initial injection were first noted by the April 2016 monitoring event when the concentration of target VOCs (i.e., perchloroethylene (PCE), trichloroethylene (TCE)) were measured below set regulatory standards. While the initial aquifer response to the Pilot Study has been positive, the relatively low velocity of groundwater north of the site will require additional monitoring in order to obtain the data necessary to assess whether the applicability of the technology to the site. Until such data have been obtained, it cannot be anticipated whether or not this technology will be a viable remedial alternative. Once a working technology is in place, typical remediation and monitoring will be required until Cleanup Goals and statutory requirements are met.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

In June 2015, the RWQCB sent a letter to SWMD concerning the inactive Milliken Landfill. The RWQCB letter requested SWMD perform gas samples from existing landfill gas probes and evaluate the potential for impacts to off-site structures; to update reports for the landfill due to lack of groundwater to run the pump and treat program and to evaluate the need for additional downgradient monitoring. SWMD engaged a consultant to complete a workplan pursuant to the RWQCB letter and to implement the workplan. In August 2017, SWMD received a draft evaluation report prepared as part of the workplan and that report is under review. As of June 30, 2017 and currently, it is not possible to estimate the potential pollution remediation liability related to the Milliken Landfill.

In FY 2016-2017, the estimated total pollution remediation liability increased from \$62,878 at June 30, 2016 to \$65,015 at June 30, 2017. The effect of any changes in the estimated total current cost of pollution remediation is reported primarily in the period of change. The major contributing factors that caused the pollution remediation liability to increase by a net amount of \$2,137 are listed below:

- The Mid-Valley net liability decreased by a net of \$283 primarily due to the current year expenses associated with the City of Rialto's Well groundwater treatment system. No new scope of work was enacted in FY 2016-2017 for this site. The outstanding liability as of June 30, 2017 is \$49,842.
- The Yucaipa net liability increased by a net of \$2,608 primarily due to a calculation measurement change. The estimate was increased because of a more recently known work scope timing and value. The outstanding liability as of June 30, 2017 is \$5,540.
- The Heaps Peak net liability decreased by a net of \$370 primarily due to the current year expenses related to the Leachate Treatment System for non-routine work. Also, the prior fiscal year estimate was understated and was revised for the total actual work order values. The outstanding liability as of June 30, 2017 is \$7,493.
- The Lenwood-Hinkley net liability increased by a net of \$182 due to the new Engineering estimate based on updated information from the State Water Resources Control Board. This waste discharge requirement (WDR) permit fee was previously estimated at a liability of \$878. It was determined to assign it a new value of \$1,143 related to this remediation matter. The outstanding liability as of June 30, 2017 is \$2,140.

Current and future estimated remediation costs are based on actual component costs adjusted for inflation in the post 2016-2017 fiscal years. Future estimates may be revised to reflect changes to equipment and service costs as well as any changes in technology and regulations. In FY 2016-2017, SWMD expended \$4,044 in performing pollution remediation activities at Mid-Valley Landfill, Yucaipa Disposal Site, Heaps Peak Disposal Site and Lenwood-Hinkley Disposal Site. Outlays are expected to be incurred in FY 2017-2018 totaling \$4,569. The presence of perchlorate, VOC and leachate will continue to be remediated and monitored with an expected estimated outlay of \$60,446 from FY 2018-2019 through FY 2042-2043.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

Bonds and Notes Payable

Certificates of Participation

Certificates of Participation (COP) are secured by annual lease payments payable by the County for use of the facilities constructed or acquired from the COP proceeds. The County has created a nonprofit organization and a joint powers authority to issue the Certificates in accordance with California Government Code. The County leases various projects from the corporation. The lease payments are used by the corporation to pay interest on, and principal of, the COPs.

The Certificates of Participation contain certain bond covenants, which are deemed by the County to be duties imposed by law. The County must include the applicable lease-purchase payments due each year in its annual budget and make the necessary appropriations. The County is also covenanted to maintain certain levels of liability, property damage, casualty, rental interruption and earthquake insurance in connection with each lease-purchase agreement. The County is in compliance with all significant financial restrictions and requirements as set forth in its various debt covenants. In addition, the County is in compliance with arbitrage regulations on all applicable bonds. Arbitrage computations are computed on an annual basis to determine if a rebate or liability exists as described in Section 103 of the Internal Revenue Code of 1954, Section 148(f) of the Internal Revenue Code of 1986, as amended and all applicable regulations issued there under.

In prior years, the County has defeased certain Certificates of Participation by placing the proceeds of new certificates in an irrevocable trust to provide for all future debt service payments on the old certificates. Accordingly, the trust account assets and the liability for the defeased certificates are not included in the County's basic financial statements. At June 30, 2017 approximately \$61,070 of outstanding debt was considered defeased.

San Bernardino County Financing Authority

In November 1995, San Bernardino County Financing Authority (Authority) issued Revenue Bonds for the purpose of enabling the County to finance its share of unfunded pension indebtedness. The Authority has deep-discounts associated with the pension obligation bonds, which is being amortized based on the accreted value of the bonds at year-end. The Authority records the amortization of deep-discount as accretion of interest expense. As of June 30, 2017, the amount of accretion of interest expense remaining is \$43,820.

In June 2007, the Authority issued Revenue Bonds in order to provide funds for the County to finance the costs of refurbishing and renovating a county courthouse facility. The Revenue Bonds are special, limited obligations of the Authority payable solely from and secured by a first pledge of and exclusive lien on Surcharge Revenues consisting of a fee not to exceed thirty-five dollars charged on certain civil court filings made in Superior Courts located in the County. Only Surcharge Revenue received after June 29, 2007 has been pledged. The collection of the Surcharge shall terminate upon repayment of the amortized costs incurred, or 30 years from the sale of the Revenue Bonds, whichever occurs first. Surcharge revenues are projected to produce 150 percent of the debt service requirements over the remaining life of the bonds. Excess Surcharge Revenue shall be used to pay for costs of improvements.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

The debt service schedule for the current fiscal year required principal and interest payments totaling \$1,456. The total surcharge revenues received during the fiscal year totaled \$1,704. The bonds are subject to a special mandatory redemption prior to maturity, if the debt service coverage ratio for the immediately prior bond year is less than 150 percent. The current coverage ratio was below the required 150 percent, thus the remaining excess Surcharge Revenue shall be used for a special mandatory redemption of the bonds to occur on December 1, 2017, which is the next scheduled interest payment date. Total principal and interest remaining on the bonds is \$23,194. Interest is payable semi-annually at interest rates from 5.10 percent to 5.50 percent starting December 1, 2007. \$3,100 matured on June 1, 2017, and \$15,270 is expected to mature on June 1, 2037. The bonds are not subject to optional redemption prior to maturity.

Pension Obligation Bonds 2004 and 2008 Series

The County Board of Supervisors adopted a resolution to authorize the issuance of the County of San Bernardino pension obligation debenture in order to finance the County's share of the unfunded accrued actuarial liability of the San Bernardino County Employee Retirement Association (SBCERA). On June 24, 2004, the County issued County of San Bernardino Pension Obligation Bonds, Series 2004 A (Fixed Rate Bonds), County of San Bernardino Pension Obligation Bonds, Series 2004 B (Auction Rate Bonds), and County of San Bernardino Pension Obligation Bonds, Series 2004 C (Index Bonds – based on LIBOR) in respective aggregate principal amounts of \$189,070, \$149,825, and \$125,000.

The Bonds have various maturity dates ranging from: 2005 to 2018 for Fixed Rate Bonds; 2004 to 2023 for Auction Rate Bonds; and 2004 to 2023 for Index Bonds. Series 2004 A Fixed Rate Bonds have fixed interest rates that range from 2.43% to 5.86%. The Series 2004 B Pension Obligation Bonds were fully refunded in April 2008 by the issued Pension Obligation Refunding Bonds, Series 2008, which have a fixed interest rate of 6.020%.

San Bernardino County Flood Control District

In May 2007, San Bernardino County Flood Control District (District) issued Refunding Bonds, Series 2007 in the amount of \$23,845 to refund the obligation of the District under a contract with the County relating to a loan made by and between the United States of America and the County, finance a reserve fund surety bond and pay certain expenses in connection with the issuance of the Bonds. The contract referred to above was entered into under the Small Reclamation Projects ACT of 1956.

In April 2008, the District issued Refunding Bonds, Series 2008, in the amount of \$37,295 to refund all of the District's outstanding \$45,000 San Bernardino County Flood Control District Judgment Obligation Bonds, Series B, which were issued to refund a portion of certain obligations of the District under a settlement agreement relating to an inverse condemnation action against the District.

In February 2016, the District issued Refunding Judgment Obligation Bonds, series A, in the amount of \$27,870 to pay in full the outstanding principal balance of the 2007 Judgment Obligation Bonds, series A.

Additional information on the District's long-term debt can be found in the separately issued financial statements of the District.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

A summary of bonds and notes payable recorded in the governmental activities and payable from Debt Service Funds is as follows:

<u>Revenue Bonds</u>	<u>Interest Rates (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue Amount</u>	<u>Outstanding as of 6/30/2017</u>
Pension Obligation Bonds (1995)	5.68 to 7.72	11/22/1995	8/1/2021	\$ 386,266	\$ 319,575
Courthouse Project Bonds (2007)	5.10 to 5.50	6/29/2007	6/30/2037	18,370	14,050
Subtotal					<u>333,625</u>
Premium/(Discounts):					
Pension Obligation Bonds (1995)					(43,820)
Total Revenue Bonds					<u>289,805</u>
Other Bonds and Notes					
Flood Control District:					
Refunding Bonds (Series 2007)	4.25 to 5.00	5/29/2007	8/1/2021	23,845	11,185
Refunding Bonds (Series 2008)	0.66 to 4.86	4/16/2008	8/1/2037	37,295	37,295
Refunding Bonds (Series 2016)	1.54	2/25/2016	8/1/2023	27,870	25,200
Pension Obligation Bonds (2004)	0.54 to 5.86	6/24/2004	8/1/2023	463,895	172,250
Pension Obligation Refunding Bonds (2008)	6.02	4/16/2008	6/30/2024	160,900	153,895
Fire Protection District 2010 Installment Loan	5.4	8/2/2010	8/1/2030	2,286	1,949
West Valley Detention Center Refinancing Notes (2012)	2.59	3/29/2012	11/1/2018	51,585	15,695
Subtotal					<u>417,469</u>
Premium/(Discounts):					
Flood Control District:					
Refunding Bonds (Series 2007)					395
Total Other Bonds and Notes					<u>417,864</u>
Total Governmental Activities					<u>\$ 707,669</u>

Medical Center (COP)

Certificates of Participation (COP) are secured by annual lease payments payable by the County for use of the facilities constructed or acquired from the COP proceeds. The County has created a nonprofit public benefit corporation, Inland Empire Public Facilities Corporation (IEPFC), to issue the Certificates. The County leases various projects from the corporation. The lease payments are used by the corporation to pay interest and principal of the COPs.

Housing Authority (HACSB)

Loans and notes are issued to provide funds for housing rehabilitation, home buyer assistance, and creation of new affordable housing units. Additional information in regards to these loans can be found in the separately issued financial statements of the HACSB.

County Service Area

General Obligation Bonds are issued to provide funds for the acquisition and construction of major capital facilities. These bonds are backed by the full faith and credit of the County and revenue for the retirement of such bonds is provided by ad valorem taxes on property within the jurisdiction of the governmental unit issuing the bonds.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

A summary of bonds and notes payable recorded in the business-type activities is as follows:

Certificates of Participation:	Interest Rates (%)	Issue Date	Maturity Date	Original Issue Amount	Outstanding as of 6/30/2017
Medical Center Project (Series 1994)	4.60 to 7.00	2/1/1994	8/1/2028	\$ 283,245	\$ 98,070
Medical Center Project (Series 1995)	4.80 to 7.00	6/1/1995	8/1/2022	363,265	4,815
Medical Center Project (Series 1996)	5.00 to 5.25	1/1/1996	8/1/2028	65,070	61,875
Arrowhead Refunding Project (Series 2009A)	3.00 to 5.50	12/17/2009	8/1/2026	243,980	175,065
Arrowhead Refunding Project (Series 2009B)	3.00 to 5.25	12/17/2009	8/1/2026	44,750	43,880
					<u>383,705</u>
Premium / (Discounts):					
Medical Center Project (Series 1994)					(3,463)
Medical Center Project (Series 1995)					(2)
Medical Center Project (Series 1996)					(1,607)
Arrowhead Refunding Project (Series 2009A)					2,226
Arrowhead Refunding Project (Series 2009B)					(77)
Total Certificates of Participation					<u>380,782</u>
General Obligation Bonds					
Spring Valley Lake Sewer Facilities:					
Series A	6.50 to 6.75	2/15/1972	2/15/2002	1,300	15
Series B	6.10 to 6.15	4/1/1974	4/1/2004	1,000	15
Helendale Sewer Facilities:					
Series A	5.00	6/1/1978	6/1/1998	1,550	5
Helendale Water Facilities:					
Series B	7.00	9/1/1982	6/1/1997	1,450	5
Pinon Hills Water Distribution:					
Series A	5.00	3/1/1978	3/1/2018	1,708	95
Series B	5.00	3/1/1978	3/1/2018	275	10
Series C	9.00 to 11.00	11/1/1984	3/1/2005	1,518	5
Landers Water Distribution System	5.00	6/1/1979	6/1/2019	1,540	180
Oak Hills Water Distribution Facilities	7.00	9/1/1974	9/1/1994	750	5
Total General Obligation Bonds					<u>335</u>
Notes Payable					
Oak Hills Water (Loan)		11/25/2003	8/25/2033	2,150	1,447
Notes Payable - HACSB	0 to 11.50	Various	Various	82,963	30,891
Total Notes Payable					<u>32,338</u>
Total Business-Type Activities					<u>\$ 413,455</u>

Additional information on the County's long-term debt can be found in the separately issued financial statements of the Inland Empire Public Facilities Corporation and the San Bernardino County Financing Authority.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

The following is a schedule of principal debt service requirements to maturity as of June 30, 2017 for bonds and notes payable in the governmental activities:

Years Ending June 30	Revenue Bonds	Other Long-Term Debt	Total
2018	\$ 59,120	\$ 45,342	\$ 104,462
2019	61,670	49,762	111,432
2020	64,855	46,623	111,478
2021	68,190	51,784	119,974
2022	68,390	57,899	126,289
2023 - 2027	2,845	128,061	130,906
2028 - 2032	3,730	10,368	14,098
2033 - 2037	4,825	22,540	27,365
2038 - 2042	-	5,090	5,090
Total Principal	333,625	417,469	751,094
Plus: Premium	-	395	395
Less: Discount	(43,820)	-	(43,820)
Total Bonds and Notes Payable	<u>\$ 289,805</u>	<u>\$ 417,864</u>	<u>\$ 707,669</u>

The following is a schedule of interest expense requirements to maturity as of June 30, 2017 for bonds and notes payable in the governmental activities:

Years Ending June 30	Revenue Bonds	Other Long-Term Debt	Total
2018	\$ 760	\$ 15,947	\$ 16,707
2019	725	13,580	14,305
2020	702	11,472	12,174
2021	678	9,841	10,519
2022	653	7,886	8,539
2023 - 2027	2,840	14,363	17,203
2028 - 2032	1,962	8,348	10,310
2033 - 2037	824	3,690	4,514
2038 - 2042	-	41	41
Total Interest	<u>\$ 9,144</u>	<u>\$ 85,168</u>	<u>\$ 94,312</u>

The following is a schedule of principal debt service requirements to maturity as of June 30, 2017 for COPs, bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Total
2018	\$ 23,630	\$ 240	\$ 769	\$ 24,639
2019	24,920	95	818	25,833
2020	26,230	-	868	27,098
2021	27,765	-	932	28,697
2022	29,500	-	9,471	38,971
2023 - 2027	174,340	-	15,023	189,363
2028 - 2032	77,320	-	1,733	79,053
2033 - 2037	-	-	1,224	1,224
2038 - 2042	-	-	-	-
2043 - 2047	-	-	-	-
2048 - 2051	-	-	1,500	1,500
Total Principal	383,705	335	32,338	416,378
Plus: Premium	2,226	-	-	2,226
Less: Discount	(5,149)	-	-	(5,149)
Total Bonds and Notes Payable	<u>\$ 380,782</u>	<u>\$ 335</u>	<u>\$ 32,338</u>	<u>\$ 413,455</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

The following is a schedule of interest expense requirements to maturity as of June 30, 2017 for COPs, bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Total
2018	\$ 19,299	\$ 14	\$ 1,319	\$ 20,632
2019	18,037	5	1,322	19,364
2020	16,749	-	1,283	18,032
2021	15,231	-	1,043	16,274
2022	13,579	-	816	14,395
2023 - 2027	42,334	-	2,450	44,784
2028 - 2032	3,842	-	182	4,024
2033 - 2037	-	-	105	105
2038 - 2042	-	-	-	-
2043 - 2047	-	-	-	-
2048 - 2051	-	-	509	509
Total Interest	<u>\$ 129,071</u>	<u>\$ 19</u>	<u>\$ 9,029</u>	<u>\$ 138,119</u>

Agreement with Liquidity Facilities

Flood Control Refunding Bonds (Series 2008): In April 2008, the District issued Refunding Bonds, Series 2008, in the amount of \$37,295. Interest on the Refunding Bonds, Series 2008 is paid at a Weekly Rate Mode interest rate payable on the first Business Day of each calendar month commencing on May 1, 2008. Principal payments are due annually in various amounts commencing August 1, 2029 through 2037. The outstanding balance at June 30, 2017 was \$37,295.

The Bonds were issued to refund all of the District's outstanding \$45,000 San Bernardino County Flood Control District Judgment Obligation Bonds, Series B, which were issued to refund a portion of certain obligations of the District under a settlement agreement relating to an inverse condemnation action against the District, fund interest on the Series 2008 Bonds at an assumed rate of 4.86% through August 1, 2008 and costs of issuance incurred in connection with the issuance of the Series 2008 Bonds. The interest rate is variable and is shown at the assumed rate of 4.86% in the repayment schedule.

The Bonds have an optional tender provision that gives the bondholder the option of selling their Bonds back to the District, at par, upon seven days' notice. The District has obtained a direct pay, irrevocable letter of credit (LC) from Bank of America ("Bank") to provide credit support, and cash for such tenders, in the event tendered Bonds cannot be immediately remarketed to another investor. The District entered into a Reimbursement Agreement and Fee Letter with the Bank in July of 2011 to document the terms related to the issuance of the LC. The District did not pay any upfront commitment fee to the Bank for this LC; however it pays a facility fee at agreed upon rates on the Available Amount of the LC (as defined in the LC agreement). This LC is an irrevocable direct pay letter of credit with a current stated expiration date of July 5, 2019.

The LC is directly drawn on monthly to make the interest payment on the Bonds. The Bank is reimbursed for the monthly draw on the LC with the debt service payments made by the District. An LC draw would also occur if an investor exercises the optional tender provision and the Bonds cannot be immediately remarketed to another investor. In the event of a draw on the LC to purchase bonds that have been tendered but not remarketed (Liquidity Advance) that is not repaid by Flood within 90 days, the Liquidity Advance will convert to a Term Loan on the ninety first day, if conditions precedent to a Term Loan are satisfied by the District.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

As of June 30, 2017, there were no outstanding 2008 Judgment Obligation Bonds that have been tendered but failed to be remarketed. In accordance with the agreement, in the event any Bonds are optionally tendered and cannot be remarketed, interest on tendered Bonds for the first ninety days is paid to the Bank at the highest of a) Prime Rate in effect for such day plus 1.5%, b) overnight effective federal funds rate for such day as quoted in the “*Composition Closing Quotations for U.S. Government Securities*” published by the Federal Reserve Bank of New York plus 3%, c) 7.5% or d) the maximum rate of interest borne by Bonds that are still held by investors. If a Liquidity Advance remains outstanding after ninety days, and if conditions precedent to a Term Loan is satisfied by Flood, the rate paid to the Bank on the Term Loan is the highest of a) through d) above, plus 1%.

The following schedule represents a debt service scenario in which all the bonds are tendered by investors on July 1, 2017 and fail to be remarketed during the Liquidity Advance and Term Loan periods. The scenario assumes that interest on the Liquidity Advance is paid at a rate of 7.5%, and that interest on the Term Loan is paid at a rate of 8.5%. Principal is amortized as required in the Reimbursement Agreement over the Term Loan period.

Years Ending			
June 30	Principal	Interest	Total
2018	\$ 10,600	\$ 2,823	\$ 13,423
2019	10,600	1,741	12,341
2020	10,700	835	11,535
2021	5,395	77	5,472
Total	<u>\$ 37,295</u>	<u>\$ 5,476</u>	<u>\$ 42,771</u>

Conduit Debt (Limited Obligation)

Single and Multi-Family Mortgage Revenue Bonds

The County issues Single Family Mortgage Revenue Bonds to provide funds to purchase mortgage loans secured by first trust deeds on newly constructed and existing single-family residences. Additionally, the County issues Multi-Family Mortgage Revenue Bonds to finance the construction of multi-family apartment projects in the County. These programs assist persons and families of low and moderate income within the County to afford the costs of safe and sanitary housing. The bonds will be payable solely from and secured by a pledge of payment received on the acquired mortgage loans, certain insurance with respect thereto, and other monies pledged under the bond resolution. Single Family Mortgage Revenue Bonds of \$3,820 and Multi-Family Mortgage Revenue Bonds of \$50,265 at June 30, 2017 do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

The HACSB has issued multifamily housing revenue bonds to provide funds to developers of multifamily housing projects. The bonds are payable solely from the revenues collected by the developers of these projects. The HACSB is not obligated in any manner for repayment of the indebtedness. Accordingly, the liabilities are not reported in the HACSB’s basic financial statements. The HACSB participated as a conduit debt issuer for a number of housing development projects. These issues are typically used in multi-family housing acquisition and construction. The HACSB usually assigns the financing agreement (including all rights of issuer, except for reserved rights) together with other property to the Trustees. As of September 30, 2016, the outstanding balances of these Revenue Bonds are \$18,000.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

School District General Obligation Bonds

The County of San Bernardino issued General Obligation Bonds (GOB) on behalf of certain Schools within the San Bernardino School District. The GOBs are payable solely by ad valorem taxes to be levied within the District. The General Obligation Bonds of \$11,900 at June 30, 2017 do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

Special Assessment Bonds

The County acts as an agent for the property owners benefited by the projects financed from special assessment bond proceeds, in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, if appropriate. Special assessment bonds of \$64,075 at June 30, 2017 do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

Discretely Presented Component Units

Long-term liability transactions for FIRST 5 San Bernardino for the year ended June 30, 2017, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 179	\$ 150	\$ 149	\$ 180	\$ -
Net Pension Liability	1,672	512	-	2,184	-
Total Long-Term Liabilities	<u>\$ 1,851</u>	<u>\$ 662</u>	<u>\$ 149</u>	<u>\$ 2,364</u>	<u>\$ -</u>

NOTE 12 – LEASES

Capital Leases

The County has entered into certain capital lease agreements under which the related equipment will become the property of the County when all terms of the lease agreements are met. Equipment and related accumulated amortization as of June 30, 2017 for capital leases are as follows:

Asset:	<u>Business-type Activities</u>
Equipment	\$ 27,811
Less: Accumulated depreciation	21,650
Total	<u>\$ 6,161</u>

COUNTY OF SAN BERNARDINO
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NOTE 12 – LEASES (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017, are as follows:

Year Ending June 30:	Business-type Activities
2018	\$ 1,718
2019	1,116
2020	741
2021	445
Total Minimum Lease Payments	4,020
Less: Amount Representing Interest	(58)
Present Value of Minimum Lease Payments	\$ 3,962

Operating Leases

The County leases building and office facilities and other equipment under non-cancelable operating leases. Total costs for such leases were \$49,489 for the year ended June 30, 2017. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	
2018	\$ 48,298
2019	43,730
2020	36,847
2021	31,358
2022	29,676
2023-2027	79,529
Total Minimum Payments	\$ 269,438

NOTE 13 – CLOSURE AND POSTCLOSURE CARE COST

State Financial Assurance Mechanism regulations require landfill operators to set aside funds, or provide alternative funding mechanisms to fund the closure and post-closure maintenance of landfills. The funding must be completed prior to the final date of closure. These regulations apply to solid waste landfills that have been or will be operated on or after January 1, 1988. The closure and post-closure care costs of other landfills not subject to these State regulations is funded separately in the Waste Systems Division.

Closure and post-closure care costs include, but are not limited to, such items as final cover, groundwater monitoring, well installations and landfill gas monitoring systems.

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NOTE 13 – CLOSURE AND POSTCLOSURE CARE COST (CONTINUED)

The twenty (20) landfills listed below (with their capacity used and estimated remaining lives) are those currently subject to State and federal regulations:

<u>Landfill</u>	<u>Capacity Used</u>	<u>Years Remaining</u>	<u>Landfill</u>	<u>Capacity Used</u>	<u>Years Remaining</u>
Apple Valley	100%	Inactive	Milliken	100%	Inactive
Baker	100%	Inactive	Morongo Valley	100%	Inactive
Barstow	5%	523	Needles	100%	Inactive
Big Bear	100%	Inactive	Newberry Springs	100%	Inactive
Colton	100%	Inactive	Phelan	100%	Inactive
Hesperia	100%	Inactive	San Timoteo	42%	25
Landers	21%	112	Trona-Argus	100%	Inactive
Lenwood-Hinkley	100%	Inactive	Twentynine Palms	100%	Inactive
Lucerne Valley	100%	Inactive	Victorville	18%	180
Mid-Valley	37%	39	Yermo	100%	Inactive

The annually inflated landfill closure and post-closure care cost estimates of \$205,859 and \$148,768 respectively for a total of \$354,627, are based upon the most recently submitted Closure/Post-Closure Maintenance Plan documents filed with the State and Federal permitting agencies. If, at some future date, these closure cost estimates are adjusted (due to changes in inflation, technology, regulations, etc.), the County is required to make corresponding changes in the amount of funds deposited for closure.

As of June 30, 2017, the cumulative liability recorded by the County based upon individual landfill capacity usage was \$203,208 (\$117,389 closure costs and \$85,819 post-closure costs). The remaining \$151,419 of estimated closure and post-closure costs will be recorded and funded as landfill capacities are used.

Cumulative closure and post-closure related outlays of \$87,799 and \$19,040 have been incurred through June 30, 2017. Landfill closure liabilities decreased to \$29,590 while post-closure liabilities decreased to \$66,779. In accordance with GASB 18, "Accounting for Municipal Solid Waste Landfill (MSWLF) Closure and Postclosure Care Costs", the effect of any changes in the estimated total current cost of closure and postclosure care is reported primarily in the period of change.

The estimated closure and post-closure activity for the year ended June 30, 2017 includes the following:

	<u>Beginning Balance</u>	<u>Increase (Decrease)</u>	<u>Ending Balance</u>
Estimated Liability for Closure Care Costs	\$ 33,332	\$ (3,742)	\$ 29,590
Estimated Liability for Postclosure Care Costs	69,086	(2,307)	66,779
Total	<u>\$ 102,418</u>	<u>\$ (6,049)</u>	<u>\$ 96,369</u>

In accordance with a Pledge of Revenue Mechanism adopted by the County of San Bernardino Board of Supervisors on July 28, 2009, the County has pledged tipping fees and interest revenue to fund the post-closure maintenance costs as needed. Total tipping fees received in the current fiscal year were \$66,950 and post-closure expenses were \$1,849. Each landfill site's maintenance costs are budgeted annually following the Closure and Post-Closure Maintenance Plan as approved by the Department of Resources Recycling and Recovery (CalRecycle). The County has restricted cash of \$61,324 in the Waste System Division enterprise fund, of this amount, \$59,751 is to provide financial assurance for landfill closure costs as required by CalRecycle. The term for each landfill site funding requirements is thirty (30) years starting with the date of closure as certified by the State.

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NOTE 14 – SELF-INSURANCE

The County has self-insurance programs for public liability, property damage, unemployment insurance, employee dental insurance, hospital and medical malpractice liability, environmental 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 \$50 million is provided through a combination of insurance policies as recommended by Alliant Insurance Services Inc., Insurance Broker through CSAC-EIA (California State Association of Counties – Excess Insurance Authority), as follows: Primary Liability coverage \$25 million excess of \$3 million self-insured retention with QBE Insurance, Munich Reinsurance America, Inc., Great American Ins., Brit Global Specialty USA, Evanston Insurance Co., and Lloyd's of London ANNV syndicate. Excess Liability coverage for \$10 million, excess of \$25 million with Brit Global Specialty USA and Great American Ins. Company. Allied World Assurance Co. (AWAC) provides excess liability coverage of \$15 million, excess of \$35 million. In addition, the County has been actuarially-recommended to maintain \$24 million reserve to cover SIR exposure for auto and general liability programs. No settlements related to these programs have exceeded insurance coverage in the last three years.

The Workers' Compensation program continued under CSAC-EIA Excess Workers' Compensation Program with a policy of \$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 claims made basis with a SIR of \$1 million for each claim.

Environmental claims are expected to occur infrequently, but have the potential to be expensive when they do occur. The County has experienced only two significant environmental liability claims since it began self-insuring this exposure in 1983. Given that environmental liability is an extremely volatile coverage, which is characterized by low frequency and high severity, the County has taken a conservative stance, as recommended by the actuary, by setting aside a minimum of \$10 million to cover future environmental liability claims.

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 0.908% and an actuarially-determined 80% confidence level. It is the County's practice to obtain actuarial studies on an annual basis.

The total claims liability of \$246.50 million reported at June 30, 2017 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.

COUNTY OF SAN BERNARDINO
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NOTE 14 – SELF-INSURANCE (CONTINUED)

Changes in the claims liability amounts in fiscal years 2016 and 2017 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2015-16	\$232,098	\$50,398	(\$45,801)	\$236,695
2016-17	\$236,695	\$71,655	(\$61,855)	\$246,495

NOTE 15 – COLLATERALIZED FACILITIES

The following County Facilities have been pledged as collateral in certain County financing transactions:

<u>Facilities</u>	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Foothill Law and Justice	\$ 42,642	\$ -	\$ 42,642	\$ -
Victorville Law Center	8,644	-	8,644	-
West Valley Detention Center	146,327	-	-	146,327
Courthouse & Annex	9,450	-	-	9,450
West Valley Juvenile Detention Center	5,077	-	-	5,077
Arrowhead Regional Medical Center	490,481	-	-	490,481
Hall of Records (New)	12,666	-	-	12,666
Glen Helen Pavilion Amphitheater	26,174	-	-	26,174
Sheriff's Admin Bldg	13,416	-	-	13,416
County Government Center	25,711	-	-	25,711
	<u>\$ 780,588</u>	<u>\$ -</u>	<u>\$ 51,286</u>	<u>\$ 729,302</u>

These facilities remain pledged as collateral until the associated County financing transactions become paid in full.

In addition to these facilities, the County entered into a ground lease agreement with the State of California for the property located on 9438 Commerce Way in Adelanto, California, known as the Adelanto Detention Center Expansion, to assist the County in obtaining eligibility for AB900 funding. The State, in turn, has pledged the facility as collateral for lease-revenue bonds it issued to fund the project.

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NOTE 16 – DEFERRED INFLOWS OF RESOURCES

The County recognized deferred inflows of resources in the government-wide and fund financial statements. These items are an acquisition of net position by the County that is applicable to a future reporting period.

The balances as of June 30, 2017 of deferred inflows of resources are as follows:

Government-Wide Activities	
Governmental Activities	
Deferred Inflows Related to Pensions	\$ 316,807
Deferred Inflows Related to Bond Refunding:	
Flood Control Refunding Bonds (Series 2016)	216
Sub-Total	317,023
Business-Type Activities	
Deferred Inflows Related to Pensions	39,794
Sub-Total	39,794
Total Government-Wide Activities	\$ 356,817
Governmental Funds	
Unavailable Revenues:	
General Fund	
Property Tax Receivable	\$ 10,958
Interest Receivable	21,326
Other Receivable	9,235
Due from Governmental Agencies	34,575
Sub-Total	76,094
Capital Improvement Fund	
Interest Receivable	329
Sub-Total	329
Nonmajor Governmental Funds	
Property Tax Receivable	5,118
Interest Receivable	1,058
Due from Governmental Agencies	3,124
Due from Other Agencies	325
Sub-Total	9,625
Total Governmental Funds	\$ 86,048
Proprietary Funds	
Deferred Inflows Related to Pensions:	
Enterprise Fund	
San Bernardino County Employees' Retirement Association (SBCERA)	\$ 39,331
California Public Employees Retirement System (CalPERS-HACSB)	463
Sub-Total	39,794
Internal Service Fund	
San Bernardino County Employees' Retirement Association (SBCERA)	10,647
Sub-Total	10,647
Total Proprietary Funds	\$ 50,441

Refer to Note 19 Retirement Plan, for additional Deferred Inflows of Resources information related to pensions.

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NOTE 17 – FUND BALANCES DETAIL

Details of Fund Balance Classifications reported in Governmental Funds are as follows:

	General Fund	Capital Improvement Fund	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	Nonmajor Permanent Funds	Total
Nonspendable:							
Loan Receivable	\$ 37,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,645
Noncurrent Interfund Receivable	2,765	-	-	-	-	-	2,765
Prepaid Items and Inventories	2,984	-	410	-	-	-	3,394
Land Held for Resale	549	-	-	-	-	-	549
Endowments	-	-	-	-	-	1,712	1,712
Total Nonspendable Fund Balance	43,943	-	410	-	-	1,712	46,065
Restricted for:							
Social Services Realignment	97,924	-	-	-	-	-	97,924
Health Services Realignment	138,500	-	-	-	-	-	138,500
Behavioral Health Realignment	77,916	-	-	-	-	-	77,916
Law and Justice Realignment	60,052	-	-	-	-	-	60,052
Family Support Realignment	15,401	-	-	-	-	-	15,401
Support Services Realignment	16,962	-	-	-	-	-	16,962
CalWORKs Maintenance of Effort Realignment	12,800	-	-	-	-	-	12,800
Teeter Plan	14,204	-	-	-	-	-	14,204
Aging Programs	914	-	-	-	-	-	914
COP & Juvenile Growth	662	-	-	-	-	-	662
Mental Health Outreach Services	2	-	-	-	-	-	2
Debt Service	-	-	-	22,897	-	-	22,897
Central Courthouse Project	-	-	2,262	-	-	-	2,262
Redemption Restitution Maintenance	-	-	1,819	-	-	-	1,819
Courthouse and Criminal Justice Construction	-	-	12	-	-	-	12
Redevelopment Housing	-	-	1,187	-	20,012	-	21,199
Capital Improvement Projects	-	42,891	-	-	-	-	42,891
Public Protection and Safety - Other	-	-	152	-	-	-	152
Flood Control	-	-	120,045	-	-	-	120,045
Domestic Violence Programs	-	-	762	-	-	-	762
Crime Prosecution	-	-	9,162	-	-	-	9,162
Probation Programs	-	-	24,646	-	-	-	24,646
Alternate Dispute Resolutions	-	-	67	-	-	-	67
Recorder's Micrographics	-	-	16,131	-	-	-	16,131
Local Law Enforcement Block Grant	-	-	2,296	-	-	-	2,296
Sheriff Special Projects	-	-	15,023	-	-	-	15,023
Fire Protection	-	-	53,558	-	8,500	-	62,058
Chino Agriculture Preserve	-	-	28,836	-	-	-	28,836
Road Operations	-	-	42,557	-	-	-	42,557
Measure I	-	-	25,305	-	-	-	25,305
Regional Development Mitigation Plan	-	-	17,906	-	-	-	17,906
Facilities Development Plans	-	-	3,225	-	-	-	3,225
Airport Operations	-	-	5,249	-	-	-	5,249
Mental Health Services Act	-	-	187,626	-	-	-	187,626
Block Grant Carryover Program	-	-	7,350	-	-	-	7,350
Vector Control Assessments	-	-	3,780	-	-	-	3,780
Public Health - Other	-	-	915	-	-	-	915
Mental Health - Other	-	-	533	-	-	-	533
Inland Counties Emergency Medical Agencies	-	-	1,294	-	-	-	1,294
Preschool Services	-	-	154	-	-	-	154
Aging and Adult Services - Other	-	-	1,465	-	-	-	1,465
Job and Employment Services	-	-	1,113	-	-	-	1,113
Economic and Community Development	-	-	32,384	-	-	-	32,384
Wraparound Reinvestment	-	-	6,565	-	-	-	6,565
Regional Parks	-	-	970	-	-	-	970
Park and Recreation Districts	-	-	1,995	-	3,075	-	5,070
County Free Library	-	-	9,138	-	-	-	9,138
County Service Area	-	-	19,922	-	4,239	-	24,161
Total Restricted Fund Balance	435,337	42,891	645,404	22,897	35,826	-	1,182,355

COUNTY OF SAN BERNARDINO
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NOTE 17 – FUND BALANCES DETAIL (CONTINUED)

	General Fund	Capital Improvement Fund	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	Nonmajor Permanent Funds	Total
Committed to:							
Medical Center Debt Service	\$ 32,075	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,075
Glen Helen Rehabilitation Center Jail Upgrade	75	-	-	-	-	-	75
New Property Tax System	3,000	-	-	-	-	-	3,000
New Financial Accounting System	9,500	-	-	-	-	-	9,500
Earned Leave	19,512	-	-	-	-	-	19,512
Animal Shelter Capital Project	10,000	-	-	-	-	-	10,000
Adelanto Detention Center Jail Upgrade	7,719	-	-	-	-	-	7,719
Retirement	8,500	-	-	-	-	-	8,500
West Valley Detention Center Jail Upgrade	6,598	-	-	-	-	-	6,598
Rim Forest Drainage Project	4,376	-	-	-	-	-	4,376
Land Use Services Plan and Amendments	2,056	-	-	-	-	-	2,056
Glen Helen Parkway Bridge	2,039	-	-	-	-	-	2,039
Cal Fresh Waiver Discontinuance	1,187	-	-	-	-	-	1,187
County Buildings and Acquisition Retrofit Project	31,000	-	-	-	-	-	31,000
Redevelopment Agency Overpayment	3,800	-	-	-	-	-	3,800
Insurance	3,000	-	-	-	-	-	3,000
Permit Systems Upgrade	2,045	-	-	-	-	-	2,045
Lake Gregory Dam	8,213	-	-	-	-	-	8,213
National Trails Highway	9,728	-	-	-	-	-	9,728
Labor	10,374	-	-	-	-	-	10,374
Rock Springs Bridge Project	2,037	-	-	-	-	-	2,037
Asset Replacement	26,644	-	-	-	-	-	26,644
EMACS Upgrade	3,742	-	-	-	-	-	3,742
Assessor-Recorder Enterprise System	1,000	-	-	-	-	-	1,000
Strategic Initiatives Reserve	591	-	-	-	-	-	591
Big Bear Apline Zoo	1,700	-	-	-	-	-	1,700
GIS Enterprise License Agreement	1,679	-	-	-	-	-	1,679
Valley Dispatch Reserve	27,106	-	-	-	-	-	27,106
ARMC Jail Ward	20,000	-	-	-	-	-	20,000
Cedar Avenue Interchange	8,095	-	-	-	-	-	8,095
Capital Projects	6,700	-	-	-	-	-	6,700
Litigation Expenses	17,000	-	-	-	-	-	17,000
County Fire - Fire Training Center	820	-	-	-	-	-	820
Stanfield Cutoff Road Repair and Bridge Replacement	405	-	-	-	-	-	405
Litigation	385	-	-	-	-	-	385
Chino Airport Development Plan Reserve	250	-	-	-	-	-	250
Give BIG San Bernardino County	100	-	-	-	-	-	100
Revolving Loan Program	2,000	-	-	-	-	-	2,000
Total Committed Fund Balance	295,051	-	-	-	-	-	295,051
Assigned to:							
Automated Systems Development	4,089	-	-	-	-	-	4,089
Cal Fresh Waiver Discontinuance	302	-	-	-	-	-	302
Redemption Restitution Maintenance	-	-	218	-	-	-	218
Industrial Development Authority	-	-	57	-	-	-	57
800 MHZ Upgrade Project	-	37,199	-	-	-	-	37,199
Sheriff's Crime Lab	-	457	-	-	-	-	457
Sherrif's Aviation Relocation	-	1	-	-	-	-	1
County Buildings Retrofit and Improvements	-	94,299	-	-	-	-	94,299
Maintenance, Upgrades and Other Capital Outlay	-	42,394	-	-	-	-	42,394
Indigent Defense Program	-	-	177	-	-	-	177
Disaster Recovery	-	-	3,256	-	-	-	3,256
Flood Control	-	-	3,572	-	-	-	3,572
Sheriff Special Projects	-	6,292	1	-	-	-	6,293
Road Operations	-	-	23,494	-	-	-	23,494
Fire Protection	-	17,639	-	-	-	-	17,639
Master Settlement Agreement	-	-	3,569	-	-	-	3,569
Mental Health	-	-	2,792	-	-	-	2,792
Human Resources	-	-	2,434	-	-	-	2,434
Economic and Community Development	-	-	591	-	-	-	591
Regional Parks	-	-	1,783	-	-	-	1,783
San Manuel Amphitheater	-	-	1,834	-	-	-	1,834
County Service Area	-	-	2,880	-	-	-	2,880
Total Assigned Fund Balance	4,391	198,281	46,658	-	-	-	249,330
Unassigned Fund Balance	271,914	-	-	-	-	-	271,914
Total Fund Balances	\$ 1,050,636	\$ 241,172	\$ 692,472	\$ 22,897	\$ 35,826	\$ 1,712	\$ 2,044,715

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NOTE 18 – MEDICARE AND MEDI-CAL PROGRAMS

The Medical Center provides services to eligible patients under Medi-Cal and Medicare programs. For the years ended June 30, 2017 and 2016, the Medi-Cal program represented approximately 59% and 55%, and the Medicare program represented approximately 25% and 27%, respectively, of the Medical Center's net patient service revenues. Medi-Cal inpatient services are reimbursed at contractually agreed upon per diem rates and outpatient services are reimbursed under a schedule of maximum allowances. Medicare inpatient services are reimbursed based upon pre-established rates for diagnostic-related groups. Outpatient services are reimbursed based on prospectively determined payments per procedure under a system called Ambulatory Payment Classifications. Certain defined capital and the medical education costs related to Medicare beneficiaries are paid based on a cost-reimbursement methodology. Final reimbursement is determined as a result of audits by the fiscal intermediary of annual cost reports submitted by the Medical Center. Reports on the results of such audits have been received through June 30, 2011 for Medicare and June 30, 2015 for Medi-Cal. Adjustments as a result of such audits are recorded in the year the amounts can be determined.

Additional detailed financial information, including separately issued financial statements, can be obtained from the Auditor-Controller/Treasurer/Tax Collector's Office at 268 W. Hospitality Lane, San Bernardino, CA 92415-0018.

NOTE 19 – RETIREMENT PLAN

The County recognized net pension liabilities from the following retirement plans in the government-wide financial statements. The balances as of June 30, 2017 of net pension liabilities are as follows:

	Governmental Activities	Business-type Activities	Discretely Presented Component Unit	Total
San Bernardino County Employees' Retirement Association	\$ 1,833,646	\$ 210,872	\$ 2,184	\$ 2,046,702
California Public Employees Retirement System - HACSB	-	20,024	-	20,024
Total	<u>\$ 1,833,646</u>	<u>\$ 230,896</u>	<u>\$ 2,184</u>	<u>\$ 2,066,726</u>

A. San Bernardino County Employees' Retirement Association

General Information about the Pension Plan

Plan Description

The County provides pension benefits to eligible employees through a cost sharing multiple-employer defined benefit pension plan (the Plan) administered by the San Bernardino County Employees' Retirement Association (SBCERA).

The Plan is governed by the SBCERA Board of Retirement (Board) under the provisions of 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 is a tax qualified plan under Section 401(a) of the Internal Revenue Code.

SBCERA publishes its own comprehensive annual financial report that includes its financial statements and required supplementary information, which can be obtained by writing to SBCERA at 348 W. Hospitality Lane, Third Floor, San Bernardino, CA 92415-0014 or visiting the website at www.SBCERA.org.

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NOTE 19 – RETIREMENT PLAN (CONTINUED)

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 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 or contract position, whose service is at least fifty percent of the full standard of hours required is a member of SBCERA, and is provided with pension benefits pursuant to Plan requirements.

The CERL and PEPRA establish benefit terms. Retirement benefits are calculated on the basis of age, average final compensation and service credit as follows:

	<u>General - Tier 1</u>	<u>General - Tier 2</u>	<u>Safety - Tier 1</u>	<u>Safety - Tier 2</u>
Final Average Compensation	Highest 12 consecutive months	Highest 36 consecutive months	Highest 12 consecutive months	Highest 36 consecutive months
Normal Retirement Age	The later of age 55 or the age at which the member vests in his/her benefits under the CERL, but not later than age 70	The later of age 55 or the age at which the member vests in his/her benefits under the CERL, but not later than age 70	The later of age 50 or the age at which the member vests in his/her benefits under the CERL, but not later than age 70	The later of age 50 or the age at which the member vests in his/her benefits under the CERL, but not later than age 70
Early Retirement: Years of service required and /or age eligible for	Age 70 any years 10 years age 50 30 years any age	Age 70 any years 5 years age 52 N/A	Age 70 any years 10 years age 50 20 years any age	Age 70 any years 5 years age 50 N/A
Benefit	At normal retirement age, 2.00% per year of final average compensation for every year of service credit	At age 67, 2.50% per year of final average compensation for every year of service credit	At normal retirement age, 3.00% per year of final average compensation for every year of service credit	At age 57, 2.70% 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	Reduced before age 50	Reduced before age 57
Final Average Compensation Limitation	Internal Revenue Code section 401(a)(17)	Government Code section 7522.10	Internal Revenue Code section 401(a)(17)	Government Code section 7522.10

An automatic cost of living adjustment is provided to benefit recipients based on changes in the local region Consumer Price Index (CPI) up to a maximum of 2% per year. Any increase greater than 2% is banked and may be used in years where the CPI is less than 2%. There is a one-time 7% increase at retirement for members hired before August 19, 1975. The Plan also provides disability and death benefits to eligible members and their beneficiaries, respectively. For retired members, the death benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to benefits based on the members years of service or if the death was caused by employment. General members are also eligible for survivor benefits which are payable upon a member's death.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 19 – RETIREMENT PLAN (CONTINUED)

Contributions

Participating employers and active members are required by statute to contribute a percentage of covered payroll 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, which is 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 and employer contribution rates for the fiscal year ended June 30, 2017 are as follows:

	<u>General - Tier 1</u>	<u>General - Tier 2</u>	<u>Safety - Tier 1</u>	<u>Safety - Tier 2</u>
Employee contribution rates	7.89% to 14.86%	7.73% to 8.37%	10.63% to 17.60%	13.56% to 14.03%
Employer contribution rates	22.33%	19.20%	50.98%	42.91%

For the year ended June 30, 2017, the County's employer contributions to the Plan were equal to the actuarially determined required employer contributions as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Discretely Presented Component Unit</u>	<u>Total</u>
Employer Contributions				
General Members	\$ 162,556	\$ 32,227	\$ 302	\$ 195,085
Safety Members	108,053	-	-	108,053
Total	<u>\$ 270,609</u>	<u>\$ 32,227</u>	<u>\$ 302</u>	<u>\$ 303,138</u>

Employee contributions paid by the employer are accounted for as employee contributions pursuant to the provisions of GASB Statement No. 82.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 19 – RETIREMENT PLAN (CONTINUED)

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

As of June 30, 2017, the County reported net pension liabilities for its proportionate share of the Plan's net pension liability as follows:

	Governmental Activities	Business-type Activities	Discretely Presented Component Unit	Total
General Members	\$ 1,054,676	\$ 210,872	\$ 2,184	\$ 1,267,732
Safety Members	778,970	-	-	778,970
Total	<u>\$ 1,833,646</u>	<u>\$ 210,872</u>	<u>\$ 2,184</u>	<u>\$ 2,046,702</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's FY 2016 actual contributions to the Plan relative to the total employer contributions of all SBCERA's participating employers. The County's proportion in the Plan was 82.92%, which excludes the Consolidated Fire Agencies of the East Valley as it is not part of the County's reporting entity. It was a decrease of 0.45% from its proportion measured as of June 30, 2015.

The allocation of the County's proportion of the net pension liability to governmental activities, business-type activities, and a discretely presented component unit was based on each fund group's FY 2016 actual contributions to the County's pension plan relative to the total contributions of the County. The allocation of the County's proportion and its change from its proportion measured as of June 30, 2015 are as follows:

	Governmental Activities	Business-type Activities	Discretely Presented Component Unit	Total
Proportion - June 30, 2016				
General Members	51.53%	10.30%	0.11%	61.94%
Safety Members	38.06%	-	-	38.06%
Total	<u>89.59%</u>	<u>10.30%</u>	<u>0.11%</u>	<u>100.00%</u>
Change - Increase (Decrease)				
General Members	1.88%	0.33%	0.01%	2.22%
Safety Members	-2.22%	-	-	-2.22%
Total	<u>-0.34%</u>	<u>0.33%</u>	<u>0.01%</u>	<u>0.00%</u>

For the year ended June 30, 2017, the County recognized pension expense of \$264,544.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 19 – RETIREMENT PLAN (CONTINUED)

At June 30, 2017, the County reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	Deferred Outflows of Resources			Total
	Governmental Activities	Business-type Activities	Discretely Presented Component Unit	
Changes of assumptions	\$ 126,621	\$ 14,562	\$ 151	\$ 141,334
Changes in proportion and differences between County contributions and proportionate share of contributions	31,001	8,936	91	40,028
Net differences between projected and actual earnings on pension plan investments	397,206	45,679	473	443,358
Pension contributions subsequent to measurement date	270,609	32,227	302	303,138
Total	\$ 825,437	\$ 101,404	\$ 1,017	\$ 927,858

	Deferred Inflows of Resources			Total
	Governmental Activities	Business-type Activities	Discretely Presented Component Unit	
Differences between actual and expected experience	\$ 277,602	\$ 31,924	\$ 331	\$ 309,857
Changes in proportion and differences between County contributions and proportionate share of contributions	39,205	7,407	80	46,692
Total	\$ 316,807	\$ 39,331	\$ 411	\$ 356,549

The total amount of \$303,138 reported as deferred outflows of resources related to contributions to the Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Governmental Activities	Business-type Activities	Discretely Presented Component Unit	Total
2018	\$ 2,341	\$ 310	\$ 5	\$ 2,656
2019	66,698	7,711	81	74,490
2020	123,253	14,134	148	137,535
2021	74,541	9,347	90	83,978
2022	(23,993)	(1,452)	(18)	(25,463)
Thereafter	(4,819)	(204)	(2)	(5,025)
Total	\$ 238,021	\$ 29,846	\$ 304	\$ 268,171

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions

The County's proportion of the Plan's total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Inflation	3.25%
Projected Salary Increases	General: 4.60% to 13.75%; Safety: 4.55% to 13.75%
Cost of Living Adjustments	Consumer price index with a 2.00% maximum
Administrative Expenses	0.60% of payroll

Mortality rates used in the June 30, 2016 actuarial valuation were based on the RP-2000 Combined Healthy Mortality Table projected 20 years to 2020 using Projection Scale BB. For healthy General members, no adjustments are made. For healthy Safety members, ages are set back two years for males and one year for females. For disabled General members, ages are set forward seven years for males and set forward eight years for females. For disabled Safety members, ages are set forward two years for males and females. Beneficiaries are assumed to have the same mortality as a General member of the opposite sex who is receiving a service (non-disability) retirement.

The actuarial assumptions used to determine the total pension liability as of June 30, 2016 were based on the results of the June 30, 2014 Review of Economic Assumptions and Actuarial Experience Study, which covered the period from July 1, 2010 through June 30, 2013. They are the same assumptions used in the June 30, 2016 actuarial valuation.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 19 – RETIREMENT PLAN (CONTINUED)

The long-term expected rate of return on the Plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin. The June 30, 2016 target allocation (approved by the SBCERA Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the table as follows:

Asset Class	Investment Classification	Target Allocation ⁽¹⁾	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	Domestic Common and Preferred Stock	5.00%	5.94%
Small Cap U.S. Equity	Domestic Common and Preferred Stock	2.00%	6.50%
Developed International Equity	Foreign Common and Preferred Stock	6.00%	6.87%
Emerging Market Equity	Foreign Common and Preferred Stock	6.00%	8.06%
U.S. Core Fixed Income	U.S. Government and Agency/Corporate Bonds	2.00%	0.69%
High Yield/Credit Strategies	Corporate Bonds/Foreign Bonds	13.00%	3.10%
Global Core Fixed Income	Foreign Bonds	1.00%	0.30%
Emerging Market Debt	Emergng Market Debt	6.00%	4.16%
Real Estate	Real Estate	9.00%	4.96%
International Credit	Foreign Alternatives	10.00%	6.76%
Absolute Return	Domestic Alternatives/Foreign Alternatives	13.00%	2.88%
Real Assets	Domestic Alternatives/Foreign Alternatives	6.00%	6.85%
Long/Short Equity	Domestic Alternatives/Foreign Alternatives	3.00%	4.86%
Private Equity	Domestic Alternatives/Foreign Alternatives	16.00%	9.64%
Cash & Equivalents	Short-Term Cash Investment Funds	2.00%	-0.03%
Total		100.00%	

(1) For actuarial purposes, target allocations only change once every three years based on the triennial actuarial experience study.

Discount Rate

The discount rate used to measure the Plan's total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employer and member contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan investments of 7.50% was applied to all periods of projected benefit payments to determine the total pension liability.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability, calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Discretely Presented Component Unit</u>	<u>Total</u>
County's proportionate share of the net pension liability				
1.00% Decrease (6.50%)	\$ 2,888,672	\$ 352,243	\$ 3,648	\$ 3,244,563
Current Discount Rate (7.50%)	1,833,646	210,872	2,184	2,046,702
1.00% Increase (8.50%)	959,395	93,724	971	1,054,090

Pension Plan Fiduciary Net Position

Detailed information about the pension fund's fiduciary net position is available in the separately issued SBCERA comprehensive annual financial report.

B. Housing Authority of the County of San Bernardino (HACSB) – California Public Employees Retirement System

General Information about the Pension Plan

Plan Description

The HACSB provides pension benefits to all qualified permanent and probationary employees through the San Bernardino County Housing Authority Miscellaneous Plan (SBCHAMP), an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for its participating member employers. SBCHAMP is part of the Public Agency portion of CalPERS. The benefits for the public agencies are established by contract with CalPERS in accordance with the provisions of the Public Employees' Retirement Law. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions, and membership information are listed in the SBCHAMP's annual actuarial valuation report.

CalPERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. Copies of CalPERS' annual financial report and actuarial valuation report may be obtained from its executive office at 400 Q Street, P.O. Box 942701, Sacramento, California 94229 or on its website at www.CalPERS.ca.gov.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 19 – RETIREMENT PLAN (CONTINUED)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The provisions and benefits in effect as of September 30, 2016 are summarized as follows:

Benefit Formula	2.00% at age 55
Benefit Vesting Schedule	5 years of service
Benefit Payments	Monthly for life
Retirement Age	Age 50 to 55
Monthly Benefits, as percentage of eligible compensation	2.00% to 2.50%
Required Employee Contribution Rate	8.00%
Required Employer Contribution Rate	19.43%

Employees Covered

At September 30, 2016, SBCHAMP had 304 employees covered, including 123 active employees and 181 inactive employees or beneficiaries currently receiving benefits.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2016, the employee contribution rate is 8.00% of annual pay. The HACSB makes the contributions required of HACSB employees on their behalf and for their account via payroll deductions. The employer's contribution rate is 19.43% of annual payroll. The HACSB's contribution to the SBCHAMP was \$1,469 for the year ended September 30, 2016.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 19 – RETIREMENT PLAN (CONTINUED)

Net Pension Liability

The HACSB's net pension liability was measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. At September 30, 2016, the HACSB reported a net pension liability of \$20,024.

Actuarial Assumptions

The June 30, 2015 valuation was rolled forward to determine the June 30, 2016 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

⁽¹⁾ The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS' 2014 experience study report.

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website at www.CalPERS.ca.gov under Forms and Publications.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11 - 60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

COUNTY OF SAN BERNARDINO
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NOTE 19 – RETIREMENT PLAN (CONTINUED)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2015.

Asset Class	Current Target Allocation	Real Return Years 1-10 ⁽¹⁾	Real Return Years 11+ ⁽²⁾
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	100.00%		

⁽¹⁾ An expected inflation of 2.50% used for this period

⁽²⁾ An expected inflation of 3.00% used for this period

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the discount rate of 7.65% for the SBCHAMP is adequate and the use of the municipal bond rate calculation is not necessary.

Change in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balances at October 1, 2015	\$ 54,588	\$ 37,755	\$ 16,833
Changes recognized for the measurement period:			
Service cost	1,141	-	1,141
Interest on total pension liability	4,091	-	4,091
Differences between expected and actual experience	17	-	17
Contributions from employer	-	1,358	(1,358)
Contributions from employees	-	542	(542)
Net investment income	-	181	(181)
Benefit payments, including refunds of employee contributions	(3,396)	(3,396)	-
Administrative expense	-	(23)	23
Net Changes	1,853	(1,338)	3,191
Balances at September 30, 2016	\$ 56,441	\$ 36,417	\$ 20,024

COUNTY OF SAN BERNARDINO
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NOTE 19 – RETIREMENT PLAN (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in Discount Rate

The following presents the net pension liability of the HACSB as of the June 30, 2016 measurement date, calculated using the discount rate of 7.65%, as well as what the HACSB's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65%) or 1-percentage-point higher (8.65%) than the current rate:

<u>Changes in Discount Rate</u>	<u>Net Pension Liability</u>
1.00% Decrease (6.65%)	\$ 27,144
Current Discount Rate (7.65%)	20,024
1.00% Increase (8.65%)	14,127

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the HACSB recognized a pension expense of \$1,957. At September 30, 2016, the HACSB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ 463
Difference between expected and actual experiences	68	-
Net differences between projected and actual earnings on pension plan investments	1,987	-
Pension contributions subsequent to measurement date	451	-
Total	<u>\$ 2,506</u>	<u>\$ 463</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 19 – RETIREMENT PLAN (CONTINUED)

The \$451 reported as deferred outflows of resources related to contributions to the SBCHAMP subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended September 30	Pension Expense
2017	\$ 64
2018	64
2019	936
2020	528
Total	<u>\$ 1,592</u>

NOTE 20 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) - HACSB

Plan Description

In addition to providing pension benefits, the HACSB provides postemployment medical benefits through a single-employer defined benefit healthcare plan. The plan, which is administered in Public Agency Retirement Services (PARS) OPEB trust by the HACSB, provides post-retirement health benefits to retirees who meet plan eligibility requirements in accordance with the personnel policies and collective bargaining agreements. The benefit provisions and all other requirements are established by the HACSB Board of Governors.

PARS publishes its own annual financial report, which can be obtained by writing to PARS at 4350 Von Karman Ave, Suite 100, Newport Beach, CA 92660 or visiting the website at www.PARS.org.

Eligibility

Active and eligible retired employees can elect to cover themselves and their dependents under any medical plan available through the CalPERS medical program under Public Employees' Medical and Hospital Care Act (PEMHCA). Active employees pay 15% of the premiums for themselves and dependents and the HACSB pays the remaining premiums. For retirees who retire with a CalPERS pension (age 50 or older), the HACSB pays retiree and dependent premiums based on the retiree's hire date and years of service as follows, with the remainder paid by the retiree:

Hire date prior to May 14, 2008. Minimum five years of qualified service. HACSB pays 85% of premiums (same as actives).

Hire date on or after May 14, 2008. Minimum ten years of qualified service for benefits. HACSB pays 42.5% of premiums with ten years, plus 4.25% per additional year, reaching 85% with twenty or more years of qualified service.

Benefits continue for the life of the retiree and spouse, and for the life of any surviving spouse after the retiree's death. There were 109 active employees, and 94 retirees and surviving spouses during the latest actuarial valuation at October 1, 2013.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 20 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – HACSB (CONTINUED)

Funding Policy

The contribution requirements of plan members and the HACSB are established and may be amended by HACSB Board of Governors. HACSB joined the PARS GASB 45 Program Trust and intends to fully fund each year's annual required contributions. The contribution required to be made is primarily based on a pay-as-you-go basis, paying for retiree benefits as they are due. For the fiscal year ended September 30, 2016, the HACSB was required to make contributions of approximately \$608 in healthcare benefits for retired employees.

Annual OPEB Cost and Net OPEB Obligation

The HACSB's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years. The following table shows the components of the HACSB's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the HACSB's net OPEB obligation:

	9/30/2016
Annual Required Contribution (ARC)	\$ 474
Interest on Net OPEB Obligation	303
Adjustment to ARC	(374)
Annual OPEB Cost	403
Contributions Made	(608)
Decrease in Net OPEB Obligation	(205)
Net OPEB Obligation - Beginning of Year	4,042
Net OPEB Obligation - End of Year	\$ 3,837

The HACSB's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of and for the fiscal year ended September 30, 2016 and the two preceding years were as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2014	\$ 385	145%	\$ 4,202
9/30/2015	423	138%	4,042
9/30/2016	403	151%	3,837

Funded Status and Funding Progress

As of October 1, 2013, the most recent actuarial valuation date, the plan was 83.47% funded. The actuarial accrued liability for benefits was \$10,321, and the actuarial value of plan assets was \$8,615, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,706. The covered payroll (annual payroll of active employees covered by the plan) was \$6,863, and the ratio of the UAAL to the covered payroll was 24.86%.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 20 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – HACSB (CONTINUED)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

In the HACSB's October 1, 2013 actuarial valuation, the actuarial cost method used for determining the benefit obligations is the Projected Unit Credit Cost Method. The actuarial assumptions include a 7.50% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.40% in 2015, reduced by decrements of 0.40% per year for the next two years then decrements of 0.30% to an ultimate rate of 5.00% in 2019. Both rates included a 3.00% inflation assumption and assumed the HACSB's payroll will increase 4.50% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over a closed-period basis using a 25 year amortization period.

NOTE 21 – LEASE/LEASEBACK

In May 1997, the County entered into a lease agreement whereby seven separate County parcels (each a Parcel and together, the Parcels), including related buildings, valued at a total of approximately \$146 million, were leased to a Delaware business trust (Trust) formed for a certain lease-leaseback transaction to act in various capacities for the benefit of the investor (the Investor) as described in the transaction. The County simultaneously entered into a sublease agreement with the Trust to lease the buildings back. With respect to the lease agreement, the County received a prepayment of \$25.6 million from the Trust, which was created by the Investor and the trustee for the Trust. The County transferred \$17.0 million to a sublease guaranty entity (Sublease Guaranty Trust) in order to induce the Sublease Guaranty Trust to provide a guaranty for the County's obligations under the sublease agreement. In order to secure its obligations, the Sublease Guaranty Trust used the monies to cause AIG-FP Special Finance and AIG-Matched Funding Corp to deliver a Letter of Credit (Loan) and a Letter of Credit (Equity), respectively, under the terms of a certain Debt Payment Agreement and a certain Equity Payment Agreement. After transaction expenses were paid, the County retained \$8.8 million.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 21 – LEASE/LEASEBACK (CONTINUED)

The Letter of Credit (Loan) and the Letter of Credit (Equity) provide for the payment of the County's obligation under the sublease and exercise of its purchase option. As a result, obligations under the lease-leaseback arrangement are considered to be economically, although not legally defeased. Therefore, the trust assets and the related debt have been excluded from the County's financial statements. The term of the full lease with the financing institution ends in 2034. However, the sublease provides a procedure whereby the sublease with respect to one Parcel was terminated as of January 2010 and, with respect to another Parcel, terminated on July 1, 2014, and with respect to five Parcels on a certain date specified in 2021.

The County plan at this time is to continue to exercise its purchase options rights as available. On September 12, 2008, American International Group, Inc. (AIG), which provided a guarantee with respect to each of the above-mentioned letters of credit, was downgraded by both Moody's and S&P. The downgrade triggered provisions of the lease-leaseback transaction that allows certain parties to demand AIG to collateralize the Letter of Credit (Equity) and allows the replacement of an AIG related entity, AIG-FP Special Finance (Cayman) Limited, as the provider of the Letter of Credit (Loan).

As requested by the investor, in October 2008, AIG posted collateral to secure its obligations under the Letter of Credit (Equity). The County continues to analyze all options relating to this transaction, including the replacement of the provider of the Letter of Credit (Loan). As of June 30, 2017, assuming that the investor would agree to a termination in whole of the lease-leaseback transaction, the County estimated that the cost of termination would be approximately \$16.5 million. If AIG were unable to fulfill its guarantee under the Letter of Credit (Loan), the County estimates that the cost to the County to make the remaining sublease payments and purchase option payments would be approximately \$150.0 million over the next 5 years.

AIG is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (SEC). Such reports, proxy statements and other information can be inspected and copied at public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, United States, at prescribed rates. In addition, the SEC maintains a website at <http://www.sec.gov>, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC. The County takes no responsibility for the accuracy, completeness or timeliness of such reports, proxy statements or other information, and such reports, proxy statements and other information is not incorporated herein by reference.

The Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA), enacted on May 17, 2006, included excise taxes and disclosure rules that target certain tax shelter transactions to which a tax exempt entity is a party. In August 2006, the County received notice from the lease/leaseback investor that the transaction is a prohibited tax shelter transaction as defined in the new TIPRA legislation. The U.S. Treasury issued proposed, temporary and final regulations related to TIPRA and they provide that disclosure by a tax-exempt entity is not required for any transaction entered into by the entity on or before May 17, 2006. The County is unable to determine at this time whether and/or to what extent excise taxes would be applicable to this transaction.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 22 – COMMITMENTS, CONTINGENCIES, AND CERTAIN SUBSEQUENT EVENTS

Lawsuits and Other Claims

The County has been named as a defendant in numerous lawsuits and claims arising in the normal course of operations. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable loss to the County, such loss has been recorded in the accompanying basic financial statements. In the opinion of County management and County Counsel, the ultimate outcome of the remaining claims cannot be determined at this time.

Grants

The County recognizes as revenue, grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Although the County’s grant programs are being audited through June 30, 2017 in accordance with the provisions of the Single Audit Act of 1996, these programs are still subject to financial and compliance audits and resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

Commitments

The County has entered into contractual agreements for various projects. The following encumbered amounts are included within restricted, committed or assigned fund balance for their specific purposes, respectively.

	<u>Outstanding Encumbrances</u>
Major Governmental Funds:	
General Fund	\$ 53,797
Capital Improvement Fund	30,808
Total Major Governmental Funds	84,605
Nonmajor Governmental Funds	55,848
Total Governmental Funds	\$ 140,453

Agreements/Certain Claims

(a) El Mirage Off-Highway Vehicle Park

The County entered into an Interagency Agreement (Agreement) with the California Off-Highway Motor Vehicle Recreation Commission, the California Department of Parks and Recreation (Parks), the County of Los Angeles, and the Bureau of Land Management (BLM) to create an off-road vehicle park and camping area on November 14, 1988. The County, BLM, and Parks entered into a MOU to further define the roles of each agency in the development of the El Mirage Off-Highway Vehicle Park (Park) in 1990. In accordance with the Agreement and the MOU, the County is to appraise and acquire land in the Park as an acquisition agent, and then, convey the land to the BLM to operate and manage the Park.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 22 – COMMITMENTS, CONTINGENCIES, AND CERTAIN SUBSEQUENT EVENTS (CONTINUED)

(b) Economic and Community Development

The Economic Development Agency has multiple programs for business and housing loans funded by the Department of Housing and Urban Development (HUD) and administered by either the Economic Development Department or the Department of Community Development and Housing. The grant funds are used to develop viable communities by providing decent, safe and sanitary housing, suitable living environments and expanded economic opportunities for low and moderate income persons.

Business loans were issued for low and moderate income job creation and retention. Housing loans were provided for housing rehabilitation, home buyer assistance, and creation of new affordable housing units. Most of these loans contain forgiveness clauses that allow for the forgiveness of the debt and the amounts become grants once certain conditions have been met. Certain loans for multiple-family and housing rehabilitation contain residual receipts clauses in which the County only collects on the loan balance if income generated by the property exceeds certain levels. At the end of the agreement a remaining balance exists because the residual receipts generated were insufficient to defease the loan; the remaining balance may be forgiven as long all affordability conditions have been met.

Under HUD regulations any monies received from the repayments of a business loan or a housing loan are considered to be program income and can only be used for programs or projects that primarily benefit low to moderate income persons. The total amount of these various loans at June 30, 2017 is \$61,263. The estimated amount that will probably be collected in future years is substantially lower due to the nature of the funding source of these loans. Due to this contingent nature of the loans, they are not currently recognized in the financial statements.

(c) Federal Civil Rights/14th Amendment Class Action Case

In February 2016, Federal Civil Rights/14th Amendment Class Action case was filed against the County in alleging inadequate mental and medical health care, failure to protect, excessive force, ADA claims relating to conditions in County jails. The potential loss is not considered to be measurable at this time. The parties have been engaging in settlement discussions.

(d) Senate Bill 190

On October 11, 2017, Senate Bill 190 was signed into law, which repeals county's authority to charge administrative fees to families with youth in the juvenile system. Effective January 1, 2018, counties are no longer authorized to charge families for their youth's detention, lawyer, supervision, electronic monitoring, or drug testing. The County has started the process to enforce the law as of January 1, 2018. The estimated financial impact of this change cannot be sufficiently measured at this time.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 22 – COMMITMENTS, CONTINGENCIES, AND CERTAIN SUBSEQUENT EVENTS (CONTINUED)

Pollution Remediation

(a) Sanitary Landfills

Volatile Organic Compound Contamination of Ground Water: On November 10, 1998, the County approved a settlement agreement with the San Gabriel Valley Water Company (SGVWC). This agreement settles the claim that a volatile organic compound FWC's (PCE) released from the Mid-Valley Sanitary Landfill has negatively impacted some of SGVWC's wells which it operates through its subsidiary, Fontana Water Company (FWC). This agreement requires the County to pay for the annual operation and maintenance cost of the (PCE) treatment system for as long as the specified contaminants continue to be detected at FWC's wells in this area.

As security for each annual payment, the County must annually post a letter of credit for 125% of the year's operations and maintenance costs, based upon an estimated budget submitted by the SGVWC. When the agreement was approved, the then-current estimate for the annual operations and maintenance costs was \$500 per year. The operations and maintenance costs over the life of the agreement have averaged about \$291 per year. In addition to these costs, the County pays \$224 per year for water rights used to run the remediation system. The agreement does not state a specified number of years over which these annual operations and maintenance costs may be incurred; therefore, a reasonable estimate of the contingent liability cannot be determined.

On September 16, 2013, SGVWC orally advised the County that it had been sued by several water purveyors in the Rialto-Colton Basin on September 12, 2013, and that it considered this new lawsuit to be within the defense and indemnity obligations of the 1998 settlement agreement. By letter dated September 20, 2013, SGVWC formally tendered the defense and indemnity of the lawsuit. By letter dated October 4, 2013, the County timely rejected SGVWC's tender. On September 24, 2013, the County received from Fontana Union Water Company (FUWC) its tender of the same lawsuit, and on October 8, 2013, the County timely rejected that tender. Lastly, on October 11, 2013, the County received from Cucamonga Valley Water District (CVWD) its tender of the same lawsuit. The County timely rejected that tender on October 25, 2013. In general, the County's rejection of all tenders was based on the apparent purpose of the new lawsuit to challenge the use of water and water rights by SGVWC and FUWC, not on the existence of leachate contamination in groundwater. On April 17, 2014, San Gabriel Valley Water Company DBA Fontana Water Company and Fontana Union Water Company each filed with the County individual claims asserting that each has been damaged by the County's denial of the tenders and Fontana Water Company also claims property damage from contamination from the landfill. No further communications have been received by the County concerning these claims as of the date of this report. As of June 30, 2017, the lawsuit filed by water purveyors against SGVWC was still pending and unresolved. At this time, it is not possible to predict the next actions of SGVWC, FUWC and/or CVWD.

Perchlorate Contamination of Ground Water: Commencing in about 2004, numerous lawsuits were filed naming the County concerning perchlorate groundwater contamination in the Rialto-Colton Basin alleged to be emanating from or near the Mid-Valley Sanitary Landfill ("MVSL") operated by the Solid Waste Management Division. As of June 30, 2017, these lawsuits were substantially resolved as to the County, and most of the litigants, through various settlements. The County remains obligated to continue remediation of groundwater contamination in compliance with the settlements, court orders and agency orders.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 22 – COMMITMENTS, CONTINGENCIES, AND CERTAIN SUBSEQUENT EVENTS (CONTINUED)

City of Rialto and City of Colton lawsuits involving perchlorate at the MVSL: In 2008, the County entered into a settlement of \$5 Million for the federal and state perchlorate lawsuits filed by the City of Rialto and the City of Colton (“independent settlement”). The effectiveness of the independent settlement was initially made subject to certain conditions and required that the federal court make a determination that the proposed independent settlement is in good faith (“County’s Motion”). In light of the possibility of a settlement of the federal court perchlorate lawsuits involving all parties (“global settlement”), the County and Cities temporarily deferred further action on their independent settlement starting in mid-2008. Those global settlement discussions failed, resulting in the refile of the federal court perchlorate lawsuits. In addition to the lawsuits refiled by the Cities, two additional lawsuits were filed by Goodrich Corporation and by Emhart Industries Inc., both of which named the County as a defendant. Since the global settlement discussions were not successful, the County and Cities proceeded again with the independent settlement. The County’s Motion was approved by the federal court on December 22, 2011.

USEPA-Emhart settlement: Subsequent global settlement discussions amongst all parties, including the County and the United States Environmental Protection Agency (USEPA) resulted in additional settlements that were approved by the federal court in July and August of 2013. These settlements have resolved most claims in the federal litigation, with some claims still pending.

Pursuant to the terms of the settlement agreement among USEPA, Emhart, the Cities, the County and some others, the County was obligated pay \$2 million towards the USEPA/Emhart remediation work, which was timely paid. Pursuant to the terms of this settlement, the USEPA agreed not to sue the County for groundwater contamination in the Rialto-Colton Basin. Also, this settlement agreement provided that the County, the Cities and Emhart would cooperate to combine Emhart’s treatment facility with the facility built by the County in the mid-2000’s and to work cooperatively to remediate the contamination. On September 1, 2015, the County approved implementation agreements among these parties to facilitate that cooperative effort. The implementation agreements remain under the continuing jurisdiction of the federal court.

These settlements essentially end the County’s involvement in the federal perchlorate litigation. A few other parties entered into settlements with USEPA and others, in 2014 and 2015. These required only that the County waive its claims against the settling parties.

San Gabriel Valley Water Company lawsuit involving perchlorate at the MVSL: On July 1, 2008, San Gabriel Valley Water Company filed a claim alleging that perchlorate from the County’s MVSL, including the expansion portion of the property where aggregate mining is taking place, has impacted its wells in the Rialto-Colton Basin. It is too early to determine the potential liability of the County. While San Gabriel never pursued that claim in court, as noted above, on April 17, 2014, San Gabriel Valley Water Company DBA Fontana Water Company and Fontana Union Water Company each filed with the County individual claims asserting that each has been damaged by the County’s denial of the tenders and Fontana Water Company also claims property damage from contamination from the landfill. No further communications have been received by the County concerning these claims as of the date of this report. It is uncertain how San Gabriel Valley Water Company will proceed on its claim.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 22 – COMMITMENTS, CONTINGENCIES, AND CERTAIN SUBSEQUENT EVENTS (CONTINUED)

Alleged Contamination of Surface Water: On May 5, 2015, a lawsuit involving the County's closed Colton Sanitary Landfill was filed alleging that the County violated terms of its storm water discharge permit at the Colton Sanitary Landfill. The lawsuit is entitled *Center for Community Action and Environmental Justice v. County of San Bernardino*, United States District Court Case No. 5:15-CV-00880-VAP (SPx). The Colton Sanitary Landfill was closed on December 31, 2014 and the County denied such violations occurred and, further, asserted that the closed facility was no longer subject to the storm water permit provisions. The County filed a motion to dismiss the lawsuit that was heard on December 21, 2015. The Parties have negotiated a settlement agreement, which is now finalized and the lawsuit has been dismissed with prejudice.

Settlement with Insurance Company of the State of Pennsylvania ("ICSOP") for Investigation Costs Associated with the Inactive Yucaipa Disposal Site ("YDS"): In early 2012, the County filed a lawsuit against ICSOP to obtain recoupment of the costs of investigating and remediating the Chino Airport Plume. During negotiations between the County and ICSOP it was determined that under the same policies and the same legal theory of recovery of investigation costs, that ICSOP would also be responsible to pay the County for its costs of investigation incurred at the YDS. The Solid Waste Management Division coordinates with Risk Management to submit invoices for investigation costs to ICSOP for reimbursement in accordance with the settlement agreement.

(b) Chino Airport

On June 27, 2008, the California Regional Water Quality Control Board (Regional Board) issued a Clean-up and Abatement Order (Order No. R8-2008-0064) to the San Bernardino County Department of Airports concerning contaminated groundwater near the Chino Airport. The Order required the County to conduct an investigation of Volatile Organic Compounds (VOCs) located in groundwater off-site, south, of the Chino Airport and to develop a remedial action plan. Trichloroethylene (TCE), which is a VOC, was originally found in wells down gradient of Chino Airport in the 1980s. The County complied with the Regional Board's Order through various investigatory plans and processes. The County installed monitoring wells during fiscal year 2012-13 to allow better characterization of the width and depth of the groundwater contamination plume located south of Chino Airport. The characterization of the groundwater plume was completed in mid-2013 and accepted by the Regional Board. The recent (2013-2016) characterization work done by the County indicates that the plume is made up of several VOCs (primarily consisting of TCE and 1,2,3-trichloropropane (1,2,3-TCP) which was used as an industrial solvent and soil fumigant).

In June 2013, the County submitted to the Regional Board a Work Plan for Additional Site Characterization on the Chino Airport property and that work commenced in late 2013, continuing through calendar year 2014. This site work was completed in early 2015. Reports concerning this Additional Site Characterization work were submitted to the Regional Board. Starting in 2015, the County commenced work on an Engineering Feasibility Study (EFS) to analyze various remediation plans to address the groundwater contamination. The draft EFS was submitted to the Regional Board in August 2016 and approved in 2017.

On January 11, 2017, the RWQCB issued Order No. R8-2017-0011 to supersede Order No. R8-2008-0064. The County is now complying with the new Order and is preparing a final remediation plan for review and approval by the Regional Board. The County expects to receive from one of its insurers reimbursements for investigatory costs incurred as of June 30, 2017. However, future costs of remediation and potential liability related to the cleanup of the contamination are not reasonably estimable at this time

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 23 – SHORT-TERM DEBT

Tax and Revenue Anticipation Notes

In July 2016, the County issued Tax and Revenue Anticipation Notes (TRANS) totaling \$30,000 which were repaid June 30, 2017. This issue followed the prior year issued TRANS of \$90,000 which was repaid on June 30, 2016. The proceeds of the TRANS were intended to provide financing for 2016-17 General Fund expenditures, including current expenditures, capital expenditures and the discharge of other obligations or indebtedness of the County. The TRANS were secured by a pledge of various monthly amounts of property taxes on the secured roll.

Beginning Balance July 1, 2016	Additions	Reductions	Ending Balance June 30, 2017
\$ -	\$ 30,000	\$ 30,000	\$ -

NOTE 24 – NEW ACCOUNTING PRONOUNCEMENTS

GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

In June 2015, GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. This Statement replaces the requirements of Statements No. 45 and No. 57. The Statement is effective for the fiscal year ending June 30, 2018. The County has not determined the effect of this Statement.

GASB 81 – Irrevocable Split-Interest Agreements

In January 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement is effective for the fiscal year ending June 30, 2018. The County has not determined the effect of this Statement.

GASB 83 – Certain Asset Retirement Obligations

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement is effective for the fiscal year ending June 30, 2019. The County has not determined the effect of this Statement.

GASB Statement No. 84 – Fiduciary Activities

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement is effective for fiscal year ending June 30, 2020. The County has not determined the effect of this Statement.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017
(Amounts in thousands)

NOTE 24 – NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

GASB Statement No. 85 – Omnibus 2017

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The requirements of this Statement is effective for the fiscal year ending June 30, 2018. The County has not determined the effect of this Statement.

GASB Statement No. 86 – Certain Debt Extinguishment Issues

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – recourses other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. The requirements of this Statement is effective for the fiscal year ending June 30, 2018. The County has not determined the effect of this Statement.

GASB Statement No. 87 – Leases

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this Statement is effective for the fiscal year ending June 30, 2021. The County has not determined the effect of this Statement.





SAN BERNARDINO
COUNTY



REQUIRED SUPPLEMENTARY
INFORMATION

**COUNTY OF SAN BERNARDINO
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Costing Sharing Retirement Plan - San Bernardino County Employees' Retirement Association
Last 10 Fiscal Years ⁽¹⁾
(Amounts in thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability ⁽²⁾	82.92%	83.37%	84.40%
County's proportionate share of the net pension liability	\$ 2,046,702	\$ 1,619,806	\$ 1,434,500
County's covered payroll ⁽³⁾	\$ 1,061,307	\$ 1,048,550	\$ 1,028,958
County's proportionate share of the net pension liability as a percentage of its covered payroll ⁽³⁾	192.85%	154.48%	139.41%
Plan fiduciary net position as a percentage of the total pension liability	76.86%	80.98%	82.47%
Measurement date	June 30, 2016	June 30, 2015	June 30, 2014

Note to Schedule:

⁽¹⁾ Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

⁽²⁾ Percentage excludes the Consolidated Fire Agencies of the East Valley which is not part of the County of San Bernardino's reporting entity.

⁽³⁾ Restatement of covered-employee payroll to covered payroll that includes only pensionable earnings pursuant to the provisions of GASB Statement No. 82

**COUNTY OF SAN BERNARDINO
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
Costing Sharing Retirement Plan - San Bernardino County Employees' Retirement Association
Last 10 Fiscal Years ⁽¹⁾
(Amounts in thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 303,138	\$ 286,271	\$ 255,377
Contributions in relation to the actuarially determined contribution	303,138	286,271	255,377
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll ⁽²⁾	\$ 1,116,557	\$ 1,061,307	\$ 1,048,550
Contributions as a percentage of covered payroll ⁽²⁾	27.15%	26.97%	24.36%

Note to Schedule:

⁽¹⁾ Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

⁽²⁾ Restatement of covered-employee payroll to covered payroll that includes only pensionable earnings pursuant to the provisions of GASB Statement No. 82

**COUNTY OF SAN BERNARDINO
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**SCHEDULE OF CHANGES IN THE HOUSING AUTHORITY'S NET PENSION LIABILITY AND RELATED RATIOS
Agent Multiple-Employer Defined Benefit Plan - California Public Employees Retirement System
Miscellaneous Plan of the San Bernardino County Housing Authority
Last 10 Fiscal Years ⁽¹⁾
(Amounts in thousands)**

	<u>September 30, 2016 ⁽²⁾</u>	<u>September 30, 2015</u>
Total pension liability		
Service cost	\$ 1,141	\$ 1,087
Interest on total pension liability	4,091	3,956
Changes of assumptions	-	(927)
Differences between expected and actual experience	17	111
Benefit payments, including refunds of employee contributions	(3,396)	(3,235)
Net change in total pension liability	<u>1,853</u>	<u>992</u>
Total pension liability - beginning	54,588	53,596
Total pension liability - ending (a)	<u>\$ 56,441</u>	<u>\$ 54,588</u>
Plan fiduciary net position		
Contributions from employer	\$ 1,358	\$ 1,201
Contributions from employees	542	518
Net investment income	181	853
Benefit payments, including refunds of employee contributions	(3,396)	(3,235)
Administrative expense	(23)	(43)
Net change in fiduciary net position	<u>(1,338)</u>	<u>(706)</u>
Plan fiduciary net position - beginning	37,755	38,461
Plan fiduciary net position - ending (b)	<u>\$ 36,417</u>	<u>\$ 37,755</u>
Plan net pension liability - ending (a) - (b)	<u>\$ 20,024</u>	<u>\$ 16,833</u>
Plan fiduciary net position as a percentage of total pension liability	64.52%	69.16%
Housing Authority's covered-employee payroll ⁽³⁾	\$ 7,043	\$ 7,137
Plan net pension liability as a percentage of covered-employee payroll ⁽³⁾	284.31%	235.86%
Measurement date	June 30, 2016	June 30, 2015

Note to Schedule:

⁽¹⁾ Fiscal year 2015 is the first year of implementation for the Housing Authority due to its fiscal year beginning October 1, 2014, therefore, only two years are shown.

⁽²⁾ The Housing Authority has a September 30 year-end. As such, the most recent fiscal year for the Housing Authority was September 30, 2016.

⁽³⁾ The Housing Authority will implement GASB Statement No. 82 that requires the restatement of covered-employee payroll to covered payroll in its fiscal year ending September 30, 2017.

**COUNTY OF SAN BERNARDINO
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**SCHEDULE OF THE HOUSING AUTHORITY'S CONTRIBUTIONS
Agent Multiple-Employer Defined Benefit Plan - California Public Employees Retirement System
Miscellaneous Plan of the San Bernardino County Housing Authority
Last 10 Fiscal Years ⁽¹⁾
(Amounts in thousands)**

	<u>September 30, 2016 ⁽²⁾</u>	<u>September 30, 2015</u>
Actuarially determined contribution	\$ 1,358	\$ 1,449
Contributions in relation to the actuarially determined contribution	1,358	1,449
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Housing Authority's covered-employee payroll ⁽³⁾	\$ 7,040	\$ 7,200
Contributions as a percentage of covered-employee payroll ⁽³⁾	19.29%	20.13%

Note to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal years 2016 and 2015 contribution rates are as follows:

Valuation Dates	June 30, 2013 and June 30, 2012
Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll
Asset Valuation Method	Actuarial value of assets (see CalPERS funding valuation report)
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% net of administration expenses; include inflation
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period 1997 to 2007
Mortality	The probabilities of Mortality are based on the 2010 CalPERS Experience Study for the period 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvements using Scale AA published by the Society of Actuaries

⁽¹⁾ Fiscal year 2015 is the first year of implementation for the Housing Authority due to its fiscal year beginning October 1, 2014, therefore, only two years are shown.

⁽²⁾ The Housing Authority has a September 30 year-end. As such, the most recent fiscal year for the Housing Authority was September 30, 2016.

⁽³⁾ The Housing Authority will implement GASB Statement No. 82 that requires the restatement of covered-employee payroll to covered payroll in its fiscal year ending September 30, 2017.

**COUNTY OF SAN BERNARDINO
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**SCHEDULE OF FUNDING PROGRESS - HACSB
Single-Employer Defined Benefit Healthcare Plan
Other Post-Employment Benefits (OPEB) of the San Bernardino County Housing Authority
(Amounts in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets ⁽¹⁾ (a)	Actuarial Accrued Liability ("AAL") - Entry Age (b)	Unfunded AAL ("UAAL") (b) - (a)	Funded Ratio (a) / (b)	Estimated Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
10/1/2008	\$ -	\$ 13,747	\$ 13,747	0.00%	\$ 8,022	171.37%
10/1/2010	5,867	10,327	4,460	56.81%	4,351	102.51%
10/1/2013	8,615	10,321	1,706	83.47%	6,863	24.86%

⁽¹⁾ Beginning with the October 1, 2008 valuation, the HACSB did not report any eligible plan assets under GASB 45 but set aside \$4,696 in a reserve account for retiree health benefits.





SAN BERNARDINO
COUNTY



SUPPLEMENTAL
INFORMATION



SAN BERNARDINO
COUNTY



COMBINED FINANCIAL
STATEMENTS NONMAJOR
GOVERNMENTAL FUNDS



**COUNTY OF SAN BERNARDINO
 COMBINED BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017 (IN THOUSANDS)**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 656,176	\$ 20,224	\$ 40,861	\$ 1,712	\$ 718,973
INVESTMENTS	-	1,627	-	-	1,627
ACCOUNTS RECEIVABLE - NET	2,432	-	-	-	2,432
TAXES RECEIVABLE	7,484	-	-	-	7,484
INTEREST RECEIVABLE	1,400	34	58	-	1,492
LOAN RECEIVABLE	944	-	-	-	944
OTHER RECEIVABLES	409	-	-	-	409
DUE FROM OTHER FUNDS	20,547	1,046	40	-	21,633
DUE FROM OTHER GOVERNMENTS	80,815	-	-	-	80,815
LAND HELD FOR RESALE	361	-	1,301	-	1,662
INVENTORIES	73	-	-	-	73
PREPAID ITEMS	337	-	-	-	337
INTERFUND RECEIVABLE	15,815	-	-	-	15,815
RESTRICTED CASH AND INVESTMENTS	16,344	-	-	-	16,344
TOTAL ASSETS	<u>\$ 803,137</u>	<u>\$ 22,931</u>	<u>\$ 42,260</u>	<u>\$ 1,712</u>	<u>\$ 870,040</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE	\$ 29,225	\$ -	\$ 6,201	\$ -	\$ 35,426
SALARIES AND BENEFITS PAYABLE	16,240	-	-	-	16,240
DUE TO OTHER FUNDS	32,986	-	175	-	33,161
DUE TO OTHER GOVERNMENTS	5,235	-	-	-	5,235
ADVANCES FROM OTHERS	14,478	-	-	-	14,478
INTERFUND PAYABLE	2,968	-	-	-	2,968
TOTAL LIABILITIES	<u>101,132</u>	<u>-</u>	<u>6,376</u>	<u>-</u>	<u>107,508</u>
DEFERRED INFLOWS OF RESOURCES	<u>9,533</u>	<u>34</u>	<u>58</u>	<u>-</u>	<u>9,625</u>
FUND BALANCES:					
NONSPENDABLE	410	-	-	1,712	2,122
RESTRICTED	645,404	22,897	35,826	-	704,127
ASSIGNED	46,658	-	-	-	46,658
TOTAL FUND BALANCES	<u>692,472</u>	<u>22,897</u>	<u>35,826</u>	<u>1,712</u>	<u>752,907</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 803,137</u>	<u>\$ 22,931</u>	<u>\$ 42,260</u>	<u>\$ 1,712</u>	<u>\$ 870,040</u>

**COUNTY OF SAN BERNARDINO
 COMBINED - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
REVENUES					
TAXES	\$ 148,782	\$ -	\$ -	\$ -	\$ 148,782
LICENSES, PERMITS, AND FRANCHISES	1,569	-	-	-	1,569
FINES, FORFEITURES, AND PENALTIES	9,020	-	-	-	9,020
REVENUES FROM USE OF MONEY AND PROPERTY	8,667	32	110	(2)	8,807
AID FROM OTHER GOVERNMENTAL AGENCIES	346,582	-	-	-	346,582
CHARGES FOR CURRENT SERVICES	114,098	-	1	-	114,099
OTHER REVENUES	36,534	1,909	1	3	38,447
TOTAL REVENUES	665,252	1,941	112	1	667,306
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT	4,727	3	144	-	4,874
PUBLIC PROTECTION	230,655	-	-	-	230,655
PUBLIC WAYS AND FACILITIES	70,133	-	-	-	70,133
HEALTH AND SANITATION	141,580	-	-	-	141,580
PUBLIC ASSISTANCE	86,105	-	-	-	86,105
EDUCATION	16,434	-	-	-	16,434
RECREATION AND CULTURAL SERVICES	7,477	-	-	-	7,477
DEBT SERVICE:					
PRINCIPAL	5,259	89,675	-	-	94,934
INTEREST AND FISCAL CHARGES	2,223	14,092	-	-	16,315
CAPITAL OUTLAY	31,815	-	3,802	-	35,617
TOTAL EXPENDITURES	596,408	103,770	3,946	-	704,124
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	68,844	(101,829)	(3,834)	1	(36,818)
OTHER FINANCING SOURCES (USES):					
TRANSFERS OUT	(87,634)	-	(16)	-	(87,650)
TRANSFERS IN	72,334	95,174	12,578	-	180,086
SALE OF CAPITAL ASSETS	2,364	-	-	-	2,364
TOTAL OTHER FINANCING SOURCES AND (USES)	(12,936)	95,174	12,562	-	94,800
NET CHANGE IN FUND BALANCES	55,908	(6,655)	8,728	1	57,982
FUND BALANCES, BEGINNING	636,564	29,552	27,098	1,711	694,925
FUND BALANCES, ENDING	\$ 692,472	\$ 22,897	\$ 35,826	\$ 1,712	\$ 752,907





SAN BERNARDINO
COUNTY



COMBINING FINANCIAL
STATEMENTS NONMAJOR
GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS

SPECIAL REVENUE FUNDS DESCRIPTIONS

TRANSPORTATION

The Transportation fund accounts for the administration, planning, design, construction, traffic operations, maintenance, and improvements of approximately 2,550 miles of County roadways. The fund is financed principally from state and federal fuel taxes (Highway User Tax or Gas Tax), voter-approved state transportation infrastructure bond proceeds (Proposition 1B), sales tax revenues, and developer fees.

SPECIAL TRANSPORTATION

The Special Transportation fund accounts for roadway resurfacing, rehabilitation, and widening projects, as well as elderly and handicap transit services. The source of funding is a countywide one-half cent sales tax that was passed by the voters of the County in November, 1989 (Measure I). The Measure I funds received must be spent within the sub-area in which they were collected.

SPECIAL AVIATION

The Special Aviation fund accounts for County airport construction projects financed principally by state and federal grants.

MENTAL HEALTH SERVICES ACT

Mental Health Services Act accounts for funds used for reducing the long-term adverse impact on individuals, families, and state and local budgets resulting from untreated serious mental illness. Revenues are derived from a state income tax surcharge of one percent on the portion of taxpayers' annual income that exceeds \$1 million.

PRESCHOOL SERVICES DEPARTMENT

The Preschool Services Department fund administers the Federal Head Start and Early Head Start programs, California Department of Education State Preschool program, as well as the Child and Adult Care Food Program throughout the County. These programs are funded from federal and state sources with no net County cost.

AGING AND ADULT SERVICES

The Aging and Adult Services fund accounts for services provided to the County's elderly through senior citizen programs financed primarily by state aid.

JOBS AND EMPLOYMENT SERVICES

The Jobs and Employment Services fund was established to provide services to job seekers, incumbent workers, entrepreneurs, and employers through Workforce Investment Act (WIA) funding from the Department of Labor.

COURTHOUSE TEMPORARY CONSTRUCTION

The Courthouse Temporary Construction fund accounts for revenues derived from a surcharge on parking fines, non-parking offenses, and criminal fines used for the acquisition, rehabilitation, construction, and financing of courtrooms and courtroom facilities.

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued

CRIMINAL JUSTICE TEMPORARY CONSTRUCTION

The Criminal Justice Temporary Construction fund accounts for the monies to be used for improvements to criminal justice facilities. Revenues are derived from a surcharge on parking fines and criminal fines.

CENTRAL COURTHOUSE SURCHARGE

The Central Courthouse Surcharge fund accounts for the monies to be used for the Central Courthouse seismic retrofit/remodel project. Revenue comes from a surcharge on civil filings as authorized by Government Code Section 70624.

MICROGRAPHICS FEES

The Micrographics Fees fund was established to support, maintain, and improve the modernized creation, retention, and retrieval of information in the County's systems of recorded documents, recorder records, electronic recording, social security number (SSN) truncation, and vital records. Revenue includes fees collected pursuant to Government Code Sections 27361 on legal documents, 27397 on electronic recording and 27301 on SSN truncation, and Health and Safety Code Section 10605.3 for certified copies of vital statistics records.

LOCAL LAW ENFORCEMENT BLOCK GRANT

Local Law Enforcement Block Grant fund accounts for the law enforcement activities to improve the overall criminal justice system and prevent or reduce crime and violence. These activities are funded through federal grants and the Southwest Border Prosecution Initiative reimbursement project.

SHERIFF SPECIAL PROJECTS

The Sheriff Special Projects fund accounts for the following functions: Inland Regional Narcotics Enforcement Team, local detention facility projects, federal and state asset forfeitures, and services provided for public gatherings, contract training, vehicle registration assessments, law enforcement, search and rescue, fire suppression, transportation, and Cal- ID regional crime laboratory for the County and other fire and law enforcement agencies. Revenues are primarily derived from federal and state grants, joint trust contributions by all local contracting municipal agencies, and service fees.

FIRE PROTECTION DISTRICTS

The Fire Protection Districts fund accounts for emergency mitigation and management of fire suppression, emergency medical services, ambulance services, HAZMAT response, arson investigation, technical rescue including water borne, flooding, mudslide and winter rescue operations, terrorism and weapons of mass destruction. Revenues are primarily derived from property taxes, federal and state grants, and HAZMAT generator and handler fees.

ECONOMIC AND COMMUNITY DEVELOPMENT

The Economic and Community Development fund accounts for administration of federal, state, and local grant funds allocated to the County for housing and community development programs. Federal grants comprise a large percentage of the funding.

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued

FLOOD CONTROL DISTRICT

The Flood Control District fund was established to intercept and convey flood flows through and away from developed areas of the County, as well as to promote water conservation and improved water quality with a very extensive system of flood control and water conservation facilities. District revenue is primarily derived from property taxes, federal and state aid on specific projects, subdivision and permit fees, rents and royalties, and revenue from local water agencies for water spreading services.

COUNTY SERVICE AREAS

The County Service Areas fund accounts for essential programs and municipal services provided to remote geographical areas as well as rapidly growing communities. These funds are primarily financed from property taxes, federal and state grants, rental income, interest income, and service fees.

PARK AND RECREATION DISTRICTS

The Park and Recreation Districts fund accounts for the operation and maintenance of developed parks, undeveloped parks, community buildings, an equestrian arena, and sports fields. Revenues are primarily derived from property taxes, grant funds, park and swim program revenues, concessions, and rent.

COUNTY FREE LIBRARY

The County Free Library fund provides public library services through a network of thirty-two branches to all county unincorporated areas and seventeen cities within the County. The Library is funded primarily through property tax revenues, federal and state funds, service fees, and contributions from local Friends of the Library organizations.

REDEVELOPMENT SUCCESSOR HOUSING

The Redevelopment Successor Housing fund was established to retain the housing functions of the former Redevelopment Agency (RDA) and has all rights, power, duties, and obligations related to building, preserving, and rehabilitating affordable housing for low to moderate income households.

JOINT POWERS AUTHORITIES

The Joint Powers Authorities funds account for cash accumulated to all administrative costs and obligations of the authorities.

OTHER SPECIAL REVENUE

Other Special Revenue funds account for revenues received for various activities and programs including Master Settlement Agreement, Block Grant Carryover Program, Workers' Compensation Insurance Fraud Prosecution, Specialized Prosecutions, San Manuel Amphitheater, Bio-terrorism Preparedness, H1N1 Preparedness, Vital Statistics State Fees, Vector Control Assessments, Chino Agricultural Preserve, Off-Highway Vehicle License Fees, County Trails System, Park Maintenance and Development, Proposition 40 Projects, and Inland Counties Emergency Medical Agency. Revenues are primarily derived from the tobacco lawsuit Master Settlement Agreement, federal and state funds, park admission fees, rents, and service fees.

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued

DEBT SERVICE FUNDS DESCRIPTIONS

JOINT POWERS AUTHORITIES

The Joint Powers Authorities Debt Service funds account for the accumulation of resources for, and payment of, general long-term debt principal and interest. Long-term lease payments from the General Fund represent the primary source of financing these requirements.

PENSION OBLIGATION BONDS

The Pension Obligation Bond fund administers the debt service payments related to the County's pension obligation bonds.

CAPITAL PROJECTS FUNDS DESCRIPTIONS

REDEVELOPMENT SUCCESSOR HOUSING

The Redevelopment Successor Housing Capital Projects fund was established to account for projects related to building, preserving, and rehabilitating affordable housing for low to moderate income households.

FIRE PROTECTION DISTRICTS

The Fire Protection Districts Capital Projects funds account for the financial resources used to acquire and construct fire protection facilities within certain geographical areas of the County. These funds are primarily financed by transfers from the Fire Protection Districts' special revenue funds and interest income.

PARK AND RECREATION DISTRICTS

The Park and Recreation Districts Capital Projects fund accounts for the financial resources used to acquire and construct recreational facilities within certain geographical areas of the County. These funds are primarily financed by Proposition 40 project funds, transfers from the Park and Recreation Districts' special revenue funds, and interest income.

COUNTY SERVICE AREAS

The County Service Areas Capital Projects fund accounts for the financial resources and acquisition and construction of facilities within certain geographical areas of the County. These funds are primarily financed by state capital grants, transfers from the County Service Areas special revenue funds, and interest income.

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued

PERMANENT FUNDS DESCRIPTIONS

LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND

The Lucerne Valley Cemetery Endowment Care fund accounts for cash deposits collected for grave lots sold, and are used to defray the costs of care and maintenance of the cemetery.

ETIWANDA CSA 120 ENDOWMENT CARE FUND

The Etiwanda CSA 120 Endowment Care fund, previously known as the Etiwanda CSA 70 OS-1, uses all interest earned for operating activities for the North Etiwanda Preserve.

**COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 JUNE 30, 2017 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>TRANSPORTATION</u>	<u>SPECIAL TRANSPORTATION</u>	<u>SPECIAL AVIATION</u>
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 656,176	\$ 63,502	\$ 48,282	\$ 4,892
ACCOUNTS RECEIVABLE - NET	2,432	446	-	-
TAXES RECEIVABLE	7,484	-	-	-
INTEREST RECEIVABLE	1,400	105	81	8
LOANS RECEIVABLE	944	-	-	-
OTHER RECEIVABLES	409	-	-	-
DUE FROM OTHER FUNDS	20,547	1,949	-	557
DUE FROM OTHER GOVERNMENTS	80,815	8,902	2,262	13
LAND HELD FOR RESALE	361	-	-	-
INVENTORIES	73	73	-	-
PREPAID ITEMS	337	-	-	-
INTERFUND RECEIVABLE	15,815	55	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	16,344	-	-	-
TOTAL ASSETS	<u>\$ 803,137</u>	<u>\$ 75,032</u>	<u>\$ 50,625</u>	<u>\$ 5,470</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 29,225	\$ 5,804	\$ 1,112	\$ -
SALARIES AND BENEFITS PAYABLE	16,240	1,454	-	-
DUE TO OTHER FUNDS	32,986	712	1,586	1
DUE TO OTHER GOVERNMENTS	5,235	113	33	-
ADVANCES FROM OTHERS	14,478	711	-	-
INTERFUND PAYABLE	2,968	-	55	-
TOTAL LIABILITIES	<u>101,132</u>	<u>8,794</u>	<u>2,786</u>	<u>1</u>
DEFERRED INFLOWS OF RESOURCES	<u>9,533</u>	<u>114</u>	<u>1,403</u>	<u>220</u>
FUND BALANCES:				
NONSPENDABLE	410	73	-	-
RESTRICTED	645,404	42,557	46,436	5,249
ASSIGNED	46,658	23,494	-	-
TOTAL FUND BALANCES	<u>692,472</u>	<u>66,124</u>	<u>46,436</u>	<u>5,249</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 803,137</u>	<u>\$ 75,032</u>	<u>\$ 50,625</u>	<u>\$ 5,470</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2017 (IN THOUSANDS)

	MENTAL HEALTH SERVICES ACT	PRESCHOOL SERVICES	AGING AND ADULT SERVICES	JOBS AND EMPLOYMENT SERVICES
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 150,519	\$ 1,103	\$ 109	\$ 2,585
INTEREST RECEIVABLE	252	2	-	4
DUE FROM OTHER FUNDS	5,722	52	40	42
DUE FROM OTHER GOVERNMENTS	44,814	3,237	1,774	2,033
TOTAL ASSETS	<u>\$ 201,307</u>	<u>\$ 4,394</u>	<u>\$ 1,923</u>	<u>\$ 4,664</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 7,083	\$ 2,285	\$ 324	\$ 1,761
SALARIES AND BENEFITS PAYABLE	2,275	1,376	133	432
DUE TO OTHER FUNDS	3,889	155	1	39
DUE TO OTHER GOVERNMENTS	182	418	-	699
ADVANCES FROM OTHERS	-	-	-	559
TOTAL LIABILITIES	<u>13,429</u>	<u>4,234</u>	<u>458</u>	<u>3,490</u>
DEFERRED INFLOWS OF RESOURCES	<u>252</u>	<u>6</u>	<u>-</u>	<u>61</u>
FUND BALANCES:				
RESTRICTED	187,626	154	1,465	1,113
TOTAL FUND BALANCES	<u>187,626</u>	<u>154</u>	<u>1,465</u>	<u>1,113</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 201,307</u>	<u>\$ 4,394</u>	<u>\$ 1,923</u>	<u>\$ 4,664</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2017 (IN THOUSANDS)

	COURTHOUSE TEMPORARY CONSTRUCTION	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	CENTRAL COURTHOUSE SURCHARGE	MICROGRAPHICS FEES
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 2,924	\$ 3,424	\$ -	\$ 15,265
ACCOUNTS RECEIVABLE - NET	-	-	-	77
INTEREST RECEIVABLE	-	-	-	25
LOANS RECEIVABLE	-	-	-	944
DUE FROM OTHER GOVERNMENTS	6	6	-	-
TOTAL ASSETS	<u>\$ 2,930</u>	<u>\$ 3,430</u>	<u>\$ -</u>	<u>\$ 16,311</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ -	\$ -	\$ -	\$ 111
SALARIES AND BENEFITS PAYABLE	-	-	-	44
DUE TO OTHER FUNDS	2,924	3,424	-	-
TOTAL LIABILITIES	<u>2,924</u>	<u>3,424</u>	<u>-</u>	<u>155</u>
DEFERRED INFLOWS OF RESOURCES	-	-	-	25
FUND BALANCES:				
RESTRICTED	6	6	-	16,131
TOTAL FUND BALANCES	<u>6</u>	<u>6</u>	<u>-</u>	<u>16,131</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,930</u>	<u>\$ 3,430</u>	<u>\$ -</u>	<u>\$ 16,311</u>

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017 (IN THOUSANDS)**

	LOCAL LAW ENFORCEMENT BLOCK GRANT	SHERIFF SPECIAL PROJECTS	FIRE PROTECTION DISTRICTS	ECONOMIC AND COMMUNITY DEVELOPMENT
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 2,319	\$ 16,679	\$ 54,723	\$ 17,697
ACCOUNTS RECEIVABLE - NET	-	-	1,005	85
TAXES RECEIVABLE	-	-	3,769	-
INTEREST RECEIVABLE	4	28	-	30
OTHER RECEIVABLES	-	-	324	-
DUE FROM OTHER FUNDS	-	17	9,333	82
DUE FROM OTHER GOVERNMENTS	-	886	2,424	2,910
PREPAID ITEMS	-	-	311	-
INTERFUND RECEIVABLE	-	-	-	15,510
TOTAL ASSETS	<u>\$ 2,323</u>	<u>\$ 17,610</u>	<u>\$ 71,889</u>	<u>\$ 36,314</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ -	\$ 676	\$ 4,125	\$ 1,514
SALARIES AND BENEFITS PAYABLE	-	-	8,311	163
DUE TO OTHER FUNDS	23	1,545	1,606	208
DUE TO OTHER GOVERNMENTS	-	337	583	1,422
ADVANCES FROM OTHERS	-	-	835	-
TOTAL LIABILITIES	<u>23</u>	<u>2,558</u>	<u>15,460</u>	<u>3,307</u>
DEFERRED INFLOWS OF RESOURCES	<u>4</u>	<u>28</u>	<u>2,560</u>	<u>32</u>
FUND BALANCES:				
NONSPENDABLE	-	-	311	-
RESTRICTED	2,296	15,023	53,558	32,384
ASSIGNED	-	1	-	591
TOTAL FUND BALANCES	<u>2,296</u>	<u>15,024</u>	<u>53,869</u>	<u>32,975</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,323</u>	<u>\$ 17,610</u>	<u>\$ 71,889</u>	<u>\$ 36,314</u>

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017 (IN THOUSANDS)**

	FLOOD CONTROL DISTRICT	COUNTY SERVICE AREAS	PARK AND RECREATION DISTRICTS	COUNTY FREE LIBRARY
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 123,198	\$ 24,950	\$ 2,032	\$ 9,680
ACCOUNTS RECEIVABLE - NET	551	24	16	119
TAXES RECEIVABLE	2,505	169	117	924
INTEREST RECEIVABLE	655	6	-	16
OTHER RECEIVABLE	-	85	-	-
DUE FROM OTHER FUNDS	843	1,014	36	192
DUE FROM OTHER GOVERNMENTS	1,904	89	-	-
PREPAIDS ITEMS	26	-	-	-
INTERFUND RECEIVABLE	-	250	-	-
RESTRICTED CASH AND INVESTMENTS	15,859	-	-	-
TOTAL ASSETS	<u>\$ 145,541</u>	<u>\$ 26,587</u>	<u>\$ 2,201</u>	<u>\$ 10,931</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 3,122	\$ 102	\$ 6	\$ 691
SALARIES AND BENEFITS PAYABLE	857	467	106	397
DUE TO OTHER FUNDS	673	82	-	18
DUE TO OTHER GOVERNMENTS	1,233	-	7	38
ADVANCES FROM OTHERS	12,355	-	-	-
INTERFUND PAYABLE	-	2,913	-	-
TOTAL LIABILITIES	<u>18,240</u>	<u>3,564</u>	<u>119</u>	<u>1,144</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,658</u>	<u>221</u>	<u>87</u>	<u>649</u>
FUND BALANCES:				
NONSPENDABLE	26	-	-	-
RESTRICTED	120,045	19,922	1,995	9,138
ASSIGNED	3,572	2,880	-	-
TOTAL FUND BALANCES	<u>123,643</u>	<u>22,802</u>	<u>1,995</u>	<u>9,138</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 145,541</u>	<u>\$ 26,587</u>	<u>\$ 2,201</u>	<u>\$ 10,931</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2017 (IN THOUSANDS)

	REDEVELOPMENT SUCCESSOR HOUSING	JOINT POWERS AUTHORITIES	OTHER SPECIAL REVENUE
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 826	\$ 1,776	\$ 109,691
ACCOUNTS RECEIVABLE - NET	-	-	109
INTEREST RECEIVABLE	1	1	182
DUE FROM OTHER FUNDS	-	-	668
DUE FROM OTHER GOVERNMENTS	-	-	9,555
LAND HELD FOR RESALE	361	-	-
RESTRICTED CASH AND INVESTMENTS	-	485	-
TOTAL ASSETS	<u>\$ 1,188</u>	<u>\$ 2,262</u>	<u>\$ 120,205</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ -	\$ -	\$ 509
SALARIES AND BENEFITS PAYABLE	-	-	225
DUE TO OTHER FUNDS	-	-	16,100
DUE TO OTHER GOVERNMENTS	-	-	170
ADVANCES FROM OTHERS	-	-	18
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>17,022</u>
DEFERRED INFLOWS OF RESOURCES	<u>1</u>	<u>-</u>	<u>212</u>
FUND BALANCES:			
RESTRICTED	1,187	2,262	86,851
ASSIGNED	-	-	16,120
TOTAL FUND BALANCES	<u>1,187</u>	<u>2,262</u>	<u>102,971</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,188</u>	<u>\$ 2,262</u>	<u>\$ 120,205</u>

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>TRANSPORTATION</u>	<u>SPECIAL TRANSPORTATION</u>	<u>SPECIAL AVIATION</u>
REVENUES:				
TAXES	\$ 148,782	\$ -	\$ 5,883	\$ -
LICENSES, PERMITS AND FRANCHISES	1,569	353	-	4
FINES, FORFEITURES AND PENALTIES	9,020	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	8,667	314	220	940
AID FROM OTHER GOVERNMENTAL AGENCIES	346,582	46,470	1,477	152
CHARGES FOR CURRENT SERVICES	114,098	2,166	3,969	35
OTHER REVENUES	36,534	2,948	-	160
TOTAL REVENUES	<u>665,252</u>	<u>52,251</u>	<u>11,549</u>	<u>1,291</u>
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	4,727	-	-	419
PUBLIC PROTECTION	230,655	-	-	-
PUBLIC WAYS AND FACILITIES	70,133	61,457	6,236	-
HEALTH AND SANITATION	141,580	-	-	-
PUBLIC ASSISTANCE	86,105	-	-	-
EDUCATION	16,434	-	-	-
RECREATION AND CULTURAL SERVICES	7,477	-	-	-
DEBT SERVICE:				
PRINCIPAL	5,259	-	-	-
INTEREST AND FISCAL CHARGES	2,223	-	-	-
CAPITAL OUTLAY	31,815	1,991	-	342
TOTAL EXPENDITURES	<u>596,408</u>	<u>63,448</u>	<u>6,236</u>	<u>761</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>68,844</u>	<u>(11,197)</u>	<u>5,313</u>	<u>530</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(87,634)	(11,861)	-	(148)
TRANSFERS IN	72,334	23,553	-	555
SALE OF CAPITAL ASSETS	2,364	464	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(12,936)</u>	<u>12,156</u>	<u>-</u>	<u>407</u>
NET CHANGE IN FUND BALANCES	55,908	959	5,313	937
FUND BALANCES, BEGINNING	636,564	65,165	41,123	4,312
FUND BALANCES, ENDING	<u>\$ 692,472</u>	<u>\$ 66,124</u>	<u>\$ 46,436</u>	<u>\$ 5,249</u>

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)**

	MENTAL HEALTH SERVICES ACT	PRESCHOOL SERVICES	AGING AND ADULT SERVICES	JOB AND EMPLOYMENT SERVICES
REVENUES:				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 932	\$ 5	\$ 6	\$ 590
AID FROM OTHER GOVERNMENTAL AGENCIES	145,407	53,292	6,164	18,347
CHARGES FOR CURRENT SERVICES	1	15	42	-
OTHER REVENUES	3,535	77	5	440
TOTAL REVENUES	149,875	53,389	6,217	19,377
EXPENDITURES:				
CURRENT:				
HEALTH AND SANITATION	121,359	-	-	-
PUBLIC ASSISTANCE	-	50,756	6,034	19,103
DEBT SERVICE:				
INTEREST AND FISCAL CHARGES	-	1	-	-
CAPITAL OUTLAY	722	837	12	-
TOTAL EXPENDITURES	122,081	51,594	6,046	19,103
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	27,794	1,795	171	274
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(12,481)	(1,663)	(1,181)	(343)
TRANSFERS IN	20,424	-	1,081	202
SALE OF CAPITAL ASSETS	-	4	-	-
TOTAL OTHER FINANCING SOURCES (USES)	7,943	(1,659)	(100)	(141)
NET CHANGE IN FUND BALANCES	35,737	136	71	133
FUND BALANCES, BEGINNING	151,889	18	1,394	980
FUND BALANCES, ENDING	\$ 187,626	\$ 154	\$ 1,465	\$ 1,113

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)**

	COURTHOUSE TEMPORARY CONSTRUCTION	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	CENTRAL COURTHOUSE SURCHARGE	MICROGRAPHICS FEES
REVENUES:				
FINES, FORFEITURES AND PENALTIES	\$ 1,553	\$ 1,799	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	13	15	-	38
CHARGES FOR CURRENT SERVICES	-	-	1,704	3,761
OTHER REVENUES	-	-	-	1
TOTAL REVENUES	1,566	1,814	1,704	3,800
EXPENDITURES:				
CURRENT:				
PUBLIC PROTECTION	-	-	-	1,545
CAPITAL OUTLAY	-	-	-	67
TOTAL EXPENDITURES	-	-	-	1,612
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,566	1,814	1,704	2,188
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(1,564)	(1,812)	(1,704)	(48)
TOTAL OTHER FINANCING SOURCES (USES)	(1,564)	(1,812)	(1,704)	(48)
NET CHANGE IN FUND BALANCES	2	2	-	2,140
FUND BALANCES, BEGINNING	4	4	-	13,991
FUND BALANCES, ENDING	\$ 6	\$ 6	\$ -	\$ 16,131

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)**

	LOCAL LAW ENFORCEMENT BLOCK GRANT	SHERIFF SPECIAL PROJECTS	FIRE PROTECTION DISTRICTS	ECONOMIC AND COMMUNITY DEVELOPMENT
REVENUES:				
TAXES	\$ -	\$ -	\$ 71,934	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	12	74	515	304
AID FROM OTHER GOVERNMENTAL AGENCIES	626	18,099	7,225	8,564
CHARGES FOR CURRENT SERVICES	-	709	83,379	4
OTHER REVENUES	-	480	2,246	1,010
TOTAL REVENUES	638	19,362	165,299	9,882
EXPENDITURES:				
CURRENT:				
PUBLIC PROTECTION	925	14,590	170,488	-
PUBLIC ASSISTANCE	-	-	-	9,210
DEBT SERVICE:				
PRINCIPAL	-	-	76	-
INTEREST AND FISCAL CHARGES	-	-	183	-
CAPITAL OUTLAY	-	2,915	4,082	-
TOTAL EXPENDITURES	925	17,505	174,829	9,210
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(287)	1,857	(9,530)	672
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	-	(576)	(16,489)	(1,992)
TRANSFERS IN	-	-	21,722	791
SALE OF CAPITAL ASSETS	-	-	21	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(576)	5,254	(1,201)
NET CHANGE IN FUND BALANCES	(287)	1,281	(4,276)	(529)
FUND BALANCES, BEGINNING	2,583	13,743	58,145	33,504
FUND BALANCES, ENDING	<u>\$ 2,296</u>	<u>\$ 15,024</u>	<u>\$ 53,869</u>	<u>\$ 32,975</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)**

	<u>FLOOD CONTROL DISTRICT</u>	<u>COUNTY SERVICE AREAS</u>	<u>PARK AND RECREATION DISTRICTS</u>	<u>COUNTY FREE LIBRARY</u>
REVENUES:				
TAXES	\$ 48,919	\$ 3,510	\$ 2,446	\$ 16,057
LICENSES, PERMITS AND FRANCHISES	699	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	1,067	306	105	1
AID FROM OTHER GOVERNMENTAL AGENCIES	4,614	60	69	233
CHARGES FOR CURRENT SERVICES	430	4,693	1,332	1,114
OTHER REVENUES	421	172	17	856
TOTAL REVENUES	<u>56,150</u>	<u>8,741</u>	<u>3,969</u>	<u>18,261</u>
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	4,306	-	-
PUBLIC PROTECTION	24,907	-	-	-
PUBLIC WAYS AND FACILITIES	-	2,045	-	-
EDUCATION	-	-	-	16,434
RECREATION AND CULTURAL SERVICES	-	1,775	3,422	-
DEBT SERVICE:				
PRINCIPAL	4,485	43	-	-
INTEREST AND FISCAL CHARGES	1,235	3	-	-
CAPITAL OUTLAY	19,278	1,089	-	247
TOTAL EXPENDITURES	<u>49,905</u>	<u>9,261</u>	<u>3,422</u>	<u>16,681</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,245</u>	<u>(520)</u>	<u>547</u>	<u>1,580</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(4,131)	(1,500)	(59)	(258)
TRANSFERS IN	1,969	173	10	-
SALE OF CAPITAL ASSETS	1,846	25	4	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(316)</u>	<u>(1,302)</u>	<u>(45)</u>	<u>(258)</u>
NET CHANGE IN FUND BALANCES	<u>5,929</u>	<u>(1,822)</u>	<u>502</u>	<u>1,322</u>
FUND BALANCES, BEGINNING	<u>117,714</u>	<u>24,624</u>	<u>1,493</u>	<u>7,816</u>
FUND BALANCES, ENDING	<u>\$ 123,643</u>	<u>\$ 22,802</u>	<u>\$ 1,995</u>	<u>\$ 9,138</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)**

	REDEVELOPMENT SUCCESSOR HOUSING	JOINT POWERS AUTHORITIES	OTHER SPECIAL REVENUE
REVENUES:			
TAXES	\$ -	\$ -	\$ 33
LICENSES, PERMITS AND FRANCHISES	-	-	513
FINES, FORFEITURES AND PENALTIES	-	-	5,668
REVENUES FROM USE OF MONEY AND PROPERTY	3	10	3,197
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	35,783
CHARGES FOR CURRENT SERVICES	-	-	10,744
OTHER REVENUES	190	-	23,976
TOTAL REVENUES	193	10	79,914
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	2	-
PUBLIC PROTECTION	-	-	18,200
PUBLIC WAYS AND FACILITIES	-	-	395
HEALTH AND SANITATION	-	-	20,221
PUBLIC ASSISTANCE	-	-	1,002
RECREATION AND CULTURAL SERVICES	-	-	2,280
DEBT SERVICE:			
PRINCIPAL	-	655	-
INTEREST AND FISCAL CHARGES	-	801	-
CAPITAL OUTLAY	-	-	233
TOTAL EXPENDITURES	-	1,458	42,331
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	193	(1,448)	37,583
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	-	-	(29,824)
TRANSFERS IN	-	1,704	150
TOTAL OTHER FINANCING SOURCES (USES)	-	1,704	(29,674)
NET CHANGE IN FUND BALANCES	193	256	7,909
FUND BALANCES, BEGINNING	994	2,006	95,062
FUND BALANCES, ENDING	\$ 1,187	\$ 2,262	\$ 102,971

**COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 JUNE 30, 2017 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>PENSION OBLIGATION BONDS</u>
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 20,224	\$ -	\$ 20,224
INVESTMENTS	1,627	-	1,627
INTEREST RECEIVABLE	34	-	34
DUE FROM OTHER FUNDS	1,046	-	1,046
TOTAL ASSETS	<u>\$ 22,931</u>	<u>\$ -</u>	<u>\$ 22,931</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>\$ 34</u>	 <u>\$ -</u>	 <u>\$ 34</u>
FUND BALANCES:			
RESTRICTED	22,897	-	22,897
TOTAL FUND BALANCES	<u>22,897</u>	<u>-</u>	<u>22,897</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 22,931</u>	 <u>\$ -</u>	 <u>\$ 22,931</u>

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>PENSION OBLIGATION BONDS</u>
REVENUES			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 32	\$ -	\$ 32
OTHER REVENUES	1,909	-	1,909
TOTAL REVENUES	<u>1,941</u>	<u>-</u>	<u>1,941</u>
EXPENDITURES			
CURRENT:			
GENERAL GOVERNMENT	3	-	3
DEBT SERVICE:			
PRINCIPAL	89,675	6,205	83,470
INTEREST AND FISCAL CHARGES	14,092	156	13,936
TOTAL EXPENDITURES	<u>103,770</u>	<u>6,361</u>	<u>97,409</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(101,829)</u>	<u>(6,361)</u>	<u>(95,468)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	95,174	-	95,174
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>95,174</u>	<u>-</u>	<u>95,174</u>
NET CHANGE IN FUND BALANCES	(6,655)	(6,361)	(294)
FUND BALANCES, BEGINNING	29,552	6,361	23,191
FUND BALANCES, ENDING	<u>\$ 22,897</u>	<u>\$ -</u>	<u>\$ 22,897</u>

**COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2017 (IN THOUSANDS)**

	TOTAL	REDEVELOPMENT SUCCESSOR HOUSING	FIRE PROTECTION DISTRICTS	PARK AND RECREATION DISTRICTS	COUNTY SERVICE AREAS
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 40,861	\$ 24,631	\$ 8,500	\$ 3,116	\$ 4,614
INTEREST RECEIVABLE	58	31	14	5	8
DUE FROM OTHER FUNDS	40	-	-	40	-
LAND HELD FOR RESALE	1,301	1,301	-	-	-
TOTAL ASSETS	\$ 42,260	\$ 25,963	\$ 8,514	\$ 3,161	\$ 4,622
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE	\$ 6,201	\$ 5,920	\$ -	\$ 21	\$ 260
DUE TO OTHER FUNDS	175	-	-	60	115
TOTAL LIABILITIES	6,376	5,920	-	81	375
DEFERRED INFLOWS OF RESOURCES	58	31	14	5	8
FUND BALANCES:					
RESTRICTED	35,826	20,012	8,500	3,075	4,239
TOTAL FUND BALANCES	35,826	20,012	8,500	3,075	4,239
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 42,260	\$ 25,963	\$ 8,514	\$ 3,161	\$ 4,622

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>REDEVELOPMENT SUCCESSOR HOUSING</u>	<u>FIRE PROTECTION DISTRICTS</u>	<u>PARK AND RECREATION DISTRICTS</u>	<u>COUNTY SERVICE AREAS</u>
REVENUES					
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 110	\$ 82	\$ (1)	\$ 17	\$ 12
CHARGES FOR CURRENT SERVICES	1	-	-	-	1
OTHER REVENUES	1	-	-	-	1
TOTAL REVENUES	<u>112</u>	<u>82</u>	<u>(1)</u>	<u>17</u>	<u>14</u>
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT	144	121	-	23	-
CAPITAL OUTLAY	3,802	-	-	2,047	1,755
TOTAL EXPENDITURES	<u>3,946</u>	<u>121</u>	<u>-</u>	<u>2,070</u>	<u>1,755</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,834)</u>	<u>(39)</u>	<u>(1)</u>	<u>(2,053)</u>	<u>(1,741)</u>
OTHER FINANCING SOURCES (USES):					
TRANSFERS OUT	(16)	-	-	-	(16)
TRANSFERS IN	12,578	-	8,500	-	4,078
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>12,562</u>	<u>-</u>	<u>8,500</u>	<u>-</u>	<u>4,062</u>
NET CHANGE IN FUND BALANCES	8,728	(39)	8,499	(2,053)	2,321
FUND BALANCES, BEGINNING	<u>27,098</u>	<u>20,051</u>	<u>1</u>	<u>5,128</u>	<u>1,918</u>
FUND BALANCES, ENDING	<u>\$ 35,826</u>	<u>\$ 20,012</u>	<u>\$ 8,500</u>	<u>\$ 3,075</u>	<u>\$ 4,239</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 PERMANENT FUNDS
 JUNE 30, 2017 (IN THOUSANDS)

	TOTAL	LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND	ETIWANDA CSA 120 ENDOWMENT CARE FUND
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 1,712	\$ 97	\$ 1,615
TOTAL ASSETS	<u>\$ 1,712</u>	<u>\$ 97</u>	<u>\$ 1,615</u>
FUND BALANCES			
NONSPENDABLE	\$ 1,712	\$ 97	\$ 1,615
TOTAL FUND BALANCES	<u>\$ 1,712</u>	<u>\$ 97</u>	<u>\$ 1,615</u>

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 PERMANENT FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

	TOTAL	LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND	ETIWANDA CSA 120 ENDOWMENT CARE FUND
REVENUES			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ (2)	\$ -	\$ (2)
OTHER REVENUES	3	3	-
TOTAL REVENUES	1	3	(2)
NET CHANGE IN FUND BALANCES	1	3	(2)
FUND BALANCES, BEGINNING	1,711	94	1,617
FUND BALANCES, ENDING	<u>\$ 1,712</u>	<u>\$ 97</u>	<u>\$ 1,615</u>





SAN BERNARDINO
COUNTY



COMBINING FINANCIAL
STATEMENTS NONMAJOR
ENTERPRISE FUNDS

NONMAJOR ENTERPRISE FUNDS DESCRIPTIONS

COUNTY SERVICE AREAS

The County Service Areas Enterprise Funds account for water, sewer, and sanitation facilities within certain geographical areas of the County. User fees are the principal source of revenue.

OTHER ENTERPRISE

The Other Enterprise Funds account for the Museum Gift Shop and Regional Parks Snack Bar operations. Sales are the principal source of revenue.

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2017 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>COUNTY SERVICE AREAS</u>	<u>OTHER ENTERPRISE</u>
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 41,759	\$ 41,532	\$ 227
ACCOUNTS RECEIVABLE, NET	1,782	1,782	-
TAXES RECEIVABLE	146	146	-
OTHER RECEIVABLES	183	183	-
DUE FROM OTHER FUNDS	52	52	-
INVENTORIES	34	-	34
TOTAL CURRENT ASSETS	<u>43,956</u>	<u>43,695</u>	<u>261</u>
NONCURRENT ASSETS:			
CAPITAL ASSETS NOT BEING DEPRECIATED OR AMORTIZED:			
LAND	3,861	3,861	-
LAND USE RIGHTS	258	258	-
DEVELOPMENT IN PROGRESS	5,601	5,601	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
LAND USE RIGHTS	1,004	1,004	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE	87,112	87,112	-
EQUIPMENT AND SOFTWARE	1,452	1,452	-
ACCUMULATED DEPRECIATION AND AMORTIZATION	(45,288)	(45,288)	-
TOTAL NONCURRENT ASSETS	<u>54,000</u>	<u>54,000</u>	<u>-</u>
TOTAL ASSETS	<u>97,956</u>	<u>97,695</u>	<u>261</u>
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	570	570	-
SALARIES AND BENEFITS PAYABLE	1	-	1
DUE TO OTHER FUNDS	133	133	-
DUE TO OTHER GOVERNMENTS	211	211	-
INTEREST PAYABLE	56	56	-
ADVANCES FROM OTHERS	19	19	-
BONDS AND NOTES PAYABLE	306	306	-
TOTAL CURRENT LIABILITIES	<u>1,296</u>	<u>1,295</u>	<u>1</u>
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE	461	461	-
BONDS AND NOTES PAYABLE	1,476	1,476	-
TOTAL NONCURRENT LIABILITIES	<u>1,937</u>	<u>1,937</u>	<u>-</u>
TOTAL LIABILITIES	<u>3,233</u>	<u>3,232</u>	<u>1</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS UNRESTRICTED	52,218	52,218	-
	42,505	42,245	260
TOTAL NET POSITION	<u>\$ 94,723</u>	<u>\$ 94,463</u>	<u>\$ 260</u>

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

	<u>TOTAL</u>	<u>COUNTY SERVICE AREAS</u>	<u>OTHER ENTERPRISE</u>
OPERATING REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 12,862	\$ 12,778	\$ 84
TOTAL OPERATING REVENUES	<u>12,862</u>	<u>12,778</u>	<u>84</u>
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	2,744	2,744	-
SALARIES AND EMPLOYEES BENEFITS	6,074	6,060	14
SERVICES AND SUPPLIES	4,166	4,133	33
DEPRECIATION AND AMORTIZATION	2,938	2,938	-
OTHER	597	597	-
TOTAL OPERATING EXPENSES	<u>16,519</u>	<u>16,472</u>	<u>47</u>
OPERATING INCOME (LOSS)	<u>(3,657)</u>	<u>(3,694)</u>	<u>37</u>
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUES	203	203	-
INTEREST EXPENSE	(235)	(235)	-
TAX REVENUE	3,105	3,105	-
GRANT REVENUE	34	34	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	(4)	(4)	-
OTHER NONOPERATING REVENUES	1,338	1,338	-
OTHER NONOPERATING EXPENSES	(34)	(34)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>4,407</u>	<u>4,407</u>	<u>-</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	750	713	37
CAPITAL CONTRIBUTIONS	28	28	-
TRANSFERS OUT	(104)	(104)	-
TRANSFERS IN	72	72	-
CHANGE IN NET POSITION	746	709	37
TOTAL NET POSITION, BEGINNING	<u>93,977</u>	<u>93,754</u>	<u>223</u>
TOTAL NET POSITION, ENDING	<u>\$ 94,723</u>	<u>\$ 94,463</u>	<u>\$ 260</u>

**COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)**

	TOTAL	COUNTY SERVICE AREAS	OTHER ENTERPRISE
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH RECEIVED FROM SERVICES	\$ 14,628	\$ 14,544	\$ 84
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(7,534)	(7,503)	(31)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(6,074)	(6,060)	(14)
	-		
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,020</u>	<u>981</u>	<u>39</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
TAXES RECEIVED	3,155	3,155	-
GRANTS RECEIVED	34	34	-
TRANSFERS RECEIVED	72	72	-
TRANSFERS PAID	(147)	(147)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>3,114</u>	<u>3,114</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(2,565)	(2,565)	-
CAPITAL GRANTS AND CONTRIBUTIONS	28	28	-
PRINCIPAL PAID ON BONDS AND NOTES	(244)	(244)	-
INTEREST PAID ON BONDS AND NOTES	(234)	(234)	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,015)</u>	<u>(3,015)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
INTEREST ON INVESTMENTS	203	203	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>203</u>	<u>203</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,322	1,283	39
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	40,437	40,249	188
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 41,759</u>	<u>\$ 41,532</u>	<u>\$ 227</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
OPERATING INCOME (LOSS)	\$ (3,657)	\$ (3,694)	\$ 37
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION	2,938	2,938	-
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	1,304	1,304	-
CHANGES IN ASSETS, DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS:			
ACCOUNTS RECEIVABLE	448	448	-
DUE FROM OTHER GOVERNMENTS	13	13	-
INVENTORIES	2	-	2
ACCOUNTS PAYABLE AND OTHER LIABILITIES	(135)	(135)	-
DUE TO OTHER GOVERNMENTS	106	106	-
ADVANCES FROM OTHERS	1	1	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,020</u>	<u>\$ 981</u>	<u>\$ 39</u>
BREAKDOWN OF CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS	<u>\$ 41,759</u>	<u>\$ 41,532</u>	<u>\$ 227</u>



SAN BERNARDINO
COUNTY



COMBINING FINANCIAL
STATEMENTS

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS DESCRIPTIONS

GENERAL SERVICES GROUP

The General Services Fund accounts for the County Purchasing Department's Printing Services, Central Mail Services, and Surplus Property and Storage divisions. Services which are available to all County departments and special districts are financed by user fees for services provided.

TELECOMMUNICATION SERVICES

The Telecommunication Services Fund accounts for County-wide telephone operations including related hardware, software, communication facilities, and a network of microwave sites.

COMPUTER OPERATIONS

The Computer Operations Fund accounts for 24-hour-per-day, County-wide data processing services including data entry, report distribution, distributed data processing with technical support and application development.

FLEET MANAGEMENT

The Fleet Management Fund includes both the County Garage and Motor Pool. The Fund accounts for vehicle rental services to all County departments, and maintenance and repair services to the County's vehicle and heavy equipment fleet.

RISK MANAGEMENT

The Risk Management Fund accounts for the County's self-insured worker's compensation, and public liabilities, including property conservation, safety programs, medical malpractice, environmental liability other than pollution remediation in relation to landfill and other general obligations which are provided to all County departments and special districts.

FLOOD CONTROL EQUIPMENT

The Flood Control Equipment Fund accounts for heavy equipment rental and maintenance services provided to each of the six flood control zones within various geographical regions of the County.

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2017 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>GENERAL SERVICE GROUP</u>	<u>TELECOMMUNICATION SERVICES</u>	<u>COMPUTER OPERATIONS</u>
ASSETS				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 338,978	\$ 3,520	\$ 14,755	\$ 16,386
ACCOUNTS RECEIVABLE - NET	3,362	-	61	-
OTHER RECEIVABLES	8	-	-	-
DUE FROM OTHER FUNDS	4,019	417	344	1,771
DUE FROM OTHER GOVERNMENTS	1,245	87	995	6
INVENTORIES	4,163	6	2,618	-
PREPAID ITEMS	5,300	1,532	3,711	39
TOTAL CURRENT ASSETS	<u>357,075</u>	<u>5,562</u>	<u>22,484</u>	<u>18,202</u>
NONCURRENT ASSETS:				
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:				
LAND	894	-	-	-
DEVELOPMENT IN PROGRESS	4,975	-	2,001	1,478
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
STRUCTURES AND IMPROVEMENTS	14,843	19	3,754	692
EQUIPMENT AND SOFTWARE	121,575	1,574	44,612	20,224
ACCUMULATED DEPRECIATION AND AMORTIZATION	(89,887)	(757)	(34,927)	(14,992)
TOTAL NONCURRENT ASSETS	<u>52,400</u>	<u>836</u>	<u>15,440</u>	<u>7,402</u>
TOTAL ASSETS	<u>409,475</u>	<u>6,398</u>	<u>37,924</u>	<u>25,604</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>27,773</u>	<u>1,045</u>	<u>4,319</u>	<u>17,127</u>
LIABILITIES				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE	7,160	399	949	1,747
SALARIES AND BENEFITS PAYABLE	2,835	127	530	1,420
DUE TO OTHER FUNDS	2,079	1	41	165
DUE TO OTHER GOVERNMENTS	7	-	-	-
ADVANCES FROM OTHERS	9,289	-	-	-
COMPENSATED ABSENCES PAYABLE	3,597	150	905	1,596
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	53,772	-	-	-
TOTAL CURRENT LIABILITIES	<u>78,739</u>	<u>677</u>	<u>2,425</u>	<u>4,928</u>
NONCURRENT LIABILITIES:				
COMPENSATED ABSENCES PAYABLE	4,060	111	462	2,546
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	192,723	-	-	-
NET PENSION LIABILITY	45,670	2,205	9,343	22,721
TOTAL NONCURRENT LIABILITIES	<u>242,453</u>	<u>2,316</u>	<u>9,805</u>	<u>25,267</u>
TOTAL LIABILITIES	<u>321,192</u>	<u>2,993</u>	<u>12,230</u>	<u>30,195</u>
DEFERRED INFLOWS OF RESOURCES	<u>10,647</u>	<u>643</u>	<u>2,130</u>	<u>5,049</u>
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	52,400	836	15,440	7,402
UNRESTRICTED	53,009	2,971	12,443	85
TOTAL NET POSITION	<u>\$ 105,409</u>	<u>\$ 3,807</u>	<u>\$ 27,883</u>	<u>\$ 7,487</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)
JUNE 30, 2017 (IN THOUSANDS)**

	FLEET MANAGEMENT SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 14,979	\$ 283,681	\$ 5,657
ACCOUNTS RECEIVABLE - NET	69	3,232	-
OTHER RECEIVABLES	-	8	-
DUE FROM OTHER FUNDS	974	400	113
DUE FROM OTHER GOVERNMENTS	109	48	-
INVENTORIES	1,539	-	-
PREPAID ITEMS	4	14	-
TOTAL CURRENT ASSETS	<u>17,674</u>	<u>287,383</u>	<u>5,770</u>
NONCURRENT ASSETS:			
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:			
LAND	894	-	-
DEVELOPMENT IN PROGRESS	1,496	-	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
STRUCTURES AND IMPROVEMENTS	10,378	-	-
EQUIPMENT AND SOFTWARE	37,824	673	16,668
ACCUMULATED DEPRECIATION AND AMORTIZATION	(27,863)	(608)	(10,740)
TOTAL NONCURRENT ASSETS	<u>22,729</u>	<u>65</u>	<u>5,928</u>
TOTAL ASSETS	<u>40,403</u>	<u>287,448</u>	<u>11,698</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,882</u>	<u>2,400</u>	<u>-</u>
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	904	3,118	43
SALARIES AND BENEFITS PAYABLE	428	330	-
DUE TO OTHER FUNDS	1,002	870	-
DUE TO OTHER GOVERNMENTS	7	-	-
ADVANCES FROM OTHERS	-	9,289	-
COMPENSATED ABSENCES PAYABLE	585	361	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	53,772	-
TOTAL CURRENT LIABILITIES	<u>2,926</u>	<u>67,740</u>	<u>43</u>
NONCURRENT LIABILITIES:			
COMPENSATED ABSENCES PAYABLE	548	393	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	192,723	-
NET PENSION LIABILITY	6,434	4,967	-
TOTAL NONCURRENT LIABILITIES	<u>6,982</u>	<u>198,083</u>	<u>-</u>
TOTAL LIABILITIES	<u>9,908</u>	<u>265,823</u>	<u>43</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,441</u>	<u>1,384</u>	<u>-</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	22,729	65	5,928
UNRESTRICTED	9,207	22,576	5,727
TOTAL NET POSITION	<u>\$ 31,936</u>	<u>\$ 22,641</u>	<u>\$ 11,655</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)**

	TOTAL	GENERAL SERVICES GROUP	TELECOMMUNICATION SERVICES	COMPUTER OPERATIONS
OPERATING REVENUES:				
CHARGES FOR CURRENT SERVICES	\$ 219,064	\$ 11,479	\$ 28,673	\$ 42,478
TOTAL OPERATING REVENUES	<u>219,064</u>	<u>11,479</u>	<u>28,673</u>	<u>42,478</u>
OPERATING EXPENSES:				
PROFESSIONAL SERVICES	31,206	780	1,391	7,983
SALARIES AND EMPLOYEES BENEFITS	50,172	2,584	9,535	23,506
SELF-INSURED CLAIMS	71,655	-	-	-
SERVICES AND SUPPLIES	58,453	6,297	13,803	5,827
DEPRECIATION AND AMORTIZATION	12,363	112	4,168	2,609
OTHER	1,025	-	-	-
TOTAL OPERATING EXPENSES	<u>224,874</u>	<u>9,773</u>	<u>28,897</u>	<u>39,925</u>
OPERATING INCOME (LOSS)	<u>(5,810)</u>	<u>1,706</u>	<u>(224)</u>	<u>2,553</u>
NONOPERATING REVENUES (EXPENSES):				
INTEREST REVENUES	1,838	121	94	74
INTEREST EXPENSE	(8)	-	-	(8)
GRANT REVENUE	66	-	-	4
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	1,430	-	6	(2)
OTHER NONOPERATING REVENUES	6,048	1	138	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>9,374</u>	<u>122</u>	<u>238</u>	<u>68</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	3,564	1,828	14	2,621
TRANSFERS OUT	(2,260)	(105)	(445)	(1,149)
TRANSFERS IN	890	-	-	-
CHANGE IN NET POSITION	2,194	1,723	(431)	1,472
TOTAL NET POSITION, BEGINNING	<u>103,215</u>	<u>2,084</u>	<u>28,314</u>	<u>6,015</u>
TOTAL NET POSITION, ENDING	<u>\$ 105,409</u>	<u>\$ 3,807</u>	<u>\$ 27,883</u>	<u>\$ 7,487</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)**

	FLEET MANAGEMENT	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
OPERATING REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 31,361	\$ 103,014	\$ 2,059
TOTAL OPERATING REVENUES	<u>31,361</u>	<u>103,014</u>	<u>2,059</u>
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	2,834	18,154	64
SALARIES AND EMPLOYEES BENEFITS	9,636	4,911	-
SELF-INSURED CLAIMS	-	71,655	-
SERVICES AND SUPPLIES	15,011	16,195	1,320
DEPRECIATION AND AMORTIZATION	4,721	71	682
OTHER	-	1,025	-
TOTAL OPERATING EXPENSES	<u>32,202</u>	<u>112,011</u>	<u>2,066</u>
OPERATING INCOME (LOSS)	<u>(841)</u>	<u>(8,997)</u>	<u>(7)</u>
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUES	68	1,453	28
GRANT REVENUE	62	-	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	1,321	-	105
OTHER NONOPERATING REVENUES	5,042	867	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>6,493</u>	<u>2,320</u>	<u>133</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	5,652	(6,677)	126
TRANSFERS OUT	(306)	(255)	-
TRANSFERS IN	490	400	-
CHANGE IN NET POSITION	5,836	(6,532)	126
TOTAL NET POSITION, BEGINNING	<u>26,100</u>	<u>29,173</u>	<u>11,529</u>
TOTAL NET POSITION, ENDING	<u>\$ 31,936</u>	<u>\$ 22,641</u>	<u>\$ 11,655</u>

**COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)**

	TOTAL	GENERAL SERVICES GROUP	TELE-COMMUNICATION SERVICES	COMPUTER OPERATIONS	FLEET MANAGEMENT	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
CASH FLOWS FROM OPERATING ACTIVITIES:							
CASH RECEIVED FROM INTERFUND SERVICES	\$ 230,092	\$ 11,170	\$ 28,640	\$ 41,743	\$ 36,502	\$ 109,978	\$ 2,059
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(171,397)	(7,542)	(19,026)	(13,164)	(18,030)	(112,212)	(1,423)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(49,595)	(2,735)	(9,591)	(22,390)	(9,740)	(5,139)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	9,100	893	23	6,189	8,732	(7,373)	636
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
GRANTS RECEIVED	66	-	-	4	62	-	-
INTERFUND LOAN REPAYMENT	(894)	-	-	(894)	-	-	-
INTEREST PAID ON INTERFUND LOAN	(8)	-	-	(8)	-	-	-
INTERFUND LOAN ADVANCED	894	-	894	-	-	-	-
TRANSFERS RECEIVED	890	-	-	-	490	400	-
TRANSFERS PAID	(2,260)	(105)	(445)	(1,149)	(306)	(255)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(1,312)	(105)	449	(2,047)	246	145	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(17,138)	(1)	(3,213)	(3,517)	(9,025)	-	(1,382)
PROCEEDS FROM SALE OF CAPITAL ASSETS	416	-	-	-	311	-	105
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(16,722)	(1)	(3,213)	(3,517)	(8,714)	-	(1,277)
CASH FLOWS FROM INVESTING ACTIVITIES:							
INTEREST ON INVESTMENTS	1,838	121	94	74	68	1,453	28
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,838	121	94	74	68	1,453	28
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,096)	908	(2,647)	699	332	(5,775)	(613)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	346,074	2,612	17,402	15,687	14,647	289,456	6,270
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 338,978	\$ 3,520	\$ 14,755	\$ 16,386	\$ 14,979	\$ 283,681	\$ 5,657
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
OPERATING INCOME (LOSS)	\$ (5,810)	\$ 1,706	\$ (224)	\$ 2,553	\$ (841)	\$ (8,997)	\$ (7)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
DEPRECIATION AND AMORTIZATION	12,363	112	4,168	2,609	4,721	71	682
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	7,058	1	138	-	6,052	867	-
CHANGES IN ASSETS, DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS:							
ACCOUNTS RECEIVABLE	(3,285)	-	9	7	(69)	(3,232)	-
DUE FROM OTHER FUNDS	(1,632)	(247)	(2)	(746)	(892)	263	(8)
DUE FROM OTHER GOVERNMENTS	(138)	(39)	(169)	4	50	8	8
OTHER RECEIVABLES	29	-	-	-	-	29	-
INVENTORIES	(286)	38	(327)	-	3	-	-
PREPAID ITEMS	(3,740)	(823)	(3,289)	(39)	(4)	415	-
ACCOUNTS PAYABLE AND OTHER LIABILITIES	(14,382)	320	110	685	(45)	(15,413)	(39)
SALARIES AND BENEFITS PAYABLE	226	5	(11)	166	19	47	-
DUE TO OTHER GOVERNMENTS	7	-	-	-	7	-	-
ADVANCES FROM OTHERS	9,019	(24)	-	-	-	9,043	-
COMPENSATED ABSENCES PAYABLE	385	(43)	(45)	475	(33)	31	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURANCE CLAIMS	9,800	-	-	-	-	9,800	-
OTHER NON-CASH ITEMS	(514)	(113)	(335)	475	(236)	(305)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 9,100	\$ 893	\$ 23	\$ 6,189	\$ 8,732	\$ (7,373)	\$ 636
BREAKDOWN OF CASH AND CASH EQUIVALENTS							
CASH AND CASH EQUIVALENTS	\$ 338,978	\$ 3,520	\$ 14,755	\$ 16,386	\$ 14,979	\$ 283,681	\$ 5,657



SAN BERNARDINO
COUNTY



COMBINING FINANCIAL
STATEMENTS

TRUST & AGENCY FUNDS



TRUST AND AGENCY FUNDS DESCRIPTIONS

AGENCY FUNDS

Special Assessment Agency Funds - The special assessment funds are administered by the County Treasurer and account for amounts collected from property owners for the payment of special assessment bond principal and interest. The special assessment bonds include both 1911 and 1915 Act Bonds and Mello-Roos Bonds.

Other Agency Funds - Accounts for other agency funds where the County holds money either in a custodial capacity for other entities, or as a clearing account to accumulate and hold certain monies until disbursement to the ultimate recipient.

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

<u>TOTAL AGENCY FUNDS</u>	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>ENDING BALANCE</u>
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 275,540	\$ 13,471,922	\$ 13,147,103	\$ 600,359
ACCOUNTS RECEIVABLE	18,067	18,172	18,067	18,172
TAXES RECEIVABLE	154,874	221,937	223,155	153,656
DUE FROM OTHER GOVERNMENTS	16,751	28,519	28,911	16,359
TOTAL ASSETS	<u>\$ 465,232</u>	<u>\$ 13,740,550</u>	<u>\$ 13,417,236</u>	<u>\$ 788,546</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	\$ 465,232	\$ 691,602	\$ 368,288	\$ 788,546
TOTAL LIABILITIES	<u>\$ 465,232</u>	<u>\$ 691,602</u>	<u>\$ 368,288</u>	<u>\$ 788,546</u>
 SPECIAL ASSESSMENT FUNDS				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1,483	\$ 139	\$ 124	\$ 1,498
DUE FROM OTHER GOVERNMENTS	-	4	2	2
TOTAL ASSETS	<u>\$ 1,483</u>	<u>\$ 143</u>	<u>\$ 126</u>	<u>\$ 1,500</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	\$ 1,483	\$ 17	\$ -	\$ 1,500
TOTAL LIABILITIES	<u>\$ 1,483</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 1,500</u>
 OTHER AGENCY FUNDS				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 274,057	\$ 13,471,783	\$ 13,146,979	\$ 598,861
ACCOUNTS RECEIVABLE	18,067	18,172	18,067	18,172
TAXES RECEIVABLE	154,874	221,937	223,155	153,656
DUE FROM OTHER GOVERNMENTS	16,751	28,515	28,909	16,357
TOTAL ASSETS	<u>\$ 463,749</u>	<u>\$ 13,740,407</u>	<u>\$ 13,417,110</u>	<u>\$ 787,046</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	\$ 463,749	\$ 691,585	\$ 368,288	\$ 787,046
TOTAL LIABILITIES	<u>\$ 463,749</u>	<u>\$ 691,585</u>	<u>\$ 368,288</u>	<u>\$ 787,046</u>





SAN BERNARDINO
COUNTY

A collage of images including a hang glider, a girl kissing a horse, and abstract blue and gold shapes.

COMBINING SCHEDULE OF
REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
BUDGET TO ACTUAL ON
BUDGETARY BASIS

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

	<u>TOTAL</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 138,214	\$ 148,782	\$ 10,568
LICENSES, PERMITS AND FRANCHISES	1,227	1,569	342
FINES, FORFEITURES AND PENALTIES	2,386	9,020	6,634
REVENUES FROM USE OF MONEY AND PROPERTY	6,996	8,657	1,661
AID FROM OTHER GOVERNMENTAL AGENCIES	401,150	346,582	(54,568)
CHARGES FOR CURRENT SERVICES	114,596	114,098	(498)
OTHER REVENUES	45,811	36,534	(9,277)
TOTAL REVENUES	<u>710,380</u>	<u>665,242</u>	<u>(45,138)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	9,408	4,784	4,624
PUBLIC PROTECTION	299,399	239,127	60,272
PUBLIC WAYS AND FACILITIES	113,016	70,382	42,634
HEALTH AND SANITATION	185,936	155,152	30,784
PUBLIC ASSISTANCE	118,138	85,723	32,415
EDUCATION	17,852	16,462	1,390
RECREATION AND CULTURAL SERVICES	9,292	7,469	1,823
DEBT SERVICE:			
PRINCIPAL	8,304	4,604	3,700
INTEREST AND FISCAL CHARGES	3,134	1,422	1,712
CAPITAL OUTLAY	57,607	12,613	44,994
TOTAL EXPENDITURES	<u>822,086</u>	<u>597,738</u>	<u>224,348</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(111,706)</u>	<u>67,504</u>	<u>179,210</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(181,139)	(87,634)	93,505
TRANSFERS IN	110,013	70,630	(39,383)
LONG-TERM DEBT ISSUED	465	-	(465)
SALE OF CAPITAL ASSETS	1,498	2,364	866
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(69,163)</u>	<u>(14,640)</u>	<u>54,523</u>
NET CHANGE IN FUND BALANCES	(180,869)	52,864	233,733
FUND BALANCES, BEGINNING	<u>583,603</u>	<u>583,603</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 402,734</u>	<u>\$ 636,467</u>	<u>\$ 233,733</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

	<u>TRANSPORTATION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
LICENSES, PERMITS AND FRANCHISES	\$ 433	\$ 353	\$ (80)
REVENUES FROM USE OF MONEY AND PROPERTY	187	314	127
AID FROM OTHER GOVERNMENTAL AGENCIES	60,941	46,470	(14,471)
CHARGES FOR CURRENT SERVICES	4,160	2,166	(1,994)
OTHER REVENUES	<u>38</u>	<u>2,948</u>	<u>2,910</u>
TOTAL REVENUES	<u>65,759</u>	<u>52,251</u>	<u>(13,508)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	87,278	61,196	26,082
CAPITAL OUTLAY	<u>9,829</u>	<u>820</u>	<u>9,009</u>
TOTAL EXPENDITURES	<u>97,107</u>	<u>62,016</u>	<u>35,091</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(31,348)</u>	<u>(9,765)</u>	<u>21,583</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(14,237)	(11,861)	2,376
TRANSFERS IN	26,334	23,553	(2,781)
SALE OF CAPITAL ASSETS	<u>490</u>	<u>464</u>	<u>(26)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>12,587</u>	<u>12,156</u>	<u>(431)</u>
NET CHANGE IN FUND BALANCES	(18,761)	2,391	21,152
FUND BALANCES, BEGINNING	<u>57,722</u>	<u>57,722</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 38,961</u>	<u>\$ 60,113</u>	<u>\$ 21,152</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

SPECIAL TRANSPORTATION

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 6,568	\$ 5,883	\$ (685)
REVENUES FROM USE OF MONEY AND PROPERTY	150	220	70
AID FROM OTHER GOVERNMENTAL AGENCIES	7,133	1,477	(5,656)
CHARGES FOR CURRENT SERVICES	939	3,969	3,030
TOTAL REVENUES	<u>14,790</u>	<u>11,549</u>	<u>(3,241)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	<u>22,242</u>	<u>6,703</u>	<u>15,539</u>
TOTAL EXPENDITURES	<u>22,242</u>	<u>6,703</u>	<u>15,539</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,452)</u>	<u>4,846</u>	<u>12,298</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(1,061)	-	1,061
TRANSFERS IN	<u>391</u>	<u>-</u>	<u>(391)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(670)</u>	<u>-</u>	<u>670</u>
NET CHANGE IN FUND BALANCES	(8,122)	4,846	12,968
FUND BALANCES, BEGINNING	<u>40,376</u>	<u>40,376</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 32,254</u>	<u>\$ 45,222</u>	<u>\$ 12,968</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

	<u>SPECIAL AVIATION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
LICENSES, PERMITS AND FRANCHISES	\$ 3	\$ 4	\$ 1
REVENUES FROM USE OF MONEY AND PROPERTY	524	940	416
AID FROM OTHER GOVERNMENTAL AGENCIES	3,463	152	(3,311)
CHARGES FOR CURRENT SERVICES	23	35	12
OTHER REVENUES	<u>610</u>	<u>160</u>	<u>(450)</u>
TOTAL REVENUES	<u>4,623</u>	<u>1,291</u>	<u>(3,332)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	1,499	421	1,078
CAPITAL OUTLAY	<u>795</u>	<u>464</u>	<u>331</u>
TOTAL EXPENDITURES	<u>2,294</u>	<u>885</u>	<u>1,409</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,329</u>	<u>406</u>	<u>(1,923)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(4,966)	(148)	4,818
TRANSFERS IN	<u>568</u>	<u>555</u>	<u>(13)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(4,398)</u>	<u>407</u>	<u>4,805</u>
NET CHANGE IN FUND BALANCES	(2,069)	813	2,882
FUND BALANCES, BEGINNING	<u>4,093</u>	<u>4,093</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 2,024</u>	<u>\$ 4,906</u>	<u>\$ 2,882</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

MENTAL HEALTH SERVICES ACT

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 716	\$ 932	\$ 216
AID FROM OTHER GOVERNMENTAL AGENCIES	155,034	145,407	(9,627)
CHARGES FOR CURRENT SERVICES	-	1	1
OTHER REVENUES	5,570	3,535	(2,035)
TOTAL REVENUES	<u>161,320</u>	<u>149,875</u>	<u>(11,445)</u>
EXPENDITURES:			
CURRENT:			
HEALTH AND SANITATION	161,317	134,961	26,356
CAPITAL OUTLAY	9,189	792	8,397
TOTAL EXPENDITURES	<u>170,506</u>	<u>135,753</u>	<u>34,753</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(9,186)</u>	<u>14,122</u>	<u>23,308</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(40,423)	(12,481)	27,942
TRANSFERS IN	14,662	20,424	5,762
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(25,761)</u>	<u>7,943</u>	<u>33,704</u>
NET CHANGE IN FUND BALANCES	(34,947)	22,065	57,012
FUND BALANCES, BEGINNING	<u>132,637</u>	<u>132,637</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 97,690</u>	<u>\$ 154,702</u>	<u>\$ 57,012</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

PRESCHOOL SERVICES

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 5	\$ 5
AID FROM OTHER GOVERNMENTAL AGENCIES	61,255	53,292	(7,963)
CHARGES FOR CURRENT SERVICES	20	15	(5)
OTHER REVENUES	21	77	56
TOTAL REVENUES	<u>61,296</u>	<u>53,389</u>	<u>(7,907)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	52,540	50,523	2,017
DEBT SERVICE:			
INTEREST AND FISCAL CHARGES	1	1	-
CAPITAL OUTLAY	934	655	279
TOTAL EXPENDITURES	<u>53,475</u>	<u>51,179</u>	<u>2,296</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>7,821</u>	<u>2,210</u>	<u>(5,611)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(6,855)	(1,663)	5,192
SALE OF CAPITAL ASSETS	6	4	(2)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(6,849)</u>	<u>(1,659)</u>	<u>5,190</u>
NET CHANGE IN FUND BALANCES	972	551	(421)
FUND BALANCES, BEGINNING	<u>(847)</u>	<u>(847)</u>	<u>-</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ 125</u>	<u>\$ (296)</u>	<u>\$ (421)</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

AGING AND ADULT SERVICES

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 4	\$ 6	\$ 2
AID FROM OTHER GOVERNMENTAL AGENCIES	7,039	6,164	(875)
CHARGES FOR CURRENT SERVICES	-	42	42
OTHER REVENUES	-	5	5
TOTAL REVENUES	<u>7,043</u>	<u>6,217</u>	<u>(826)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	6,930	6,053	877
CAPITAL OUTLAY	13	12	1
TOTAL EXPENDITURES	<u>6,943</u>	<u>6,065</u>	<u>878</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>100</u>	<u>152</u>	<u>52</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(1,181)	(1,181)	-
TRANSFERS IN	1,081	1,081	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(100)</u>	<u>(100)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	52	52
FUND BALANCES, BEGINNING	<u>1,394</u>	<u>1,394</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,394</u>	<u>\$ 1,446</u>	<u>\$ 52</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

	<u>JOBS AND EMPLOYMENT SERVICES</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 592	\$ 590	\$ (2)
AID FROM OTHER GOVERNMENTAL AGENCIES	26,253	18,347	(7,906)
OTHER REVENUES	<u>1,010</u>	<u>440</u>	<u>(570)</u>
TOTAL REVENUES	<u>27,855</u>	<u>19,377</u>	<u>(8,478)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	26,300	19,157	7,143
CAPITAL OUTLAY	<u>50</u>	<u>-</u>	<u>50</u>
TOTAL EXPENDITURES	<u>26,350</u>	<u>19,157</u>	<u>7,193</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,505</u>	<u>220</u>	<u>(1,285)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(343)	(343)	-
TRANSFERS IN	<u>233</u>	<u>202</u>	<u>(31)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(110)</u>	<u>(141)</u>	<u>(31)</u>
NET CHANGE IN FUND BALANCES	1,395	79	(1,316)
FUND BALANCES, BEGINNING	<u>480</u>	<u>480</u>	<u>-</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ 1,875</u>	<u>\$ 559</u>	<u>\$ (1,316)</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

	<u>COURTHOUSE TEMPORARY CONSTRUCTION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ -	\$ 1,553	\$ 1,553
REVENUES FROM USE OF MONEY AND PROPERTY	-	13	13
TOTAL REVENUES	<u>-</u>	<u>1,566</u>	<u>1,566</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	-	(1,564)	(1,564)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>-</u>	<u>(1,564)</u>	<u>(1,564)</u>
NET CHANGE IN FUND BALANCES	-	2	2
FUND BALANCES, BEGINNING	<u>4</u>	<u>4</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 4</u>	<u>\$ 6</u>	<u>\$ 2</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

	<u>CRIMINAL JUSTICE TEMPORARY CONSTRUCTION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ -	\$ 1,799	\$ 1,799
REVENUES FROM USE OF MONEY AND PROPERTY	-	15	15
TOTAL REVENUES	<u>-</u>	<u>1,814</u>	<u>1,814</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	-	(1,812)	(1,812)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>-</u>	<u>(1,812)</u>	<u>(1,812)</u>
NET CHANGE IN FUND BALANCES	-	2	2
FUND BALANCES, BEGINNING	<u>4</u>	<u>4</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 4</u>	<u>\$ 6</u>	<u>\$ 2</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

	<u>CENTRAL COURTHOUSE SURCHARGE</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 1,807	\$ 1,704	\$ (103)
TOTAL REVENUES	<u>1,807</u>	<u>1,704</u>	<u>(103)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(1,807)</u>	<u>(1,704)</u>	<u>103</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,807)</u>	<u>(1,704)</u>	<u>103</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

MICROGRAPHICS FEES

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 27	\$ 38	\$ 11
CHARGES FOR CURRENT SERVICES	3,211	3,761	550
OTHER REVENUES	75	1	(74)
TOTAL REVENUES	<u>3,313</u>	<u>3,800</u>	<u>487</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	4,312	678	3,634
CAPITAL OUTLAY	58	51	7
TOTAL EXPENDITURES	<u>4,370</u>	<u>729</u>	<u>3,641</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,057)</u>	<u>3,071</u>	<u>4,128</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(48)	(48)	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(48)</u>	<u>(48)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,105)	3,023	4,128
FUND BALANCES, BEGINNING	<u>12,581</u>	<u>12,581</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 11,476</u>	<u>\$ 15,604</u>	<u>\$ 4,128</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

	<u>LOCAL LAW ENFORCEMENT BLOCK GRANT</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 12	\$ 12
AID FROM OTHER GOVERNMENTAL AGENCIES	626	626	-
TOTAL REVENUES	<u>626</u>	<u>638</u>	<u>12</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	1,398	925	473
TOTAL EXPENDITURES	<u>1,398</u>	<u>925</u>	<u>473</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(772)</u>	<u>(287)</u>	<u>485</u>
NET CHANGE IN FUND BALANCES	(772)	(287)	485
FUND BALANCES, BEGINNING	<u>2,583</u>	<u>2,583</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,811</u>	<u>\$ 2,296</u>	<u>\$ 485</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

SHERIFF SPECIAL PROJECTS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 83	\$ 74	\$ (9)
AID FROM OTHER GOVERNMENTAL AGENCIES	15,024	18,099	3,075
CHARGES FOR CURRENT SERVICES	1,050	709	(341)
OTHER REVENUES	96	480	384
TOTAL REVENUES	<u>16,253</u>	<u>19,362</u>	<u>3,109</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	21,156	14,617	6,539
CAPITAL OUTLAY	5,504	2,378	3,126
TOTAL EXPENDITURES	<u>26,660</u>	<u>16,995</u>	<u>9,665</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,407)</u>	<u>2,367</u>	<u>12,774</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(1,519)	(576)	943
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,519)</u>	<u>(576)</u>	<u>943</u>
NET CHANGE IN FUND BALANCES	(11,926)	1,791	13,717
FUND BALANCES, BEGINNING	12,594	12,594	-
FUND BALANCES, ENDING	<u>\$ 668</u>	<u>\$ 14,385</u>	<u>\$ 13,717</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

FIRE PROTECTION DISTRICTS

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 66,394	\$ 71,934	\$ 5,540
REVENUES FROM USE OF MONEY AND PROPERTY	404	515	111
AID FROM OTHER GOVERNMENTAL AGENCIES	10,639	7,225	(3,414)
CHARGES FOR CURRENT SERVICES	82,183	83,379	1,196
OTHER REVENUES	<u>8,566</u>	<u>2,246</u>	<u>(6,320)</u>
TOTAL REVENUES	<u>168,186</u>	<u>165,299</u>	<u>(2,887)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	179,570	170,482	9,088
DEBT SERVICE:			
PRINCIPAL	76	76	-
INTEREST AND FISCAL CHARGES	183	183	-
CAPITAL OUTLAY	<u>14,626</u>	<u>6,157</u>	<u>8,469</u>
TOTAL EXPENDITURES	<u>194,455</u>	<u>176,898</u>	<u>17,557</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(26,269)</u>	<u>(11,599)</u>	<u>14,670</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(44,696)	(16,489)	28,207
TRANSFERS IN	47,581	21,722	(25,859)
SALE OF CAPITAL ASSETS	<u>-</u>	<u>21</u>	<u>21</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>2,885</u>	<u>5,254</u>	<u>2,369</u>
NET CHANGE IN FUND BALANCES	(23,384)	(6,345)	17,039
FUND BALANCES, BEGINNING	<u>54,913</u>	<u>54,913</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 31,529</u>	<u>\$ 48,568</u>	<u>\$ 17,039</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

	<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 241	\$ 304	\$ 63
AID FROM OTHER GOVERNMENTAL AGENCIES	15,211	8,564	(6,647)
CHARGES FOR CURRENT SERVICES	428	4	(424)
OTHER REVENUES	627	1,010	383
TOTAL REVENUES	<u>16,507</u>	<u>9,882</u>	<u>(6,625)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	<u>28,702</u>	<u>8,982</u>	<u>19,720</u>
TOTAL EXPENDITURES	<u>28,702</u>	<u>8,982</u>	<u>19,720</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(12,195)</u>	<u>900</u>	<u>13,095</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(3,345)	(1,992)	1,353
TRANSFERS IN	<u>20</u>	<u>791</u>	<u>771</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(3,325)</u>	<u>(1,201)</u>	<u>2,124</u>
NET CHANGE IN FUND BALANCES	(15,520)	(301)	15,219
FUND BALANCES, BEGINNING	<u>32,381</u>	<u>32,381</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 16,861</u>	<u>\$ 32,080</u>	<u>\$ 15,219</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

FLOOD CONTROL DISTRICT

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 45,315	\$ 48,919	\$ 3,604
LICENSES, PERMITS AND FRANCHISES	395	699	304
REVENUES FROM USE OF MONEY AND PROPERTY	851	1,067	216
AID FROM OTHER GOVERNMENTAL AGENCIES	2,767	4,614	1,847
CHARGES FOR CURRENT SERVICES	379	430	51
OTHER REVENUES	4,069	421	(3,648)
TOTAL REVENUES	<u>53,776</u>	<u>56,150</u>	<u>2,374</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	68,366	34,225	34,141
DEBT SERVICE:			
PRINCIPAL	8,025	4,485	3,540
INTEREST AND FISCAL CHARGES	2,940	1,235	1,705
CAPITAL OUTLAY	10,078	797	9,281
TOTAL EXPENDITURES	<u>89,409</u>	<u>40,742</u>	<u>48,667</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(35,633)</u>	<u>15,408</u>	<u>51,041</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(18,719)	(4,131)	14,588
TRANSFERS IN	16,782	1,969	(14,813)
SALE OF CAPITAL ASSETS	1,002	1,846	844
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(935)</u>	<u>(316)</u>	<u>619</u>
NET CHANGE IN FUND BALANCES	(36,568)	15,092	51,660
FUND BALANCES, BEGINNING	<u>104,306</u>	<u>104,306</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 67,738</u>	<u>\$ 119,398</u>	<u>\$ 51,660</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

COUNTY SERVICE AREAS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 3,117	\$ 3,510	\$ 393
REVENUES FROM USE OF MONEY AND PROPERTY	163	306	143
AID FROM OTHER GOVERNMENTAL AGENCIES	70	60	(10)
CHARGES FOR CURRENT SERVICES	7,026	4,693	(2,333)
OTHER REVENUES	<u>373</u>	<u>172</u>	<u>(201)</u>
TOTAL REVENUES	<u>10,749</u>	<u>8,741</u>	<u>(2,008)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	7,652	4,363	3,289
PUBLIC WAYS AND FACILITIES	2,965	2,088	877
RECREATION AND CULTURAL SERVICES	2,103	1,775	328
DEBT SERVICE:			
PRINCIPAL	203	43	160
INTEREST AND FISCAL CHARGES	10	3	7
CAPITAL OUTLAY	<u>3,401</u>	<u>125</u>	<u>3,276</u>
TOTAL EXPENDITURES	<u>16,334</u>	<u>8,397</u>	<u>7,937</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,585)</u>	<u>344</u>	<u>5,929</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(5,410)	(1,500)	3,910
TRANSFERS IN	2,101	173	(1,928)
LONG-TERM DEBT ISSUED	465	-	(465)
SALE OF CAPITAL ASSETS	<u>-</u>	<u>25</u>	<u>25</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(2,844)</u>	<u>(1,302)</u>	<u>1,542</u>
NET CHANGE IN FUND BALANCES	(8,429)	(958)	7,471
FUND BALANCES, BEGINNING	<u>23,321</u>	<u>23,321</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 14,892</u>	<u>\$ 22,363</u>	<u>\$ 7,471</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

	<u>PARK AND RECREATION DISTRICTS</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 2,098	\$ 2,446	\$ 348
REVENUES FROM USE OF MONEY AND PROPERTY	131	105	(26)
AID FROM OTHER GOVERNMENTAL AGENCIES	76	69	(7)
CHARGES FOR CURRENT SERVICES	1,434	1,332	(102)
OTHER REVENUES	<u>19</u>	<u>17</u>	<u>(2)</u>
TOTAL REVENUES	<u>3,758</u>	<u>3,969</u>	<u>211</u>
EXPENDITURES:			
CURRENT:			
RECREATION AND CULTURAL SERVICES	3,712	3,422	290
CAPITAL OUTLAY	<u>133</u>	<u>20</u>	<u>113</u>
TOTAL EXPENDITURES	<u>3,845</u>	<u>3,442</u>	<u>403</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(87)</u>	<u>527</u>	<u>614</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(459)	(59)	400
TRANSFERS IN	100	10	(90)
SALE OF CAPITAL ASSETS	<u>-</u>	<u>4</u>	<u>4</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(359)</u>	<u>(45)</u>	<u>314</u>
NET CHANGE IN FUND BALANCES	(446)	482	928
FUND BALANCES, BEGINNING	<u>1,493</u>	<u>1,493</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,047</u>	<u>\$ 1,975</u>	<u>\$ 928</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

COUNTY FREE LIBRARY

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 14,688	\$ 16,057	\$ 1,369
REVENUES FROM USE OF MONEY AND PROPERTY	-	1	1
AID FROM OTHER GOVERNMENTAL AGENCIES	209	233	24
CHARGES FOR CURRENT SERVICES	999	1,114	115
OTHER REVENUES	129	856	727
TOTAL REVENUES	<u>16,025</u>	<u>18,261</u>	<u>2,236</u>
EXPENDITURES:			
CURRENT:			
EDUCATION	17,852	16,462	1,390
CAPITAL OUTLAY	413	109	304
TOTAL EXPENDITURES	<u>18,265</u>	<u>16,571</u>	<u>1,694</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,240)</u>	<u>1,690</u>	<u>3,930</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(435)</u>	<u>(258)</u>	<u>177</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(435)</u>	<u>(258)</u>	<u>177</u>
NET CHANGE IN FUND BALANCES	(2,675)	1,432	4,107
FUND BALANCES, BEGINNING	<u>7,637</u>	<u>7,637</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 4,962</u>	<u>\$ 9,069</u>	<u>\$ 4,107</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

	<u>REDEVELOPMENT SUCCESSOR HOUSING</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 1	\$ 3	\$ 2
OTHER REVENUES	190	190	-
TOTAL REVENUES	<u>191</u>	<u>193</u>	<u>2</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	<u>1,184</u>	-	<u>1,184</u>
TOTAL EXPENDITURES	<u>1,184</u>	<u>-</u>	<u>1,184</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(993)</u>	<u>193</u>	<u>1,186</u>
NET CHANGE IN FUND BALANCES	(993)	193	1,186
FUND BALANCES, BEGINNING	<u>994</u>	<u>994</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1</u>	<u>\$ 1,187</u>	<u>\$ 1,186</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

	<u>OTHER SPECIAL REVENUE</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 34	\$ 33	\$ (1)
LICENSES, PERMITS AND FRANCHISES	396	513	117
FINES, FORFEITURES AND PENALTIES	2,386	5,668	3,282
REVENUES FROM USE OF MONEY AND PROPERTY	2,922	3,197	275
AID FROM OTHER GOVERNMENTAL AGENCIES	35,410	35,783	373
CHARGES FOR CURRENT SERVICES	10,937	10,744	(193)
OTHER REVENUES	24,418	23,976	(442)
TOTAL REVENUES	<u>76,503</u>	<u>79,914</u>	<u>3,411</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	257	-	257
PUBLIC PROTECTION	24,597	18,200	6,397
PUBLIC WAYS AND FACILITIES	531	395	136
HEALTH AND SANITATION	24,619	20,191	4,428
PUBLIC ASSISTANCE	2,482	1,008	1,474
RECREATION AND CULTURAL SERVICES	3,477	2,272	1,205
CAPITAL OUTLAY	2,584	233	2,351
TOTAL EXPENDITURES	<u>58,547</u>	<u>42,299</u>	<u>16,248</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>17,956</u>	<u>37,615</u>	<u>19,659</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(35,635)	(29,824)	5,811
TRANSFERS IN	160	150	(10)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(35,475)</u>	<u>(29,674)</u>	<u>5,801</u>
NET CHANGE IN FUND BALANCES	(17,519)	7,941	25,460
FUND BALANCES, BEGINNING	94,937	94,937	-
FUND BALANCES, ENDING	<u>\$ 77,418</u>	<u>\$ 102,878</u>	<u>\$ 25,460</u>

COUNTY OF SAN BERNARDINO
 CAPITAL IMPROVEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON A BUDGETARY BASIS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ -	\$ 5	\$ 5
AID FROM OTHER GOVERNMENTAL AGENCIES	3,735	3,841	711	(3,130)
OTHER REVENUES	74	212	4,784	4,572
TOTAL REVENUES	<u>3,809</u>	<u>4,053</u>	<u>5,500</u>	<u>1,447</u>
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	(23)	1,477	872	605
CAPITAL OUTLAY	243,777	357,811	94,501	263,310
TOTAL EXPENDITURES	<u>243,754</u>	<u>359,288</u>	<u>95,373</u>	<u>263,915</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(239,945)</u>	<u>(355,235)</u>	<u>(89,873)</u>	<u>265,362</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(12,112)	(70,893)	(2,378)	68,515
TRANSFERS IN	131,062	305,133	181,591	(123,542)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>118,950</u>	<u>234,240</u>	<u>179,213</u>	<u>(55,027)</u>
NET CHANGE IN FUND BALANCES	(120,995)	(120,995)	89,340	210,335
FUND BALANCES, BEGINNING	(397)	(397)	121,024	121,421
FUND BALANCES (DEFICIT), ENDING	<u>\$ (121,392)</u>	<u>\$ (121,392)</u>	<u>\$ 210,364</u>	<u>\$ 331,756</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

	<u>TOTAL</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 66	\$ 110	\$ 44
AID FROM OTHER GOVERNMENTAL AGENCIES	702	-	(702)
CHARGES FOR CURRENT SERVICES	400	1	(399)
OTHER REVENUES	<u>7,081</u>	<u>1</u>	<u>(7,080)</u>
TOTAL REVENUES	<u>8,249</u>	<u>112</u>	<u>(8,137)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	18,809	144	18,665
CAPITAL OUTLAY	<u>25,193</u>	<u>5,487</u>	<u>19,706</u>
TOTAL EXPENDITURES	<u>44,002</u>	<u>5,631</u>	<u>38,371</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(35,753)</u>	<u>(5,519)</u>	<u>30,234</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(1,443)	(16)	1,427
TRANSFERS IN	<u>19,893</u>	<u>12,578</u>	<u>(7,315)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>18,450</u>	<u>12,562</u>	<u>(5,888)</u>
NET CHANGE IN FUND BALANCES	(17,303)	7,043	24,346
FUND BALANCES, BEGINNING	<u>26,678</u>	<u>26,678</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 9,375</u>	<u>\$ 33,721</u>	<u>\$ 24,346</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

	<u>REDEVELOPMENT SUCCESSOR HOUSING</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 53	\$ 82	\$ 29
TOTAL REVENUES	<u>53</u>	<u>82</u>	<u>29</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	18,786	121	18,665
TOTAL EXPENDITURES	<u>18,786</u>	<u>121</u>	<u>18,665</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(18,733)</u>	<u>(39)</u>	<u>18,694</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(473)	-	473
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(473)</u>	<u>-</u>	<u>473</u>
NET CHANGE IN FUND BALANCES	(19,206)	(39)	19,167
FUND BALANCES, BEGINNING	<u>20,051</u>	<u>20,051</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 845</u>	<u>\$ 20,012</u>	<u>\$ 19,167</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

FIRE PROTECTION DISTRICTS

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ (1)	\$ (1)
TOTAL REVENUES	<u>-</u>	<u>(1)</u>	<u>(1)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	<u>8,500</u>	<u>8,500</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>8,500</u>	<u>8,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	8,500	8,499	(1)
FUND BALANCES, BEGINNING	<u>1</u>	<u>1</u>	<u>-</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ 8,501</u>	<u>\$ 8,500</u>	<u>\$ (1)</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

PARK AND RECREATION DISTRICTS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 13	\$ 17	\$ 4
AID FROM OTHER GOVERNMENTAL AGENCIES	702	-	(702)
OTHER REVENUES	1,700	-	(1,700)
TOTAL REVENUES	<u>2,415</u>	<u>17</u>	<u>(2,398)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	23	23	-
CAPITAL OUTLAY	9,221	2,047	7,174
TOTAL EXPENDITURES	<u>9,244</u>	<u>2,070</u>	<u>7,174</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,829)</u>	<u>(2,053)</u>	<u>4,776</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(84)	-	84
TRANSFERS IN	1,800	-	(1,800)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>1,716</u>	<u>-</u>	<u>(1,716)</u>
NET CHANGE IN FUND BALANCES	(5,113)	(2,053)	3,060
FUND BALANCES, BEGINNING	<u>5,128</u>	<u>5,128</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 15</u>	<u>\$ 3,075</u>	<u>\$ 3,060</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2017 (IN THOUSANDS)

	<u>COUNTY SERVICE AREAS</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 12	\$ 12
CHARGES FOR CURRENT SERVICES	400	1	(399)
OTHER REVENUES	5,381	1	(5,380)
TOTAL REVENUES	<u>5,781</u>	<u>14</u>	<u>(5,767)</u>
EXPENDITURES:			
CURRENT:			
CAPITAL OUTLAY	15,972	3,440	12,532
TOTAL EXPENDITURES	<u>15,972</u>	<u>3,440</u>	<u>12,532</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,191)</u>	<u>(3,426)</u>	<u>6,765</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(886)	(16)	870
TRANSFERS IN	9,593	4,078	(5,515)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>8,707</u>	<u>4,062</u>	<u>(4,645)</u>
NET CHANGE IN FUND BALANCES	(1,484)	636	2,120
FUND BALANCES, BEGINNING	1,498	1,498	-
FUND BALANCES, ENDING	<u>\$ 14</u>	<u>\$ 2,134</u>	<u>\$ 2,120</u>



SAN BERNARDINO
COUNTY



STATISTICAL
SECTION

STATISTICAL SECTION

The information in this section is not covered by the Independent Auditors' Report, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess a governments condition.

CONTENTS

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

REVENUE CAPACITY

These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

ECONOMIC AND DEMOGRAPHIC INFORMATION

These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.

OPERATION INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



COUNTY OF SAN BERNARDINO
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (IN THOUSANDS)
(accrual basis of accounting)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	as restated	as restated	as restated			as restated				
GOVERNMENTAL ACTIVITIES										
NET INVESTMENT IN CAPITAL ASSETS	\$1,147,871	\$1,218,294	\$1,318,593	\$1,436,162	\$1,598,182	\$1,670,509	\$1,749,238	\$1,809,961	\$1,843,897	\$1,919,224
RESTRICTED	688,298	794,489	716,035	783,306	714,879	740,232	776,259	947,882	942,150	1,046,820
UNRESTRICTED	222,623	150,272	268,299	230,522	265,813	344,912	519,085	(1,508,357)	(1,147,159)	(1,004,921)
SUBTOTAL GOVERNMENTAL ACTIVITIES NET POSITION	<u>2,058,792</u>	<u>2,163,055</u>	<u>2,302,927</u>	<u>2,449,990</u>	<u>2,578,874</u>	<u>2,755,653</u>	<u>3,044,582</u>	<u>1,249,486</u>	<u>1,638,888</u>	<u>1,961,123</u>
BUSINESS-TYPE ACTIVITIES										
NET INVESTMENT IN CAPITAL ASSETS	(20,021)	35,887	26,837	44,737	57,487	102,982	110,155	180,714	202,941	205,158
RESTRICTED	48,814	37,283	93,399	108,461	67,968	63,781	62,286	73,040	74,990	80,983
UNRESTRICTED	110,023	82,871	34,055	780	31,697	9,209	51,458	(12,512)	39,906	124,939
SUBTOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	<u>138,816</u>	<u>156,041</u>	<u>154,291</u>	<u>153,978</u>	<u>157,152</u>	<u>175,972</u>	<u>223,899</u>	<u>241,242</u>	<u>317,837</u>	<u>411,080</u>
PRIMARY GOVERNMENT										
NET INVESTMENT IN CAPITAL ASSETS	1,127,850	1,254,181	1,345,430	1,480,899	1,655,669	1,773,491	1,859,393	1,990,675	2,046,838	2,124,382
RESTRICTED	737,112	831,772	809,434	891,767	782,847	804,013	838,545	1,020,922	1,017,140	1,127,803
UNRESTRICTED	332,646	233,143	302,354	231,302	297,510	354,121	570,543	(1,520,869)	(1,107,253)	(879,982)
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$2,197,608</u>	<u>\$2,319,096</u>	<u>\$2,457,218</u>	<u>\$2,603,968</u>	<u>\$2,736,026</u>	<u>\$2,931,625</u>	<u>\$3,268,481</u>	<u>\$1,490,728</u>	<u>\$1,956,725</u>	<u>\$2,372,203</u>

Notes:
Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted when
1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

In fiscal year 2010-11 the County implemented GASB 54 to report governmental fund balance as nonspendable, restricted, committed, assigned and unassigned. Fiscal year 2009-10 restricted and unrestricted net position were reclassified according to GASB 54 for comparison purpose.

COUNTY OF SAN BERNARDINO
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (IN THOUSANDS)
(accrual basis of accounting)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	as restated	as restated	as restated			as restated				
Expenses										
<u>Governmental Activities:</u>										
General Government	\$ 179,638	\$ 177,438	\$ 177,506	\$ 165,754	\$ 156,960	\$ 195,447	\$ 178,980	\$ 162,261	\$ 158,981	\$ 169,368
Public Protection	888,798	921,218	897,257	913,522	957,600	985,004	1,007,434	979,458	1,054,075	1,164,533
Public Ways and Facilities	85,271	75,704	73,251	72,482	80,200	80,002	91,744	71,614	81,902	86,017
Health and Sanitation	303,533	336,662	326,590	282,684	291,415	311,856	331,551	325,261	338,910	390,442
Public Assistance	854,721	882,975	935,205	1,007,153	991,174	1,014,443	1,046,447	1,008,353	1,079,575	1,138,660
Education	20,788	21,941	19,693	18,692	16,905	16,469	20,923	16,718	19,424	20,010
Recreation and Cultural Services	24,086	24,697	22,677	23,788	26,701	26,672	25,290	24,103	24,505	24,984
Interest on Long Term Debt	77,444	83,770	65,144	64,994	58,449	53,484	50,189	45,233	42,744	39,447
Total Governmental Activities	<u>2,434,279</u>	<u>2,524,405</u>	<u>2,517,323</u>	<u>2,549,069</u>	<u>2,579,404</u>	<u>2,683,377</u>	<u>2,752,558</u>	<u>2,633,001</u>	<u>2,800,116</u>	<u>3,033,461</u>
<u>Business-type Activities:</u>										
Medical Center	421,531	466,933	441,722	445,874	475,957	487,578	513,609	488,239	507,668	535,515
Waste Systems	83,543	56,389	56,688	95,408	66,571	53,748	61,883	76,160	60,717	62,075
Housing Authority (2)	-	-	-	-	-	-	-	104,759	105,876	114,722
Other	53,305	21,479	-	-	-	-	-	-	-	-
Water, Sewer, and Sanitation (1)	-	-	32,536	14,316	14,679	15,448	15,204	18,154	20,804	16,745
Paramedic and Emergency (1)	-	-	240	546	527	-	-	-	-	-
Others (1)	-	-	341	186	71	87	69	131	67	47
Total Business-type Activities	<u>558,379</u>	<u>544,801</u>	<u>531,527</u>	<u>556,330</u>	<u>557,805</u>	<u>556,861</u>	<u>590,765</u>	<u>687,443</u>	<u>695,132</u>	<u>729,104</u>
Total Primary Government Expenses	<u>\$2,992,658</u>	<u>\$3,069,206</u>	<u>\$3,048,850</u>	<u>\$3,105,399</u>	<u>\$3,137,209</u>	<u>\$3,240,238</u>	<u>\$3,343,323</u>	<u>\$3,320,444</u>	<u>\$3,495,248</u>	<u>\$3,762,565</u>
Program Revenues										
<u>Governmental Activities:</u>										
Charges for Services:										
General Government	\$ 105,052	\$ 110,817	\$ 115,911	\$ 122,048	\$ 152,268	\$ 143,236	\$ 143,368	\$ 138,561	\$ 150,204	\$ 155,023
Public Protection	214,252	249,714	231,718	243,283	220,028	228,319	235,102	246,438	251,153	278,441
Public Ways and Facilities	9,005	7,183	5,518	6,610	7,206	10,751	12,856	9,258	9,047	6,209
Health and Sanitation	42,820	56,732	63,613	20,911	23,298	24,075	23,261	23,999	22,304	23,516
Public Assistance	3,646	2,656	2,720	2,993	1,000	984	2,833	3,441	3,034	2,891
Education	1,100	1,240	1,202	1,075	979	1,027	1,046	1,053	1,011	1,114
Recreation and Cultural Services	8,391	8,882	8,992	8,729	9,070	8,446	8,632	8,715	8,773	8,805
Operating Grants/Contributions:										
General Government	16,687	11,752	8,404	19,262	29,249	7,705	20,832	42,644	7,822	10,117
Public Protection	149,313	140,036	160,938	169,002	190,394	244,678	240,781	227,133	279,206	267,910
Public Ways and Facilities	59,600	48,876	70,501	60,518	61,721	53,063	75,682	62,369	46,838	42,414
Health and Sanitation	300,174	319,212	330,099	303,449	268,409	343,019	372,615	383,128	376,831	442,958
Public Assistance	816,090	826,639	886,533	958,859	951,801	935,079	1,026,267	997,915	1,080,108	1,102,910
Education	1,215	907	998	1,290	457	253	249	247	254	234
Recreation and Cultural Services	1,920	2,652	3,035	3,726	1,117	772	430	481	686	415
Capital Grants/Contributions:										
General Government	-	4,728	-	-	-	-	-	23,766	182	996
Public Protection	20	-	72	-	14	-	-	-	2	-
Public Ways and Facilities	3,052	3,919	4,796	9,221	59,054	17,755	25,971	1,237	250	7,051
Health and Sanitation	-	-	-	1,699	-	-	-	-	-	-
Recreation and Cultural Services	277	20	1,708	75	-	-	-	-	50	-
Subtotal Governmental Activities	<u>1,732,614</u>	<u>1,795,965</u>	<u>1,896,758</u>	<u>1,932,750</u>	<u>1,976,065</u>	<u>2,019,162</u>	<u>2,189,925</u>	<u>2,170,385</u>	<u>2,237,755</u>	<u>2,351,004</u>
<u>Business-type Activities:</u>										
Charges for Services:										
Medical Center	335,749	370,464	380,954	380,357	376,004	365,169	398,628	431,606	448,135	473,065
Waste System	67,898	60,755	56,964	57,281	56,014	58,044	59,784	76,303	76,869	77,671
Housing Authority (2)	-	-	-	-	-	-	-	18,396	16,300	17,354
Other	19,852	14,814	-	-	-	-	-	-	-	-
Water, Sewer, and Sanitation	-	-	12,910	10,696	11,590	11,711	14,696	14,222	13,459	12,778
Paramedic and Emergency	-	-	3,117	3,516	-	-	-	-	-	-
Others (1)	-	-	146	206	118	58	95	89	74	84
Operating Grants & Contributions:										
Medical Center	12,579	8,012	6,968	68,148	46,904	50,132	46,070	120,742	95,250	105,475
Waste System	-	-	-	33	928	1,751	2,661	79	79	78
Housing Authority (2)	-	-	-	-	-	-	-	87,965	91,044	96,883
Other	14	156	-	-	-	-	-	-	-	-
Water, Sewer, and Sanitation (1)	-	-	46	53	147	70	101	584	72	34
Capital Grants & Contributions:										
Medical Center	24,142	19,554	19,045	19,500	18,820	18,901	21,247	16,501	18,855	18,826
Housing Authority (2)	-	-	-	-	-	-	-	541	161	462
Water, Sewer, and Sanitation (1)	-	-	70	-	167	-	-	60	170	28
Subtotal Business-type Activities	<u>460,234</u>	<u>473,755</u>	<u>480,220</u>	<u>539,790</u>	<u>510,692</u>	<u>505,836</u>	<u>543,282</u>	<u>767,088</u>	<u>760,468</u>	<u>802,738</u>
Total Primary Government Program Revenues	<u>\$2,192,848</u>	<u>\$2,269,720</u>	<u>\$2,376,978</u>	<u>\$2,472,540</u>	<u>\$2,486,757</u>	<u>\$2,524,998</u>	<u>\$2,733,207</u>	<u>\$2,937,473</u>	<u>\$2,998,223</u>	<u>\$3,153,742</u>
Net (Expense) / Revenue										
Governmental Activities	\$ (701,665)	\$ (728,440)	\$ (620,565)	\$ (616,319)	\$ (603,339)	\$ (664,215)	\$ (562,633)	\$ (462,616)	\$ (562,361)	\$ (682,457)
Business-type Activities	(98,145)	(71,046)	(51,307)	(16,540)	(47,113)	(51,025)	(47,483)	79,645	65,336	73,634
Total Primary Government Net Expenses	<u>\$ (799,810)</u>	<u>\$ (799,486)</u>	<u>\$ (671,872)</u>	<u>\$ (632,859)</u>	<u>\$ (650,452)</u>	<u>\$ (715,240)</u>	<u>\$ (610,116)</u>	<u>\$ (382,971)</u>	<u>\$ (497,025)</u>	<u>\$ (608,823)</u>

(Continued)

- Notes:**
(1) Starting fiscal year 2009-10 business activities previously reported under Other are reported separately for different identifiable activities, based on the types of goods or services provided.
(2) Housing Authority (HACSB) became a blended component unit effective July 1, 2014.

COUNTY OF SAN BERNARDINO
 CHANGES IN NET POSITION (CONTINUED)
 LAST TEN FISCAL YEARS (IN THOUSANDS)
 (accrual basis of accounting)

	2007-08 as restated	2008-09 as restated	2009-10 as restated	2010-11	2011-12	2012-13 as restated	2013-14	2014-15	2015-16	2016-17
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 538,962	\$ 562,625	\$ 524,857	\$ 491,396	\$ 499,002	\$ 523,190	\$ 553,303	\$ 573,482	\$ 617,923	\$ 664,059
Property Taxes, Levied for Debt Service	15,620	18,528	15,608	14,724	6,324	-	-	-	-	-
Public Safety Tax	147,794	126,083	116,963	121,623	133,581	145,097	156,352	160,337	164,993	174,648
Sales Taxes	26,316	21,992	17,894	19,184	24,555	30,158	29,103	28,437	43,595	28,019
Other Taxes	44,381	21,847	12,810	12,086	10,070	11,791	16,099	18,767	20,743	20,125
Unrestricted Revenues from Use of Money and Property	88,878	74,567	52,445	49,081	39,797	46,383	43,603	44,616	42,739	48,663
Miscellaneous	67,409	67,055	52,154	57,878	61,989	71,998	74,416	74,480	69,822	70,077
Gains on Sale of Capital Assets	2,055	1,655	2,968	3,739	1,708	4,998	5,565	3,335	11,676	3,781
Extraordinary Item- RDA Dissolution	-	-	-	-	(3,841)	63,969	10,415	-	-	-
Transfers	(49,414)	(61,649)	(35,262)	(6,329)	(40,962)	(50,720)	(37,294)	(12,428)	(19,728)	(4,680)
Subtotal Governmental Activities	882,001	832,703	760,437	763,382	732,223	846,864	851,562	891,026	951,763	1,004,692
Business-type Activities:										
Property Taxes, Levied for General Purposes	5,972	4,500	3,641	2,360	2,674	2,627	2,786	2,850	2,981	3,105
Unrestricted Revenues from Use of Money and Property	16,630	10,182	8,803	3,381	4,753	1,674	2,210	2,569	3,155	1,263
Miscellaneous	14,101	13,519	1,840	4,155	1,898	19,264	53,070	13,361	4,536	10,132
Gains on Sale of Capital Assets	-	56	11	2	-	-	50	774	671	329
Special Item - Gain on Sale of Surplus Land	-	-	-	-	-	-	-	-	-	-
Special Item - Eminent Domain Settlement	-	-	-	-	-	-	-	-	-	-
Special Item - Litigation Settlement	(775)	(1,635)	-	-	-	-	-	-	-	-
Extraordinary Item - RDA Dissolution	-	-	-	-	-	221	-	-	-	-
Transfers	49,414	61,649	35,262	6,329	40,962	50,720	37,294	12,428	19,628	4,780
Subtotal Business-type Activities	85,342	88,271	49,557	16,227	50,287	74,506	95,410	31,982	30,971	19,609
Total Primary Government	\$ 967,343	\$ 920,974	\$ 809,994	\$ 779,609	\$ 782,510	\$ 921,370	\$ 946,972	\$ 923,008	\$ 982,734	\$ 1,024,301
Changes in Net Position										
Governmental Activities	\$ 180,336	\$ 104,263	\$ 139,872	\$ 147,063	\$ 128,884	\$ 182,649	\$ 288,929	\$ 428,410	\$ 389,402	\$ 322,235
Business-type Activities	(12,803)	17,225	(1,750)	(313)	3,174	23,481	47,927	111,627	96,307	93,243
Total Primary Government	\$ 167,533	\$ 121,488	\$ 138,122	\$ 146,750	\$ 132,058	\$ 206,130	\$ 336,856	\$ 540,037	\$ 485,709	\$ 415,478

COUNTY OF SAN BERNARDINO
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (IN THOUSANDS)
(modified accrual basis accounting)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	as restated	as restated								
General Fund										
Reserved for:										
Encumbrances	\$ 23,355	\$ 18,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid Items	2,310	4,145	-	-	-	-	-	-	-	-
Noncurrent Interfund Receivables	18,511	18,461	-	-	-	-	-	-	-	-
Inventories	424	350	-	-	-	-	-	-	-	-
Loans Receivable	42,532	54,396	-	-	-	-	-	-	-	-
Teeter	15,942	22,904	-	-	-	-	-	-	-	-
Unreserved:										
Designated	228,753	183,227	-	-	-	-	-	-	-	-
Undesignated	213,857	183,971	-	-	-	-	-	-	-	-
Nonspendable	-	-	73,667	75,191	72,307	56,256	64,204	55,918	49,048	43,943
Restricted	-	-	156,619	196,178	240,833	238,552	309,067	352,444	397,574	435,337
Committed	-	-	146,600	76,999	99,991	106,635	175,620	187,123	306,216	295,051
Assigned	-	-	-	-	14,200	11,975	28,680	11,809	8,862	4,391
Unassigned	-	-	133,718	149,981	122,523	302,616	239,221	322,130	294,958	271,914
Subtotal General Fund	<u>545,684</u>	<u>486,257</u>	<u>510,604</u>	<u>498,349</u>	<u>549,854</u>	<u>716,034</u>	<u>816,792</u>	<u>929,424</u>	<u>1,056,658</u>	<u>1,050,636</u>
Capital Improvement Fund (1)										
Reserved for:										
Encumbrances	-	16,517	-	-	-	-	-	-	-	-
Unreserved:										
Undesignated, Reported in:										
Capital Projects Fund	-	133,778	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	16,837	-	-	1,495	6,774	29,875	35,760	42,891
Committed	-	-	-	27,820	22,879	22,879	-	-	-	-
Assigned	-	-	81,477	77,922	109,701	69,685	132,193	82,415	99,575	198,281
Unassigned	-	-	-	-	-	-	-	-	-	-
Subtotal Capital Improvement Fund	<u>-</u>	<u>150,295</u>	<u>98,314</u>	<u>105,742</u>	<u>132,580</u>	<u>94,059</u>	<u>138,967</u>	<u>112,290</u>	<u>135,335</u>	<u>241,172</u>
All Other Governmental Funds										
Reserved for:										
Encumbrances	61,612	40,964	-	-	-	-	-	-	-	-
Prepaid Items	100	140	-	-	-	-	-	-	-	-
Noncurrent Interfund Receivables	400	-	-	-	-	-	-	-	-	-
Land Held for Resale	14,657	16,984	-	-	-	-	-	-	-	-
Inventories	131	126	-	-	-	-	-	-	-	-
Loans Receivable	-	1,470	-	-	-	-	-	-	-	-
Debt Service	33,323	41,985	-	-	-	-	-	-	-	-
Endowments	-	1,594	-	-	-	-	-	-	-	-
Unreserved:										
Designated	-	11,990	-	-	-	-	-	-	-	-
Undesignated, Reported in:										
Special Revenue Funds	326,216	335,589	-	-	-	-	-	-	-	-
Capital Projects Funds	105,197	51,848	-	-	-	-	-	-	-	-
Permanent Funds	631	561	-	-	-	-	-	-	-	-
Nonspendable (2)	-	-	3,793	3,302	1,833	2,383	2,938	1,958	1,902	2,122
Restricted (2)	-	-	540,378	585,435	472,342	525,080	513,859	629,918	649,637	704,127
Committed (2)	-	-	-	-	-	-	-	-	-	-
Assigned (2)	-	-	15,807	16,553	30,582	50,146	52,623	48,255	43,386	46,658
Subtotal All Other Governmental Funds	<u>542,267</u>	<u>503,251</u>	<u>559,978</u>	<u>605,290</u>	<u>504,757</u>	<u>577,609</u>	<u>569,420</u>	<u>680,131</u>	<u>694,925</u>	<u>752,907</u>
Total Governmental Fund Balance	<u>\$ 1,087,951</u>	<u>\$ 1,139,803</u>	<u>\$ 1,168,896</u>	<u>\$ 1,209,381</u>	<u>\$ 1,187,191</u>	<u>\$ 1,387,702</u>	<u>\$ 1,525,179</u>	<u>\$1,721,845</u>	<u>\$1,886,918</u>	<u>\$2,044,715</u>

Notes:

- (1) Capital Improvement Fund became a major fund during fiscal year 2008-09.
- (2) In fiscal year 2010-11 the County implemented GASB 54 to report governmental fund balance as nonspendable, restricted, committed, assigned and unassigned. Fiscal year 2009-10 fund balances were reclassified according to GASB 54 for comparison purpose.

COUNTY OF SAN BERNARDINO
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS (IN THOUSANDS)
 (modified accrual basis accounting)

	2007-08 as restated	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Revenues (by Source)										
Taxes	\$ 778,973	\$ 753,320	\$ 684,669	\$ 664,377	\$ 676,218	\$ 713,528	\$ 749,232	\$ 788,712	\$ 849,399	\$ 891,168
Licenses, Permits, and Franchises	16,641	24,779	16,959	19,208	22,282	22,635	24,919	25,587	25,159	26,731
Fines, Forfeitures, and Penalties	23,051	22,373	23,877	17,810	17,970	16,743	14,865	15,704	11,996	14,326
Rev from Use of Money and Property	82,791	69,902	51,635	45,762	33,644	47,841	41,658	42,129	47,632	44,417
Aid from Other Governments	1,464,970	1,358,743	1,464,999	1,525,476	1,560,692	1,600,825	1,705,488	1,755,929	1,787,474	1,871,165
Charges for Current Services	336,310	385,423	385,102	365,721	369,715	373,821	382,716	388,092	403,193	434,218
Other Revenues	123,781	66,665	58,864	57,023	61,862	70,078	67,629	61,155	61,320	62,571
Total Revenues	\$ 2,826,517	\$ 2,681,205	\$ 2,686,105	\$ 2,695,377	\$ 2,742,383	\$ 2,845,471	\$ 2,986,507	\$ 3,077,308	\$ 3,186,173	\$ 3,344,596
Expenditures (by Function)										
General Government	\$ 187,146	\$ 161,448	\$ 164,880	\$ 153,991	\$ 145,634	\$ 172,922	\$ 160,755	\$ 145,589	\$ 149,160	\$ 151,379
Public Protection	919,110	892,497	876,602	883,637	905,548	927,819	957,832	990,078	1,052,371	1,121,754
Public Ways and Facilities	67,169	61,814	66,084	83,923	75,144	77,609	103,267	75,559	62,292	72,848
Health and Sanitation	331,793	334,305	324,942	278,157	284,652	303,006	331,830	343,769	352,781	392,447
Public Assistance	945,016	877,345	930,093	994,193	966,485	985,940	1,037,741	1,068,461	1,130,864	1,148,941
Education	19,247	20,983	18,858	17,827	15,824	15,304	17,295	16,967	18,240	19,388
Recreation and Cultural Services	19,836	20,726	18,697	19,091	21,082	20,941	20,466	20,753	19,720	20,475
Debt Service										
Principal	25,098	49,041	61,637	105,309	124,338	76,938	83,495	91,977	111,752	102,499
Interest	11,509	58,313	40,973	38,614	33,504	25,861	24,156	22,034	20,443	17,247
Bond Issuance Costs	-	-	-	525	135	-	-	-	187	-
Capital Outlay	110,040	95,185	116,427	113,428	116,050	120,294	94,354	132,041	120,909	140,905
Total Expenditures	\$ 2,635,964	\$ 2,571,657	\$ 2,619,193	\$ 2,688,695	\$ 2,688,396	\$ 2,726,634	\$ 2,831,191	\$ 2,907,228	\$ 3,038,719	\$ 3,187,883
Excess (Deficiency) of Revenues Over (Under) Expenditures	190,553	109,548	66,912	6,682	53,987	118,837	155,316	170,080	147,454	156,713
Other Financing Sources (Uses)										
Transfer to Other Funds	(285,876)	(444,888)	(316,758)	(276,144)	(319,341)	(274,470)	(263,941)	(249,063)	(302,893)	(395,117)
Transfer from Other Funds	246,897	382,918	275,554	269,759	279,257	287,177	227,341	238,802	301,385	391,807
Refunding Bonds Issued	-	-	-	-	51,585	-	-	-	27,870	-
Premium on Refunding Bonds	-	-	-	-	-	-	-	-	-	-
Payment To Refunded Bond Escrow Agent	-	-	-	-	-	-	-	-	(27,870)	-
Long-Term Debt Issued	-	-	-	36,300	-	-	-	-	-	-
Discount on Debt	-	-	-	(1,141)	-	-	-	-	-	-
Inception Of Capital Leases Obligations	1,446	2,619	418	1,290	-	-	-	-	-	-
Insurance Recoveries	-	-	-	-	-	-	-	14,000	3,916	-
Sale of Capital Assets	2,968	1,655	2,968	3,739	1,708	4,998	8,346	3,148	15,211	4,394
Total Other Financing Sources and (Uses)	\$ (34,565)	\$ (57,696)	\$ (37,818)	\$ 33,803	\$ 13,209	\$ 17,705	\$ (28,254)	\$ 6,887	\$ 17,619	\$ 1,084
Extraordinary Item	-	-	-	-	(89,386)	63,969	10,415	-	-	-
Net Change in Fund Balance	\$ 155,988	\$ 51,852	\$ 29,094	\$ 40,485	\$ (22,190)	\$ 200,511	\$ 137,477	\$ 176,967	\$ 165,073	\$ 157,797
Debt Service as a Percentage of Noncapital Expenditures:	1.45%	4.33%	4.10%	5.69%	6.17%	3.94%	3.99%	4.11%	4.53%	3.93%

Notes:

- Starting as of fiscal year 2010-11, noncapital expenditures used in calculating the debt service ratio equal total governmental fund expenditures less:
 a- The amount reported separately in the changes in fund balances schedule as capital expenditures (to extent capitalized for the government-wide statement of net position), and
 b- Any expenditures for capitalized assets contained within the functional expenditure categories.

**COUNTY OF SAN BERNARDINO
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS (IN THOUSANDS)**

FISCAL YEAR	(1) SECURED	(2) UNSECURED	(3) UNITARY	(4) EXEMPT	TOTAL ASSESSED	TOTAL TAX RATE
2007-2008	\$ 165,009,379	\$ 8,910,772	\$ 3,779,487	\$ (1,803,535)	\$ 175,896,103	1.00%
2008-2009	172,978,860	9,766,061	4,156,938	(1,831,986)	185,069,873	1.00%
2009-2010	160,789,645	10,313,477	4,087,163	(1,842,083)	173,348,202	1.00%
2010-2011	153,693,818	10,073,682	4,346,267	(1,859,053)	166,254,714	1.00%
2011-2012	152,756,444	9,533,571	5,034,449	(1,842,311)	165,482,153	1.00%
2012-2013	153,740,135	9,765,041	5,062,258	(1,806,750)	166,760,684	1.00%
2013-2014	158,228,018	10,042,150	5,426,075	(1,770,329)	171,925,914	1.00%
2014-2015	168,228,346	10,389,487	5,625,640	(1,734,191)	182,509,282	1.00%
2015-2016	176,866,857	10,805,367	6,132,273	(1,704,541)	192,099,956	1.00%
2016-2017	185,232,143	10,295,276	6,615,389	(1,782,634)	200,360,174	1.00%

Notes:

Due to the 1978 passage of the property tax initiative Proposition 13 (Prop 13) the County does not track the estimated actual value of all County properties. Under Prop 13 property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date purchase. Additionally, Prop 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.

- (1) Secured property is generally real property, defined as land, mines, minerals, timber and improvements such as buildings, structures, crops, trees and vines.
- (2) Unsecured property is generally personal property including machinery, equipment, office tools and supplies.
- (3) Unitary properties are railroads and utilities crossing the county and are assessed by the State Board of Equalization.
- (4) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.

Source:

Auditor-Controller/Treasurer/Tax Collector, County of San Bernardino

COUNTY OF SAN BERNARDINO
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - TAX RATE AREA 7000 (1)
(\$1 PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>SAN BERNARDINO COUNTY GENERAL</u>	<u>SCHOOLS</u>	<u>SAN BERNARDINO MUNICIPAL WATER</u>	<u>TOTAL</u>
2007-08	1.0000	0.0788	0.1650	1.2438
2008-09	1.0000	0.1071	0.1650	1.2721
2009-10	1.0000	0.1027	0.1650	1.2677
2010-11	1.0000	0.1351	0.1650	1.3001
2011-12 (2)	1.0000	0.1351	0.1650	1.3001
2012-13	1.0000	0.1457	0.1625	1.3082
2013-14	1.0000	0.1769	0.1625	1.3394
2014-15	1.0000	0.1474	0.1625	1.3099
2015-16	1.0000	0.1585	0.1625	1.3210
2016-17	1.0000	0.1145	0.1625	1.2770

Notes:

- (1) The tax rate for Tax Rate Area 7000, which applies to most of the property within the City of San Bernardino, is used to illustrate the breakdown of a tax rate within the County.
- (2) FY 2011-12 rates for Schools and San Bernardino Municipal Water were restated due to a recording error.

Source:

Auditor-Controller/Treasurer/Tax Collector, County of San Bernardino.

COUNTY OF SAN BERNARDINO
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO

TAXPAYERS	TYPE OF BUSINESS	FISCAL YEAR 2017		FISCAL YEAR 2008	
		TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE
SOUTHERN CALIFORNIA EDISON CO	UTILITY	\$ 4,240,359,561	2.12%	\$ 1,363,570,017	0.78%
PROLOGIS	LOGISTICS/REAL ESTATE	1,532,782,178	0.77%	680,262,101	0.39%
MAJESTIC REALTY CO	REAL ESTATE	627,319,652	0.31%	472,168,174	0.27%
TEACHERS INSURANCE & ANNUITY ASSN	FINANCIAL SERVICES	545,231,306	0.27%	111,374,238	0.06%
SOUTHERN CALIFORNIA GAS COMPANY	UTILITY	520,327,619	0.26%	254,753,740	0.14%
VERIZON CALIFORNIA, INC.	COMMUNICATIONS	471,984,088	0.24%	585,412,908	0.33%
WATSON LAND COMPANY	REAL ESTATE	466,939,637	0.23%	73,160,785	0.04%
TARGET CORPORATION & DAYTON HUDSON CORP	RETAIL	466,670,760	0.23%	325,636,915	0.19%
CALIFORNIA STEEL INDUSTRIES INC	MANUFACTURING	446,006,205	0.22%	388,255,627	0.22%
CATELLUS DEVELOPMENT CORPORATION	REAL ESTATE	432,367,932	0.22%	307,572,449	0.17%
TOTAL		<u>\$ 9,749,988,938</u>	<u>4.87%</u>	<u>\$ 4,562,166,954</u>	<u>2.59%</u>

Source:
 Auditor-Controller/Treasurer/Tax Collector, County of San Bernardino

**COUNTY OF SAN BERNARDINO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (IN THOUSANDS)**

FISCAL YEAR	(2) COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY			TOTAL COLLECTIONS TO DATE			
	(1) TAXES LEVIED	AMOUNT	PERCENTAGE OF LEVY	COLLECTIONS IN SUBSEQUENT YEARS	AMOUNT	PERCENTAGE OF LEVY	
2017	\$ 2,598,465	\$ 2,555,888	98.36%		\$ 2,555,888	98.36%	
2016 (3)	2,473,896	2,413,149	97.54%	63,660	2,476,809	100.12%	
2015 (3)	2,337,923	2,277,885	97.43%	60,440	2,338,325	100.02%	
2014	2,222,023	2,151,777	96.84%	63,180	2,214,957	99.68%	
2013	2,146,261	2,038,622	94.98%	65,476	2,104,098	98.04%	
2012	2,132,085	1,954,521	91.67%	73,210	2,027,731	95.11%	
2011	2,134,012	2,029,684	95.11%	76,553	2,106,237	98.70%	
2010	2,189,390	2,070,936	94.58%	91,131	2,162,067	98.75%	
2009	2,320,100	2,167,576	93.43%	123,019	2,290,595	98.73%	
2008	2,187,535	2,025,529	92.50%	141,715	2,167,244	99.07%	

Notes:

- (1) Secured and Unitary tax levy for the County itself, school districts, cities and special districts under the supervision of their own governing boards.
- (2) Included are amounts collected by the County on behalf of itself, school districts, cities and special districts under the supervision of their own governing boards.
- (3) Total collections to date exceed taxes levied due to subsequent levied amounts that apply to the previous fiscal year.

Source:

Auditor-Controller/Treasurer/Tax Collector, County of San Bernardino

COUNTY OF SAN BERNARDINO
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS (IN THOUSANDS, EXCEPT PER CAPITA)
JUNE 30, 2017

FISCAL YEAR	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF PERSONAL INCOME (1)	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY (2)	PER CAPITA (1)
	GENERAL BONDED DEBT	LESS: AMOUNTS RESTRICTED FOR DEBT SERVICE	TOTAL			
2007-08	1,092,710	(32,746)	1,059,964	1.90%	0.60%	515.80
2008-09	1,087,894	(34,825)	1,053,069	1.87%	0.57%	510.95
2009-10	1,068,643	(50,548)	1,018,095	1.62%	0.59%	500.29
2010-11	1,079,393	(52,063)	1,027,330	1.69%	0.62%	500.65
2011-12	1,009,684	(41,443)	968,241	1.58%	0.59%	469.11
2012-13 (3)	967,552	(34,179)	933,373	1.50%	0.56%	449.60
2013-14	917,961	(32,624)	885,337	1.32%	0.51%	424.42
2014-15	860,067	(32,286)	827,781	1.20%	0.45%	393.25
2015-16 (4)	781,907	(27,847)	754,060	1.07%	0.39%	352.36
2016-17	708,004	(28,382)	679,622	0.89%	0.34%	314.64

Notes:

- (1) See the "Demographic and Economic Statistics" table for the personal income and the population figures.
- (2) See the "Assessed Value and Actual Value of Taxable Property" table for total taxable assessed value. Assessed value does not include tax exempt property.
- (3) FY 2012-13 Amounts Restricted for Debt Service was restated due to a calculation error.
- (4) As of FY 2015-16 Deferred Inflows of Resources and Deferred Outflows of Resources are excluded from the General Bonded Debt.

Source:

Auditor-Controller/Treasurer/Tax Collector, County of San Bernardino

COUNTY OF SAN BERNARDINO
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
AS OF JUNE 30, 2017

2016-17 ASSESSED VALUATION: \$ 200,360,174,000 (includes unitary utility valuation)

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>PERCENT APPLICABLE</u>	<u>DEBT 06/30/17</u>
METROPOLITAN WATER DISTRICT	3.792 %	\$ 2,840,398
CHAFFEY COMMUNITY COLLEGE DISTRICT	100.000	144,865,000
SAN BERNARDINO VALLEY JOINT COMMUNITY COLLEGE DISTRICT	98.796	448,419,948
OTHER COMMUNITY COLLEGE DISTRICTS	VARIOUS	159,247,866
APPLE VALLEY UNIFIED SCHOOL DISTRICT	100.000	26,258,758
CHINO VALLEY UNIFIED SCHOOL DISTRICT	100.000	337,122,546
COLTON JOINT UNIFIED SCHOOL DISTRICT	98.729	196,243,463
FONTANA UNIFIED SCHOOL DISTRICT	100.000	198,269,059
REDLANDS UNIFIED SCHOOL DISTRICT	100.000	88,578,191
RIALTO UNIFIED SCHOOL DISTRICT	100.000	94,854,319
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT	100.000	204,495,411
UPLAND UNIFIED SCHOOL DISTRICT	100.000	93,530,345
OTHER UNIFIED SCHOOL DISTRICTS	VARIOUS	99,537,281
UNION HIGH SCHOOL DISTRICTS	100.000	527,060,878
ELEMENTARY SCHOOL DISTRICTS	100.000	270,999,653
COUNTY SERVICE AREAS	100.000	105,000
MOJAVE WATER AGENCY	100.000	9,085,000
MOJAVE WATER AGENCY, I.D. M	100.000	15,025,000
COUNTY WATER DISTRICTS	100.000	179,000
ETIWANDA SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS	100.000	88,285,000
CITY OF CHINO COMMUNITY FACILITIES DISTRICTS	100.000	133,135,000
CITY OF CHINO HILLS COMMUNITY FACILITIES DISTRICTS	100.000	41,905,000
CITY OF FONTANA COMMUNITY FACILITIES DISTRICTS	100.000	88,380,000
CITY OF RANCHO CUCAMONGA COMMUNITY FACILITIES DISTRICTS	100.000	72,049,000
CITY OF UPLAND COMMUNITY FACILITIES DISTRICTS	100.000	38,705,000
OTHER COMMUNITY FACILITIES DISTRICTS	100.000	289,401,000
CITY, COUNTY AND SPECIAL DISTRICT 1915 ACT BONDS (Estimate)	100.000	13,232,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 3,681,809,116</u>

RATIO TO 2016-17 ASSESSED VALUATION:

TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT.....1.84%

COUNTY OF SAN BERNARDINO
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (CONTINUED)
 AS OF JUNE 30, 2017

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:	PERCENT APPLICABLE	DEBT 6/30/17
SAN BERNARDINO COUNTY GENERAL OBLIGATIONS	100.00 %	\$ 31,694,000 (2)
SAN BERNARDINO COUNTY PENSION OBLIGATIONS	100.00	645,720,000
SAN BERNARDINO COUNTY FLOOD DISTRICT GENERAL FUND OBLIGATIONS	100.00	73,680,000
COMMUNITY COLLEGE DISTRICT CERTIFICATES OF PARTICIPATION	Various	14,828,362
CHINO VALLEY UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.00	12,325,000
FONTANA UNIFIED SCHOOL DISTRICT	100.00	34,200,000
HESPERIA UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.00	122,405,000
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.00	47,750,000
SNOWLINE JOINT UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.00	65,010,000
OTHER UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	Various	36,870,677
UNION HIGH SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.00	25,865,000
CUCAMONGA SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.00	7,060,000
ORO GRANDE SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.00	38,900,000
OTHER SCHOOL DISTRICT GENERAL FUND OBLIGATIONS	100.00	14,085,000
CITY OF COLTON GENERAL FUND OBLIGATIONS AND PENSION OBLIGATION BONDS	100.00	10,180,000
CITY OF FONTANA CERTIFICATES OF PARTICIPATION	100.00	40,740,000
CITY OF HESPERIA GENERAL FUND OBLIGATIONS	100.00	36,310,000
CITY OF MONTCLAIR GENERAL FUND OBLIGATIONS	100.00	43,500,000
CITY OF ONTARIO GENERAL FUND OBLIGATIONS	100.00	67,590,000
CITY OF SAN BERNARDINO GENERAL FUND OBLIGATIONS	100.00	55,656,201
SAN BERNARDINO MOUNTAINS COMMUNITY HOSPITAL DISTRICT CERTIFICATES OF PARTICIPATION	100.00	48,204,564
OTHER CITY GENERAL FUND OBLIGATIONS	100.00	3,515,000
WATER DISTRICT CERTIFICATES OF PARTICIPATION	100.00	3,440,000
WEST VALLEY VECTOR CONTROL DISTRICT CERTIFICATES OF PARTICIPATION	100.00	2,950,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 1,482,478,804</u>
TOTAL DIRECT DEBT		\$ 751,094,000
TOTAL OVERLAPPING DEBT (1)		\$ 4,413,193,920
COMBINED DEBT		\$ 5,164,287,920 (3)

RATIOS TO 2016-17 ASSESSED VALUATION

TOTAL DIRECT DEBT (\$751,094,000)	0.37%
COMBINED TOTAL DEBT	2.58%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/17: \$ -

Notes:

- (1) The method used to calculate the overlapping debt is based on the percentage of the overlapping agency's assessed valuation located within boundaries of the county.
- (2) Includes Revenue bonds (Courthouse Project Bonds), and certain notes and loans related to the County's governmental activities (Fire Protection District Installment Loan, and West Valley Detention Center Refinancing Notes. (Note 11, Page 91).
- (3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Source:

California Municipal Statistics.

COUNTY OF SAN BERNARDINO
 COMPUTATION OF LEGAL DEBT MARGIN
 LAST TEN FISCAL YEARS (IN THOUSANDS)

FISCAL YEAR	(1) ASSESSED VALUE	(2) LEGAL DEBT LIMIT	(3) BONDED DEBT	(4) LEGAL DEBT MARGIN	RATIO OF BONDED DEBT TO DEBT LIMIT
2007-08	\$ 175,896,103	\$ 2,198,701	\$ 1,695	\$ 2,197,006	0.08%
2008-09	185,069,873	2,313,373	1,570	2,311,803	0.07%
2009-10	173,348,202	2,166,853	1,440	2,165,413	0.07%
2010-11	166,254,714	2,078,184	1,300	2,076,884	0.06%
2011-12	165,482,153	2,068,527	1,155	2,067,372	0.06%
2012-13	166,760,684	2,084,509	1,005	2,083,504	0.05%
2013-14	171,925,914	2,149,074	845	2,148,229	0.04%
2014-15	182,509,282	2,281,366	685	2,280,681	0.03%
2015-16	192,099,956	2,401,249	515	2,400,734	0.02%
2016-17	200,360,174	2,504,502	335	2,504,167	0.01%

Notes:

- (1) Assessed Value does not include tax exempt property. Property value data can be found in the "Assessed Value and Actual Value of Property" schedule.
- (2) The legal debt limit is 1.25% of assessed value.
- (3) Bonded debt subject to limitation; amount includes only general obligation bonds.
- (4) The legal debt margin is the County's available borrowing authority under state finance statutes and is calculated by subtracting the debt applicable to the legal debt limit.

Source:

Auditor-Controller/Treasurer/Tax Collector, County of San Bernardino

COUNTY OF SAN BERNARDINO
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (IN THOUSANDS, EXCEPT PER CAPITA)
JUNE 30, 2017

FISCAL YEAR	GOVERNMENTAL ACTIVITIES					BUSINESS-TYPE ACTIVITIES					TOTAL OUTSTANDING DEBT	PERCENTAGE OF ASSESSED VALUE (1)	PERCENTAGE OF PERSONAL INCOME (2)	PER CAPITA (2)
	CERTIFICATES OF PARTICIPATION	REVENUE BONDS	BONDS AND NOTES	CAPITAL LEASE OBLIGATION	OTHER LONG-TERM LIABILITIES	CERTIFICATES OF PARTICIPATION	GENERAL OBLIGATION BONDS	NOTES	CAPITAL LEASE OBLIGATION					
2007-08	\$ 172,024	\$ 451,137	\$ 639,878	\$ 1,627	\$ 8,554	\$ 563,741	\$ 1,695	\$ 2,971	\$ 2,751	\$ 1,844,378	1.05%	3.31%	\$ 898	
2008-09	155,801	448,874	637,450	3,231	5,230	530,325	1,570	2,823	1,359	1,786,663	0.97%	3.20%	869	
2009-10	140,708	441,447	625,756	2,591	4,549	537,969	1,440	1,872	530	1,756,862	1.01%	2.80%	847	
2010-11	91,343	431,526	646,567	2,696	4,000	516,672	1,300	1,811	1,449	1,697,364	1.02%	2.79%	827	
2011-12	28,120	418,810	589,719	1,615	4,000	494,830	1,155	1,748	4,709	1,544,706	0.93%	2.53%	748	
2012-13	23,047	401,404	565,143	743	4,000	433,822	1,005	1,691	6,091	1,436,946	0.86%	2.31%	692	
2013-14	18,006	380,119	541,030	314	3,000	443,979	845	1,633	8,434	1,397,360	0.81%	2.09%	670	
2014-15	12,299	353,978	508,815	-	-	423,980	685	38,605	5,292	1,343,654	0.74%	1.95%	638	
2015-16	6,205	323,169	458,223	-	-	402,936	515	35,131	4,192	1,230,371	0.64%	1.75%	575	
2016-17	-	289,805	417,864	-	-	380,782	335	32,338	3,962	1,125,086	0.56%	1.47%	521	

Notes:

- (1) See the "Assessed Value and Actual Value of Taxable Property" table for total taxable assessed value. Assessed value does not include tax exempt property.
- (2) See the "Demographic and Economic Statistics" table for the personal income and the population figures.

Source:

Auditor-Controller/Treasurer/Tax Collector, County of San Bernardino

COUNTY OF SAN BERNARDINO
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS (IN THOUSANDS)
 JUNE 30, 2017

GEOGRAPHICAL LOCATION: The County of San Bernardino is located in the southern portion of California and is bordered on the east by the State of Arizona and the State of Nevada, on the north by Inyo County, on the west by Kern and Los Angeles Counties, and on the south by Orange and Riverside Counties.

ELEVATION: Highest elevation, Mt. San Gorgonio 11,502 feet.

AREA OF COUNTY: Approximately 20,160 square miles (Largest area in the contiguous United States).

COUNTY SEAT: San Bernardino, California

FORM OF GOVERNMENT: Chartered County, governed by five-member Board of Supervisors

DATE CHARTER ADOPTED: April 7, 1913

REGISTERED VOTERS: 896,309 (Not Rounded) as of June 30, 2017

CALENDAR YEAR	(1), (2) POPULATION	(2) PERSONAL INCOME	(2), (6) PER CAPITA PERSONAL INCOME	(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT RATE
2008	2,055 (5)	\$ 55,752,000	\$ 27.13	428	8.50%
2009	2,061 (5)	56,203,000	27.27	420	13.90%
2010	2,035 (5)	62,790,000	30.86	416	14.80%
2011	2,052 (6)	60,739,000	29.60	417	12.90%
2012	2,064 (6)	61,094,000	29.60	414	12.60%
2013	2,076 (6)	62,259,000	29.99	412	10.30%
2014	2,086 (6)	66,902,000	32.07	412	8.40%
2015	2,105 (6)	68,939,000	32.75	411	6.90%
2016	2,140 (6)	70,385,000	32.89	409	6.70%
2017	2,160 (6)	76,529,000	35.43	407	5.90%

ESTIMATED POPULATION OF THE COUNTY OF SAN BERNARDINO AS OF JANUARY 1, 2017 (whole numbers):

INCORPORATED CITIES

Adelanto	34,273	Montclair	39,122
Apple Valley	74,701	Needles	5,044
Barstow	24,248	Ontario	174,283
Big Bear Lake	5,047	Rancho Cucamonga	177,324
Chino	88,026	Redlands	69,851
Chino Hills	80,676	Rialto	106,528
Colton	53,879	San Bernardino	216,972
Fontana	212,786	Twentynine Palms	26,919
Grand Terrace	12,435	Upland	76,790
Hesperia	94,133	Victorville	123,565
Highland	54,377	Yucaipa	54,324
Loma Linda	24,528	Yucca Valley	21,519
		Total	1,851,350
		Unincorporated Areas:	308,906
		Total Population	2,160,256

Sources:

- (1) California Department of Finance.
- (2) Bureau of Economic Analysis U.S. Department of Commerce
- (3) Superintendent of Schools
- (4) California Employment Development Department
- (5) 2008 and 2009 data were estimates while 2010 data was from the 2010 Census
- (6) County of San Bernardino 2017-18 Adopted Budget

**COUNTY OF SAN BERNARDINO
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2016-2017 (3)			Employer	2007-2008		
	Employees (1)	Rank	Percentage of Total Employment		Employees (1)	Rank	Percentage of Total Employment
County of San Bernardino	>10,000	1	1.38%	County of San Bernardino (2)	19,021	1	2.12%
State of California	>10,000	2	1.38%	Loma Linda University Adventist Health Sciences Center	13,891	2	1.55%
Loma Linda University	>10,000	3	1.38%	Stater Brothers	8,021	3	0.89%
Southern California Permanante Medical Group	5,000 - 9,999	4	0.69% - 1.38%	San Bernardino City Unified School District	5,830	4	0.65%
Wal-Mart Associates	5,000 - 9,999	5	0.69% - 1.38%	Ontario International Airport	5,000	5	0.56%
Amazon	5,000 - 9,999	6	0.69% - 1.38%	Kaiser Permanente	4,200	6	0.47%
San Bernardino City Unified School District	5,000 - 9,999	7	0.69% - 1.38%	Fontana Unified School District	3,953	7	0.44%
Stater Brothers	5,000 - 9,999	8	0.69% - 1.38%	San Manuel Band of Mission Indians	3,261	8	0.36%
Target	2,500 - 4,999	9	0.34% - 0.69%	California State University San Bernardino	3,126	9	0.35%
United Parcel Service	2,500 - 4,999	10	0.34% - 0.69%	Chino Valley Unified School District	3,050	10	0.34%
				Total	<u>69,353</u>		<u>7.73%</u>

Notes:

- (1) Data represents estimated number of employees.
- (2) San Bernardino County payroll records as of June 30, 2008.
- (3) Due to the confidentiality of reporting number of employees, ranges have been provided.

Sources:

The Book of Lists 2008
County of San Bernardino, Economic Development Agency

COUNTY OF SAN BERNARDINO
COUNTY EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General	1,790	1,728	1,612	1,550	1,432	1,332	1,417	1,456	1,491	1,496
Public Protection	7,672	6,679	6,501	6,175	6,147	6,186	6,355	6,362	6,526	6,825
Public Ways & Facilities	501	522	486	450	433	429	412	411	407	418
Health and Sanitation	4,339	4,285	4,086	3,919	4,163	4,302	4,407	4,431	4,594	4,686
Public Assistance	4,214	4,163	4,744	4,920	4,898	4,946	5,051	5,132	5,249	5,190
Education	261	246	229	191	149	155	144	130	150	152
Recreation & Cultural	386	347	337	317	317	292	270	261	216	211
Total	19,163	17,970	17,995	17,522	17,539	17,642	18,056	18,183	18,633	18,978

Notes:

A full-time employee is scheduled to work 260 days per year. At eight hours per day, 2080 hours are scheduled per year (including vacation and sick leave), and full-time equivalent employment (FTE) is calculated by dividing all paid hours by 2080.

Starting fiscal year 2009, Court total FTE, reported previously under Public Protection function, is no longer included as part of the County FTE.

Source:

San Bernardino County payroll records as of June 30.

COUNTY OF SAN BERNARDINO
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
General Government										
Legal Documents Recorded (W)	628,866	564,379	556,429	556,196	547,996	563,461	503,126	540,267	554,691	581,372
Percentage of payments process within 10 days (P) (2)	93%	86%	92%	60%	66%	62%	73%	*	*	*
Public Protection										
Criminal Felonies Filed - District Attorney (W)	24,099	22,409	21,712	21,090	20,551	19,687	20,556	16,476	12,246	14,193
Criminal Misdemeanor Filed - District Attorney (W)	49,223	45,700	44,208	43,680	40,250	37,222	35,926	37,835	35,467	42,727
Average Cases Supervised-Probation (W)	29,205	25,120	24,570	24,130	23,961	24,155	25,574	25,574	25,295	24,149
Percentage of new adults cases assessed with a valid risk instrument- Probation (P)	79%	78%	87%	90%	87%	95%	95%	96%	99%	99%
Sheriff's calls for Service (W)	1,247,993	1,157,568	1,102,208	1,023,360	1,009,040	1,076,383	1,066,770	1,103,136	1,117,717	1,109,862
Number of inmate-on-inmate assaults per 1,000 per month. (P)	7%	6%	4%	4%	8%	0%	0%	0%	0%	0%
Percent of autopsies performed per reportable deaths - Coroner (P)	9%	17%	13%	19%	15%	17%	19%	17%	17%	21%
Fire Protection - No. of Fire calls (W)	89,106	89,061	95,635	93,540	154,953	153,975	156,864	180,125	186,021	126,150
Public Way & Facilities										
Solid Waste										
Total Tonnage Landfilled (W)	1,665,566	1,267,447	1,162,672	1,156,231	1,130,770	1,094,433	1,257,365	1,655,332	1,689,413	1,758,574
Pounds of trash per cubic yard of capacity-High Volume Sites (P)	1,130	1,125	1,356	1,287	1,250	1,259	1,348	1,522	1,328	1,390
Maintained Road Miles (W)	2,774	2,775	2,769	2,769	2,770	2,769	2,554	2,550	2,550	2,550
Average Pavement Condition Index (PCI) of county maintained roads (P) (1)	77	78	77	76	76	Good	Good	Good	Good	Good
Health and Sanitation										
Direct Billable hours: Clinic - Behavioral Health (W)	236,285	267,560	261,014	242,862	230,201	233,673	237,996	243,731	264,769	284,747
Patient Visits - Public Health (W)	76,786	89,110	69,474	75,572	75,664	72,920	61,831	50,832	67,393	62,012
Airhead Regional Medical Center - Emergency Room Visits (W)	113,537	124,156	130,640	125,710	117,816	113,307	106,335	97,108	92,028	92,021
Public Assistance										
Annual Paid Cases - CalWORKS-All Other Families (W)	333,096	384,946	425,331	460,817	464,196	465,804	471,285	469,097	441,741	405,256
Percentage of successful placements of people in Work Participation Rate (P)	23%	23%	32%	40%	47%	49%	45%	60%	45%	53%
Annual Paid Cases - CalWORKS-2 Parent Families (W)	26,322	42,284	48,652	56,435	58,296	57,402	60,122	65,022	61,519	53,484
Average child support collections per month (W)	12,792,960	12,809,690	12,740,128	13,538,777	14,396,490	13,939,034	14,158,216	14,516,145	14,969,848	15,541,421
Percentage of current support collected - Child Support (W)	51%	51%	51%	55%	59%	61%	64%	65%	66%	64%
Education										
County Library										
Circulation (W)	2,638,000	3,033,418	3,112,735	2,906,315	2,515,202	2,425,711	3,026,943	3,825,935	4,490,819	5,389,994
Total Patron Visits (W)	3,846,000	4,597,787	4,728,093	4,246,432	3,579,262	4,091,200	3,375,816	3,366,474	3,008,349	2,850,066
Total feet of space available at branch libraries (P)	326,015	368,795	379,511	379,511	379,511	383,511	383,511	383,511	388,511	388,511
Recreation and Cultural Services										
County Museum										
Total Paid Attendance (W)	90,810	64,708	63,838	49,955	69,348	34,110	28,299	30,682	34,398	34,423
Collected Lots, Objects, and Specimens (W)	1,800,000	2,300,000	2,300,000	2,300,410	2,400,125	2,400,125	2,409,050	2,410,000	2,410,200	2,410,046
Regional Parks										
Total Attendance (W)	2,200,205	1,898,960	2,012,647	2,121,921	1,915,278	1,867,264	1,594,916	1,364,500	1,364,500	969,702
Number of miles of open and usable trails maintained by Regional Parks (P)	18	24	46	46	28	28	28	28	28	28

Notes:
(1) As of FY 12-13, PCI numbers are no longer used for measurement, instead the pavement condition is rated as failed, poor, fair, good or excellent.
(2) As of FY 14-15, this performance measure is no longer available.

Key:
(W) Work Indicator
(P) Performance Measures
(*)Information not available

Sources:
San Bernardino County Budget
San Bernardino County Departments
Auditor-Controller/Treasurer/Tax Collector, County of San Bernardino

COUNTY OF SAN BERNARDINO
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 LAST TEN YEARS

Function/Program	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
General Government										
Recorder's Data Processing Equipment	58	59	65	63	42	47	52	46	51	59
Public Protection										
Major Correction & Detention Facilities	7	7	7	7	7	7	7	7	8	8
Sheriff Stations	10	9	9	9	9	9	9	9	10	10
Sheriff Vehicles	1,658	1,658	1,764	1,788	1,698	1,687	1,787	1,747	1,769	1,743
Fire Department Equipment	432	429	461	497	457	495	503	558	598	566
Public Way & Facilities										
Solid Waste Heavy Equipment	16	12	11	10	10	10	3	3	3	4
Transportation: Trucks, Trailers, and Other Vehicles	264	274	288	283	281	277	277	281	291	296
Airports	6	6	6	6	6	6	6	6	6	6
Bridges	318	318	318	318	318	318	318	318	318	318
Traffic Signal (1)	265	329	334	358	365	381	83	83	90	90
Health and Sanitation										
Major Health Administration Buildings	2	2	2	2	2	2	2	2	2	2
Animal Shelter and Insecticide Buildings	2	2	2	2	2	2	2	2	2	2
Public Health Laboratory/Science/Engineering Equipment	99	134	140	157	158	162	163	163	182	181
Medical Center: Number of Hospitals	1	1	1	1	1	1	1	1	1	1
Public Assistance										
Administrative & Office Equipment	441	495	515	571	631	640	657	668	678	642
Education										
Library Branches	30	30	31	31	31	32	32	32	32	32
Bookmobiles	2	2	2	2	2	1	0	0	0	0
Recreation and Cultural Services										
County Museum: Main Facility	1	1	1	1	1	1	1	1	1	1
County Regional Parks	9	9	9	9	9	9	9	9	9	9

Notes:

(1) In FY 2013-14 the unit count for traffic signals was changed from 1 per controller to 1 per maintained intersection.

Source:

San Bernardino County Budget
 San Bernardino County Departments
 Auditor-Controller/Treasurer/Tax Collector, County of San Bernardino



OSCAR VALDEZ

Auditor-Controller/Treasurer/Tax Collector

268 West Hospitality Lane, San Bernardino, CA 92415-0018

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