



San Bernardino County
State of California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2016
Oscar Valdez, Auditor-Controller/Treasurer/Tax Collector

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016**

**SAN BERNARDINO COUNTY
CALIFORNIA
1853**



Supervisor Robert Lovingood, Vice Chair First District
Supervisor Janice Rutherford Second District
Supervisor James Ramos, Chair Third District
Supervisor Curt Hagman Fourth District
Supervisor Josie Gonzales Fifth District

Gregory C. Devereaux – 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, 2016**

TABLE OF CONTENTS

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL..... 1

DIRECTORY OF ELECTED COUNTY OFFICIALS 8

DIRECTORY OF APPOINTED COUNTY OFFICIALS..... 9

ORGANIZATION CHART 10

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING 11

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT 14

MANAGEMENT'S DISCUSSION AND ANALYSIS 17

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

Statement of Net Position 36

Statement of Activities 37

Fund Financial Statements:

Balance Sheet – Governmental Funds 40

Statement of Revenues, Expenditures, and Changes in
 Fund Balances – Governmental Funds..... 41

Statement of Revenues, Expenditures, and Changes in Fund Balances
 – Budget and Actual on Budgetary Basis – General Fund 42

Statement of Net Position – Proprietary Funds 44

Statement of Revenues, Expenses, and Changes in
 Fund Net Position – Proprietary Funds 46

Statement of Cash Flows – Proprietary Funds 48

Statement of Fiduciary Net Position – Fiduciary Funds 50

Statement of Changes in Fiduciary
 Net Position – Investment Trust Fund and Private-Purpose Trust Fund 51

TABLE OF CONTENTS

Notes to the Basic Financial Statements:

Note 1 – Summary of Significant Accounting Policies	53
Note 2 – Reconciliation of Government-Wide and Fund Financial Statements	65
Note 3 – Stewardship, Compliance and Accountability	66
Note 4 – Cash and Investments	67
Note 5 – Receivables	76
Note 6 – Interfund Transactions	77
Note 7 – Restricted Cash and Investments	80
Note 8 – Capital Assets	81
Note 9 – Deferred Outflows of Resources	83
Note 10 – Advances From Others	84
Note 11 – Long-term Obligations	85
Note 12 – Leases	96
Note 13 – Closure and Postclosure Care Costs	97
Note 14 – Self Insurance	99
Note 15 – Collateralized Facilities	100
Note 16 – Deferred Inflows of Resources	101
Note 17 – Fund Balance Detail	102
Note 18 – Medicare and Medi-cal Programs	104
Note 19 – Retirement Plan	104
Note 20 – Other Post-Employment Benefits (OPEB) - HACSB	115
Note 21 – Lease/Leaseback	118
Note 22 – Commitments, Contingencies, and Certain Subsequent Events	119
Note 23 – Short-term Debt	124
Note 24 – Subsequent Events	124
Note 25 – Restatement of Fund Balance/Net Position	125
Note 26 – New Accounting Pronouncements	126

REQUIRED SUPPLEMENTARY INFORMATION:

Schedule of the County's Proportionate Share of the Net Pension Liability	129
Schedule of the County's Contributions	130
Schedules of Changes in the Housing Authority's Net Pension Liability and Related Ratios	131
Schedule of the Housing Authority's Contributions	132
Schedules of Funding Progress – HACSB	133

SUPPLEMENTAL INFORMATION:

Individual Nonmajor Fund Financial Statements and Other Supplementary Information:

Combined Financial Statements – Nonmajor Governmental Funds:

Combined Balance Sheet – Nonmajor Governmental Funds	136
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	137

Combining Financial Statements – Nonmajor Governmental Funds:

Nonmajor Governmental Funds Descriptions	139
Combining Balance Sheet – Special Revenue Funds	144

TABLE OF CONTENTS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds	150
Combining Balance Sheet – Debt Service Funds	156
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Debt Service Funds	157
Combining Balance Sheet – Capital Projects Funds	158
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Funds	159
Combining Balance Sheet – Permanent Funds	160
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Permanent Funds	161
Combining Financial Statements – Nonmajor Enterprise Funds:	
Nonmajor Enterprise Funds Description	163
Combining Statement of Net Position – Nonmajor Enterprise Funds	164
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Enterprise Funds	165
Statement of Cash Flows – Nonmajor Enterprise Funds	166
Combining Financial Statements – Internal Service Funds:	
Internal Service Funds Descriptions	167
Combining Statement of Net Position – Internal Service Funds	168
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds	170
Statement of Cash Flows – Internal Service Funds	172
Combining Financial Statements – Agency Funds:	
Trust and Agency Funds Descriptions	174
Combining Statement of Changes in Assets and Liabilities – Agency Funds	175
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficit) – Budget and Actual on Budgetary Basis:	
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual on Budgetary Basis – Certain Special Revenue Funds	177

TABLE OF CONTENTS

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual on Budgetary Basis – Capital Improvement Fund	199
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual on Budgetary Basis – Certain Capital Projects Funds	200

STATISTICAL SECTION

Statistical Section Descriptions	205
Net Position by Component	207
Changes in Net Position.....	208
Funds Balances – Governmental Funds	210
Changes in Fund Balances – Governmental Funds	211
Assessed Value and Actual Value of Taxable Property.....	212
Property Tax Rates – Direct and Overlapping Governments – Tax Rate Area 7000	213
Principal Property Taxpayers – Current Year and Nine Years Ago	214
Property Tax Levies and Collections – Last Ten Fiscal Years.....	215
Ratios of General Bonded Debt Outstanding	216
Estimated Direct and Overlapping Bonded Debt.....	217
Computation of Legal Debt Margin	219
Ratios of Outstanding Debt by Type	220
Demographic and Economic Statistics – Last Ten Fiscal Years	221
Principal Employers – Current Year and Nine Years Ago.....	222
County Employees by Function/Program	223
Operating Indicators by Function/Program	224
Capital Asset Statistics by Function/Program.....	225



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 23, 2016

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, 2016, 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 Super Circular; "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:

- As part of the ongoing response to the December 2, 2015 terrorist attack, the County has allocated approximately \$10.2 million in funds towards improving security at County facilities for both immediate improvements as well as the conduct of a security assessment of all County facilities.

MAJOR INITIATIVES - Continued

- County Fire, effective as of July 1, 2016, is assuming fire, rescue, Emergency Medical Services (EMS), and prevention responsibilities within the Cities of San Bernardino (\$31.5 million) and Twentynine Palms (\$2.1 million) as a result of recent annexations. This expansion of a regional approach will provide a more effective and efficient delivery of fire services for County residents.
- Arrowhead Regional Medical Center is participating in California's 1115 Waiver Renewal (Medi-Cal 2020), working alongside multiple entities focusing on improved patient outcomes, efficiencies, and access in patient care, integrated care models and procuring maximum reimbursement for performance of prescriptive clinical measures. The budget includes \$52.5 million in revenues related to the Medicare Waiver programs.
- The implementation of the County's new Enterprise Financial Management System began in May 2016 with the first phase (out of three phases) continuing into 2016-17 at an estimated cost of \$8.7 million. The total cost for the new financial system is estimated to be \$25.0 million and will streamline business processes and provide better management information.
- The Special Districts Department's budget includes \$45.0 million of capital improvement projects including the design and construction of the Big Bear Alpine Zoo relocation, rehabilitation of the Lake Gregory Dam, and design and construction of Snowdrop Road. Water and sanitation infrastructure projects include pipeline replacements; water system improvements; and design and construction of a pipeline, a 75,000-gallon water reservoir, and a pump station in CSA 70 W-4 - Pioneertown.
- Community Development & Housing is constructing Phase 2 of the Bloomington Community and Neighborhood Revitalization. A total of 190 multi-generational affordable housing units include 120 family units and 70 senior units and the Bloomington Branch Library. The Bloomington Branch Library and the first phase of housing are completed. The second phase is currently under construction and will be completed by Spring 2017.

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 the construction industry is poised to add more weight to the expansion in 2016. Importantly, major taxable revenue streams are on-track to soon exceed their one-time records on an inflation adjusted basis.

Industry and Employment

San Bernardino County is experiencing strong employment growth. From 2012-2015, it added 98,100 jobs. During the Great Recession (2008-2011), the County lost 68,000 jobs. Thus, the County had 705,600 jobs in 2015, 30,300 more than in its 2007 pre-recession peak of 675,300. During 2015, the County's job growth was 30,000 jobs (4.4%). Currently, in 2016, the County's growth is on track to add an estimated 23,000 jobs to reach a new high of 728,600 (3.3%). The slight slowing is due to the tightening of the labor force with unemployment down from a high of 13.5% in 2010 to 6.7% in 2016. In comparison, the state-wide unemployment rate is 5.9% and U.S. unemployment rate is 4.9%.

Among economic base sectors driving San Bernardino County's economy, logistics activity has been particularly strong. In 2015, the sector added 10,200 new jobs following a gain of 10,400 the prior year. In 2015, it created 34.0% of the County's 30,000 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 and is largely being conducted in Southern California through fulfillment centers in the County. Similar competitive advantages affected the County's manufacturing sector in 2015. This sector was up 3,100 jobs, a 10.3% share of new jobs.

ECONOMIC CONDITION AND OUTLOOK - Continued

Health care and social assistance is another major sector contributing to the economy. In 2015, this group added 4,400 workers, a 14.7% share of growth. This is attributed to the County's population growth and falling share of medically uninsured (26.4% in 2013 to 12.7% in 2015).

Housing

In second quarter 2016, the median priced home in San Bernardino County sold for \$288,084, up 6.5% from the prior year, following increases of 6.0% in 2015; 19.7% in 2014; and 28.4% in 2013. Homebuyers are finding San Bernardino County very affordable compared to other Southern California areas. The current data indicates 56% of families could afford the prices of the bottom 50% of homes, making San Bernardino County Southern California's most affordable County compared to Riverside (41%), Orange (22%) and Los Angeles (30%) counties. With housing beginning to recover and industrial building continuing, the County's construction sector gained 2,400 jobs in 2015, an 8.0% share of its growth.

Retail

Important to the funding of local government, San Bernardino County's retail sales have increased 8.4% in 2015 with total taxable sales reaching a record \$35.8 billion, 14.8% above the prior high in 2006 (\$31.3 billion), and just below the 15.3% rise in prices from 2006-2015. In 2016, first quarter sales were up 5.9% and second quarter sales up 5.7%. Considering 2016 prices are rising only 1.9%, the County's sales taxes this year will represent record levels of purchasing power for the first time since the Great Recession.

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.

For fiscal years 2009-10 through 2011-12, San Bernardino County's assessed valuation decreased \$19.2 billion resulting in a decline in property tax revenue. The recession impacted the local housing market as evidenced in a steep rise in foreclosures, a substantial reduction in the median sales price of homes, and a reduction in the fair market value of homes. Once the economy started to recover, the County's assessed valuation increased by \$1.3 billion in 2012-13, \$4.8 billion in 2013-14, \$10.4 billion in 2014-15, \$9.0 billion in 2015-16, and \$7.8 billion in 2016-17. Although the housing market has rebounded, and property tax and other major revenue streams are stabilizing, costs to maintain current service levels continue to increase. The County has developed a strategic plan to address the increased costs identified in the current five-year fiscal forecast and is working to address other ongoing costs not yet included in the five-year forecast such as the unknown costs associated with upcoming negotiations with employee groups and potential market losses in the County pension system.

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 \$407.0 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. \$132.1 million has been funded through 2016-17.
- 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 million was funded in 2013-14 for a total cost of \$17.0 million for construction of this project. Design was completed in July 2014 and construction is nearly complete. The project is expected to cost \$15.5 million; a 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. \$84.5 million has been funded to date and \$47.9 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 2016-17 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, 2016. 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, 2015. This was the twenty-eighth 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, 2015. This was the tenth 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, 2015. 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 (VICE CHAIR)..... ROBERT A. LOVINGOOD

COUNTY SUPERVISOR, SECOND DISTRICT JANICE RUTHERFORD

COUNTY SUPERVISOR, THIRD DISTRICT (CHAIR) JAMES RAMOS

COUNTY SUPERVISOR, FOURTH DISTRICT 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

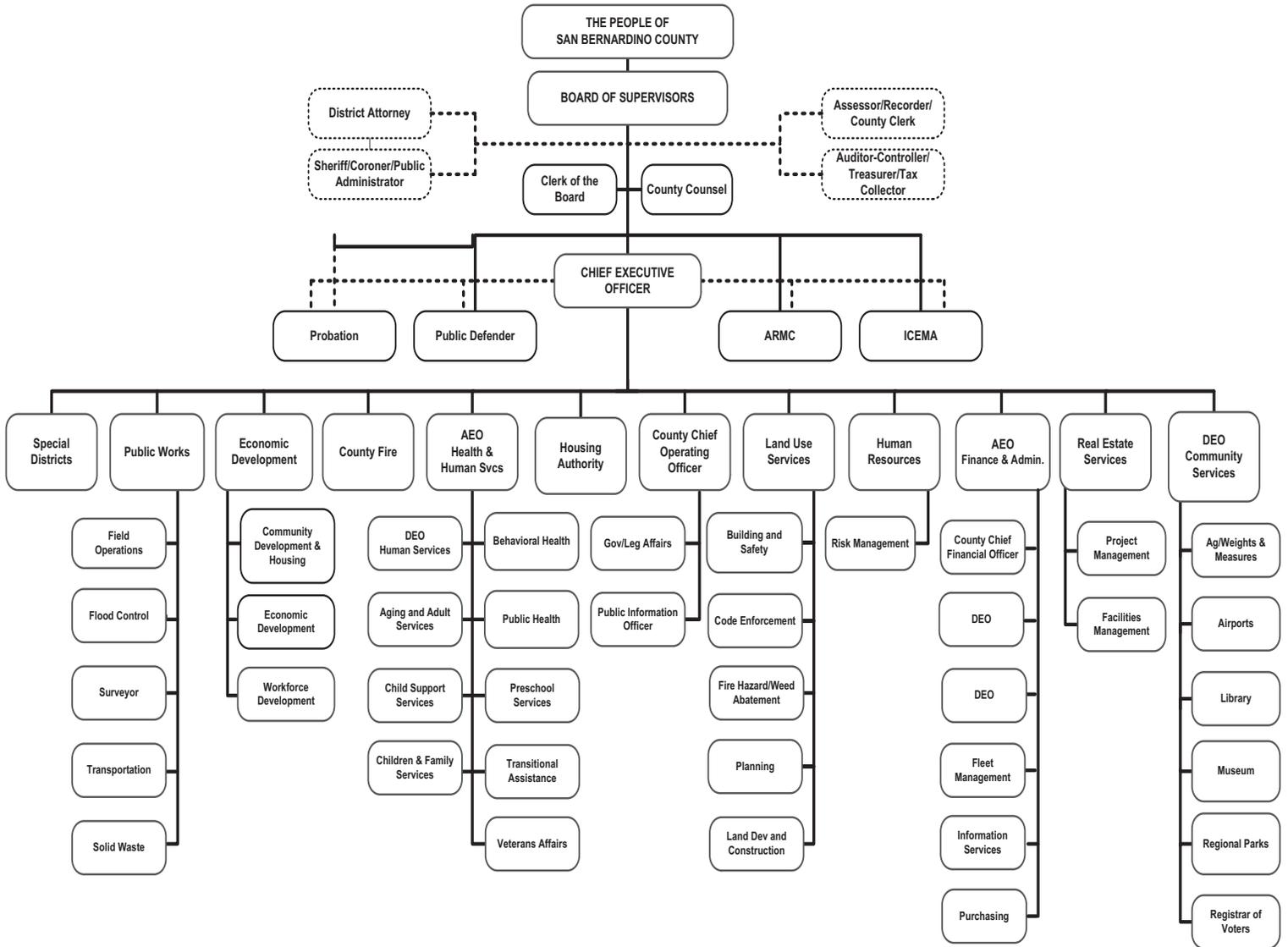
SUPERINTENDENT OF SCHOOLS TED ALEJANDRE

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

APPOINTED

AGING AND ADULT SERVICES	RON BUTTRAM
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	GREGORY C. DEVEREAUX
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	JEAN-RENE BASLE
COUNTY LIBRARIAN.....	LEONARD X. HERNANDEZ
COUNTY MUSEUM	MELISSA RUSSO
ECONOMIC DEVELOPMENT AGENCY	MARY JANE OLHASSO
FACILITIES MANAGEMENT.....	TERRY W. THOMPSON
FIRE DEPARTMENT/FIRE WARDEN.....	MARK HARTWIG
FLEET MANAGEMENT.....	ROGER G. WEAVER
HOUSING AND SUCCESSOR AGENCY	DENA FUENTES
HOUSING AUTHORITY	MARIA RAZO
HUMAN RESOURCES.....	CINDI PETERSON TOMPKINS
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	GERRY NEWCOMBE
PURCHASING	LAURIE ROZKO
REAL ESTATE SERVICES	TERRY W. THOMPSON
REGIONAL PARKS	MAUREEN SNELGROVE
REGISTRAR OF VOTERS	MICHAEL J. SCARPELLO
RISK MANAGEMENT	KENNETH HERNANDEZ
SPECIAL DISTRICTS	JEFFREY O. RIGNEY
TRANSITIONAL ASSISTANCE DEPARTMENT.....	GILBERT RAMOS
VETERANS' AFFAIRS.....	FRANK GUEVARA
WORKFORCE DEVELOPMENT	REG JAVIER

COUNTY OF SAN BERNARDINO
ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
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**County of San Bernardino
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO





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, 2016, 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, 2016:

<u>Opinion Unit</u>	<u>Assets</u>	<u>Net Position/ Fund Balances</u>	<u>Revenues</u>
Governmental Activities	2%	-1%	4%
Business-Type Activities	13%	25%	14%
Housing Authority Enterprise Fund (Major Fund)	100%	100%	100%
Aggregate Remaining Fund Information	2%	0%	1%

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, 2016, 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 and Note 4 to the financial statements, the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, as of July 1, 2015. 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 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 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 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 23, 2016, 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 23, 2016



MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2016

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, 2016. 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 \$465,997. The net increase is attributable to the \$389,402 increase in governmental activities net position and the \$76,595 increase in business-type activities net position.
- As of June 30, 2016, the County governmental funds reported combined fund balances of \$1,886,918, an increase of \$165,073 in comparison with the prior year. Amounts available for spending include restricted, committed, assigned, and unassigned fund balances; these totaled \$1,835,968, or 97.3% of the ending fund balance. Of this amount, \$1,082,971 is restricted by law or externally imposed requirements, and \$306,216 is committed for specific purposes.
- At the end of the fiscal year, amounts available for spending for the General Fund totaled \$1,007,610, or 43.6% of total General Fund expenditures. This is an increase of \$134,104 in comparison with the prior year.
- At the end of the fiscal year, the County's total capital assets (net of accumulated depreciation) decreased by \$1,807 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 \$98,294 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, telecommunication services, computer operations including application development, vehicle services, self-insured worker's compensation, public liabilities including property conservation, 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 \$1,956,725 at the close of the most recent fiscal year.

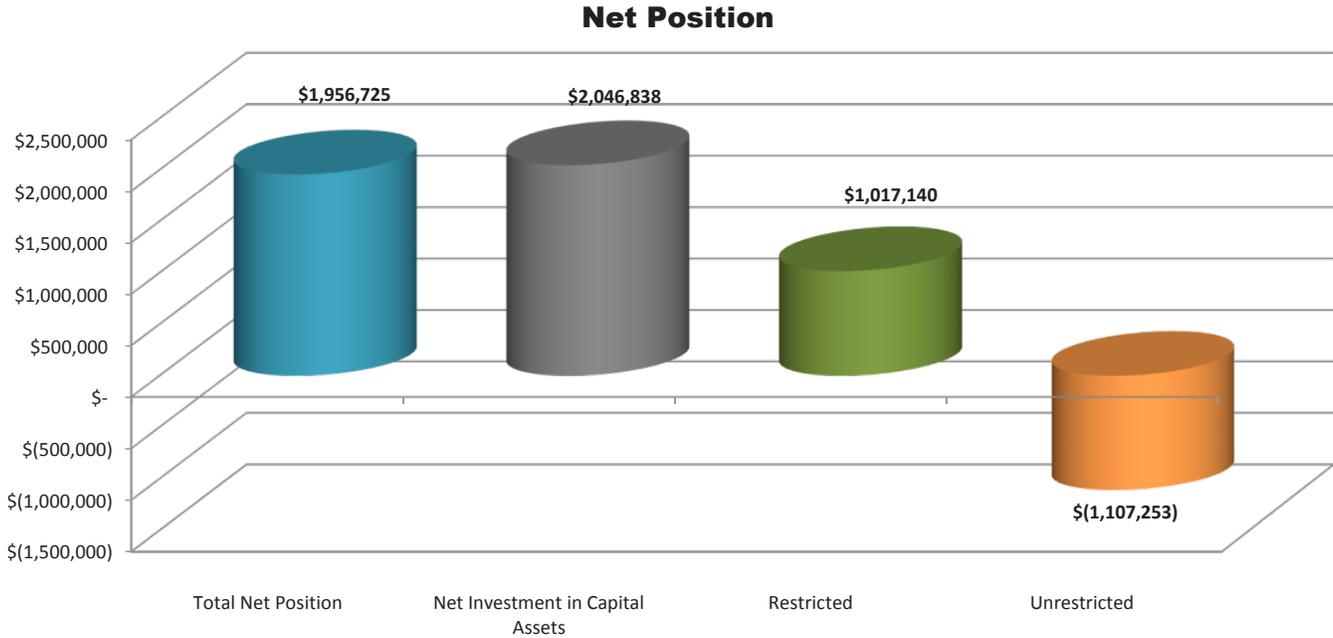
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 2,522,175	\$ 2,321,338	\$ 576,390	\$ 517,583	\$ 3,098,565	\$ 2,838,921
Capital assets	1,902,387	1,883,313	623,818	644,699	2,526,205	2,528,012
Total assets	<u>4,424,562</u>	<u>4,204,651</u>	<u>1,200,208</u>	<u>1,162,282</u>	<u>5,624,770</u>	<u>5,366,933</u>
Deferred outflows of resources	<u>462,115</u>	<u>470,944</u>	<u>75,580</u>	<u>80,355</u>	<u>537,695</u>	<u>551,299</u>
Current and other liabilities	233,492	215,824	91,140	106,469	324,632	322,293
Long-term liabilities	2,652,640	2,559,507	820,497	815,336	3,473,137	3,374,843
Total liabilities	<u>2,886,132</u>	<u>2,775,331</u>	<u>911,637</u>	<u>921,805</u>	<u>3,797,769</u>	<u>3,697,136</u>
Deferred inflows of resources	<u>361,657</u>	<u>650,778</u>	<u>46,314</u>	<u>79,590</u>	<u>407,971</u>	<u>730,368</u>
Net Position:						
Net investment in capital assets	1,843,897	1,809,961	202,941	180,714	2,046,838	1,990,675
Restricted	942,150	947,882	74,990	73,040	1,017,140	1,020,922
Unrestricted	(1,147,159)	(1,508,357)	39,906	(12,512)	(1,107,253)	(1,520,869)
Total Net Position	<u>\$ 1,638,888</u>	<u>\$ 1,249,486</u>	<u>\$ 317,837</u>	<u>\$ 241,242</u>	<u>\$ 1,956,725</u>	<u>\$ 1,490,728</u>

The largest portion of the County's net position of \$2,046,838 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.

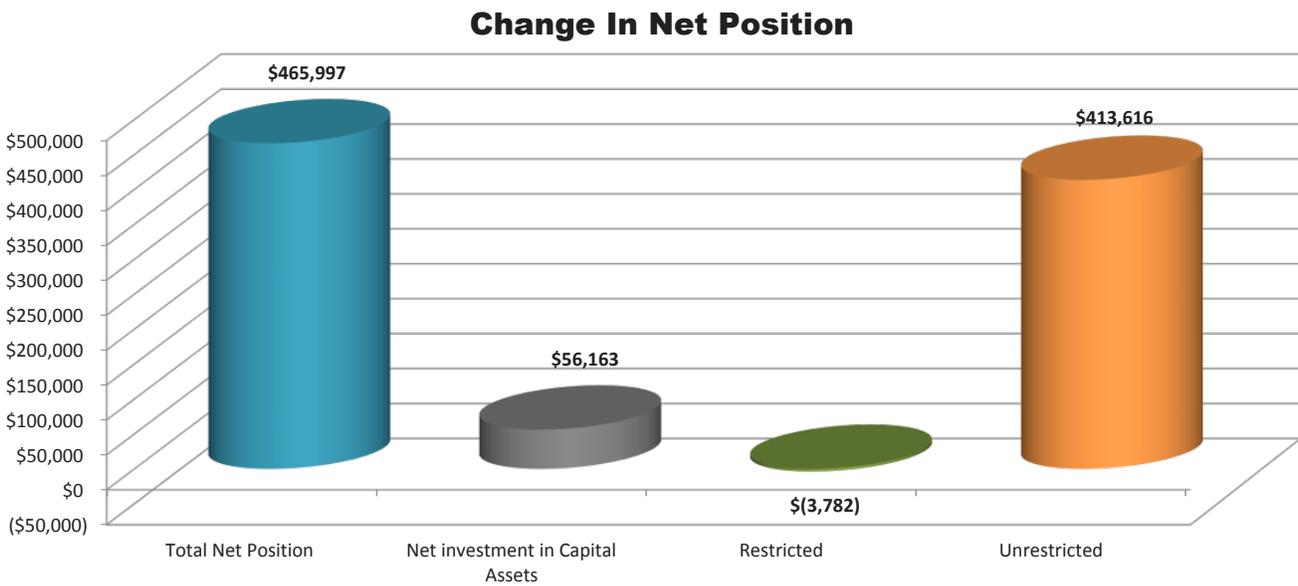
Restricted net position of \$1,017,140 represents another significant portion of County net position. This amount contains external restrictions imposed by creditors, grantors, contributors, laws and regulation of other governments, and restrictions imposed by law through constitutional provisions and 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 \$413,616 primarily as a result of a reduction of the deferred inflows of resources related to pensions, as well as increases in tax revenue and charges for current services proportionately larger than increases in expenses.



The County's total net position increased by \$465,997 (\$389,402 increase in governmental activities plus \$76,595 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	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues						
Charges for Services	\$ 445,526	\$ 431,465	\$ 554,837	\$ 540,616	\$ 1,000,363	\$ 972,081
Operating Grants/Contributions	1,791,745	1,713,917	186,445	209,370	1,978,190	1,923,287
Capital Grants/Contributions	484	25,003	19,186	17,102	19,670	42,105
General Revenue						
Property Taxes, Levied for General Purposes	617,923	573,482	2,981	2,850	620,904	576,332
Public Safety Tax	164,993	160,337	-	-	164,993	160,337
Sales Taxes	43,595	28,437	-	-	43,595	28,437
Other Taxes	20,743	18,767	-	-	20,743	18,767
Unrestricted Revenues from Use of Money and Property	42,739	44,616	3,155	2,569	45,894	47,185
Miscellaneous	69,822	74,480	4,536	13,361	74,358	87,841
Gains on Sale of Capital Assets	11,676	3,335	671	774	12,347	4,109
Total Revenues	3,209,246	3,073,839	771,811	786,642	3,981,057	3,860,481
Expenses:						
General Government	158,981	162,261	-	-	158,981	162,261
Public Protection	1,054,075	979,458	-	-	1,054,075	979,458
Public Ways and Facilities	81,902	71,614	-	-	81,902	71,614
Health and Sanitation	338,910	325,261	-	-	338,910	325,261
Public Assistance	1,079,575	1,008,353	-	-	1,079,575	1,008,353
Education	19,424	16,718	-	-	19,424	16,718
Recreation and Cultural Services	24,505	24,103	-	-	24,505	24,103
Interest on Long Term Debt	42,744	45,233	-	-	42,744	45,233
Medical Center	-	-	507,668	488,239	507,668	488,239
Waste Systems	-	-	60,717	76,160	60,717	76,160
Housing Authority	-	-	105,876	104,759	105,876	104,759
Water, Sewer, and Sanitation	-	-	20,804	18,154	20,804	18,154
Others	-	-	67	131	67	131
Total Expenses	2,800,116	2,633,001	695,132	687,443	3,495,248	3,320,444
Excess (Deficiency) before Transfers	409,130	440,838	76,679	99,199	485,809	540,037
Transfers	(19,728)	(12,428)	19,628	12,428	(100)	-
Change in Net Position	389,402	428,410	96,307	111,627	485,709	540,037
Net Position -- Beginning of Year, as restated	1,249,486	821,076	221,530	129,615	1,471,016	950,691
Net Position -- End of Year	\$ 1,638,888	\$ 1,249,486	\$ 317,837	\$ 241,242	\$ 1,956,725	\$ 1,490,728

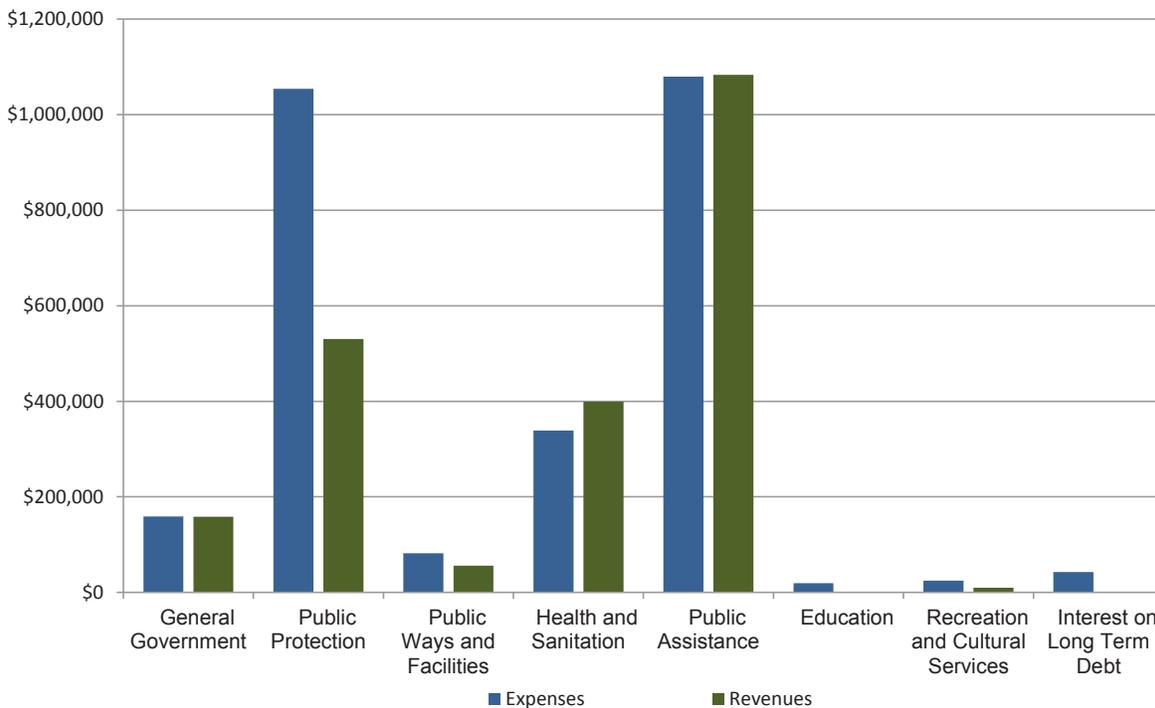
Governmental Activities increased the County's net position from \$1,249,486 to \$1,638,888. The overall increase in net position is due to one-time and ongoing revenues exceeding related expenses.

Total revenues of County governmental activities increased primarily due to an increase in property tax revenues, sales tax revenues and operating grants/contributions such as state realignment funding for current and growth apportionments.

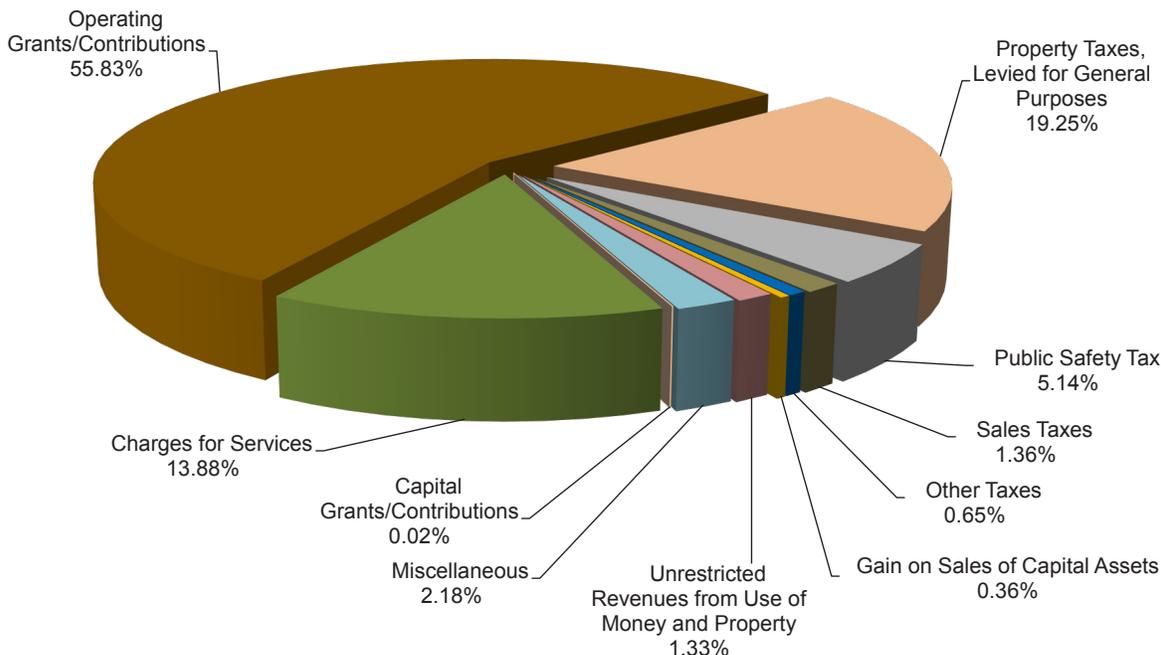
Management's Discussion and Analysis (Amounts in thousands)

Program expenses for County governmental activities increased as a result of the increase in Public Protection and Public Assistance expenses. The increase in Public Protection and Public Assistance expenses were primarily due to negotiated increases in salaries and retirement contribution requirements. Public Assistance was also effected by an increase in expenditures related to the provision of foster care services.

Expenses and Program Revenues-Governmental Activities



Revenues by Source-Governmental Activities

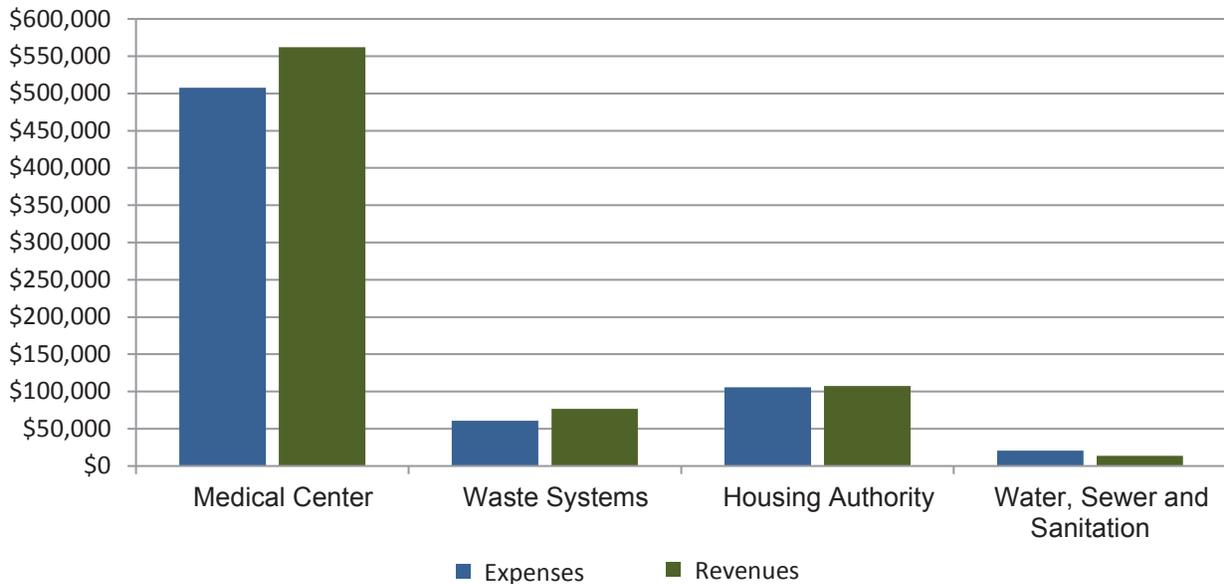


Management's Discussion and Analysis (Amounts in thousands)

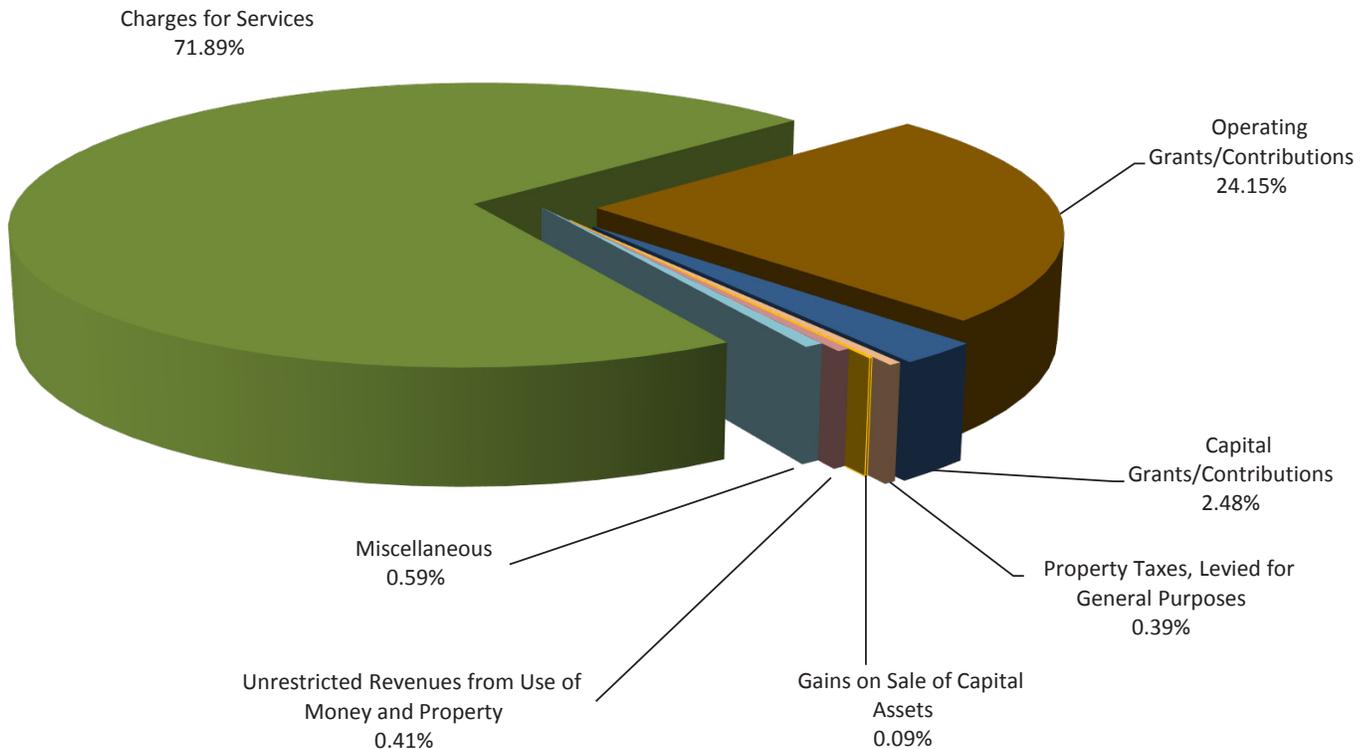
Business-type Activities increased the County's net position from \$241,242 to \$317,837. This is primarily due to the Medical Center receiving additional revenues during the current fiscal year.

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, 2016, the County's governmental funds reported a total fund balance of \$1,886,918, an increase of \$165,073 in comparison with the prior year. Approximately 57% of the total fund balance, \$1,082,971, constitutes restricted fund balance, which is restricted by external parties. The remaining fund balance is comprised of a nonspendable amount of \$50,950; committed amounts of \$306,216, which are committed for specific purposes; assigned amounts of \$151,823 set-aside for specific purposes; and an unassigned amount of \$294,958, representing the residual net resources of the General Fund available for spending.

The most significant restricted amounts in the governmental funds include \$82,086 for Social Services Realignment, \$111,781 for Health Services Realignment, \$115,103 for Flood Control, and \$151,889 for Mental Health Services Act.

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, 2016, the total fund balance reached \$1,056,658, an increase of \$127,234 in comparison with the prior year. Approximately 38% or \$397,574 of the total fund balance constitutes restricted fund balance. The remaining fund balance is made up of \$49,048 of nonspendable amounts; \$306,216 of committed amounts, including \$32,075 for debt service, \$22,500 for Glen Helen Rehabilitation Center jail upgrade, \$25,000 for new property tax system, and \$13,000 for new financial accounting system; assigned amounts of \$8,862 for automated systems development; and \$294,958 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 26% of total fund expenditures; while total fund balance represents 46%.

The General Fund had an increase of \$127,234 primarily as the result of revenues exceeding related expenditures offset by other financing uses.

Capital Improvement Fund: The Capital Improvement Fund accounts for the County's major capital acquisition and construction projects. On June 30, 2016, the total fund balance of the Capital Improvement Fund was \$135,335. The capital improvement fund had an increase of \$23,045, primarily as a result of contributions for new and existing projects while expenditures related to the 800 MHz Upgrade decreased.

Revenues for total governmental funds totaled \$3,186,173 in fiscal year 2015-16, representing a \$108,865 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:

Revenues	Fiscal Year 2015-16		Over (Under) Fiscal Year 2014-15	
	Amount	Percent of Total	Amount	Percent
Taxes	\$ 849,399	27%	\$ 60,687	8%
Licenses, Permits and Franchises	25,159	1%	(428)	-2%
Fines, Forfeitures and Penalties	11,996	0%	(3,708)	-24%
Revenues From Use of Money and Property	47,632	1%	5,503	13%
Aid From Other Governmental Agencies	1,787,474	56%	31,545	2%
Charges for Current Services	403,193	13%	15,101	4%
Other Revenues	61,320	2%	165	0%
Total Revenues	\$ 3,186,173	100%	\$ 108,865	

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 \$60,687 mainly due to continued increase in assessed valuation of properties within the County, as well as a continued surge in sales tax revenue, which was primarily due to the statewide mid-year restoration of the 0.25% of the 1% local sales tax.

Aid from other Governmental Agencies increased by \$31,545 primarily as a result of Sales Tax Realignment growth and increased federal aid for Welfare administration.

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

Expenditures	Fiscal Year 2015-16		Over (Under) Fiscal Year 2014-15	
	Amount	Percent of Total	Amount Changed	Percent
Current:				
General Government	\$ 149,160	5%	\$ 3,571	2%
Public Protection	1,052,371	34%	62,293	6%
Public Ways and Facilities	62,292	2%	(13,267)	-18%
Health and Sanitation	352,781	11%	9,012	3%
Public Assistance	1,130,864	37%	62,403	6%
Education	18,240	1%	1,273	8%
Recreation and Cultural Services	19,720	1%	(1,033)	-5%
Debt Service:				
Principal	111,752	4%	19,775	21%
Interest and Fiscal Charges	20,443	1%	(1,591)	-7%
Bond Issuance Costs	187	0%	187	N/A
Capital Outlay	120,909	4%	(11,132)	-8%
Total Expenditures	\$ 3,038,719	100%	\$ 131,491	

Total County governmental funds expenditures increased by \$131,491 from the prior year.

Public Protection expenditures increased by \$62,293 primarily as the result of negotiated salary increases and increased retirement contribution requirements, and the net addition of 18 positions to the Sheriff's Department.

Management's Discussion and Analysis
(Amounts in thousands)

Public Assistance expenditures increased by \$62,403 primarily due to increases in salaries and increased retirement contribution requirements, as well as an increase in expenditures related to the provision of foster care services.

Debt Service Principle expenditures increased by \$19,775 primarily due to the refunding of the Flood Control 2007 Series A Judgement Obligation Bonds.

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

Other Financing Sources (Uses) Governmental Funds	Fiscal Year 2015-16	Over (Under) Fiscal Year 2014-15	
	Amount	Amount Changed	Percent
Transfers Out	\$ (302,893)	\$ (53,830)	22%
Transfers In	301,385	62,583	26%
Refunding Debt Issued	27,870	27,870	N/A
Payment to Refunded Bond Escrow Agent	(27,870)	(27,870)	N/A
Insurance Recoveries	3,916	(10,084)	-72%
Sale of Capital Assets	15,211	12,063	383%
Total Other Financing Sources and (Uses)	<u>\$ 17,619</u>	<u>\$ 10,732</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
Revenues	\$ 2,601,118	\$ 4,495	\$ 580,560	\$ 3,186,173
Expenditures	(2,313,172)	(75,666)	(649,881)	(3,038,719)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>287,946</u>	<u>(71,171)</u>	<u>(69,321)</u>	<u>147,454</u>
 Total Other Financing Sources and (Uses)	<u>(160,712)</u>	<u>94,216</u>	<u>84,115</u>	<u>17,619</u>
Net Changes In Fund Balance	127,234	23,045	14,794	165,073
Fund Balance, Beginning, as restated	<u>929,424</u>	<u>112,290</u>	<u>680,131</u>	<u>1,721,845</u>
Fund Balance, Ending	<u>\$ 1,056,658</u>	<u>\$ 135,335</u>	<u>\$ 694,925</u>	<u>\$ 1,886,918</u>

In fiscal year 2015-16, the fund balance of total governmental funds increased by \$165,073. This increase is the result of revenues exceeding the associated expenditures along with the receipt of proceeds from sale of capital assets related to the Chino Agricultural Preserve.

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	
Revenues					
Net Patient Care and Services	\$ 448,135	\$ -	\$ -	\$ -	\$ 448,135
Charges for Current Services	-	64,977	16,300	13,531	94,808
Other	7,572	11,892	91,044	2	110,510
Total Operating Revenues	<u>455,707</u>	<u>76,869</u>	<u>107,344</u>	<u>13,533</u>	<u>653,453</u>
Operating Expenses					
Professional Services	52,507	33,926	-	3,682	90,115
Salaries and Employee Benefits	230,795	6,409	13,396	6,318	256,918
Services and Supplies	171,716	18,464	81,533	4,480	276,193
Depreciation and Amortization	23,172	1,918	5,974	2,997	34,061
Other	5,452	-	2,687	522	8,661
Total Operating Expenses	<u>483,642</u>	<u>60,717</u>	<u>103,590</u>	<u>17,999</u>	<u>665,948</u>
Operating Income (Loss)	<u>(27,935)</u>	<u>16,152</u>	<u>3,754</u>	<u>(4,466)</u>	<u>(12,495)</u>
Nonoperating Revenues (Expenses)					
Interest Revenue	1,469	1,218	142	326	3,155
Interest Expense	(24,026)	-	(2,286)	(144)	(26,456)
Tax Revenue	-	-	-	2,981	2,981
Grant Revenue	87,678	79	-	72	87,829
Gain (Loss) on Sale of Capital Assets	-	-	664	7	671
Other Nonoperating Revenues	249	2,592	322	1,373	4,536
Other Nonoperating Expenses	-	-	-	(2,728)	(2,728)
Total Nonoperating Revenues (Expenses)	<u>65,370</u>	<u>3,889</u>	<u>(1,158)</u>	<u>1,887</u>	<u>69,988</u>
Change in Net Position Before Contributions and Transfers	37,435	20,041	2,596	(2,579)	57,493
Capital Contributions	18,855	-	161	170	19,186
Transfers Out	(9,954)	(402)	-	(58)	(10,414)
Transfers In	26,819	3,096	-	127	30,042
Change in Net Position	73,155	22,735	2,757	(2,340)	96,307
Net Position, Beginning, as restated	(31,074)	78,600	77,687	96,317	221,530
Net Position, Ending	<u>\$ 42,081</u>	<u>\$ 101,335</u>	<u>\$ 80,444</u>	<u>\$ 93,977</u>	<u>\$ 317,837</u>

The net increase of \$96,307 in net position was primarily due to the Medical Center receiving additional non-operating revenues, specifically revenue from Public Hospital Redesign and Incentives in Medi-Cal Program (PRIME), which is the new re-designed pool of the 2010-2015 Delivery System Reform Incentive Program, and increased AB85 rate range funding.

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 1.5%. A net decrease in appropriations of \$40,355 was approved during the fiscal year. The significant components of this net decrease are summarized below:

General

- On November 17, 2015, the board adopted a budget amendment to decrease General Fund Contingencies by \$82,710 primarily from a shift of \$75,270 in Discretionary General Funding amounts from contingencies to reserves. This change in practice appropriately characterizes the multi-year nature of projects, economic impacts and needs to be addressed with limited General Fund resources.

Public Assistance

- On November 17, 2015, the board adopted a budget amendment which increased the Human Services budget by \$6.1 million to provide salaries and benefits for 119 net new positions created to handle caseload growth. The increase was also used to provide for costs related to ongoing maintenance, support, and enhancements to departmental computers and software.
- On March 1, 2016, the board adopted a budget amendment which increased the Human Services budget by \$4.8 as the result of caseload and placement cost increases related to adoptive children, children in foster care, and guardianship placements as a result in changes in foster care caseload. Grant costs are also increasing due to adjustments in the California Necessities Index, as mandated by the California Department of Social Services.

Public Protection

- On November 17, 2015, the board adopted a budget amendment which increased the Probation Department's budget by \$6.8 million to fund various capital improvement projects and fixed asset purchases for the continuing upgrade of facilities in an effort accommodate additional staff. The board also adopted a budget amendment to increase the Sherriff's Department budget by \$17.1 million, primarily to provide mental competency restoration services for inmates and to provide greater funding for various Capital Improvement Program projects aimed at updating various facilities.

During the current fiscal year, the Public Protection, Health and Sanitation, and Public Assistance functions accounted for the largest expenditure variances of \$66,586, \$135,978, and \$55,157 respectively between the final budget and actual expenditures. The Public Protection variance was primarily the result of actual salaries and benefits expenditures that were less than 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 Disproportionate Share Hospital (DSH) funds from the State on behalf of the Medical Center. The Public Assistance variance was primarily the result a large decline in CalWORKs – All Other Families caseload.

The total difference of \$194,092 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 Realignment revenues, 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, 2016, amounted to \$2,526,205, and \$23,145, respectively. The County's total related debt used to acquire those assets as of June 30, 2016, amounted to \$502,512. 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 \$15,144 as a result of the completion of a variety of improvement projects.
- Development in Progress (DIP) increased approximately \$44,763 due to an increase of \$32,796 related to the following large projects: \$6,497 for 800 MHz, \$6,148 for Sheriff's Crime Lab, \$2,755 to increase 800 MHz capacity, and \$3,646 for preliminary space programming. Flood Control had a total increase of \$6,849, the largest increase of \$6,367 was related to Cactus Basin #3.
- The Flood Control Fund has various flood control channel facilities under construction with a DIP value of \$58,231. The flood control facilities are primarily comprised of Cucamonga Basin #6 in the amount of \$12,173; Cactus Basin projects in the amount of \$17,702; San Timoteo Channel projects in the amount of \$8,890; Hesperia Detention Basin project in the amount of \$2,919; and the English Channel Carbon Canyon project for \$2,125.
- Infrastructure increased approximately \$2,477. Transportation completed infrastructure projects of \$4,446 for road rehabilitation, drainage improvements, and grade separations. Transportation also had a disposition to Shadow Mountain Road in the amount of \$2,260.
- Equipment and Software increased approximately \$29,256. The primary increase consists of licensed vehicles totaling \$14,987, computer equipment totaling \$2,787, and an overall increase of \$3,746 in Public Protection equipment.

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)
	2016	2015	2016	2015	2016	2015	Percent of Change
Land	\$ 126,913	\$ 126,762	\$ 32,554	\$ 31,940	\$ 159,467	\$ 158,702	0.48%
Land Use Rights (non-amortizable)	23,869	21,644	351	351	24,220	21,995	10.12%
Land Use Rights (amortizable)	123	123	1,109	1,109	1,232	1,232	0.00%
Development in Progress	250,687	196,793	14,919	24,050	265,606	220,843	20.27%
Improvements other than Buildings	258,563	258,228	264,076	264,790	522,639	523,018	-0.07%
Structures and Improvements	1,009,731	1,006,117	754,758	743,228	1,764,489	1,749,345	0.87%
Infrastructure	1,356,698	1,354,221	-	-	1,356,698	1,354,221	0.18%
Equipment and Software	385,656	366,454	178,353	168,299	564,009	534,753	5.47%
Accumulated Depreciation/Amortization	(1,509,853)	(1,447,029)	(622,302)	(589,068)	(2,132,155)	(2,036,097)	4.72%
Total	<u>\$ 1,902,387</u>	<u>\$ 1,883,313</u>	<u>\$ 623,818</u>	<u>\$ 644,699</u>	<u>\$ 2,526,205</u>	<u>\$ 2,528,012</u>	<u>-0.07%</u>

Additional information on the County's capital assets can be found on Note 8 on pages 81-82 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)
	2016	2015	2016	2015	2016	2015	Percent of Change
Certificates of Participation, Net	\$ 6,205	\$ 12,299	\$ 402,936	\$ 423,980	\$ 409,141	\$ 436,279	-6.22%
General Obligation Bonds	-	-	515	685	515	685	-24.82%
Revenue Bonds, Net	323,169	353,978	-	-	323,169	353,978	-8.70%
Other Bonds and Notes	458,223	508,815	35,131	38,605	493,354	547,420	-9.88%
Compensated Absences	171,670	166,624	19,545	19,571	191,215	186,195	2.70%
Termination Benefits Payable	101	127	15	15	116	142	-18.31%
Capital Lease Obligations	-	-	4,192	5,292	4,192	5,292	-20.79%
Pollution Remediation Obligations	-	-	62,878	63,521	62,878	63,521	-1.01%
Estimated Liability for Litigation and Self-Insured Claims	236,695	232,098	-	-	236,695	232,098	1.98%
Estimated Liability for Closure / Postclosure Care Cost	-	-	102,418	106,738	102,418	106,738	-4.05%
Other Long-Term Liabilities	-	-	10,435	5,364	10,435	5,364	94.54%
Net Other Postemployment Benefit Obligation for Housing Authority	-	-	4,042	4,202	4,042	4,202	-3.81%
Net Pension Liability	1,456,577	1,285,566	178,390	147,363	1,634,967	1,432,929	14.10%
Total	<u>\$ 2,652,640</u>	<u>\$ 2,559,507</u>	<u>\$ 820,497</u>	<u>\$ 815,336</u>	<u>\$ 3,473,137</u>	<u>\$ 3,374,843</u>	<u>2.91%</u>

Additional information on the County's long-term debt can be found in Note 11 on pages 85-96 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 \$113,283, reduction in liability for closure/postclosure care cost of \$4,320, and reduction in pollution remediation obligation of \$643; offset by increase in net pension liabilities of \$202,038.

A significant portion of the revenue bonds are the Pension Obligation Bonds (1995) totaling \$308,464 with an AA-/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 \$199,275 with an AA- rating from Standard & Poor's and the Pension Obligation Refunding Bonds (2008) totaling \$154,955 with an AA rating from Standard & Poor's.

ECONOMIC FACTORS AND BUDGETING

The Board of Supervisors adopted the County's final budget on June 14, 2016. 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 \$3.0 billion and is funded by departmental revenues, Countywide discretionary revenues, and other financing sources.

As of June 30, 2016, the County's General Fund is projecting a cumulative structural surplus of \$47.3 million over the next five fiscal years. However, with upcoming and current negotiation with employee groups this surplus could quickly revert to a deficit when potential Memoranda of Understanding costs are included.

In addition, the County's fiscal planning efforts are presented with major challenges in year 2016-17 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 2016-17 in order to prevent unnecessary costs and risks:

- Funding for negotiated raises for County employees
- Ongoing funding for maintenance of County roads
- Continued investment in facilities, infrastructure and operating systems
- Ongoing funding of mental health and medical services for County residents
- Maintain fiscal responsibility through contribution to reserves of \$60.7 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.





BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS



**COUNTY OF SAN BERNARDINO
STATEMENT OF NET POSITION
JUNE 30, 2016 (IN THOUSANDS)**

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 SAN BERNARDINO
ASSETS				
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 1,998,782	\$ 291,425	\$ 2,290,207	\$ 79,789
INVESTMENTS (NOTE 4)	1,926	-	1,926	-
ACCOUNTS RECEIVABLE, NET (NOTE 5)	7,082	44,216	51,298	-
TAXES RECEIVABLE (NOTE 5)	44,214	196	44,410	-
INTEREST RECEIVABLE (NOTE 5)	21,962	300	22,262	140
LOANS RECEIVABLE (NOTE 5)	43,225	7,808	51,033	-
OTHER RECEIVABLES, NET (NOTE 5)	7,823	52,388	60,211	-
DUE FROM OTHER GOVERNMENTS, NET (NOTE 5)	364,341	57,379	421,720	3,941
INTERNAL BALANCES	1,099	(1,099)	-	-
LAND HELD FOR RESALE	2,211	-	2,211	-
INVENTORIES	5,431	2,766	8,197	-
PREPAID ITEMS	4,064	5,629	9,693	3
RESTRICTED CASH AND INVESTMENTS (NOTE 4 & 7)	20,015	115,382	135,397	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:				
LAND (NOTE 8)	126,913	32,554	159,467	-
LAND USE RIGHTS (NOTE 8)	23,869	351	24,220	-
DEVELOPMENT IN PROGRESS (NOTE 8)	250,687	14,919	265,606	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
LAND USE RIGHTS (NOTE 8)	123	1,109	1,232	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 8)	2,624,992	1,018,834	3,643,826	130
EQUIPMENT AND SOFTWARE (NOTE 8)	385,656	178,353	564,009	14
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 8)	(1,509,853)	(622,302)	(2,132,155)	(39)
TOTAL ASSETS	4,424,562	1,200,208	5,624,770	83,978
DEFERRED OUTFLOWS OF RESOURCES (NOTE 9)				
	462,115	75,580	537,695	547
LIABILITIES				
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	84,217	58,169	142,386	108
SALARIES AND BENEFITS PAYABLE	83,881	15,413	99,294	125
DUE TO OTHER GOVERNMENTS	27,320	3,079	30,399	4,774
INTEREST PAYABLE	8,422	12,146	20,568	-
ADVANCES FROM OTHERS (NOTE 10)	29,652	2,333	31,985	-
NONCURRENT LIABILITIES:				
PORTION DUE PAYABLE IN ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	104,791	11,740	116,531	5
TERMINATION BENEFITS PAYABLE (NOTE 11)	29	15	44	-
BONDS AND NOTES PAYABLE (NOTE 11)	102,505	25,157	127,662	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	-	1,924	1,924	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	4,862	4,862	-
ESTIMATED LIABILITY FOR CLOSURES/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	1,396	1,396	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	50,290	-	50,290	-
PORTION DUE OR PAYABLE AFTER ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	66,879	7,805	74,684	174
TERMINATION BENEFITS PAYABLE (NOTE 11)	72	-	72	-
BONDS AND NOTES PAYABLE, NET (NOTE 11)	685,092	413,425	1,098,517	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	-	2,268	2,268	-
OTHER LONG TERM LIABILITIES (NOTE 11)	-	10,435	10,435	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	58,016	58,016	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	101,022	101,022	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	186,405	-	186,405	-
NET OTHER POSTEMPLOYMENT BENEFITS OBLIGATION FOR HOUSING AUTHORITY (NOTE 20)	-	4,042	4,042	-
NET PENSION LIABILITY (NOTE 19)	1,456,577	178,390	1,634,967	1,672
TOTAL LIABILITIES	2,886,132	911,637	3,797,769	6,858
DEFERRED INFLOWS OF RESOURCES (NOTE 16)				
	361,657	46,314	407,971	469
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	1,843,897	202,941	2,046,838	105
RESTRICTED FOR:				
GRANTS AND OTHER COUNTY PROGRAMS	940,439	-	940,439	-
PERPETUAL CARE - NONEXPENDABLE	1,711	-	1,711	-
DEBT SERVICE	-	41,723	41,723	-
LANDFILL CLOSURE	-	26,419	26,419	-
HOUSING PROGRAMS	-	6,848	6,848	-
UNRESTRICTED	(1,147,159)	39,906	(1,107,253)	77,093
TOTAL NET POSITION	\$ 1,638,888	\$ 317,837	\$ 1,956,725	\$ 77,198

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

**COUNTY OF SAN BERNARDINO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016 (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	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT:									
GOVERNMENTAL ACTIVITIES:									
GENERAL GOVERNMENT	\$ 158,981	\$ 150,204	\$ 7,822	\$ 182	\$ (773)	\$ -	\$ -	\$ (773)	\$ -
PUBLIC PROTECTION	1,054,075	251,153	279,206	2	(523,714)	-	-	(523,714)	-
PUBLIC WAYS AND FACILITIES	81,902	9,047	46,838	250	(25,767)	-	-	(25,767)	-
HEALTH AND SANITATION	338,910	22,304	376,831	-	60,225	-	-	60,225	-
PUBLIC ASSISTANCE	1,079,575	3,034	1,080,108	-	3,567	-	-	3,567	-
EDUCATION	19,424	1,011	254	-	(18,159)	-	-	(18,159)	-
RECREATION AND CULTURAL SERVICES	24,505	8,773	686	50	(14,996)	-	-	(14,996)	-
INTEREST ON LONG TERM DEBT	42,744	-	-	-	(42,744)	-	-	(42,744)	-
TOTAL GOVERNMENTAL ACTIVITIES	2,800,116	445,526	1,791,745	484	(562,361)	-	-	(562,361)	-
BUSINESS-TYPE ACTIVITIES:									
MEDICAL CENTER	507,668	448,135	95,250	18,855	-	54,572	54,572	54,572	-
WASTE SYSTEMS	60,717	76,869	79	-	-	16,231	16,231	16,231	-
HOUSING AUTHORITY	105,876	16,300	91,044	161	-	1,629	1,629	1,629	-
WATER, SEWER, AND SANITATION	20,804	13,459	72	170	-	(7,103)	(7,103)	(7,103)	-
OTHERS	67	74	-	-	-	7	7	7	-
TOTAL BUSINESS-TYPE ACTIVITIES	695,132	554,837	186,445	19,186	-	65,336	65,336	65,336	-
TOTAL PRIMARY GOVERNMENT	\$ 3,495,248	\$ 1,000,363	\$ 1,978,190	\$ 19,670	\$ (562,361)	\$ 65,336	\$ 65,336	\$ (497,025)	\$ -
COMPONENT UNIT									
FIRST 5 SAN BERNARDINO	\$ 22,668	\$ -	\$ 21,943	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (725)
GENERAL REVENUES:									
PROPERTY TAXES, LEVIED FOR GENERAL PURPOSES					617,923	2,981	620,904	620,904	-
PUBLIC SAFETY TAX					164,993	-	164,993	164,993	-
SALES TAXES					43,595	-	43,595	43,595	-
OTHER TAXES					20,743	-	20,743	20,743	-
REVENUES FROM USE OF MONEY AND PROPERTY					42,739	3,155	45,894	45,894	627
MISCELLANEOUS					69,822	4,536	74,358	74,358	-
GAIN ON SALE OF CAPITAL ASSETS					11,676	671	12,347	12,347	-
TRANSFERS (NOTE 6)					(19,728)	19,628	(100)	(100)	-
TOTAL GENERAL REVENUES AND TRANSFERS					951,763	30,971	982,734	982,734	627
CHANGE IN NET POSITION					389,402	96,307	485,709	485,709	(98)
NET POSITION - BEGINNING, AS RESTATED (NOTE 25)					1,249,486	221,530	1,471,016	1,471,016	77,296
NET POSITION - ENDING					\$ 1,638,888	\$ 317,837	\$ 1,956,725	\$ 1,956,725	\$ 77,198

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





FUND FINANCIAL STATEMENTS



**COUNTY OF SAN BERNARDINO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016 (IN THOUSANDS)**

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 847,787	\$ 138,252	\$ 666,669	\$ 1,652,708
INVESTMENTS (NOTE 4)	-	-	1,926	1,926
ACCOUNTS RECEIVABLE, NET (NOTE 5)	2,946	-	4,059	7,005
TAXES RECEIVABLE (NOTE 5)	36,837	-	7,377	44,214
INTEREST RECEIVABLE (NOTE 5)	20,573	222	1,167	21,962
LOANS RECEIVABLE, NET (NOTE 5)	42,215	-	1,010	43,225
OTHER RECEIVABLES (NOTE 5)	7,510	-	276	7,786
DUE FROM OTHER FUNDS (NOTE 6)	23,641	4,363	14,799	42,803
DUE FROM OTHER GOVERNMENTS (NOTE 5)	302,869	283	60,082	363,234
LAND HELD FOR RESALE	549	-	1,662	2,211
INVENTORIES	1,446	-	108	1,554
PREPAID ITEMS	2,691	-	83	2,774
INTERFUND RECEIVABLE (NOTE 6)	2,613	-	16,698	19,311
RESTRICTED CASH AND INVESTMENTS (NOTES 4 & 7)	4,825	-	15,190	20,015
TOTAL ASSETS	<u>\$ 1,296,502</u>	<u>\$ 143,120</u>	<u>\$ 791,106</u>	<u>\$ 2,230,728</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 51,438	\$ 6,678	\$ 20,963	\$ 79,079
SALARIES AND BENEFITS PAYABLE	67,341	-	13,931	81,272
DUE TO OTHER FUNDS (NOTE 6)	12,850	435	29,234	42,519
DUE TO OTHER GOVERNMENTS	24,097	-	3,223	27,320
ADVANCES FROM OTHERS (NOTE 10)	14,242	450	14,960	29,652
INTERFUND PAYABLE (NOTE 6)	-	-	2,414	2,414
TOTAL LIABILITIES	<u>169,968</u>	<u>7,563</u>	<u>84,725</u>	<u>262,256</u>
DEFERRED INFLOWS OF RESOURCES (NOTE 16)	<u>69,876</u>	<u>222</u>	<u>11,456</u>	<u>81,554</u>
FUND BALANCES (NOTE 17):				
NONSPENDABLE	49,048	-	1,902	50,950
RESTRICTED	397,574	35,760	649,637	1,082,971
COMMITTED	306,216	-	-	306,216
ASSIGNED	8,862	99,575	43,386	151,823
UNASSIGNED	294,958	-	-	294,958
TOTAL FUND BALANCES	<u>1,056,658</u>	<u>135,335</u>	<u>694,925</u>	<u>1,886,918</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,296,502</u>	<u>\$ 143,120</u>	<u>\$ 791,106</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.				
				1,854,780
Receivables that are not available to pay for current-period expenditures are deferred in the governmental funds.				
				81,554
Internal service funds are used by management to charge the costs of general services, telecommunication services, computer operations, vehicle services, 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.				
				103,215
Interest payable on long-term debt				
				(8,422)
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.				
				93,891
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.				
				(2,373,048)
Net position of governmental activities (page 36)				
				<u>\$ 1,638,888</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, 2016 (IN THOUSANDS)**

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
TAXES	\$ 729,697	\$ -	\$ 119,702	\$ 849,399
LICENSES, PERMITS, AND FRANCHISES	24,107	-	1,052	25,159
FINES, FORFEITURES, AND PENALTIES	6,335	-	5,661	11,996
REVENUE FROM USE OF MONEY AND PROPERTY	37,939	8	9,685	47,632
AID FROM OTHER GOVERNMENTAL AGENCIES	1,480,083	250	307,141	1,787,474
CHARGES FOR CURRENT SERVICES	301,500	3,815	97,878	403,193
OTHER REVENUES	21,457	422	39,441	61,320
TOTAL REVENUES	2,601,118	4,495	580,560	3,186,173
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT	141,013	609	7,538	149,160
PUBLIC PROTECTION	856,460	-	195,911	1,052,371
PUBLIC WAYS AND FACILITIES	2,750	-	59,542	62,292
HEALTH AND SANITATION	231,207	-	121,574	352,781
PUBLIC ASSISTANCE	1,042,053	-	88,811	1,130,864
EDUCATION	3,004	-	15,236	18,240
RECREATION AND CULTURAL SERVICES	13,340	-	6,380	19,720
DEBT SERVICE:				
PRINCIPAL	7,375	-	104,377	111,752
INTEREST AND FISCAL CHARGES	1,216	-	19,227	20,443
BOND ISSUANCE COSTS	-	-	187	187
CAPITAL OUTLAY	14,754	75,057	31,098	120,909
TOTAL EXPENDITURES	2,313,172	75,666	649,881	3,038,719
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	287,946	(71,171)	(69,321)	147,454
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT (NOTE 6)	(218,170)	(3,298)	(81,425)	(302,893)
TRANSFERS IN (NOTE 6)	55,532	97,514	148,339	301,385
REFUNDING BONDS ISSUED (NOTE 11)	-	-	27,870	27,870
PAYMENT TO REFUNDED BOND ESCROW AGENT (NOTE 11)	-	-	(27,870)	(27,870)
INSURANCE RECOVERIES	-	-	3,916	3,916
SALE OF CAPITAL ASSETS	1,926	-	13,285	15,211
TOTAL OTHER FINANCING SOURCES AND (USES)	(160,712)	94,216	84,115	17,619
NET CHANGES IN FUND BALANCE	127,234	23,045	14,794	165,073
FUND BALANCES, BEGINNING	929,424	112,290	680,131	1,721,845
FUND BALANCES, ENDING	\$ 1,056,658	\$ 135,335	\$ 694,925	\$ 1,886,918

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL

\$ 165,073

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

122,943

Less current year depreciation/amortization expense.

(90,182)

Less current year program expenses related to capital assets adjustments.

(22,473)

10,288

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

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

18,874

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

(23,929)

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.

(27,322)

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

247,370

Less current year pension expense.

(140,027)

107,343

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.

139,075

Changes in net position of governmental activities (page 37)

\$ 389,402

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, 2016 (IN THOUSANDS)**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
TAXES	\$ 677,920	\$ 689,815	\$ 729,697	\$ 39,882
LICENSES, PERMITS AND FRANCHISES	22,113	23,911	24,107	196
FINES, FORFEITURES AND PENALTIES	7,411	7,417	6,335	(1,082)
REVENUES FROM USE OF MONEY AND PROPERTY	34,101	34,397	37,939	3,542
AID FROM OTHER GOVERNMENTAL AGENCIES	1,194,546	1,224,900	1,480,083	255,183
CHARGES FOR CURRENT SERVICES	406,005	408,497	301,500	(106,997)
OTHER REVENUES	16,992	18,089	21,457	3,368
TOTAL REVENUES	2,359,088	2,407,026	2,601,118	194,092
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT	254,236	173,670	141,598	32,072
PUBLIC PROTECTION	898,372	923,991	857,405	66,586
PUBLIC WAYS AND FACILITIES	2,865	2,715	2,701	14
HEALTH AND SANITATION	371,798	372,189	236,211	135,978
PUBLIC ASSISTANCE	1,084,923	1,097,701	1,042,544	55,157
EDUCATION	3,139	3,139	3,004	135
RECREATION AND CULTURAL SERVICES	13,246	14,366	13,547	819
DEBT SERVICE:				
PRINCIPAL	7,375	7,375	7,375	-
INTEREST AND FISCAL CHARGES	7,200	6,658	1,216	5,442
CAPITAL OUTLAY	24,621	25,616	14,402	11,214
TOTAL EXPENDITURES	2,667,775	2,627,420	2,320,003	307,417
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(308,687)	(220,394)	281,115	501,509
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT (NOTE 6)	(205,764)	(247,427)	(218,170)	29,257
TRANSFERS IN (NOTE 6)	53,043	75,350	55,532	(19,818)
SALE OF CAPITAL ASSETS	650	650	1,926	1,276
TOTAL OTHER FINANCING SOURCES AND (USES)	(152,071)	(171,427)	(160,712)	10,715
NET CHANGE IN FUND BALANCES	(460,758)	(391,821)	120,403	512,224
FUND BALANCES, BEGINNING	892,544	892,544	892,544	-
FUND BALANCES, ENDING	\$ 431,786	\$ 500,723	\$ 1,012,947	\$ 512,224

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, 2016 (IN THOUSANDS)**

BUSINESS-TYPE ACTIVITIES -

	ENTERPRISE FUNDS		
	MEDICAL CENTER 6/30/2016	WASTE SYSTEMS DIVISION 6/30/2016	HOUSING AUTHORITY 9/30/2015
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 122,213	\$ 98,134	\$ 30,641
ACCOUNTS RECEIVABLE, NET (NOTE 5)	31,098	9,400	1,485
INTEREST RECEIVABLE (NOTE 5)	295	-	5
LOANS RECEIVABLE (NOTE 5)	-	-	2,393
OTHER RECEIVABLES, NET (NOTE 5)	23,351	1,243	-
DUE FROM OTHER FUNDS (NOTE 6)	13,674	3,268	-
DUE FROM OTHER GOVERNMENTS, NET (NOTE 5)	55,458	1,403	505
INVENTORIES	2,418	-	312
PREPAID ITEMS	2,264	168	579
RESTRICTED CASH AND CASH EQUIVALENTS (NOTES 4 & 7)	11,924	61,373	3,773
TOTAL CURRENT ASSETS	262,695	174,989	39,693
NONCURRENT ASSETS:			
LOANS RECEIVABLE (NOTE 5)	-	-	5,415
OTHER RECEIVABLES (NOTE 5)	-	25,300	2,312
PREPAID ITEMS	-	203	2,415
RESTRICTED CASH AND INVESTMENTS (NOTES 4 & 7)	38,312	-	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:			
LAND (NOTE 8)	-	17,736	11,055
LAND USE RIGHTS (NOTE 8)	-	93	-
DEVELOPMENT IN PROGRESS (NOTE 8)	1,822	7,866	1,812
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
LAND USE RIGHTS (NOTE 8)	-	105	-
STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 8)	572,826	171,916	187,215
EQUIPMENT AND SOFTWARE (NOTE 8)	170,992	992	4,871
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 8)	(369,094)	(115,866)	(94,900)
TOTAL NONCURRENT ASSETS	414,858	108,345	120,195
TOTAL ASSETS	677,553	283,334	159,888
DEFERRED OUTFLOWS OF RESOURCES (NOTES 9 & 19)	73,108	1,840	632
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	50,072	5,309	2,208
SALARIES AND BENEFITS PAYABLE	14,967	445	-
DUE TO OTHER FUNDS (NOTE 6)	410	526	-
DUE TO OTHER GOVERNMENTS	-	2,974	-
INTEREST PAYABLE	8,808	-	3,283
ADVANCES FROM OTHERS (NOTE 10)	-	942	1,373
COMPENSATED ABSENCES PAYABLE (NOTE 11)	10,910	497	333
TERMINATION BENEFITS PAYABLE (NOTE 11)	15	-	-
BONDS AND NOTES PAYABLE (NOTE 11)	22,380	-	2,483
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	1,924	-	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	4,862	-
ESTIMATED LIABILITY FOR CLOSURES/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	1,396	-
TOTAL CURRENT LIABILITIES	109,486	16,951	9,680
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE (NOTE 6)	-	-	16,393
COMPENSATED ABSENCES PAYABLE (NOTE 11)	6,867	494	444
BONDS AND NOTES PAYABLE (NOTE 11)	380,556	-	31,137
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	2,268	-	-
OTHER LONG TERM LIABILITIES	9,973	-	462
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	58,016	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	101,022	-
NET OTHER POSTEMPLOYMENT BENEFITS OBLIGATION FOR HOUSING AUTHORITY (NOTE 20)	-	-	4,042
NET PENSION LIABILITY (NOTE 19)	156,238	5,319	16,833
TOTAL NONCURRENT LIABILITIES	555,902	164,851	69,311
TOTAL LIABILITIES	665,388	181,802	78,991
DEFERRED INFLOWS OF RESOURCES (NOTES 16 & 19)	43,192	2,037	1,085
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	(8,685)	82,842	76,433
RESTRICTED FOR:			
DEBT SERVICE	41,723	-	-
LANDFILL CLOSURE COSTS	-	26,419	-
HOUSING PROGRAMS	-	-	6,848
UNRESTRICTED	9,043	(7,926)	(2,837)
TOTAL NET POSITION	\$ 42,081	\$ 101,335	\$ 80,444

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, 2016 (IN THOUSANDS)**

	BUSINESS- TYPE ACTIVITIES		GOVERNMENTAL
	ENTERPRISE FUNDS		ACTIVITIES
	TOTAL NONMAJOR ENTERPRISE FUNDS 6/30/2016	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS 6/30/2016
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 40,437	\$ 291,425	\$ 346,074
ACCOUNTS RECEIVABLE, NET (NOTE 5)	2,233	44,216	77
TAXES RECEIVABLE (NOTE 5)	196	196	-
INTEREST RECEIVABLE (NOTE 5)	-	300	-
LOANS RECEIVABLE (NOTE 5)	-	2,393	-
OTHER RECEIVABLES, NET (NOTE 5)	182	24,776	37
DUE FROM OTHER FUNDS (NOTE 6)	50	16,992	2,387
DUE FROM OTHER GOVERNMENTS, NET (NOTE 5)	13	57,379	1,107
INVENTORIES	36	2,766	3,877
PREPAID ITEMS	-	3,011	1,560
RESTRICTED CASH AND CASH EQUIVALENTS (NOTES 4 & 7)	-	77,070	-
TOTAL CURRENT ASSETS	<u>43,147</u>	<u>520,524</u>	<u>355,119</u>
NONCURRENT ASSETS:			
INTERFUND RECEIVABLE	-	-	894
LOANS RECEIVABLE (NOTE 5)	-	5,415	-
OTHER RECEIVABLES (NOTE 5)	-	27,612	-
PREPAID ITEMS	-	2,618	-
RESTRICTED CASH AND INVESTMENTS (NOTES 4 & 7)	-	38,312	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:			
LAND (NOTE 8)	3,763	32,554	396
LAND USE RIGHTS (NOTE 8)	258	351	-
DEVELOPMENT IN PROGRESS (NOTE 8)	3,419	14,919	3,807
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
LAND USE RIGHTS (NOTE 8)	1,004	1,109	-
STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 8)	86,877	1,018,834	11,539
EQUIPMENT AND SOFTWARE (NOTE 8)	1,498	178,353	115,586
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 8)	(42,442)	(622,302)	(83,721)
TOTAL NONCURRENT ASSETS	<u>54,377</u>	<u>697,775</u>	<u>48,501</u>
TOTAL ASSETS	<u>97,524</u>	<u>1,218,299</u>	<u>403,620</u>
DEFERRED OUTFLOWS OF RESOURCES (NOTES 9 & 19)	-	75,580	19,344
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	580	58,169	5,138
SALARIES AND BENEFITS PAYABLE	1	15,413	2,609
DUE TO OTHER FUNDS (NOTE 6)	258	1,194	18,469
DUE TO OTHER GOVERNMENTS	105	3,079	-
INTEREST PAYABLE	55	12,146	-
ADVANCES FROM OTHERS (NOTE 10)	18	2,333	270
COMPENSATED ABSENCES PAYABLE (NOTE 11)	-	11,740	3,228
TERMINATION BENEFITS PAYABLE (NOTE 11)	-	15	-
BONDS AND NOTES PAYABLE (NOTE 11)	294	25,157	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	-	1,924	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	4,862	-
ESTIMATED LIABILITY FOR CLOSURES/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	1,396	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	-	-	50,290
TOTAL CURRENT LIABILITIES	<u>1,311</u>	<u>137,428</u>	<u>80,004</u>
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE (NOTE 6)	504	16,897	894
COMPENSATED ABSENCES PAYABLE (NOTE 11)	-	7,805	4,044
BONDS AND NOTES PAYABLE (NOTE 11)	1,732	413,425	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	-	2,268	-
OTHER LONG TERM LIABILITIES	-	10,435	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	58,016	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	101,022	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	-	-	186,405
NET OTHER POSTEMPLOYMENT BENEFITS OBLIGATION FOR HOUSING AUTHORITY (NOTE 20)	-	4,042	-
NET PENSION LIABILITY (NOTE 19)	-	178,390	35,625
TOTAL NONCURRENT LIABILITIES	<u>2,236</u>	<u>792,300</u>	<u>228,968</u>
TOTAL LIABILITIES	<u>3,547</u>	<u>929,728</u>	<u>306,972</u>
DEFERRED INFLOWS OF RESOURCES (NOTES 16 & 19)	-	46,314	12,777
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	52,351	202,941	47,607
RESTRICTED FOR:			
DEBT SERVICE	-	41,723	-
LANDFILL CLOSURE COSTS	-	26,419	-
HOUSING PROGRAMS	-	6,848	-
UNRESTRICTED	41,626	39,906	55,608
TOTAL NET POSITION	<u>\$ 93,977</u>	<u>\$ 317,837</u>	<u>\$ 103,215</u>

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, 2016 (IN THOUSANDS)**

	BUSINESS-TYPE ACTIVITIES -		
	ENTERPRISE FUNDS		
	MEDICAL CENTER 6/30/2016	WASTE SYSTEM DIVISION 6/30/2016	HOUSING AUTHORITY 9/30/2015
OPERATING REVENUES:			
NET PATIENT CARE AND SERVICE CHARGES FOR CURRENT SERVICES	\$ 448,135	\$ -	\$ -
OTHER	7,572	11,892	91,044
TOTAL OPERATING REVENUES	455,707	76,869	107,344
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	52,507	33,926	-
SALARIES AND EMPLOYEE BENEFITS	230,795	6,409	13,396
SERVICES AND SUPPLIES	171,716	18,464	81,533
DEPRECIATION AND AMORTIZATION	23,172	1,918	5,974
OTHER	5,452	-	2,687
TOTAL OPERATING EXPENSES	483,642	60,717	103,590
OPERATING INCOME (LOSS)	(27,935)	16,152	3,754
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUE	1,469	1,218	142
INTEREST EXPENSE	(24,026)	-	(2,286)
GRANT REVENUE	87,678	79	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	-	-	664
OTHER NONOPERATING REVENUES	249	2,592	322
OTHER NONOPERATING EXPENSES	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	65,370	3,889	(1,158)
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	37,435	20,041	2,596
CAPITAL CONTRIBUTIONS	18,855	-	161
TRANSFERS OUT (NOTE 6)	(9,954)	(402)	-
TRANSFERS IN (NOTE 6)	26,819	3,096	-
CHANGE IN NET POSITION	73,155	22,735	2,757
TOTAL NET POSITION, BEGINNING, AS RESTATED (NOTE 25)	(31,074)	78,600	77,687
TOTAL NET POSITION, ENDING	\$ 42,081	\$ 101,335	\$ 80,444

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, 2016 (IN THOUSANDS)**

	BUSINESS-TYPE ACTIVITIES -		GOVERNMENTAL
	ENTERPRISE FUNDS		ACTIVITIES
	TOTAL NONMAJOR ENTERPRISE FUNDS 6/30/2016	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS 6/30/2016
OPERATING REVENUES:			
NET PATIENT CARE AND SERVICE CHARGES FOR CURRENT SERVICES	\$ -	\$ 448,135	\$ -
OTHER	13,531	94,808	215,222
	2	110,510	-
TOTAL OPERATING REVENUES	13,533	653,453	215,222
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	3,682	90,115	24,566
SALARIES AND EMPLOYEE BENEFITS	6,318	256,918	44,922
SELF-INSURANCE CLAIMS	-	-	50,398
SERVICES AND SUPPLIES	4,480	276,193	55,438
DEPRECIATION AND AMORTIZATION	2,997	34,061	11,572
OTHER	522	8,661	864
TOTAL OPERATING EXPENSES	17,999	665,948	187,760
OPERATING INCOME (LOSS)	(4,466)	(12,495)	27,462
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUE	326	3,155	2,699
INTEREST EXPENSE	(144)	(26,456)	(9)
TAX REVENUE	2,981	2,981	-
GRANT REVENUE	72	87,829	4
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	7	671	495
OTHER NONOPERATING REVENUES	1,373	4,536	6,450
OTHER NONOPERATING EXPENSES	(2,728)	(2,728)	(7)
TOTAL NONOPERATING REVENUES (EXPENSES)	1,887	69,988	9,632
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	(2,579)	57,493	37,094
CAPITAL CONTRIBUTIONS	170	19,186	-
TRANSFERS OUT (NOTE 6)	(58)	(10,414)	(18,258)
TRANSFERS IN (NOTE 6)	127	30,042	38
CHANGE IN NET POSITION	(2,340)	96,307	18,874
TOTAL NET POSITION, BEGINNING, AS RESTATED (NOTE 25)	96,317	221,530	84,341
TOTAL NET POSITION, ENDING	\$ 93,977	\$ 317,837	\$ 103,215

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

**COUNTY OF SAN BERNARDINO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016 (IN THOUSANDS)**

	INVESTMENT TRUST FUND	PRIVATE- PURPOSE TRUST FUND	AGENCY
ASSETS			
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 3,090,484	\$ 5,827	\$ 275,540
ACCOUNTS RECEIVABLE - NET	-	-	18,067
TAXES RECEIVABLE	-	-	154,874
DUE FROM OTHER GOVERNMENTS	-	-	16,751
LAND HELD FOR RESALE	-	23,396	-
PREPAID ITEMS	-	641	-
RESTRICTED CASH AND CASH EQUIVALENTS	-	3,515	-
EQUIPMENT	-	16	-
ACCUMULATED DEPRECIATION EQUIPMENT	-	(16)	-
TOTAL ASSETS	3,090,484	33,379	\$ 465,232
LIABILITIES:			
DUE TO OTHER GOVERNMENTS	-	89	\$ 465,232
INTEREST PAYABLE	-	1,552	-
BONDS AND NOTES PAYABLE			
DUE IN ONE YEAR	-	1,534	-
DUE AFTER ONE YEAR	-	83,018	-
TOTAL LIABILITIES	-	86,193	\$ 465,232
DEFERRED INFLOWS OF RESOURCES:			
DEFERRED AMOUNT ON REFUNDING OF DEBT	-	747	
NET POSITION			
NET POSITION (DEFICIT) HELD IN TRUST	\$ 3,090,484	\$ (53,561)	

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, 2016 (IN THOUSANDS)**

	<u>INVESTMENT TRUST FUND</u>	<u>PRIVATE- PURPOSE TRUST FUND</u>
ADDITIONS:		
CONTRIBUTIONS:		
CONTRIBUTIONS ON POOLED INVESTMENTS	\$ 10,484,031	\$ -
REDEVELOPMENT AGENCY PROPERTY TAX TRUST FUND	-	9,118
OTHER REVENUES	-	186
TOTAL CONTRIBUTIONS	<u>10,484,031</u>	<u>9,304</u>
INTEREST AND INVESTMENT REVENUE:		
NET INCREASE IN FAIR VALUE OF INVESTMENTS	5,776	12
INTEREST INCOME ON CASH AND SECURITIES	21,000	9
TOTAL INTEREST AND INVESTMENT REVENUES	<u>26,776</u>	<u>21</u>
TOTAL ADDITIONS	<u>10,510,807</u>	<u>9,325</u>
DEDUCTIONS:		
DISTRIBUTION FROM POOLED INVESTMENTS	10,153,649	-
DISTRIBUTION AND OBLIGATION RETIREMENTS	-	5,854
ADMINISTRATIVE EXPENSES	-	320
TOTAL DEDUCTIONS	<u>10,153,649</u>	<u>6,174</u>
CHANGE IN NET POSITION	357,158	3,151
NET POSITION (DEFICIT) HELD IN TRUST, BEGINNING	<u>2,733,326</u>	<u>(56,712)</u>
NET POSITION (DEFICIT) HELD IN TRUST, ENDING	<u>\$ 3,090,484</u>	<u>\$ (53,561)</u>

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





NOTES TO THE BASIC FINANCIAL STATEMENTS

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(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, 2016
(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, 2015. 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. The FIRST 5 is a discretely presented component unit because 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.

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, 2016
(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 Architecture and Engineering Department. 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, 2016
(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, 2015.

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, central mail, telecommunication services, computer operations, vehicle services, 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, 2016
(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, 2016
(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.

As of July 1, 2015, the County adopted Governmental Accounting Standards Board ("GASB") Statement No. 72 – Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. 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 is an asset acquired and held with the intent of sale, and is 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, 2016
(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, 2016
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Pollution Remediation Obligations

In accordance with GASB 49, “*Accounting and Financial Reporting for Pollution Remediation Obligations*,” pollution remediation costs are accrued and recorded. GASB 49 requires estimating pollution remediation outlays to remediate the effects of a pollution event. 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, 2016
(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 business-type activities 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 of the County, not restricted for any project or other purpose.

At June 30, 2016, the County reported restricted net position of \$942,150 in the Governmental Activities restricted for the following purposes:

Restricted for:	Amount
Grants and Other County Programs:	
State Realignment Funds	\$ 382,412
Teeter Plan	13,538
Other Grants and Programs	544,489
Perpetual Care - Nonexpendable	1,711
	\$ 942,150

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, 2016
(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.

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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2016, the County's General Purposes Reserve is \$88,776 which is included in the Unassigned Fund Balance as determined by the Fund Balance Policy.

(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 2015-16 taxable assessed valuation of the County of San Bernardino was \$192,099,956.

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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 2016, the County adopted the following Governmental Accounting Standards Board (GASB) Statements:

GASB 72 – Fair Value Measurement and Application

In February 2015, GASB issued Statement No. 72, Fair Value Measurement and Application. The objective of the statement is to address accounting and financial reporting issues related to fair value measurements. The Statement is effective for periods beginning after June 15, 2015. The County has implemented this Statement as of July 1, 2015, except for the Housing Authority, due to its fiscal year beginning October 1, 2014.

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 GASB Statements 67 and 68

In June 2015, GASB issued Statement No. 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 GASB Statements 67 and 68. The principal objective of this Statement is to improve the information provided in the general purpose external financial reports of state and local governments about pensions and related assets that are not within the scope of Statement No. 68. The provisions in this Statement are effective for the fiscal year ending June 30, 2016 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for the fiscal year ending June 30, 2017. The County adopted both parts of this statement and it did not have an impact on the financial statements.

GASB 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

In June 2015, GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The Statement is effective for periods beginning after June 15, 2015. The County has implemented this Statement as of July 1, 2015, except for the Housing Authority, due to its fiscal year beginning October 1, 2014. The adoption of this statement did not have an impact on the financial statements.

GASB 79 – Certain External Investment Pools and Pool Participants

In December 2015, GASB issued Statement No. 79, Certain External Investment Pools and Pool Participants. The objective of this Statement is to address for certain external investment pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. The provisions of this Statement are effective for reporting periods beginning after June 15, 2015 - except for certain provisions related to portfolio quality and the provision related to the monthly shadow price calculation, which are effective for reporting periods beginning after December 15, 2015. The County has implemented this Statement as of July 1, 2015, except for the Housing Authority, due to its fiscal year beginning October 1, 2014. 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, 2016
(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	\$ 1,652,708	\$ -	\$ 346,074	\$ -	\$ 1,998,782
Investments	1,926	-	-	-	1,926
Accounts Receivable - Net	7,005	-	77	-	7,082
Taxes Receivable	44,214	-	-	-	44,214
Interest Receivable	21,962	-	-	-	21,962
Loans Receivable	43,225	-	-	-	43,225
Other Receivables	7,786	-	37	-	7,823
Due from Other Funds	42,803	-	2,387	(45,190)	-
Due from Other Governments	363,234	-	1,107	-	364,341
Internal Balances	-	-	-	1,099	1,099
Land Held for Resale	2,211	-	-	-	2,211
Inventories	1,554	-	3,877	-	5,431
Prepaid Items	2,774	-	1,560	(270)	4,064
Interfund Receivable	19,311	-	894	(20,205)	-
Restricted Cash and Investments	20,015	-	-	-	20,015
Land	-	126,517	396	-	126,913
Land Use Rights - Not Amortized	-	23,869	-	-	23,869
Development In Progress	-	246,880	3,807	-	250,687
Land Use Rights - Amortized	-	123	-	-	123
Structures, Improvements, and Infrastructure	-	2,613,453	11,539	-	2,624,992
Equipment and Software	-	270,070	115,586	-	385,656
Accumulated Depreciation and Amortization	-	(1,426,132)	(83,721)	-	(1,509,853)
Total Assets	2,230,728	1,854,780	403,620	(64,566)	4,424,562
Deferred Outflows of Resources:					
Deferred Amounts on Refunding	-	2,789	-	-	2,789
Pensions	-	439,982	19,344	-	459,326
Total Deferred Outflows of Resources	-	442,771	19,344	-	462,115
Total Assets and Deferred Outflows of Resources	\$ 2,230,728	\$ 2,297,551	\$ 422,964	\$ (64,566)	\$ 4,886,677
Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ 79,079	\$ -	\$ 5,138	\$ -	\$ 84,217
Salaries and Benefits Payable	81,272	-	2,609	-	83,881
Due to Other Funds	42,519	-	18,469	(60,988)	-
Due to Other Governments	27,320	-	-	-	27,320
Interest Payable	-	8,422	-	-	8,422
Advances from Others	29,652	-	270	(270)	29,652
Interfund Payable	2,414	-	894	(3,308)	-
Compensated Absences Payable	-	164,398	7,272	-	171,670
Termination Benefits Payable	-	101	-	-	101
Bonds and Notes Payable	-	853,599	-	-	853,599
Estimated Liability for Litigation and Self-Insured Claims	-	-	236,695	-	236,695
Premium	-	494	-	-	494
Discount	-	(66,496)	-	-	(66,496)
Net Pension Liability	-	1,420,952	35,625	-	1,456,577
Total Liabilities	262,256	2,381,470	306,972	(64,566)	2,886,132
Deferred Inflows of Resources:					
Unavailable Revenues	81,554	(81,554)	-	-	-
Deferred Amounts on Refunding	-	252	-	-	252
Pensions	-	348,628	12,777	-	361,405
Total Deferred Inflows of Resources	81,554	267,326	12,777	-	361,657
Fund Balance/Net Position	1,886,918	(351,245)	103,215	-	1,638,888
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position	\$ 2,230,728	\$ 2,297,551	\$ 422,964	\$ (64,566)	\$ 4,886,677

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(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	\$ 126,517	
	Land Use Rights - not being amortized	23,869	
	Development in Progress	246,880	
	Land Use Rights - being amortized	123	
	Structures, Improvements, and Infrastructure	2,613,453	
	Equipment and Software	270,070	
	Accumulated Depreciation and Amortization	<u>(1,426,132)</u>	
			<u>\$ 1,854,780</u>
(1)	Receivables are not available to pay for current-period expenditures and are therefore deferred in the governmental funds.		
		<u>\$ 81,554</u>	
			<u>\$ 81,554</u>
(1)	Interest Payable		
			<u>\$ (8,422)</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	\$ 2,789	
	Deferred Outflows of Resources - Pensions	439,982	
	Deferred Inflows of Resources - Deferred Amounts on Refunding	(252)	
	Deferred Inflows of Resources - Pensions	<u>(348,628)</u>	
			<u>\$ 93,891</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	\$ (164,398)	
	Termination Benefits Payable	(101)	
	Bonds and Notes Payable	(853,599)	
	Net Pension Liability	(1,420,952)	
	Premium	(494)	
	Discount	<u>66,496</u>	
			<u>\$ (2,373,048)</u>
(2)	Internal service funds that are used by management to charge the costs of general services, telecommunication services, computer operations, vehicle services, 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>\$ 103,215</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, 2016
(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) Excess of Expenditures Over Appropriations

For the year ended June 30, 2016, actual expenditures exceed appropriations in debt service principal and bond issuance cost of the Flood Control District by \$2,815 and \$187, respectively. These over expenditures were funded by restricted funds in trust and budgeted debt service appropriation.

(c) 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	\$ 1,012,947
Outstanding encumbrances for budgeted funds	43,711
Fund balance - GAAP basis	\$ 1,056,658

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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

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 \$2,838,260 at June 30, 2016.

As of June 30, 2016, the fair value of the County pool was \$5.7 billion. Approximately 15% 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, 2016, \$252,224 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, 2016. 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 2015-16 was 0.65%.

A summary of the total cash and investments as of June 30, 2016 is as follows:

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate Range</u>	<u>Maturity Range*</u>	<u>Average Maturity (Days)</u>
U.S. Treasury Securities	\$ 290,755	\$ 291,846	0.55% - 1.37%	07/31/16 - 03/31/19	368
U.S. Government Agencies	1,821,188	1,827,300	0.21% - 1.62%	07/22/16 - 01/21/20	451
Negotiable Certificates of Deposit	1,355,002	1,355,020	0.40% - 1.23%	07/01/16 - 05/26/17	129
Commercial Paper	923,299	924,581	0.20% - 0.83%	07/01/16 - 11/07/16	42
Medium-Term Notes	117,610	117,651	0.48% - 1.25%	07/20/16 - 11/03/18	545
Insured Placement Service Accounts	50,000	50,000	0.35%	07/01/16	1
JPA Investment Pools	192,000	192,000	0.51%	07/01/16	1
Money Market Mutual Funds	230,000	230,000	0.25% - 0.37%	07/01/16	1
Supranational Securities	688,785	694,330	0.77% - 1.62%	05/19/17 - 03/30/20	846
Total County's Pooled Investments	5,668,639	5,682,728			
Investments Held Outside County Pool:					
U.S. Government Agencies	12,987	13,315	0.38% - 0.88%	7/5/2016 - 5/21/18	348
Guaranteed Investment Contracts	4,751	4,751	6.31%	07/27/28	4,410
State and Local Municipal Bonds	26,542	25,200	5.00%	02/15/17 - 10/01/18	523
Money Market Mutual Funds	88,210	88,210	N/A	N/A	N/A
U.S. Treasury Securities	14,711	20,246	7.63%	11/15/22	2,329
Medium-Term Notes	5,195	5,195	1.13% - 8.50%	02/07/16 - 07/29/20	1,045
Local Agency Investment Fund	3,436	3,436	0.32%	N/A	N/A
Total Investments Held Outside County Pool	155,832	160,353			
Total Investments	\$ 5,824,471	5,843,081			
Cash in Bank:					
Non-Interest Bearing Deposits (County)		15,289			
Cash Equivalents and Demand Deposits (HACSB)		24,315			
Total Cash in Bank		39,604			
Total Cash and Investments		\$ 5,882,685			

* Includes HACSB with 9/30/2015 year end (some range(s) are prior to 6/30/2016)

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

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 (2) (3)	
	CGC	Investment Policy	CGC	Investment Policy	CGC	Investment Policy	CGC	Investment Policy
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/P-1/F1/A-/A3
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%	None	A-1/P-1/F1
Commercial Paper	270 Days	270 Days	40%	40%	10%	5%	A-1/A	A-1/P-1/F1
Repurchase Agreements	1 Year	180 Days	None	40%	None	None	None	None
Reverse Repurchase Agreements	92 Days	92 Days	20%	10%	None	None	None	None
Municipal Debt	5 Years	5 Years	None	10%	None	None	None	AAA
Medium-Term Corporate Notes	5 Years	3 Years	30%	10%	None	100MM/5%	A	A-/A3
Insured Placement Service Accounts (1)	5 Years	Immediate Liquidity	30%	5%	10%	50MM/100MM	None	None
JPA Investment Pools	N/A	Immediate Liquidity	None	5%	None	200MM	None	AAA
Money Market Mutual Funds	N/A	Immediate Liquidity	20%	15%	10%	10%	AAAm	AAAm
Supranational Securities	5 Years	5 Years	30%	30%	None	None	AA	AA

Footnote:

(1) FICA accounts balances are fully covered by FDIC insurance. Maximum \$50MM per selected depository institution. Maximum \$100MM per placement service.

(2) Minimum credit rating categories are without regard to ratings modifiers (+/-).

(3) Standard & Poor's Ratings (quoted) or the equivalent NRSRO rating.

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
June 30, 2016
(Amounts in thousands)

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 one dollar 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's 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, 2016 was \$230,000, 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(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, 2016 was \$88,210, 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, 2016, the County has the following recurring fair value measurements:

	Balance at June 30, 2016	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	\$ 291,846	\$ 291,846	\$ -	\$ -
U.S. Government Agencies	1,827,300	-	1,827,300	-
Negotiable Certificates of Deposit	1,355,020	-	1,355,020	-
Commercial Paper	924,581	-	924,581	-
Medium-Term Notes	117,651	-	117,651	-
Supranational Securities	694,330	-	643,532	50,798
Total County's Pooled Investments by Fair Value Level	5,210,728	\$ 291,846	\$ 4,868,084	\$ 50,798
Investments Held Outside County Pool by Fair Value Level:				
U.S. Government Agencies	13,315	\$ -	\$ 13,315	\$ -
State and Local Municipal Bonds	25,200	-	25,200	-
U.S. Treasury Securities	20,246	-	20,246	-
Medium-Term Notes	5,195	-	5,195	-
Total Investments Held Outside County Pool by Fair Value Level	63,956	\$ -	\$ 63,956	\$ -
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	3,436			
Total Uncategorized Investments Held Outside County's Pool	8,187			
Investments Measured at the Net Asset Value (NAV)				
County's Pooled Investments Measured at the Net Asset Value (NAV):				
Money Market Mutual Funds	230,000			
Investments Held Outside County Pool Measured at the Net Asset Value (NAV):				
Money Market Mutual Funds	88,210			
Total Investments	\$ 5,843,081			

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

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.

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. GASB Statement No. 40 requires 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, 2016, 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	AA+	Aaa	AAA	100%	None	5.13%
U.S. Government Agencies	AA+	Aaa	AAA	100%	None	22.59%
U.S. Government Agencies	AA+	Aaa	NR	100%	None	9.57%
Negotiable Certificates of Deposit	A+	Aa3	AA-	30%	5%	1.32%
Negotiable Certificates of Deposit	A-1	P-1	F1+	30%	5%	7.04%
Negotiable Certificates of Deposit	A-1+	P-1	F1+	30%	5%	15.04%
Negotiable Certificates of Deposit	AA-	Aa1	AA-	30%	5%	0.44%
Commercial Paper	A-1	P-1	F1	40%	5%	3.96%
Commercial Paper	A-1	P-1	F1+	40%	5%	5.71%
Commercial Paper	A-1+	P-1	F1	40%	5%	2.20%
Commercial Paper	A-1+	P-1	F1+	40%	5%	4.40%
Medium-Term Notes	A	A2	AA-	10%	100MM/5%	1.34%
Medium-Term Notes	AA	Aa2	AA	10%	100MM/5%	0.03%
Medium-Term Notes	AA	Aa2	AA-	10%	100MM/5%	0.26%
Medium-Term Notes	AAA	Aaa	AA+	10%	100MM/5%	0.44%
Insured Placement Service Accounts	NR	NR	NR	5%	50MM/100MM	0.88%
JPA Investment Pools	AAAm	NR	NR	5%	200MM	3.38%
Money Market Mutual Funds	AAAm	Aaa	AAA	15%	10%	2.01%
Money Market Mutual Funds	AAAm	Aaa	NR	15%	10%	2.04%
Supranational Securities	AAA	Aaa	AAA	30%	None	12.22%

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

The County's investments held outside County Pool were rated as of June 30, 2016 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	A-	Ba1	N/R	2.96%
Local Agency Investment Fund (HACSB)	N/R	N/R	N/R	2.14%
Medium Term Notes (HACSB)	AA+/AA/AA-/A+/A/A-/BBB+	N/R	N/R	3.24%
Municipal Bonds	AAA	Aaa	AAA	5.27%
Municipal Bonds	AAA	Aa2	N/R	2.62%
Municipal Bonds	AA+	Aaa	N/R	1.44%
Municipal Bonds	AA+	Aa1	AA+	2.71%
Municipal Bonds	AA	Aa2	AA	1.06%
Municipal Bonds	AA-	Aa3	AA-	2.60%
Mutual Funds	AAA	Aaa	N/R	17.84%
Mutual Funds	AAA	Aaa	AAA	2.19%
Mutual Funds	N/R	N/R	N/R	34.08%
Mutual Funds (HACSB)	N/R	N/R	N/R	0.92%
U.S. Government Agencies	AA+	Aaa	AAA	8.30%
U.S. Treasury Securities	AA+	Aaa	AAA	12.63%

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*.

GASB Statement No. 40 requires 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, 2016, 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 National Mortgage Assoc (FNMA)	\$ 548,283	9.65%
Federal Home Loan Bank (FHLB)	543,763	9.57%
World Bank	493,067	8.68%
Federal Home Loan Mortgage Corp (FHLMC)	409,708	7.21%
Federal Farm Credit Bank (FFCB)	325,546	5.73%

As of June 30, 2016, the following issuers represented more than five-percent of the County investments outside County Pool:

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Investments</u>
Dreyfus California AMT Free Muni Cash Mgmt	\$ 54,637	34.08%
Federal National Mortgage Assoc (FNMA)	13,315	8.30%

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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

GASB Statement No. 40 requires 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.*

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. 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, 2016, 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:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Range (Days)</u>	<u>Maturity Limits</u>	<u>Modified Duration (Years)</u>
U.S. Treasury Securities	\$ 291,846	31 - 1,004	1,825 Days	0.99
U.S. Government Agencies	1,827,300	22 - 1,300	1,825 Days	1.22
Negotiable Certificates of Deposit	1,355,020	1 - 330	1,095 Days	0.34
Commercial Paper	924,581	1 - 130	270 Days	0.10
Medium-Term Corporate Notes	117,651	20 - 856	1,095 Days	1.46
Insured Placement Service Accounts	50,000	1	Daily Liquidity	0.01
JPA Investment Pools	192,000	1	Daily Liquidity	0.01
Money Market Mutual Funds	230,000	1	Daily Liquidity	0.01
Supranational Securities	694,330	323 - 1,369	1,825 Days	2.27
Total County's Pooled Investments	\$ 5,682,728			0.84

Weighted average maturity of the investments held outside the County Pool, as of June 30, 2016 is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Government Agencies	\$ 13,315	0.88
Guaranteed Investment Contracts	4,751	12.07
State and Local Municipal Bonds	25,200	1.43
Money Market Mutual Funds	88,210	0.01
U.S. Treasury Securities	20,246	6.38
Medium Term Notes	5,195	2.94
Local Agency Investment Fund	3,436	0.00
Total Investments Held Outside County Pool	\$ 160,353	1.56

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.

GASB Statement No. 40 requires the disclosure of deposits into a financial institution that are not covered by FDIC depository insurance and that are uncollateralized.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

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, 2016, the carrying amount of the County's deposits was \$39,604 and the corresponding bank balance was \$53,131. The difference of \$13,527 was primarily due to outstanding warrants, wires and deposits in transit. Of the bank balances, \$1,500 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, 2016, 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	\$ 2,000,708	\$ 291,425	\$ 3,371,851	\$ 79,789	\$ 5,743,773
Restricted Cash and Investments	20,015	115,382	3,515	-	138,912
Total Cash and Investments	\$ 2,020,723	\$ 406,807	\$ 3,375,366	\$ 79,789	\$ 5,882,685

The pool issues a separate report, which includes the external investment pool. This separately issued report can be obtained from the Auditor-Controller/Treasurer/Tax Collector's Office at 268 W. Hospitality Lane, San Bernardino, CA 92415-0018. The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2016:

Statement of Net Position	
Equity of internal pool participants	\$ 2,592,244
Equity of external pool participants:	
Voluntary	252,224
Involuntary	2,838,260
Total Net Position held for pool participants	\$ 5,682,728
Statement of Changes in Net Position	
Net Position at July 1, 2015	\$ 4,927,954
Net change in investments by pool participants	754,774
Net Position at June 30, 2016	\$ 5,682,728

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

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:

	Accounts	Taxes	Interest	Loans	Other Receivables	Due From Other Governments	Total Governmental Activities
General Fund	\$ 2,946	\$ 36,837	\$ 20,573	\$ 42,215	\$ 7,510	\$ 302,869	\$ 412,950
Capital Improvement Fund	-	-	222	-	-	283	505
Nonmajor Governmental Funds	4,622	7,377	1,167	1,010	276	60,082	74,534
Less Allowance for Doubtful Accounts	(563)	-	-	-	-	-	(563)
Internal Service Funds	77	-	-	-	37	1,107	1,221
Total Governmental Activities Receivables	<u>\$ 7,082</u>	<u>\$ 44,214</u>	<u>\$ 21,962</u>	<u>\$ 43,225</u>	<u>\$ 7,823</u>	<u>\$ 364,341</u>	<u>\$ 488,647</u>

Business-Type Activities:

	Accounts	Taxes	Interest	Loans	Other Receivables	Due From Other Governments	Total Business- Type Activities
Medical Center	\$ 164,039	\$ -	\$ 295	\$ -	\$ 36,558	\$ 55,458	\$ 256,350
Less Allowance for Doubtful Accounts	(132,941)	-	-	-	(13,207)	-	(146,148)
Waste Systems Division	9,964	-	-	-	26,696	1,403	38,063
Less Allowance for Doubtful Accounts	(564)	-	-	-	(153)	-	(717)
Housing Authority	1,632	-	5	7,808	2,312	505	12,262
Less Allowance for Doubtful Accounts	(147)	-	-	-	-	-	(147)
Nonmajor Enterprise Funds	2,233	196	-	-	182	13	2,624
Total Business-Type Activities Receivables	<u>\$ 44,216</u>	<u>\$ 196</u>	<u>\$ 300</u>	<u>\$ 7,808</u>	<u>\$ 52,388</u>	<u>\$ 57,379</u>	<u>\$ 162,287</u>

Due From Other Governments

At June 30, 2016, the Governmental Funds accrued \$363,234 of receivables from other governments, of which, \$251,263 was due from the State of California. Of the amount owed by the State, \$75,498 was for health care services, \$64,728 was for public social services, \$36,668 was for motor vehicle license fees and sales tax monies, and the remaining \$74,369 was for other services. The remaining amount of \$111,971 was due from the federal government and other governmental agencies.

Loans Receivable

The loans receivable balance in the Governmental Activities is \$43,225, of this amount, \$22,082 represents the receivable under the Teeter Plan, \$1,010 is due from other various agencies, \$13,357 represents a County loan to the Adelanto Successor Agency, and \$6,776 represents a County loan to the County Redevelopment Successor Agency. The loans receivable balance in the Business-Type Activities is \$7,808, and this amount represents various loans and note agreements with related parties of the HACSB.

Interest Receivable

The \$21,962 interest receivable in the Governmental Activities column of the statement of net position is accrued. Of this amount, \$17,753 is due from the Adelanto City Redevelopment Successor Agency.

Other Receivables

The \$7,823 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 \$52,388. The majority of the \$26,543 reported in the Waste Systems Division represents insurance recoveries related to the Mid-Valley Landfill Perchlorate pollution remediation activities. The \$23,351 reported in the Medical Center primarily represents receivables due to the new Affordable Care Act program.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

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, 2016 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 21,190
	Capital Improvement Funds	41
	Medical Center	187
	Waste Systems	129
	Internal Service Funds	1,963
	Nonmajor Enterprise Funds	131
		<u>23,641</u>
Nonmajor Governmental Funds	General Fund	8,602
	Nonmajor Governmental Funds	5,321
	Capital Improvement Funds	368
	Medical Center	3
	Waste Systems	272
	Internal Service Funds	109
	Nonmajor Enterprise Funds	124
	<u>14,799</u>	
Capital Improvement Funds	General Fund	751
	Nonmajor Governmental Funds	1,878
	Internal Service Funds	1,734
	<u>4,363</u>	
Medical Center	General Fund	2,182
	Nonmajor Governmental Funds	65
	Internal Service Funds	11,427
	<u>13,674</u>	
Waste Systems	General Fund	22
	Nonmajor Governmental Funds	52
	Internal Service Funds	3,194
	<u>3,268</u>	
Internal Service Funds	General Fund	1,243
	Nonmajor Governmental Funds	728
	Capital Improvement Funds	26
	Medical Center	220
	Waste Systems	125
	Internal Service Funds	42
	Nonmajor Enterprise Funds	3
	<u>2,387</u>	
Nonmajor Enterprise Funds	General Fund	50
		<u>50</u>
	Total	<u>\$ 62,182</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 6 – INTERFUND TRANSACTIONS (CONTINUED)

The amount due from Nonmajor Governmental Funds to the General Fund primarily consists of \$6,616 from IEPFC for residual balance to be transferred after its final debt service payment is made for the Justice Center/ Airport Improvement Project. The remaining balance is a result of transfers and payments for services provided to other governmental funds.

Interfund Receivable/Payable at June 30, 2016 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 2,359
	Nonmajor Enterprise Funds	254
		<u>2,613</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	55
	Housing Authority	16,393
	Nonmajor Enterprise Funds	250
		<u>16,698</u>
Internal Service Funds	Internal Service Funds	894
		<u>894</u>
	Total	<u>\$ 20,205</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 \$16,393 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, 2016 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	\$ 15,392
	Housing Authority*	100
		<u>15,492</u>
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	102
		<u>102</u>
Internal Service Funds	Medical Center	11,427
	Waste Systems	3,096
		<u>14,523</u>
Medical Center	Nonmajor Governmental Funds	9,954
		<u>9,954</u>
Waste Systems	General Fund	38
	Nonmajor Governmental Funds	364
		<u>402</u>
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	33
	Nonmajor Enterprise Funds	25
		<u>58</u>
	Total	<u>\$ 40,531</u>

* This transfer occurred in June 2016. As such, this amount was only reported in the General Fund and not included in the HACSB Fund due to its fiscal year ended September 30, 2015.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 6 – INTERFUND TRANSACTIONS (CONTINUED)

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

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 119,555
	Capital Improvement Funds	83,123
		<u>202,678</u>
Nonmajor Governmental Funds	General Fund	50,913
	Nonmajor Governmental Funds	16,114
	Capital Improvement Funds	14,296
		<u>81,323</u>
Capital Improvement Funds	General Fund	3,131
	Nonmajor Governmental Funds	104
	Capital Improvement Funds	25
	Internal Service Funds	38
		<u>3,298</u>
Internal Service Funds	General Fund	1,450
	Nonmajor Governmental Funds	2,215
	Capital Improvement Funds	70
		<u>3,735</u>
	Total	<u>\$ 291,034</u>

(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 the tobacco settlement agreement for debt services on the Medical Center, IEPFC transferring the amount remaining in the Debt Service Reserve Fund, and budgeted transfers for foster care.

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 and the pension obligation bond debt service payments.

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.

Amounts transferred from Internal Service Funds to the Medical Center and Waste Systems along with the General Fund are primarily the result of refunds of excess prior year payments for Medical Malpractice and Solid Waste Environmental Liability programs.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 7 – RESTRICTED CASH AND INVESTMENTS

Cash and cash equivalents of \$135,397 are restricted by legal or contractual requirements at June 30, 2016 and are comprised of the following:

Governmental Activities

General Fund:

Restricted cash and cash equivalents of \$4,825 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 \$14,946 consists of \$2,650 being restricted for debt service payments and \$12,296 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, \$12,034 is restricted for construction of Cactus Basin 4 and 5 and \$262 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 \$244 represents funds held by a trustee, which are restricted for a special mandatory redemption of the Courthouse revenue bonds to occur on December 1, 2016, pursuant to the Trust Indenture.

Business-Type Activities

Medical Center:

Restricted cash and cash equivalents of \$50,236 represent funds held by a trustee, which are restricted for debt service payments.

Waste System Division:

Restricted cash and cash equivalents of \$61,373 consists of \$60,494 set aside for groundwater detection, treatment and remediation, and for State mandated site closure and maintenance costs as required by the Department of Resources Recycling and Recovery (CalRecycle) formerly California Integrated Waste Management Board (CIWMB) and the remaining \$879 represents customer deposits.

Housing Authority:

Restricted cash and cash equivalents of \$3,773 represent deposits to lender required replacement reserve and impound accounts, insurance reserve, security deposit and residual receipt accounts.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 is as follows:

Primary Government

	Beginning Balance as restated	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets, non-depreciable/non-amortizable:				
Land	\$ 126,762	\$ 2,777	\$ 2,626	\$ 126,913
Land Use Rights	21,644	2,225	-	23,869
Development in progress	196,793	70,528	16,634	250,687
Total capital assets, non-depreciable/non-amortizable	<u>345,199</u>	<u>75,530</u>	<u>19,260</u>	<u>401,469</u>
Capital Assets, depreciable/amortizable:				
Land Use Rights	123	-	-	123
Improvements other than Buildings	258,228	4,422	4,087	258,563
Structures and Improvements	1,006,117	28,960	25,346	1,009,731
Infrastructure	1,354,221	4,872	2,395	1,356,698
Equipment and Software	366,454	40,820	21,618	385,656
Total capital assets, depreciable/amortizable	<u>2,985,143</u>	<u>79,074</u>	<u>53,446</u>	<u>3,010,771</u>
Less accumulated depreciation/amortization for :				
Land Use Rights	105	18	-	123
Improvements other than Buildings	141,121	9,357	2,789	147,689
Structures and Improvements	315,219	30,271	15,073	330,417
Infrastructure	737,392	30,217	462	767,147
Equipment and Software	253,192	31,891	20,606	264,477
Total accumulated depreciation/amortization	<u>1,447,029</u>	<u>101,754</u>	<u>38,930</u>	<u>1,509,853</u>
Total capital assets, depreciable/amortizable, net	<u>1,538,114</u>	<u>(22,680)</u>	<u>14,516</u>	<u>1,500,918</u>
Governmental activities capital assets, net	<u>\$ 1,883,313</u>	<u>\$ 52,850</u>	<u>\$ 33,776</u>	<u>\$ 1,902,387</u>
Business-type Activities				
Capital assets, non-depreciable/non-amortizable:				
Land	\$ 31,940	\$ 774	\$ 160	\$ 32,554
Land Use Rights	351	-	-	351
Development in progress	24,050	7,308	16,439	14,919
Total capital assets, non-depreciable/non-amortizable	<u>56,341</u>	<u>8,082</u>	<u>16,599</u>	<u>47,824</u>
Capital Assets, depreciable/amortizable:				
Land Use Rights	1,109	-	-	1,109
Improvements other than Buildings	264,790	1,989	2,703	264,076
Structures and Improvements	743,228	12,368	838	754,758
Equipment and Software	168,299	11,274	1,220	178,353
Total capital assets, depreciable/amortizable	<u>1,177,426</u>	<u>25,631</u>	<u>4,761</u>	<u>1,198,296</u>
Less accumulated depreciation/amortization for :				
Land Use Rights	105	-	-	105
Improvements other than Buildings	144,273	4,408	1,669	147,012
Structures and Improvements *	309,091	21,175	433	329,833
Equipment and Software	138,022	8,478	1,148	145,352
Total accumulated depreciation/amortization	<u>591,491</u>	<u>34,061</u>	<u>3,250</u>	<u>622,302</u>
Total capital assets, depreciable/amortizable, net	<u>585,935</u>	<u>(8,430)</u>	<u>1,511</u>	<u>575,994</u>
Business-type activities capital assets, net	<u>\$ 642,276</u>	<u>\$ (348)</u>	<u>\$ 18,110</u>	<u>\$ 623,818</u>

* Beginning balance restated to reflect errors related to capital assets and depreciation for the Housing Authority. See Note 20 for more details.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 8 – CAPITAL ASSETS (CONTINUED)

Depreciation

Depreciation expense is charged to governmental functions as follows:

General Government	\$	20,411
Public Protection		45,350
Public Ways and Facilities		25,961
Health and Sanitation		1,563
Public Assistance		2,965
Education		797
Recreation and Cultural Services		<u>4,707</u>
Total depreciation expense - governmental activities	<u>\$</u>	<u>101,754</u>

Depreciation expense is charged to business-type functions as follows:

Medical Center	\$	23,172
Waste Systems Division		1,918
Housing Authority		5,974
Special Districts		<u>2,997</u>
Total depreciation expense - business type activities	<u>\$</u>	<u>34,061</u>

Development in Progress

Development in Progress consists of the following projects:

	Governmental Activities	Business-Type Activities
Medical Center Projects	\$ -	\$ 1,822
Waste Systems Division Projects	-	7,866
Special Districts	-	3,419
Housing Authority		1,812
West Valley Detention Center - ADA Improvements	5,904	-
Flood Control Projects	58,231	-
New Forensic Lab	14,414	-
303 Building Remodel	11,097	-
800 MHz Replacement Project	42,851	-
Transportation Projects	43,874	-
Other County Projects	<u>74,316</u>	<u>-</u>
Total	<u>\$ 250,687</u>	<u>\$ 14,919</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

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, 2016 of deferred outflows of resources are as follows:

Governmental Activities	Ending Balance
Deferred Outflows related to Pensions	\$ 459,326
Deferred Charges on Refunding:	
<u>Other Bonds and Notes</u>	
Flood Control Refunding Bonds (Series 2008)	531
Pension Obligation Refunding Bonds (2008)	1,010
West Valley Detention Center Refinancing Notes (2012)	1,248
Total Governmental Activities	\$ 462,115
<u>Business-Type Activities</u>	
Deferred Outflows related to Pensions	\$ 53,683
Deferred Charges on Refunding:	
<u>Certificates of Participation</u>	
Medical Center Project (Series 1994)	5,559
Medical Center Project (Series 1995)	55
Medical Center Project (Series 1996)	3,408
Arrowhead Refunding Project (Series 2009A)	9,879
Arrowhead Refunding Project (Series 2009B)	2,996
Total Business-Type Activities	\$ 75,580

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
June 30, 2016
(Amounts in thousands)

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, 2016 of advances from others are as follows:

Governmental Funds	
General Fund	
Developer Deposits	\$ 5,466
Advances from Governmental Agencies	5,364
Advances from Other Agencies	3,412
Capital Improvement Fund	
Construction contract	450
Nonmajor Governmental Funds	
Advances from Governmental Agencies	13,992
Advances from Other Agencies	956
Advances from Other County Departments	12
Total Governmental Funds	<u>29,652</u>
Internal Service Funds	
Advances from Other County Departments	270
Total Internal Service Funds	<u>270</u>
Government-Wide Eliminations	
Risk Management	<u>(270)</u>
Total Governmental Activities	<u><u>\$ 29,652</u></u>
Business-Type Funds	
Waste Systems Division	
Customer Deposits	\$ 926
Advances from Other Agencies	16
Housing Authority	
Customer Deposits	1,373
Nonmajor Enterprise Funds	
Advances from Other Agencies	<u>18</u>
Total Business-Type Activities	<u><u>\$ 2,333</u></u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS

Primary Government

The following is a summary of long-term liability transactions for the year ended June 30, 2016:

	Beginning Balance as restated	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Certificates of Participation	\$ 12,299	\$ -	\$ 6,094	\$ 6,205	\$ 6,205
Revenue Bonds, net	353,978	-	30,809	323,169	56,040
Other Bonds and Notes	508,815	27,870	78,462	458,223	40,260
Compensated Absences	166,624	110,471	105,425	171,670	104,791
Termination Benefits Payable	127	-	26	101	29
Estimated Liability for Litigation and Self -Insured Claims	232,098	50,398	45,801	236,695	50,290
Net Pension Liability	1,285,566	171,011	-	1,456,577	-
Total Governmental Activities - Long-term Liabilities	<u>\$ 2,559,507</u>	<u>\$ 359,750</u>	<u>\$ 266,617</u>	<u>\$ 2,652,640</u>	<u>\$ 257,615</u>
<u>Business Type Activities</u>					
Certificates of Participation, net	\$ 423,980	\$ -	\$ 21,044	\$ 402,936	\$ 22,380
General Obligation Bonds	685	-	170	515	230
Notes	38,605	14,697	18,171	35,131	2,547
Compensated Absences	19,571	15,474	15,500	19,545	11,740
Termination Benefits Payable	15	-	-	15	15
Capital Lease Obligations	5,292	-	1,100	4,192	1,924
Other Long-Term Liabilities	5,364	8,099	3,028	10,435	-
Pollution Remediation Obligations	63,521	494	1,137	62,878	4,862
Estimated Liability for Closure/ Postclosure Care Costs	106,738	1,791	6,111	102,418	1,396
Net Pension Liability*	164,196	14,194	-	178,390	-
Net Other Postemployment Benefits Obligation for Housing Authority	4,202	423	583	4,042	-
Total Business-type Activities - Long-term Liabilities	<u>\$ 832,169</u>	<u>\$ 55,172</u>	<u>\$ 66,844</u>	<u>\$ 820,497</u>	<u>\$ 45,094</u>

* Beginning balance restated to reflect the inclusion of HACSB Net Pension Liability

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. Also, for the governmental activities, compensated absences are mostly liquidated by the General 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.

Approximately 304 employees accepted the incentive and retired during the eligible period. The county-wide termination benefit payable at June 30, 2016 is \$116. 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, 2016. The remaining installment payments for these 5 employees will be deferred until their employment with the County ends.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

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, including 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 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. 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 Mid-Valley Landfill and the expansion property. The findings led to the preparation and implementation of a remediation plan approved by the RWQCB.

Further, as the current owner of land on which the former Broco Treatment, Storage, and Disposal Facility (TSDF) operated until 1987, currently identified as the Unit 5 Area of the Mid-Valley Sanitary Landfill, the County became legally obligated to complete the closure that the former Broco owner/operator had failed to do in the late 1980s when the Broco TSDF was closed and relocated. SWMD was unaware of the unclosed TSDF at the time of purchase of the land in 1993-1994.

SWMD was advised in a letter from the Department of Toxic Substances Control (DTSC) in September 2002 that the County would need to formally close this regulated facility. The closure plan was first submitted to the DTSC in 2005, and was amended in 2007 and 2009 pursuant to DTSC review and request for changes. The DTSC completed its environmental review of the closure plan in October 2010 and approved the closure plan. The closure work has been completed. During FY 2009-10 SWMD was able to reasonably estimate the cost to close the facility, and the cost has been added to the pollution remediation obligations.

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

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 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 Solid Waste 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.

Solid Waste 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
June 30, 2016
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

In FY 2015-16 the estimated total pollution remediation liability decreased from \$63,521 at June 30, 2015 to \$62,878 at June 30, 2016. 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 decrease by a net amount of \$643 are listed below:

- The Mid-Valley net liability decreased by a net of \$2,936 primarily due to a calculation methodology change for the State Water Resources Control Board. No new scope of work was enacted in FY 2015-2016 for this site. The outstanding liability as of June 30, 2016 is \$50,126.
- The Yucaipa net liability decreased by a net of \$60. The outstanding liability as of June 30, 2016 is \$2,931.
- The Heaps Peak net liability increased by a net of \$1,543 primarily due to the revised Engineering estimate to include additional maintenance requirements for the upgraded leachate treatment system. No new scope of work was enacted in FY 2015-2016 for this site. The outstanding liability as of June 30, 2016 is \$7,863.
- The Lenwood-Hinkley net liability increased by a net of \$810 due to the new Engineering estimate based on updated information from the State Water Resources Control Board. This waste discharge requirements permit fee was not previously anticipated as part of the total liability for this site's VOC Remediation. In FY 2015-16, it was determined to be a long-term cost directly related to this remediation matter. The outstanding liability as of June 30, 2016 is \$1,958.

Current and future estimated remediation costs are based on actual component costs adjusted for inflation in the post 2015-16 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 2015-16 SWMD expended \$3,401 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 2016-17 totaling \$4,862. The presence of perchlorate, VOC and leachate will continue to be remediated and monitored with an expected estimated outlay of \$58,016 from FY 2017-18 through FY 2042-43.

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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

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, 2016 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, 2016, the amount of accretion of interest expense remaining is \$66,496.

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.

The debt service schedule for the current fiscal year required principal and interest payments totaling \$1,669. The total surcharge revenues received during the fiscal year totaled \$1,583. 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, 2016, which is the next scheduled interest payment date. Total principal and interest remaining on the bonds is \$24,955. Interest is payable semi-annually at interest rates from 5.10 percent to 5.50 percent starting December 1, 2007. \$3,100 is expected to mature 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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

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%.

Judgment Obligation Refunding Bonds 2016 Series

In February 2016, San Bernardino County Flood Control District issued Refunding Judgment Obligation Bonds, Series A, in the amount of \$27,870. Interest on the Refunding Judgment Obligation Bonds, Series A is paid at a fixed rate of 1.54% payable annually on August 1 of each year commencing on August 1, 2016. Principal payments are due annually in various amounts commencing August 1, 2016 through 2023. The unpaid balance at June 30, 2016 was \$27,870.

Proceeds from the 2016 Refunding Judgment Obligation Bonds, Series A, along with other District and County funds, were used to pay in full the outstanding principal balance of the 2007 Judgment Obligation Bonds, Series A. In addition to the funds received, the District used approximately \$15,440 from other restricted and unrestricted funds to fund the redemption of the 2007 Judgment Obligation Bonds, Series A. The refunding reduced debt service payments by \$12,752 over the next 14 years resulting in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$8,540. The refunding resulted in a gain in the amount of \$252 and is reported as a deferred inflow of resources. The deferred gain will be amortized through 2024 at \$36 per year.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(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>Certificates of Participation</u>	<u>Interest Rates (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue Amount</u>	<u>Outstanding as of 6/30/2016</u>
Justice Center/Airport Improvement	3.00 to 5.00	3/1/2002	7/1/2016	\$ 68,100	\$ 6,205
Total Certificates of Participation					6,205
Revenue Bonds					
Pension Obligation Bonds (1995)	5.68 to 7.72	11/22/1995	8/1/2021	386,266	374,960
Courthouse Project Bonds (2007)	5.10 to 5.50	6/29/2007	6/30/2037	18,370	14,705
Subtotal					389,665
Premium/(Discounts):					
Pension Obligation Bonds (1995)					(66,496)
Total Revenue Bonds					323,169
Other Bonds and Notes					
CSA 70 Zone G Wrightwood Loan	6.38	12/30/2006	12/30/2016	725	49
Flood Control District:					
Refunding Bonds (Series 2007)	4.25 to 5.00	5/29/2007	8/1/2021	23,845	13,000
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	27,870
Pension Obligation Bonds (2004)	0.54 to 5.86	6/24/2004	8/1/2023	463,895	199,275
Pension Obligation Refunding Bonds (2008)	6.02	4/16/2008	6/30/2024	160,900	154,955
Fire Protection District 2010 Installment Loan	5.4	8/2/2010	8/1/2030	2,286	2,025
West Valley Detention Center Refinancing Notes (2012)	2.59	3/29/2012	11/1/2018	51,585	23,260
Subtotal					457,729
Premium/(Discounts):					
Flood Control District:					
Refunding Bonds (Series 2007)					494
Total Other Bonds and Notes					458,223
Total Governmental Activities					\$ 787,597

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 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 OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

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.

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

<u>Certificates of Participation:</u>	<u>Interest Rates (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue Amount</u>	<u>Outstanding as of 6/30/2016</u>
Medical Center Project (Series 1994)	4.60 to 7.00	2/1/1994	8/1/2028	\$ 283,245	\$ 103,035
Medical Center Project (Series 1995)	4.80 to 7.00	6/1/1995	8/1/2022	363,265	9,320
Medical Center Project (Series 1996)	5.00 to 5.25	1/1/1996	8/1/2028	65,070	62,340
Arrowhead Refunding Project (Series 2009A)	3.00 to 5.50	12/17/2009	8/1/2026	243,980	187,510
Arrowhead Refunding Project (Series 2009B)	3.00 to 5.25	12/17/2009	8/1/2026	44,750	43,880
					<u>406,085</u>
Premium / (Discounts):					
Medical Center Project (Series 1994)					(3,776)
Medical Center Project (Series 1995)					(48)
Medical Center Project (Series 1996)					(1,751)
Arrowhead Refunding Project (Series 2009A)					2,513
Arrowhead Refunding Project (Series 2009B)					(87)
Total Certificates of Participation					<u>402,936</u>
General Obligation Bonds					
<u>Spring Valley Lake Sewer Facilities:</u>					
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
<u>Helendale Sewer Facilities:</u>					
Series A	5.00	6/1/1978	6/1/1998	1,550	5
<u>Helendale Water Facilities:</u>					
Series B	7.00	9/1/1982	6/1/1997	1,450	5
<u>Pinon Hills Water Distribution:</u>					
Series A	5.00	3/1/1978	3/1/2018	1,708	185
Series B	5.00	3/1/1978	3/1/2018	275	20
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	260
Oak Hills Water Distribution Facilities	7.00	9/1/1974	9/1/1994	750	5
Total General Obligation Bonds					<u>515</u>
Notes Payable					
Oak Hills Water (Loan)		11/25/2003	8/25/2033	2,150	1,511
Notes Payable - HACSB	0 to 11.50	Various	Various	82,963	33,620
Total Notes Payable					<u>35,131</u>
Total Business-Type Activities					<u>\$ 438,582</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, 2016
(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, 2016 for COPs, bonds and notes payable in the governmental activities:

Years Ending June 30	Certificates of Participation	Revenue Bonds	Other Long-Term Debt	Total
2017	\$ 6,205	\$ 56,040	\$ 40,260	\$ 102,505
2018	-	58,655	45,342	103,997
2019	-	61,685	49,762	111,447
2020	-	64,875	46,623	111,498
2021	-	68,210	51,784	119,994
2022 - 2026	-	70,700	185,789	256,489
2027 - 2031	-	3,655	6,604	10,259
2032 - 2036	-	4,740	21,590	26,330
2037 - 2041	-	1,105	9,975	11,080
Total Principal	6,205	389,665	457,729	853,599
Plus: Premium	-	-	494	494
Less: Discount	-	(66,496)	-	(66,496)
Total Bonds and Notes Payable	<u>\$ 6,205</u>	<u>\$ 323,169</u>	<u>\$ 458,223</u>	<u>\$ 787,597</u>

The following is a schedule of interest expense requirements to maturity as of June 30, 2016 for COPs, bonds and notes payable in the governmental activities:

Years Ending June 30	Certificates of Participation	Revenue Bonds	Other Long-Term Debt	Total
2017	\$ 155	\$ 801	\$ 17,075	\$ 18,031
2018	-	773	15,000	15,773
2019	-	750	12,632	13,382
2020	-	727	10,673	11,400
2021	-	702	9,221	9,923
2022 - 2026	-	3,089	19,612	22,701
2027 - 2031	-	2,231	8,823	11,054
2032 - 2036	-	1,115	4,778	5,893
2037 - 2041	-	61	327	388
Total Interest	<u>\$ 155</u>	<u>\$ 10,249</u>	<u>\$ 98,141</u>	<u>\$ 108,545</u>

The following is a schedule of principal debt service requirements to maturity as of June 30, 2016 for COPs, bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Total
2017	\$ 22,380	\$ 230	\$ 2,547	\$ 25,157
2018	23,630	190	763	24,583
2019	24,920	95	811	25,826
2020	26,230	-	861	27,091
2021	27,765	-	924	28,689
2022 - 2026	165,095	-	24,178	189,273
2027 - 2031	116,065	-	2,046	118,111
2032 - 2036	-	-	1,501	1,501
2037-2041	-	-	-	-
2042-2046	-	-	-	-
2047-2051	-	-	1,500	1,500
Total Principal	406,085	515	35,131	441,731
Plus: Premium	2,513	-	-	2,513
Less: Discount	(5,662)	-	-	(5,662)
Total Bonds and Notes Payable	<u>\$ 402,936</u>	<u>\$ 515</u>	<u>\$ 35,131</u>	<u>\$ 438,582</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

The following is a schedule of interest expense requirements to maturity as of June 30, 2016 for COPs, bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Total
2017	\$ 20,540	\$ 48	\$ 1,359	\$ 21,947
2018	19,299	14	1,367	20,680
2019	18,037	5	1,329	19,371
2020	16,749	-	1,290	18,039
2021	15,231	-	1,251	16,482
2022 - 2026	51,127	-	3,212	54,339
2027 - 2031	8,630	-	268	8,898
2032 - 2036	-	-	15	15
Total Interest	<u>\$ 149,613</u>	<u>\$ 67</u>	<u>\$ 10,091</u>	<u>\$ 159,771</u>

Agreement with Liquidity Facilities

Flood Control (Flood) Refunding Bonds (Series 2008): In April 2008, Flood 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, 2016 was \$37,295.

The Bonds were issued to refund all of Flood’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 Flood under a settlement agreement relating to an inverse condemnation action against Flood, 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 Flood, at par, upon seven days’ notice. Flood 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. Flood 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. Flood 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 an initial stated expiration date of July 5, 2013, which has been extended to July 5, 2016, and subsequently extended to 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 Flood. 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 Flood.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

As of June 30, 2016, 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, 2016 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
2017	\$ 10,600	\$ 2,823	\$ 13,423
2018	10,600	1,741	12,341
2019	10,700	835	11,535
2020	5,395	77	5,472
	<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 \$989 and Multi-Family Mortgage Revenue Bonds of \$50,265 at June 30, 2016 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, 2015, the outstanding balances of these Revenue Bonds are \$18,000.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(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, 2016 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 \$55,222 at June 30, 2016 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 of San Bernardino for the year ended June 30, 2016, 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	\$ 184	\$ 153	\$ 158	\$ 179	\$ 5
Net Pension Liability	1,571	101	-	1,672	-
Total Long-Term Liabilities	<u>\$ 1,755</u>	<u>\$ 254</u>	<u>\$ 158</u>	<u>\$ 1,851</u>	<u>\$ 5</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, 2016 for capital leases are as follows:

Asset:	<u>Business-type Activities</u>
Equipment	\$ 25,722
Less: Accumulated depreciation	18,976
Total	<u>\$ 6,746</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 12 – LEASES (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, are as follows:

Year Ending June 30:	Business-type Activities
2017	\$ 1,998
2018	1,302
2019	699
2020	324
Total Minimum Lease Payments	4,323
Less: Amount Representing Interest	(131)
Present Value of Minimum Lease Payments	\$ 4,192

Operating Leases

The County leases building and office facilities and other equipment under non-cancelable operating leases. Total costs for such leases were \$48,701 for the year ended June 30, 2016. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	
2017	\$ 44,263
2018	44,176
2019	38,961
2020	33,051
2021	27,449
2022-2026	81,215
Total Minimum Payments	\$ 269,115

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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

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%	657	Needles	100%	Inactive
Big Bear	100%	Inactive	Newberry Springs	100%	Inactive
Colton	100%	Inactive	Phelan	100%	Inactive
Hesperia	100%	Inactive	San Timoteo	39%	31
Landers	94%	2	Trona-Argus	100%	Inactive
Lenwood-Hinkley	100%	Inactive	Twentynine Palms	100%	Inactive
Lucerne Valley	100%	Inactive	Victorville	18%	199
Mid-Valley	35%	53	Yermo	100%	Inactive

The annually inflated landfill closure and post-closure care cost estimates of \$204,323 and \$145,104 respectively for a total of \$349,427, 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, 2016, the cumulative liability recorded by the County based upon individual landfill capacity usage was \$207,427 (\$121,124 closure costs and \$86,303 post-closure costs). The remaining \$142,000 of estimated closure and post-closure costs will be recorded and funded as landfill capacities are used.

Cumulative closure and post-closure related expenses of \$87,793 and \$17,216 have been incurred through June 30, 2016. Landfill closure liabilities decreased to \$33,332 while post-closure liabilities decreased to \$69,086. 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, 2016 includes the following:

	<u>Beginning Balance</u>	<u>Increase (Decrease)</u>	<u>Ending Balance</u>
Estimated Liability for Closure Care Costs	\$ 36,297	\$ (2,965)	\$ 33,332
Estimated Liability for Postclosure Care Costs	70,441	(1,355)	69,086
Total	<u>\$ 106,738</u>	<u>\$ (4,320)</u>	<u>\$ 102,418</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 \$64,977 and post-closure expenses were \$1,280. 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 \$61,373 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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

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 \$54 million is provided through a combination of insurance policies as recommended by Alliant Insurance Services Inc., Insurance Broker as follows: Primary Liability coverage \$10 million excess of \$3 million self-insured retention with Security National Insurance Company (AM TRUST); Excess Liability coverage for \$4 million, excess of \$13 million with Evanston Insurance Company (Markel); and Excess Liability coverage of \$15 million, excess of \$17 million with National Casualty. Allied World Assurance Co. (AWAC) provides excess liability coverage of \$25 million, excess of \$32 million. No settlements related to these programs have exceeded insurance coverage in the last three years.

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

The County supplements its self-insurance for medical malpractice claims with a \$25 million policy (\$35 million aggregate) with BETA Risk Management Authority, which provides annual coverage on a 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 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 0.615% 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 \$236.70 million reported at June 30, 2016 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 14 – SELF-INSURANCE (CONTINUED)

Changes in the claims liability amounts in fiscal years 2015 and 2016 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>
2014-15	\$239,623	\$35,991	(\$43,516)	\$232,098
2015-16	\$232,098	\$50,398	(\$45,801)	\$236,695

During an assessment of the County's self-insured environmental and medical malpractice liability programs, it was determined that an excess net position was being maintained beyond the actuarially recommended amount. Refunds due to all funds or departments that contributed to the build-up of excess net position have been reported in the internal service funds at the end of the fiscal year totaling \$15,973.

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>\$ -</u>	<u>\$ 780,588</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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

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, 2016 of deferred inflows of resources are as follows:

Government-Wide Activities	
Governmental Activities	
Deferred Inflows Related to Pensions	\$ 361,405
Deferred Inflows Related to Bond Refunding:	
Flood Control Refunding Bonds (Series 2016)	252
Sub-Total	<u>361,657</u>
Business-Type Activities	
Deferred Inflows Related to Pensions	46,314
Sub-Total	<u>46,314</u>
Total Government-Wide Activities	<u>\$ 407,971</u>
Governmental Funds	
Unavailable Revenues:	
General Fund	
Property Tax Receivable	\$ 12,093
Interest Receivable	23,206
Due from Governmental Agencies	34,577
Sub-Total	<u>69,876</u>
Capital Improvement Fund	
Interest Receivable	222
Sub-Total	<u>222</u>
Nonmajor Governmental Funds	
Property Tax Receivable	5,399
Interest Receivable	763
Due from Governmental Agencies	2,793
Due from Other Agencies	2,501
Sub-Total	<u>11,456</u>
Total Governmental Funds	<u>\$ 81,554</u>
Proprietary Funds	
Deferred Inflows Related to Pensions:	
Enterprise Fund	
San Bernardino County Employees' Retirement Association (SBCERA)	\$ 45,229
California Public Employees Retirement System (CalPERS-HACSB)	1,085
Sub-Total	<u>46,314</u>
Internal Service Fund	
San Bernardino County Employees' Retirement Association (SBCERA)	12,777
Sub-Total	<u>12,777</u>
Total Proprietary Funds	<u>\$ 59,091</u>

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

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	\$ 42,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,215
Noncurrent Interfund Receivable	2,147	-	-	-	-	-	2,147
Prepaid Items and Inventories	4,137	-	191	-	-	-	4,328
Land Held for Resale	549	-	-	-	-	-	549
Endowments	-	-	-	-	-	1,711	1,711
Total Nonspendable Fund Balance	49,048	-	191	-	-	1,711	50,950
Restricted for:							
Social Services Realignment	82,086	-	-	-	-	-	82,086
Health Services Realignment	111,781	-	-	-	-	-	111,781
Behavioral Health Realignment	63,387	-	-	-	-	-	63,387
Law and Justice Realignment	61,014	-	-	-	-	-	61,014
Family Support Realignment	14,098	-	-	-	-	-	14,098
Support Services Realignment	36,388	-	-	-	-	-	36,388
CalWORKs Maintenance of Effort Realignment	13,658	-	-	-	-	-	13,658
Teeter Plan	13,538	-	-	-	-	-	13,538
Aging Programs	1,549	-	-	-	-	-	1,549
Mental Health Outreach Services	75	-	-	-	-	-	75
Debt Service	-	-	-	29,552	-	-	29,552
Central Courthouse Project	-	-	2,006	-	-	-	2,006
Redemption Restitution Maintenance	-	-	1,609	-	-	-	1,609
Courthouse and Criminal Justice Construction	-	-	8	-	-	-	8
Redevelopment Housing	-	-	994	-	20,051	-	21,045
Capital Improvement Projects	-	35,760	-	-	-	-	35,760
Public Protection and Safety - Other	-	-	148	-	-	-	148
Flood Control	-	-	115,103	-	-	-	115,103
Domestic Violence Programs	-	-	632	-	-	-	632
Crime Prosecution	-	-	5,843	-	-	-	5,843
Probation Programs	-	-	24,825	-	-	-	24,825
Alternate Dispute Resolutions	-	-	20	-	-	-	20
Recorder's Micrographics	-	-	13,991	-	-	-	13,991
Local Law Enforcement Block Grant	-	-	2,583	-	-	-	2,583
Sheriff Special Projects	-	-	13,740	-	-	-	13,740
Fire Protection	-	-	58,145	-	1	-	58,146
Chino Agriculture Preserve	-	-	28,732	-	-	-	28,732
Road Operations	-	-	39,102	-	-	-	39,102
Measure I	-	-	22,863	-	-	-	22,863
Regional Development Mitigation Plan	-	-	15,149	-	-	-	15,149
Facilities Development Plans	-	-	3,111	-	-	-	3,111
Airport Operations	-	-	4,312	-	-	-	4,312
Mental Health Services Act	-	-	151,889	-	-	-	151,889
Block Grant Carryover Program	-	-	6,075	-	-	-	6,075
Vector Control Assessments	-	-	3,603	-	-	-	3,603
Public Health - Other	-	-	855	-	-	-	855
Mental Health - Other	-	-	602	-	-	-	602
Inland Counties Emergency Medical Agencies	-	-	978	-	-	-	978
Preschool Services	-	-	18	-	-	-	18
Aging and Adult Services - Other	-	-	1,394	-	-	-	1,394
Job and Employment Services	-	-	980	-	-	-	980
Economic and Community Development	-	-	33,480	-	-	-	33,480
Wraparound Reinvestment	-	-	6,978	-	-	-	6,978
Regional Parks	-	-	1,262	-	-	-	1,262
Park and Recreation Districts	-	-	1,493	-	5,128	-	6,621
County Free Library	-	-	7,816	-	-	-	7,816
County Service Area	-	-	22,648	-	1,918	-	24,566
Total Restricted Fund Balance	397,574	35,760	592,987	29,552	27,098	-	1,082,971

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

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	22,500	-	-	-	-	-	22,500
New Property Tax System	25,000	-	-	-	-	-	25,000
New Financial Accounting System	13,000	-	-	-	-	-	13,000
Earned Leave	16,461	-	-	-	-	-	16,461
Animal Shelter Capital Project	10,000	-	-	-	-	-	10,000
Adelanto Detention Center Jail Upgrade	9,969	-	-	-	-	-	9,969
Retirement	8,500	-	-	-	-	-	8,500
West Valley Detention Center Jail Upgrade	7,000	-	-	-	-	-	7,000
Rim Forest Drainage Project	5,026	-	-	-	-	-	5,026
Land Use Services Plan and Amendments	2,056	-	-	-	-	-	2,056
Glen Helen Parkway Bridge	2,039	-	-	-	-	-	2,039
Cal Fresh Waiver Discontinuance	3,725	-	-	-	-	-	3,725
County Buildings and Acquisition Retrofit Project	44,000	-	-	-	-	-	44,000
Redevelopment Agency Overpayment	3,800	-	-	-	-	-	3,800
Insurance	3,000	-	-	-	-	-	3,000
Permit Systems Upgrade	1,387	-	-	-	-	-	1,387
Lake Gregory Dam	6,713	-	-	-	-	-	6,713
National Trails Highway	7,900	-	-	-	-	-	7,900
Labor	9,642	-	-	-	-	-	9,642
Rock Springs Bridge	2,037	-	-	-	-	-	2,037
Asset Replacement	23,134	-	-	-	-	-	23,134
Restitution	1,546	-	-	-	-	-	1,546
Public Defender - Court Remodel	430	-	-	-	-	-	430
ARMC Jail Ward	22,500	-	-	-	-	-	22,500
Cedar Avenue Interchange	8,175	-	-	-	-	-	8,175
Other Capital Projects	6,700	-	-	-	-	-	6,700
Litigation Expenses	3,000	-	-	-	-	-	3,000
Green Tree Boulevard Connection	841	-	-	-	-	-	841
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	200	-	-	-	-	-	200
Revolving Loan Program	2,000	-	-	-	-	-	2,000
Total Committed Fund Balance	306,216	-	-	-	-	-	306,216
Assigned to:							
Automated Systems Development	8,862	-	-	-	-	-	8,862
Redemption Restitution Maintenance	-	-	209	-	-	-	209
Industrial Development Authority	-	-	57	-	-	-	57
800 MHZ Upgrade Project	-	35,103	-	-	-	-	35,103
Sheriff's Crime Lab	-	642	-	-	-	-	642
Needles Fire Station	-	415	-	-	-	-	415
Rancho Court Remodel	-	1,893	-	-	-	-	1,893
Sheriff's Aviation Relocation	-	7,527	-	-	-	-	7,527
County Buildings Retrofit and Improvements	-	14,345	-	-	-	-	14,345
Maintenance, Upgrades and Other Capital Outlay	-	31,745	-	-	-	-	31,745
High Desert Animal Shelter	-	1,160	-	-	-	-	1,160
High Desert Residential Crisis Center	-	4,331	-	-	-	-	4,331
Training Center Lead Mitigation	-	2,414	-	-	-	-	2,414
Indigent Defense Program	-	-	171	-	-	-	171
Disaster Recovery	-	-	3,035	-	-	-	3,035
Flood Control	-	-	2,556	-	-	-	2,556
Sheriff Special Projects	-	-	3	-	-	-	3
Road Operations	-	-	25,927	-	-	-	25,927
Master Settlement Agreement	-	-	2,542	-	-	-	2,542
Mental Health	-	-	2,268	-	-	-	2,268
Human Resources	-	-	1,989	-	-	-	1,989
Economic and Community Development	-	-	24	-	-	-	24
Regional Parks	-	-	1,773	-	-	-	1,773
San Manuel Amphitheater	-	-	856	-	-	-	856
County Service Area	-	-	1,976	-	-	-	1,976
Total Assigned Fund Balance	8,862	99,575	43,386	-	-	-	151,823
Unassigned Fund Balance	294,958	-	-	-	-	-	294,958
Total Fund Balances	\$ 1,056,658	\$ 135,335	\$ 636,564	\$ 29,552	\$ 27,098	\$ 1,711	\$ 1,886,918

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

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, 2016 and 2015, the Medi-Cal program represented approximately 55% and 61%, and the Medicare program represented approximately 27% and 23%, 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 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, 2014 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, 2016 of net pension liabilities are as follows:

	Governmental Activities	Business-type Activities	Discretely Presented Component Unit	Total
San Bernardino County Employees' Retirement Association	\$ 1,456,577	\$ 161,557	\$ 1,672	\$ 1,619,806
California Public Employees Retirement System - HACSB	-	16,833	-	16,833
Total	<u>\$ 1,456,577</u>	<u>\$ 178,390</u>	<u>\$ 1,672</u>	<u>\$ 1,636,639</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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

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
June 30, 2016
(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

Contributions

Participating employers and active members are required by statute to contribute a percentage of covered salary to the Plan. This requirement is pursuant to Government Code sections 31453.5 and 31454 for participating employers, and Government Code sections 31621.6, 31639.25, and 7522.30 for active members. The contribution requirements are established and may be amended by the SBCERA Board pursuant to Article 1 of the CERL, which is consistent with the Plan's actuarial funding policy. The contribution rates are adopted yearly based on an annual actuarial valuation, 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, 2016 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	7.81% to 14.21%	7.70% to 8.40%	10.62% to 16.87%	14.70% to 15.22%
Employer contribution rates	22.49%	19.39%	49.09%	42.25%

For the year ended June 30, 2016, 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	\$ 158,578	\$ 31,706	\$ 328	\$ 190,612
Safety Members	95,659	-	-	95,659
Total	<u>\$ 254,237</u>	<u>\$ 31,706</u>	<u>\$ 328</u>	<u>\$ 286,271</u>

Employer contributions paid by the employee are classified as employer contributions for purposes of allocating the net pension liability and are included as part of the actuarially determined contribution by the Plan starting the year ended June 30, 2015. Previously, these amounts were excluded from the allocation.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

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

As of June 30, 2016, 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	\$ 804,191	\$ 161,557	\$ 1,672	\$ 967,420
Safety Members	652,386	-	-	652,386
Total	<u>\$ 1,456,577</u>	<u>\$ 161,557</u>	<u>\$ 1,672</u>	<u>\$ 1,619,806</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's FY 2015 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 83.55%, which was a decrease of 1.04% from its proportion measured as of June 30, 2014.

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 that activity or fund's FY 2015 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, 2014 are as follows:

	Governmental Activities	Business-type Activities	Discretely Presented Component Unit	Total
Proportion - June 30, 2015				
General Members	49.65%	9.97%	0.10%	59.72%
Safety Members	40.28%	-	-	40.28%
Total	<u>89.93%</u>	<u>9.97%</u>	<u>0.10%</u>	<u>100.00%</u>
Change - Increase (Decrease)				
General Members	-1.44%	-0.30%	-0.01%	-1.75%
Safety Members	1.75%	-	-	1.75%
Total	<u>0.31%</u>	<u>-0.30%</u>	<u>-0.01%</u>	<u>0.00%</u>

For the year ended June 30, 2016, the County recognized pension expense of \$158,616.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

At June 30, 2016, 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	\$ 167,347	\$ 18,561	\$ 192	\$ 186,100
Changes in proportion and differences between County contributions and proportionate share of contributions	37,742	2,784	27	40,553
Pension contributions subsequent to measurement date	254,237	31,706	328	286,271
Total	\$ 459,326	\$ 53,051	\$ 547	\$ 512,924

	Deferred Inflows of Resources			Total
	Governmental Activities	Business-type Activities	Discretely Presented Component Unit	
Differences between actual and expected experience	\$ 242,035	\$ 26,845	\$ 278	\$ 269,158
Net differences between projected and actual earnings on plan investments	85,384	9,472	98	94,954
Changes in proportion and differences between County contributions and proportionate share of contributions	33,986	8,912	93	42,991
Total	\$ 361,405	\$ 45,229	\$ 469	\$ 407,103

The total amount of \$286,271 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, 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 June 30	Governmental Activities	Business-type Activities	Discretely Presented Component Unit	Total
2017	\$ (82,442)	\$ (10,554)	\$ (107)	\$ (93,103)
2018	(82,442)	(10,554)	(107)	(93,103)
2019	(17,495)	(3,350)	(33)	(20,878)
2020	39,575	2,901	31	42,507
2021	(9,562)	(1,739)	(25)	(11,326)
Thereafter	(3,950)	(588)	(9)	(4,547)
Total	\$ (156,316)	\$ (23,884)	\$ (250)	\$ (180,450)

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(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, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	June 30, 2015
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, 2015 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, 2015 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, 2015 actuarial valuation.

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, 2015 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	Emerging Market Debt	6.00%	4.16%
Real Estate	Real Estate	9.00%	4.96%
Cash & Equivalents	Short-Term Cash Investment Funds	2.00%	-0.03%
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%
Total		100.00%	

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

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.

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:

	Governmental Activities	Business-type Activities	Discretely Presented Component Unit	Total
County's proportionate share of the net pension liability				
1.00% Decrease (6.50%)	\$ 2,484,205	\$ 300,162	\$ 3,107	\$ 2,787,474
Current Discount Rate (7.50%)	1,456,577	161,557	1,672	1,619,806
1.00% Increase (8.50%)	606,125	46,849	485	653,459

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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

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.

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, 2015 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	17.90%

Employees Covered

At September 30, 2015, 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, 2015, 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 17.90% of annual payroll. The HACSB's contribution to the SBCHAMP was \$1,449 for the year ended September 30, 2015.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

Net Pension Liability

The HACSB's net pension liability was measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. At September 30, 2015, the HACSB reported a net pension liability of \$16,833.

Actuarial Assumptions

The June 30, 2014 valuation was rolled forward to determine the June 30, 2015 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
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
Investment Rate of Return	7.65% Net of Pension Plan Investment Expenses, includes Inflation
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, 2014 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 discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

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.

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 of Administration effective on July 1, 2014.

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	19.00%	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	2.00%	-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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

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, 2014	\$ 53,596	\$ 38,461	\$ 15,135
Changes recognized for the measurement period:			
Service cost	1,087	-	1,087
Interest on total pension liability	3,956	-	3,956
Changes of assumptions	(927)	-	(927)
Differences between expected and actual experience	111	-	111
Contributions from employer	-	1,201	(1,201)
Contributions from employees	-	518	(518)
Net investment income	-	853	(853)
Benefit payments, including refunds of employee contributions	(3,235)	(3,235)	-
Administrative expense	-	(43)	43
Net Changes	992	(706)	1,698
Balances at September 30, 2015	\$ 54,588	\$ 37,755	\$ 16,833

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, 2015 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:

Changes in Discount Rate	Net Pension Liability
1.00% Decrease (6.65%)	\$ 23,778
Current Discount Rate (7.65%)	16,833
1.00% Increase (8.65%)	11,087

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. The plan fiduciary net position disclosed per the GASB Statement No. 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. For the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the HACSB's funding actuarial valuation. In addition, differences may result from early financial statement closing and final reconciled reserves.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

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

For the year ended September 30, 2015, the HACSB recognized a pension expense of \$1,228. At September 30, 2015, 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	\$ -	\$ 695
Difference between expected and actual experiences	84	-
Net differences between projected and actual earnings on plan investments	-	390
Pension contributions subsequent to measurement date	548	-
Total	<u>\$ 632</u>	<u>\$ 1,085</u>

The \$548 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended September 30</u>	
2016	\$ (468)
2017	(468)
2018	(468)
2019	403
Total	<u>\$ (1,001)</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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

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

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.

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, 2015, the HACSB was required to make contributions of approximately \$583 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:

	9/30/2015
Annual Required Contribution (ARC)	\$ 472
Interest on Net OPEB Obligation	317
Adjustment to ARC	(366)
Annual OPEB Cost	423
Contributions Made	(583)
Decrease in Net OPEB Obligation	(160)
Net OPEB Obligation - Beginning of Year	4,202
Net OPEB Obligation - End of Year	\$ 4,042

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

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

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, 2015 and the two preceding years were as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2013	\$ 812	107%	\$ 4,376
9/30/2014	385	145%	4,202
9/30/2015	423	138%	4,042

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%.

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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

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.

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, 2016, 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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 21 – LEASE/LEASEBACK (CONTINUED)

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.

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, 2016 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.

	Outstanding Encumbrances
Major Governmental Funds:	
General Fund	\$ 43,711
Capital Improvement Fund	14,311
Total Major Governmental Funds	58,022
Nonmajor Governmental Funds	51,375
Total Governmental Funds	\$ 109,397

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

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

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.

(b) Successor Agency to the Redevelopment Agency of the County of San Bernardino

The County entered into a loan agreement between 2005 and 2006 with the former County of San Bernardino Redevelopment Agency (now the "Successor Agency") in the amount of \$10,415 which was subsequently assumed by the Successor Agency. The loan, with interest at 1% over the County investment pool rate, was to be repaid over ten years. The California Department of Finance (the "DOF") alleges that \$9,365 of the amount of the loan held by the Successor Agency should be distributed to the taxing entities within the former Cedar Glen project area, even though the funds were obtained from the County's General Fund and not property tax increment allocated to the former Redevelopment Agency. In 2014, the Successor Agency paid the entire amount of the liability under protest and the County and the Successor Agency sued the DOF in order to maintain the funds to be able to continue with necessary projects.

The County and Successor Agency lost at the trial level and appealed the matter. On November 30, 2015, the Court of Appeal upheld the trial court decision. The Agency has elected not to pursue the issue going forward. Pursuant to the dissolution statutory scheme, the Oversight Board to the Successor Agency made a finding that the original County loan was made for legitimate redevelopment purposes and it adopted a resolution reestablishing the Cedar Glen loan in February 2014. The DOF has recognized the loan as an enforceable obligation of the Successor Agency and repayment of the County loan began in December 2014.

Some enforceable obligations of the Successor Agency represent agreements, contracts or other commitments for the expenditure of monies. They do not constitute an expense or liability for financial statement purposes because these commitments will be honored in subsequent years.

(c) 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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

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

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, 2016 is \$51,378. 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.

(d) Inverse Condemnation Case

In August, 2015, Nyenhuis Family Investments, LLC (Family) filed an inverse condemnation case against the County regarding their property immediately adjacent to the Chino Airport. The County extended a runway next to the Family's property (approximately 60 acres of land) which reduced its ability to develop the property and resulted in increased air traffic negatively impacting their dairy operations. In August 2016, the County and Family agreed that the County has the legal authority to acquire the property for public use and the Family is entitled to just compensation for taking of the property at the appraised value, as determined by the independent appraiser. Payment of just compensation from the County to the Family in exchange for the property is due thirty days from the date the independent appraiser announces the ultimate conclusion of the appraised value in accordance with the agreed upon procedure. Potential loss, if any, other than the estimated litigation expenses of \$605 cannot be sufficiently measurable at this time.

(e) 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.

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 (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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

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

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. 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, 2016, these lawsuits were substantially resolved as to the County, and the other litigants, through various settlements. The County remains obligated to continue remediation of groundwater contamination in compliance with the settlements, court orders and agency orders.

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. Since that time, additional settlements among all other litigants and the USEPA have been finalized.

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. Implementation of the various settlements remains under these continuing jurisdiction of the federal court.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

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

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.

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 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 requires the County to conduct an investigation of Volatile Organic Compounds (VOCs) located in groundwater off-site, south, of the Chino Airport and 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 is continuing to comply 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.

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 have been submitted to the Regional Board but were not yet approved as of June 30, 2016. 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, but the County-recommended groundwater remediation plan has not yet been approved by the Regional Board.

The final remediation plan to be prepared pursuant to the Order for the Chino Airport will be subject to 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, 2016. 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, 2016
(Amounts in thousands)

NOTE 23 – SHORT-TERM DEBT

Tax and Revenue Anticipation Notes

In July 2015, the County issued Tax and Revenue Anticipation Notes (TRANS) totaling \$90,000 which were repaid June 30, 2016. This issue followed the prior year issued TRANS of \$130,000 which was repaid on June 30, 2015. The proceeds of the TRANS were intended to provide financing for 2015-16 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, 2015	Additions	Reductions	Ending Balance June 30, 2016
\$ -	\$ 90,000	\$ 90,000	\$ -

NOTE 24 – SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANS)

In July 2016 the County issued \$30,000 of Tax and Revenue Anticipation Notes in the form of Series A Bonds (Bonds) due June 30, 2017. The stated interest for the Bonds is set at 2.00% per annum with a yield of 0.65%. In accordance with California law, the Bonds are general obligations of the County and are payable only out of the taxes, income, revenues, cash receipts, and other monies of the County attributable to fiscal year 2016-17 and legally available for payment thereof. Proceeds from the Bonds will be used for fiscal year 2016-17 General Fund expenditures, including current expenditures, capital expenditures, and the discharge of other obligations or indebtedness of the County.

Change in Operational Banking Services

On September 9, 2016, the Office of the Treasurer (Treasurer) entered into an agreement with Wells Fargo Bank in accordance with California Government Code Section 53649 to provide operational banking services to the County of San Bernardino (County) and Treasury Pool participants. Wells Fargo Bank was selected to replace the current banking service provider, Bank of America.

Effective September 26, 2016, the Treasurer began transitioning all County Treasury Pool participants to Wells Fargo Bank. The current operation bank, Bank of America, will also continue providing banking services concurrently with Wells Fargo Bank until the transition is complete. The full transition is expected to take place over a period of months.

Annexation of Certain City Fire Departments to the San Bernardino County Fire Protection District

Effective July 1, 2016 for the Cities of San Bernardino and Twentynine Palms and August 1, 2016 for the City of Needles, the fire and emergency medical response obligations for these cities were assumed by the San Bernardino County Fire Protection District. This annexation included the transfer of personnel, various capital assets along with certain property tax revenues to fund operations.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 25 – RESTATEMENT OF FUND BALANCE/NET POSITION

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the Housing Authority reports a net pension liability along with the related deferred outflows of resources and deferred inflows of resources due to its fiscal year beginning October 1, 2014. As a result, beginning net position for Business-Type Activities has been decreased by \$17,685 to reflect the change.

In addition, a prior period adjustment of \$2,027 was made to decrease the Business-Type Activities' beginning net position. The Housing Authority discovered errors related to capital assets and depreciation, debt and related accrued interest, and other assets resulted in prior period adjustments of \$2,027 that reduced its net position effective October 1, 2014.

The restatement of beginning net position is summarized as follows:

Restatement to the Government-Wide:

	Business-Type Activities
Beginning Net Position, as previously reported	\$ 241,242
Prior Period Adjustments - Pension for HACSB	(17,685)
Prior Period Adjustments - Capital Assets for HACSB	(2,423)
Prior Period Adjustments - Other for HACSB	396
Beginning Net Position as restated	\$ 221,530

Restatement to the Fund Financials:

	Proprietary Fund
	Housing Authority
Beginning Fund Balance/Net Position, as previously reported	\$ 97,399
Prior Period Adjustments - Pension	(17,685)
Prior Period Adjustments - Capital Assets	(2,423)
Prior Period Adjustments - Other	396
Beginning Net Position as restated	\$ 77,687

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 25 – RESTATEMENT OF FUND BALANCE/NET POSITION (CONTINUED)

Pro Forma Basis Restatement to the Government-Wide Financial Statements

Following is the pro-forma effect of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*:

Government-Wide Financial Statements

<u>Business-Type Activities</u>	<u>2015 Previously Presented</u>	<u>Restatement</u>	<u>2015 Restated</u>
Statement of Net Position:			
Net Pension Liability *	\$ -	\$ (15,135)	\$ (15,135)
Deferred Outflows of Resources	-	121	121
Deferred Inflows of Resources *	-	(2,671)	(2,671)
Statement of Activities:			
Expenses:			
Housing Authority expenses	104,759	221	104,980
Change in net position	111,627	(221)	111,406
Net position end of year	241,242	<u>\$ (17,685)</u>	223,557

* Negative amounts represent credit balances.

Pro Forma Basis Restatement to the Fund Financial Statements

Proprietary Funds Financial Statements

<u>Housing Authority</u>	<u>2015 Previously Presented</u>	<u>Restatement</u>	<u>2015 Restated</u>
Statement of Net Position:			
Net Pension Liability	\$ -	\$ (15,135)	\$ (15,135)
Deferred Outflows of Resources	-	121	121
Deferred Inflows of Resources	-	(2,671)	(2,671)
Statement of Revenues, Expenses and Changes in Fund Net Position:			
Salaries and Benefits Expense	8,627	221	8,848
Change in net position	3,034	(221)	2,813
Net position end of year	97,399	<u>\$ (17,685)</u>	79,714

NOTE 26 – NEW ACCOUNTING PRONOUNCEMENTS

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 the fiscal year ending June 30, 2017. The County has not determined the effect of this Statement.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 26 – NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

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 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 the fiscal year ending June 30, 2017. The County has not determined the effect of this Statement.

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 the fiscal year ending June 30, 2017. The County has not determined the effect of this Statement.

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 the fiscal year ending June 30, 2017. 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 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 has not determined the effect of this Statement.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016
(Amounts in thousands)

NOTE 26 – NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

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 are effective for reporting periods beginning after June 15, 2018. The County has not determined the effect of this Statement.



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>2016</u>	<u>2015</u>
County's proportion of the net pension liability ⁽²⁾	83.37%	84.40%
County's proportionate share of the net pension liability	\$ 1,619,806	\$ 1,434,500
County's covered-employee payroll	\$ 1,676,476	\$ 1,647,076
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	96.62%	87.09%
Plan fiduciary net position as a percentage of the total pension liability	80.98%	82.47%
Measurement date	June 30, 2015	June 30, 2014

Note to Schedule:

⁽¹⁾ Fiscal year 2015 was the first year of implementation, therefore, only two 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.

**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>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 286,271	\$ 255,377
Contributions in relation to the actuarially determined contribution	286,271	255,377
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 1,746,627	\$ 1,676,476
Contributions as a percentage of covered- employee payroll	16.39%	15.23%

Note to Schedule:

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

**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)**

	September 30, 2015
Total pension liability	
Service cost	\$ 1,087
Interest on total pension liability	3,956
Changes of assumptions	(927)
Differences between expected and actual experience	111
Benefit payments, including refunds of employee contributions	(3,235)
	992
Net change in total pension liability	992
Total pension liability - beginning	53,596
Total pension liability - ending (a)	\$ 54,588
Plan fiduciary net position	
Contributions from employer	\$ 1,201
Contributions from employees	518
Net investment income	853
Benefit payments, including refunds of employee contributions	(3,235)
Administrative expense	(43)
	(706)
Net change in fiduciary net position	(706)
Plan fiduciary net position - beginning	38,461
Plan fiduciary net position - ending (b)	\$ 37,755
Plan net pension liability - ending (a) - (b)	\$ 16,833
Plan fiduciary net position as a percentage of total pension liability	69.16%
Housing Authority's covered-employee payroll	\$ 7,137
Plan net pension liability as a percentage of covered-employee payroll	235.86%
Measurement date	June 30, 2015

Note to Schedule:

Changes of Assumptions:

The discount rate was changed from 7.50 percent (net of administrative expense to 7.65 percent).

⁽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 one year is shown.

**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)**

	September 30, 2015
Actuarially determined contribution	\$ 1,449
Contributions in relation to the actuarially determined contribution	1,449
Contributions deficiency (excess)	\$ -
Housing Authority's covered-employee payroll	\$ 7,200
Contributions as a percentage of covered-employee payroll	20.13%

Note to Schedule:

Valuation Dates	June 30, 2012 and June 30, 2013
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 one year is shown.

**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.





SUPPLEMENTAL INFORMATION



**COMBINED FINANCIAL
STATEMENTS
NONMAJOR
GOVERNMENTAL
FUNDS**



**COUNTY OF SAN BERNARDINO
 COMBINED BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016 (IN THOUSANDS)**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 601,518	\$ 34,240	\$ 29,200	\$ 1,711	\$ 666,669
INVESTMENTS	-	1,926	-	-	1,926
ACCOUNTS RECEIVABLE - NET	4,059	-	-	-	4,059
TAXES RECEIVABLE	7,377	-	-	-	7,377
INTEREST RECEIVABLE	1,090	36	41	-	1,167
LOAN RECEIVABLE	1,010	-	-	-	1,010
OTHER RECEIVABLES	276	-	-	-	276
DUE FROM OTHER FUNDS	14,621	-	178	-	14,799
DUE FROM OTHER GOVERNMENTS	60,082	-	-	-	60,082
LAND HELD FOR RESALE	361	-	1,301	-	1,662
INVENTORIES	108	-	-	-	108
PREPAID ITEMS	83	-	-	-	83
INTERFUND RECEIVABLE	16,698	-	-	-	16,698
RESTRICTED CASH AND INVESTMENTS	15,190	-	-	-	15,190
TOTAL ASSETS	<u>\$ 722,473</u>	<u>\$ 36,202</u>	<u>\$ 30,720</u>	<u>\$ 1,711</u>	<u>\$ 791,106</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE	\$ 17,391	\$ -	\$ 3,572	\$ -	\$ 20,963
SALARIES AND BENEFITS PAYABLE	13,931	-	-	-	13,931
DUE TO OTHER FUNDS	22,609	6,616	9	-	29,234
DUE TO OTHER GOVERNMENTS	3,223	-	-	-	3,223
ADVANCES FROM OTHERS	14,960	-	-	-	14,960
INTERFUND PAYABLE	2,414	-	-	-	2,414
TOTAL LIABILITIES	<u>74,528</u>	<u>6,616</u>	<u>3,581</u>	<u>-</u>	<u>84,725</u>
DEFERRED INFLOWS OF RESOURCES	<u>11,381</u>	<u>34</u>	<u>41</u>	<u>-</u>	<u>11,456</u>
FUND BALANCES:					
NONSPENDABLE	191	-	-	1,711	1,902
RESTRICTED	592,987	29,552	27,098	-	649,637
ASSIGNED	43,386	-	-	-	43,386
TOTAL FUND BALANCES	<u>636,564</u>	<u>29,552</u>	<u>27,098</u>	<u>1,711</u>	<u>694,925</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 722,473</u>	<u>\$ 36,202</u>	<u>\$ 30,720</u>	<u>\$ 1,711</u>	<u>\$ 791,106</u>

**COUNTY OF SAN BERNARDINO
 COMBINED - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2016 (IN THOUSANDS)**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
REVENUES					
TAXES	\$ 119,702	\$ -	\$ -	\$ -	\$ 119,702
LICENSES, PERMITS, AND FRANCHISES	1,052	-	-	-	1,052
FINES, FORFEITURES, AND PENALTIES	5,661	-	-	-	5,661
REVENUES FROM USE OF MONEY AND PROPERTY	9,378	68	226	13	9,685
AID FROM OTHER GOVERNMENTAL AGENCIES	307,131	-	10	-	307,141
CHARGES FOR CURRENT SERVICES	97,862	-	16	-	97,878
OTHER REVENUES	38,282	1,157	1	1	39,441
TOTAL REVENUES	579,068	1,225	253	14	580,560
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT	3,455	3	4,080	-	7,538
PUBLIC PROTECTION	195,911	-	-	-	195,911
PUBLIC WAYS AND FACILITIES	59,542	-	-	-	59,542
HEALTH AND SANITATION	121,574	-	-	-	121,574
PUBLIC ASSISTANCE	88,811	-	-	-	88,811
EDUCATION	15,236	-	-	-	15,236
RECREATION AND CULTURAL SERVICES	6,380	-	-	-	6,380
DEBT SERVICE:					
PRINCIPAL	21,382	82,995	-	-	104,377
INTEREST AND FISCAL CHARGES	3,802	15,425	-	-	19,227
BOND ISSUANCE COSTS	187	-	-	-	187
CAPITAL OUTLAY	29,338	-	1,760	-	31,098
TOTAL EXPENDITURES	545,618	98,423	5,840	-	649,881
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	33,450	(97,198)	(5,587)	14	(69,321)
OTHER FINANCING SOURCES (USES):					
TRANSFERS OUT	(73,974)	(6,616)	(830)	(5)	(81,425)
TRANSFERS IN	49,654	96,338	2,347	-	148,339
PROCEEDS OF REFUNDING BONDS	27,870	-	-	-	27,870
PAYMENT TO REFUND BOND ESCROW AGENT	(27,870)	-	-	-	(27,870)
INSURANCE RECOVERIES	3,916	-	-	-	3,916
SALE OF CAPITAL ASSETS	13,285	-	-	-	13,285
TOTAL OTHER FINANCING SOURCES AND (USES)	(7,119)	89,722	1,517	(5)	84,115
NET CHANGE IN FUND BALANCES	26,331	(7,476)	(4,070)	9	14,794
FUND BALANCES, BEGINNING	610,233	37,028	31,168	1,702	680,131
FUND BALANCES, ENDING	<u>\$ 636,564</u>	<u>\$ 29,552</u>	<u>\$ 27,098</u>	<u>\$ 1,711</u>	<u>\$ 694,925</u>





**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 in 43 locations throughout the County. These programs are funded from federal and state sources with no local 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 Ampitheater, 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, 2016 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>TRANSPORTATION</u>	<u>SPECIAL TRANSPORTATION</u>	<u>SPECIAL AVIATION</u>
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 601,518	\$ 59,668	\$ 43,595	\$ 3,638
ACCOUNTS RECEIVABLE - NET	4,059	2,357	1	-
TAXES RECEIVABLE	7,377	-	-	-
INTEREST RECEIVABLE	1,090	94	69	6
LOANS RECEIVABLE	1,010	-	-	-
OTHER RECEIVABLES	276	-	-	-
DUE FROM OTHER FUNDS	14,621	4,468	-	718
DUE FROM OTHER GOVERNMENTS	60,082	7,054	1,844	30
LAND HELD FOR RESALE	361	-	-	-
INVENTORIES	108	108	-	-
PREPAID ITEMS	83	28	-	-
INTERFUND RECEIVABLE	16,698	55	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	15,190	-	-	-
TOTAL ASSETS	<u>\$ 722,473</u>	<u>\$ 73,832</u>	<u>\$ 45,509</u>	<u>\$ 4,392</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 17,391	\$ 2,760	\$ 264	\$ 73
SALARIES AND BENEFITS PAYABLE	13,931	1,334	-	-
DUE TO OTHER FUNDS	22,609	983	3,613	1
DUE TO OTHER GOVERNMENTS	3,223	290	-	-
ADVANCES FROM OTHERS	14,960	725	-	-
INTERFUND PAYABLE	2,414	-	55	-
TOTAL LIABILITIES	<u>74,528</u>	<u>6,092</u>	<u>3,932</u>	<u>74</u>
DEFERRED INFLOWS OF RESOURCES	<u>11,381</u>	<u>2,575</u>	<u>454</u>	<u>6</u>
FUND BALANCES:				
NONSPENDABLE	191	136	-	-
RESTRICTED	592,987	39,102	41,123	4,312
ASSIGNED	43,386	25,927	-	-
TOTAL FUND BALANCES	<u>636,564</u>	<u>65,165</u>	<u>41,123</u>	<u>4,312</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 722,473</u>	<u>\$ 73,832</u>	<u>\$ 45,509</u>	<u>\$ 4,392</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2016 (IN THOUSANDS)

	MENTAL HEALTH SERVICES ACT	PRESCHOOL SERVICES	AGING AND ADULT SERVICES	JOBS AND EMPLOYMENT SERVICES
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 136,981	\$ 1,185	\$ 387	\$ 2,144
INTEREST RECEIVABLE	219	2	1	3
DUE FROM OTHER FUNDS	5,301	94	18	40
DUE FROM OTHER GOVERNMENTS	20,130	2,931	1,117	2,285
TOTAL ASSETS	<u>\$ 162,631</u>	<u>\$ 4,212</u>	<u>\$ 1,523</u>	<u>\$ 4,472</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 5,380	\$ 1,606	\$ -	\$ 2,033
SALARIES AND BENEFITS PAYABLE	2,051	1,153	125	409
DUE TO OTHER FUNDS	2,991	153	3	4
DUE TO OTHER GOVERNMENTS	101	526	-	665
ADVANCES FROM OTHERS	-	-	-	321
INTERFUND PAYABLE	-	750	-	-
TOTAL LIABILITIES	<u>10,523</u>	<u>4,188</u>	<u>128</u>	<u>3,432</u>
DEFERRED INFLOWS OF RESOURCES	<u>219</u>	<u>6</u>	<u>1</u>	<u>60</u>
FUND BALANCES:				
RESTRICTED	<u>151,889</u>	<u>18</u>	<u>1,394</u>	<u>980</u>
TOTAL FUND BALANCES	<u>151,889</u>	<u>18</u>	<u>1,394</u>	<u>980</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 162,631</u>	<u>\$ 4,212</u>	<u>\$ 1,523</u>	<u>\$ 4,472</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2016 (IN THOUSANDS)

	COURTHOUSE TEMPORARY CONSTRUCTION	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	CENTRAL COURTHOUSE SURCHARGE	MICROGRAPHICS FEES
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 1,360	\$ 1,612	\$ -	\$ 13,140
ACCOUNTS RECEIVABLE - NET	-	-	-	62
INTEREST RECEIVABLE	-	-	-	21
LOANS RECEIVABLE	-	-	-	1,010
DUE FROM OTHER GOVERNMENTS	4	4	-	-
TOTAL ASSETS	<u>\$ 1,364</u>	<u>\$ 1,616</u>	<u>\$ -</u>	<u>\$ 14,233</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ -	\$ -	\$ -	\$ 167
SALARIES AND BENEFITS PAYABLE	-	-	-	52
DUE TO OTHER FUNDS	1,360	1,612	-	2
TOTAL LIABILITIES	<u>1,360</u>	<u>1,612</u>	<u>-</u>	<u>221</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>21</u>
FUND BALANCES:				
RESTRICTED	<u>4</u>	<u>4</u>	<u>-</u>	<u>13,991</u>
TOTAL FUND BALANCES	<u>4</u>	<u>4</u>	<u>-</u>	<u>13,991</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,364</u>	<u>\$ 1,616</u>	<u>\$ -</u>	<u>\$ 14,233</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2016 (IN THOUSANDS)

	LOCAL LAW ENFORCEMENT BLOCK GRANT	SHERIFF SPECIAL PROJECTS	FIRE PROTECTION DISTRICTS	ECONOMIC AND COMMUNITY DEVELOPMENT
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 2,672	\$ 16,228	\$ 64,753	\$ 17,111
ACCOUNTS RECEIVABLE - NET	-	-	603	57
TAXES RECEIVABLE	-	-	2,897	-
INTEREST RECEIVABLE	4	26	-	27
OTHER RECEIVABLES	-	-	190	-
DUE FROM OTHER FUNDS	-	17	740	122
DUE FROM OTHER GOVERNMENTS	-	677	2,059	1,175
INTERFUND RECEIVABLE	-	-	-	16,393
TOTAL ASSETS	<u>\$ 2,676</u>	<u>\$ 16,948</u>	<u>\$ 71,242</u>	<u>\$ 34,885</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ -	\$ 415	\$ 1,002	\$ 203
SALARIES AND BENEFITS PAYABLE	-	-	6,643	141
DUE TO OTHER FUNDS	89	2,623	1,296	535
DUE TO OTHER GOVERNMENTS	-	141	630	473
ADVANCES FROM OTHERS	-	-	1,346	-
TOTAL LIABILITIES	<u>89</u>	<u>3,179</u>	<u>10,917</u>	<u>1,352</u>
DEFERRED INFLOWS OF RESOURCES	<u>4</u>	<u>26</u>	<u>2,180</u>	<u>29</u>
FUND BALANCES:				
RESTRICTED	2,583	13,740	58,145	33,480
ASSIGNED	-	3	-	24
TOTAL FUND BALANCES	<u>2,583</u>	<u>13,743</u>	<u>58,145</u>	<u>33,504</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,676</u>	<u>\$ 16,948</u>	<u>\$ 71,242</u>	<u>\$ 34,885</u>

**COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2016 (IN THOUSANDS)**

	FLOOD CONTROL DISTRICT	COUNTY SERVICE AREAS	PARK AND RECREATION DISTRICTS	COUNTY FREE LIBRARY
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 115,483	\$ 25,570	\$ 1,511	\$ 8,118
ACCOUNTS RECEIVABLE - NET	590	29	20	118
TAXES RECEIVABLE	3,172	221	154	933
INTEREST RECEIVABLE	467	4	-	13
OTHER RECEIVABLE	-	86	-	-
DUE FROM OTHER FUNDS	1,337	936	35	201
DUE FROM OTHER GOVERNMENTS	2,970	97	-	-
PREPAID ITEMS	55	-	-	-
INTERFUND RECEIVABLE	-	250	-	-
RESTRICTED CASH AND INVESTMENTS	14,946	-	-	-
TOTAL ASSETS	<u>\$ 139,020</u>	<u>\$ 27,193</u>	<u>\$ 1,720</u>	<u>\$ 9,383</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 2,474	\$ 131	\$ 2	\$ 459
SALARIES AND BENEFITS PAYABLE	859	487	104	350
DUE TO OTHER FUNDS	775	77	-	20
DUE TO OTHER GOVERNMENTS	335	-	5	38
ADVANCES FROM OTHERS	12,308	-	-	-
INTERFUND PAYABLE	-	1,609	-	-
TOTAL LIABILITIES	<u>16,751</u>	<u>2,304</u>	<u>111</u>	<u>867</u>
DEFERRED INFLOWS OF RESOURCES	<u>4,555</u>	<u>265</u>	<u>116</u>	<u>700</u>
FUND BALANCES:				
NONSPENDABLE	55	-	-	-
RESTRICTED	115,103	22,648	1,493	7,816
ASSIGNED	2,556	1,976	-	-
TOTAL FUND BALANCES	<u>117,714</u>	<u>24,624</u>	<u>1,493</u>	<u>7,816</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 139,020</u>	<u>\$ 27,193</u>	<u>\$ 1,720</u>	<u>\$ 9,383</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2016 (IN THOUSANDS)

	REDEVELOPMENT SUCCESSOR HOUSING	JOINT POWERS AUTHORITIES	OTHER SPECIAL REVENUE
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 633	\$ 1,762	\$ 83,967
ACCOUNTS RECEIVABLE - NET	-	-	222
INTEREST RECEIVABLE	1	-	133
DUE FROM OTHER FUNDS	-	-	594
DUE FROM OTHER GOVERNMENTS	-	-	17,705
LAND HELD FOR RESALE	361	-	-
RESTRICTED CASH AND INVESTMENTS	-	244	-
TOTAL ASSETS	<u>\$ 995</u>	<u>\$ 2,006</u>	<u>\$ 102,621</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ -	\$ -	\$ 422
SALARIES AND BENEFITS PAYABLE	-	-	223
DUE TO OTHER FUNDS	-	-	6,472
DUE TO OTHER GOVERNMENTS	-	-	19
ADVANCES FROM OTHERS	-	-	260
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>7,396</u>
DEFERRED INFLOWS OF RESOURCES	<u>1</u>	<u>-</u>	<u>163</u>
FUND BALANCES:			
RESTRICTED	994	2,006	82,162
ASSIGNED	-	-	12,900
TOTAL FUND BALANCES	<u>994</u>	<u>2,006</u>	<u>95,062</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 995</u>	<u>\$ 2,006</u>	<u>\$ 102,621</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>TRANSPORTATION</u>	<u>SPECIAL TRANSPORTATION</u>	<u>SPECIAL AVIATION</u>
REVENUES:				
TAXES	\$ 119,702	\$ -	\$ 8,772	\$ -
LICENSES, PERMITS AND FRANCHISES	1,052	312	-	3
FINES, FORFEITURES AND PENALTIES	5,661	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	9,378	332	331	584
AID FROM OTHER GOVERNMENTAL AGENCIES	307,131	44,625	429	434
CHARGES FOR CURRENT SERVICES	97,862	1,635	2,701	27
OTHER REVENUES	38,282	172	1	1,526
TOTAL REVENUES	579,068	47,076	12,234	2,574
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	3,455	-	-	-
PUBLIC PROTECTION	195,911	-	-	-
PUBLIC WAYS AND FACILITIES	59,542	46,104	9,777	1,142
HEALTH AND SANITATION	121,574	-	-	-
PUBLIC ASSISTANCE	88,811	-	-	-
EDUCATION	15,236	-	-	-
RECREATION AND CULTURAL SERVICES	6,380	-	-	-
DEBT SERVICE:				
PRINCIPAL	21,382	-	-	-
INTEREST AND FISCAL CHARGES	3,802	-	-	-
BOND ISSUANCE COSTS	187	-	-	-
CAPITAL OUTLAY	29,338	3,606	-	638
TOTAL EXPENDITURES	545,618	49,710	9,777	1,780
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	33,450	(2,634)	2,457	794
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(73,974)	(1,372)	(104)	(139)
TRANSFERS IN	49,654	18,765	-	718
PROCEEDS OF REFUNDING BONDS	27,870	-	-	-
PAYMENT TO REFUNDED BOND ESCROW AGENT	(27,870)	-	-	-
INSURANCE RECOVERIES	3,916	-	-	-
SALE OF CAPITAL ASSETS	13,285	227	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(7,119)	17,620	(104)	579
NET CHANGE IN FUND BALANCES	26,331	14,986	2,353	1,373
FUND BALANCES, BEGINNING	610,233	50,179	38,770	2,939
FUND BALANCES, ENDING	<u>\$ 636,564</u>	<u>\$ 65,165</u>	<u>\$ 41,123</u>	<u>\$ 4,312</u>

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2016 (IN THOUSANDS)

	MENTAL HEALTH SERVICES ACT	PRESCHOOL SERVICES	AGING AND ADULT SERVICES	JOBS AND EMPLOYMENT SERVICES
REVENUES:				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 1,111	\$ 8	\$ 8	\$ 6
AID FROM OTHER GOVERNMENTAL AGENCIES	107,441	49,407	5,769	17,4
CHARGES FOR CURRENT SERVICES	-	19	-	-
OTHER REVENUES	4,824	22	-	8
TOTAL REVENUES	113,376	49,456	5,777	18,8
EXPENDITURES:				
CURRENT:				
HEALTH AND SANITATION	102,451	-	-	-
PUBLIC ASSISTANCE	-	47,865	5,752	17,7
DEBT SERVICE:				
INTEREST AND FISCAL CHARGES	-	1	-	-
CAPITAL OUTLAY	184	117	6	-
TOTAL EXPENDITURES	102,635	47,983	5,758	17,7
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	10,741	1,473	19	1,0
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(3,789)	(1,471)	(1,138)	(3)
TRANSFERS IN	12,260	-	1,044	2
SALE OF CAPITAL ASSETS	-	4	-	-
TOTAL OTHER FINANCING SOURCES (USES)	8,471	(1,467)	(94)	(1)
NET CHANGE IN FUND BALANCES	19,212	6	(75)	9
FUND BALANCES, BEGINNING	132,677	12	1,469	-
FUND BALANCES, ENDING	\$ 151,889	\$ 18	\$ 1,394	\$ 9

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2016 (IN THOUSANDS)**

	COURTHOUSE TEMPORARY CONSTRUCTION	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	CENTRAL COURTHOUSE SURCHARGE	MICROGRAPHICS FEES
REVENUES:				
FINES, FORFEITURES AND PENALTIES	\$ 1,351	\$ 1,602	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	6	7	-	47
CHARGES FOR CURRENT SERVICES	-	-	1,583	3,444
TOTAL REVENUES	1,357	1,609	1,583	3,491
EXPENDITURES:				
CURRENT:				
PUBLIC PROTECTION	-	-	-	2,041
CAPITAL OUTLAY	-	-	-	95
TOTAL EXPENDITURES	-	-	-	2,136
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,357	1,609	1,583	1,355
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(1,360)	(1,612)	(1,583)	(43)
TOTAL OTHER FINANCING SOURCES (USES)	(1,360)	(1,612)	(1,583)	(43)
NET CHANGE IN FUND BALANCES	(3)	(3)	-	1,312
FUND BALANCES, BEGINNING	7	7	-	12,679
FUND BALANCES, ENDING	\$ 4	\$ 4	\$ -	\$ 13,991

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2016 (IN THOUSANDS)**

	LOCAL LAW ENFORCEMENT BLOCK GRANT	SHERIFF SPECIAL PROJECTS	FIRE PROTECTION DISTRICTS	ECONOMIC AND COMMUNITY DEVELOPMENT
REVENUES:				
TAXES	\$ -	\$ -	\$ 42,932	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	22	130	613	339
AID FROM OTHER GOVERNMENTAL AGENCIES	582	15,073	8,935	7,429
CHARGES FOR CURRENT SERVICES	-	856	69,584	12
OTHER REVENUES	-	157	1,376	717
TOTAL REVENUES	604	16,216	123,440	8,497
EXPENDITURES:				
CURRENT:				
PUBLIC PROTECTION	893	13,930	128,956	-
PUBLIC ASSISTANCE	-	-	-	12,514
DEBT SERVICE:				
PRINCIPAL	-	-	70	-
INTEREST AND FISCAL CHARGES	-	-	145	-
CAPITAL OUTLAY	79	3,564	5,966	-
TOTAL EXPENDITURES	972	17,494	135,137	12,514
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(368)	(1,278)	(11,697)	(4,017)
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	-	(3,074)	(6,216)	(2,787)
TRANSFERS IN	-	-	8,695	150
SALE OF CAPITAL ASSETS	-	-	22	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(3,074)	2,501	(2,637)
NET CHANGE IN FUND BALANCES	(368)	(4,352)	(9,196)	(6,654)
FUND BALANCES, BEGINNING	2,951	18,095	67,341	40,158
FUND BALANCES, ENDING	\$ 2,583	\$ 13,743	\$ 58,145	\$ 33,504

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2016 (IN THOUSANDS)**

	FLOOD CONTROL DISTRICT	COUNTY SERVICE AREAS	PARK AND RECREATION DISTRICTS	COUNTY FREE LIBRARY
REVENUES:				
TAXES	\$ 47,262	\$ 3,323	\$ 2,326	\$ 15,053
LICENSES, PERMITS AND FRANCHISES	353	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	1,529	325	116	1
AID FROM OTHER GOVERNMENTAL AGENCIES	5,482	75	74	253
CHARGES FOR CURRENT SERVICES	306	5,018	1,269	1,011
OTHER REVENUES	4,108	463	9	460
TOTAL REVENUES	59,040	9,204	3,794	16,778
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	2,938	-	-
PUBLIC PROTECTION	30,558	809	-	-
PUBLIC WAYS AND FACILITIES	-	2,246	-	-
HEALTH AND SANITATION	-	82	-	-
EDUCATION	-	-	-	15,236
RECREATION AND CULTURAL SERVICES	-	1,135	3,398	-
DEBT SERVICE:				
PRINCIPAL	19,065	92	-	1,325
INTEREST AND FISCAL CHARGES	2,785	10	-	22
BOND ISSUANCE COSTS	187	-	-	-
CAPITAL OUTLAY	12,556	1,822	-	421
TOTAL EXPENDITURES	65,151	9,134	3,398	17,004
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,111)	70	396	(226)
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(730)	(2,783)	(118)	(270)
TRANSFERS IN	2,257	3,762	15	102
REFUNDING BONDS ISSUED	27,870	-	-	-
PAYMENT TO REFUNDED BOND ESCROW AGENT	(27,870)	-	-	-
INSURANCE RECOVERIES	3,916	-	-	-
SALE OF CAPITAL ASSETS	528	2	-	-
TOTAL OTHER FINANCING SOURCES (USES)	5,971	981	(103)	(168)
NET CHANGE IN FUND BALANCES	(140)	1,051	293	(394)
FUND BALANCES, BEGINNING	117,854	23,573	1,200	8,210
FUND BALANCES, ENDING	\$ 117,714	\$ 24,624	\$ 1,493	\$ 7,816

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2016 (IN THOUSANDS)**

	REDEVELOPMENT SUCCESSOR HOUSING	JOINT POWERS AUTHORITIES	OTHER SPECIAL REVENUE
REVENUES:			
TAXES	\$ -	\$ -	\$ 34
LICENSES, PERMITS AND FRANCHISES	-	-	384
FINES, FORFEITURES AND PENALTIES	-	-	2,708
REVENUES FROM USE OF MONEY AND PROPERTY	3	4	3,236
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	43,702
CHARGES FOR CURRENT SERVICES	-	-	10,397
OTHER REVENUES	625	-	22,986
TOTAL REVENUES	628	4	83,447
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	2	515
PUBLIC PROTECTION	-	-	18,724
PUBLIC WAYS AND FACILITIES	-	-	273
HEALTH AND SANITATION	-	-	19,041
PUBLIC ASSISTANCE	3,105	-	1,789
RECREATION AND CULTURAL SERVICES	-	-	1,847
DEBT SERVICE:			
PRINCIPAL	-	830	-
INTEREST AND FISCAL CHARGES	-	839	-
CAPITAL OUTLAY	-	-	284
TOTAL EXPENDITURES	3,105	1,671	42,473
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,477)</u>	<u>(1,667)</u>	<u>40,974</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	-	-	(45,050)
TRANSFERS IN	-	1,583	89
SALE OF CAPITAL ASSETS	-	-	12,502
TOTAL OTHER FINANCING SOURCES (USES)	-	1,583	(32,459)
NET CHANGE IN FUND BALANCES	(2,477)	(84)	8,515
FUND BALANCES, BEGINNING	<u>3,471</u>	<u>2,090</u>	<u>86,547</u>
FUND BALANCES, ENDING	<u>\$ 994</u>	<u>\$ 2,006</u>	<u>\$ 95,062</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 JUNE 30, 2016 (IN THOUSANDS)

	<u>TOTAL</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>PENSION OBLIGATION BONDS</u>
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 34,240	\$ 12,975	\$ 21,265
INVESTMENTS	1,926	-	1,926
INTEREST RECEIVABLE	36	2	34
TOTAL ASSETS	<u>\$ 36,202</u>	<u>\$ 12,977</u>	<u>\$ 23,225</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
DUE TO OTHER FUNDS	\$ 6,616	\$ 6,616	\$ -
TOTAL LIABILITIES	<u>6,616</u>	<u>6,616</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	<u>34</u>	<u>-</u>	<u>34</u>
FUND BALANCES:			
RESTRICTED	29,552	6,361	23,191
TOTAL FUND BALANCES	<u>29,552</u>	<u>6,361</u>	<u>23,191</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 36,202</u>	<u>\$ 12,977</u>	<u>\$ 23,225</u>

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2016 (IN THOUSANDS)

	TOTAL	JOINT POWERS AUTHORITIES	PENSION OBLIGATION BONDS
REVENUES			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 68	\$ 23	\$ 45
OTHER REVENUES	1,157	-	1,157
TOTAL REVENUES	<u>1,225</u>	<u>23</u>	<u>1,202</u>
EXPENDITURES			
CURRENT:			
GENERAL GOVERNMENT	3	-	3
DEBT SERVICE:			
PRINCIPAL	82,995	5,950	77,045
INTEREST AND FISCAL CHARGES	15,425	459	14,966
TOTAL EXPENDITURES	<u>98,423</u>	<u>6,409</u>	<u>92,014</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(97,198)</u>	<u>(6,386)</u>	<u>(90,812)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(6,616)	(6,616)	-
TRANSFERS IN	96,338	6,515	89,823
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>89,722</u>	<u>(101)</u>	<u>89,823</u>
NET CHANGE IN FUND BALANCES	(7,476)	(6,487)	(989)
FUND BALANCES, BEGINNING	37,028	12,848	24,180
FUND BALANCES, ENDING	<u>\$ 29,552</u>	<u>\$ 6,361</u>	<u>\$ 23,191</u>

**COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2016 (IN THOUSANDS)**

	TOTAL	REDEVELOPMENT SUCCESSOR HOUSING	FIRE PROTECTION DISTRICTS	PARK AND RECREATION DISTRICTS	COUNTY SERVICE AREAS
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 29,200	\$ 22,254	\$ 1	\$ 5,098	\$ 1,847
INTEREST RECEIVABLE	41	30	-	8	3
DUE FROM OTHER FUNDS	178	-	-	100	78
LAND HELD FOR RESALE	1,301	1,301	-	-	-
TOTAL ASSETS	\$ 30,720	\$ 23,585	\$ 1	\$ 5,206	\$ 1,928
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE	\$ 3,572	\$ 3,504	\$ -	\$ 64	\$ 4
DUE TO OTHER FUNDS	9	-	-	6	3
TOTAL LIABILITIES	3,581	3,504	-	70	7
DEFERRED INFLOWS OF RESOURCES	41	30	-	8	3
FUND BALANCES:					
RESTRICTED	27,098	20,051	1	5,128	1,918
TOTAL FUND BALANCES	27,098	20,051	1	5,128	1,918
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 30,720	\$ 23,585	\$ 1	\$ 5,206	\$ 1,928

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2016 (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	\$ 226	\$ 171	\$ 3	\$ 41	\$ 11
AID FROM OTHER GOVERNMENTAL AGENCIES	10	1	-	-	9
CHARGES FOR CURRENT SERVICES	16	-	-	-	16
OTHER REVENUES	1	1	-	-	-
TOTAL REVENUES	<u>253</u>	<u>173</u>	<u>3</u>	<u>41</u>	<u>36</u>
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT	4,080	4,080	-	-	-
CAPITAL OUTLAY	1,760	-	-	873	887
TOTAL EXPENDITURES	<u>5,840</u>	<u>4,080</u>	<u>-</u>	<u>873</u>	<u>887</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,587)</u>	<u>(3,907)</u>	<u>3</u>	<u>(832)</u>	<u>(851)</u>
OTHER FINANCING SOURCES (USES):					
TRANSFERS OUT	(830)	-	(475)	-	(355)
TRANSFERS IN	2,347	-	-	604	1,743
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>1,517</u>	<u>-</u>	<u>(475)</u>	<u>604</u>	<u>1,388</u>
NET CHANGE IN FUND BALANCES	(4,070)	(3,907)	(472)	(228)	537
FUND BALANCES, BEGINNING	31,168	23,958	473	5,356	1,381
FUND BALANCES, ENDING	<u>\$ 27,098</u>	<u>\$ 20,051</u>	<u>\$ 1</u>	<u>\$ 5,128</u>	<u>\$ 1,918</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 PERMANENT FUNDS
 JUNE 30, 2016 (IN THOUSANDS)

	<u>TOTAL</u>	<u>LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND</u>	<u>ETIWANDA CSA 120 ENDOWMENT CARE FUND</u>
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 1,711	\$ 94	\$ 1,617
TOTAL ASSETS	<u>\$ 1,711</u>	<u>\$ 94</u>	<u>\$ 1,617</u>
FUND BALANCES			
NONSPENDABLE	\$ 1,711	\$ 94	\$ 1,617
TOTAL FUND BALANCES	<u>\$ 1,711</u>	<u>\$ 94</u>	<u>\$ 1,617</u>

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 PERMANENT FUNDS
 YEAR ENDED JUNE 30, 2016 (IN THOUSANDS)

	TOTAL	LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND	ETIWANDA CSA 120 ENDOWMENT CARE FUND
REVENUES			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 13	\$ -	\$ 13
OTHER REVENUES	1	1	-
TOTAL REVENUES	14	1	13
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(5)	-	(5)
TOTAL OTHER FINANCING SOURCES AND (USES)	(5)	-	(5)
NET CHANGE IN FUND BALANCES	9	1	8
FUND BALANCES, BEGINNING	1,702	93	1,609
FUND BALANCES, ENDING	<u>\$ 1,711</u>	<u>\$ 94</u>	<u>\$ 1,617</u>





**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, 2016 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>COUNTY SERVICE AREAS</u>	<u>OTHER ENTERPRISE</u>
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 40,437	\$ 40,249	\$ 188
ACCOUNTS RECEIVABLE, NET	2,233	2,233	-
TAXES RECEIVABLE	196	196	-
OTHER RECEIVABLES	182	182	-
DUE FROM OTHER FUNDS	50	50	-
DUE FROM OTHER GOVERNMENTS	13	13	-
INVENTORIES	36	-	36
TOTAL CURRENT ASSETS	<u>43,147</u>	<u>42,923</u>	<u>224</u>
NONCURRENT ASSETS:			
CAPITAL ASSETS NOT BEING DEPRECIATED OR AMORTIZED:			
LAND	3,763	3,763	-
LAND USE RIGHTS	258	258	-
DEVELOPMENT IN PROGRESS	3,419	3,419	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
LAND USE RIGHTS	1,004	1,004	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE	86,877	86,877	-
EQUIPMENT AND SOFTWARE	1,498	1,498	-
ACCUMULATED DEPRECIATION AND AMORTIZATION	(42,442)	(42,442)	-
TOTAL NONCURRENT ASSETS	<u>54,377</u>	<u>54,377</u>	<u>-</u>
TOTAL ASSETS	<u>97,524</u>	<u>97,300</u>	<u>224</u>
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	580	580	-
SALARIES AND BENEFITS PAYABLE	1	-	1
DUE TO OTHER FUNDS	258	258	-
DUE TO OTHER GOVERNMENTS	105	105	-
INTEREST PAYABLE	55	55	-
ADVANCES FROM OTHERS	18	18	-
BONDS AND NOTES PAYABLE	294	294	-
TOTAL CURRENT LIABILITIES	<u>1,311</u>	<u>1,310</u>	<u>1</u>
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE	504	504	-
BONDS AND NOTES PAYABLE	1,732	1,732	-
TOTAL NONCURRENT LIABILITIES	<u>2,236</u>	<u>2,236</u>	<u>-</u>
TOTAL LIABILITIES	<u>3,547</u>	<u>3,546</u>	<u>1</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	52,351	52,351	-
UNRESTRICTED	41,626	41,403	223
TOTAL NET POSITION	<u>\$ 93,977</u>	<u>\$ 93,754</u>	<u>\$ 223</u>

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2016 (IN THOUSANDS)

	<u>TOTAL</u>	<u>COUNTY SERVICE AREAS</u>	<u>OTHER ENTERPRISE</u>
OPERATING REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 13,531	\$ 13,457	\$ 74
OTHER OPERATING REVENUES	2	2	-
	<u>13,533</u>	<u>13,459</u>	<u>74</u>
TOTAL OPERATING REVENUES			
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	3,682	3,677	5
SALARIES AND EMPLOYEES BENEFITS	6,318	6,278	40
SERVICES AND SUPPLIES	4,480	4,458	22
DEPRECIATION AND AMORTIZATION	2,997	2,997	-
OTHER	522	522	-
	<u>17,999</u>	<u>17,932</u>	<u>67</u>
TOTAL OPERATING EXPENSES			
OPERATING INCOME (LOSS)	<u>(4,466)</u>	<u>(4,473)</u>	<u>7</u>
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUES	326	326	-
INTEREST EXPENSE	(144)	(144)	-
TAX REVENUE	2,981	2,981	-
GRANT REVENUE	72	72	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	7	7	-
OTHER NONOPERATING REVENUES	1,373	1,372	1
OTHER NONOPERATING EXPENSES	(2,728)	(2,728)	-
	<u>1,887</u>	<u>1,886</u>	<u>1</u>
TOTAL NONOPERATING REVENUES (EXPENSES)			
CHANGE IN NET POSITION BEFORE TRANSFERS	(2,579)	(2,587)	8
CAPITAL CONTRIBUTIONS	170	170	-
TRANSFERS OUT	(58)	(58)	-
TRANSFERS IN	127	127	-
	<u>(2,340)</u>	<u>(2,348)</u>	<u>8</u>
CHANGE IN NET POSITION			
TOTAL NET POSITION, BEGINNING	<u>96,317</u>	<u>96,102</u>	<u>215</u>
TOTAL NET POSITION, ENDING	<u>\$ 93,977</u>	<u>\$ 93,754</u>	<u>\$ 223</u>

**COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2016 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>COUNTY SERVICE AREAS</u>	<u>OTHER NONMAJOR ENTERPRISE</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH RECEIVED FROM SERVICES	\$ 12,240	\$ 12,165	\$ 75
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(10,896)	(10,858)	(38)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(6,318)	(6,278)	(40)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(4,974)</u>	<u>(4,971)</u>	<u>(3)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
TAXES RECEIVED	2,996	2,996	-
GRANTS RECEIVED	72	72	-
TRANSFERS RECEIVED	127	127	-
TRANSFERS PAID	(79)	(79)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>3,116</u>	<u>3,116</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(1,499)	(1,499)	-
CAPITAL CONTRIBUTION	170	170	-
PRINCIPAL PAID ON BONDS AND NOTES	(232)	(232)	-
INTEREST PAID ON BONDS AND NOTES	(214)	(214)	-
PROCEEDS FROM SALE OF CAPITAL ASSETS	7	7	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,768)</u>	<u>(1,768)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
INTEREST ON INVESTMENTS	326	326	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>326</u>	<u>326</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,300)	(3,297)	(3)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	43,737	43,546	191
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 40,437</u>	<u>\$ 40,249</u>	<u>\$ 188</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
OPERATING INCOME (LOSS)	\$ (4,466)	\$ (4,473)	\$ 7
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION	2,997	2,997	-
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	(1,355)	(1,356)	1
CHANGES IN ASSETS, DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS:			
ACCOUNTS RECEIVABLE	(119)	(119)	-
DUE FROM OTHER GOVERNMENTS	190	190	-
INVENTORIES	(11)	-	(11)
ACCOUNTS PAYABLE AND OTHER LIABILITIES	(2,010)	(2,010)	-
DUE TO OTHER GOVERNMENTS	(191)	(191)	-
ADVANCES FROM OTHERS	(9)	(9)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (4,974)</u>	<u>\$ (4,971)</u>	<u>\$ (3)</u>
	<u>BREAKDOWN OF CASH AND CASH EQUIVALENTS</u>		
CASH AND CASH EQUIVALENTS	<u>\$ 40,437</u>	<u>\$ 40,249</u>	<u>\$ 188</u>



**COMBINING
FINANCIAL
STATEMENTS
INTERNAL SERVICE
FUNDS**

INTERNAL SERVICE FUNDS DESCRIPTIONS

GENERAL SERVICES GROUP

The General Services Fund accounts for the County's Printing Services and Central Mail Services departments. Services which are available to all County departments and special districts are financed by user fees for services provided.

TELECOMMUNICATION SERVICES

The Telephone 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.

VEHICLE SERVICES

The Vehicle Services 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, 2016 (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	\$ 346,074	\$ 2,612	\$ 17,402	\$ 15,687
ACCOUNTS RECEIVABLE - NET	77	-	70	7
OTHER RECEIVABLES	37	-	-	-
DUE FROM OTHER FUNDS	2,387	170	342	1,025
DUE FROM OTHER GOVERNMENTS	1,107	48	826	10
INVENTORIES	3,877	44	2,291	-
PREPAID ITEMS	1,560	709	422	-
TOTAL CURRENT ASSETS	<u>355,119</u>	<u>3,583</u>	<u>21,353</u>	<u>16,729</u>
NONCURRENT ASSETS:				
INTERFUND RECEIVABLE	894	-	894	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:				
LAND	396	-	-	-
DEVELOPMENT IN PROGRESS	3,807	-	866	1,504
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
STRUCTURES AND IMPROVEMENTS	11,539	19	3,717	522
EQUIPMENT AND SOFTWARE	115,586	1,608	45,079	17,362
ACCUMULATED DEPRECIATION AND AMORTIZATION	(83,721)	(680)	(33,273)	(12,892)
TOTAL NONCURRENT ASSETS	<u>48,501</u>	<u>947</u>	<u>17,283</u>	<u>6,496</u>
TOTAL ASSETS	<u>403,620</u>	<u>4,530</u>	<u>38,636</u>	<u>23,225</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>19,344</u>	<u>562</u>	<u>2,549</u>	<u>13,317</u>
LIABILITIES				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE	5,138	78	823	625
SALARIES AND BENEFITS PAYABLE	2,609	122	541	1,254
DUE TO OTHER FUNDS	18,469	2	57	602
ADVANCES FROM OTHERS	270	24	-	-
COMPENSATED ABSENCES PAYABLE	3,228	125	846	1,336
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	50,290	-	-	-
TOTAL CURRENT LIABILITIES	<u>80,004</u>	<u>351</u>	<u>2,267</u>	<u>3,817</u>
NONCURRENT LIABILITIES:				
INTERFUND PAYABLE	894	-	-	894
COMPENSATED ABSENCES PAYABLE	4,044	179	566	2,331
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	186,405	-	-	-
NET PENSION LIABILITY	35,625	1,722	7,428	17,474
TOTAL NONCURRENT LIABILITIES	<u>226,968</u>	<u>1,901</u>	<u>7,994</u>	<u>20,699</u>
TOTAL LIABILITIES	<u>306,972</u>	<u>2,252</u>	<u>10,261</u>	<u>24,516</u>
DEFERRED INFLOWS OF RESOURCES	<u>12,777</u>	<u>756</u>	<u>2,610</u>	<u>6,011</u>
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	47,607	947	16,389	6,496
UNRESTRICTED	55,608	1,137	11,925	(481)
TOTAL NET POSITION	<u>\$ 103,215</u>	<u>\$ 2,084</u>	<u>\$ 28,314</u>	<u>\$ 6,015</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)
JUNE 30, 2016 (IN THOUSANDS)**

	VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 14,647	\$ 289,456	\$ 6,270
OTHER RECEIVABLES	-	37	-
DUE FROM OTHER FUNDS	82	663	105
DUE FROM OTHER GOVERNMENTS	159	56	8
INVENTORIES	1,542	-	-
PREPAID ITEMS	-	429	-
TOTAL CURRENT ASSETS	<u>16,430</u>	<u>290,641</u>	<u>6,383</u>
NONCURRENT ASSETS:			
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:			
LAND	396	-	-
DEVELOPMENT IN PROGRESS	1,437	-	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
STRUCTURES AND IMPROVEMENTS	7,281	-	-
EQUIPMENT AND SOFTWARE	35,093	660	15,784
ACCUMULATED DEPRECIATION AND AMORTIZATION	<u>(25,782)</u>	<u>(538)</u>	<u>(10,556)</u>
TOTAL NONCURRENT ASSETS	<u>18,425</u>	<u>122</u>	<u>5,228</u>
TOTAL ASSETS	<u>34,855</u>	<u>290,763</u>	<u>11,611</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,691</u>	<u>1,225</u>	<u>-</u>
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	758	2,778	76
SALARIES AND BENEFITS PAYABLE	409	283	-
DUE TO OTHER FUNDS	1,193	16,609	6
ADVANCES FROM OTHERS	-	246	-
COMPENSATED ABSENCES PAYABLE	560	361	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	50,290	-
TOTAL CURRENT LIABILITIES	<u>2,920</u>	<u>70,567</u>	<u>82</u>
NONCURRENT LIABILITIES:			
COMPENSATED ABSENCES PAYABLE	606	362	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	186,405	-
NET PENSION LIABILITY	5,199	3,802	-
TOTAL NONCURRENT LIABILITIES	<u>5,805</u>	<u>190,569</u>	<u>-</u>
TOTAL LIABILITIES	<u>8,725</u>	<u>261,136</u>	<u>82</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,721</u>	<u>1,679</u>	<u>-</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	18,425	122	5,228
UNRESTRICTED	7,675	29,051	6,301
TOTAL NET POSITION	<u>\$ 26,100</u>	<u>\$ 29,173</u>	<u>\$ 11,529</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>GENERAL SERVICES GROUP</u>	<u>TELECOMMUNICATION SERVICES</u>	<u>COMPUTER OPERATIONS</u>
OPERATING REVENUES:				
CHARGES FOR CURRENT SERVICES	\$ 215,222	\$ 10,947	\$ 28,753	\$ 41,306
TOTAL OPERATING REVENUES	<u>215,222</u>	<u>10,947</u>	<u>28,753</u>	<u>41,306</u>
OPERATING EXPENSES:				
PROFESSIONAL SERVICES	24,566	794	1,687	7,442
SALARIES AND EMPLOYEES BENEFITS	44,922	2,295	9,107	20,534
SELF-INSURED CLAIMS	50,398	-	-	-
SERVICES AND SUPPLIES	55,438	6,434	11,777	7,376
DEPRECIATION AND AMORTIZATION	11,572	95	4,101	2,485
OTHER	864	-	-	-
TOTAL OPERATING EXPENSES	<u>187,760</u>	<u>9,618</u>	<u>26,672</u>	<u>37,837</u>
OPERATING INCOME (LOSS)	<u>27,462</u>	<u>1,329</u>	<u>2,081</u>	<u>3,469</u>
NONOPERATING REVENUES (EXPENSES):				
INTEREST REVENUES	2,699	17	125	106
INTEREST EXPENSE	(9)	-	-	(9)
GRANT REVENUE	4	-	-	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	495	-	(5)	(34)
OTHER NONOPERATING REVENUES	6,450	25	841	132
OTHER NONOPERATING EXPENSES	(7)	(7)	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>9,632</u>	<u>35</u>	<u>961</u>	<u>195</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	37,094	1,364	3,042	3,664
TRANSFERS OUT	(18,258)	(177)	(453)	(1,101)
TRANSFERS IN	38	-	-	-
CHANGE IN NET POSITION	18,874	1,187	2,589	2,563
TOTAL NET POSITION, BEGINNING	<u>84,341</u>	<u>897</u>	<u>25,725</u>	<u>3,452</u>
TOTAL NET POSITION, ENDING	<u>\$ 103,215</u>	<u>\$ 2,084</u>	<u>\$ 28,314</u>	<u>\$ 6,015</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2016 (IN THOUSANDS)**

	VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
OPERATING REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 27,898	\$ 103,589	\$ 2,729
TOTAL OPERATING REVENUES	<u>27,898</u>	<u>103,589</u>	<u>2,729</u>
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	2,936	11,640	67
SALARIES AND EMPLOYEES BENEFITS	8,624	4,362	-
SELF-INSURED CLAIMS	-	50,398	-
SERVICES AND SUPPLIES	13,989	14,387	1,475
DEPRECIATION AND AMORTIZATION	3,859	72	960
OTHER	-	864	-
TOTAL OPERATING EXPENSES	<u>29,408</u>	<u>81,723</u>	<u>2,502</u>
OPERATING INCOME (LOSS)	<u>(1,510)</u>	<u>21,866</u>	<u>227</u>
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUES	109	2,294	48
GRANT REVENUE	-	4	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	395	-	139
OTHER NONOPERATING REVENUES	3,877	1,529	46
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>4,381</u>	<u>3,827</u>	<u>233</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	2,871	25,693	460
TRANSFERS OUT	(313)	(16,214)	-
TRANSFERS IN	-	38	-
CHANGE IN NET POSITION	2,558	9,517	460
TOTAL NET POSITION, BEGINNING	<u>23,542</u>	<u>19,656</u>	<u>11,069</u>
TOTAL NET POSITION, ENDING	<u>\$ 26,100</u>	<u>\$ 29,173</u>	<u>\$ 11,529</u>

**COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016 (IN THOUSANDS)**

	TOTAL	GENERAL SERVICES GROUP	TELE-COMMUNICATION SERVICES	COMPUTER OPERATIONS	VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
CASH FLOWS FROM OPERATING ACTIVITIES:							
CASH RECEIVED FROM OTHER FUNDS FOR INTERNAL SERVICES	\$ 229,928	\$ 11,505	\$ 30,498	\$ 44,733	\$ 31,951	\$ 108,451	\$ 2,790
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(127,342)	(7,878)	(13,722)	(15,222)	(16,750)	(72,171)	(1,599)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(47,649)	(2,503)	(9,947)	(21,104)	(9,277)	(4,818)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	54,937	1,124	6,829	8,407	5,924	31,462	1,191
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
INTERFUND LOAN REPAYMENT	(895)	-	-	(895)	-	-	-
INTEREST PAID ON INTERFUND LOAN	(9)	-	-	(9)	-	-	-
INTERFUND LOAN ADVANCED	895	-	895	-	-	-	-
TRANSFERS RECEIVED	38	-	-	-	-	38	-
TRANSFERS PAID	(2,285)	(177)	(453)	(1,101)	(313)	(241)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(2,256)	(177)	442	(2,005)	(313)	(203)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(17,322)	(746)	(4,080)	(3,968)	(7,364)	-	(1,164)
PROCEEDS FROM SALE OF CAPITAL ASSETS	604	-	13	-	452	-	139
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(16,718)	(746)	(4,067)	(3,968)	(6,912)	-	(1,025)
CASH FLOWS FROM INVESTING ACTIVITIES:							
INTEREST ON INVESTMENTS	2,699	17	125	106	109	2,294	48
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,699	17	125	106	109	2,294	48
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	38,662	218	3,329	2,540	(1,192)	33,553	214
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	307,412	2,394	14,073	13,147	15,839	255,903	6,056
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 346,074	\$ 2,612	\$ 17,402	\$ 15,687	\$ 14,647	\$ 289,456	\$ 6,270
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
OPERATING INCOME (LOSS)	\$ 27,462	\$ 1,329	\$ 2,081	\$ 3,469	\$ (1,510)	\$ 21,866	\$ 227
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
DEPRECIATION AND AMORTIZATION	11,572	95	4,101	2,485	3,859	72	960
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	6,445	18	841	132	3,877	1,531	46
CHANGES IN ASSETS, DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS:							
ACCOUNTS RECEIVABLE	3,861	-	(32)	(7)	-	3,900	-
DUE FROM OTHER FUNDS	4,385	463	1,182	3,200	179	(653)	14
DUE FROM OTHER GOVERNMENTS	(78)	46	(246)	102	(3)	22	1
OTHER RECEIVABLES	19	-	-	-	-	19	-
INVENTORIES	460	12	423	-	25	-	-
PREPAID ITEMS	889	(450)	845	-	-	494	-
ACCOUNTS PAYABLE AND OTHER LIABILITIES	(2,003)	(205)	(1,526)	(404)	164	25	(57)
SALARIES AND BENEFITS PAYABLE	279	12	44	144	32	47	-
DUE TO OTHER GOVERNMENTS	(14)	-	-	-	(14)	-	-
ADVANCES FROM OTHERS	69	24	-	-	-	45	-
COMPENSATED ABSENCES PAYABLE	(6)	27	(22)	36	(113)	66	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	4,597	-	-	-	-	4,597	-
OTHER NON-CASH ITEMS	(3,000)	(247)	(862)	(750)	(572)	(569)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 54,937	\$ 1,124	\$ 6,829	\$ 8,407	\$ 5,924	\$ 31,462	\$ 1,191
BREAKDOWN OF CASH AND CASH EQUIVALENTS							
CASH AND CASH EQUIVALENTS	\$ 346,074	\$ 2,612	\$ 17,402	\$ 15,687	\$ 14,647	\$ 289,456	\$ 6,270



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, 2016 (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	\$ 245,583	\$ 12,558,147	\$ 12,528,190	\$ 275,540
ACCOUNTS RECEIVABLE	19,363	18,067	19,363	18,067
TAXES RECEIVABLE	158,653	222,906	226,685	154,874
DUE FROM OTHER GOVERNMENTS	21,201	18,197	22,647	16,751
TOTAL ASSETS	<u>\$ 444,800</u>	<u>\$ 12,817,317</u>	<u>\$ 12,796,885</u>	<u>\$ 465,232</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	<u>\$ 444,800</u>	<u>\$ 324,437</u>	<u>\$ 304,005</u>	<u>\$ 465,232</u>
TOTAL LIABILITIES	<u>\$ 444,800</u>	<u>\$ 324,437</u>	<u>\$ 304,005</u>	<u>\$ 465,232</u>
 <u>SPECIAL ASSESSMENT FUNDS</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	<u>\$ 1,570</u>	<u>\$ 144</u>	<u>\$ 231</u>	<u>\$ 1,483</u>
TOTAL ASSETS	<u>\$ 1,570</u>	<u>\$ 144</u>	<u>\$ 231</u>	<u>\$ 1,483</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	<u>\$ 1,570</u>	<u>\$ -</u>	<u>\$ 87</u>	<u>\$ 1,483</u>
TOTAL LIABILITIES	<u>\$ 1,570</u>	<u>\$ -</u>	<u>\$ 87</u>	<u>\$ 1,483</u>
 <u>OTHER AGENCY FUNDS</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 244,013	\$ 12,558,003	\$ 12,527,959	\$ 274,057
ACCOUNTS RECEIVABLE	19,363	18,067	19,363	18,067
TAXES RECEIVABLE	158,653	222,906	226,685	154,874
DUE FROM OTHER GOVERNMENTS	21,201	18,197	22,647	16,751
TOTAL ASSETS	<u>\$ 443,230</u>	<u>\$ 12,817,173</u>	<u>\$ 12,796,654</u>	<u>\$ 463,749</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	<u>\$ 443,230</u>	<u>\$ 324,437</u>	<u>\$ 303,918</u>	<u>\$ 463,749</u>
TOTAL LIABILITIES	<u>\$ 443,230</u>	<u>\$ 324,437</u>	<u>\$ 303,918</u>	<u>\$ 463,749</u>





**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, 2016 (IN THOUSANDS)

	<u>TOTAL</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 110,197	\$ 119,702	\$ 9,505
LICENSES, PERMITS AND FRANCHISES	995	1,052	57
FINES, FORFEITURES AND PENALTIES	5,968	5,661	(307)
REVENUES FROM USE OF MONEY AND PROPERTY	6,491	9,374	2,883
AID FROM OTHER GOVERNMENTAL AGENCIES	327,200	307,131	(20,069)
CHARGES FOR CURRENT SERVICES	94,615	97,862	3,247
OTHER REVENUES	43,390	38,282	(5,108)
TOTAL REVENUES	<u>588,856</u>	<u>579,064</u>	<u>(9,792)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	7,408	3,476	3,932
PUBLIC PROTECTION	254,921	203,032	51,889
PUBLIC WAYS AND FACILITIES	110,455	61,875	48,580
HEALTH AND SANITATION	156,205	119,843	36,362
PUBLIC ASSISTANCE	115,574	89,596	25,978
EDUCATION	17,170	15,210	1,960
RECREATION AND CULTURAL SERVICES	8,967	6,389	2,578
DEBT SERVICE:			
PRINCIPAL	18,001	20,552	(2,551)
INTEREST AND FISCAL CHARGES	4,495	2,851	1,644
BOND ISSUANCE COSTS	-	187	(187)
CAPITAL OUTLAY	54,019	28,568	25,451
TOTAL EXPENDITURES	<u>747,215</u>	<u>551,579</u>	<u>195,636</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(158,359)</u>	<u>27,485</u>	<u>185,844</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(133,302)	(73,974)	59,328
TRANSFERS IN	69,987	48,071	(21,916)
LONG-TERM DEBT ISSUED	450	-	(450)
REFUNDING BONDS ISSUED	-	27,870	27,870
PAYMENT TO REFUNDED BOND ESCROW AGENT	-	(27,870)	(27,870)
INSURANCE RECOVERIES	-	3,916	3,916
SALE OF CAPITAL ASSETS	742	13,285	12,543
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(62,123)</u>	<u>(8,702)</u>	<u>53,421</u>
NET CHANGE IN FUND BALANCES	(220,482)	18,783	239,265
FUND BALANCES, BEGINNING	564,820	564,820	-
FUND BALANCES, ENDING	<u>\$ 344,338</u>	<u>\$ 583,603</u>	<u>\$ 239,265</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, 2016 (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	\$ 425	\$ 312	\$ (113)
REVENUES FROM USE OF MONEY AND PROPERTY	70	332	262
AID FROM OTHER GOVERNMENTAL AGENCIES	43,700	44,625	925
CHARGES FOR CURRENT SERVICES	1,225	1,635	410
OTHER REVENUES	38	172	134
TOTAL REVENUES	<u>45,458</u>	<u>47,076</u>	<u>1,618</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	75,655	48,013	27,642
CAPITAL OUTLAY	5,797	2,966	2,831
TOTAL EXPENDITURES	<u>81,452</u>	<u>50,979</u>	<u>30,473</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(35,994)</u>	<u>(3,903)</u>	<u>32,091</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(1,427)	(1,372)	55
TRANSFERS IN	18,765	18,765	-
SALE OF CAPITAL ASSETS	511	227	(284)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>17,849</u>	<u>17,620</u>	<u>(229)</u>
NET CHANGE IN FUND BALANCES	(18,145)	13,717	31,862
FUND BALANCES, BEGINNING	44,005	44,005	-
FUND BALANCES, ENDING	<u>\$ 25,860</u>	<u>\$ 57,722</u>	<u>\$ 31,862</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, 2016 (IN THOUSANDS)

	<u>SPECIAL TRANSPORTATION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 6,406	\$ 8,772	\$ 2,366
REVENUES FROM USE OF MONEY AND PROPERTY	129	331	202
AID FROM OTHER GOVERNMENTAL AGENCIES	3,945	429	(3,516)
CHARGES FOR CURRENT SERVICES	865	2,701	1,836
OTHER REVENUES	-	1	1
	<u>11,345</u>	<u>12,234</u>	<u>889</u>
TOTAL REVENUES			
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	29,263	10,193	19,070
CAPITAL OUTLAY	540	-	540
	<u>29,803</u>	<u>10,193</u>	<u>19,610</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(18,458)</u>	<u>2,041</u>	<u>20,499</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(408)	(104)	304
TRANSFERS IN	1,310	-	(1,310)
	<u>902</u>	<u>(104)</u>	<u>(1,006)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)			
NET CHANGE IN FUND BALANCES	(17,556)	1,937	19,493
FUND BALANCES, BEGINNING	38,439	38,439	-
	<u>38,439</u>	<u>38,439</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 20,883</u>	<u>\$ 40,376</u>	<u>\$ 19,493</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, 2016 (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	\$ 3	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	798	584	(214)
AID FROM OTHER GOVERNMENTAL AGENCIES	3,479	434	(3,045)
CHARGES FOR CURRENT SERVICES	10	27	17
OTHER REVENUES	<u>1,427</u>	<u>1,526</u>	<u>99</u>
TOTAL REVENUES	<u>5,717</u>	<u>2,574</u>	<u>(3,143)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	2,287	1,142	1,145
CAPITAL OUTLAY	<u>1,048</u>	<u>531</u>	<u>517</u>
TOTAL EXPENDITURES	<u>3,335</u>	<u>1,673</u>	<u>1,662</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,382</u>	<u>901</u>	<u>(1,481)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(4,793)	(139)	4,654
TRANSFERS IN	<u>1,423</u>	<u>718</u>	<u>(705)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(3,370)</u>	<u>579</u>	<u>3,949</u>
NET CHANGE IN FUND BALANCES	(988)	1,480	2,468
FUND BALANCES, BEGINNING	2,613	2,613	-
FUND BALANCES, ENDING	<u>\$ 1,625</u>	<u>\$ 4,093</u>	<u>\$ 2,468</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, 2016 (IN THOUSANDS)

	<u>MENTAL HEALTH SERVICES ACT</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	\$ 517	\$ 1,111	\$ 594
AID FROM OTHER GOVERNMENTAL AGENCIES	112,689	107,441	(5,248)
OTHER REVENUES	5,400	4,824	(576)
TOTAL REVENUES	<u>118,606</u>	<u>113,376</u>	<u>(5,230)</u>
EXPENDITURES:			
CURRENT:			
HEALTH AND SANITATION	133,307	100,692	32,615
CAPITAL OUTLAY	3,372	194	3,178
TOTAL EXPENDITURES	<u>136,679</u>	<u>100,886</u>	<u>35,793</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(18,073)</u>	<u>12,490</u>	<u>30,563</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(13,763)	(3,789)	9,974
TRANSFERS IN	13,317	12,260	(1,057)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(446)</u>	<u>8,471</u>	<u>8,917</u>
NET CHANGE IN FUND BALANCES	(18,519)	20,961	39,480
FUND BALANCES, BEGINNING	111,676	111,676	-
FUND BALANCES, ENDING	<u>\$ 93,157</u>	<u>\$ 132,637</u>	<u>\$ 39,480</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, 2016 (IN THOUSANDS)

	<u>PRESCHOOL 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	\$ -	\$ 8	\$ 8
AID FROM OTHER GOVERNMENTAL AGENCIES	53,866	49,407	(4,459)
CHARGES FOR CURRENT SERVICES	20	19	(1)
OTHER REVENUES	-	22	22
TOTAL REVENUES	<u>53,886</u>	<u>49,456</u>	<u>(4,430)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	50,089	47,455	2,634
INTEREST AND FISCAL CHARGES	1	1	-
CAPITAL OUTLAY	618	444	174
TOTAL EXPENDITURES	<u>50,708</u>	<u>47,900</u>	<u>2,808</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,178</u>	<u>1,556</u>	<u>(1,622)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(3,197)	(1,471)	1,726
TRANSFERS IN	965	-	(965)
SALE OF CAPITAL ASSETS	-	4	4
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(2,232)</u>	<u>(1,467)</u>	<u>765</u>
NET CHANGE IN FUND BALANCES	946	89	(857)
FUND BALANCES, BEGINNING	(936)	(936)	-
FUND BALANCES (DEFICIT), ENDING	<u>\$ 10</u>	<u>\$ (847)</u>	<u>\$ (857)</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, 2016 (IN THOUSANDS)

	<u>AGING AND ADULT 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	\$ 2	\$ 8	\$ 6
AID FROM OTHER GOVERNMENTAL AGENCIES	6,327	5,769	(558)
TOTAL REVENUES	<u>6,329</u>	<u>5,777</u>	<u>(552)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	6,226	5,752	474
CAPITAL OUTLAY	9	6	3
TOTAL EXPENDITURES	<u>6,235</u>	<u>5,758</u>	<u>477</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>94</u>	<u>19</u>	<u>(75)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(1,137)	(1,138)	(1)
TRANSFERS IN	1,044	1,044	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(93)</u>	<u>(94)</u>	<u>(1)</u>
NET CHANGE IN FUND BALANCES	1	(75)	(76)
FUND BALANCES, BEGINNING	1,469	1,469	-
FUND BALANCES,(DEFICIT) ENDING	<u>\$ 1,470</u>	<u>\$ 1,394</u>	<u>\$ (76)</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, 2016 (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	\$ 572	\$ 626	\$ 54
AID FROM OTHER GOVERNMENTAL AGENCIES	24,011	17,421	(6,590)
OTHER REVENUES	941	836	(105)
TOTAL REVENUES	<u>25,524</u>	<u>18,883</u>	<u>(6,641)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	23,778	18,230	5,548
CAPITAL OUTLAY	50	-	50
TOTAL EXPENDITURES	<u>23,828</u>	<u>18,230</u>	<u>5,598</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,696</u>	<u>653</u>	<u>(1,043)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(335)	(335)	-
TRANSFERS IN	212	214	2
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(123)</u>	<u>(121)</u>	<u>2</u>
NET CHANGE IN FUND BALANCES	1,573	532	(1,041)
FUND BALANCES, BEGINNING	(52)	(52)	-
FUND BALANCES,(DEFICIT) ENDING	<u>\$ 1,521</u>	<u>\$ 480</u>	<u>\$ (1,041)</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, 2016 (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	\$ 1,560	\$ 1,351	\$ (209)
REVENUES FROM USE OF MONEY AND PROPERTY	<u>1</u>	<u>6</u>	<u>5</u>
TOTAL REVENUES	<u>1,561</u>	<u>1,357</u>	<u>(204)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(1,561)</u>	<u>(1,360)</u>	<u>201</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,561)</u>	<u>(1,360)</u>	<u>201</u>
NET CHANGE IN FUND BALANCES	-	(3)	(3)
FUND BALANCES, BEGINNING	<u>7</u>	<u>7</u>	<u>-</u>
FUND BALANCES,(DEFICIT) ENDING	<u>\$ 7</u>	<u>\$ 4</u>	<u>\$ (3)</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, 2016 (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	\$ 1,831	\$ 1,602	\$ (229)
REVENUES FROM USE OF MONEY AND PROPERTY	<u>1</u>	<u>7</u>	<u>6</u>
TOTAL REVENUES	<u>1,832</u>	<u>1,609</u>	<u>(223)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(1,833)</u>	<u>(1,612)</u>	<u>221</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,833)</u>	<u>(1,612)</u>	<u>221</u>
NET CHANGE IN FUND BALANCES	(1)	(3)	(2)
FUND BALANCES, BEGINNING	<u>7</u>	<u>7</u>	<u>-</u>
FUND BALANCES,(DEFICIT) ENDING	<u>\$ 6</u>	<u>\$ 4</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, 2016 (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	\$ 1,610	\$ 1,583	\$ (27)
TOTAL REVENUES	<u>1,610</u>	<u>1,583</u>	<u>(27)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(1,610)</u>	<u>(1,583)</u>	<u>27</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,610)</u>	<u>(1,583)</u>	<u>27</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES, BEGINNING	-	-	-
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, 2016 (IN THOUSANDS)

	<u>MICROGRAPHICS FEES</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	\$ 19	\$ 47	\$ 28
CHARGES FOR CURRENT SERVICES	3,375	3,444	69
OTHER REVENUES	75	-	(75)
TOTAL REVENUES	<u>3,469</u>	<u>3,491</u>	<u>22</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	5,529	2,025	3,504
CAPITAL OUTLAY	157	135	22
TOTAL EXPENDITURES	<u>5,686</u>	<u>2,160</u>	<u>3,526</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,217)</u>	<u>1,331</u>	<u>3,548</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(43)</u>	<u>(43)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(43)</u>	<u>(43)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(2,260)	1,288	3,548
FUND BALANCES, BEGINNING	11,293	11,293	-
FUND BALANCES, ENDING	<u>\$ 9,033</u>	<u>\$ 12,581</u>	<u>\$ 3,548</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, 2016 (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	\$ -	\$ 22	\$ 22
AID FROM OTHER GOVERNMENTAL AGENCIES	847	582	(265)
TOTAL REVENUES	<u>847</u>	<u>604</u>	<u>(243)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	1,468	893	575
CAPITAL OUTLAY	79	79	-
TOTAL EXPENDITURES	<u>1,547</u>	<u>972</u>	<u>575</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(700)</u>	<u>(368)</u>	<u>332</u>
NET CHANGE IN FUND BALANCES	(700)	(368)	332
FUND BALANCES, BEGINNING	2,951	2,951	-
FUND BALANCES, ENDING	<u>\$ 2,251</u>	<u>\$ 2,583</u>	<u>\$ 332</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, 2016 (IN THOUSANDS)

	<u>SHERIFF SPECIAL PROJECTS</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ 1	\$ -	\$ (1)
REVENUES FROM USE OF MONEY AND PROPERTY	74	130	56
AID FROM OTHER GOVERNMENTAL AGENCIES	10,752	15,073	4,321
CHARGES FOR CURRENT SERVICES	-	856	856
OTHER REVENUES	<u>2,016</u>	<u>157</u>	<u>(1,859)</u>
TOTAL REVENUES	<u>12,843</u>	<u>16,216</u>	<u>3,373</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	17,288	13,753	3,535
CAPITAL OUTLAY	<u>4,660</u>	<u>2,588</u>	<u>2,072</u>
TOTAL EXPENDITURES	<u>21,948</u>	<u>16,341</u>	<u>5,607</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(9,105)</u>	<u>(125)</u>	<u>8,980</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(3,688)</u>	<u>(3,074)</u>	<u>614</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(3,688)</u>	<u>(3,074)</u>	<u>614</u>
NET CHANGE IN FUND BALANCES	(12,793)	(3,199)	9,594
FUND BALANCES, BEGINNING	<u>15,793</u>	<u>15,793</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 3,000</u>	<u>\$ 12,594</u>	<u>\$ 9,594</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, 2016 (IN THOUSANDS)

	<u>FIRE PROTECTION DISTRICTS</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 42,314	\$ 42,932	\$ 618
REVENUES FROM USE OF MONEY AND PROPERTY	306	613	307
AID FROM OTHER GOVERNMENTAL AGENCIES	10,639	8,935	(1,704)
CHARGES FOR CURRENT SERVICES	68,088	69,584	1,496
OTHER REVENUES	1,945	1,376	(569)
TOTAL REVENUES	<u>123,292</u>	<u>123,440</u>	<u>148</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	134,609	129,460	5,149
DEBT SERVICE:			
PRINCIPAL	71	70	1
INTEREST AND FISCAL CHARGES	45	33	12
CAPITAL OUTLAY	10,332	5,518	4,814
TOTAL EXPENDITURES	<u>145,057</u>	<u>135,081</u>	<u>9,976</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(21,765)</u>	<u>(11,641)</u>	<u>10,124</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(25,835)	(6,216)	19,619
TRANSFERS IN	17,496	8,695	(8,801)
SALE OF CAPITAL ASSETS	-	22	22
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(8,339)</u>	<u>2,501</u>	<u>10,840</u>
NET CHANGE IN FUND BALANCES	(30,104)	(9,140)	20,964
FUND BALANCES, BEGINNING	64,053	64,053	-
FUND BALANCES, ENDING	<u>\$ 33,949</u>	<u>\$ 54,913</u>	<u>\$ 20,964</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, 2016 (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	\$ 245	\$ 339	\$ 94
AID FROM OTHER GOVERNMENTAL AGENCIES	13,608	7,429	(6,179)
CHARGES FOR CURRENT SERVICES	-	12	12
OTHER REVENUES	1,198	717	(481)
TOTAL REVENUES	<u>15,051</u>	<u>8,497</u>	<u>(6,554)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	28,928	13,284	15,644
TOTAL EXPENDITURES	<u>28,928</u>	<u>13,284</u>	<u>15,644</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(13,877)</u>	<u>(4,787)</u>	<u>9,090</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(4,517)	(2,787)	1,730
TRANSFERS IN	150	150	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(4,367)</u>	<u>(2,637)</u>	<u>1,730</u>
NET CHANGE IN FUND BALANCES	(18,244)	(7,424)	10,820
FUND BALANCES, BEGINNING	39,805	39,805	-
FUND BALANCES, ENDING	<u>\$ 21,561</u>	<u>\$ 32,381</u>	<u>\$ 10,820</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, 2016 (IN THOUSANDS)

	<u>FLOOD CONTROL DISTRICT</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 42,045	\$ 47,262	\$ 5,217
LICENSES, PERMITS AND FRANCHISES	163	353	190
REVENUES FROM USE OF MONEY AND PROPERTY	718	1,529	811
AID FROM OTHER GOVERNMENTAL AGENCIES	3,187	5,482	2,295
CHARGES FOR CURRENT SERVICES	318	306	(12)
OTHER REVENUES	4,056	4,108	52
TOTAL REVENUES	<u>50,487</u>	<u>59,040</u>	<u>8,553</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	68,435	37,368	31,067
DEBT SERVICE:			
PRINCIPAL	16,250	19,065	(2,815)
INTEREST AND FISCAL CHARGES	4,417	2,785	1,632
BOND ISSUANCE COSTS	-	187	(187)
CAPITAL OUTLAY	18,411	12,556	5,855
TOTAL EXPENDITURES	<u>107,513</u>	<u>71,961</u>	<u>35,552</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(57,026)</u>	<u>(12,921)</u>	<u>44,105</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(10,104)	(730)	9,374
TRANSFERS IN	11,570	2,257	(9,313)
REFUNDING BONDS ISSUED	-	27,870	27,870
PAYMENT TO REFUNDED BOND ESCROW AGENT	-	(27,870)	(27,870)
INSURANCE RECOVERIES	-	3,916	3,916
SALE OF CAPITAL ASSETS	231	528	297
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>1,697</u>	<u>5,971</u>	<u>4,274</u>
NET CHANGE IN FUND BALANCES	(55,329)	(6,950)	48,379
FUND BALANCES, BEGINNING	111,256	111,256	-
FUND BALANCES, ENDING	<u>\$ 55,927</u>	<u>\$ 104,306</u>	<u>\$ 48,379</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, 2016 (IN THOUSANDS)

	<u>COUNTY SERVICE AREAS</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 3,026	\$ 3,323	\$ 297
REVENUES FROM USE OF MONEY AND PROPERTY	179	325	146
AID FROM OTHER GOVERNMENTAL AGENCIES	468	75	(393)
CHARGES FOR CURRENT SERVICES	6,380	5,018	(1,362)
OTHER REVENUES	464	463	(1)
TOTAL REVENUES	<u>10,517</u>	<u>9,204</u>	<u>(1,313)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	6,734	2,961	3,773
PUBLIC PROTECTION	1,007	809	198
PUBLIC WAYS AND FACILITIES	2,909	2,261	648
HEALTH AND SANITATION	104	82	22
RECREATION AND CULTURAL SERVICES	1,506	1,135	371
DEBT SERVICE:			
PRINCIPAL	355	92	263
INTEREST AND FISCAL CHARGES	10	10	-
CAPITAL OUTLAY	6,140	2,703	3,437
TOTAL EXPENDITURES	<u>18,765</u>	<u>10,053</u>	<u>8,712</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(8,248)</u>	<u>(849)</u>	<u>7,399</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(4,922)	(2,783)	2,139
TRANSFERS IN	3,440	3,762	322
LONG-TERM DEBT ISSUED	450	-	(450)
SALE OF CAPITAL ASSETS	-	2	2
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,032)</u>	<u>981</u>	<u>2,013</u>
NET CHANGE IN FUND BALANCES	(9,280)	132	9,412
FUND BALANCES, BEGINNING	23,189	23,189	-
FUND BALANCES, ENDING	<u>\$ 13,909</u>	<u>\$ 23,321</u>	<u>\$ 9,412</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, 2016 (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	\$ 1,951	\$ 2,326	\$ 375
REVENUES FROM USE OF MONEY AND PROPERTY	104	116	12
AID FROM OTHER GOVERNMENTAL AGENCIES	52	74	22
CHARGES FOR CURRENT SERVICES	1,407	1,269	(138)
OTHER REVENUES	36	9	(27)
TOTAL REVENUES	<u>3,550</u>	<u>3,794</u>	<u>244</u>
EXPENDITURES:			
CURRENT:			
RECREATION AND CULTURAL SERVICES	3,948	3,398	550
CAPITAL OUTLAY	120	-	120
TOTAL EXPENDITURES	<u>4,068</u>	<u>3,398</u>	<u>670</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(518)</u>	<u>396</u>	<u>914</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(258)	(118)	140
TRANSFERS IN	100	15	(85)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(158)</u>	<u>(103)</u>	<u>55</u>
NET CHANGE IN FUND BALANCES	(676)	293	969
FUND BALANCES, BEGINNING	1,200	1,200	-
FUND BALANCES, ENDING	<u>\$ 524</u>	<u>\$ 1,493</u>	<u>\$ 969</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, 2016 (IN THOUSANDS)

	<u>COUNTY FREE LIBRARY</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 14,417	\$ 15,053	\$ 636
REVENUES FROM USE OF MONEY AND PROPERTY	-	1	1
AID FROM OTHER GOVERNMENTAL AGENCIES	261	253	(8)
CHARGES FOR CURRENT SERVICES	1,009	1,011	2
OTHER REVENUES	154	460	306
TOTAL REVENUES	<u>15,841</u>	<u>16,778</u>	<u>937</u>
EXPENDITURES:			
CURRENT:			
EDUCATION	17,170	15,210	1,960
DEBT SERVICE:			
PRINCIPAL	1,325	1,325	-
INTEREST AND FISCAL CHARGES	22	22	-
CAPITAL OUTLAY	737	564	173
TOTAL EXPENDITURES	<u>19,254</u>	<u>17,121</u>	<u>2,133</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,413)</u>	<u>(343)</u>	<u>3,070</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(271)	(270)	1
TRANSFERS IN	-	102	102
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(271)</u>	<u>(168)</u>	<u>103</u>
NET CHANGE IN FUND BALANCES	(3,684)	(511)	3,173
FUND BALANCES, BEGINNING	8,148	8,148	-
FUND BALANCES, ENDING	<u>\$ 4,464</u>	<u>\$ 7,637</u>	<u>\$ 3,173</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, 2016 (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	\$ 9	\$ 3	\$ (6)
OTHER REVENUES	626	625	(1)
TOTAL REVENUES	<u>635</u>	<u>628</u>	<u>(7)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	<u>4,101</u>	<u>3,105</u>	<u>996</u>
TOTAL EXPENDITURES	<u>4,101</u>	<u>3,105</u>	<u>996</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,466)</u>	<u>(2,477)</u>	<u>989</u>
NET CHANGE IN FUND BALANCES	(3,466)	(2,477)	989
FUND BALANCES, BEGINNING	3,471	3,471	-
FUND BALANCES, ENDING	<u>\$ 5</u>	<u>\$ 94</u>	<u>\$ 989</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, 2016 (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	\$ 38	\$ 34	\$ (4)
LICENSES, PERMITS AND FRANCHISES	404	384	(20)
FINES, FORFEITURES AND PENALTIES	2,576	2,708	132
REVENUES FROM USE OF MONEY AND PROPERTY	2,747	3,236	489
AID FROM OTHER GOVERNMENTAL AGENCIES	39,369	43,702	4,333
CHARGES FOR CURRENT SERVICES	10,308	10,397	89
OTHER REVENUES	<u>25,014</u>	<u>22,986</u>	<u>(2,028)</u>
TOTAL REVENUES	<u>80,456</u>	<u>83,447</u>	<u>2,991</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	674	515	159
PUBLIC PROTECTION	26,585	18,724	7,861
PUBLIC WAYS AND FACILITIES	341	266	75
HEALTH AND SANITATION	22,794	19,069	3,725
PUBLIC ASSISTANCE	2,452	1,770	682
RECREATION AND CULTURAL SERVICES	3,513	1,856	1,657
CAPITAL OUTLAY	<u>1,949</u>	<u>284</u>	<u>1,665</u>
TOTAL EXPENDITURES	<u>58,308</u>	<u>42,484</u>	<u>15,824</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>22,148</u>	<u>40,963</u>	<u>18,815</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(53,600)	(45,050)	8,550
TRANSFERS IN	195	89	(106)
SALE OF CAPITAL ASSETS	<u>-</u>	<u>12,502</u>	<u>12,502</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(53,405)</u>	<u>(32,459)</u>	<u>20,946</u>
NET CHANGE IN FUND BALANCES	(31,257)	8,504	39,761
FUND BALANCES, BEGINNING	86,433	86,433	-
FUND BALANCES, ENDING	<u>\$ 55,176</u>	<u>\$ 94,937</u>	<u>\$ 39,761</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, 2016 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ -	\$ 8	\$ 8
AID FROM OTHER GOVERNMENTAL AGENCIES	3,037	3,367	250	(3,117)
CHARGES FOR CURRENT SERVICES	-	-	3,815	3,815
OTHER REVENUES	40	416	422	6
TOTAL REVENUES	<u>3,077</u>	<u>3,783</u>	<u>4,495</u>	<u>712</u>
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	37	759	407	352
CAPITAL OUTLAY	181,933	214,024	68,975	145,049
TOTAL EXPENDITURES	<u>181,970</u>	<u>214,783</u>	<u>69,382</u>	<u>145,401</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(178,893)</u>	<u>(211,000)</u>	<u>(64,887)</u>	<u>146,113</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(2,348)	(50,785)	(3,298)	47,487
TRANSFERS IN	89,648	169,693	97,514	(72,179)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>87,300</u>	<u>118,908</u>	<u>94,216</u>	<u>(24,692)</u>
NET CHANGE IN FUND BALANCES	(91,593)	(92,092)	29,329	121,421
FUND BALANCES, BEGINNING	91,695	91,695	91,695	-
FUND BALANCES (DEFICIT), ENDING	<u>\$ 102</u>	<u>\$ (397)</u>	<u>\$ 121,024</u>	<u>\$ 121,421</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, 2016 (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	\$ 72	\$ 226	\$ 154
AID FROM OTHER GOVERNMENTAL AGENCIES	20	10	(10)
CHARGES FOR CURRENT SERVICES	-	16	16
OTHER REVENUES	<u>4,235</u>	<u>1</u>	<u>(4,234)</u>
TOTAL REVENUES	<u>4,327</u>	<u>253</u>	<u>(4,074)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	12,181	4,080	8,101
PUBLIC ASSISTANCE	10,047	-	10,047
CAPITAL OUTLAY	<u>14,383</u>	<u>2,163</u>	<u>12,220</u>
TOTAL EXPENDITURES	<u>36,611</u>	<u>6,243</u>	<u>30,368</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(32,284)</u>	<u>(5,990)</u>	<u>26,294</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(963)	(830)	133
TRANSFERS IN	<u>3,714</u>	<u>2,347</u>	<u>(1,367)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>2,751</u>	<u>1,517</u>	<u>(1,234)</u>
NET CHANGE IN FUND BALANCES	(29,533)	(4,473)	25,060
FUND BALANCES, BEGINNING	<u>31,151</u>	<u>31,151</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,618</u>	<u>\$ 26,678</u>	<u>\$ 25,060</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, 2016 (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	\$ 57	\$ 171	\$ 114
AID FROM OTHER GOVERNMENTAL AGENCIES	-	1	1
OTHER REVENUES	-	1	1
	<u>57</u>	<u>173</u>	<u>116</u>
TOTAL REVENUES			
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	12,181	4,080	8,101
PUBLIC ASSISTANCE	10,047	-	10,047
	<u>22,228</u>	<u>4,080</u>	<u>18,148</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(22,171)</u>	<u>(3,907)</u>	<u>18,264</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(437)</u>	<u>-</u>	<u>437</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(437)</u>	<u>-</u>	<u>437</u>
NET CHANGE IN FUND BALANCES	(22,608)	(3,907)	18,701
FUND BALANCES, BEGINNING	23,958	23,958	-
FUND BALANCES, ENDING	<u>\$ 1,350</u>	<u>\$ 20,051</u>	<u>\$ 18,701</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, 2016 (IN THOUSANDS)

	<u>FIRE PROTECTION DISTRICTS</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	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 2</u>
TOTAL REVENUES	<u> 1</u>	<u> 3</u>	<u> 2</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u> (473)</u>	<u> (475)</u>	<u> (2)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u> (473)</u>	<u> (475)</u>	<u> (2)</u>
NET CHANGE IN FUND BALANCES	<u> (472)</u>	<u> (472)</u>	<u> -</u>
FUND BALANCES, BEGINNING	<u> 473</u>	<u> 473</u>	<u> -</u>
FUND BALANCES, ENDING	<u><u> \$ 1</u></u>	<u><u> \$ 1</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 CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2016 (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:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 14	\$ 41	\$ 27
OTHER REVENUES	302	-	(302)
TOTAL REVENUES	<u>316</u>	<u>41</u>	<u>(275)</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>7,632</u>	<u>863</u>	<u>6,769</u>
TOTAL EXPENDITURES	<u>7,632</u>	<u>863</u>	<u>6,769</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,316)</u>	<u>(822)</u>	<u>6,494</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(150)	-	150
TRANSFERS IN	<u>2,132</u>	<u>604</u>	<u>(1,528)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>1,982</u>	<u>604</u>	<u>(1,378)</u>
NET CHANGE IN FUND BALANCES	(5,334)	(218)	5,116
FUND BALANCES, BEGINNING	5,346	5,346	-
FUND BALANCES, ENDING	<u>\$ 12</u>	<u>\$ 5,128</u>	<u>\$ 5,116</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, 2016 (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	\$ -	\$ 11	\$ 11
AID FROM OTHER GOVERNMENTAL AGENCIES	20	9	(11)
CHARGES FOR CURRENT SERVICES	-	16	16
OTHER REVENUES	<u>3,933</u>	<u>-</u>	<u>(3,933)</u>
TOTAL REVENUES	<u>3,953</u>	<u>36</u>	<u>(3,917)</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>6,751</u>	<u>1,300</u>	<u>5,451</u>
TOTAL EXPENDITURES	<u>6,751</u>	<u>1,300</u>	<u>5,451</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,798)</u>	<u>(1,264)</u>	<u>1,534</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	97	(355)	(452)
TRANSFERS IN	<u>1,582</u>	<u>1,743</u>	<u>161</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>1,679</u>	<u>1,388</u>	<u>(291)</u>
NET CHANGE IN FUND BALANCES	(1,119)	124	1,243
FUND BALANCES, BEGINNING	<u>1,374</u>	<u>1,374</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 255</u>	<u>\$ 1,498</u>	<u>\$ 1,243</u>



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)

	2006-07	2007-08	2008-09	2009-10			2012-13			
	as restated	as restated	as restated	as restated	2010-11	2011-12	as restated	2013-14	2014-15	2015-16
GOVERNMENTAL ACTIVITIES										
NET INVESTMENT IN CAPITAL ASSETS	\$ 1,095,664	\$ 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
RESTRICTED	674,368	688,298	794,489	716,035	783,306	714,879	740,232	776,259	947,882	942,150
UNRESTRICTED	108,424	222,623	150,272	268,299	230,522	265,813	344,912	519,085	(1,508,357)	(1,147,159)
SUBTOTAL GOVERNMENTAL ACTIVITIES NET POSITION	<u>1,878,456</u>	<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>
BUSINESS-TYPE ACTIVITIES										
NET INVESTMENT IN CAPITAL ASSETS	(17,138)	(20,021)	35,887	26,837	44,737	57,487	102,982	110,155	180,714	202,941
RESTRICTED	47,023	48,814	37,283	93,399	108,461	67,968	63,781	62,286	73,040	74,990
UNRESTRICTED	121,734	110,023	82,871	34,055	780	31,697	9,209	51,458	(12,512)	39,906
SUBTOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	<u>151,619</u>	<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>
PRIMARY GOVERNMENT										
NET INVESTMENT IN CAPITAL ASSETS	1,078,526	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
RESTRICTED	721,391	737,112	831,772	809,434	891,767	782,847	804,013	838,545	1,020,922	1,017,140
UNRESTRICTED	230,158	332,646	233,143	302,354	231,302	297,510	354,121	570,543	(1,520,869)	(1,107,253)
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$ 2,030,075</u>	<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>

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)

	2006-07 as restated	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
Expenses										
<u>Governmental Activities:</u>										
General Government	\$ 153,460	\$ 179,638	\$ 177,438	\$ 177,506	\$ 165,754	\$ 156,960	\$ 195,447	\$ 178,980	\$ 162,261	\$ 158,981
Public Protection	844,036	888,798	921,218	897,257	913,522	957,600	985,004	1,007,434	979,458	1,054,075
Public Ways and Facilities	67,254	85,271	75,704	73,251	72,482	80,200	80,002	91,744	71,614	81,902
Health and Sanitation	273,143	303,533	336,662	326,590	282,684	291,415	311,856	331,551	325,261	338,910
Public Assistance	802,043	854,721	882,975	935,205	1,007,153	991,174	1,014,443	1,046,447	1,008,353	1,079,575
Education	18,106	20,788	21,941	19,693	18,692	16,905	16,469	20,923	16,718	19,424
Recreation and Cultural Services	24,899	24,086	24,697	22,677	23,788	26,701	26,672	25,290	24,103	24,505
Interest on Long Term Debt	83,260	77,444	83,770	65,144	64,994	58,449	53,484	50,189	45,233	42,744
Total Governmental Activities	2,266,201	2,434,279	2,524,405	2,517,323	2,549,069	2,579,404	2,683,377	2,752,558	2,633,001	2,800,116
<u>Business-type Activities:</u>										
Medical Center	477,814	421,531	466,933	441,722	445,874	475,957	487,578	513,609	488,239	507,668
Waste Systems	53,320	83,543	56,389	56,688	95,408	66,571	53,748	61,883	76,160	60,717
Housing Authority (2)	-	-	-	-	-	-	-	-	104,759	105,876
Other	31,503	53,305	21,479	-	-	-	-	-	-	-
Water, Sewer, and Sanitation (1)	-	-	-	32,536	14,316	14,679	15,448	15,204	18,154	20,804
Paramedic and Emergency (1)	-	-	-	240	546	527	-	-	-	-
Others (1)	-	-	-	341	186	71	87	69	131	67
Total Business-type Activities	562,637	558,379	544,801	531,527	556,330	557,805	556,861	590,765	687,443	695,132
Total Primary Government Expenses	\$2,828,838	\$2,992,658	\$3,069,206	\$3,048,850	\$3,105,399	\$3,137,209	\$3,240,238	\$3,343,323	\$3,320,444	\$3,495,248
Program Revenues										
<u>Governmental Activities:</u>										
Charges for Services:										
General Government	\$ 103,993	\$ 105,052	\$ 110,817	\$ 115,911	\$ 122,048	\$ 152,268	\$ 143,236	\$ 143,368	\$ 138,561	\$ 150,204
Public Protection	198,803	214,252	249,714	231,718	243,283	220,028	228,319	235,102	246,438	251,153
Public Ways and Facilities	6,772	9,005	7,183	5,518	6,610	7,206	10,751	12,856	9,258	9,047
Health and Sanitation	49,020	42,820	56,732	63,613	20,911	23,298	24,075	23,261	23,999	22,304
Public Assistance	2,827	3,646	2,656	2,720	2,993	1,000	984	2,833	3,441	3,034
Education	1,170	1,100	1,240	1,202	1,075	979	1,027	1,046	1,053	1,011
Recreation and Cultural Services	7,695	8,391	8,882	8,992	8,729	9,070	8,446	8,632	8,715	8,773
Operating Grants/Contributions:										
General Government	19,275	16,687	11,752	8,404	19,262	29,249	7,705	20,832	42,644	7,822
Public Protection	198,710	149,313	140,036	160,938	169,002	190,394	244,678	240,781	227,133	279,206
Public Ways and Facilities	69,247	59,600	48,876	70,501	60,518	61,721	53,063	75,682	62,369	46,838
Health and Sanitation	315,857	300,174	319,212	330,099	303,449	268,409	343,019	372,615	383,128	376,831
Public Assistance	732,626	816,090	826,639	886,533	958,859	951,801	935,079	1,026,267	997,915	1,080,108
Education	1,219	1,215	907	998	1,290	457	253	249	247	254
Recreation and Cultural Services	6,800	1,920	2,652	3,035	3,726	1,117	772	430	481	686
Capital Grants/Contributions:										
General Government	-	-	4,728	-	-	-	-	-	23,766	182
Public Protection	57	20	-	72	-	14	-	-	-	2
Public Ways and Facilities	475	3,052	3,919	4,796	9,221	59,054	17,755	25,971	1,237	250
Health and Sanitation	-	-	-	-	1,699	-	-	-	-	-
Recreation and Cultural Services	124	277	20	1,708	75	-	-	-	-	50
Subtotal Governmental Activities	1,714,670	1,732,614	1,795,965	1,896,758	1,932,750	1,976,065	2,019,162	2,189,925	2,170,385	2,237,755
<u>Business-type Activities:</u>										
Charges for Services:										
Medical Center	375,973	335,749	370,464	380,954	380,357	376,004	365,169	398,628	431,606	448,135
Waste System	63,419	67,898	60,755	56,964	57,281	56,014	58,044	59,784	76,303	76,869
Housing Authority (2)	-	-	-	-	-	-	-	-	18,396	16,300
Other	20,253	19,852	14,814	-	-	-	-	-	-	-
Water, Sewer, and Sanitation	-	-	-	12,910	10,696	11,590	11,711	14,696	14,222	13,459
Paramedic and Emergency	-	-	-	3,117	3,516	-	-	-	-	-
Others (1)	-	-	-	146	206	118	58	95	89	74
Operating Grants & Contributions:										
Medical Center	13,527	12,579	8,012	6,968	68,148	46,904	50,132	46,070	120,742	95,250
Waste System	-	-	-	-	33	928	1,751	2,661	79	79
Housing Authority (2)	-	-	-	-	-	-	-	-	87,965	91,044
Other	833	14	156	-	-	-	-	-	-	-
Water, Sewer, and Sanitation (1)	-	-	-	46	53	147	70	101	584	72
Capital Grants & Contributions:										
Medical Center	26,976	24,142	19,554	19,045	19,500	18,820	18,901	21,247	16,501	18,855
Housing Authority (2)	-	-	-	-	-	-	-	-	541	161
Water, Sewer, and Sanitation (1)	-	-	-	70	-	167	-	-	60	170
Subtotal Business-type Activities	500,981	460,234	473,755	480,220	539,790	510,692	505,836	543,282	767,088	760,468
Total Primary Government Program Revenues	\$2,215,651	\$2,192,848	\$2,269,720	\$2,376,978	\$2,472,540	\$2,486,757	\$2,524,998	\$2,733,207	\$2,937,473	\$2,998,223
Net (Expense) / Revenue										
Governmental Activities	\$ (551,531)	\$ (701,665)	\$ (728,440)	\$ (620,565)	\$ (616,319)	\$ (603,339)	\$ (664,215)	\$ (562,633)	\$ (462,616)	\$ (562,361)
Business-type Activities	(61,656)	(98,145)	(71,046)	(51,307)	(16,540)	(47,113)	(51,025)	(47,483)	79,645	65,336
Total Primary Government Net Expenses	\$ (613,187)	\$ (799,810)	\$ (799,486)	\$ (671,872)	\$ (632,859)	\$ (650,452)	\$ (715,240)	\$ (610,116)	\$ (382,971)	\$ (497,025)

(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
LAST TEN FISCAL YEARS (IN THOUSANDS)
(accrual basis of accounting)

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	as restated	as restated	as restated	as restated			as restated			
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 477,973	\$ 538,962	\$ 562,625	\$ 524,857	\$ 491,396	\$ 499,002	\$ 523,190	\$ 553,303	\$ 573,482	\$ 617,923
Property Taxes, Levied for Debt Service	10,907	15,620	18,528	15,608	14,724	6,324	-	-	-	-
Public Safety Tax	150,903	147,794	126,083	116,963	121,623	133,581	145,097	156,352	160,337	164,993
Sales Taxes	31,846	26,316	21,992	17,894	19,184	24,555	30,158	29,103	28,437	43,595
Other Taxes	58,261	44,381	21,847	12,810	12,086	10,070	11,791	16,099	18,767	20,743
Unrestricted Revenues from Use of Money and Property	76,046	88,878	74,567	52,445	49,081	39,797	46,383	43,603	44,616	42,739
Miscellaneous	74,695	67,409	67,055	52,154	57,878	61,989	71,998	74,416	74,480	69,822
Gains on Sale of Capital Assets	4,182	2,055	1,655	2,968	3,739	1,708	4,998	5,565	3,335	11,676
Special Item - Litigation Settlement	28,000	-	-	-	-	-	-	-	-	-
Extraordinary Item- RDA Dissolution	-	-	-	-	-	(3,841)	63,969	10,415	-	-
Transfers	(55,405)	(49,414)	(61,649)	(35,262)	(6,329)	(40,962)	(50,720)	(37,294)	(12,428)	(19,728)
Subtotal Governmental Activities	<u>857,408</u>	<u>882,001</u>	<u>832,703</u>	<u>760,437</u>	<u>763,382</u>	<u>732,223</u>	<u>846,864</u>	<u>851,562</u>	<u>891,026</u>	<u>951,763</u>
Business-type Activities:										
Property Taxes, Levied for General Purposes	6,453	5,972	4,500	3,641	2,360	2,674	2,627	2,786	2,850	2,981
Unrestricted Revenues from Use of Money and Property	14,628	16,630	10,182	8,803	3,381	4,753	1,674	2,210	2,569	3,155
Miscellaneous	8,063	14,101	13,519	1,840	4,155	1,898	19,264	53,070	13,361	4,536
Gains on Sale of Capital Assets	(83)	-	56	11	2	-	-	50	774	671
Special Item - Gain on Sale of Surplus Land	-	-	-	-	-	-	-	-	-	-
Special Item - Eminent Domain Settlement	1,676	-	-	-	-	-	-	-	-	-
Special Item - Litigation Settlement	(2,500)	(775)	(1,635)	-	-	-	-	-	-	-
Extraordinary Item - RDA Dissolution	-	-	-	-	-	-	221	-	-	-
Transfers	55,405	49,414	61,649	35,262	6,329	40,962	50,720	37,294	12,428	19,628
Subtotal Business-type Activities	<u>83,642</u>	<u>85,342</u>	<u>88,271</u>	<u>49,557</u>	<u>16,227</u>	<u>50,287</u>	<u>74,506</u>	<u>95,410</u>	<u>31,982</u>	<u>30,971</u>
Total Primary Government	<u>\$ 941,050</u>	<u>\$ 967,343</u>	<u>\$ 920,974</u>	<u>\$ 809,994</u>	<u>\$ 779,609</u>	<u>\$ 782,510</u>	<u>\$ 921,370</u>	<u>\$ 946,972</u>	<u>\$ 923,008</u>	<u>\$ 982,734</u>
Changes in Net Position										
Governmental Activities	\$ 305,877	\$ 180,336	\$ 104,263	\$ 139,872	\$ 147,063	\$ 128,884	\$ 182,649	\$ 288,929	\$ 428,410	\$ 389,402
Business-type Activities	21,986	(12,803)	17,225	(1,750)	(313)	3,174	23,481	47,927	111,627	96,307
Total Primary Government	<u>\$ 327,863</u>	<u>\$ 167,533</u>	<u>\$ 121,488</u>	<u>\$ 138,122</u>	<u>\$ 146,750</u>	<u>\$ 132,058</u>	<u>\$ 206,130</u>	<u>\$ 336,856</u>	<u>\$ 540,037</u>	<u>\$ 485,709</u>

COUNTY OF SAN BERNARDINO
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (IN THOUSANDS)
(modified accrual basis accounting)

	2006-07	2007-08 as restated	2008-09 as restated	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
General Fund										
Reserved for:										
Encumbrances	\$ 18,605	\$ 23,355	\$ 18,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid Items	1,278	2,310	4,145	-	-	-	-	-	-	-
Noncurrent Interfund Receivables	20,765	18,511	18,461	-	-	-	-	-	-	-
Inventories	435	424	350	-	-	-	-	-	-	-
Loans Receivable	35	42,532	54,396	-	-	-	-	-	-	-
Teeter	17,720	15,942	22,904	-	-	-	-	-	-	-
Unreserved:										
Designated	176,451	228,753	183,227	-	-	-	-	-	-	-
Undesignated	254,437	213,857	183,971	-	-	-	-	-	-	-
Nonspendable	-	-	-	73,667	75,191	72,307	56,256	64,204	55,918	49,048
Restricted	-	-	-	156,619	196,178	240,833	238,552	309,067	352,444	397,574
Committed	-	-	-	146,600	76,999	99,991	106,635	175,620	187,123	306,216
Assigned	-	-	-	-	-	14,200	11,975	28,680	11,809	8,862
Unassigned	-	-	-	133,718	149,981	122,523	302,616	239,221	322,130	294,958
Subtotal General Fund	<u>489,726</u>	<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>
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
Committed	-	-	-	-	27,820	22,879	22,879	-	-	-
Assigned	-	-	-	81,477	77,922	109,701	69,685	132,193	82,415	99,575
Unassigned	-	-	-	-	-	-	-	-	-	-
Subtotal Capital Improvement Fund	<u>-</u>	<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>
All Other Governmental Funds										
Reserved for:										
Encumbrances	62,569	61,612	40,964	-	-	-	-	-	-	-
Prepaid items	89	100	140	-	-	-	-	-	-	-
Noncurrent Interfund Receivables	400	400	-	-	-	-	-	-	-	-
Land Held for Resale	9,896	14,657	16,984	-	-	-	-	-	-	-
Inventories	80	131	126	-	-	-	-	-	-	-
Loans Receivable	-	-	1,470	-	-	-	-	-	-	-
Debt Service	28,444	33,323	41,985	-	-	-	-	-	-	-
Endowments	-	-	1,594	-	-	-	-	-	-	-
Unreserved:										
Designated	-	-	11,990	-	-	-	-	-	-	-
Undesignated, Reported in:										
Special Revenue Funds	326,420	326,216	335,589	-	-	-	-	-	-	-
Capital Projects Funds	88,841	105,197	51,848	-	-	-	-	-	-	-
Permanent Funds	583	631	561	-	-	-	-	-	-	-
Nonspendable (2)	-	-	-	3,793	3,302	1,833	2,383	2,938	1,958	1,902
Restricted (2)	-	-	-	540,378	585,435	472,342	525,080	513,859	629,918	649,637
Committed (2)	-	-	-	-	-	-	-	-	-	-
Assigned (2)	-	-	-	15,807	16,553	30,582	50,146	52,623	48,255	43,386
Subtotal All Other Governmental Funds	<u>517,322</u>	<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>
Total Governmental Fund Balance	<u>\$ 1,007,048</u>	<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>

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)

	2006-07	2007-08 as restated	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Revenues (by Source)										
Taxes	\$ 733,833	\$ 778,973	\$ 753,320	\$ 684,669	\$ 664,377	\$ 676,218	\$ 713,528	\$ 749,232	\$ 788,712	\$ 849,399
Licenses, Permits, and Franchises	25,077	16,641	24,779	16,959	19,208	22,282	22,635	24,919	25,587	25,159
Fines, Forfeitures, and Penalties	19,224	23,051	22,373	23,877	17,810	17,970	16,743	14,865	15,704	11,996
Rev from Use of Money and Property	76,046	82,791	69,902	51,635	45,762	33,644	47,841	41,658	42,129	47,632
Aid from Other Governments	1,344,390	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
Charges for Current Services	325,979	336,310	385,423	385,102	365,721	369,715	373,821	382,716	388,092	403,193
Other Revenues	73,956	123,781	66,665	58,864	57,023	61,862	70,078	67,629	61,155	61,320
Total Revenues	\$ 2,598,505	\$ 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
Expenditures (by Function)										
General Government	\$ 152,991	\$ 187,146	\$ 161,448	\$ 164,880	\$ 153,991	\$ 145,634	\$ 172,922	\$ 160,755	\$ 145,589	\$ 149,160
Public Protection	851,946	919,110	892,497	876,602	883,637	905,548	927,819	957,832	990,078	1,052,371
Public Ways and Facilities	81,659	67,169	61,814	66,084	83,923	75,144	77,609	103,267	75,559	62,292
Health and Sanitation	277,677	331,793	334,305	324,942	278,157	284,652	303,006	331,830	343,769	352,781
Public Assistance	820,617	945,016	877,345	930,093	994,193	966,485	985,940	1,037,741	1,068,461	1,130,864
Education	18,149	19,247	20,983	18,858	17,827	15,824	15,304	17,295	16,967	18,240
Recreation and Cultural Services	22,086	19,836	20,726	18,697	19,091	21,082	20,941	20,466	20,753	19,720
Debt Service										
Principal	41,445	25,098	49,041	61,637	105,309	124,338	76,938	83,495	91,977	111,752
Interest	62,191	11,509	58,313	40,973	38,614	33,504	25,861	24,156	22,034	20,443
Bond Issuance Costs	2,230	-	-	-	525	135	-	-	-	187
Capital Outlay	97,056	110,040	95,185	116,427	113,428	116,050	120,294	94,354	132,041	120,909
Total Expenditures	\$ 2,428,047	\$ 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
Excess (Deficiency) of Revenues Over (Under) Expenditures	170,458	190,553	109,548	66,912	6,682	53,987	118,837	155,316	170,080	147,454
Other Financing Sources (Uses)										
Transfer to Other Funds	(300,797)	(285,876)	(444,888)	(316,758)	(276,144)	(319,341)	(274,470)	(263,941)	(249,063)	(302,893)
Transfer from Other Funds	253,304	246,897	382,918	275,554	269,759	279,257	287,177	227,341	238,802	301,385
Refunding Bonds Issued	23,845	-	-	-	-	51,585	-	-	-	27,870
Premium on Refunding Bonds	1,385	-	-	-	-	-	-	-	-	-
Payment To Refunded Bond Escrow Agent	(24,709)	-	-	-	-	-	-	-	-	(27,870)
Long-Term Debt Issued	132,851	-	-	-	36,300	-	-	-	-	-
Discount on Debt	-	-	-	-	(1,141)	-	-	-	-	-
Inception Of Capital Leases Obligations	1,675	1,446	2,619	418	1,290	-	-	-	-	-
Insurance Recoveries	-	-	-	-	-	-	-	-	14,000	3,916
Sale of Capital Assets	4,182	2,968	1,655	2,968	3,739	1,708	4,998	8,346	3,148	15,211
Total Other Financing Sources and (Uses)	\$ 91,736	\$ (34,565)	\$ (57,696)	\$ (37,818)	\$ 33,803	\$ 13,209	\$ 17,705	\$ (28,254)	\$ 6,887	\$ 17,619
Special Item										
Judgement Obligation Bonds Uses	(102,000)	-	-	-	-	-	-	-	-	-
Total Special Items	(102,000)	-	-	-	-	-	-	-	-	-
Extraordinary Item	-	-	-	-	-	(89,386)	63,969	10,415	-	-
Net Change in Fund Balance	\$ 160,194	\$ 155,988	\$ 51,852	\$ 29,094	\$ 40,485	\$ (22,190)	\$ 200,511	\$ 137,477	\$ 176,967	\$ 165,073
Debt Service as a Percentage of Noncapital Expenditures:	4.45%	1.45%	4.33%	4.10%	5.69%	6.17%	3.94%	3.99%	4.11%	4.54%

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
2006-2007	142,703,331	7,590,432	3,538,535	(1,790,813)	152,041,485	1.00%
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%

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>
2006-07	1.0000	0.0902	0.1550	1.2452
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

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 2016		FISCAL YEAR 2007	
		TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE
SOUTHERN CALIFORNIA EDISON	UTILITY	\$ 3,839,452,792	2.00%	\$ 1,357,580,339	0.89%
PROLOGIS CALIFORNIA I LLC	LOGISTICS/REAL ESTATE	961,601,412	0.50%	438,116,613	0.28%
RARE EARTH ACQUISITIONS LLC/MOLYCORP	MANUFACTURING	673,109,571	0.35%	11,000,000	0.01%
MAJESTIC REALTY CO	REAL ESTATE	563,393,728	0.29%	352,391,353	0.23%
CALIFORNIA STEEL INDUSTRIES INC	MANUFACTURING	540,316,973	0.28%	378,207,702	0.25%
TEACHERS INSURANCE & ANNUITY ASSN	FINANCIAL SERVICES	515,280,805	0.27%	61,255,805	0.04%
TARGET/DAYTON HUDSON CORPORATION	RETAIL	459,678,378	0.24%	291,404,586	0.19%
SOUTHERN CALIFORNIA GAS COMPANY	UTILITY	442,759,849	0.23%	252,265,999	0.17%
CATELLUS DEVELOPMENT CORPORATION	REAL ESTATE	434,712,821	0.23%	303,535,727	0.20%
VERIZON CALIFORNIA, INC.	COMMUNICATIONS	421,539,853	0.22%	613,304,851	0.40%
TOTAL		<u>\$ 8,851,846,182</u>	<u>4.61%</u>	<u>\$ 4,059,062,975</u>	<u>2.66%</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
2016	\$ 2,473,896	\$ 2,413,149	97.54%	\$ -	\$ 2,413,149	97.54%
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%
2007	1,908,390	1,799,062	94.30%	88,273	1,887,335	98.90%

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 fiscal year 2015.

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, 2016

GENERAL BONDED DEBT OUTSTANDING						
FISCAL YEAR	GENERAL BONDED DEBT	LESS: AMOUNTS RESTRICTED FOR DEBT SERVICE	TOTAL	PERCENTAGE OF PERSONAL INCOME (1)	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY (2)	PER CAPITA (1)
2006-07	1,107,915	(27,363)	1,080,552	1.96%	0.71%	532.82
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

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, 2016

2015-16 ASSESSED VALUATION: \$ 192,099,956,000 (includes unitary utility valuation)

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>PERCENT APPLICABLE</u>	<u>DEBT 06/30/16</u>
METROPOLITAN WATER DISTRICT	3.854 %	\$ 3,561,373
CHAFFEY COMMUNITY COLLEGE DISTRICT	100.000	149,080,324
SAN BERNARDINO VALLEY JOINT COMMUNITY COLLEGE DISTRICT	98.811	458,402,706
OTHER COMMUNITY COLLEGE DISTRICTS	VARIOUS	163,264,753
APPLE VALLEY UNIFIED SCHOOL DISTRICT	100.000	27,748,758
CHINO VALLEY UNIFIED SCHOOL DISTRICT	100.000	125,701,735
COLTON JOINT UNIFIED SCHOOL DISTRICT	98.720	176,049,364
FONTANA UNIFIED SCHOOL DISTRICT	100.000	206,850,234
REDLANDS UNIFIED SCHOOL DISTRICT	100.000	92,311,062
RIALTO UNIFIED SCHOOL DISTRICT	100.000	99,471,263
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT	100.000	212,092,114
UPLAND UNIFIED SCHOOL DISTRICT	100.000	100,523,399
OTHER UNIFIED SCHOOL DISTRICTS	VARIOUS	101,538,439
UNION HIGH SCHOOL DISTRICTS	100.000	425,730,460
ELEMENTARY SCHOOL DISTRICTS	100.000	178,164,558
COUNTY SERVICE AREAS	100.000	205,000
MOJAVE WATER AGENCY	100.000	10,405,000
MOJAVE WATER AGENCY, I.D. M	100.000	18,160,000
COUNTY WATER DISTRICTS	100.000	228,000
ETIWANDA SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS	100.000	90,825,000
CITY OF CHINO COMMUNITY FACILITIES DISTRICTS	100.000	136,080,000
CITY OF CHINO HILLS COMMUNITY FACILITIES DISTRICTS	100.000	46,240,000
CITY OF FONTANA COMMUNITY FACILITIES DISTRICTS	100.000	95,740,000
CITY OF RANCHO CUCAMONGA COMMUNITY FACILITIES DISTRICTS	100.000	74,577,000
CITY OF UPLAND COMMUNITY FACILITIES DISTRICTS	100.000	43,565,000
OTHER COMMUNITY FACILITIES DISTRICTS	49.775-100	253,291,264
CITY, COUNTY AND SPECIAL DISTRICT 1915 ACT BONDS (Estimate)	100.000	15,533,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 3,305,339,806</u>

RATIO TO 2015-16 ASSESSED VALUATION:

TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT.....1.72%

COUNTY OF SAN BERNARDINO
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (CONTINUED)
 AS OF JUNE 30, 2016

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:	PERCENT APPLICABLE	DEBT 6/30/16
SAN BERNARDINO COUNTY GENERAL OBLIGATIONS	100.000 %	\$ 46,244,000 (2)
SAN BERNARDINO COUNTY PENSION OBLIGATIONS	100.000	662,694,000
SAN BERNARDINO COUNTY FLOOD DISTRICT GENERAL FUND OBLIGATIONS	100.000	78,659,000
COMMUNITY COLLEGE DISTRICT CERTIFICATES OF PARTICIPATION	Various	15,299,223
CHINO VALLEY UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	14,500,000
FONTANA UNIFIED SCHOOL DISTRICT	100.000	36,045,000
HESPERIA UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	96,945,000
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	47,750,000
SNOWLINE JOINT UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	98.105	65,043,615
OTHER UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	Various	37,185,830
UNION HIGH SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	26,895,000
CUCAMONGA SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	7,710,000
ORO GRANDE SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	39,665,000
OTHER SCHOOL DISTRICT GENERAL FUND OBLIGATIONS	100.000	15,655,000
CITY OF COLTON GENERAL FUND OBLIGATIONS AND PENSION OBLIGATION BONDS	100.000	35,039,400
CITY OF FONTANA CERTIFICATES OF PARTICIPATION	100.000	41,755,000
CITY OF HESPERIA GENERAL FUND OBLIGATIONS	100.000	37,140,000
CITY OF MONTCLAIR GENERAL FUND OBLIGATIONS	100.000	44,260,000
CITY OF ONTARIO GENERAL FUND OBLIGATIONS	100.000	69,145,000
CITY OF SAN BERNARDINO GENERAL FUND OBLIGATIONS	100.000	57,046,201
OTHER CITY GENERAL FUND OBLIGATIONS	100.000	29,613,844
WATER DISTRICT CERTIFICATES OF PARTICIPATION	100.000	4,440,000
WEST VALLEY VECTOR CONTROL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	3,040,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 1,511,770,113</u>
TOTAL DIRECT DEBT		\$ 787,597,000
TOTAL OVERLAPPING DEBT (1)		\$ 4,029,512,919
COMBINED DEBT		\$ 4,817,109,919 (3)

RATIOS TO 2015-16 ASSESSED VALUATION

TOTAL DIRECT DEBT (\$787,597,000)	0.41%
COMBINED TOTAL DEBT	2.51%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/16: \$ -

- 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 COPs (Justice Center/Airport Improvement), revenue bonds (Courthouse Project Bonds), and certain notes and loans related to the County's governmental activities (CSA 70 Zone G Wrightwood Loan, 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
2006-07	152,041,485	1,900,519	1,815	1,898,704	0.10%
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%

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, 2016

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				
2006-07	\$ 186,959	\$ 457,038	\$ 649,062	\$ 4,010	\$ 9,290	\$ 589,367	\$ 1,815	\$ 6,399	\$ 4,136	\$ 1,908,076	1.25%	3.47%	\$ 942
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

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, 2016

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: 786,337 (Not Rounded) as of June 30, 2016

CALENDAR YEAR	(1), (2) POPULATION	(2) PERSONAL INCOME	(2), (6) PER CAPITA PERSONAL INCOME	(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT RATE
2007	2,028	\$ 55,020,000	\$ 27.13	428	5.70%
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%

ESTIMATED POPULATION OF THE COUNTY OF SAN BERNARDINO AS OF JANUARY 1, 2016 (whole numbers):

INCORPORATED CITIES

Adelanto	33,497	Montclair	38,686
Apple Valley	74,656	Needles	5,035
Barstow	24,360	Ontario	169,869
Big Bear Lake	4,905	Rancho Cucamonga	175,251
Chino	85,934	Redlands	68,368
Chino Hills	78,866	Rialto	107,330
Colton	53,351	San Bernardino	215,491
Fontana	209,895	Twentynine Palms	26,138
Grand Terrace	12,315	Upland	75,774
Hesperia	93,226	Victorville	123,510
Highland	53,645	Yucaipa	53,779
Loma Linda	24,649	Yucca Valley	21,281
		Total	1,829,811
		Unincorporated Areas:	309,759
		Total Population	2,139,570

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 2016-17 Adopted Budget

**COUNTY OF SAN BERNARDINO
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

2016 (4)				2007			
Employer	Employees (1)	Rank	Percentage of Total Employment	Employer	Employees (1)	Rank	Percentage of Total Employment
County of San Bernardino (2) (3)	19,000	1	2.00%	County of San Bernardino (3)	18,382	1	2.13%
Stater Bros. Market	18,221	2	1.92%	Loma Linda University Adventist Health Sciences Center	13,000	2	1.51%
U.S. Army, Fort Irwin & National Training Center	13,805	3	1.45%	San Bernardino City Unified School District	8,574	3	0.99%
Loma Linda University	13,805	4	1.45%	Stater Brothers	7,600	4	0.88%
U.S. Marine Corps Air Ground Combat Center	12,486	5	1.31%	Ontario International Airport	7,510	5	0.87%
United Parcel Service	8,600	6	0.91%	Kaiser Permanente	5,682	6	0.66%
San Bernardino City Unified School District	8,574	7	0.90%	Fontana Unified School District	3,953	7	0.46%
Ontario International Airport	7,695	8	0.81%	San Manuel Band of Mission Indians	3,261	8	0.38%
Loma Linda University Medical Center	6,147	9	0.65%	Chino Valley Unified School District	3,200	9	0.37%
Kaiser Permanente (Fontana only)	6,000	10	0.63%	California State University San Bernardino	3,012	10	0.35%
Total	114,333		12.03%	Total	74,174		8.60%

Notes:

- (1) Data represents estimated number of employees.
- (2) Starting fiscal year 2009, Court employees are excluded from County of San Bernardino total employees.
- (3) San Bernardino County payroll records as of June 30, 2007
- (4) Due to the unavailability of fiscal year 2016, 2015 and 2014 data, fiscal year 2013 data was used instead.

Sources:

The Book of Lists 2007 & 2013 editions (2016 edition not available)

COUNTY OF SAN BERNARDINO
COUNTY EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General	1,699	1,790	1,728	1,612	1,550	1,432	1,332	1,417	1,456	1,491
Public Protection	7,777	7,672	6,679	6,501	6,175	6,147	6,186	6,355	6,362	6,526
Public Ways & Facilities	465	501	522	486	450	433	429	412	411	407
Health and Sanitation	4,139	4,339	4,285	4,086	3,919	4,163	4,302	4,407	4,431	4,594
Public Assistance	3,799	4,214	4,163	4,744	4,920	4,898	4,946	5,051	5,132	5,249
Education	235	261	246	229	191	149	155	144	130	150
Recreation & Cultural	268	386	347	337	317	317	292	270	261	216
Total	18,382	19,163	17,970	17,995	17,522	17,539	17,642	18,056	18,183	18,633

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	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
General Government										
Legal Documents Recorded (W)	838,333	628,866	564,379	556,429	556,196	547,986	583,461	503,126	540,267	554,691
Percentage of payments process within 10 days (P) (2)	86%	93%	86%	92%	60%	66%	62%	73%	*	*
Public Protection										
Criminal Felonies Filed - District Attorney (W)	20,511	24,099	22,409	21,712	21,090	20,551	19,687	20,556	16,476	12,246
Criminal Misdemeanor Filed - District Attorney (W)	44,035	49,223	45,700	44,208	43,680	40,250	37,222	35,926	37,835	35,467
Average Cases Supervised-Probation (W)	25,690	29,205	25,120	24,570	24,130	23,961	24,155	27,722	25,574	25,295
Percentage of new adults cases assessed with a valid risk instrument- Probation (P)	77%	79%	78%	87%	90%	87%	95%	95%	96%	99%
Sherriff's calls for Service (W)	1,193,961	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
Number of inmate-on-inmate assaults per 1,000 per month. (P)	7%	7%	6%	4%	4%	8%	0%	0%	0%	0%
Percent of autopsies performed per reportable deaths - Coroner (P)	19%	9%	17%	13%	15%	17%	17%	19%	17%	17%
Fire Protection - No. of Fire calls (W)	86,915	89,106	89,061	95,635	93,540	154,953	153,975	156,864	180,125	186,021
Public Way & Facilities										
Solid Waste										
Annual Tonnage Landfilled (W)	1,757,436	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
Pounds of trash per cubic yard of capacity-High Volume Sites (P)	1,120	1,130	1,125	1,356	1,287	1,250	1,259	1,348	1,322	1,328
Maintained Road Miles (W)	2,780	2,774	2,775	2,765	2,789	2,770	2,769	2,584	2,550	2,550
Average Pavement Condition Index (PCI) of county maintained roads (P) (1)	76	77	78	77	76	76	Good	Good	Good	Good
Health and Sanitation										
Direct Billable hours: Clinic - Behavioral Health (W)	201,247	236,285	267,560	261,014	242,862	230,201	233,673	237,996	243,731	264,769
Patient Visits - Public Health (W)	130,073	76,786	89,110	69,474	75,572	75,664	72,920	61,831	50,832	67,393
Arrowhead Regional Medical Center - Emergency/Room Visits (W)	106,298	113,537	124,156	130,640	125,710	117,616	113,307	106,335	97,108	92,028
Public Assistance										
Annual Paid Cases - CalWORKS-All Other Families (W)	307,742	333,096	364,946	425,331	460,817	464,196	465,804	471,285	469,097	441,741
Percentage of successful placements of people in Work Participation Rate (P)	19%	23%	23%	32%	40%	47%	49%	45%	60%	45%
Annual Paid Cases - CalWORKS-2 Parent Families (W)	18,748	26,322	42,284	48,652	56,435	58,296	57,402	60,122	65,022	61,519
Average child support collections per month (W)	12,619,615	12,792,980	12,809,690	12,740,128	13,538,777	14,396,490	13,639,034	14,158,216	14,516,145	14,969,848
Percentage of current support collected - Child Support (W)	49%	51%	51%	51%	55%	59%	61%	64%	65%	66%
Education										
County Library	2,520,000	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
Circulation (W)	3,374,000	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
Total Patron Visits (W)	222,231	326,015	368,795	379,511	379,511	379,511	383,511	383,511	383,511	388,511
Total feet of space available at branch libraries (P)										
Recreation and Cultural Services										
County Museum	71,000	90,810	64,708	63,838	49,955	69,348	34,110	28,299	30,882	34,398
Total Paid Attendance (W)	1,601,000	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
Collected Lots, Objects, and Specimens (W)										
Regional Parks										
Total Attendance (W)	2,200,000	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
Number of miles of open and usable trails maintained by Regional Parks (P)	17	18	24	46	46	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**

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Function/Program										
General Government										
Recorder's Data Processing Equipment	60	58	59	65	63	42	47	52	46	51
Public Protection										
Major Correction & Detention Facilities	7	7	7	7	7	7	7	7	7	8
Sheriff Stations	10	10	9	9	9	9	9	9	9	10
Sheriff Vehicles	1,809	1,658	1,658	1,764	1,788	1,698	1,687	1787	1747	1769
Fire Department Equipment	361	432	429	461	497	457	495	503	558	598
Public Way & Facilities										
Solid Waste Heavy Equipment	18	16	12	11	10	10	10	3	3	3
Transportation: Trucks, Trailers, and Other Vehicles	274	264	274	288	283	281	277	277	281	291
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)	252	265	329	334	358	365	381	83	83	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	51	99	134	140	157	158	162	163	163	182
Medical Center: Number of Hospitals	1	1	1	1	1	1	1	1	1	1
Public Assistance										
Administrative & Office Equipment	452	441	495	515	571	631	640	657	668	678
Education										
Library Branches	30	30	30	31	31	31	32	32	32	32
Bookmobiles	2	2	2	2	2	2	1	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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Third District Supervisor



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Second District Supervisor



Curt Hagman
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