



SAN BERNARDINO
COUNTY

Fiscal Year Ended June 30, 2018
Oscar Valdez
Auditor-Controller/Treasurer/Tax Collector

San Bernardino County
State of California
**COMPREHENSIVE
ANNUAL FINANCIAL**

REPORT



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2018**

**SAN BERNARDINO COUNTY
CALIFORNIA
1853**



- Supervisor Robert A. Lovingood, Chair First District**
- Supervisor Janice Rutherford Second District**
- Supervisor Dawn Rowe Third District**
- Supervisor Curt Hagman, Vice Chair Fourth District**
- Supervisor Josie Gonzales Fifth District**

Gary McBride – Chief Executive Officer

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

**COUNTY OF SAN BERNARDINO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 JUNE 30, 2018**

TABLE OF CONTENTS

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL..... 1

DIRECTORY OF ELECTED COUNTY OFFICES 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	66
Note 3 – Stewardship, Compliance and Accountability	67
Note 4 – Cash and Investments.....	68
Note 5 – Receivables	77
Note 6 – Interfund Transactions.....	78
Note 7 – Restricted Cash and Investments	81
Note 8 – Capital Assets.....	82
Note 9 – Deferred Outflows of Resources.....	84
Note 10 – Advances From Others	85
Note 11 – Long-term Obligations	86
Note 12 – Leases.....	97
Note 13 – Closure and Postclosure Care Costs	98
Note 14 – Self-Insurance.....	100
Note 15 – Collateralized Facilities	101
Note 16 – Deferred Inflows of Resources.....	102
Note 17 – Fund Balances Detail.....	103
Note 18 – Medicare and Medi-Cal Programs	105
Note 19 – Retirement Plan	105
Note 20 – Other Post-Employment Benefits (OPEB) - HACSB	118
Note 21 – Lease/Leaseback	120
Note 22 – Commitments, Contingencies, and Certain Subsequent Events	122
Note 23 – 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
Schedule of Changes in the Housing Authority's Net Pension Liability and Related Ratios.....	131
Schedule of the Housing Authority's Contributions	132
Schedule 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 Descriptions	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 – Trust & 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



SAN BERNARDINO
COUNTY



INTRODUCTORY
SECTION



AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



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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 28, 2018

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, California for the fiscal year ended June 30, 2018, 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 Part 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Information related to the single audit, including the schedule of expenditures of federal awards, schedule of findings and questioned costs, and the independent auditor's report on compliance and internal control are published separately from this report.

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

THE REPORTING ENTITY AND ITS SERVICES

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

THE REPORTING ENTITY AND ITS SERVICES - Continued

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

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

INTERNAL AND BUDGETARY CONTROLS

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

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:

- Community Development & Housing will continue development of the Veterans Village in Loma Linda and Golden Apartments in San Bernardino with completion anticipated in summer 2018 and early 2019, respectively. These projects include 125 affordable housing units and reflect a County investment of \$5.3 million in Home Investment Partnerships Program funds, which leveraged \$38.6 million of private investment for a total of \$43.9 million. These new housing units are targeted for seniors, families, veterans, and homeless individuals, while undertaking neighborhood and community revitalization.

MAJOR INITIATIVES - Continued

- The Department of Economic Development's budget focuses on economic development, job creation, and tourism activities serving 4,800 businesses and individuals in the San Bernardino County area. Services include business retention and expansion, developing strong local, regional, and national business relationships, thereby supporting the local economy through maximizing job creation and tourism opportunities.
- The implementation of the County's new Enterprise Financial Management System began in May 2016 with the first phase and successfully completed in October 2017. The first phase deployment included the core financial accounting modules, supplier relationship management and procurement, human capital management, reporting, and data warehouse capabilities. The budget includes phases two and three of the Enterprise Financial Management System implementation. These phases include Fixed Assets, Inventory Management, Budget Preparation, and bidding and vendor registration and management. The Auditor-Controller/Treasurer/Tax Collector's budget includes the establishment of the SAP Center of Excellence to provide ongoing Countywide post-implementation production support for the new SAP Enterprise Financial Management System.
- The Public Works Transportation budget includes \$45.6 million worth of pavement improvement projects, funded in part with ongoing Discretionary General Funding, to preserve the County's roadways by investing enough to maintain the system.
- The Sheriff/Coroner/Public Administrator operations budget includes \$12.0 million of one-time Discretionary General Funding (Net County Cost) to replace two aging and obsolete patrol helicopters, including equipment, travel, and training for pilots and mechanics; installation of equipment; and delivery charges. This completes the upgrade of the Sheriff's helicopter replacement program, which provides a newer and more reliable fleet to provide patrol, search and rescue, and other related law enforcement functions.
- Arrowhead Regional Medical Center (ARMC) is pursuing certification as a Level I trauma center in order to provide the highest level of care to trauma patients. ARMC also continues to expand Primary Care in an effort to increase access to healthcare, while lowering costs by focusing on prevention and reducing emergency room visits.
- The County Administrative Office is coordinating a countywide effort to document the organization response to the December 2, 2015, terrorist attack to create a historic and tangible resource that can be shared with other jurisdictions around the world that experience similar tragedies. The initial work product is expected to be completed in 2018-19.

ECONOMIC CONDITION AND OUTLOOK

Overview

San Bernardino County's economy is deep into a record-breaking expansion. In 2018, its major sectors are experiencing continued strong growth. This has reduced the County's poverty rate from 20.4% in 2012 to 16.2% in 2017. The Riverside-San Bernardino metro area, of which the County is the major employer, has California's fastest job growth with jobs now 16.1% above their pre-recession peak (California 9.8% higher; U.S. 8.2%). Importantly, major taxable revenue streams are exceeding their former records on an inflation-adjusted basis.

Industry and Employment

San Bernardino County is experiencing strong employment growth. During the Great Recession (2008-2011), the County lost 68,000 jobs. However, from 2012-2017, it added 142,000 positions. The County thus had 749,100 jobs in 2017, 74,000 more than in its 2007 pre-recession peak of 675,000. Its 2017 growth was 22,000 positions (3.0%). In 2018, the U.S. Bureau of Labor Statistics has the County's job growth starting the year up 3.5%. If that continues, it will add an estimated 26,000 jobs to reach a new high of 775,000. The unemployment is down from a high of 13.5% in 2010 to 4.1% so far in 2018. In comparison, the statewide unadjusted rate is 4.2%; the U.S. is at 4.0%.

ECONOMIC CONDITION AND OUTLOOK - Continued

Among economic base sectors driving San Bernardino County's economy, logistics activity led the County's job growth. In 2017, the sector added 12,000 new jobs following a gain of 4,500 the prior year. In 2017, it created 54% of the County's 22,000 new jobs as companies like Amazon underwent major expansions. This sector is being driven by the strong growth of Southern California's economy, record setting port activity, and e-commerce that is expanding nationally at 15.5% compounded each year. In Southern California, nearly all the fulfillment centers are in the County. The sector's 2018 median pay was \$48,000.

Health Care and social services growth added to San Bernardino County's economic base in 2017, up 4,200 new jobs, a 19% share of employment growth. Its 2018 median pay was \$62,000. The County's population growth and a decline in uninsured people from 21% in 2012 to 8% in 2017 drove this expansion.

Construction was San Bernardino County's other major economic base sector that expanded. In 2017, the group added 1,000 workers, a 5% share of growth. The infrastructure, industrial, and residential building drove the sector, with a median pay of \$53,000 in 2018.

Assessed Valuation

In third quarter 2018, the median priced home in San Bernardino County sold for \$333,000, up 6.4% from the prior year. This followed an increase of 8.8% in 2017. Homebuyers are finding San Bernardino County very affordable compared to other Southern California areas. The current 2018 data showed that 49% of its families could afford the prices of its bottom 50% of homes, making it the Southern California's most affordable county compared to Riverside (37%), Orange (20%), and Los Angeles (26%) counties. With residential prices rising, along with industrial prices that are 29% above their pre-recession peak, the County's assessed valuation has reached 22% above its July 1, 2008, high. Since 2008-2018 prices are up 16%, the purchasing power of the County's property taxes are at a record level.

Retail Sales

Also important to the funding of local governments, San Bernardino County's retail sales increased 3.6% in 2017 with total taxable sales reaching a record \$38.3 billion. That was 22.4% above the prior high in 2006 (\$31.3 billion) and above the 21.7% rise in prices from 2006-2017. The purchasing power of the County's sales taxes are thus also above their 2006 record level. As a result, employment within the retail, food service, and accommodation sectors that impact taxable sales was up 5,200 jobs in 2017, representing 15.2% of the County's job gain.

LONG-TERM FINANCIAL PLANNING

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

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

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

LONG-TERM FINANCIAL PLANNING - Continued

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

In recent years, the County cash funded \$518.8 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. \$158.2 million has been funded through 2018-19.
- 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 of California 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. The total project cost was \$15.5 million; a total savings of \$1.5 million under budget.
- In past years, the County had planned to construct a new government center building in downtown San Bernardino to provide additional space and replace buildings beyond their useful life. As an alternative to new construction, the County purchased newer existing buildings at prices lower than replacement costs, and is in the process of seismically retrofitting and modernizing certain existing buildings and demolishing older facilities. \$170.4 million has been funded to date, and \$62.4 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 2018-19 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 Treasury 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 Treasury 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 Treasury 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 Treasury 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 Treasury Pool does not include investments of the Deferred Compensation program or the San Bernardino 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. 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, 2018. 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, 2017. This was the thirtieth 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.

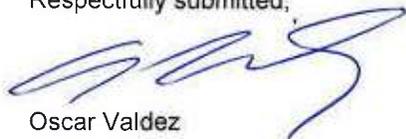
Popular Financial Reporting Award: The County of San Bernardino also received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report for the fiscal year ended June 30, 2017. This was the twelfth consecutive year that the County has received 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, 2017. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, operations guide, financial plan, and communication device.

ACKNOWLEDGEMENTS

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

Respectfully submitted,



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

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

ELECTED OFFICES

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

COUNTY SUPERVISOR, SECOND DISTRICT JANICE RUTHERFORD

COUNTY SUPERVISOR, THIRD DISTRICT DAWN ROWE

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

COUNTY SUPERVISOR, FIFTH DISTRICT JOSIE GONZALES

ASSESSOR/RECORDER/COUNTY CLERK BOB DUTTON

AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR OSCAR VALDEZ

DISTRICT ATTORNEY MICHAEL A. RAMOS

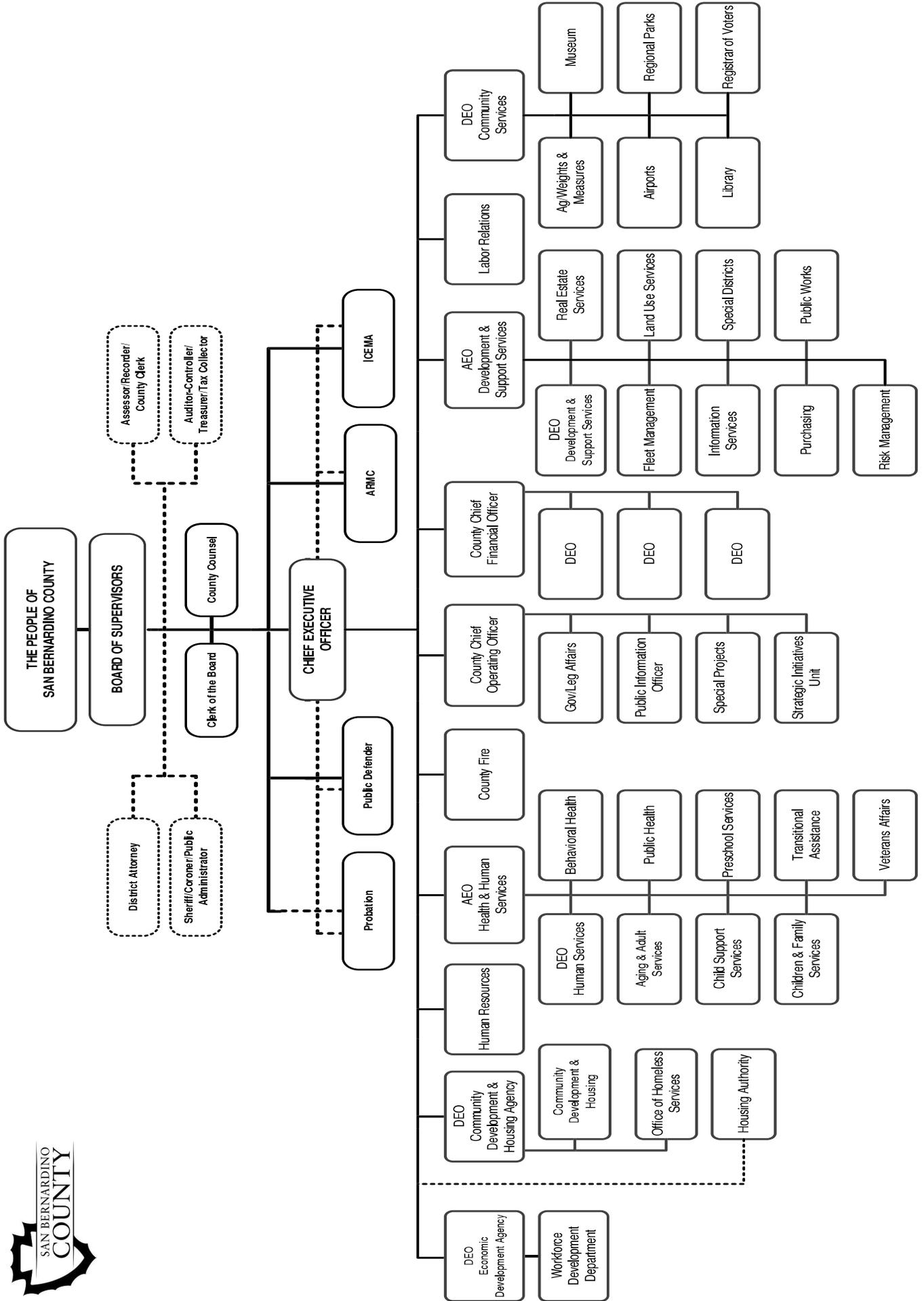
SHERIFF/CORONER/PUBLIC ADMINISTRATOR JOHN Mc MAHON

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

APPOINTED

AGING AND ADULT SERVICES	SHARON NEVINS
AGRICULTURAL COMMISSIONER/SEALER	ROBERTA Y. WILLHITE
AIRPORTS	JAMES E. JENKINS
ARROWHEAD REGIONAL MEDICAL CENTER	WILLIAM L. GILBERT
BEHAVIORAL HEALTH	VERONICA KELLEY
CHIEF EXECUTIVE OFFICER	GARY McBRIDE
CHIEF FINANCIAL OFFICER	MATTHEW ERICKSON
CHIEF OPERATING OFFICER.....	LEONARD HERNANDEZ
CHILD SUPPORT SERVICES	MARIE GIRULAT
CHILDREN AND FAMILY SERVICES	MARLENE HAGEN
CLERK OF THE BOARD OF SUPERVISORS	LAURA H. WELCH
COMMUNITY DEVELOPMENT	GARY HALLEN
COUNTY COUNSEL	MICHELLE BLAKEMORE
COUNTY LIBRARIAN.....	MICHAEL JIMENEZ
COUNTY MUSEUM	MELISSA RUSSO
ECONOMIC DEVELOPMENT AGENCY.....	REG JAVIER
FIRE DEPARTMENT/FIRE WARDEN.....	MARK HARTWIG
FLEET MANAGEMENT.....	RON LINDSEY
HOUSING AUTHORITY	MARIA RAZO
HUMAN RESOURCES	DEBORAH CARUSO
HUMAN SERVICES.....	CaSONYA THOMAS
INFORMATION SERVICES	JENNIFER HILBER
INLAND COUNTIES EMERGENCY MEDICAL AGENCY	THOMAS LYNCH
LABOR RELATIONS	BOB WINDLE
LAND USE SERVICES.....	TERRI RAHHAL
OFFICE OF HOMELESS SERVICES.....	TOM HERNANDEZ
PRESCHOOL SERVICES (<i>INTERIM</i>)	PHALOS HAIRE
PROBATION.....	MICHELLE SCRAY BROWN
PUBLIC DEFENDER	CHRISTOPHER GARDNER
PUBLIC HEALTH	TRUDY RAYMUNDO
PUBLIC WORKS	KEVIN BLAKESLEE
PURCHASING	LAURIE ROZKO
REAL ESTATE SERVICES.....	TERRY W. THOMPSON
REGIONAL PARKS	BEAHTA DAVIS
REGISTRAR OF VOTERS (<i>INTERIM</i>)	BOB PAGE
RISK MANAGEMENT.....	LEANNA WILLIAMS
SPECIAL DISTRICTS (<i>INTERIM</i>)	LUTHER SNOKE
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, 2017

Christopher P. Morill

Executive Director/CEO





SAN BERNARDINO
COUNTY



FINANCIAL
SECTION







INDEPENDENT AUDITORS' REPORTS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Bernardino, California (County), as of and for the year ended June 30, 2018, 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, 2018:

<u>Opinion Units</u>	<u>Assets</u>	<u>Net Position/ Fund Balances</u>	<u>Revenues</u>
Governmental Activities	3%	0%	6%
Business-Type Activities	12%	19%	16%
Housing Authority Enterprise Fund (Major Fund)	100%	100%	100%
Aggregate Remaining Fund Information	3%	1%	2%

Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2018, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 – 33, the schedule of the County's proportionate share of the net pension liability, the schedule of the County's contributions, the schedules of changes in the Housing Authority's net pension liability and related ratios, the schedule of the Housing Authority's contributions, and the schedule of funding progress - HACSB on pages 129 - 133 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements and other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, 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 solely 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 effectiveness of the County's 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 28, 2018



SAN BERNARDINO
COUNTY

MANAGEMENT'S DISCUSSION
AND ANALYSIS





MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2018

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, 2018. 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 \$322,415. The net increase is attributable to the \$273,978 increase in governmental activities net position and the \$48,437 increase in business-type activities net position.
- As of June 30, 2018, the County governmental funds reported combined fund balances of \$2,223,850, an increase of \$179,135 in comparison with the prior year. Amounts available for spending include *restricted, committed, assigned, and unassigned fund balances*; these totaled \$2,176,051, or 97.9% of the ending fund balance. Of this amount, \$1,276,390 is restricted by law or externally imposed requirements, and \$283,268 is committed for specific purposes.
- At the end of the fiscal year, amounts available for spending for the General Fund totaled \$1,058,009, or 42.3% of total General Fund expenditures. This is an increase of \$51,316 in comparison with the prior year.
- At the end of the fiscal year, the County's total capital assets (net of accumulated depreciation) increased by \$17,965 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 \$119,986 in comparison with the prior year. (See further detail on page 32.)

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

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

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

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

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

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

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

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

Management's Discussion and Analysis (Amounts in thousands)

Required Supplementary Information and Supplemental Information

The Required Supplementary Information provides County's proportionate share of the net pension liabilities and related ratios, employer contributions to the pension plans, and funding progress in post-employment benefits other than pensions. Required supplementary information can be found on pages 129-133 of this report. 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. The Supplemental Information section can be found on pages 135-204 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$2,694,618 at the close of the most recent fiscal year.

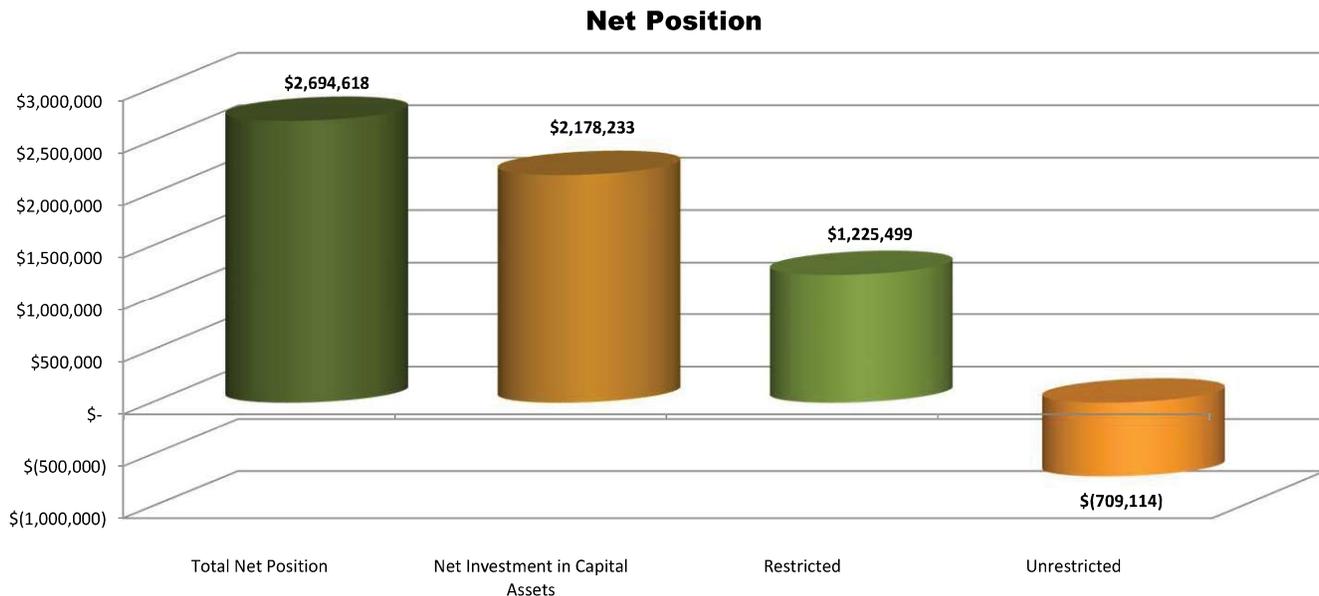
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 2,928,735	\$ 2,724,686	\$ 805,532	\$ 697,664	\$ 3,734,267	\$ 3,422,350
Capital assets	2,001,389	1,961,705	581,337	603,056	2,582,726	2,564,761
Total assets	<u>4,930,124</u>	<u>4,686,391</u>	<u>1,386,869</u>	<u>1,300,720</u>	<u>6,316,993</u>	<u>5,987,111</u>
Deferred outflows of resources	899,926	827,604	126,241	123,429	1,026,167	951,033
Current and other liabilities	296,099	266,164	73,676	76,645	369,775	342,809
Long-term liabilities	3,038,788	2,969,685	947,513	896,630	3,986,301	3,866,315
Total liabilities	<u>3,334,887</u>	<u>3,235,849</u>	<u>1,021,189</u>	<u>973,275</u>	<u>4,356,076</u>	<u>4,209,124</u>
Deferred inflows of resources	260,062	317,023	32,404	39,794	292,466	356,817
Net Position:						
Net investment in capital assets	1,969,174	1,919,224	209,059	205,158	2,178,233	2,124,382
Restricted	1,153,493	1,046,820	72,006	80,983	1,225,499	1,127,803
Unrestricted	(887,566)	(1,004,921)	178,452	124,939	(709,114)	(879,982)
Total Net Position	<u>\$ 2,235,101</u>	<u>\$ 1,961,123</u>	<u>\$ 459,517</u>	<u>\$ 411,080</u>	<u>\$ 2,694,618</u>	<u>\$ 2,372,203</u>

The largest portion of the County's net position of \$2,178,233 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 are 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.

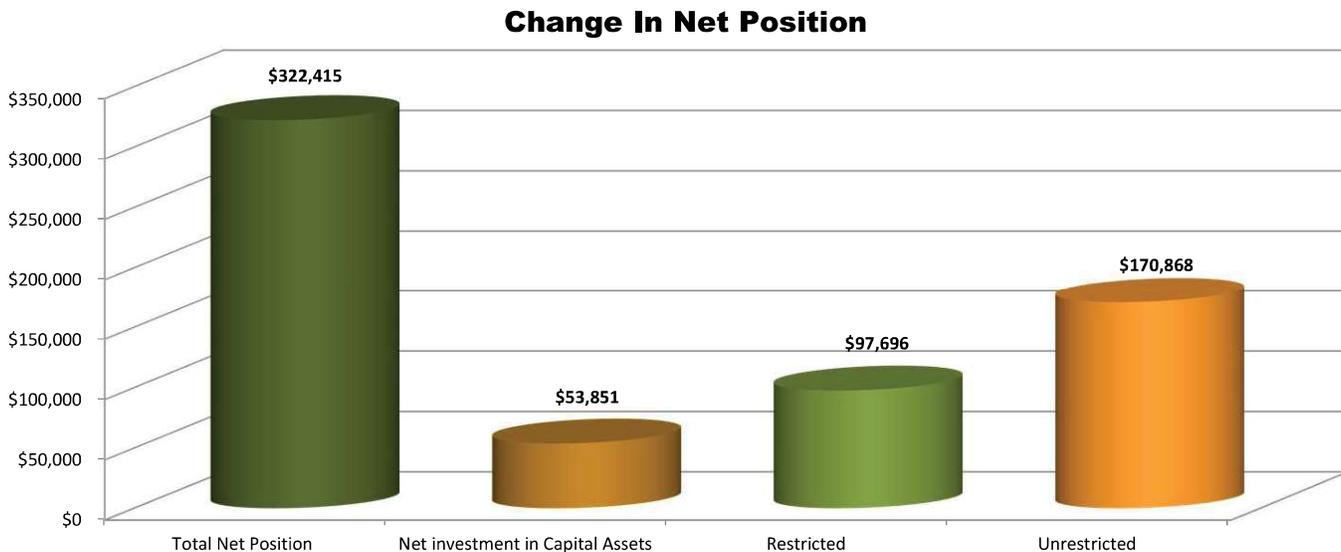
Restricted net position of \$1,225,499 represents another significant portion of County net position. This amount contains external restrictions imposed by creditors, grantors, contributors, laws and regulation of other governments, and restrictions imposed by law through constitutional provisions and 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 \$170,902 primarily as the result of an overall increase in current assets.



The County's total net position increased by \$322,415 (\$273,978 increase in governmental activities plus \$48,437 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	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues						
Charges for Services	\$ 518,274	\$ 475,999	\$ 460,633	\$ 580,952	\$ 978,907	\$ 1,056,951
Operating Grants/Contributions	1,876,494	1,866,958	330,989	202,470	2,207,483	2,069,428
Capital Grants/Contributions	3,745	8,047	24,739	19,316	28,484	27,363
General Revenue						
Property Taxes, Levied for General Purposes	704,316	664,059	3,198	3,105	707,514	667,164
Public Safety Tax	188,194	174,648	-	-	188,194	174,648
Sales Taxes	29,886	28,019	-	-	29,886	28,019
Other Taxes	25,257	20,125	-	-	25,257	20,125
Revenues from Use of Money and Property	36,935	48,663	2,835	1,263	39,770	49,926
Miscellaneous	78,121	70,077	6,561	10,132	84,682	80,209
Gains on Sale of Capital Assets	4,750	3,781	201	329	4,951	4,110
Total Revenues	3,465,972	3,360,376	829,156	817,567	4,295,128	4,177,943
Expenses:						
General Government	176,594	169,368	-	-	176,594	169,368
Public Protection	1,225,387	1,164,533	-	-	1,225,387	1,164,533
Public Ways and Facilities	87,993	86,017	-	-	87,993	86,017
Health and Sanitation	433,482	390,442	-	-	433,482	390,442
Public Assistance	1,196,683	1,138,660	-	-	1,196,683	1,138,660
Education	21,182	20,010	-	-	21,182	20,010
Recreation and Cultural Services	24,563	24,984	-	-	24,563	24,984
Interest on Long Term Debt	30,563	39,447	-	-	30,563	39,447
Medical Center	-	-	542,185	535,515	542,185	535,515
Waste Systems	-	-	92,211	62,075	92,211	62,075
Housing Authority	-	-	125,392	114,722	125,392	114,722
Water, Sewer, and Sanitation	-	-	16,454	16,745	16,454	16,745
Others	-	-	24	47	24	47
Total Expenses	3,196,447	3,033,461	776,266	729,104	3,972,713	3,762,565
Excess (Deficiency) before Transfers	269,525	326,915	52,890	88,463	322,415	415,378
Transfers	4,453	(4,680)	(4,453)	4,780	-	100
Change in Net Position	273,978	322,235	48,437	93,243	322,415	415,478
Net Position – Beginning of Year	1,961,123	1,638,888	411,080	317,837	2,372,203	1,956,725
Net Position – End of Year	<u>\$ 2,235,101</u>	<u>\$ 1,961,123</u>	<u>\$ 459,517</u>	<u>\$ 411,080</u>	<u>\$ 2,694,618</u>	<u>\$ 2,372,203</u>

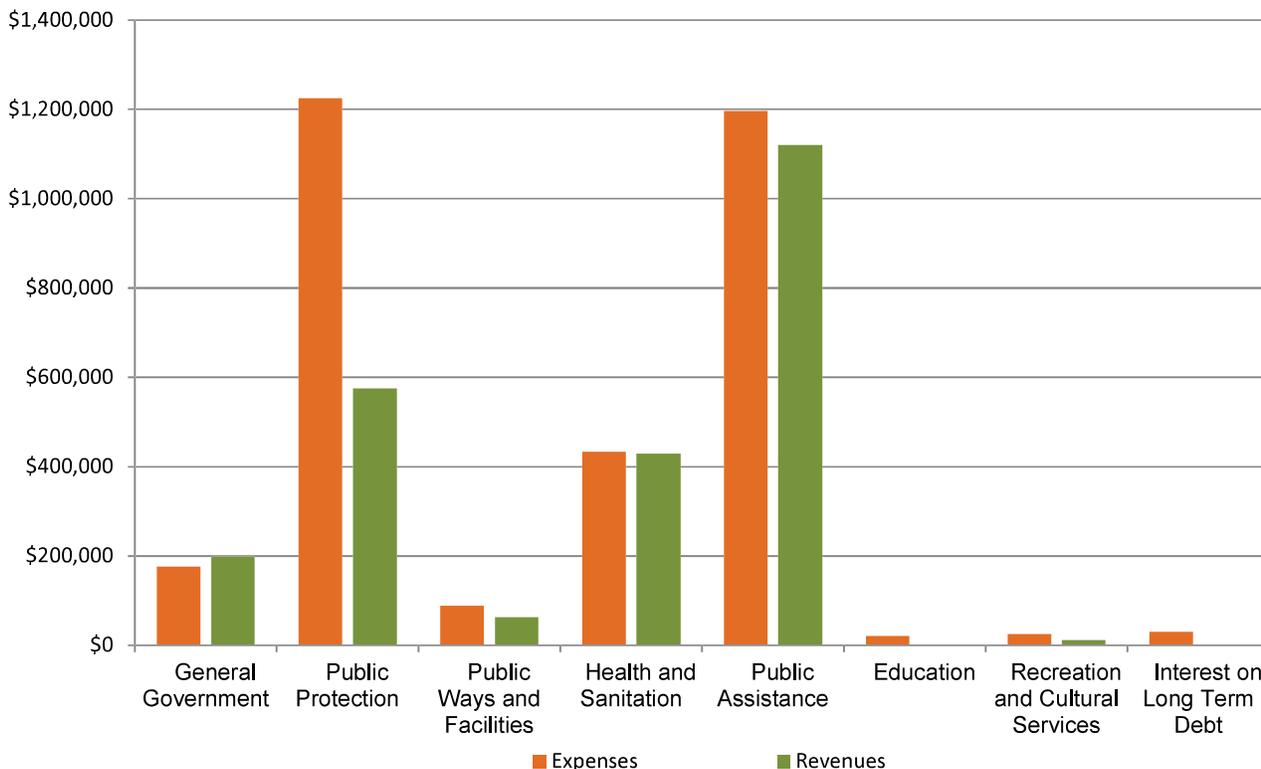
Governmental Activities increased the County's net position from \$1,961,123 to \$2,235,101. The overall increase in net position is due to one-time and ongoing revenues exceeding related expenses.

Total revenues of County governmental activities increased primarily due to increases in property tax revenues, public safety tax revenues and charges for services.

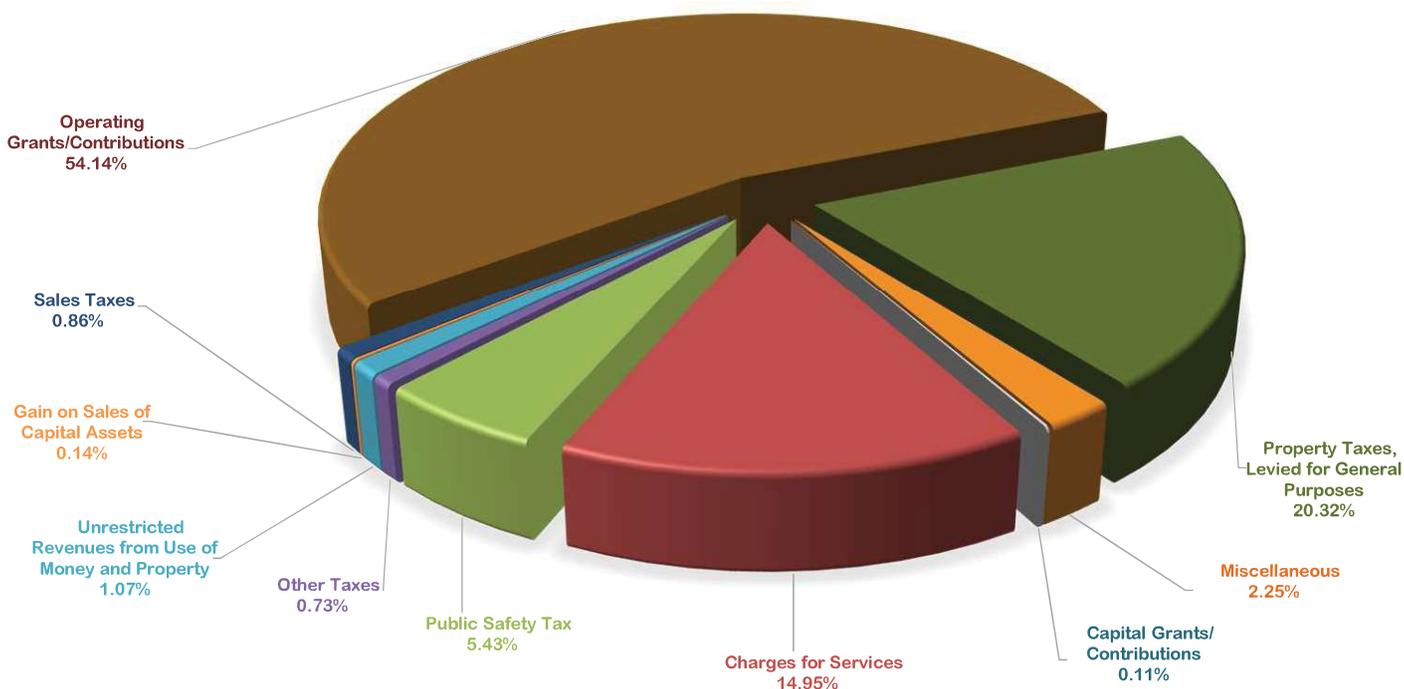
Program expenses for County governmental activities increased as a result of increases in General Government, Public Protection, Health and Sanitation, and Public Assistance expenses. All of these program expenses had increases in staffing expenses as a result of negotiated MOU increases, including deputy staffing at the jails, and increases in retirement costs. General Government also had an increase in rent lease payments to landlords. The increase in Health and Sanitation expenditures and Public Assistance expenses were also due to increases in County services, data processing, and application maintenance services. Lastly, the Health and Sanitation had increases in service provider contracts for crisis services.

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

Expenses and Program Revenues-Governmental Activities



REVENUES BY SOURCE-GOVERNMENTAL ACTIVITIES

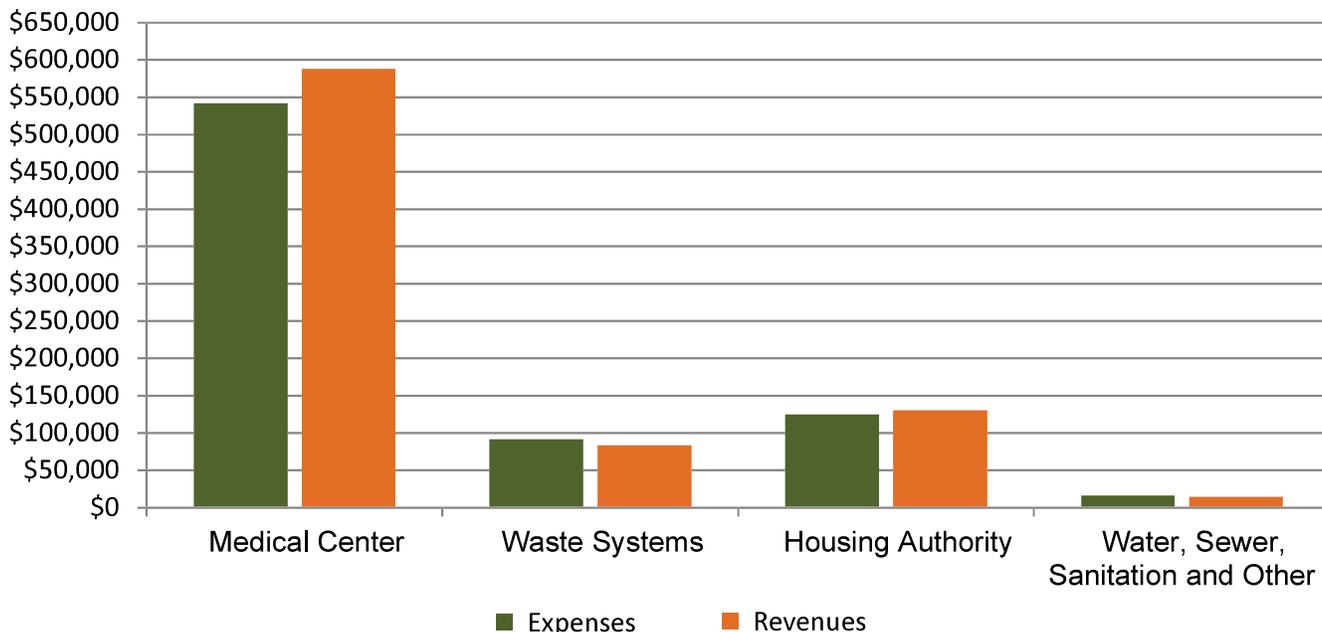


Management's Discussion and Analysis (Amounts in thousands)

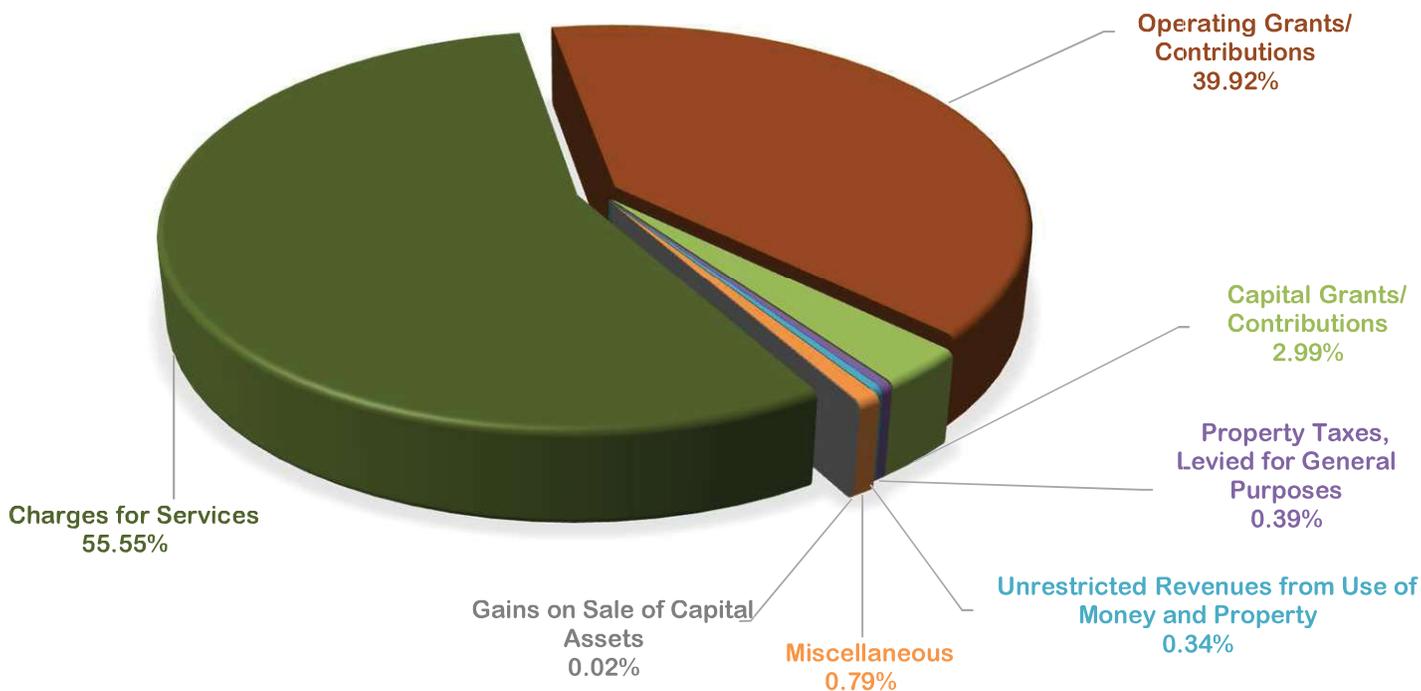
Business-type Activities increased the County's net position from \$411,080 to \$459,517. This is primarily due to the Medical Center receiving increasingly higher supplemental revenues and PRIME funding.

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 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. Types of governmental funds include 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.

On June 30, 2018, the County's governmental funds reported a total fund balance of \$2,223,850, an increase of \$179,135 in comparison with the prior year. Approximately 57.4% of the total fund balance, \$1,276,390, constitutes restricted fund balance, which is restricted by external parties. The remaining fund balance is comprised of a nonspendable amounts of \$47,799; committed amounts of \$283,268, which are committed for specific purposes; assigned amounts of \$282,478 set-aside for specific purposes; and an unassigned amounts of \$333,915, representing the residual net resources of the General Fund available for spending.

The most significant restricted amounts in the governmental funds include \$177,575 for the Mental Health Services Act, \$141,949 for Flood Control, \$124,292 for Health Services Realignment, \$99,958 for Behavioral Health Realignment, and \$98,762 for Social Services Realignment.

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

General Fund: The General Fund is the chief operating fund of the County. On June 30, 2018, the total fund balance was \$1,102,358, an increase of \$51,722 in comparison with the prior year. Approximately 39.6% or \$436,740 of the total fund balance constitutes restricted fund balance. The remaining fund balance is made up of \$44,349 of nonspendable amounts; \$283,268 of committed amounts, including \$32,075 for debt service, \$36,843 for the Valley Dispatch Center Reserve, \$23,644 for asset replacement, \$23,000 for Information Service Department Building Acquisition, and \$22,496 for earned leave; \$4,086 of assigned amounts primarily for automated systems development; and \$333,915 in unassigned amount 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 24.9% of total fund expenditures; while total fund balance represents 44.1%.

Capital Improvement Fund: The Capital Improvement Fund accounts for the County's major capital acquisition and construction projects. On June 30, 2018, the total fund balance of the Capital Improvement Fund was \$313,947. The capital improvement fund had an increase of \$72,775, primarily as the result of significantly increased contributions for maintenance and upgrades of County facilities.

Revenues for total governmental funds totaled \$3,466,102 in fiscal year 2018, representing a \$121,506 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 2018		Over (Under) Fiscal Year 2017	
	Amount	Percent of Total	Amount Changed	Percent
Taxes	\$ 952,455	27%	\$ 61,287	7%
Licenses, Permits and Franchises	25,849	1%	(882)	-3%
Fines, Forfeitures and Penalties	11,785	0%	(2,541)	-18%
Revenues From Use of Money and Property	50,644	2%	6,227	14%
Aid From Other Governmental Agencies	1,880,144	54%	8,979	0%
Charges for Current Services	477,874	14%	43,656	10%
Other Revenues	67,351	2%	4,780	8%
Total Revenues	<u>\$ 3,466,102</u>	<u>100%</u>	<u>\$ 121,506</u>	

The County's three major funding sources: aid from other governmental agencies, taxes, and charges for current services, constitute 95% of all revenues.

Tax revenues increased by \$61,287 mainly due to: continued increase in both assessed valuation of properties within the County and Proposition 172 half-cent sales tax, and increase in taxes for the Fire Protection District as a result of annexation of the fire services from the City of Upland.

Charges for Current Services increased by \$43,656 due to increase in law enforcement services revenue, increase in other service revenue, increase in special assessments revenue from City of Upland annexation and increase in contract fire protection services revenue.

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

Expenditures	Fiscal Year 2018		Over (Under) Fiscal Year 2017	
	Amount	Percent of Total	Amount Changed	Percent
Current:				
General Government	\$ 161,434	5%	\$ 10,055	7%
Public Protection	1,166,446	35%	44,692	4%
Public Ways and Facilities	65,421	2%	(7,427)	-10%
Health and Sanitation	428,487	13%	36,040	9%
Public Assistance	1,190,633	36%	41,692	4%
Education	20,248	1%	860	4%
Recreation and Cultural Services	20,273	1%	(202)	-1%
Debt Service:				
Principal	104,460	3%	1,961	2%
Interest and Fiscal Charges	15,978	0%	(1,269)	-7%
Capital Outlay	124,914	4%	(15,991)	-11%
Total Expenditures	<u>\$ 3,298,294</u>	<u>100%</u>	<u>\$ 110,411</u>	

Total County governmental funds expenditures increased by \$110,411 from the prior year.

Public Protection expenditures increased by \$44,692 primarily due to increase in staff expenses related to addition of positions to meet growing need for augmented health and mental health correctional services and negotiated salary increases.

Public Assistance expenditures increased by \$41,692 primarily due to increase in direct payments of benefits to clients, increase in payments to service providers that provide vital, necessary services to children in Adoptions, Foster Care and Kinship Assistance programs and increase in staff to support the implementation of Head Start Extended Duration.

Management's Discussion and Analysis
(Amounts in thousands)

Health and Sanitation expenditures increased by \$36,040 primarily due to increase in staff expenses related to the Mental Health Services Act programs and increase in costs related to providing therapeutic services.

General Government expenditures increased by \$10,055 primarily due to an increase in staffing expenses as a result of negotiated MOU increases and increases in retirement costs, as well as an increase in rent and lease payments to landlords.

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

Other Financing Sources (Uses) Governmental Funds	Fiscal Year 2018	Over (Under) Fiscal Year 2017	
	Amount	Amount Changed	Percent
Transfers Out	\$ (352,170)	\$ 42,947	-11%
Transfers In	358,747	(33,060)	-8%
Sale of Capital Assets	4,750	356	8%
Total Other Financing Sources and (Uses)	<u>\$ 11,327</u>	<u>\$ 10,243</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	\$ 2,769,195	\$ 395	\$ 696,512	\$ 3,466,102
Expenditures	(2,499,651)	(60,610)	(738,033)	(3,298,294)
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	<u>269,544</u>	<u>(60,215)</u>	<u>(41,521)</u>	<u>167,808</u>
Total Other Financing Sources and (Uses)	<u>(217,822)</u>	<u>132,990</u>	<u>96,159</u>	<u>11,327</u>
Net Changes In Fund Balance	51,722	72,775	54,638	179,135
Fund Balance, Beginning	<u>1,050,636</u>	<u>241,172</u>	<u>752,907</u>	<u>2,044,715</u>
Fund Balance, Ending	<u>\$ 1,102,358</u>	<u>\$ 313,947</u>	<u>\$ 807,545</u>	<u>\$ 2,223,850</u>

In fiscal year 2018, the fund balance of total governmental funds increased by \$179,135. This increase is the result of a continued trend of revenues exceeding associated expenditures, with notable increases seen in tax revenue, aid from other governments, and charges for current services.

Management's Discussion and Analysis
(Amounts in thousands)

Proprietary funds: County proprietary funds include two types of funds, enterprise and internal service, which 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 (9/30/2017)	Total Nonmajor Enterprise Funds	
Operating Revenues					
Net Patient Care and Services	\$ 342,236	\$ -	\$ -	\$ -	\$ 342,236
Charges for Current Services	-	71,055	20,553	13,524	105,132
Other	174,249	12,557	109,603	708	297,117
Total Operating Revenues	<u>516,485</u>	<u>83,612</u>	<u>130,156</u>	<u>14,232</u>	<u>744,485</u>
Operating Expenses					
Professional Services	59,693	28,359	-	1,562	89,614
Salaries and Employee Benefits	266,922	7,051	15,872	5,488	295,333
Services and Supplies	164,260	54,327	100,009	6,345	324,941
Depreciation and Amortization	22,655	2,474	6,028	2,900	34,057
Other	6,686	-	1,418	113	8,217
Total Operating Expenses	<u>520,216</u>	<u>92,211</u>	<u>123,327</u>	<u>16,408</u>	<u>752,162</u>
Operating Income (Loss)	<u>(3,731)</u>	<u>(8,599)</u>	<u>6,829</u>	<u>(2,176)</u>	<u>(7,677)</u>
Nonoperating Revenues (Expenses)					
Interest Revenue	437	1,435	93	870	2,835
Interest Expense	(21,072)	-	(1,827)	(61)	(22,960)
Tax Revenue	-	-	-	3,198	3,198
Grant Revenue	46,893	77	-	167	47,137
Gain (Loss) on Sale of Capital Assets	-	201	(185)	(3)	13
Other Nonoperating Revenues	-	5,778	-	783	6,561
Other Nonoperating Expenses	(897)	-	(53)	(6)	(956)
Total Nonoperating Revenues (Expenses)	<u>25,361</u>	<u>7,491</u>	<u>(1,972)</u>	<u>4,948</u>	<u>35,828</u>
Change in Net Position Before Contributions and Transfers	21,630	(1,108)	4,857	2,772	28,151
Capital Contributions	24,637	-	102	-	24,739
Transfers Out	(10,930)	(2,158)	-	(63)	(13,151)
Transfers In	8,658	-	-	40	8,698
Change in Net Position	43,995	(3,266)	4,959	2,749	48,437
Net Position, Beginning	110,830	123,781	81,746	94,723	411,080
Net Position, Ending	<u>\$ 154,825</u>	<u>\$ 120,515</u>	<u>\$ 86,705</u>	<u>\$ 97,472</u>	<u>\$ 459,517</u>

The net increase of \$48,437 in net position was primarily due to the Medical Center receiving increasingly higher supplemental revenues during the current fiscal year including AB 85 Realignment and Managed Care Rate Range Supplemental, Quality Incentive Program, and PRIME 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 3.0%. A net increase in appropriations of \$82,332 was approved during the fiscal year. The significant components of this net increase are summarized below:

General

- On December 5, 2017, the Board adopted a budget amendment to have a net use of \$17,930 in General Fund Contingencies and Reserves. This includes a decrease in General Fund Contingencies of \$33,690 offset by a net increase in General Fund Reserves of \$15,760 primarily due to a shift in Discretionary General Funding amounts to County General Fund Reserves and cost savings in salaries and benefits associated with departmental vacancies.

Health and Sanitation

- On December 5, 2017 and April 3, 2018, the Board adopted budget amendments to increase the Health Administration budget unit's budget by \$30,000 and \$10,000, respectively to provide for the Intergovernmental Transfers required to draw down the federal share of funding for various health care programs, including Public Hospital Redesign and Incentives in Medi-Cal, Global Payment Program, Whole Person Care, Managed Care Capitation Rate Increases, and Seniors and Persons with Disabilities.

Public Assistance

- On April 3, 2018, the Board adopted budget amendments which increased the Human Services Administration Claim and Subsistence Payments budget units' budgets by a total of \$15,617 primarily to fund the mandated IHSS MOE participation for the fiscal year 2017-18, its federal and state matching obligations under the new IHSS MOE implementation agreement, CalWORKs cash aid, and Kinship Guardianship assistance program due to caseloads increases.
- On September 11, 2018, the Board adopted a budget amendment which increased the Human Services Subsistence Payments budget unit's budget by \$8,500 primarily to fund costs associated with the Foster Care Program due to caseloads increases, cost growth, and the new state mandated Approved Relative Caregiver program.

Public Protection

- On December 5, 2017, the Board adopted a budget amendment which increased the Sheriff Department's budget by \$2,343 primarily for increased law enforcement service levels for the cities of Adelanto, Big Bear Lake, Highland, Rancho Cucamonga, Victorville and Yucaipa; and with the San Manuel Band of Mission Indians.
- On April 3, 2018, the Board adopted a budget amendment which increased the Sheriff Department's budget by \$5,883 primarily to fund the purchase of handguns, ammunition, various system upgrades, and repairs to the Emergency Vehicle Operations Center; and increased costs for the contract with California Department of State Hospitals for the Jail-Based Competency Program and the contract renewal with California Emergency Physicians Medical Group for emergency medical services.

Management's Discussion and Analysis (Amounts in thousands)

- On September 11, 2018, the Board adopted a budget amendment which increased the Sheriff Department's budget by \$8,687 primarily to fund the increased salary and benefits expenses due to heavy recruitment to fill vacancies in the detention facilities and costs associated with the Countywide crime sweep.

During the current fiscal year, the Health and Sanitation, General Government, Public Assistance, and Public Protection functions accounted for the largest expenditure variances of \$188,920, \$74,520, \$41,344, and \$27,546 respectively between the final budget and actual expenditures. The Health and Sanitation variance is primarily the result of the matching reimbursement received by the Health Administration budget unit for intergovernmental transfers to cover the required local match for various healthcare programs from the State on behalf of the Medical Center. The General Government variance is primarily the result of the establishment of contingency accounts and the actual salary expenditures that were less than final budgeted amounts. The Public Assistance variance is primarily due to the County taking a conservative approach in budgeting for the highest potential expenditures in the Human Services Department's budget across many social services programs. The Public Protection variance is primarily the result of the actual salary expenditures and contracted services that were less than final budgeted amounts.

The total difference of \$165,566 between estimated revenues and actual revenues was caused by the receipts of aid from other governments and taxes exceeding estimates; offset by a negative variance in charges for current services primarily due to the reclassification of the matching reimbursement received by the Health Administration budget unit for intergovernmental transfers to cover the required local match for various healthcare programs from the State on behalf of the Medical Center. The differences of the receipts are primarily due to increases in the following: 1991 and 2011 Realignment revenues, Proposition 172 half-cent sales tax revenue, and property taxes.

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

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, 2018, amounted to \$2,582,726, and \$17,778, respectively. The County's total related debt used to acquire those assets as of June 30, 2018, amounted to \$427,752. 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 \$33,665, due to the addition of a residential crisis housing unit in the amount of \$5,320, ISD warehouse in the amount of \$2,599, annexation of 3 fire stations from the City of Upland in the amount of \$7,710, and ADA improvements at the West Valley Detention Center for \$6,823. The remaining amount was mostly the result of the addition of buildings and leasehold improvements at the HACSB and transfers from the Upland Housing Authority.
- Development in Progress (DIP) increased approximately \$14,142 due to an increase related to the following large projects: \$3,559 for the Apple Valley Library, \$2,501 for campus improvements at the Government Center, \$8,158 for the construction of a Crisis Residential Housing project in Morongo Basin, \$4,358 for the relocation of the Big Bear Zoo, and \$7,004 for the Lake Gregory dam stabilization project.

Management's Discussion and Analysis
(Amounts in thousands)

- The Flood Control Fund has various flood control channel facilities under construction with a DIP value of \$29,776. The flood control facilities are primarily comprised of the West Fontana Channel project for \$2,998; the English Channel project for \$2,653; the Oro Grande Wash project for \$5,533; the Hesperia Detention Basin project for \$3,500; and the Francis Street Storm Drain project for \$4,131.
- Infrastructure increased approximately \$50,071 due to the completion of the following Flood Control and Transportation projects: the Cactus Basin #3 project for \$24,226; the Mojave River Levee project for \$2,126; the Slover Avenue Roadway project for \$8,316; the Needles Highway project for \$5,061; and the Dola & Lanzit Ditch projects for \$4,649.
- Equipment and Software increased approximately \$31,020. The primary increase consists of licensed vehicles totaling \$7,853, computer equipment totaling \$4,864, and the implementation of three software systems which total approximately \$10,888. These software systems include the Accela Permitting System Upgrade, Public Health's Electronic Health Record System and the County's new Enterprise Financial Management System.

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)
	2018	2017	2018	2017	2018	2017	Percent of Change
Land	\$ 137,614	\$ 130,818	\$ 32,459	\$ 32,796	\$ 170,073	\$ 163,614	3.95%
Land Use Rights (non-amortizable)	24,250	23,835	351	351	24,601	24,186	1.72%
Land Use Rights (amortizable)	123	123	1,109	1,109	1,232	1,232	0.00%
Development in Progress	283,706	268,963	13,204	13,805	296,910	282,768	5.00%
Improvements other than Buildings	277,745	273,799	275,859	269,153	553,604	542,952	1.96%
Structures and Improvements	1,088,934	1,063,536	767,080	758,813	1,856,014	1,822,349	1.85%
Infrastructure	1,434,440	1,384,369	-	-	1,434,440	1,384,369	3.62%
Equipment and Software	436,876	411,921	188,155	182,090	625,031	594,011	5.22%
Accumulated Depreciation/Amortization	(1,682,299)	(1,595,659)	(696,880)	(655,061)	(2,379,179)	(2,250,720)	5.71%
Total	<u>\$ 2,001,389</u>	<u>\$ 1,961,705</u>	<u>\$ 581,337</u>	<u>\$ 603,056</u>	<u>\$ 2,582,726</u>	<u>\$ 2,564,761</u>	0.70%

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

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

Management's Discussion and Analysis
(Amounts in thousands)

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)
	2018	2017	2018	2017	2018	2017	Percent of Change
Certificates of Participation, Net	\$ -	\$ -	\$ 357,336	\$ 380,782	\$ 357,336	\$ 380,782	-6.16%
General Obligation Bonds	-	-	145	335	145	335	-56.72%
Revenue Bonds, Net	245,291	289,805	-	-	245,291	289,805	-15.36%
Other Bonds and Notes	372,423	417,864	31,508	32,338	403,931	450,202	-10.28%
Compensated Absences	188,502	181,803	22,354	20,993	210,856	202,796	3.97%
Termination Benefits Payable	48	72	15	15	63	87	-27.59%
Capital Lease Obligations	-	-	2,256	3,962	2,256	3,962	-43.06%
Other Long-Term Liabilities	-	-	99,421	62,088	99,421	62,088	60.13%
Pollution Remediation Obligations	-	-	64,808	65,015	64,808	65,015	-0.32%
Estimated Liability for							
Litigation and Self-Insured Claims	275,636	246,495	-	-	275,636	246,495	11.82%
Estimated Liability for Closure /							
Postclosure Care Cost	-	-	125,832	96,369	125,832	96,369	30.57%
Net Other Postemployment Benefit							
Obligation for Housing Authority	-	-	4,489	3,837	4,489	3,837	16.99%
Net Pension Liability	1,956,888	1,833,646	239,349	230,896	2,196,237	2,064,542	6.38%
Total	<u>\$ 3,038,788</u>	<u>\$ 2,969,685</u>	<u>\$ 947,513</u>	<u>\$ 896,630</u>	<u>\$ 3,986,301</u>	<u>\$ 3,866,315</u>	3.10%

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

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 \$116,127, reduction in pollution remediation obligation of \$207, offset by an increase in liability for closure/postclosure care cost of \$29,463, increase in net pension liabilities of \$131,695, increase in self-insurance claims of \$29,141, and increase in other long-term liabilities of \$37,333.

A significant portion of the revenue bonds are the Pension Obligation Bonds (1995) totaling \$232,111 with an AA rating from Standard & Poor's that were issued by the San Bernardino Financing Authority. Included in long-term debt are also the Pension Obligation Bonds (2004) totaling \$141,235 with an AA rating from Standard & Poor's and the Pension Obligation Refunding Bonds (2008) totaling \$152,765 with an AA rating from Standard & Poor's.

Management's Discussion and Analysis (Amounts in thousands)

ECONOMIC FACTORS AND BUDGETING

The Board of Supervisors adopted the County's fiscal year 2019 final budget on June 12, 2018. The budget plan does not use reserves to fund ongoing costs and there is limited use of one-time sources to fund operating costs. It is the policy of the County that one-time funds will not be used to fund ongoing operational costs, except within the context of a larger plan to balance ongoing revenues and costs over a multi-year period. Such a plan could involve short-term use of one-time funds to preserve essential public services where longer-term financial forecasts demonstrate the near-term future potential for ongoing revenues to fund those services.

The General Fund spending authority totals \$3.3 billion and is funded by departmental revenues, Countywide discretionary revenues, and other financing sources.

As of June 30, 2018, the County's General Fund projects a cumulative structural surplus of \$103.5 million over the next five fiscal years. However, it will be necessary to exercise fiscal caution over the upcoming period due to several significant projected costs not currently funded in the ongoing budget plan, including staffing of the expanded High Desert Detention Center, projected Memoranda of Understanding (MOU) cost increases, increased Retirement costs related to the potential decrease in the earnings rate, and Glen Helen Rehabilitation Center remodel costs.

In addition, the County's fiscal planning efforts are presented with major challenges in fiscal year 2019 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 fiscal year 2019 in order to prevent unnecessary costs and risks:

- Fund increased costs to maintain current service levels
- Allocates limited amounts of one-time and ongoing funding to high-priority needs across the County
- Sets aside ongoing funds in contingencies to mitigate future estimated costs and potential impacts from the State
- Maintains fiscal responsibility through contributions to reserves of \$34.3 million

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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





SAN BERNARDINO
COUNTY



BASIC FINANCIAL STATEMENTS





SAN BERNARDINO
COUNTY

GOVERNMENT-WIDE
FINANCIAL
STATEMENTS





**COUNTY OF SAN BERNARDINO
STATEMENT OF NET POSITION
JUNE 30, 2018 (IN THOUSANDS)**

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 SAN BERNARDINO
ASSETS				
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 2,298,534	\$ 548,030	\$ 2,846,564	\$ 85,632
INVESTMENTS (NOTE 4)	1,198	-	1,198	-
ACCOUNTS RECEIVABLE, NET (NOTE 5)	12,235	57,009	69,244	-
TAXES RECEIVABLE (NOTE 5)	45,204	172	45,376	-
INTEREST RECEIVABLE (NOTE 5)	33,204	381	33,585	346
LOANS RECEIVABLE (NOTE 5)	35,344	8,543	43,887	-
OTHER RECEIVABLES, NET (NOTE 5)	4,526	33,938	38,464	-
DUE FROM OTHER GOVERNMENTS, NET (NOTE 5)	380,026	47,495	427,521	4,616
INTERNAL BALANCES (NOTE 6)	14,208	(14,171)	37	-
LAND HELD FOR RESALE	50,038	-	50,038	-
INVENTORIES	5,716	2,992	8,708	-
PREPAID ITEMS	10,032	7,937	17,969	5
RESTRICTED CASH AND INVESTMENTS (NOTES 4 & 7)	38,470	113,206	151,676	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:				
LAND (NOTE 8)	137,614	32,459	170,073	-
LAND USE RIGHTS (NOTE 8)	24,250	351	24,601	-
DEVELOPMENT IN PROGRESS (NOTE 8)	283,706	13,204	296,910	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
LAND USE RIGHTS (NOTE 8)	123	1,109	1,232	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 8)	2,801,119	1,042,939	3,844,058	130
EQUIPMENT AND SOFTWARE (NOTE 8)	436,876	188,155	625,031	14
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 8)	(1,682,299)	(696,880)	(2,379,179)	(70)
TOTAL ASSETS	4,930,124	1,386,869	6,316,993	90,673
DEFERRED OUTFLOWS OF RESOURCES (NOTE 9)	899,926	126,241	1,026,167	952
LIABILITIES				
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	118,846	36,604	155,450	110
SALARIES AND BENEFITS PAYABLE	101,991	17,936	119,927	129
DUE TO OTHER GOVERNMENTS	33,928	3,895	37,823	4,716
INTEREST PAYABLE	7,926	11,558	19,484	-
ADVANCES FROM OTHERS (NOTE 10)	33,408	3,683	37,091	-
NONCURRENT LIABILITIES:				
PORTION DUE PAYABLE IN ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	113,220	13,955	127,175	10
TERMINATION BENEFITS PAYABLE (NOTE 11)	16	15	31	-
COPS, BONDS AND NOTES PAYABLE (NOTE 11)	111,432	25,883	137,315	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	-	1,100	1,100	-
OTHER LONG TERM LIABILITIES (NOTE 11)	-	91,484	91,484	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	3,397	3,397	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	6,057	6,057	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	61,224	-	61,224	-
PORTION DUE OR PAYABLE AFTER ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	75,282	8,399	83,681	160
TERMINATION BENEFITS PAYABLE (NOTE 11)	32	-	32	-
COPS, BONDS AND NOTES PAYABLE, NET (NOTE 11)	506,282	363,106	869,388	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	-	1,156	1,156	-
OTHER LONG TERM LIABILITIES (NOTE 11)	-	7,937	7,937	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	61,411	61,411	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	119,775	119,775	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	214,412	-	214,412	-
NET OTHER POSTEMPLOYMENT BENEFITS OBLIGATION FOR HOUSING AUTHORITY (NOTE 20)	-	4,489	4,489	-
NET PENSION LIABILITY (NOTE 19)	1,956,888	239,349	2,196,237	2,032
TOTAL LIABILITIES	3,334,887	1,021,189	4,356,076	7,157
DEFERRED INFLOWS OF RESOURCES (NOTE 16)	260,062	32,404	292,466	461
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	1,969,174	209,059	2,178,233	74
RESTRICTED FOR:				
GRANTS AND OTHER COUNTY PROGRAMS (NOTE 1)	1,151,780	-	1,151,780	-
PERPETUAL CARE - NONEXPENDABLE	1,713	-	1,713	-
DEBT SERVICE	-	40,046	40,046	-
LANDFILL CLOSURE	-	28,564	28,564	-
HOUSING PROGRAMS	-	3,396	3,396	-
UNRESTRICTED	(887,566)	178,452	(709,114)	83,933
TOTAL NET POSITION	\$ 2,235,101	\$ 459,517	\$ 2,694,618	\$ 84,007

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

**COUNTY OF SAN BERNARDINO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018 (IN THOUSANDS)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				PRIMARY GOVERNMENT			COMPONENT UNIT
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 SAN BERNARDINO
PRIMARY GOVERNMENT:								
GOVERNMENTAL ACTIVITIES:								
GENERAL GOVERNMENT	\$ 176,594	\$ 167,377	\$ 31,099	\$ 20	\$ 21,902	\$ -	\$ 21,902	\$ -
PUBLIC PROTECTION	1,225,387	304,073	271,012	-	(650,302)	-	(650,302)	-
PUBLIC WAYS AND FACILITIES	87,993	8,433	50,998	3,725	(24,837)	-	(24,837)	-
HEALTH AND SANITATION	433,482	24,201	405,087	-	(4,194)	-	(4,194)	-
PUBLIC ASSISTANCE	1,196,683	3,778	1,115,919	-	(76,986)	-	(76,986)	-
EDUCATION	21,182	1,312	269	-	(19,601)	-	(19,601)	-
RECREATION AND CULTURAL SERVICES	24,563	9,100	2,110	-	(13,353)	-	(13,353)	-
INTEREST ON LONG TERM DEBT	30,563	-	-	-	(30,563)	-	(30,563)	-
TOTAL GOVERNMENTAL ACTIVITIES	3,196,447	518,274	1,876,494	3,745	(797,934)	-	(797,934)	-
BUSINESS-TYPE ACTIVITIES:								
MEDICAL CENTER	542,185	342,236	221,142	24,637	-	45,830	45,830	-
WASTE SYSTEMS	92,211	83,612	77	-	-	(8,522)	(8,522)	-
HOUSING AUTHORITY	125,392	20,553	109,603	102	-	4,866	4,866	-
WATER, SEWER, AND SANITATION	16,454	14,163	167	-	-	(2,124)	(2,124)	-
OTHERS	24	69	-	-	-	45	45	-
TOTAL BUSINESS-TYPE ACTIVITIES	776,266	460,633	330,989	24,739	-	40,095	40,095	-
TOTAL PRIMARY GOVERNMENT	\$ 3,972,713	\$ 978,907	\$ 2,207,483	\$ 28,484	(797,934)	40,095	(757,839)	-
COMPONENT UNIT								
FIRST 5 SAN BERNARDINO	\$ 17,681	\$ -	\$ 19,340	\$ -	-	-	-	1,659
GENERAL REVENUES:								
PROPERTY TAXES, LEVIED FOR GENERAL PURPOSES					704,316	3,198	707,514	-
PUBLIC SAFETY TAX					188,194	-	188,194	-
SALES TAXES					29,886	-	29,886	-
OTHER TAXES					25,257	-	25,257	-
REVENUES FROM USE OF MONEY AND PROPERTY					36,935	2,835	39,770	665
MISCELLANEOUS					78,121	6,561	84,682	183
GAIN ON SALE OF CAPITAL ASSETS					4,750	201	4,951	-
TRANSFERS (NOTE 6)					4,453	(4,453)	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					1,071,912	8,342	1,080,254	848
CHANGE IN NET POSITION					273,978	48,437	322,415	2,507
NET POSITION - BEGINNING					1,961,123	411,080	2,372,203	81,500
NET POSITION - ENDING					\$ 2,235,101	\$ 459,517	\$ 2,694,618	\$ 84,007

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





SAN BERNARDINO
COUNTY

FUND FINANCIAL STATEMENTS





**COUNTY OF SAN BERNARDINO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018 (IN THOUSANDS)**

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 888,166	\$ 263,782	\$ 791,873	\$ 1,943,821
INVESTMENTS (NOTE 4)	-	-	1,198	1,198
ACCOUNTS RECEIVABLE, NET (NOTE 5)	2,892	-	2,578	5,470
TAXES RECEIVABLE (NOTE 5)	36,983	-	8,221	45,204
INTEREST RECEIVABLE (NOTE 5)	29,937	724	2,543	33,204
LOANS RECEIVABLE (NOTE 5)	34,465	-	879	35,344
OTHER RECEIVABLES (NOTE 5)	4,036	-	490	4,526
DUE FROM OTHER FUNDS (NOTE 6)	39,531	8,512	24,004	72,047
DUE FROM OTHER GOVERNMENTS (NOTE 5)	309,986	228	68,484	378,698
LAND HELD FOR RESALE	549	47,827	1,662	50,038
INVENTORIES	1,507	-	92	1,599
PREPAID ITEMS	4,986	137	1,645	6,768
INTERFUND RECEIVABLE (NOTE 6)	3,242	-	15,858	19,100
RESTRICTED CASH AND INVESTMENTS (NOTES 4 & 7)	23,744	-	14,726	38,470
TOTAL ASSETS	<u>\$ 1,380,024</u>	<u>\$ 321,210</u>	<u>\$ 934,253</u>	<u>\$ 2,635,487</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 69,157	\$ 5,951	\$ 34,583	\$ 109,691
SALARIES AND BENEFITS PAYABLE	81,001	-	17,970	98,971
DUE TO OTHER FUNDS (NOTE 6)	23,274	309	47,622	71,205
DUE TO OTHER GOVERNMENTS	28,886	-	4,794	33,680
INTEREST PAYABLE	-	-	1	1
ADVANCES FROM OTHERS (NOTE 10)	14,075	279	10,000	24,354
INTERFUND PAYABLE (NOTE 6)	-	-	3,336	3,336
TOTAL LIABILITIES	<u>216,393</u>	<u>6,539</u>	<u>118,306</u>	<u>341,238</u>
DEFERRED INFLOWS OF RESOURCES (NOTE 16)	<u>61,273</u>	<u>724</u>	<u>8,402</u>	<u>70,399</u>
FUND BALANCES (NOTE 17):				
NONSPENDABLE	44,349	-	3,450	47,799
RESTRICTED	436,740	101,627	738,023	1,276,390
COMMITTED	283,268	-	-	283,268
ASSIGNED	4,086	212,320	66,072	282,478
UNASSIGNED	333,915	-	-	333,915
TOTAL FUND BALANCES	<u>1,102,358</u>	<u>313,947</u>	<u>807,545</u>	<u>2,223,850</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,380,024</u>	<u>\$ 321,210</u>	<u>\$ 934,253</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.

1,947,265

Receivables that are not available to pay for current-period expenditures are deferred in the governmental funds.

70,399

Internal service funds are used by management to charge the costs of general services, telecommunication services, computer operations, fleet management, risk management, and flood control equipment to individual funds. The assets, deferred outflows of resources, liabilities and deferred inflows of resources of the internal service funds are included in the governmental activities in the statement of net position.

88,851

Interest payable on long-term debt

(7,925)

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.

621,275

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.

(2,708,614)

Net position of governmental activities (page 36)

\$ 2,235,101

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, 2018 (IN THOUSANDS)

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
TAXES	\$ 799,388	\$ -	\$ 153,067	\$ 952,455
LICENSES, PERMITS, AND FRANCHISES	25,353	-	496	25,849
FINES, FORFEITURES, AND PENALTIES	5,574	-	6,211	11,785
REVENUE FROM USE OF MONEY AND PROPERTY	40,710	7	9,927	50,644
AID FROM OTHER GOVERNMENTAL AGENCIES	1,540,136	223	339,785	1,880,144
CHARGES FOR CURRENT SERVICES	341,258	-	136,616	477,874
OTHER REVENUES	16,776	165	50,410	67,351
TOTAL REVENUES	2,769,195	395	696,512	3,466,102
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT	156,598	-	4,836	161,434
PUBLIC PROTECTION	924,130	-	242,316	1,166,446
PUBLIC WAYS AND FACILITIES	2,630	-	62,791	65,421
HEALTH AND SANITATION	269,031	-	159,456	428,487
PUBLIC ASSISTANCE	1,098,635	-	91,998	1,190,633
EDUCATION	3,044	-	17,204	20,248
RECREATION AND CULTURAL SERVICES	12,929	-	7,344	20,273
DEBT SERVICE:				
PRINCIPAL	7,755	-	96,705	104,460
INTEREST AND FISCAL CHARGES	307	-	15,671	15,978
CAPITAL OUTLAY	24,592	60,610	39,712	124,914
TOTAL EXPENDITURES	2,499,651	60,610	738,033	3,298,294
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	269,544	(60,215)	(41,521)	167,808
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT (NOTE 6)	(253,835)	(5,872)	(92,463)	(352,170)
TRANSFERS IN (NOTE 6)	34,774	138,862	185,111	358,747
SALE OF CAPITAL ASSETS	1,239	-	3,511	4,750
TOTAL OTHER FINANCING SOURCES AND (USES)	(217,822)	132,990	96,159	11,327
NET CHANGES IN FUND BALANCE	51,722	72,775	54,638	179,135
FUND BALANCES, BEGINNING	1,050,636	241,172	752,907	2,044,715
FUND BALANCES, ENDING	\$ 1,102,358	\$ 313,947	\$ 807,545	\$ 2,223,850

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL

\$ 179,135

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

\$ 126,538

Less current year depreciation/amortization expense.

(97,411)

Less current year program expenses related to capital assets adjustments.

(1,901)

27,226

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

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

(16,558)

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

(4,879)

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.

(21,351)

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

274,531

Less current year pension expense.

(268,065)

6,466

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.

103,939

Changes in net position of governmental activities (page 37)

\$ 273,978

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, 2018 (IN THOUSANDS)**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
TAXES	\$ 753,007	\$ 770,440	\$ 799,388	\$ 28,948
LICENSES, PERMITS AND FRANCHISES	24,184	24,784	25,353	569
FINES, FORFEITURES AND PENALTIES	6,171	6,171	5,574	(597)
REVENUES FROM USE OF MONEY AND PROPERTY	38,355	40,747	40,710	(37)
AID FROM OTHER GOVERNMENTAL AGENCIES	1,222,235	1,244,242	1,540,136	295,894
CHARGES FOR CURRENT SERVICES	454,447	494,542	341,258	(153,284)
OTHER REVENUES	16,621	22,703	16,776	(5,927)
TOTAL REVENUES	2,515,020	2,603,629	2,769,195	165,566
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT	250,661	232,109	157,589	74,520
PUBLIC PROTECTION	934,315	960,343	932,797	27,546
PUBLIC WAYS AND FACILITIES	2,910	2,586	2,607	(21)
HEALTH AND SANITATION	422,384	463,788	274,868	188,920
PUBLIC ASSISTANCE	1,116,133	1,140,504	1,099,160	41,344
EDUCATION	3,060	3,060	3,044	16
RECREATION AND CULTURAL SERVICES	13,091	13,199	13,116	83
DEBT SERVICE:				
PRINCIPAL	7,755	7,755	7,755	-
INTEREST AND FISCAL CHARGES	6,500	6,500	307	6,193
CAPITAL OUTLAY	28,128	37,425	25,356	12,069
TOTAL EXPENDITURES	2,784,937	2,867,269	2,516,599	350,670
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(269,917)	(263,640)	252,596	516,236
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT (NOTE 6)	(273,786)	(284,827)	(253,835)	30,992
TRANSFERS IN (NOTE 6)	42,472	42,968	34,774	(8,194)
SALE OF CAPITAL ASSETS	500	500	1,239	739
TOTAL OTHER FINANCING SOURCES AND (USES)	(230,814)	(241,359)	(217,822)	23,537
NET CHANGE IN FUND BALANCES	(500,731)	(504,999)	34,774	539,773
FUND BALANCES, BEGINNING	996,839	996,839	996,839	-
FUND BALANCES, ENDING	\$ 496,108	\$ 491,840	\$ 1,031,613	\$ 539,773

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, 2018 (IN THOUSANDS)**

BUSINESS-TYPE ACTIVITIES -

	ENTERPRISE FUNDS		
	MEDICAL CENTER 6/30/2018	WASTE SYSTEMS DIVISION 6/30/2018	HOUSING AUTHORITY 9/30/2017
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 316,388	\$ 141,757	\$ 45,214
ACCOUNTS RECEIVABLE, NET (NOTE 5)	42,301	10,802	1,333
INTEREST RECEIVABLE (NOTE 5)	307	-	74
LOANS RECEIVABLE (NOTE 5)	-	-	504
OTHER RECEIVABLES, NET (NOTE 5)	1,672	1,913	-
DUE FROM OTHER FUNDS (NOTE 6)	3,366	158	-
DUE FROM OTHER GOVERNMENTS (NOTE 5)	45,073	1,764	628
INVENTORIES	2,663	-	290
PREPAID ITEMS	4,032	111	258
RESTRICTED CASH AND CASH EQUIVALENTS (NOTES 4 & 7)	25,225	61,365	4,379
TOTAL CURRENT ASSETS	441,027	217,870	52,680
NONCURRENT ASSETS:			
LOANS RECEIVABLE (NOTE 5)	-	-	8,039
OTHER RECEIVABLES (NOTE 5)	-	27,200	3,002
PREPAID ITEMS	-	79	3,457
RESTRICTED CASH AND INVESTMENTS (NOTES 4 & 7)	22,237	-	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:			
LAND (NOTE 8)	-	17,727	10,871
LAND USE RIGHTS (NOTE 8)	-	93	-
DEVELOPMENT IN PROGRESS (NOTE 8)	4,410	3,204	529
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
LAND USE RIGHTS (NOTE 8)	-	105	-
STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 8)	574,039	181,124	198,324
EQUIPMENT AND SOFTWARE (NOTE 8)	182,063	1,056	3,570
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 8)	(415,220)	(120,391)	(113,122)
TOTAL NONCURRENT ASSETS	367,529	110,197	114,670
TOTAL ASSETS	808,556	328,067	167,350
DEFERRED OUTFLOWS OF RESOURCES (NOTES 9 & 19)	118,319	3,320	4,602
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	27,786	5,426	2,606
SALARIES AND BENEFITS PAYABLE	17,430	505	-
DUE TO OTHER FUNDS (NOTE 6)	1,640	133	-
DUE TO OTHER GOVERNMENTS	-	3,767	-
INTEREST PAYABLE	7,723	-	3,776
ADVANCES FROM OTHERS (NOTE 10)	-	1,024	2,559
COMPENSATED ABSENCES PAYABLE (NOTE 11)	13,349	539	67
TERMINATION BENEFITS PAYABLE (NOTE 11)	15	-	-
BONDS AND NOTES PAYABLE (NOTE 11)	24,920	-	750
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	1,100	-	-
OTHER LONG TERM LIABILITIES, DUE IN ONE YEAR (NOTE 11)	91,484	-	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	3,397	-
ESTIMATED LIABILITY FOR CLOSURES/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	6,057	-
TOTAL CURRENT LIABILITIES	185,447	20,848	9,758
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE (NOTE 6)	-	-	15,403
COMPENSATED ABSENCES PAYABLE (NOTE 11)	7,040	531	828
BONDS AND NOTES PAYABLE (NOTE 11)	332,417	-	29,376
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	1,156	-	-
OTHER LONG TERM LIABILITIES (NOTE 11)	5,337	-	2,600
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	61,411	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	119,775	-
NET OTHER POSTEMPLOYMENT BENEFITS OBLIGATION FOR HOUSING AUTHORITY (NOTE 20)	-	-	4,489
NET PENSION LIABILITY (NOTE 19)	210,298	6,889	22,162
TOTAL NONCURRENT LIABILITIES	556,248	188,606	74,858
TOTAL LIABILITIES	741,695	209,454	84,616
DEFERRED INFLOWS OF RESOURCES (NOTES 16 & 19)	30,355	1,418	631
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	3,139	82,918	70,047
RESTRICTED FOR:			
DEBT SERVICE	40,046	-	-
LANDFILL CLOSURE COSTS	-	28,564	-
HOUSING PROGRAMS	-	-	3,396
UNRESTRICTED	111,640	9,033	13,262
TOTAL NET POSITION	\$ 154,825	\$ 120,515	\$ 86,705

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, 2018 (IN THOUSANDS)**

	BUSINESS- TYPE ACTIVITIES		GOVERNMENTAL
	ENTERPRISE FUNDS		ACTIVITIES
	TOTAL NONMAJOR ENTERPRISE FUNDS 6/30/2018	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS 6/30/2018
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 44,671	\$ 548,030	\$ 354,713
ACCOUNTS RECEIVABLE, NET (NOTE 5)	2,573	57,009	6,765
TAXES RECEIVABLE (NOTE 5)	172	172	-
INTEREST RECEIVABLE (NOTE 5)	-	381	-
LOANS RECEIVABLE (NOTE 5)	-	504	-
OTHER RECEIVABLES, NET (NOTE 5)	151	3,736	-
DUE FROM OTHER FUNDS (NOTE 6)	83	3,607	1,072
DUE FROM OTHER GOVERNMENTS (NOTE 5)	30	47,495	1,328
INVENTORIES	39	2,992	4,117
PREPAID ITEMS	-	4,401	3,715
RESTRICTED CASH AND CASH EQUIVALENTS (NOTES 4 & 7)	-	90,969	-
TOTAL CURRENT ASSETS	47,719	759,296	371,710
NONCURRENT ASSETS:			
LOANS RECEIVABLE (NOTE 5)	-	8,039	-
OTHER RECEIVABLES (NOTE 5)	-	30,202	-
PREPAID ITEMS	-	3,536	-
RESTRICTED CASH AND INVESTMENTS (NOTES 4 & 7)	-	22,237	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:			
LAND (NOTE 8)	3,861	32,459	894
LAND USE RIGHTS (NOTE 8)	258	351	-
DEVELOPMENT IN PROGRESS (NOTE 8)	5,061	13,204	7,804
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
LAND USE RIGHTS (NOTE 8)	1,004	1,109	-
STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 8)	89,452	1,042,939	17,484
EQUIPMENT AND SOFTWARE (NOTE 8)	1,466	188,155	124,646
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 8)	(48,147)	(696,880)	(96,704)
TOTAL NONCURRENT ASSETS	52,955	645,351	54,124
TOTAL ASSETS	100,674	1,404,647	425,834
DEFERRED OUTFLOWS OF RESOURCES (NOTES 9 & 19)	-	126,241	28,209
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	786	36,604	9,155
SALARIES AND BENEFITS PAYABLE	1	17,936	3,020
DUE TO OTHER FUNDS (NOTE 6)	241	2,014	3,470
DUE TO OTHER GOVERNMENTS	128	3,895	248
INTEREST PAYABLE	59	11,558	-
ADVANCES FROM OTHERS (NOTE 10)	100	3,683	9,505
COMPENSATED ABSENCES PAYABLE (NOTE 11)	-	13,955	3,810
TERMINATION BENEFITS PAYABLE (NOTE 11)	-	15	-
BONDS AND NOTES PAYABLE (NOTE 11)	213	25,883	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	-	1,100	-
OTHER LONG TERM LIABILITIES, DUE IN ONE YEAR (NOTE 11)	-	91,484	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	3,397	-
ESTIMATED LIABILITY FOR CLOSURES/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	6,057	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	-	-	61,224
TOTAL CURRENT LIABILITIES	1,528	217,581	90,432
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE (NOTE 6)	361	15,764	-
COMPENSATED ABSENCES PAYABLE (NOTE 11)	-	8,399	3,756
BONDS AND NOTES PAYABLE (NOTE 11)	1,313	363,106	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	-	1,156	-
OTHER LONG TERM LIABILITIES (NOTE 11)	-	7,937	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	61,411	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	119,775	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	-	-	214,412
NET OTHER POSTEMPLOYMENT BENEFITS OBLIGATION FOR HOUSING AUTHORITY (NOTE 20)	-	4,489	-
NET PENSION LIABILITY (NOTE 19)	-	239,349	46,972
TOTAL NONCURRENT LIABILITIES	1,674	821,386	265,140
TOTAL LIABILITIES	3,202	1,038,967	355,572
DEFERRED INFLOWS OF RESOURCES (NOTES 16 & 19)	-	32,404	9,620
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	52,955	209,059	54,124
RESTRICTED FOR:			
DEBT SERVICE	-	40,046	-
LANDFILL CLOSURE COSTS	-	28,564	-
HOUSING PROGRAMS	-	3,396	-
UNRESTRICTED	44,517	178,452	34,727
TOTAL NET POSITION	\$ 97,472	\$ 459,517	\$ 88,851

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, 2018 (IN THOUSANDS)

BUSINESS-TYPE ACTIVITIES -

ENTERPRISE FUNDS

	MEDICAL CENTER 6/30/2018	WASTE SYSTEM DIVISION 6/30/2018	HOUSING AUTHORITY 9/30/2017
OPERATING REVENUES:			
NET PATIENT CARE AND SERVICE CHARGES FOR CURRENT SERVICES	\$ 342,236	\$ -	\$ -
OTHER	-	71,055	20,553
	174,249	12,557	109,603
TOTAL OPERATING REVENUES	516,485	83,612	130,156
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	59,693	28,359	-
SALARIES AND EMPLOYEE BENEFITS	266,922	7,051	15,872
SERVICES AND SUPPLIES	164,260	54,327	100,009
DEPRECIATION AND AMORTIZATION	22,655	2,474	6,028
OTHER	6,686	-	1,418
TOTAL OPERATING EXPENSES	520,216	92,211	123,327
OPERATING INCOME (LOSS)	(3,731)	(8,599)	6,829
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUE	437	1,435	93
INTEREST EXPENSE	(21,072)	-	(1,827)
GRANT REVENUE	46,893	77	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	-	201	(185)
OTHER NONOPERATING REVENUES	-	5,778	-
OTHER NONOPERATING EXPENSES	(897)	-	(53)
TOTAL NONOPERATING REVENUES (EXPENSES)	25,361	7,491	(1,972)
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	21,630	(1,108)	4,857
CAPITAL CONTRIBUTIONS	24,637	-	102
TRANSFERS OUT (NOTE 6)	(10,930)	(2,158)	-
TRANSFERS IN (NOTE 6)	8,658	-	-
CHANGE IN NET POSITION	43,995	(3,266)	4,959
TOTAL NET POSITION, BEGINNING	110,830	123,781	81,746
TOTAL NET POSITION, ENDING	\$ 154,825	\$ 120,515	\$ 86,705

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, 2018 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES -		GOVERNMENTAL
	ENTERPRISE FUNDS		ACTIVITIES
	TOTAL NONMAJOR ENTERPRISE FUNDS 6/30/2018	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS 6/30/2018
OPERATING REVENUES:			
NET PATIENT CARE AND SERVICE CHARGES FOR CURRENT SERVICES	\$ -	\$ 342,236	\$ -
OTHER	13,524	105,132	211,956
	708	297,117	-
TOTAL OPERATING REVENUES	14,232	744,485	211,956
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	1,562	89,614	33,903
SALARIES AND EMPLOYEE BENEFITS	5,488	295,333	48,698
SELF-INSURED CLAIMS	-	-	77,625
SERVICES AND SUPPLIES	6,345	324,941	59,873
DEPRECIATION AND AMORTIZATION	2,900	34,057	13,027
OTHER	113	8,217	1,676
TOTAL OPERATING EXPENSES	16,408	752,162	234,802
OPERATING INCOME (LOSS)	(2,176)	(7,677)	(22,846)
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUE	870	2,835	2,656
INTEREST EXPENSE	(61)	(22,960)	-
TAX REVENUE	3,198	3,198	-
GRANT REVENUE	167	47,137	7
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	(3)	13	733
OTHER NONOPERATING REVENUES	783	6,561	5,016
OTHER NONOPERATING EXPENSES	(6)	(956)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	4,948	35,828	8,412
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	2,772	28,151	(14,434)
CAPITAL CONTRIBUTIONS	-	24,739	-
TRANSFERS OUT (NOTE 6)	(63)	(13,151)	(2,369)
TRANSFERS IN (NOTE 6)	40	8,698	245
CHANGE IN NET POSITION	2,749	48,437	(16,558)
TOTAL NET POSITION, BEGINNING	94,723	411,080	105,409
TOTAL NET POSITION, ENDING	\$ 97,472	\$ 459,517	\$ 88,851

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

**COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018 (IN THOUSANDS)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MEDICAL CENTER 6/30/2018	WASTE SYSTEMS DIVISION 6/30/2018	HOUSING AUTHORITY 9/30/2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH RECEIVED FROM PATIENT CARE AND SERVICES	\$ 525,345	\$ 79,187	\$ 25,008
CASH RECEIVED FROM OPERATING GRANT FOR HOUSING	-	-	104,525
CASH PAYMENTS FOR HOUSING ASSISTANCE	-	-	(84,933)
CASH RECEIVED FROM OTHER FUNDS FOR INTERNAL SERVICES	-	-	-
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(200,631)	(47,551)	(14,229)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(267,520)	(7,287)	(12,861)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	57,194	24,349	17,510
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
TAXES RECEIVED	-	-	-
GRANTS RECEIVED	48,524	77	-
TRANSFERS RECEIVED	8,658	-	-
TRANSFERS PAID	(10,930)	(2,158)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	46,252	(2,081)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(8,390)	(1,628)	(2,099)
CAPITAL GRANTS AND CONTRIBUTIONS	24,637	-	102
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	(1,706)	-	-
PRINCIPAL PAID ON BONDS AND NOTES	(23,671)	-	310
INTEREST PAID ON BONDS AND NOTES	(19,297)	-	(1,692)
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	201	1,032
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(28,427)	(1,427)	(2,347)
CASH FLOWS FROM INVESTING ACTIVITIES:			
INTEREST ON INVESTMENTS	437	1,435	123
INVESTMENTS ACTIVITY	(15)	-	(2,952)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	422	1,435	(2,829)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	75,441	22,276	12,334
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	288,409	180,846	37,259
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 363,850	\$ 203,122	\$ 49,593
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
OPERATING INCOME (LOSS)	\$ (3,731)	\$ (8,599)	\$ 6,829
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION	22,655	2,474	6,028
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	(897)	5,778	(53)
CHANGES IN ASSETS, DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS:			
ACCOUNTS RECEIVABLE	(29,333)	(494)	(2,072)
DUE FROM OTHER FUNDS	(1,066)	(5)	-
DUE FROM OTHER GOVERNMENTS	36,230	(14)	(215)
OTHER RECEIVABLES	3,029	(3,679)	861
INVENTORIES	(295)	-	105
PREPAID ITEMS	(534)	62	567
ACCOUNTS PAYABLE AND OTHER LIABILITIES	30,333	19	1,646
SALARIES AND BENEFITS PAYABLE	1,939	(43)	-
DUE TO OTHER FUNDS	1,401	(58)	-
DUE TO OTHER GOVERNMENTS	-	78	-
ADVANCES FROM OTHERS	-	(233)	803
COMPENSATED ABSENCES PAYABLE	1,246	62	53
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	-	-
OTHER NON-CASH ITEMS	(3,783)	29,001	2,958
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 57,194	\$ 24,349	\$ 17,510
NONCASH CAPITAL AND FINANCING ACTIVITIES:			
DECREASE IN CAPITAL ASSETS INCLUDED IN NOTES RECEIVABLE	\$ -	\$ -	\$ 1,155
CAPITAL ASSETS ACQUIRED TRANSFERRED FROM UPLAND HOUSING AUTHORITY	-	-	793
LONG-TERM LIABILITIES ASSUMED AS OBLIGATION TO THE CITY OF UPLAND	-	-	1,898
BREAKDOWN OF CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS	\$ 316,388	\$ 141,757	\$ 45,214
RESTRICTED CASH AND INVESTMENTS	47,462	61,365	4,379
TOTAL	\$ 363,850	\$ 203,122	\$ 49,593

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

**COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2018 (IN THOUSANDS)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		GOVERNMENTAL ACTIVITIES
	TOTAL NONMAJOR ENTERPRISE FUNDS 6/30/2018	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS 6/30/2018
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH RECEIVED FROM PATIENT CARE AND SERVICES	\$ 14,270	\$ 643,810	\$ -
CASH RECEIVED FROM OPERATING GRANT FOR HOUSING	-	104,525	-
CASH PAYMENTS FOR HOUSING ASSISTANCE	-	(84,933)	-
CASH RECEIVED FROM OTHER FUNDS FOR INTERNAL SERVICES	-	-	216,657
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(7,784)	(270,195)	(138,678)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(5,488)	(293,156)	(48,765)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	998	100,051	29,214
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
TAXES RECEIVED	3,172	3,172	-
GRANTS RECEIVED	167	48,768	7
TRANSFERS RECEIVED	40	8,698	245
TRANSFERS PAID	(163)	(13,251)	(2,369)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	3,216	47,387	(2,117)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(1,858)	(13,975)	(14,770)
CAPITAL GRANTS AND CONTRIBUTIONS	-	24,739	-
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	-	(1,706)	-
PRINCIPAL PAID ON BONDS AND NOTES	(256)	(23,617)	-
INTEREST PAID ON BONDS AND NOTES	(58)	(21,047)	-
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	1,233	752
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,172)	(34,373)	(14,018)
CASH FLOWS FROM INVESTING ACTIVITIES:			
INTEREST ON INVESTMENTS	870	2,865	2,656
INVESTMENTS ACTIVITY	-	(2,967)	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	870	(102)	2,656
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,912	112,963	15,735
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	41,759	548,273	338,978
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 44,671	\$ 661,236	\$ 354,713
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
OPERATING INCOME (LOSS)	\$ (2,176)	\$ (7,677)	\$ (22,846)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION	2,900	34,057	13,027
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	777	5,605	5,016
CHANGES IN ASSETS, DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS:			
ACCOUNTS RECEIVABLE	(790)	(32,689)	(3,403)
DUE FROM OTHER FUNDS	-	(1,071)	2,947
DUE FROM OTHER GOVERNMENTS	(30)	35,971	(83)
OTHER RECEIVABLES	-	211	8
INVENTORIES	(5)	(195)	46
PREPAID ITEMS	-	95	1,585
ACCOUNTS PAYABLE AND OTHER LIABILITIES	324	32,322	3,386
SALARIES AND BENEFITS PAYABLE	-	1,896	185
DUE TO OTHER FUNDS	-	1,343	-
DUE TO OTHER GOVERNMENTS	(83)	(5)	241
ADVANCES FROM OTHERS	81	651	216
COMPENSATED ABSENCES PAYABLE	-	1,361	(91)
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	-	29,141
OTHER NON-CASH ITEMS	-	28,176	(161)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 998	\$ 100,051	\$ 29,214
NONCASH CAPITAL AND FINANCING ACTIVITIES:			
DECREASE IN CAPITAL ASSETS INCLUDED IN NOTES RECEIVABLE	\$ -	\$ 1,155	\$ -
CAPITAL ASSETS ACQUIRED TRANSFERRED FROM UPLAND HOUSING AUTHORITY	-	793	-
LONG-TERM LIABILITIES ASSUMED AS OBLIGATION TO THE CITY OF UPLAND	-	1,898	-
BREAKDOWN OF CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS	\$ 44,671	\$ 548,030	\$ 354,713
RESTRICTED CASH AND INVESTMENTS	-	113,206	-
TOTAL	\$ 44,671	\$ 661,236	\$ 354,713

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

**COUNTY OF SAN BERNARDINO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018 (IN THOUSANDS)**

	INVESTMENT TRUST FUND	PRIVATE- PURPOSE TRUST FUND	AGENCY
ASSETS			
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 3,523,079	\$ 5,906	\$ 623,489
ACCOUNTS RECEIVABLE - NET	-	-	17,648
TAXES RECEIVABLE	-	-	156,600
INTEREST RECEIVABLE	-	-	1,615
DUE FROM OTHER GOVERNMENTS	-	-	17,801
LAND HELD FOR RESALE	-	13,276	-
PREPAID ITEMS	-	577	-
RESTRICTED CASH AND CASH EQUIVALENTS	-	8,186	-
TOTAL ASSETS	3,523,079	27,945	\$ 817,153
LIABILITIES:			
DUE TO OTHER GOVERNMENTS	-	132	\$ 817,153
INTEREST PAYABLE	-	1,457	-
BONDS AND NOTES PAYABLE			
DUE IN ONE YEAR	-	2,032	-
DUE AFTER ONE YEAR	-	77,845	-
TOTAL LIABILITIES	-	81,466	\$ 817,153
DEFERRED INFLOWS OF RESOURCES	-	670	
NET POSITION			
NET POSITION (DEFICIT) HELD IN TRUST	\$ 3,523,079	\$ (54,191)	

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, 2018 (IN THOUSANDS)**

	<u>INVESTMENT TRUST FUND</u>	<u>PRIVATE- PURPOSE TRUST FUND</u>
ADDITIONS:		
CONTRIBUTIONS:		
CONTRIBUTIONS ON POOLED INVESTMENTS	\$ 10,165,972	\$ -
REDEVELOPMENT AGENCY PROPERTY TAX TRUST FUND	-	9,325
OTHER REVENUES	-	710
TOTAL CONTRIBUTIONS	<u>10,165,972</u>	<u>10,035</u>
INTEREST AND INVESTMENT REVENUE:		
NET DECREASE IN FAIR VALUE OF INVESTMENTS	(16,275)	(28)
INTEREST INCOME ON CASH AND SECURITIES	39,911	111
TOTAL INTEREST AND INVESTMENT REVENUES	<u>23,636</u>	<u>83</u>
TOTAL ADDITIONS	<u>10,189,608</u>	<u>10,118</u>
DEDUCTIONS:		
DISTRIBUTION FROM POOLED INVESTMENTS	10,071,056	-
DISTRIBUTION AND OBLIGATION RETIREMENTS	-	6,819
ADMINISTRATIVE EXPENSES	-	334
TOTAL DEDUCTIONS	<u>10,071,056</u>	<u>7,153</u>
CHANGE IN NET POSITION	118,552	2,965
NET POSITION (DEFICIT) HELD IN TRUST, BEGINNING	<u>3,404,527</u>	<u>(57,156)</u>
NET POSITION (DEFICIT) HELD IN TRUST, ENDING	<u>\$ 3,523,079</u>	<u>\$ (54,191)</u>

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





SAN BERNARDINO
COUNTY

NOTES TO THE BASIC
FINANCIAL
STATEMENTS



COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(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 (Flood Control)* - 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, 2018
(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, 2017. 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 its governing body is not substantially the same as the County's governing body, it does not provide services entirely or exclusively to the County, and the County has the ability to impose its will by appointing all of the Commissioners who serve at the pleasure of the San Bernardino County Board of Supervisors.

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Government-wide Financial Statements

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

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

Fund Financial Statements

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

The County reports the following major governmental funds:

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County reports the following major enterprise funds:

- *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.
- *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 Housing Authority of the County of San Bernardino, 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, 2017.

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(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, 2018
(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, commercial paper, certificates of deposit, medium term notes, mutual funds, repurchase agreements and reverse repurchase agreements as authorized by the CGC Sections 53601, 53635 and 53638 that limit the investments to certain maximum percentages by investment type in the pool.

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

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

(c) Land Held for Resale

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

(d) Inventories and Prepaid Items

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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).

(i) Pollution Remediation Obligations

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

(j) Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

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

(k) Pensions

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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

(m) Net Position/Fund Balances

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

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

At June 30, 2018, the County reported restricted net position of \$1,153,493 in the Governmental Activities restricted for the following purposes:

Restricted for:	Amount
Grants and Other County Programs:	
State Realignment Funds	\$ 418,060
Teeter Plan	15,090
Other Grants and Programs	718,630
Perpetual Care - Nonexpendable	1,713
	\$ 1,153,493

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
- 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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 reserve 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, 2018, the County's general purposes reserve is \$107,804 which is included in the unassigned fund balance as determined by the fund balance policy.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Property Taxes

The County levies, collects, and apportions property taxes for all taxing jurisdictions within the County, including school and special districts. Property taxes are determined by applying approved rates to the assessed values of properties. The total 2017-18 taxable assessed valuation of the County of San Bernardino was \$205,532,060.

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

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

(p) Use of Estimates

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

(q) Implemented Accounting Pronouncements

During fiscal year 2018, the County adopted the following Governmental Accounting Standards Board (GASB) Statements:

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 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, 2018
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 adoption of this statement did not have an impact on the financial statements.

GASB Statement No. 85 – Omnibus 2017

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

GASB Statement No. 86 – Certain Debt Extinguishment Issues

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – recourses other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. The requirements of this Statement is effective for the fiscal year ending June 30, 2018. The 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, 2018
(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	\$ 1,943,821	\$ -	\$ 354,713	\$ -	\$ 2,298,534
Investments	1,198	-	-	-	1,198
Accounts Receivable - Net	5,470	-	6,765	-	12,235
Taxes Receivable	45,204	-	-	-	45,204
Interest Receivable	33,204	-	-	-	33,204
Loans Receivable	35,344	-	-	-	35,344
Other Receivables	4,526	-	-	-	4,526
Due from Other Funds	72,047	-	1,072	(73,119)	-
Due from Other Governments	378,698	-	1,328	-	380,026
Internal Balances	-	-	-	14,208	14,208
Land Held for Resale	50,038	-	-	-	50,038
Inventories	1,599	-	4,117	-	5,716
Prepaid Items	6,768	-	3,715	(451)	10,032
Interfund Receivable	19,100	-	-	(19,100)	-
Restricted Cash and Investments	38,470	-	-	-	38,470
Land	-	136,720	894	-	137,614
Land Use Rights - Not Amortized	-	24,250	-	-	24,250
Development In Progress	-	275,902	7,804	-	283,706
Land Use Rights - Amortized	-	123	-	-	123
Structures, Improvements, and Infrastructure	-	2,783,635	17,484	-	2,801,119
Equipment and Software	-	312,230	124,646	-	436,876
Accumulated Depreciation and Amortization	-	(1,585,595)	(96,704)	-	(1,682,299)
Total Assets	2,635,487	1,947,265	425,834	(78,462)	4,930,124
Deferred Outflows of Resources:					
Bond Refunding	-	1,545	-	-	1,545
Pensions	-	870,172	28,209	-	898,381
Total Deferred Outflows of Resources	-	871,717	28,209	-	899,926
Total Assets and Deferred Outflows of Resources	\$ 2,635,487	\$ 2,818,982	\$ 454,043	\$ (78,462)	\$ 5,830,050
Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ 109,691	\$ -	\$ 9,155	\$ -	\$ 118,846
Salaries and Benefits Payable	98,971	-	3,020	-	101,991
Due to Other Funds	71,205	-	3,470	(74,675)	-
Due to Other Governments	33,680	-	248	-	33,928
Interest Payable	1	7,925	-	-	7,926
Advances from Others	24,354	-	9,505	(451)	33,408
Interfund Payable	3,336	-	-	(3,336)	-
Compensated Absences Payable	-	180,936	7,566	-	188,502
Termination Benefits Payable	-	48	-	-	48
Bonds and Notes Payable	-	646,632	-	-	646,632
Premium	-	296	-	-	296
Discount	-	(29,214)	-	-	(29,214)
Estimated Liability for Litigation and Self-Insured Claims	-	-	275,636	-	275,636
Net Pension Liability	-	1,909,916	46,972	-	1,956,888
Total Liabilities	341,238	2,716,539	355,572	(78,462)	3,334,887
Deferred Inflows of Resources:					
Unavailable Revenues	70,399	(70,399)	-	-	-
Bond Refunding	-	180	-	-	180
Pensions	-	250,262	9,620	-	259,882
Total Deferred Inflows of Resources	70,399	180,043	9,620	-	260,062
Fund Balance/Net Position	2,223,850	(77,600)	88,851	-	2,235,101
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position	\$ 2,635,487	\$ 2,818,982	\$ 454,043	\$ (78,462)	\$ 5,830,050

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(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	\$ 136,720	
	Land Use Rights - not being amortized	24,250	
	Development in Progress	275,902	
	Land Use Rights - being amortized	123	
	Structures, Improvements, and Infrastructure	2,783,635	
	Equipment and Software	312,230	
	Accumulated Depreciation and Amortization	<u>(1,585,595)</u>	
			<u>\$ 1,947,265</u>
(1)	Receivables are not available to pay for current-period expenditures and are therefore deferred in the governmental funds.	<u>\$ 70,399</u>	
			<u>\$ 70,399</u>
(1)	Interest Payable		<u>\$ (7,925)</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 - Bond Refunding	\$ 1,545	
	Deferred Outflows of Resources - Pensions	870,172	
	Deferred Inflows of Resources - Bond Refunding	(180)	
	Deferred Inflows of Resources - Pensions	<u>(250,262)</u>	
			<u>\$ 621,275</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	\$ (180,936)	
	Termination Benefits Payable	(48)	
	Bonds and Notes Payable	(646,632)	
	Premium	(296)	
	Discount	29,214	
	Net Pension Liability	<u>(1,909,916)</u>	
			<u>\$ (2,708,614)</u>
(2)	Internal service funds that are used by management to charge the costs of general services, telecommunication services, computer operations, fleet management, risk management, and flood control equipment to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		<u>\$ 88,851</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, 2018
(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, 2018, expenditures exceeded appropriations in the public ways and facilities of the general fund by \$21. This over expenditure was funded by available fund balance.

(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	\$ 1,031,613
Outstanding encumbrances for budgeted funds	70,745
Fund balance - GAAP basis	\$ 1,102,358

NOTE 4 – CASH AND INVESTMENTS

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

State law requires that all operating monies of the County, school districts, and certain special districts be held by the County Treasurer. The net position value associated with legally mandated external participants in the asset pool was \$3,229,092 at June 30, 2018.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2018, the fair value of the County investment pool was \$6.8 billion. Approximately 13% 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, 2018, \$293,987 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, 2018. 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 2018 was 1.46%.

A summary of the total cash and investments as of June 30, 2018 is as follows:

Investment Type	Cost	Fair Value	Interest Rate Range	Maturity Range^A	Average Maturity (days)
U.S. Treasury Securities	\$ 1,391,737	\$ 1,376,029	0.97% - 2.54%	02/28/19 - 10/31/22	667
U.S. Government Agencies	1,742,364	1,727,818	0.73% - 2.76%	07/27/18 - 06/22/21	476
Negotiable Certificates of Deposit	1,475,741	1,475,268	1.38% - 2.62%	07/02/18 - 07/01/19	159
Commercial Paper	1,080,046	1,082,912	1.66% - 2.45%	07/02/18 - 11/01/18	35
Medium-Term Notes	171,987	170,464	1.16% - 3.15%	08/15/18 - 06/23/21	479
Insured Placement Service Accounts	50,000	50,000	0.95%	07/01/18	1
JPA Investment Pools	187,000	187,000	2.07%	07/01/18	1 ^B
Money Market Mutual Funds	2,000	2,000	1.75% - 1.77%	07/01/18	1 ^C
Supranational Securities	719,168	711,394	0.94% - 2.70%	07/19/18 - 12/13/21	391
Total County's Pooled Investments	6,820,043	6,782,885			
Investments Held Outside County Pool:					
Guaranteed Investment Contracts	4,751	4,751	6.31%	07/27/28	3,680
State and Local Municipal Bonds	72,577	70,402	3.00% - 5.50%	7/1/2018 - 12/1/2032	945
Money Market Mutual Funds	66,107	66,107	N/A	N/A	N/A ^D
U.S. Treasury Securities	14,711	17,486	7.63%	11/15/22	1,599
Local Agency Investment Fund	10,409	10,409	1.07%	N/A	N/A ^E
Total Investments Held Outside County Pool	168,555	169,155			
Total Investments	\$ 6,988,598	6,952,040			
Cash in Bank:					
Cash Equivalents and Demand Deposits (County)		254,506			
Cash Equivalents and Demand Deposits (HACSB)		39,184			
Total Cash in Bank		293,690			
Total Cash and Investments		\$ 7,245,730			

^A Includes HACSB with 9/30/2017 year end (some range(s) are prior to 6/30/2018).

^B Weighted Average Maturity (WAM) of JPA Investment Pools held by the County Pool on 6/30/18 was 35 days.

Individual JPA Pool WAM was not used to calculate County Pool WAM as funds are available daily at \$1.00 NAV.

^C WAM of Money Market Mutual Funds held by the County Pool on 6/30/18 was 25 days.

Individual fund WAM was not used to calculate County Pool WAM as funds are available daily at \$1.00 NAV.

^D WAM of Money Market Mutual Funds held outside the County Pool on 6/30/18 was 15 days.

^E Weighted Average Life (WAL) of the Local Agency Investment Fund (LAIF) balances held outside the County Pool on 6/30/18 was 193 days (LAIF does not report WAM).

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(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 ^{A, B}	
	CGC	Investment Policy	CGC	Investment Policy	CGC	Investment Policy	CGC	Investment Policy ^C
U.S. Treasury Securities	5 years	5 years	None	None	None	None	None	None
U.S. Government Agencies	5 years	5 years	None	None	None	None	None	None
Negotiable Certificates of Deposit	5 years	3 years	30%	30%	None	5%	None	A-1/P-1/F 1/A-/A3
Collateralized Certificates of Deposit	5 years	1 year	None	10%	None	None	None	None
Commercial Paper	270 days	270 days	40%	40%	10%	5%	A-1/A	A-1/P-1/F 1
Repurchase Agreements	1 year	180 days	None	40%	None	None	None	None
Reverse Repurchase Agreements	92 Days ^D	92 Days ^D	20%	10%	None	None	None ^E	None ^E
Municipal Debt	5 years	5 years	None	10%	None	None	None	AAA by 2 NRSROs
Medium-Term Corporate Notes	5 years	38 months	30%	10%/20% ^F	None	200MM, 5% ^G	A	A- by 2 NRSROs
Insured Placement Service Accounts	5 years	Immediate liquidity	30%	5%	None	50MM, 100MM ^H	None	Not applicable
JPA Investment Pools	Not applicable	Immediate liquidity	None	5%	None	200MM	None	AAA ^m
Money Market Mutual Funds	Not applicable	Immediate liquidity	20%	15%	None	10%	AA ^m by 2 NRSROs	AA ^m by 2 NRSROs
Supranational Securities	5 years	5 years	30%	30%	None	None	AA	AA
Asset-Backed Securities	5 years	2.75, 5 years ^I	20%	10%	None	200MM, 5% ^G	A/AA	A/AA

Footnote:

- ^A Minimum credit rating categories are without regard to ratings modifiers (+/-). Short-term rating appears before long-term rating.
^B Standard & Poor's Ratings (quoted) or its equivalent nationally recognized statistical rating organization (NRSRO) rating or better.
^C The County uses the credit ratings issued by the following nationally recognized statistical rating organizations: Standard & Poor's Ratings Services, Moody's Investors Service, and Fitch Ratings.
^D May exceed 92 days if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale and final maturity dates of the same security.
^E Must have held the securities used for the agreements for at least 30 days.
^F Maximum portfolio Medium-Term Corporate Note exposure is 20%, with a limit of 10% on maturities over 13 months.
^G Maximum \$200MM par value of any one issuer, subject to 5% overall corporate issuer limit.
^H FICA accounts balances are fully covered by FDIC insurance. Term deposits are not permitted. Maximum \$50MM per selected depository institution. Maximum \$100MM per placement service.
^I Maximum 2.75 weighted average life and 5 years

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, 2018
(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 \$1 and not fair value. Accordingly, the fair value of the County's proportionate share in these types of investments is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

The following is a description of the valuation methods and assumptions used by the County to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at June 30, 2018. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. County management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

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

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

The valuation of 2a7 Money Market Mutual funds held by the pool at one-dollar net asset value (NAV) per share, which at June 30, 2018 was \$2,000, with \$0 unfunded commitments. The redemption frequency is daily and redemption notice period of intra-daily. This type of investment primarily invests in short term U.S Treasury and government securities (including repurchase agreements collateralized by U.S. Treasury and government agency securities).

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

The valuation of 2a7 Money Market Mutual funds held outside the pool at one-dollar net asset value (NAV) per share was \$36,092 at June 30, 2018. The total fair value of 2a7 Money Market Mutual Funds held outside the pool subject to floating NAV was \$30,015 at June 30, 2018. The total fair value of these at June 30, 2018 was \$66,107, 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, 2018, the County has the following recurring fair value measurements:

	Balance at June 30, 2018	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	\$ 1,376,029	\$ 1,376,029	\$ -	\$ -
U.S. Government Agencies	1,727,818	14,960	1,712,858	-
Negotiable Certificates of Deposit	1,475,268	-	1,475,268	-
Commercial Paper	1,082,912	-	1,082,912	-
Medium-Term Notes	170,464	-	170,464	-
Supranational Securities	711,394	-	662,062	49,332
Total County's Pooled Investments by Fair Value Level	6,543,885	\$ 1,390,989	\$ 5,103,564	\$ 49,332
Investments Held Outside County Pool by Fair Value Level:				
State and Local Municipal Bonds	70,402	\$ -	\$ 70,402	\$ -
U.S. Treasury Securities	17,486	-	17,486	-
Total Investments Held Outside County Pool by Fair Value Level	87,888	\$ -	\$ 87,888	\$ -
Uncategorized Investments				
Uncategorized Investments Held in County's Pool:				
Insured Placement Service Accounts	50,000			
JPA Investment Pools	187,000			
Total Uncategorized Investments Held in County's Pool	237,000			
Uncategorized Investments Held Outside County's Pool:				
Guaranteed Investment Contracts	4,751			
Local Agency Investment Fund	10,409			
Total Uncategorized Investments Held Outside County's Pool	15,160			
Investments Measured at the Net Asset Value (NAV)				
County's Pooled Investments Measured at the Net Asset Value (NAV):				
Money Market Mutual Funds	2,000			
Investments Held Outside County Pool Measured at the Net Asset Value (NAV):				
Money Market Mutual Funds	66,107			
Total Investments	\$ 6,952,040			

Investments authorized by debt agreements

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

Investment credit risk

Investment credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. Generally accepted accounting principles 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". Asset-backed securities must have a minimum letter rating of "AA" and the issuer 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, 2018, 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	None	None	20.30%
U.S. Government Agencies	AA+	Aaa	AAA	None	None	15.60%
U.S. Government Agencies	AA+	Aaa	NR	None	None	9.65%
U.S. Government Agencies	A-1+	P-1	F1+	None	None	0.22%
Negotiable Certificates of Deposit	A+	A1	AA-	30%	5%	0.37%
Negotiable Certificates of Deposit	AA-	Aa2	AA	30%	5%	0.74%
Negotiable Certificates of Deposit	AA-	Aa2	AA-	30%	5%	0.37%
Negotiable Certificates of Deposit	AA-	A1	AA	30%	5%	0.37%
Negotiable Certificates of Deposit	A-1	P-1	F1+	30%	5%	5.16%
Negotiable Certificates of Deposit	A-1+	P-1	F1+	30%	5%	14.75%
Commercial Paper	A-1	P-1	F1	40%	5%	9.64%
Commercial Paper	A-1	P-1	F1+	40%	5%	2.57%
Commercial Paper	A-1+	P-1	F1+	40%	5%	1.10%
Commercial Paper	A-1+	P-1	F1	40%	5%	2.20%
Commercial Paper	A-1+	P-1	NR	40%	5%	0.44%
Medium-Term Notes	AAA	Aaa	AAA	10%/20%	\$200MM, 5%	0.04%
Medium-Term Notes	A+	Aa3	AA	10%/20%	\$200MM, 5%	0.15%
Medium-Term Notes	AA	Aa2	AA-	10%/20%	\$200MM, 5%	0.15%
Medium-Term Notes	AA	Aa2	AA	10%/20%	\$200MM, 5%	0.50%
Medium-Term Notes	AAA	Aaa	AA+	10%/20%	\$200MM, 5%	0.88%
Medium-Term Notes	AA-	A1	AA-	10%/20%	\$200MM, 5%	0.80%
Insured Placement Service Accounts	NR	NR	NR	5%	\$50MM, \$100MM	0.74%
JPA Investment Pools	AAA _m	NR	NR	5%	\$200MM	2.76%
Money Market Mutual Funds	AAA _m	Aaa	AAA	15%	10%	0.01%
Money Market Mutual Funds	AAA _m	Aaa	NR	15%	10%	0.01%
Supranational Securities	AAA	Aaa	NR	30%	None	0.36%
Supranational Securities	AAA	Aaa	AAA	30%	None	10.12%

* NA = Not Applicable, NR = Not Rated

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

The County's investments held outside County Pool were rated as of June 30, 2018 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	NR	Ba3	NR	2.81%
Local Agency Investment Fund (HACSB)	NR	NR	NR	6.15%
Municipal Bonds	AA-	Aa3	AA-	3.71%
Municipal Bonds	AA+	Aa1	AA+	3.29%
Municipal Bonds	AAA	Aaa	AAA	13.02%
Municipal Bonds	AAA	Aa1	AAA	6.40%
Municipal Bonds	A	A1	A+	0.85%
Municipal Bonds	A+	Aa3	AA-	2.46%
Municipal Bonds	AA	NR	AA	0.59%
Municipal Bonds	AA	Aa2	AA	0.36%
Municipal Bonds	AA	Aa3	NR	1.78%
Municipal Bonds	AA+	Aaa	AAA	0.65%
Municipal Bonds	AA+	NR	NR	0.82%
Municipal Bonds	AA+	Aaa	AA+	2.22%
Municipal Bonds	AA+	Aa1	AA	0.44%
Municipal Bonds	AAA	Aa1	NR	0.53%
Municipal Bonds	NR	Aa1	AA+	2.43%
Municipal Bonds	NR	Aa2	AAA	2.06%
Mutual Funds	AAA	Aaa	NR	16.49%
Mutual Funds	AAA	Aaa	AAA	4.85%
Mutual Funds	NR	NR	NR	17.75%
U.S. Treasury Securities	AA+	Aaa	AAA	10.34%

* NA = Not Applicable, NR = Not Rated

Concentration of credit risk

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

Generally accepted accounting principles 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, 2018, the following issuers represented more than five-percent of the County's Pooled Investment balance:

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Federal Home Loan Bank (FHLB)	\$ 654,742	9.65%
Federal Home Loan Mortgage Corp (FHLMC)	448,914	6.62%
International Bank of Reconstruction and Development	439,512	6.48%
Federal National Mortgage Assoc (FNMA)	425,788	6.28%

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, 2018
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

Generally accepted accounting principles 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 2.0 or less. Modified Duration, which the County uses, is a measure of a fixed income's cash flow using present values, weighted for cash flows as a percentage of the investments full price. The modified duration of the total pooled investment at June 30, 2018 is 0.94. 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, 2018, 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</u>
U.S. Treasury Securities	\$ 1,376,029	243 - 1,584	1,825 days	1.74
U.S. Government Agencies	1,727,818	27 - 1,088	1,825 days	1.37
Negotiable Certificates of Deposit	1,475,268	2 - 366	1,095 days	0.38
Commercial Paper	1,082,912	2 - 124	270 days	0.08
Medium-Term Corporate Notes	170,464	36 - 1,089	1,156 days	1.64
Insured Placement Service Accounts	50,000	1	Immediate liquidity	0.01
JPA Investment Pools	187,000	1	Immediate liquidity	0.01
Money Market Mutual Funds	2,000	1	Immediate liquidity	0.01
Supranational Securities	711,394	19 - 1,262	1,825 days	1.19
Total County's Pooled Investments	<u><u>\$ 6,782,885</u></u>			

Weighted average maturity of the investments held outside the County Pool, as of June 30, 2018 is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Guaranteed Investment Contracts	\$ 4,751	10.08
State and Local Municipal Bonds	70,402	2.59
Money Market Mutual Funds	66,107	0.01
U.S. Treasury Securities	17,486	4.38
Local Agency Investment Fund	10,409	0.00
Total Investments Held Outside County Pool	<u><u>\$ 169,155</u></u>	

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, 2018
(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 a letter of credit from the Federal Home Loan Bank of San Francisco having a value of 105% of the secured public deposits, as per CGC Sections 53651(p), 53651.6 & 53652(c).

As of June 30, 2018, the carrying amount of the County's deposits was \$293,690 and the corresponding bank balance was \$333,152, of which both balances include \$200,000 in a certain negotiable order of withdrawal account. The difference of \$39,462 was primarily due to outstanding warrants, wires and deposits in transit. Of the bank balances, \$2,000 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, 2018, 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	\$ 2,299,732	\$ 548,030	\$ 4,152,474	\$ 85,632	\$ 7,085,868
Restricted Cash and Investments	38,470	113,206	8,186	-	159,862
Total Cash and Investments	\$ 2,338,202	\$ 661,236	\$ 4,160,660	\$ 85,632	\$ 7,245,730

The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2018:

Statement of Net Position	
Equity of internal pool participants	\$ 3,259,806
Equity of external pool participants:	
Voluntary	293,987
Involuntary	3,229,092
Total Net Position held for pool participants	\$ 6,782,885
Statement of Changes in Net Position	
Net Position at July 1, 2017	\$ 6,047,495
Net change in investments by pool participants	735,390
Net Position at June 30, 2018	\$ 6,782,885

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(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	\$ 2,892	\$ 36,983	\$ 29,937	\$ 34,465	\$ 4,036	309,986	\$ 418,299
Capital Improvement Fund	-	-	724	-	-	228	952
Nonmajor Governmental Funds	2,631	8,221	2,543	879	490	68,484	83,248
Less Allowance for Doubtful Accounts	(53)	-	-	-	-	-	(53)
Internal Service Funds	6,765	-	-	-	-	1,328	8,093
Total Governmental Activities Receivables	<u>\$ 12,235</u>	<u>\$ 45,204</u>	<u>\$ 33,204</u>	<u>\$ 35,344</u>	<u>\$ 4,526</u>	<u>\$ 380,026</u>	<u>\$ 510,539</u>

Business-Type Activities:

	Accounts	Taxes	Interest	Loans	Other Receivables	Due From Other Governments	Total Business- Type Activities
Medical Center	\$ 198,920	\$ -	\$ 307	\$ -	\$ 1,672	\$ 45,073	\$ 245,972
Less Allowance for Doubtful Accounts	(156,619)	-	-	-	-	-	(156,619)
Waste Systems Division	11,499	-	-	-	29,260	1,764	42,523
Less Allowance for Doubtful Accounts	(697)	-	-	-	(147)	-	(844)
Housing Authority	1,576	-	74	8,543	3,002	628	13,823
Less Allowance for Doubtful Accounts	(243)	-	-	-	-	-	(243)
Nonmajor Enterprise Funds	2,573	172	-	-	151	30	2,926
Total Business-Type Activities Receivables	<u>\$ 57,009</u>	<u>\$ 172</u>	<u>\$ 381</u>	<u>\$ 8,543</u>	<u>\$ 33,938</u>	<u>\$ 47,495</u>	<u>\$ 147,538</u>

Due From Other Governments

At June 30, 2018, the Governmental Funds accrued \$378,698 of receivables from other governments, of which, \$266,832 was due from the State of California. Of the amount owed by the State, \$93,059 was for health care services, \$58,288 was for public social services, \$38,882 was for motor vehicle license fees and sales tax monies, and the remaining \$76,603 was for other services. The remaining amount of \$111,866 was due from the federal government and other governmental agencies.

Loans Receivable

The loans receivable balance in the Governmental Activities is \$35,344, of this amount, \$15,472 represents the receivable under the Teeter Plan, \$879 is due from other various agencies, \$13,357 represents a County loan to the Adelanto Successor Agency, and \$5,636 represents a County loan to the County Redevelopment Successor Agency. The loans receivable balance in the Business-Type Activities is \$8,543, this amount represents various loans and note agreements with related parties of the HACSB.

Interest Receivable

Of the \$33,204 interest receivable reported in the Governmental Activities column of the statement of net position, \$22,282 is due from the Adelanto City Redevelopment Successor Agency.

Other Receivables

The \$4,526 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 receivables under the Teeter Plan. The other receivables in the Business-Type Activities total \$33,938. The majority of the \$29,113 reported in the Waste Systems Division represents insurance recoveries related to the Mid-Valley Landfill Perchlorate pollution remediation activities.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(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, 2018 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 37,175
	Capital Improvement Funds	114
	Medical Center	1,595
	Waste Systems	63
	Internal Service Funds	481
	Nonmajor Enterprise Funds	103
		<u>39,531</u>
Nonmajor Governmental Funds	General Fund	19,413
	Nonmajor Governmental Funds	3,609
	Capital Improvement Funds	6
	Housing Authority*	17
	Waste Systems	44
	Internal Service Funds	802
	Nonmajor Enterprise Funds	113
	<u>24,004</u>	
Capital Improvement Funds	General Fund	77
	Nonmajor Governmental Funds	6,361
	Housing Authority*	20
	Internal Service Funds	2,029
	Nonmajor Enterprise Funds	25
	<u>8,512</u>	
Medical Center	General Fund	3,321
	Nonmajor Governmental Funds	45
	<u>3,366</u>	
Waste Systems	Nonmajor Governmental Funds	26
	Internal Service Funds	132
	<u>158</u>	
Internal Service Funds	General Fund	383
	Nonmajor Governmental Funds	403
	Capital Improvement Funds	189
	Medical Center	45
	Waste Systems	26
	Internal Service Funds	26
	<u>1,072</u>	
Nonmajor Enterprise Funds	General Fund	80
	Nonmajor Governmental Funds	3
	<u>83</u>	
	<u>76,726</u>	
	<u><u>\$ 76,726</u></u>	

* This transaction occurred in June 2018. As such, this amount was not included in the HACSB Fund due to its fiscal year ended September 30, 2017.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 6 – INTERFUND TRANSACTIONS (CONTINUED)

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

Interfund Receivable/Payable at June 30, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 3,131
	Nonmajor Enterprise Funds	111
		<u>3,242</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	205
	Housing Authority	15,403
	Nonmajor Enterprise Funds	250
		<u>15,858</u>
	Total	<u>\$ 19,100</u>

These amounts represent noncurrent interfund loans (advances) between funds and blended component units of the County for the purpose of financing cash flow needs. Interfund loans are expected to be repaid within a reasonable period of time. The \$15,403 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, 2018 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	\$ 8,658
	Nonmajor Enterprise Funds	25
		<u>8,683</u>
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	15
		<u>15</u>
Medical Center	Nonmajor Governmental Funds	10,930
		<u>10,930</u>
Waste Systems	Nonmajor Governmental Funds	2,158
		<u>2,158</u>
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	63
		<u>63</u>
	Total	<u>\$ 21,849</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(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	\$ 147,358
	Capital Improvement Funds	97,549
	Internal Service Funds	245
		<u>245,152</u>
Nonmajor Governmental Funds	General Fund	28,902
	Nonmajor Governmental Funds	22,233
	Capital Improvement Funds	41,313
		<u>92,448</u>
Capital Improvement Funds	General Fund	5,872
		<u>5,872</u>
Internal Service Funds	Nonmajor Governmental Funds	2,369
		<u>2,369</u>
	Total	<u>\$ 345,841</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 \$17,000 of the tobacco settlement agreement for debt service of the Medical Center.

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

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

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 7 – RESTRICTED CASH AND INVESTMENTS

Cash and cash equivalents of \$151,676 are restricted by legal or contractual requirements at June 30, 2018 and are comprised of the following:

Governmental Activities

General Fund:

Restricted cash and cash equivalents of \$23,744 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 \$14,726 consists of \$6,637 being restricted for debt service payments and \$8,089 for construction of Cactus Basin 4 and 5.

Business-Type Activities

Medical Center:

Restricted cash and cash equivalents of \$47,462 represent funds held by a trustee, which are restricted for debt service payments.

Waste System Division:

Restricted cash and cash equivalents of \$61,365 consists of \$59,751 set aside for groundwater detection, treatment and remediation, and for State mandated site closure, maintenance costs, and corrective action as required by the Department of Resources Recycling and Recovery (CalRecycle) formerly California Integrated Waste Management Board (CIWMB), \$711 represents customer deposits, and the remaining \$903 represents site clean up.

Housing Authority:

Restricted cash and cash equivalents of \$4,379 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, 2018
(Amounts in thousands)

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 is as follows:

Primary Government

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets, non-depreciable/non-amortizable:				
Land	\$ 130,818	\$ 6,796	\$ -	\$ 137,614
Land Use Rights	23,835	415	-	24,250
Development in progress	268,963	90,899	76,156	283,706
Total capital assets, non-depreciable/non-amortizable	423,616	98,110	76,156	445,570
Capital Assets, depreciable/amortizable:				
Land Use Rights	123	-	-	123
Improvements other than Buildings	273,799	3,946	-	277,745
Structures and Improvements	1,063,536	25,418	20	1,088,934
Infrastructure	1,384,369	50,071	-	1,434,440
Equipment and Software	411,921	49,394	24,439	436,876
Total capital assets, depreciable/amortizable	3,133,748	128,829	24,459	3,238,118
Less accumulated depreciation/amortization for :				
Land Use Rights	123	-	-	123
Improvements other than Buildings	157,142	9,850	-	166,992
Structures and Improvements	361,053	32,942	20	393,975
Infrastructure	797,203	30,357	-	827,560
Equipment and Software	280,138	37,289	23,778	293,649
Total accumulated depreciation/amortization	1,595,659	110,438	23,798	1,682,299
Total capital assets, depreciable/amortizable, net	1,538,089	18,391	661	1,555,819
Governmental activities capital assets, net	<u>\$ 1,961,705</u>	<u>\$ 116,501</u>	<u>\$ 76,817</u>	<u>\$ 2,001,389</u>
Business-type Activities				
Capital assets, non-depreciable/non-amortizable:				
Land	\$ 32,796	\$ 244	\$ 581	\$ 32,459
Land Use Rights	351	-	-	351
Development in progress	13,805	5,993	6,594	13,204
Total capital assets, non-depreciable/non-amortizable	46,952	6,237	7,175	46,014
Capital Assets, depreciable/amortizable:				
Land Use Rights	1,109	-	-	1,109
Improvements other than Buildings	269,153	6,706	-	275,859
Structures and Improvements	758,813	10,135	1,868	767,080
Equipment and Software	182,090	6,418	353	188,155
Total capital assets, depreciable/amortizable	1,211,165	23,259	2,221	1,232,203
Less accumulated depreciation/amortization for :				
Land Use Rights	105	-	-	105
Improvements other than Buildings	151,571	4,956	-	156,527
Structures and Improvements	351,185	29,328	48	380,465
Equipment and Software	152,200	7,897	314	159,783
Total accumulated depreciation/amortization	655,061	42,181	362	696,880
Total capital assets, depreciable/amortizable, net	556,104	(18,922)	1,859	535,323
Business-type activities capital assets, net	<u>\$ 603,056</u>	<u>\$ (12,685)</u>	<u>\$ 9,034</u>	<u>\$ 581,337</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 8 – CAPITAL ASSETS (CONTINUED)

Depreciation

Depreciation expense is charged to governmental functions as follows:

General Government	\$	22,739
Public Protection		51,667
Public Ways and Facilities		26,611
Health and Sanitation		1,839
Public Assistance		2,669
Education		679
Recreation and Cultural Services		4,234
		<hr/>
Total depreciation expense - governmental activities	\$	<u>110,438</u>

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

Medical Center	\$	22,655
Waste Systems Division		2,474
Housing Authority *		14,152
Special Districts		2,900
		<hr/>
Total depreciation and related expense - business type activities	\$	<u>42,181</u>

Development in Progress

Development in Progress consists of the following projects:

	Governmental Activities	Business-Type Activities
Medical Center Projects	\$ -	\$ 4,410
Waste Systems Division Projects	-	3,204
Housing Authority	-	529
Special Districts	-	5,061
800 MHz Replacement Project	61,917	-
Transportation Projects	38,291	-
Flood Control Projects	29,776	-
Space Programming	9,165	-
Residential Housing	6,660	-
Crisis Residential Housing	11,975	-
New Probation Bldg	3,333	-
Morongo Residential Facility	9,566	-
West Valley DBH	5,757	-
Relocate Training Center	4,668	-
Remodel Hospitality Lane	4,037	-
Museum Exhibit	2,360	-
Campus Improvements	5,747	-
Apple Valley Library	5,878	-
Construct New Zoo	8,234	-
Dam Restabilization	7,004	-
Other County Projects	69,338	-
	<hr/>	<hr/>
Total	\$ 283,706	\$ 13,204

* Of this amount, depreciation expense is \$6,028

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(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, 2018 of deferred outflows of resources are as follows:

	Governmental Activities	Business-Type Activities	Primary Government Total	Discretely Presented Component Unit
Deferred Outflows Related to Pensions	\$ 898,381	\$ 108,801	\$ 1,007,182	\$ 952
Deferred Outflows Related to Bond Refunding:				
<u>Certificates of Participation</u>				
Medical Center Project (Series 1994)	-	4,643	4,643	-
Medical Center Project (Series 1996)	-	2,841	2,841	-
Arrowhead Refunding Project (Series 2009A)	-	7,696	7,696	-
Arrowhead Refunding Project (Series 2009B)	-	2,260	2,260	-
Total Certificates of Participation	-	17,440	17,440	-
<u>Other Bonds and Notes</u>				
Flood Control Refunding Bonds (Series 2008)	483	-	483	-
Pension Obligation Refunding Bonds (2008)	724	-	724	-
West Valley Detention Center Refinancing Notes (2012)	338	-	338	-
Total Other Bonds and Notes	1,545	-	1,545	-
Total Deferred Outflows Related to Bond Refunding	1,545	17,440	18,985	-
Total Deferred Outflows of Resources	<u>\$ 899,926</u>	<u>\$ 126,241</u>	<u>\$ 1,026,167</u>	<u>\$ 952</u>

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, 2018
(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, 2018 of advances from others are as follows:

Governmental Activities:	Developer Deposits	Customer Deposits	Advances from Governmental Agencies	Advances from Other Agencies	Advances from Other County Departments	Government- Wide Eliminations	Total Governmental Activities
General Fund	\$ 7,455	\$ -	\$ 3,909	\$ 2,711	\$ -	\$ -	\$ 14,075
Capital Improvement Fund	-	5	-	-	274	-	279
Nonmajor Governmental Funds	-	296	8,703	990	11	-	10,000
Internal Service Funds	-	-	-	9,000	505	(451)	9,054
Total Governmental Activities	<u>\$ 7,455</u>	<u>\$ 301</u>	<u>\$ 12,612</u>	<u>\$ 12,701</u>	<u>\$ 790</u>	<u>\$ (451)</u>	<u>\$ 33,408</u>
Business-Type Activities:	Customer Deposits	Advances from Other Agencies	Total Business- Type Activities				
Waste Systems Division	\$ 905	\$ 119	\$ 1,024				
Housing Authority	2,559	-	2,559				
Nonmajor Enterprise Funds	37	63	100				
Total Business-Type Activities	<u>\$ 3,501</u>	<u>\$ 182</u>	<u>\$ 3,683</u>				

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(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, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Revenue Bonds, net	\$ 289,805	\$ -	\$ 44,514	\$ 245,291	\$ 61,670
Other Bonds and Notes	417,864	-	45,441	372,423	49,762
Compensated Absences	181,803	123,704	117,005	188,502	113,220
Termination Benefits Payable	72	-	24	48	16
Estimated Liability for Litigation and Self-Insured Claims	246,495	77,625	48,484	275,636	61,224
Net Pension Liability	1,833,646	123,242	-	1,956,888	-
Total Governmental Activities - Long-term Liabilities	<u>\$ 2,969,685</u>	<u>\$ 324,571</u>	<u>\$ 255,468</u>	<u>\$ 3,038,788</u>	<u>\$ 285,892</u>
<u>Business-Type Activities</u>					
Certificates of Participation, net	\$ 380,782	\$ -	\$ 23,446	\$ 357,336	\$ 24,920
General Obligation Bonds	335	-	190	145	145
Notes	32,338	-	830	31,508	818
Compensated Absences	20,993	17,324	15,963	22,354	13,955
Termination Benefits Payable	15	-	-	15	15
Capital Lease Obligations	3,962	-	1,706	2,256	1,100
Other Long-Term Liabilities	62,088	54,681	17,348	99,421	91,484
Pollution Remediation Obligations	65,015	965	1,172	64,808	3,397
Estimated Liability for Closure/ Postclosure Care Costs	96,369	33,889	4,426	125,832	6,057
Net Other Postemployment Benefits Obligation for Housing Authority	3,837	1,568	916	4,489	-
Net Pension Liability	230,896	8,453	-	239,349	-
Total Business-type Activities - Long-term Liabilities	<u>\$ 896,630</u>	<u>\$ 116,880</u>	<u>\$ 65,997</u>	<u>\$ 947,513</u>	<u>\$ 141,891</u>

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

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

Termination Benefits Payable

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

Approximately 304 employees accepted the incentive and retired during the eligible period. The county-wide termination benefit payable at June 30, 2018 is \$63. 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, 2018. The remaining installment payments for these 5 employees will be deferred until their employment with the County ends.

Pollution Remediation Obligations

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

Waste Systems Division

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

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

In 1998, directives were issued by the RWQCB to Waste Systems to investigate impacts to groundwater from VOCs on the west side of the MVSL. This investigation resulted in the construction of a pump and treat system, recently converted to include a soil vapor extraction optional system on County-owned land to capture as much VOC contamination as possible, and this on-site system continues to be operated by Waste Systems as of June 30, 2018. The remediation plan also included the settlement with San Gabriel Valley Water Company DBA Fontana Water Company whereby the water company would pump and treat VOCs that escaped the County-run system and the County pays the water company for the treatment of VOCs at the company's groundwater production wells. It is not currently possible to determine when the County's obligation to San Gabriel Valley Water Company will end.

In 2002 to 2004, directives were issued by the RWQCB to Waste Systems requesting investigation into groundwater impacts and the preparation of a corrective action plan to address the impacts of perchlorate and VOCs. Waste Systems, following RWQCB protocol, conducted a variety of additional tests and analysis for perchlorate and VOCs in the portion of the Rialto-Colton Basin down gradient of the MVSL, including the expansion property on the east side. The findings led to the preparation and implementation of a remediation plan approved by the RWQCB. That remediation system has continued to be operated as of June 30, 2018.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

In fiscal year 2011, Waste Systems 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. Waste Systems continues to work closely with the RWQCB to ensure its pollution remediation measures adequately address the contamination.

On July 20, 2011, RWQCB approved Waste Systems' 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, Waste Systems 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 since May 2012 the pilot study was conducted. In September 2017, after two successful pilot study injection events, Waste Systems submitted a work plan for additional monitoring and corrective action and that plan was initiated as of April 30, 2018.

Waste Systems disclosed, to the State of California, in fiscal year 2012 the occurrence of a pollution event at the inactive Heaps Peak Disposal Site (HPDS). A landfill leachate discharge occurred that threatened the groundwater. The RWQCB was aware of leachate discharges to Shake Creek, a nearby creek bed, in the 1990s that threatened both surface and groundwater. Multiple attempts by Waste Systems to repair the existing leachate collection and recovery system to prevent the leachate discharges were unsuccessful. In 2012, Waste Systems prepared and submitted a Report of Waste Discharge (ROWD) to the RWQCB to contain and treat the leachate in 2012. The ROWD was approved in 2014 and a leachate treatment system was installed within the HPDS maintenance building. The leachate treatment system has been periodically improved and upgraded and now functions well. Waste Systems continues to work very closely with the RWQCB to ensure its pollution control and remediation measures are successful.

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 Waste Systems regarding the violation of the Waste Discharge Requirements on July 25, 2014 based upon the 2013 Groundwater Monitoring Reports submitted by Waste Systems, which showed VOCs and other contaminants above set regulatory standards; therefore, a new GASB 49 event (increasing VOC trend) was reported in fiscal year 2015.

Waste Systems 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. Analytical results for the Pilot Study obtained since 2016 have been positive and suggest conditions in the aquifer are capable of promoting and sustaining anaerobic biogenic reductive dechlorination.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

In June 2015, the RWQCB sent a letter to Waste Systems concerning the inactive Milliken Landfill. The RWQCB letter requested Waste Systems perform gas samples from existing landfill gas probes and evaluate the potential for impacts to off-site structures; to update reports for the landfill due to lack of groundwater to run the pump and treat program and to evaluate the need for additional downgradient monitoring. Waste Systems engaged a consultant to complete a workplan pursuant to the RWQCB letter and to implement the workplan. In August 2017, Waste Systems received a draft evaluation report prepared as part of the workplan. The workplan concluded that sufficient landfill gas may be present along the downgradient border of the landfill to support soil vapor extraction (SVE) as an additional mitigation measure. A pilot test was conducted mid-September 2018 and confirmed the viability of an SVE system at the Milliken Landfill. The workplan also recommended installation of a new sentry monitoring well downgradient of the landfill. Costs for the installation of the SVE system are estimated at approximately \$650, and for the sentry monitoring well approximately \$250. Operations and maintenance for the SVE system will be approximately \$55 per year. The Pilot Study Report is currently being reviewed by Waste Systems and will be submitted to the RWQCB for their concurrence. Planning (Design Plans, Permitting, etc.) for the installation of the SVE system may begin in the current fiscal year if the RWQCB accepts the results of the Pilot Study.

In fiscal year 2018, the estimated total pollution remediation liability decreased from \$65,015 at June 30, 2017 to \$64,808 at June 30, 2018. 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 \$207 are listed below:

- The Mid-Valley net liability increased by a net of \$3,342 primarily due to a calculation measurement change. The estimate was increased because of a more recently known work scope timing and value. The outstanding liability as of June 30, 2018 is \$53,184.
- The Yucaipa net liability decreased by a net of \$3,155 primarily due to more accurate media dosing cost estimates. Two dosing events now covered under the GLA #18-366 Task 6B Non-Routine OM&M cost estimate. The outstanding liability as of June 30, 2018 is \$2,385.
- The Heaps Peak net liability increased by a net of \$50 primarily due to a calculation measurement change. The outstanding liability as of June 30, 2018 is \$7,543.
- The Lenwood-Hinkley net liability decreased by a net of \$444 primarily due to remeasurement old values posted. The outstanding liability as of June 30, 2018 is \$1,696.

Current and future estimated remediation costs are based on actual component costs adjusted for inflation in future 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 fiscal year 2018, Waste Systems expended \$2,236 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 fiscal year 2019 totaling \$3,397. The presence of perchlorate, VOC and leachate will continue to be remediated and monitored with an expected estimated outlay of \$61,411 from fiscal year 2020 through fiscal year 2043.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

Bonds and Notes Payable

Certificates of Participation

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

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

In prior years, the County has defeased certain Certificates of Participation by placing the proceeds of new certificates in an irrevocable trust to provide for all future debt service payments on the old certificates. Accordingly, the trust account assets and the liability for the defeased certificates are not included in the County's basic financial statements. At June 30, 2018 approximately \$61,070 of outstanding debt was considered defeased.

San Bernardino County Financing Authority

In November 1995, San Bernardino County Financing Authority (SBCFA) issued Revenue Bonds for the purpose of enabling the County to finance its share of unfunded pension indebtedness. SBCFA has deep-discounts associated with the pension obligation bonds, which is being amortized based on the accreted value of the bonds at year-end. SBCFA records the amortization of deep-discount as accretion of interest expense. As of June 30, 2018, the amount of accretion of interest expense remaining is \$29,214.

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

The debt service schedule for the current fiscal year required principal and interest payments totaling \$1,629. The total surcharge revenues received during the fiscal year totaled \$1,861. 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 1.587. Total principal and interest remaining on the bonds is \$21,564. Interest is payable semi-annually at interest rates from 5.10 percent to 5.50 percent starting December 1, 2007. \$3,100 matured on June 1, 2017, and \$15,270 is expected to mature on June 1, 2037. The bonds are not subject to optional redemption prior to maturity.

Pension Obligation Bonds 2004 and 2008 Series

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

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

San Bernardino County Flood Control District

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

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

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

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

<u>Revenue Bonds</u>	<u>Interest Rates (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue Amount</u>	<u>Outstanding as of 6/30/2018</u>
Pension Obligation Bonds (1995)	5.68 to 7.72	11/22/1995	8/1/2021	\$ 386,266	\$ 261,325
Courthouse Project Bonds (2007)	5.10 to 5.50	6/29/2007	6/30/2037	18,370	13,180
Subtotal					<u>274,505</u>
Premium/(Discounts):					
* Pension Obligation Bonds (1995)					
Total Revenue Bonds					<u>(29,214)</u>
245,291					
Other Bonds and Notes					
Flood Control District:					
Refunding Bonds (Series 2007)	4.25 to 5.00	5/29/2007	8/1/2021	23,845	9,275
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	21,755
Pension Obligation Bonds (2004)	0.54 to 5.86	6/24/2004	8/1/2023	463,895	141,235
Pension Obligation Refunding Bonds (2008)	6.02	4/16/2008	6/30/2024	160,900	152,765
Fire Protection District 2010 Installment Loan	5.4	8/2/2010	8/1/2030	2,286	1,862
West Valley Detention Center Refinancing Notes (2012)	2.59	3/29/2012	11/1/2018	51,585	7,940
Subtotal					<u>372,127</u>
Premium/(Discounts):					
Flood Control District:					
Refunding Bonds (Series 2007)					
Total Other Bonds and Notes					<u>296</u>
372,423					
Total Governmental Activities					<u>\$ 617,714</u>

* Updated per accretion table.

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, 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 of the County of San Bernardino (HACSB)

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

County Service Area

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

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

<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 6/30/2018</u>
Medical Center Project (Series 1994)	4.60 to 7.00	2/1/1994	8/1/2028	\$ 283,245	\$ 92,836
Medical Center Project (Series 1996)	5.00 to 5.25	1/1/1996	8/1/2028	65,070	61,385
Arrowhead Refunding Project (Series 2009A)	3.00 to 5.50	12/17/2009	8/1/2026	243,980	161,975
Arrowhead Refunding Project (Series 2009B)	3.00 to 5.25	12/17/2009	8/1/2026	44,750	43,880
					<u>360,076</u>
Premium / (Discounts):					
Medical Center Project (Series 1994)					(3,150)
Medical Center Project (Series 1996)					(1,462)
Arrowhead Refunding Project (Series 2009A)					1,939
Arrowhead Refunding Project (Series 2009B)					(67)
Total Certificates of Participation					<u>357,336</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
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	95
Oak Hills Water Distribution Facilities	7.00	9/1/1974	9/1/1994	750	5
Total General Obligation Bonds					<u>145</u>
Notes Payable					
Oak Hills Water (Loan)		11/25/2003	8/25/2033	2,150	1,381
Notes Payable - HACSB	0 to 11.50	Various	Various	82,963	30,127
Total Notes Payable					<u>31,508</u>
Total Business-Type Activities					<u>\$ 388,989</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.

The following is a schedule of principal debt service requirements to maturity as of June 30, 2018 for bonds and notes payable in the governmental activities:

<u>Years Ending June 30</u>	<u>Revenue Bonds</u>	<u>Other Long-Term Debt</u>	<u>Total</u>
2019	\$ 61,670	\$ 49,762	\$ 111,432
2020	64,855	46,623	111,478
2021	68,190	51,784	119,974
2022	68,390	57,899	126,289
2023	505	60,720	61,225
2024 - 2028	3,015	67,527	70,542
2029 - 2033	3,920	14,318	18,238
2034 - 2038	3,960	23,494	27,454
Total Principal	<u>274,505</u>	<u>372,127</u>	<u>646,632</u>
Plus: Premium	-	296	296
Less: Discount	(29,214)	-	(29,214)
Total Bonds and Notes Payable	<u>\$ 245,291</u>	<u>\$ 372,423</u>	<u>\$ 617,714</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

The following is a schedule of interest expense requirements to maturity as of June 30, 2018 for bonds and notes payable in the governmental activities:

Years Ending June 30	Revenue Bonds	Other Long-Term Debt	Total
2019	\$ 725	\$ 14,701	\$ 15,426
2020	702	12,406	13,108
2021	678	10,552	11,230
2022	653	8,373	9,026
2023	627	5,914	6,541
2024 - 2028	2,683	10,589	13,272
2029 - 2033	1,757	8,276	10,033
2034 - 2038	559	3,620	4,179
Total Interest	<u>\$ 8,384</u>	<u>\$ 74,431</u>	<u>\$ 82,815</u>

The following is a schedule of principal debt service requirements to maturity as of June 30, 2018 for COPs, bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Total
2019	\$ 24,920	\$ 145	\$ 818	\$ 25,883
2020	26,230	-	868	27,098
2021	27,765	-	932	28,697
2022	29,500	-	9,478	38,978
2023	31,085	-	779	31,864
2024 - 2028	180,960	-	14,622	195,582
2029 - 2033	39,616	-	1,390	41,006
2034 - 2038	-	-	1,121	1,121
2039 - 2043	-	-	-	-
2044 - 2048	-	-	-	-
2049 - 2052	-	-	1,500	1,500
Total Principal	360,076	145	31,508	391,729
Plus: Premium	1,939	-	-	1,939
Less: Discount	(4,679)	-	-	(4,679)
Total Bonds and Notes Payable	<u>\$ 357,336</u>	<u>\$ 145</u>	<u>\$ 31,508</u>	<u>\$ 388,989</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

The following is a schedule of interest expense requirements to maturity as of June 30, 2018 for COPs, bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Total
2019	\$ 18,037	\$ 5	\$ 1,322	\$ 19,364
2020	16,749		1,283	18,032
2021	15,231	-	1,243	16,474
2022	13,579	-	816	14,395
2023	11,962	-	744	12,706
2024 - 2028	33,243	-	1,788	35,031
2029 - 2033	971	-	111	1,082
2034 - 2038	-	-	131	131
2039 - 2043	-	-	-	-
2044 - 2048	-	-	-	-
2049 - 2052	-	-	298	298
Total Interest	<u>\$ 109,772</u>	<u>\$ 5</u>	<u>\$ 7,736</u>	<u>\$ 117,513</u>

Agreement with Liquidity Facilities

Flood Control Refunding Bonds (Series 2008): In April 2008, Flood Control 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, 2018 was \$37,295.

The Bonds were issued to refund all of Flood Control’s outstanding \$45,000 San Bernardino County Flood Control Judgment Obligation Bonds, Series B, which were issued to refund a portion of certain obligations of Flood Control under a settlement agreement relating to an inverse condemnation action against Flood Control, 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 Control, at par, upon seven days’ notice. Flood Control 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 Control 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 Control did not pay any upfront commitment fee to the Bank for this LC; however it pays a facility fee at agreed upon rates on the Available Amount of the LC (as defined in the LC agreement). This LC is an irrevocable direct pay letter of credit with a current stated expiration date of July 5, 2019.

The LC is directly drawn on monthly to make the interest payment on the Bonds. The Bank is reimbursed for the monthly draw on the LC with the debt service payments made by Flood Control. 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 Control 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 Control.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

As of June 30, 2018, 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 Control, 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, 2018 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
2019	\$ 10,600	\$ 2,821	\$ 13,421
2020	10,600	1,745	12,345
2021	10,700	834	11,534
2022	5,395	77	5,472
Total	<u>\$ 37,295</u>	<u>\$ 5,477</u>	<u>\$ 42,772</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 \$800 and Multi-Family Mortgage Revenue Bonds of \$49,632 at June 30, 2018 do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

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. HACSB is not obligated in any manner for repayment of the indebtedness. Accordingly, the liabilities are not reported in HACSB’s basic financial statements. 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. 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, 2017, the outstanding balances of these Revenue Bonds are \$10,446.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(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, 2018 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 \$71,881 at June 30, 2018 do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

Discretely Presented Component Units

Long-term liability transactions for FIRST 5 San Bernardino for the year ended June 30, 2018, 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	\$ 180	\$ 150	\$ 160	\$ 170	\$ 10
Net Pension Liability	2,184	-	152	2,032	-
Total Long-Term Liabilities	<u>\$ 2,364</u>	<u>\$ 150</u>	<u>\$ 312</u>	<u>\$ 2,202</u>	<u>\$ 10</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, 2018 for capital leases are as follows:

	<u>Business-type Activities</u>
Asset:	
Equipment	\$ 27,784
Less: Accumulated depreciation	26,646
Total	<u>\$ 1,138</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(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, 2018, are as follows:

Year Ending June 30:	Business-type Activities
2019	\$ 1,116
2020	741
2021	445
Total Minimum Lease Payments	2,302
Less: Amount Representing Interest	(46)
Present Value of Minimum Lease Payments	\$ 2,256

Operating Leases

The County leases building and office facilities and other equipment under non-cancelable operating leases. Total costs for such leases were \$50,259 for the year ended June 30, 2018. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	
2019	\$ 48,930
2020	42,716
2021	36,636
2022	34,412
2023	33,072
2024-2028	73,649
Total Minimum Payments	\$ 269,415

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, 2018
(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	6%	519	Needles	100%	Inactive
Big Bear	100%	Inactive	Newberry Springs	100%	Inactive
Colton	100%	Inactive	Phelan	100%	Inactive
Hesperia	100%	Inactive	San Timoteo	44%	25
Landers	22%	117	Trona-Argus	100%	Inactive
Lenwood-Hinkley	100%	Inactive	Twentynine Palms	100%	Inactive
Lucerne Valley	100%	Inactive	Victorville	18%	161
Mid-Valley	38%	39	Yermo	100%	Inactive

The annually inflated landfill closure and post-closure care cost estimates of \$208,112 and \$179,122 respectively for a total of \$387,234, 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, 2018, the cumulative liability recorded by the County based upon individual landfill capacity usage was \$234,794 (\$118,991 closure costs and \$115,803 post-closure costs). The remaining \$152,440 of estimated closure and post-closure costs will be recorded and funded as landfill capacities are used.

Cumulative closure and post-closure related outlays of \$87,804 and \$21,158 have been incurred through June 30, 2018. Landfill closure liabilities increased to \$31,187 and post-closure liabilities also increased to \$94,645. 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, 2018 includes the following:

	<u>Beginning Balance</u>	<u>Increase (Decrease)</u>	<u>Ending Balance</u>
Estimated Liability for Closure Care Costs	\$ 29,590	\$ 1,597	\$ 31,187
Estimated Liability for Postclosure Care Costs	66,779	27,866	94,645
Total	<u>\$ 96,369</u>	<u>\$ 29,463</u>	<u>\$ 125,832</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 \$71,056 and post-closure expenses were \$2,118. 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 \$61,365 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's 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, 2018
(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 \$50 million is provided through a combination of insurance policies as recommended by Alliant Insurance Services Inc., Insurance Broker through CSAC-EIA (California State Association of Counties – Excess Insurance Authority), as follows: Primary Liability coverage \$25 million excess of \$3 million self-insured retention with QBE Insurance, Munich Reinsurance America, Inc., Markel Corp., Great American Ins., Brit Global Specialty USA, and Lloyd's of London ANNV syndicate. Excess Liability coverage for \$10 million, excess of \$25 million with Brit Global Specialty USA and Great American Ins. Company. Allied World Assurance Co. (AWAC) provides excess liability coverage of \$15 million, excess of \$35 million. In addition, the actuary has recommended that the County maintains a \$24 million reserve to cover SIR exposure for auto and general liability programs. No settlements related to these programs have exceeded insurance coverage in the last three years.

The Workers' Compensation program continued under CSAC-EIA Excess Workers' Compensation Program with a policy of \$2 million SIR and statutory limits with Great American Insurance Co., ACE American Insurance Co., and Liberty Insurance Corporation. 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/reinsurers like AWAC, Ironshore, Partner RE, and Lloyd's of London, among others.

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

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

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

The activities related to such programs are accounted for in the Risk Management Department's internal service funds ("Funds"), except for unemployment insurance, and employee dental insurance, which are accounted for in the General Fund. The liabilities recorded in these Funds are based on the results of actuarial studies and include amounts for allocated and unallocated loss adjustment expenses. The liabilities for these claims are reported using a discounted rate of 1.392% and an actuarially-determined 80% confidence level. It is the County's practice to obtain actuarial studies on an annual basis.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 14 – SELF-INSURANCE (CONTINUED)

The total claims liability of \$275.64 million reported at June 30, 2018 is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

Changes in the claims liability amounts in fiscal years 2017 and 2018 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>
2016-17	\$236,695	\$71,655	(\$61,855)	\$246,495
2017-18	\$246,495	\$77,625	(\$48,484)	\$275,636

As of June 30, 2018, Risk Management has a deficit net position of \$7.8 million as a result of increases in estimated liabilities for certain self-insurance program such as Workers' Compensation, Law Enforcement and General Liabilities.

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>
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>\$ 729,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 729,302</u>

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(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, 2018 of deferred inflows of resources in the government-wide financial statements are as follows:

Government-Wide and Component Unit Activities				
	Governmental Activities	Business-Type Activities	Primary Government Total	Discretely Presented Component Unit
Deferred Inflows Related to Pensions	\$ 259,882	\$ 32,404	\$ 292,286	\$ 461
Deferred Inflows Related to Bond Refunding: Flood Control Refunding Bonds (Series 2008)	180	-	180	-
Total Government-Wide and Component Unit Activities	<u>\$ 260,062</u>	<u>\$ 32,404</u>	<u>\$ 292,466</u>	<u>\$ 461</u>

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

The balances as of June 30, 2018 of deferred inflows of resources in the fund financial statements are as follows:

Governmental Funds:

	Unavailable Revenues:					Total Governmental Funds
	Property Tax Receivable	Interest Receivable	Other Receivable	Due from Governmental Agencies	Due from Other Agencies	
General Fund	\$ 9,383	\$ 24,663	\$ 922	\$ 26,305	\$ -	\$ 61,273
Capital Improvement Fund	-	724	-	-	-	724
Nonmajor Governmental Funds	4,757	1,798	-	1,622	225	8,402
Total Governmental Activities	<u>\$ 14,140</u>	<u>\$ 27,185</u>	<u>\$ 922</u>	<u>\$ 27,927</u>	<u>\$ 225</u>	<u>\$ 70,399</u>

Proprietary Funds:

	San Bernardino County Employees' Retirement Association (SBCERA)	California Public Employees Retirement System (CalPERS- HACSB)	Total Proprietary Funds
Medical Center	\$ 30,355	\$ -	\$ 30,355
Waste Systems Division	1,418	-	1,418
Housing Authority	-	631	631
Total Business-Type Activities	<u>\$ 31,773</u>	<u>\$ 631</u>	<u>\$ 32,404</u>
Internal Service Fund	\$ 9,620	\$ -	\$ 9,620
Total Governmental Activities	<u>\$ 9,620</u>	<u>\$ -</u>	<u>\$ 9,620</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(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	\$ 34,465	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,465
Noncurrent Interfund Receivable	2,842	-	-	-	-	-	2,842
Prepaid Items and Inventories	6,493	-	1,737	-	-	-	8,230
Land Held for Resale	549	-	-	-	-	-	549
Endowments	-	-	-	-	-	1,713	1,713
Total Nonspendable Fund Balance	44,349	-	1,737	-	-	1,713	47,799
Restricted for:							
Social Services Realignment	98,762	-	-	-	-	-	98,762
Health Services Realignment	124,292	-	-	-	-	-	124,292
Behavioral Health Realignment	99,958	-	-	-	-	-	99,958
Law and Justice Realignment	68,335	-	-	-	-	-	68,335
Family Support Realignment	11,383	-	-	-	-	-	11,383
CalWORKs Maintenance of Effort Realignment	15,330	-	-	-	-	-	15,330
Teeter Plan	15,090	-	-	-	-	-	15,090
Aging Programs	712	-	-	-	-	-	712
COP & Juvenile Growth	2,878	-	-	-	-	-	2,878
Debt Service	-	-	-	23,230	-	-	23,230
Central Courthouse Project	-	-	1,731	-	-	-	1,731
Redemption Restitution Maintenance	-	-	2,071	-	-	-	2,071
Courthouse and Criminal Justice Construction	-	-	6	-	-	-	6
Redevelopment Housing	-	-	1,301	-	19,907	-	21,208
Capital Improvement Projects	-	101,627	-	-	-	-	101,627
Public Protection and Safety - Other	-	-	155	-	-	-	155
Flood Control	-	-	141,949	-	-	-	141,949
Domestic Violence Programs	-	-	893	-	-	-	893
Crime Prosecution	-	-	9,673	-	-	-	9,673
Probation Programs	-	-	27,382	-	-	-	27,382
Alternate Dispute Resolutions	-	-	149	-	-	-	149
Recorder's Micrographics	-	-	17,729	-	-	-	17,729
Local Law Enforcement Block Grant	-	-	2,288	-	-	-	2,288
Sheriff Special Projects	-	-	12,770	-	-	-	12,770
Fire Protection	-	-	72,764	-	8,500	-	81,264
Chino Agriculture Preserve	-	-	29,235	-	-	-	29,235
Road Operations	-	-	41,263	-	-	-	41,263
Measure I	-	-	20,258	-	-	-	20,258
Regional Development Mitigation Plan	-	-	22,369	-	-	-	22,369
Facilities Development Plans	-	-	3,474	-	-	-	3,474
Airport Operations	-	-	6,935	-	-	-	6,935
Mental Health Services Act	-	-	177,575	-	-	-	177,575
Block Grant Carryover Program	-	-	6,710	-	-	-	6,710
Vector Control Assessments	-	-	3,974	-	-	-	3,974
Public Health - Other	-	-	999	-	-	-	999
Mental Health - Other	-	-	530	-	-	-	530
Inland Counties Emergency Medical Agencies	-	-	1,434	-	-	-	1,434
Preschool Services	-	-	534	-	-	-	534
Aging and Adult Services - Other	-	-	1,581	-	-	-	1,581
Job and Employment Services	-	-	80	-	-	-	80
Economic and Community Development	-	-	32,811	-	-	-	32,811
Wraparound Reinvestment	-	-	3,711	-	-	-	3,711
Regional Parks	-	-	1,312	-	-	-	1,312
Park and Recreation Districts	-	-	2,773	-	66	-	2,839
County Free Library	-	-	10,637	-	-	-	10,637
County Service Area	-	-	25,889	-	1,375	-	27,264
Total Restricted Fund Balance	436,740	101,627	684,945	23,230	29,848	-	1,276,390
Committed to:							
Medical Center Debt Service	\$ 32,075	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,075
Glen Helen Rehabilitation Center Jail Upgrade	75	-	-	-	-	-	75
New Property Tax System	3,000	-	-	-	-	-	3,000
New Financial Accounting System	3,504	-	-	-	-	-	3,504
Earned Leave	22,496	-	-	-	-	-	22,496
Animal Shelter Capital Project	10,000	-	-	-	-	-	10,000
Adelanto Detention Center Jail Upgrade	4,781	-	-	-	-	-	4,781
Retirement	19,864	-	-	-	-	-	19,864

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(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
West Valley Detention Center Jail Upgrade	\$ 6,598	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,598
Rim Forest Drainage Project	3,176	-	-	-	-	-	3,176
Land Use Services Plan and Amendments	1,696	-	-	-	-	-	1,696
Glen Helen Parkway Bridge	1,666	-	-	-	-	-	1,666
Permit Systems Upgrade	823	-	-	-	-	-	823
National Trails Highway	3,920	-	-	-	-	-	3,920
Labor	7,844	-	-	-	-	-	7,844
Rock Springs Bridge Project	2,037	-	-	-	-	-	2,037
Asset Replacement	23,644	-	-	-	-	-	23,644
Assessor-Recorder Enterprise System	4,875	-	-	-	-	-	4,875
Strategic Initiatives Reserve	438	-	-	-	-	-	438
Big Bear Apline Zoo	1,700	-	-	-	-	-	1,700
GIS Enterprise License Agreement	839	-	-	-	-	-	839
Valley Dispatch Reserve	36,843	-	-	-	-	-	36,843
ARMC Jail Ward	19,000	-	-	-	-	-	19,000
Cedar Avenue Interchange	6,723	-	-	-	-	-	6,723
Litigation Expenses	17,000	-	-	-	-	-	17,000
County Fire - Fire Training Center	820	-	-	-	-	-	820
Stanfield Cutoff Road Repair and Bridge Replacement	405	-	-	-	-	-	405
Chino Airport Development Plan Reserve	250	-	-	-	-	-	250
ISD Building Acquisition	23,000	-	-	-	-	-	23,000
MOU - California University of Science and Medicine	5,000	-	-	-	-	-	5,000
Archives Acquisition	4,300	-	-	-	-	-	4,300
Enterprise Financial System Post Implementation Costs	3,853	-	-	-	-	-	3,853
IHSS MOE Discontinuance	2,617	-	-	-	-	-	2,617
Agenda Management Systems	1,763	-	-	-	-	-	1,763
Juvenile Dependency Court Building	1,650	-	-	-	-	-	1,650
CGC Board Chambers	1,250	-	-	-	-	-	1,250
December 2nd Memorial	900	-	-	-	-	-	900
Indigent Defence Costs	500	-	-	-	-	-	500
RESD Construction Management System	229	-	-	-	-	-	229
Countywide Crime Sweep	114	-	-	-	-	-	114
Revolving Loan Program	2,000	-	-	-	-	-	2,000
Total Committed Fund Balance	283,268	-	-	-	-	-	283,268
Assigned to:							
Automated Systems Development	3,784	-	-	-	-	-	3,784
Cal Fresh Waiver Discontinuance	302	-	-	-	-	-	302
Redemption Restitution Maintenance	-	-	233	-	-	-	233
Industrial Development Authority	-	-	58	-	-	-	58
800 MHZ Upgrade Project	-	52,643	-	-	-	-	52,643
Sheriff's Crime Lab	-	315	-	-	-	-	315
Needles Fire Station	-	4	-	-	-	-	4
Rancho Court Remodel	-	1,588	-	-	-	-	1,588
County Buildings Retrofit and Improvements	-	102,049	-	-	-	-	102,049
Maintenance, Upgrades and Other Capital Outlay	-	47,853	-	-	-	-	47,853
High Desert Animal Shelter	-	1,128	-	-	-	-	1,128
Training Centre Lead Mitigation	-	675	-	-	-	-	675
Indigent Defense Program	-	-	183	-	-	-	183
Disaster Recovery	-	-	4,436	-	-	-	4,436
Flood Control	-	-	4,797	-	-	-	4,797
Sheriff Special Projects	-	6,065	-	-	-	-	6,065
Road Operations	-	-	33,395	-	-	-	33,395
Master Settlement Agreement	-	-	8,669	-	-	-	8,669
Mental Health	-	-	3,085	-	-	-	3,085
Human Resources	-	-	2,934	-	-	-	2,934
Economic and Community Development	-	-	971	-	-	-	971
Regional Parks	-	-	2,842	-	-	-	2,842
San Manuel Amphitheater	-	-	1,587	-	-	-	1,587
County Service Area	-	-	2,882	-	-	-	2,882
Total Assigned Fund Balance	4,086	212,320	66,072	-	-	-	282,478
Unassigned Fund Balance	333,915	-	-	-	-	-	333,915
Total Fund Balances	\$ 1,102,358	\$ 313,947	\$ 752,754	\$ 23,230	\$ 29,848	\$ 1,713	\$ 2,223,850

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(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, 2018 and 2017, the Medi-Cal program represented approximately 61% and 59%, and the Medicare program represented approximately 27% and 25%, respectively, of the Medical Center's net patient service revenues. Medi-Cal inpatient services are reimbursed at contractually agreed upon per diem rates and outpatient services are reimbursed under a schedule of maximum allowances. Medicare inpatient services are reimbursed based upon pre-established rates for diagnostic-related groups. Outpatient services are reimbursed based on prospectively determined payments per procedure under a system called Ambulatory Payment Classifications. Certain defined capital and the medical education costs related to Medicare beneficiaries are paid based on a cost-reimbursement methodology. Final reimbursement is determined as a result of audits by the fiscal intermediary of annual cost reports submitted by the Medical Center. Reports on the results of such audits have been received through June 30, 2011 for Medicare and June 30, 2015 for Medi-Cal. Adjustments as a result of such audits are recorded in the year the amounts can be determined.

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

NOTE 19 – RETIREMENT PLAN

The County recognized net pension liabilities, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expenses from the following retirement plans in the government-wide financial statements. The balances as of June 30, 2018 of net pension liabilities are as follows:

	Governmental Activities	Business-Type Activities	Primary Government Total	Discretely Presented Component Unit
<u>Net Pension Liabilities</u>				
San Bernardino County Employees' Retirement Association	\$ 1,956,888	\$ 217,187	\$ 2,174,075	\$ 2,032
California Public Employees Retirement System - HACSB	-	22,162	22,162	-
Total	<u>\$ 1,956,888</u>	<u>\$ 239,349</u>	<u>\$ 2,196,237</u>	<u>\$ 2,032</u>
<u>Deferred Outflows of Resources Related to Pensions</u>				
San Bernardino County Employees' Retirement Association	\$ 898,381	\$ 104,199	\$ 1,002,580	\$ 952
California Public Employees Retirement System - HACSB	-	4,602	4,602	-
Total	<u>\$ 898,381</u>	<u>\$ 108,801</u>	<u>\$ 1,007,182</u>	<u>\$ 952</u>
<u>Deferred Inflows of Resources Related to Pensions</u>				
San Bernardino County Employees' Retirement Association	\$ 259,882	\$ 31,773	\$ 291,655	\$ 461
California Public Employees Retirement System - HACSB	-	631	631	-
Total	<u>\$ 259,882</u>	<u>\$ 32,404</u>	<u>\$ 292,286</u>	<u>\$ 461</u>
<u>Pension Expenses</u>				
San Bernardino County Employees' Retirement Association	\$ 275,064	\$ 29,891	\$ 304,955	\$ 252
California Public Employees Retirement System - HACSB	-	2,892	2,892	-
Total	<u>\$ 275,064</u>	<u>\$ 32,783</u>	<u>\$ 307,847</u>	<u>\$ 252</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

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.

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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

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, 2018
(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

Contributions

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

Employee and employer contribution rates for the fiscal year ended June 30, 2018 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	7.90% to 14.87%	8.45%	10.65% to 17.62%	15.15%
Employer contribution rates	22.41%	19.36%	50.20%	43.21%

For the year ended June 30, 2018, 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>Primary Government Total</u>	<u>Discretely Presented Component Unit</u>
Employer Contributions				
General Members	\$ 167,369	\$ 33,928	\$ 201,297	\$ 289
Safety Members	114,321	-	114,321	-
Total	<u>\$ 281,690</u>	<u>\$ 33,928</u>	<u>\$ 315,618</u>	<u>\$ 289</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(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, 2018, the County reported net pension liabilities for its proportionate share of the Plan's net pension liability as follows:

	Governmental Activities	Business-Type Activities	Primary Government Total	Discretely Presented Component Unit
General Members	\$ 1,095,507	\$ 217,187	\$ 1,312,694	\$ 2,032
Safety Members	861,381	-	861,381	-
Total	<u>\$ 1,956,888</u>	<u>\$ 217,187</u>	<u>\$ 2,174,075</u>	<u>\$ 2,032</u>

The net pension liability was measured as of June 30, 2017, 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 fiscal year 2017 actual contributions to the Plan relative to the total employer contributions of all SBCERA's participating employers. The County's proportion in the Plan was 82.57%, including 82.48% for primary government and 0.09% for discretely presented component unit. This proportion excludes the Consolidated Fire Agencies of the East Valley as it is not part of the County's reporting entity. It was a decrease of 0.35%, including 0.33% for primary government and 0.02% for discretely presented component unit, from its proportion measured as of June 30, 2016.

The allocation of the County's proportion of the net pension liability to governmental activities, business-type activities, and a discretely presented component unit was based on each fund group's fiscal year 2017 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, 2016 are as follows:

	Governmental Activities	Business-Type Activities	Primary Government Total	Discretely Presented Component Unit
Proportion - June 30, 2017				
General Members	50.35%	9.98%	60.33%	0.09%
Safety Members	39.58%	-	39.58%	-
Total	<u>89.93%</u>	<u>9.98%</u>	<u>99.91%</u>	<u>0.09%</u>
Change - Increase (Decrease)				
General Members	-1.18%	-0.32%	-1.50%	-0.02%
Safety Members	1.52%	-	1.52%	-
Total	<u>0.34%</u>	<u>-0.32%</u>	<u>0.02%</u>	<u>-0.02%</u>

For the year ended June 30, 2018, the County recognized pension expense of \$305,207 as follows:

	Governmental Activities	Business-Type Activities	Primary Government Total	Discretely Presented Component Unit
Pension Expense	\$ 275,064	\$ 29,891	\$ 304,955	\$ 252

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

At June 30, 2018, 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			
	Governmental Activities	Business-Type Activities	Primary Government Total	Discretely Presented Component Unit
Changes of assumptions	\$ 500,080	\$ 55,502	\$ 555,582	\$ 519
Changes in proportion and differences between County contributions and proportionate share of contributions	45,558	6,883	52,441	70
Net differences between projected and actual earnings on pension plan investments	71,053	7,886	78,939	74
Pension contributions subsequent to measurement date	281,690	33,928	315,618	289
Total	\$ 898,381	\$ 104,199	\$ 1,002,580	\$ 952
	Deferred Inflows of Resources			
	Governmental Activities	Business-Type Activities	Primary Government Total	Discretely Presented Component Unit
Differences between actual and expected experience	\$ 209,348	\$ 23,234	\$ 232,582	\$ 217
Changes in proportion and differences between County contributions and proportionate share of contributions	50,534	8,539	59,073	244
Total	\$ 259,882	\$ 31,773	\$ 291,655	\$ 461

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

The total amount of \$315,907 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, 2019. 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	Primary Government Total	Discretely Presented Component Unit
2019	\$ 73,407	\$ 7,509	\$ 80,916	\$ 43
2020	129,934	13,704	143,638	100
2021	81,238	9,110	90,348	49
2022	(17,243)	(1,289)	(18,532)	(43)
2023	73,759	7,855	81,614	44
Thereafter	15,714	1,609	17,323	9
Total	<u>\$ 356,809</u>	<u>\$ 38,498</u>	<u>\$ 395,307</u>	<u>\$ 202</u>

Actuarial Assumptions

The County's proportion of the Plan's total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Investment Rate of Return	7.25%
Inflation	3.00%
Projected Salary Increases	General: 4.50% to 14.50%; Safety: 4.70% to 14.50%
Cost of Living Adjustments	Consumer price index with a 2.00% maximum
Administrative Expenses	0.70% of payroll

The actuarial assumptions used to determine the total pension liability as of June 30, 2017 were based on the results of the June 30, 2017 Actuarial Experience Study, which covered the period from July 1, 2013 through June 30, 2016. They are the same assumptions used in the June 30, 2017 actuarial valuation.

Mortality rates used in the June 30, 2017 actuarial valuation are based on the Headcount-Weighted RP 2014 Healthy Annuitant Mortality Table projected generationally using the two-dimensional mortality improvement scale MP-2016. For healthy General male members, the ages are set forward one year. No adjustment is made for healthy General female members. For all healthy and disabled Safety members, the ages are set back one year. For all General members that are disabled, the ages are set forward seven years. Beneficiaries are assumed to have the same mortality as a General member of the opposite sex who is receiving a service (non-disability) retirement.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

The long-term expected rate of return on the Plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin. The June 30, 2017 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	8.00%	5.61%
Small Cap U.S. Equity	Domestic Common and Preferred Stock	2.00%	6.37%
Developed International Equity	Foreign Common and Preferred Stock	6.00%	6.96%
Emerging Market Equity	Foreign Common and Preferred Stock	6.00%	9.28%
U.S. Core Fixed Income	U.S. Government and Municipals/Corporate Bonds	2.00%	1.06%
High Yield/Credit Strategies	Corporate Bonds/Foreign Bonds	13.00%	3.65%
Global Core Fixed Income	Foreign Bonds	1.00%	0.07%
Emerging Market Debt	Emergng Market Debt	6.00%	3.85%
Real Estate	Real Estate	9.00%	4.37%
International Credit	Foreign Alternatives	11.00%	6.75%
Absolute Return	Domestic Alternatives/Foreign Alternatives	13.00%	3.56%
Other Real Assets	Domestic Alternatives/Foreign Alternatives	5.00%	6.35%
Private Equity	Domestic Alternatives/Foreign Alternatives	16.00%	8.47%
Cash & Equivalents	Short-Term Cash Investment Funds	2.00%	-0.17%
Total		100.00%	

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

Discount Rate

The discount rate used to measure the Plan's total pension liability was 7.25% for the year ended June 30, 2017. 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 7.25% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

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

The following table presents the County’s proportionate share of the net pension liability, calculated using the discount rate of 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	Governmental Activities	Business-Type Activities	Primary Government Total	Discretely Presented Component Unit
County’s proportionate share of the net pension liability				
1.00% Decrease (6.25%)	\$ 3,196,479	\$ 381,247	\$ 3,577,726	\$ 3,567
Current Discount Rate (7.25%)	1,956,888	217,187	2,174,075	2,032
1.00% Increase (8.25%)	937,295	82,244	1,019,539	770

Pension Plan Fiduciary Net Position

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

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

General Information about the Pension Plan

Plan Description

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

Benefits Provided

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

The provisions and benefits in effect as of September 30, 2017 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	22.39%

Employees Covered

At September 30, 2017, SBCHAMP had 324 employees covered, including 192 active employees and 132 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, 2017, 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 22.39% of annual payroll. The HACSB's contribution to the SBCHAMP was \$1,891 for the year ended September 30, 2017.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

Net Pension Liability

The HACSB's net pension liability was measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. At September 30, 2017, the HACSB reported a net pension liability of \$22,162 as business-type activities in the government-wide financial statements.

Actuarial Assumptions

The June 30, 2016 valuation was rolled forward to determine the June 30, 2017 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

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

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website at www.CalPERS.ca.gov under Forms and Publications.

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	Current Target Allocation	Real Return Years 1-10 ⁽¹⁾	Real Return Years 11+ ⁽²⁾
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
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 7.15%, which is a decrease from fiscal year 2016. 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 7.15% for the SBCHAMP is adequate and the use of the municipal bond rate calculation is not necessary.

Change in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balances at October 1, 2016	\$ 56,441	\$ 36,417	\$ 20,024
Changes recognized for the measurement period:			
Service cost	1,229	-	1,229
Interest on total pension liability	4,160	-	4,160
Changes of assumptions	3,333	-	3,333
Differences between expected and actual experience	(547)	-	(547)
Contributions from employer	-	1,534	(1,534)
Contributions from employees	-	522	(522)
Net investment income	-	4,035	(4,035)
Benefit payments, including refunds of employee contributions	(3,318)	(3,318)	-
Administrative expense	-	(54)	54
Net Changes	4,857	2,719	2,138
Balances at September 30, 2017	\$ 61,298	\$ 39,136	\$ 22,162

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 19 – RETIREMENT PLAN (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in Discount Rate

The following presents the net pension liability of the HACSB in business-type activities as of the June 30, 2017 measurement date, calculated using the discount rate of 7.15%, 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 (6.15%) or 1-percentage-point higher (8.15%) than the current rate:

Changes in Discount Rate	Net Pension Liability
1.00% Decrease (6.15%)	\$ 30,142
Current Discount Rate (7.15%)	22,162
1.00% Increase (8.15%)	15,571

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2017, the HACSB recognized a pension expense of \$2,892 in business-type activities. At September 30, 2017, the HACSB reported deferred outflows of resources and deferred inflows of resources related to pensions in business-type activities from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 2,432	\$ 232
Difference between expected and actual experiences	36	399
Net differences between projected and actual earnings on pension plan investments	534	-
Pension contributions subsequent to measurement date	1,600	-
Total	\$ 4,602	\$ 631

The \$1,600 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions in business-type activities will be recognized as pension expense as follows:

Year Ended September 30	Pension Expense
2018	\$ 520
2019	1,391
2020	757
2021	(297)
Total	\$ 2,371

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

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 a Public Agency Retirement Services (PARS) OPEB trust by the HACSB, provides post-retirement health benefits to retirees who meet plan eligibility requirements in accordance with the personnel policies and collective bargaining agreements. The benefit provisions and all other requirements are established by the HACSB Board of Governors.

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

Eligibility

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

Retirees hired before May 14, 2008. Minimum five years of qualified service. HACSB contributes 85% of the medical premiums for the retiree and any eligible dependents and/or survivors for the plan selected.

Retirees hired on or after May 14, 2008. Minimum ten years of qualified service for benefits. HACSB will pay 85% of the monthly medical premium for the retiree and any dependents covered by a PEMHCA vesting resolution, but not less than the vested percent of maximum benefits (caps) which vary by coverage level (single, two-party, or family).

- The maximum benefits are set annually and often referred to as the "100/90 formula" caps. The monthly caps for 2017 are \$707 (single), \$1,349 (two-party) and \$1,727 (family) (amounts not rounded).
- Each retiree's vested percent is based on his or her total years of CalPERS service. The vesting percentage is 50% after 10 years of PERS membership, increasing by 5% for each additional year, reaching 100% after 20 years of CalPERS service.
- The vested percent is automatically set to 100% if the employee receives an approved disability retirement. In addition, employees who work at least 20 years for the HACSB may end their employment with the Authority prior to retirement and retain the right to receive fully vested benefits once they begin their retirement warrant from CalPERS.

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 120 active employees, and 99 retirees and surviving spouses during the latest actuarial valuation at October 1, 2016.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

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

Funding Policy

The contribution requirements of plan members and the HACSB are established and may be amended by HACSB Board of Governors. HACSB joined the PARS GASB 45 Program Trust and intends to fully fund each year's annual required contributions. The contribution required to be made is primarily based on a pay-as-you-go basis, paying for retiree benefits as they are due. For the fiscal year ended September 30, 2017, the HACSB was required to make contributions of approximately \$916. Of this amount, \$760 was paid for healthcare benefits for retired employees and \$156 was an implicit rate subsidy.

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:

	9/30/2017
Annual Required Contribution (ARC)	\$ 1,656
Interest on Net OPEB Obligation	230
Adjustment to ARC	(318)
Annual OPEB Cost	1,568
Contributions Made	(916)
Change in Net OPEB Obligation	652
Net OPEB Obligation - Beginning of Year	3,837
Net OPEB Obligation - End of Year	\$ 4,489

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, 2017 and the two preceding years were as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2015	\$ 423	138%	\$ 4,042
9/30/2016	403	151%	3,837
9/30/2017	1,568	58%	4,489

Funded Status and Funding Progress

As of October 1, 2016, the most recent actuarial valuation date, the plan was 48.75% funded. The actuarial accrued liability for benefits was \$20,574, and the actuarial value of plan assets was \$10,029, resulting in an unfunded actuarial accrued liability (UAAL) of \$10,545. The covered payroll (annual payroll of active employees covered by the plan) was \$6,799, and the ratio of the UAAL to the covered payroll was 155.10%.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

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

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations. A summary of the actuarial assumptions and methods used in the HACSB's October 1, 2016 actuarial valuation is as follows:

Actuarial Valuation Date	October 1, 2016
Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level Percent of Pay
Amortization Period	30 Years
Remaining Amortization Period	22 Years as of Valuation Date
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	6.00%
Projected Salary Increases	3.25%, per year
Inflation	3.00%, per year
Healthcare Cost Trend Rates	8.00% initial, decreasing 0.50% per year to an ultimate rate of 5.00%

NOTE 21 – LEASE/LEASEBACK

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 21 – LEASE/LEASEBACK (CONTINUED)

The Letter of Credit (Loan) and the Letter of Credit (Equity) provide for the payment of the County's obligation under the sublease and exercise of its purchase option. As a result, obligations under the lease-leaseback arrangement are considered to be economically, although not legally defeased. Therefore, the trust assets and the related debt have been excluded from the County's financial statements. The term of the full lease with the financing institution ends in 2034. However, the sublease provides a procedure whereby the sublease with respect to one Parcel was terminated as of January 2010 and, with respect to another Parcel, terminated on July 1, 2014, and with respect to five Parcels, terminates 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, 2018, 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 \$10.6 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 \$132.9 million over the next 3 years.

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 22 – COMMITMENTS, CONTINGENCIES, AND CERTAIN SUBSEQUENT EVENTS

Lawsuits and Other Claims

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

Grants

The County recognizes as revenue, grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Although the County's grant programs are being audited through June 30, 2018 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	\$ 70,745
Capital Improvement Fund	24,193
Total Major Governmental Funds	94,938
Nonmajor Governmental Funds	100,911
Total Governmental Funds	\$ 195,849

Agreements/Certain Claims

(a) El Mirage Off-Highway Vehicle Park

The County entered into an Interagency Agreement (Agreement) with the California Off-Highway Motor Vehicle Recreation Commission, the California Department of Parks and Recreation (Parks), the County of Los Angeles, and the Bureau of Land Management (BLM) to create an off-road vehicle park and camping area on November 14, 1988. The County, BLM, and Parks entered into a MOU to further define the roles of each agency in the development of the El Mirage Off-Highway Vehicle Park (Park) in 1990. In accordance with the Agreement and the MOU, Parks provided the funding, the County is to appraise and acquire land in the Park as an acquisition agent initially taking title in trust for the BLM, and then, convey the land to the BLM to operate and manage the Park. Approximately 1,306 parcels have been acquired and approximately 306 have been transferred to the BLM. There are 136 parcels remaining to be acquired. The El Mirage Trust Fund balance is \$2,084,872.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

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

(b) Economic and Community Development

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

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

Under HUD regulations any monies received from the repayments of a business loan or a housing loan are considered to be program income and can only be used for programs or projects that primarily benefit low to moderate income persons. The total amount of these various loans at June 30, 2018 is \$64,070. 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.

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 FWC's (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 PCE remediation systems. 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, 2018
(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. As of June 30, 2018, the lawsuit filed by water purveyors against SGVWC was still pending and unresolved. At this time, it is not possible to predict the next actions of SGVWC, FUWC and/or CVWD.

Perchlorate Contamination of Ground Water: Commencing in about 2004, numerous lawsuits were filed naming the County concerning perchlorate groundwater contamination in the Rialto-Colton Basin alleged to be emanating from or near the Mid-Valley Sanitary Landfill ("MVSL") operated by the Solid Waste Management Division. As of June 30, 2018, 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 refiling 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. Implementation of the various settlements remains under the continuing jurisdiction of the federal court.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

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

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

These settlements essentially ended the County's involvement in the federal perchlorate litigation. As of December 5, 2017, all parties have entered into various settlement agreements with the USEPA and the federal case has been closed (the settlement agreements remain under the continuing jurisdiction of the federal court).

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. Waste Systems coordinates with Risk Management to submit invoices for investigation costs to ICSOP for reimbursement in accordance with the settlement agreement.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

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

(b) Chino Airport

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

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

On January 11, 2017, the Regional Board issued Order No. R8-2017-0011 to supersede Order No. R8-2008-0064. The County is now complying with the new Order and is preparing a final remediation plan for review and approval by the Regional Board. In December 2017, the County submitted to the Regional Board a Draft Interim Remedial Action Plan (IRAP) which identifies the proposed remedial plan to contain and treat the contaminated groundwater. The proposed remedial action set forth in the IRAP contemplates a long term settlement and operations agreement with the Chino Desalter Authority. The final terms of that agreement are still under negotiation. The Regional Board has not yet approved the IRAP, but that approval is likely to be received in 2019.

The County expects to receive from one of its insurers reimbursements for investigatory costs incurred as of June 30, 2018. However, future costs of remediation and potential liability related to the cleanup of the contamination are not reasonably estimable at this time.

NOTE 23 – NEW ACCOUNTING PRONOUNCEMENTS

GASB 83 – *Certain Asset Retirement Obligations*

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018
(Amounts in thousands)

NOTE 23 – NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

GASB Statement No. 84 – Fiduciary Activities

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

GASB Statement No. 87 – Leases

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

GASB Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The Objective of this Statement is to improve the information that is disclosed in notes to governments financial statements related to debt, including direct borrowings and direct placements. The requirements of this Statement is effective for the fiscal year ending June 30, 2019. The County has not determined the effect of this Statement.

GASB Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The Objective of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement is effective for the fiscal year ending June 30, 2021. The County has not determined the effect of this Statement.

GASB Statement No. 90 - Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61)

In August, 2018, GASB issued Statement No. 90 *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*). The objective of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement is effective for fiscal year ending June 30, 2020. The County has not determined the effect of this Statement.





SAN BERNARDINO
COUNTY

REQUIRED SUPPLEMENTARY
INFORMATION



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

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

County Total	2018	2017	2016	2015
County's proportion of the net pension liability ⁽²⁾	82.57%	82.92%	83.37%	84.40%
County's proportionate share of the net pension liability	\$ 2,176,107	\$ 2,046,702	\$ 1,619,806	\$ 1,434,500
County's covered payroll	\$ 1,116,557	\$ 1,061,307	\$ 1,048,550	\$ 1,028,958
County's proportionate share of the net pension liability as a percentage of its covered payroll	194.89%	192.85%	154.48%	139.41%
Plan fiduciary net position as a percentage of the total pension liability	77.90%	76.86%	80.98%	82.47%
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Primary Government	2018	2017	2016	2015
Primary Government's portion of the net pension liability	82.48%	82.81%	83.27%	84.29%
Primary Government's proportionate share of the net pension liability	\$ 2,174,075	\$ 2,044,518	\$ 1,618,134	\$ 1,432,929
Primary Government's covered payroll	\$ 1,115,185	\$ 1,059,874	\$ 1,047,144	\$ 1,027,569
Primary Government's proportionate share of the net pension liability as a percentage of its covered payroll	194.95%	192.90%	154.53%	139.45%
Plan fiduciary net position as a percentage of the total pension liability	77.90%	76.86%	80.98%	82.47%
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Discretely Presented Component Unit	2018	2017	2016	2015
Component Unit's proportion of the net pension liability	0.09%	0.11%	0.10%	0.11%
Component Unit's proportionate share of the net pension liability	\$ 2,032	\$ 2,184	\$ 1,672	\$ 1,571
Component Unit's covered payroll	\$ 1,372	\$ 1,433	\$ 1,406	\$ 1,389
Component Unit's proportionate share of the net pension liability as a percentage of its covered payroll	148.15%	152.40%	118.99%	113.13%
Plan fiduciary net position as a percentage of the total pension liability	77.90%	76.86%	80.98%	82.47%
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note to Schedule:

Changes of assumptions

In 2018, the actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the three year period of July 1, 2013 through June 30, 2016. Amounts reported in 2018 primarily reflect a decrease of 0.25% for both the investment rate of return and inflation rate, an increase of 0.1% of payroll for administrative expenses, and adjustments of projected salary increases and mortality rates to more closely reflect actual experience. Mortality rates used in the June 30, 2017 actuarial valuation are based on the Headcount-Weighted RP 2014 Healthy Annuitant Mortality Table rather than on the RP-2000 Combined Healthy Mortality Table, which was used to determine amounts reported prior to 2018.

⁽¹⁾ Fiscal year 2015 was the first year of implementation, therefore, only four 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>County Total</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 315,907	\$ 303,138	\$ 286,271	\$ 255,377
Contributions in relation to the actuarially determined contribution	315,907	303,138	286,271	255,377
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 1,163,251	\$ 1,116,557	\$ 1,033,349	\$ 1,048,550
Contributions as a percentage of covered payroll	27.16%	27.15%	27.70%	24.36%
<u>Primary Government</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 315,618	\$ 302,836	\$ 285,943	\$ 255,080
Contributions in relation to the actuarially determined contribution	315,618	302,836	285,943	255,080
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 1,161,950	\$ 1,115,185	\$ 1,059,864	\$ 1,047,144
Contributions as a percentage of covered payroll	27.16%	27.16%	26.98%	24.36%
<u>Discretely Presented Component Unit</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 289	\$ 302	\$ 328	\$ 297
Contributions in relation to the actuarially determined contribution	289	302	328	297
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 1,301	\$ 1,372	\$ 1,443	\$ 1,406
Contributions as a percentage of covered payroll	22.19%	21.98%	22.91%	21.18%

Note to Schedule:

⁽¹⁾ Fiscal year 2015 was the first year of implementation, therefore, only four 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, 2017 ⁽²⁾	September 30, 2016	September 30, 2015
Total pension liability			
Service cost	\$ 1,229	\$ 1,141	\$ 1,087
Interest on total pension liability	4,160	4,091	3,956
Changes of assumptions	3,333	-	(927)
Differences between expected and actual experience	(547)	17	111
Benefit payments, including refunds of employee contributions	(3,318)	(3,396)	(3,235)
Net change in total pension liability	4,857	1,853	992
Total pension liability - beginning	56,441	54,588	53,596
Total pension liability - ending (a)	<u>\$ 61,298</u>	<u>\$ 56,441</u>	<u>\$ 54,588</u>
Plan fiduciary net position			
Contributions from employer	\$ 1,534	\$ 1,358	\$ 1,201
Contributions from employees	522	542	518
Net investment income	4,035	181	853
Benefit payments, including refunds of employee contributions	(3,318)	(3,396)	(3,235)
Administrative expense	(54)	(23)	(43)
Net change in fiduciary net position	2,719	(1,338)	(706)
Plan fiduciary net position - beginning	36,417	37,755	38,461
Plan fiduciary net position - ending (b)	<u>\$ 39,136</u>	<u>\$ 36,417</u>	<u>\$ 37,755</u>
Plan net pension liability - ending (a) - (b)	<u>\$ 22,162</u>	<u>\$ 20,024</u>	<u>\$ 16,833</u>
Plan fiduciary net position as a percentage of total pension liability	63.85%	64.52%	69.16%
Housing Authority's covered payroll ⁽³⁾	\$ 6,997	\$ 7,110	\$ 6,759
Plan net pension liability as a percentage of covered payroll ⁽³⁾	316.71%	281.62%	249.03%
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015

Note to Schedule:

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

⁽²⁾ The Housing Authority has a September 30 year-end. As such, the most recent fiscal year for the Housing Authority was September 30, 2017.

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

⁽⁴⁾ Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65% to 7.15%.

**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, 2017 ⁽²⁾	September 30, 2016	September 30, 2015
Actuarially determined contribution	\$ 1,534	\$ 1,358	\$ 1,449
Contributions in relation to the actuarially determined contribution	1,891	1,358	1,449
Contributions deficiency (excess)	<u>\$ (357)</u>	<u>\$ -</u>	<u>\$ -</u>
Housing Authority's covered payroll ⁽³⁾	\$ 6,997	\$ 7,110	\$ 6,759
Contributions as a percentage of covered payroll ⁽³⁾	27.03%	19.10%	21.43%

Note to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal years 2017 contribution rates are as follows:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method/Period	For details see CalPERS June 30, 2014 Funding Valuation Report
Asset Valuation Method	Market value of assets. For details see CalPERS June 30, 2014 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; includes inflation
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of Mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvements using Scale BB 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 three years are shown.

⁽²⁾ The Housing Authority has a September 30 year-end. As such, the most recent fiscal year for the Housing Authority was September 30, 2017.

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

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

**SCHEDULE OF 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 ⁽²⁾ (b)	Unfunded AAL ("UAAL") (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
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%
10/1/2016	10,029	20,574	10,545	48.75%	6,799	155.10%

Note to Schedule:

⁽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.

⁽²⁾ Primary factors contributing to the significant increase in the AAL on 10/1/2016 include a decrease in the discount rate from 7.50% to 6.00%, recognition of the implicit subsidy liability and an update in assumed healthcare cost trend.





SAN BERNARDINO
COUNTY



SUPPLEMENTAL
INFORMATION





SAN BERNARDINO
COUNTY

COMBINED FINANCIAL
STATEMENTS NONMAJOR
GOVERNMENTAL FUNDS





**COUNTY OF SAN BERNARDINO
 COMBINED BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018 (IN THOUSANDS)**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 734,588	\$ 20,643	\$ 34,929	\$ 1,713	\$ 791,873
INVESTMENTS	-	1,198	-	-	1,198
ACCOUNTS RECEIVABLE - NET	2,578	-	-	-	2,578
TAXES RECEIVABLE	8,221	-	-	-	8,221
INTEREST RECEIVABLE	2,390	57	96	-	2,543
LOAN RECEIVABLE	879	-	-	-	879
OTHER RECEIVABLES	490	-	-	-	490
DUE FROM OTHER FUNDS	22,615	1,389	-	-	24,004
DUE FROM OTHER GOVERNMENTS	68,484	-	-	-	68,484
LAND HELD FOR RESALE	361	-	1,301	-	1,662
INVENTORIES	92	-	-	-	92
PREPAID ITEMS	1,645	-	-	-	1,645
INTERFUND RECEIVABLE	15,858	-	-	-	15,858
RESTRICTED CASH AND INVESTMENTS	14,726	-	-	-	14,726
TOTAL ASSETS	<u>\$ 872,927</u>	<u>\$ 23,287</u>	<u>\$ 36,326</u>	<u>\$ 1,713</u>	<u>\$ 934,253</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE	\$ 31,126	\$ -	\$ 3,457	\$ -	\$ 34,583
SALARIES AND BENEFITS PAYABLE	17,970	-	-	-	17,970
DUE TO OTHER FUNDS	47,538	-	84	-	47,622
DUE TO OTHER GOVERNMENTS	4,794	-	-	-	4,794
INTEREST PAYABLE	1	-	-	-	1
ADVANCES FROM OTHERS	10,000	-	-	-	10,000
INTERFUND PAYABLE	494	-	2,842	-	3,336
TOTAL LIABILITIES	<u>111,923</u>	<u>-</u>	<u>6,383</u>	<u>-</u>	<u>118,306</u>
DEFERRED INFLOWS OF RESOURCES	<u>8,250</u>	<u>57</u>	<u>95</u>	<u>-</u>	<u>8,402</u>
FUND BALANCES:					
NONSPENDABLE	1,737	-	-	1,713	3,450
RESTRICTED	684,945	23,230	29,848	-	738,023
ASSIGNED	66,072	-	-	-	66,072
TOTAL FUND BALANCES	<u>752,754</u>	<u>23,230</u>	<u>29,848</u>	<u>1,713</u>	<u>807,545</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 872,927</u>	<u>\$ 23,287</u>	<u>\$ 36,326</u>	<u>\$ 1,713</u>	<u>\$ 934,253</u>

**COUNTY OF SAN BERNARDINO
 COMBINED - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2018 (IN THOUSANDS)**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
REVENUES					
TAXES	\$ 153,067	\$ -	\$ -	\$ -	\$ 153,067
LICENSES, PERMITS, AND FRANCHISES	496	-	-	-	496
FINES, FORFEITURES, AND PENALTIES	6,211	-	-	-	6,211
REVENUES FROM USE OF MONEY AND PROPERTY	9,683	59	184	1	9,927
AID FROM OTHER GOVERNMENTAL AGENCIES	339,785	-	-	-	339,785
CHARGES FOR CURRENT SERVICES	136,611	-	5	-	136,616
OTHER REVENUES	47,723	2,035	652	-	50,410
TOTAL REVENUES	693,576	2,094	841	1	696,512
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT	4,502	3	331	-	4,836
PUBLIC PROTECTION	242,316	-	-	-	242,316
PUBLIC WAYS AND FACILITIES	62,791	-	-	-	62,791
HEALTH AND SANITATION	159,456	-	-	-	159,456
PUBLIC ASSISTANCE	91,998	-	-	-	91,998
EDUCATION	17,204	-	-	-	17,204
RECREATION AND CULTURAL SERVICES	7,344	-	-	-	7,344
DEBT SERVICE:					
PRINCIPAL	6,312	90,393	-	-	96,705
INTEREST AND FISCAL CHARGES	2,489	13,182	-	-	15,671
CAPITAL OUTLAY	26,721	-	12,991	-	39,712
TOTAL EXPENDITURES	621,133	103,578	13,322	-	738,033
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	72,443	(101,484)	(12,481)	1	(41,521)
OTHER FINANCING SOURCES (USES):					
TRANSFERS OUT	(92,458)	-	(5)	-	(92,463)
TRANSFERS IN	76,786	101,817	6,508	-	185,111
SALE OF CAPITAL ASSETS	3,511	-	-	-	3,511
TOTAL OTHER FINANCING SOURCES AND (USES)	(12,161)	101,817	6,503	-	96,159
NET CHANGE IN FUND BALANCES	60,282	333	(5,978)	1	54,638
FUND BALANCES, BEGINNING	692,472	22,897	35,826	1,712	752,907
FUND BALANCES, ENDING	\$ 752,754	\$ 23,230	\$ 29,848	\$ 1,713	\$ 807,545





SAN BERNARDINO
COUNTY

COMBINING FINANCIAL
STATEMENTS NONMAJOR
GOVERNMENTAL FUNDS



NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS

SPECIAL REVENUE FUNDS DESCRIPTIONS

TRANSPORTATION

The Transportation fund accounts for the administration, planning, design, construction, traffic operations, maintenance, and improvements of approximately 2,552 miles of County roadways. The fund is financed principally from state and federal fuel taxes (Highway User Tax or Gas Tax), voter-approved state transportation infrastructure bond proceeds (Proposition 1B), sales tax revenues, and developer fees.

SPECIAL TRANSPORTATION

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

SPECIAL AVIATION

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

MENTAL HEALTH SERVICES ACT

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

PRESCHOOL SERVICES DEPARTMENT

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

AGING AND ADULT SERVICES

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

JOBS AND EMPLOYMENT SERVICES

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

COURTHOUSE TEMPORARY CONSTRUCTION

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

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued

CRIMINAL JUSTICE TEMPORARY CONSTRUCTION

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

CENTRAL COURTHOUSE SURCHARGE

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

MICROGRAPHICS FEES

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

LOCAL LAW ENFORCEMENT BLOCK GRANT

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

SHERIFF SPECIAL PROJECTS

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

FIRE PROTECTION DISTRICTS

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

ECONOMIC AND COMMUNITY DEVELOPMENT

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

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued

FLOOD CONTROL DISTRICT

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

COUNTY SERVICE AREAS

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

PARK AND RECREATION DISTRICTS

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

COUNTY FREE LIBRARY

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

REDEVELOPMENT SUCCESSOR HOUSING

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

JOINT POWERS AUTHORITIES

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

OTHER SPECIAL REVENUE

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

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued

DEBT SERVICE FUNDS DESCRIPTIONS

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, 2018 (IN THOUSANDS)**

	TOTAL	TRANSPORTATION	SPECIAL TRANSPORTATION	SPECIAL AVIATION
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 734,588	\$ 70,335	\$ 48,802	\$ 5,836
ACCOUNTS RECEIVABLE - NET	2,578	606	12	-
TAXES RECEIVABLE	8,221	-	-	-
INTEREST RECEIVABLE	2,390	191	134	16
LOANS RECEIVABLE	879	-	-	-
OTHER RECEIVABLES	490	-	-	-
DUE FROM OTHER FUNDS	22,615	2,068	-	1,641
DUE FROM OTHER GOVERNMENTS	68,484	6,783	1,175	-
LAND HELD FOR RESALE	361	-	-	-
INVENTORIES	92	92	-	-
PREPAID ITEMS	1,645	23	-	-
INTERFUND RECEIVABLE	15,858	55	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	14,726	-	-	-
TOTAL ASSETS	<u>\$ 872,927</u>	<u>\$ 80,153</u>	<u>\$ 50,123</u>	<u>\$ 7,493</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 31,126	\$ 2,778	\$ 2,393	\$ 11
SALARIES AND BENEFITS PAYABLE	17,970	1,542	-	-
DUE TO OTHER FUNDS	47,538	195	1,440	531
DUE TO OTHER GOVERNMENTS	4,794	-	-	-
INTEREST PAYABLE	1	-	-	-
ADVANCES FROM OTHERS	10,000	673	-	-
INTERFUND PAYABLE	494	-	55	-
TOTAL LIABILITIES	<u>111,923</u>	<u>5,188</u>	<u>3,888</u>	<u>542</u>
DEFERRED INFLOWS OF RESOURCES	<u>8,250</u>	<u>192</u>	<u>134</u>	<u>16</u>
FUND BALANCES:				
NONSPENDABLE	1,737	115	-	-
RESTRICTED	684,945	41,263	46,101	6,935
ASSIGNED	66,072	33,395	-	-
TOTAL FUND BALANCES	<u>752,754</u>	<u>74,773</u>	<u>46,101</u>	<u>6,935</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 872,927</u>	<u>\$ 80,153</u>	<u>\$ 50,123</u>	<u>\$ 7,493</u>

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2018 (IN THOUSANDS)**

	<u>MENTAL HEALTH SERVICES ACT</u>	<u>PRESCHOOL SERVICES</u>	<u>AGING AND ADULT SERVICES</u>	<u>JOBS AND EMPLOYMENT SERVICES</u>
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 156,537	\$ 762	\$ 1,135	\$ 1,032
ACCOUNTS RECEIVABLE - NET	-	-	4	-
INTEREST RECEIVABLE	430	2	3	3
DUE FROM OTHER FUNDS	14,601	144	50	19
DUE FROM OTHER GOVERNMENTS	30,147	6,394	1,200	2,861
PREPAID ITEMS	-	41	361	-
TOTAL ASSETS	<u>\$ 201,715</u>	<u>\$ 7,343</u>	<u>\$ 2,753</u>	<u>\$ 3,915</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 13,222	\$ 4,156	\$ 36	\$ 2,431
SALARIES AND BENEFITS PAYABLE	2,564	1,617	137	499
DUE TO OTHER FUNDS	7,306	449	625	22
DUE TO OTHER GOVERNMENTS	618	544	10	233
ADVANCES FROM OTHERS	-	-	-	600
TOTAL LIABILITIES	<u>23,710</u>	<u>6,766</u>	<u>808</u>	<u>3,785</u>
DEFERRED INFLOWS OF RESOURCES	<u>430</u>	<u>2</u>	<u>3</u>	<u>50</u>
FUND BALANCES:				
NONSPENDABLE	-	41	361	-
RESTRICTED	177,575	534	1,581	80
TOTAL FUND BALANCES	<u>177,575</u>	<u>575</u>	<u>1,942</u>	<u>80</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 201,715</u>	<u>\$ 7,343</u>	<u>\$ 2,753</u>	<u>\$ 3,915</u>

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2018 (IN THOUSANDS)**

	<u>COURTHOUSE TEMPORARY CONSTRUCTION</u>	<u>CRIMINAL JUSTICE TEMPORARY CONSTRUCTION</u>	<u>CENTRAL COURTHOUSE SURCHARGE</u>	<u>MICROGRAPHICS FEES</u>
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 4,524	\$ 5,123	\$ -	\$ 17,063
ACCOUNTS RECEIVABLE - NET	-	-	-	19
INTEREST RECEIVABLE	-	-	-	47
LOANS RECEIVABLE	-	-	-	879
DUE FROM OTHER GOVERNMENTS	3	3	-	-
TOTAL ASSETS	<u>\$ 4,527</u>	<u>\$ 5,126</u>	<u>\$ -</u>	<u>\$ 18,008</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ -	\$ -	\$ -	\$ 171
SALARIES AND BENEFITS PAYABLE	-	-	-	61
DUE TO OTHER FUNDS	4,524	5,123	-	-
TOTAL LIABILITIES	<u>4,524</u>	<u>5,123</u>	<u>-</u>	<u>232</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>47</u>
FUND BALANCES:				
RESTRICTED	<u>3</u>	<u>3</u>	<u>-</u>	<u>17,729</u>
TOTAL FUND BALANCES	<u>3</u>	<u>3</u>	<u>-</u>	<u>17,729</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,527</u>	<u>\$ 5,126</u>	<u>\$ -</u>	<u>\$ 18,008</u>

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2018 (IN THOUSANDS)**

	LOCAL LAW ENFORCEMENT BLOCK GRANT	SHERIFF SPECIAL PROJECTS	FIRE PROTECTION DISTRICTS	ECONOMIC AND COMMUNITY DEVELOPMENT
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 2,288	\$ 13,163	\$ 77,087	\$ 17,984
ACCOUNTS RECEIVABLE - NET	-	-	991	17
TAXES RECEIVABLE	-	-	3,928	-
INTEREST RECEIVABLE	6	36	-	49
OTHER RECEIVABLES	-	-	405	-
DUE FROM OTHER FUNDS	-	-	1,566	326
DUE FROM OTHER GOVERNMENTS	-	910	3,921	3,616
PREPAID ITEMS	-	-	970	-
INTERFUND RECEIVABLE	-	-	-	15,403
TOTAL ASSETS	<u>\$ 2,294</u>	<u>\$ 14,109</u>	<u>\$ 88,868</u>	<u>\$ 37,395</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ -	\$ 361	\$ 1,659	\$ 388
SALARIES AND BENEFITS PAYABLE	-	-	9,187	165
DUE TO OTHER FUNDS	-	638	996	1,142
DUE TO OTHER GOVERNMENTS	-	304	965	1,867
ADVANCES FROM OTHERS	-	-	10	-
TOTAL LIABILITIES	<u>-</u>	<u>1,303</u>	<u>12,817</u>	<u>3,562</u>
DEFERRED INFLOWS OF RESOURCES	<u>6</u>	<u>36</u>	<u>2,317</u>	<u>51</u>
FUND BALANCES:				
NONSPENDABLE	-	-	970	-
RESTRICTED	2,288	12,770	72,764	32,811
ASSIGNED	-	-	-	971
TOTAL FUND BALANCES	<u>2,288</u>	<u>12,770</u>	<u>73,734</u>	<u>33,782</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,294</u>	<u>\$ 14,109</u>	<u>\$ 88,868</u>	<u>\$ 37,395</u>

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2018 (IN THOUSANDS)**

	<u>FLOOD CONTROL DISTRICT</u>	<u>COUNTY SERVICE AREAS</u>	<u>PARK AND RECREATION DISTRICTS</u>	<u>COUNTY FREE LIBRARY</u>
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 140,336	\$ 28,756	\$ 3,033	\$ 11,017
ACCOUNTS RECEIVABLE - NET	620	35	18	114
TAXES RECEIVABLE	3,032	193	139	929
INTEREST RECEIVABLE	1,079	10	-	30
OTHER RECEIVABLE	-	85	-	-
DUE FROM OTHER FUNDS	641	560	40	205
DUE FROM OTHER GOVERNMENTS	1,638	232	-	-
PREPAID ITEMS	250	-	-	-
INTERFUND RECEIVABLE	-	400	-	-
RESTRICTED CASH AND INVESTMENTS	14,726	-	-	-
TOTAL ASSETS	<u>\$ 162,322</u>	<u>\$ 30,271</u>	<u>\$ 3,230</u>	<u>\$ 12,295</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 1,492	\$ 482	\$ 27	\$ 428
SALARIES AND BENEFITS PAYABLE	922	475	110	450
DUE TO OTHER FUNDS	285	39	78	159
DUE TO OTHER GOVERNMENTS	184	8	8	53
INTEREST PAYABLE	-	1	-	-
ADVANCES FROM OTHERS	8,706	11	-	-
INTERFUND PAYABLE	-	289	150	-
TOTAL LIABILITIES	<u>11,589</u>	<u>1,305</u>	<u>373</u>	<u>1,090</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,737</u>	<u>195</u>	<u>84</u>	<u>568</u>
FUND BALANCES:				
NONSPENDABLE	250	-	-	-
RESTRICTED	141,949	25,889	2,773	10,637
ASSIGNED	4,797	2,882	-	-
TOTAL FUND BALANCES	<u>146,996</u>	<u>28,771</u>	<u>2,773</u>	<u>10,637</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 162,322</u>	<u>\$ 30,271</u>	<u>\$ 3,230</u>	<u>\$ 12,295</u>

**COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2018 (IN THOUSANDS)**

	REDEVELOPMENT SUCCESSOR HOUSING	JOINT POWERS AUTHORITIES	OTHER SPECIAL REVENUE
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 940	\$ 1,729	\$ 127,106
ACCOUNTS RECEIVABLE - NET	-	-	142
INTEREST RECEIVABLE	3	3	348
DUE FROM OTHER FUNDS	-	-	754
DUE FROM OTHER GOVERNMENTS	-	-	9,601
LAND HELD FOR RESALE	361	-	-
TOTAL ASSETS	<u>\$ 1,304</u>	<u>\$ 1,732</u>	<u>\$ 137,951</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ -	\$ -	\$ 1,091
SALARIES AND BENEFITS PAYABLE	-	-	241
DUE TO OTHER FUNDS	-	-	23,986
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>25,318</u>
DEFERRED INFLOWS OF RESOURCES	<u>3</u>	<u>1</u>	<u>378</u>
FUND BALANCES:			
RESTRICTED	1,301	1,731	88,228
ASSIGNED	-	-	24,027
TOTAL FUND BALANCES	<u>1,301</u>	<u>1,731</u>	<u>112,255</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,304</u>	<u>\$ 1,732</u>	<u>\$ 137,951</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018 (IN THOUSANDS)**

	TOTAL	TRANSPORTATION	SPECIAL TRANSPORTATION	SPECIAL AVIATION
REVENUES:				
TAXES	\$ 153,067	\$ -	\$ 6,108	\$ -
LICENSES, PERMITS AND FRANCHISES	496	-	-	2
FINES, FORFEITURES AND PENALTIES	6,211	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	9,683	472	364	941
AID FROM OTHER GOVERNMENTAL AGENCIES	339,785	51,276	3,893	25
CHARGES FOR CURRENT SERVICES	136,611	2,392	3,862	40
OTHER REVENUES	47,723	28	-	1,468
TOTAL REVENUES	693,576	54,168	14,227	2,476
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	4,502	-	-	473
PUBLIC PROTECTION	242,316	-	-	-
PUBLIC WAYS AND FACILITIES	62,791	46,301	14,562	-
HEALTH AND SANITATION	159,456	-	-	-
PUBLIC ASSISTANCE	91,998	-	-	-
EDUCATION	17,204	-	-	-
RECREATION AND CULTURAL SERVICES	7,344	-	-	-
DEBT SERVICE:				
PRINCIPAL	6,312	-	-	-
INTEREST AND FISCAL CHARGES	2,489	-	-	-
CAPITAL OUTLAY	26,721	4,563	-	529
TOTAL EXPENDITURES	621,133	50,864	14,562	1,002
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	72,443	3,304	(335)	1,474
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(92,458)	(11,217)	-	(634)
TRANSFERS IN	76,786	16,165	-	846
SALE OF CAPITAL ASSETS	3,511	397	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(12,161)	5,345	-	212
NET CHANGE IN FUND BALANCES	60,282	8,649	(335)	1,686
FUND BALANCES, BEGINNING	692,472	66,124	46,436	5,249
FUND BALANCES, ENDING	<u>\$ 752,754</u>	<u>\$ 74,773</u>	<u>\$ 46,101</u>	<u>\$ 6,935</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2018 (IN THOUSANDS)**

	MENTAL HEALTH SERVICES ACT	PRESCHOOL SERVICES	AGING AND ADULT SERVICES	JOBS AND EMPLOYMENT SERVICES
REVENUES:				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 1,572	\$ 7	\$ 8	\$ 554
AID FROM OTHER GOVERNMENTAL AGENCIES	129,081	56,373	5,500	19,784
CHARGES FOR CURRENT SERVICES	64	1	493	-
OTHER REVENUES	4,969	63	142	440
TOTAL REVENUES	<u>135,686</u>	<u>56,444</u>	<u>6,143</u>	<u>20,778</u>
EXPENDITURES:				
CURRENT:				
HEALTH AND SANITATION	135,903	-	-	-
PUBLIC ASSISTANCE	-	52,843	6,298	21,596
DEBT SERVICE:				
INTEREST AND FISCAL CHARGES	-	4	-	-
CAPITAL OUTLAY	3,096	299	-	41
TOTAL EXPENDITURES	<u>138,999</u>	<u>53,146</u>	<u>6,298</u>	<u>21,637</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,313)</u>	<u>3,298</u>	<u>(155)</u>	<u>(859)</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(28,039)	(2,895)	(737)	(377)
TRANSFERS IN	21,301	-	1,369	203
SALE OF CAPITAL ASSETS	-	18	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,738)</u>	<u>(2,877)</u>	<u>632</u>	<u>(174)</u>
NET CHANGE IN FUND BALANCES	(10,051)	421	477	(1,033)
FUND BALANCES, BEGINNING	187,626	154	1,465	1,113
FUND BALANCES, ENDING	<u>\$ 177,575</u>	<u>\$ 575</u>	<u>\$ 1,942</u>	<u>\$ 80</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2018 (IN THOUSANDS)**

	COURTHOUSE TEMPORARY CONSTRUCTION	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	CENTRAL COURTHOUSE SURCHARGE	MICROGRAPHICS FEES
REVENUES:				
FINES, FORFEITURES AND PENALTIES	\$ 1,572	\$ 1,668	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	25	28	-	59
CHARGES FOR CURRENT SERVICES	-	-	1,861	3,210
TOTAL REVENUES	1,597	1,696	1,861	3,269
EXPENDITURES:				
CURRENT:				
PUBLIC PROTECTION	-	-	-	1,563
CAPITAL OUTLAY	-	-	-	183
TOTAL EXPENDITURES	-	-	-	1,746
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,597	1,696	1,861	1,523
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(1,600)	(1,699)	(1,861)	(50)
TRANSFERS IN	-	-	-	125
TOTAL OTHER FINANCING SOURCES (USES)	(1,600)	(1,699)	(1,861)	75
NET CHANGE IN FUND BALANCES	(3)	(3)	-	1,598
FUND BALANCES, BEGINNING	6	6	-	16,131
FUND BALANCES, ENDING	\$ 3	\$ 3	\$ -	\$ 17,729

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2018 (IN THOUSANDS)**

	LOCAL LAW ENFORCEMENT BLOCK GRANT	SHERIFF SPECIAL PROJECTS	FIRE PROTECTION DISTRICTS	ECONOMIC AND COMMUNITY DEVELOPMENT
REVENUES:				
TAXES	\$ -	\$ -	\$ 70,077	\$ -
FINES, FORFEITURES AND PENALTIES	-	108	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	18	114	646	311
AID FROM OTHER GOVERNMENTAL AGENCIES	-	11,206	9,709	10,055
CHARGES FOR CURRENT SERVICES	-	-	105,593	2
OTHER REVENUES	-	1,075	2,122	3,361
TOTAL REVENUES	18	12,503	188,147	13,729
EXPENDITURES:				
CURRENT:				
PUBLIC PROTECTION	26	13,114	181,770	-
PUBLIC ASSISTANCE	-	-	-	8,913
DEBT SERVICE:				
PRINCIPAL	-	-	87	-
INTEREST AND FISCAL CHARGES	-	-	392	-
CAPITAL OUTLAY	-	871	3,379	2,746
TOTAL EXPENDITURES	26	13,985	185,628	11,659
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8)	(1,482)	2,519	2,070
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	-	(772)	(8,617)	(1,763)
TRANSFERS IN	-	-	25,646	500
SALE OF CAPITAL ASSETS	-	-	317	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(772)	17,346	(1,263)
NET CHANGE IN FUND BALANCES	(8)	(2,254)	19,865	807
FUND BALANCES, BEGINNING	2,296	15,024	53,869	32,975
FUND BALANCES, ENDING	\$ 2,288	\$ 12,770	\$ 73,734	\$ 33,782

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2018 (IN THOUSANDS)**

	FLOOD CONTROL DISTRICT	COUNTY SERVICE AREAS	PARK AND RECREATION DISTRICTS	COUNTY FREE LIBRARY
REVENUES:				
TAXES	\$ 53,303	\$ 3,597	\$ 2,599	\$ 17,351
LICENSES, PERMITS AND FRANCHISES	138	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	1,328	339	74	2
AID FROM OTHER GOVERNMENTAL AGENCIES	3,872	63	82	267
CHARGES FOR CURRENT SERVICES	1,331	5,400	1,443	1,312
OTHER REVENUES	4,138	244	169	172
TOTAL REVENUES	64,110	9,643	4,367	19,104
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	3,793	-	-
PUBLIC PROTECTION	23,961	-	-	-
PUBLIC WAYS AND FACILITIES	-	1,928	-	-
EDUCATION	-	-	-	17,204
RECREATION AND CULTURAL SERVICES	-	1,835	3,538	-
DEBT SERVICE:				
PRINCIPAL	5,355	-	-	-
INTEREST AND FISCAL CHARGES	1,332	2	-	-
CAPITAL OUTLAY	10,350	451	9	109
TOTAL EXPENDITURES	40,998	8,009	3,547	17,313
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	23,112	1,634	820	1,791
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(4,171)	(787)	(782)	(304)
TRANSFERS IN	2,506	5,001	-	-
SALE OF CAPITAL ASSETS	1,906	121	740	12
TOTAL OTHER FINANCING SOURCES (USES)	241	4,335	(42)	(292)
NET CHANGE IN FUND BALANCES	23,353	5,969	778	1,499
FUND BALANCES, BEGINNING	123,643	22,802	1,995	9,138
FUND BALANCES, ENDING	\$ 146,996	\$ 28,771	\$ 2,773	\$ 10,637

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2018 (IN THOUSANDS)**

	REDEVELOPMENT SUCCESSOR HOUSING	JOINT POWERS AUTHORITIES	OTHER SPECIAL REVENUE
REVENUES:			
TAXES	\$ -	\$ -	\$ 32
LICENSES, PERMITS AND FRANCHISES	-	-	356
FINES, FORFEITURES AND PENALTIES	-	-	2,863
REVENUES FROM USE OF MONEY AND PROPERTY	6	28	2,787
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	38,599
CHARGES FOR CURRENT SERVICES	-	-	9,607
OTHER REVENUES	108	-	29,224
TOTAL REVENUES	114	28	83,468
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	2	234
PUBLIC PROTECTION	-	-	21,882
HEALTH AND SANITATION	-	-	23,553
PUBLIC ASSISTANCE	-	-	2,348
RECREATION AND CULTURAL SERVICES	-	-	1,971
DEBT SERVICE:			
PRINCIPAL	-	870	-
INTEREST AND FISCAL CHARGES	-	759	-
CAPITAL OUTLAY	-	-	95
TOTAL EXPENDITURES	-	1,631	50,083
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	114	(1,603)	33,385
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	-	(789)	(25,364)
TRANSFERS IN	-	1,861	1,263
TOTAL OTHER FINANCING SOURCES (USES)	-	1,072	(24,101)
NET CHANGE IN FUND BALANCES	114	(531)	9,284
FUND BALANCES, BEGINNING	1,187	2,262	102,971
FUND BALANCES, ENDING	\$ 1,301	\$ 1,731	\$ 112,255

**COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 JUNE 30, 2018 (IN THOUSANDS)**

	PENSION OBLIGATION BONDS
ASSETS	
CASH AND CASH EQUIVALENTS	\$ 20,643
INVESTMENTS	1,198
INTEREST RECEIVABLE	57
DUE FROM OTHER FUNDS	1,389
TOTAL ASSETS	<u>\$ 23,287</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
DEFERRED INFLOWS OF RESOURCES	<u>\$ 57</u>
FUND BALANCES:	
RESTRICTED	23,230
TOTAL FUND BALANCES	<u>23,230</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 23,287</u>

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2018 (IN THOUSANDS)**

	PENSION OBLIGATION BONDS
REVENUES	
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 59
OTHER REVENUES	2,035
TOTAL REVENUES	<u>2,094</u>
EXPENDITURES	
CURRENT:	
GENERAL GOVERNMENT	3
DEBT SERVICE:	
PRINCIPAL	90,393
INTEREST AND FISCAL CHARGES	13,182
TOTAL EXPENDITURES	<u>103,578</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(101,484)</u>
OTHER FINANCING SOURCES (USES):	
TRANSFERS IN	101,817
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>101,817</u>
NET CHANGE IN FUND BALANCES	333
FUND BALANCES, BEGINNING	22,897
FUND BALANCES, ENDING	<u>\$ 23,230</u>

**COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2018 (IN THOUSANDS)**

	TOTAL	REDEVELOPMENT SUCCESSOR HOUSING	FIRE PROTECTION DISTRICTS	PARK AND RECREATION DISTRICTS	COUNTY SERVICE AREAS
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 34,929	\$ 18,625	\$ 8,500	\$ 638	\$ 7,166
INTEREST RECEIVABLE	96	52	23	1	20
LAND HELD FOR RESALE	1,301	1,301	-	-	-
TOTAL ASSETS	<u>\$ 36,326</u>	<u>\$ 19,978</u>	<u>\$ 8,523</u>	<u>\$ 639</u>	<u>\$ 7,186</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE	\$ 3,457	\$ -	\$ -	\$ 567	\$ 2,890
DUE TO OTHER FUNDS	84	19	-	6	59
INTERFUND PAYABLE	2,842	-	-	-	2,842
TOTAL LIABILITIES	<u>6,383</u>	<u>19</u>	<u>-</u>	<u>573</u>	<u>5,791</u>
DEFERRED INFLOWS OF RESOURCES	<u>95</u>	<u>51</u>	<u>23</u>	<u>1</u>	<u>20</u>
FUND BALANCES:					
RESTRICTED	29,848	19,908	8,500	65	1,375
TOTAL FUND BALANCES	<u>29,848</u>	<u>19,908</u>	<u>8,500</u>	<u>65</u>	<u>1,375</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 36,326</u>	<u>\$ 19,978</u>	<u>\$ 8,523</u>	<u>\$ 639</u>	<u>\$ 7,186</u>

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2018 (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	\$ 184	\$ 141	\$ -	\$ 15	\$ 28
CHARGES FOR CURRENT SERVICES	5	-	-	-	5
OTHER REVENUES	652	-	-	650	2
TOTAL REVENUES	<u>841</u>	<u>141</u>	<u>-</u>	<u>665</u>	<u>35</u>
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT	331	245	-	-	86
CAPITAL OUTLAY	12,991	-	-	4,395	8,596
TOTAL EXPENDITURES	<u>13,322</u>	<u>245</u>	<u>-</u>	<u>4,395</u>	<u>8,682</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(12,481)</u>	<u>(104)</u>	<u>-</u>	<u>(3,730)</u>	<u>(8,647)</u>
OTHER FINANCING SOURCES (USES):					
TRANSFERS OUT	(5)	-	-	-	(5)
TRANSFERS IN	6,508	-	-	720	5,788
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>6,503</u>	<u>-</u>	<u>-</u>	<u>720</u>	<u>5,783</u>
NET CHANGE IN FUND BALANCES	<u>(5,978)</u>	<u>(104)</u>	<u>-</u>	<u>(3,010)</u>	<u>(2,864)</u>
FUND BALANCES, BEGINNING	<u>35,826</u>	<u>20,012</u>	<u>8,500</u>	<u>3,075</u>	<u>4,239</u>
FUND BALANCES, ENDING	<u>\$ 29,848</u>	<u>\$ 19,908</u>	<u>\$ 8,500</u>	<u>\$ 65</u>	<u>\$ 1,375</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 PERMANENT FUNDS
 JUNE 30, 2018 (IN THOUSANDS)

	TOTAL	LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND	ETIWANDA CSA 120 ENDOWMENT CARE FUND
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 1,713	\$ 99	\$ 1,614
TOTAL ASSETS	<u>\$ 1,713</u>	<u>\$ 99</u>	<u>\$ 1,614</u>
FUND BALANCES			
NONSPENDABLE	\$ 1,713	\$ 99	\$ 1,614
TOTAL FUND BALANCES	<u>\$ 1,713</u>	<u>\$ 99</u>	<u>\$ 1,614</u>

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 PERMANENT FUNDS
 YEAR ENDED JUNE 30, 2018 (IN THOUSANDS)

	TOTAL	LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND	ETIWANDA CSA 120 ENDOWMENT CARE FUND
REVENUES			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 1	\$ 2	\$ (1)
TOTAL REVENUES	<u>1</u>	<u>2</u>	<u>(1)</u>
NET CHANGE IN FUND BALANCES	1	2	(1)
FUND BALANCES, BEGINNING	1,712	97	1,615
FUND BALANCES, ENDING	<u>\$ 1,713</u>	<u>\$ 99</u>	<u>\$ 1,614</u>





SAN BERNARDINO
COUNTY

COMBINING FINANCIAL
STATEMENTS NONMAJOR
ENTERPRISE FUNDS



NONMAJOR ENTERPRISE FUNDS DESCRIPTIONS

COUNTY SERVICE AREAS

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

OTHER ENTERPRISE

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

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2018 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>COUNTY SERVICE AREAS</u>	<u>OTHER ENTERPRISE</u>
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 44,671	\$ 44,462	\$ 209
ACCOUNTS RECEIVABLE, NET	2,573	2,573	-
TAXES RECEIVABLE	172	172	-
OTHER RECEIVABLES	151	151	-
DUE FROM OTHER FUNDS	83	48	35
DUE FROM OTHER GOVERNMENTS	30	30	-
INVENTORIES	39	-	39
TOTAL CURRENT ASSETS	<u>47,719</u>	<u>47,436</u>	<u>283</u>
NONCURRENT ASSETS:			
CAPITAL ASSETS NOT BEING DEPRECIATED OR AMORTIZED:			
LAND	3,861	3,861	-
LAND USE RIGHTS	258	258	-
DEVELOPMENT IN PROGRESS	5,061	5,061	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
LAND USE RIGHTS	1,004	1,004	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE	89,452	89,452	-
EQUIPMENT AND SOFTWARE	1,466	1,466	-
ACCUMULATED DEPRECIATION AND AMORTIZATION	(48,147)	(48,147)	-
TOTAL NONCURRENT ASSETS	<u>52,955</u>	<u>52,955</u>	<u>-</u>
TOTAL ASSETS	<u>100,674</u>	<u>100,391</u>	<u>283</u>
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	786	786	-
SALARIES AND BENEFITS PAYABLE	1	-	1
DUE TO OTHER FUNDS	241	241	-
DUE TO OTHER GOVERNMENTS	128	128	-
INTEREST PAYABLE	59	59	-
ADVANCES FROM OTHERS	100	100	-
BONDS AND NOTES PAYABLE	213	213	-
TOTAL CURRENT LIABILITIES	<u>1,528</u>	<u>1,527</u>	<u>1</u>
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE	361	361	-
BONDS AND NOTES PAYABLE	1,313	1,313	-
TOTAL NONCURRENT LIABILITIES	<u>1,674</u>	<u>1,674</u>	<u>-</u>
TOTAL LIABILITIES	<u>3,202</u>	<u>3,201</u>	<u>1</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS UNRESTRICTED	<u>52,955</u> <u>44,517</u>	<u>52,955</u> <u>44,235</u>	<u>-</u> <u>282</u>
TOTAL NET POSITION	<u>\$ 97,472</u>	<u>\$ 97,190</u>	<u>\$ 282</u>

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2018 (IN THOUSANDS)

	<u>TOTAL</u>	<u>COUNTY SERVICE AREAS</u>	<u>OTHER ENTERPRISE</u>
OPERATING REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 13,524	\$ 13,455	\$ 69
OTHER OPERATING REVENUES	708	708	-
TOTAL OPERATING REVENUES	<u>14,232</u>	<u>14,163</u>	<u>69</u>
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	1,562	1,561	1
SALARIES AND EMPLOYEES BENEFITS	5,488	5,487	1
SERVICES AND SUPPLIES	6,345	6,323	22
DEPRECIATION AND AMORTIZATION	2,900	2,900	-
OTHER	113	113	-
TOTAL OPERATING EXPENSES	<u>16,408</u>	<u>16,384</u>	<u>24</u>
OPERATING INCOME (LOSS)	<u>(2,176)</u>	<u>(2,221)</u>	<u>45</u>
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUES	870	870	-
INTEREST EXPENSE	(61)	(61)	-
TAX REVENUE	3,198	3,198	-
GRANT REVENUE	167	167	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	(3)	(3)	-
OTHER NONOPERATING REVENUES	783	770	13
OTHER NONOPERATING EXPENSES	(6)	(6)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>4,948</u>	<u>4,935</u>	<u>13</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	2,772	2,714	58
TRANSFERS OUT	(63)	(27)	(36)
TRANSFERS IN	40	40	-
CHANGE IN NET POSITION	2,749	2,727	22
TOTAL NET POSITION, BEGINNING	<u>94,723</u>	<u>94,463</u>	<u>260</u>
TOTAL NET POSITION, ENDING	<u>\$ 97,472</u>	<u>\$ 97,190</u>	<u>\$ 282</u>

**COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2018 (IN THOUSANDS)**

	TOTAL	COUNTY SERVICE AREAS	OTHER ENTERPRISE
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH RECEIVED FROM SERVICES	\$ 14,270	\$ 14,223	\$ 47
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(7,784)	(7,756)	(28)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(5,488)	(5,487)	(1)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	998	980	18
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
TAXES RECEIVED	3,172	3,172	-
GRANTS RECEIVED	167	167	-
TRANSFERS RECEIVED	40	40	-
TRANSFERS PAID	(163)	(127)	(36)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	3,216	3,252	(36)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(1,858)	(1,858)	-
PRINCIPAL PAID ON BONDS AND NOTES	(256)	(256)	-
INTEREST PAID ON BONDS AND NOTES	(58)	(58)	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,172)	(2,172)	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
INTEREST ON INVESTMENTS	870	870	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	870	870	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,912	2,930	(18)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	41,759	41,532	227
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 44,671</u>	<u>\$ 44,462</u>	<u>\$ 209</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
OPERATING INCOME (LOSS)	\$ (2,176)	\$ (2,221)	\$ 45
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION	2,900	2,900	-
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	777	764	13
CHANGES IN ASSETS, DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS:			
ACCOUNTS RECEIVABLE	(790)	(755)	(35)
DUE FROM OTHER GOVERNMENTS	(30)	(30)	-
INVENTORIES	(5)	-	(5)
ACCOUNTS PAYABLE AND OTHER LIABILITIES	324	324	-
DUE TO OTHER GOVERNMENTS	(83)	(83)	-
ADVANCES FROM OTHERS	81	81	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 998</u>	<u>\$ 980</u>	<u>\$ 18</u>
BREAKDOWN OF CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS	<u>\$ 44,671</u>	<u>\$ 44,462</u>	<u>\$ 209</u>



SAN BERNARDINO
COUNTY

COMBINING FINANCIAL
STATEMENTS
INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS DESCRIPTIONS

GENERAL SERVICES GROUP

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

TELECOMMUNICATION SERVICES

The Telecommunication Services Fund accounts for County-wide telephone operations including related hardware, software, communication facilities, and a network of microwave sites.

COMPUTER OPERATIONS

The Computer Operations Fund accounts for 24-hour-per-day, County-wide data processing services including data entry, report distribution, distributed data processing with technical support and application development.

FLEET MANAGEMENT

The Fleet Management Fund includes both the County Garage and Motor Pool. The Fund accounts for vehicle rental services to all County departments, and maintenance and repair services to the County's vehicle and heavy equipment fleet.

RISK MANAGEMENT

The Risk Management Fund accounts for the County's self-insured worker's compensation, and public liabilities, including property conservation, safety programs, medical malpractice, environmental liability other than pollution remediation in relation to landfill and other general obligations which are provided to all County departments and special districts.

FLOOD CONTROL EQUIPMENT

The Flood Control Equipment Fund accounts for heavy equipment rental and maintenance services provided to each of the six flood control zones within various geographical regions of the County.

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>GENERAL SERVICES GROUP</u>	<u>TELECOMMUNICATION SERVICES</u>	<u>COMPUTER OPERATIONS</u>
ASSETS				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 354,713	\$ 4,459	\$ 22,826	\$ 23,430
ACCOUNTS RECEIVABLE - NET	6,765	-	86	-
DUE FROM OTHER FUNDS	1,072	123	334	108
DUE FROM OTHER GOVERNMENTS	1,328	40	1,009	75
INVENTORIES	4,117	5	2,287	-
PREPAID ITEMS	3,715	600	2,226	25
TOTAL CURRENT ASSETS	<u>371,710</u>	<u>5,227</u>	<u>28,768</u>	<u>23,638</u>
NONCURRENT ASSETS:				
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:				
LAND	894	-	-	-
DEVELOPMENT IN PROGRESS	7,804	54	1,567	2,252
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
STRUCTURES AND IMPROVEMENTS	17,484	19	6,395	692
EQUIPMENT AND SOFTWARE	124,646	1,658	44,133	23,681
ACCUMULATED DEPRECIATION AND AMORTIZATION	(96,704)	(756)	(37,403)	(16,404)
TOTAL NONCURRENT ASSETS	<u>54,124</u>	<u>975</u>	<u>14,692</u>	<u>10,221</u>
TOTAL ASSETS	<u>425,834</u>	<u>6,202</u>	<u>43,460</u>	<u>33,859</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>28,209</u>	<u>1,034</u>	<u>4,244</u>	<u>17,449</u>
LIABILITIES				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE	9,155	116	2,007	3,533
SALARIES AND BENEFITS PAYABLE	3,020	133	567	1,502
DUE TO OTHER FUNDS	3,470	15	76	86
DUE TO OTHER GOVERNMENTS	248	-	8	130
ADVANCES FROM OTHERS	9,505	-	-	-
COMPENSATED ABSENCES PAYABLE	3,810	159	890	1,710
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	61,224	-	-	-
TOTAL CURRENT LIABILITIES	<u>90,432</u>	<u>423</u>	<u>3,548</u>	<u>6,961</u>
NONCURRENT LIABILITIES:				
COMPENSATED ABSENCES PAYABLE	3,756	117	555	2,485
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	214,412	-	-	-
NET PENSION LIABILITY	46,972	2,166	9,216	23,929
TOTAL NONCURRENT LIABILITIES	<u>265,140</u>	<u>2,283</u>	<u>9,771</u>	<u>26,414</u>
TOTAL LIABILITIES	<u>355,572</u>	<u>2,706</u>	<u>13,319</u>	<u>33,375</u>
DEFERRED INFLOWS OF RESOURCES	<u>9,620</u>	<u>557</u>	<u>1,875</u>	<u>4,922</u>
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	54,124	975	14,692	10,221
UNRESTRICTED	34,727	2,998	17,818	2,790
TOTAL NET POSITION	<u>\$ 88,851</u>	<u>\$ 3,973</u>	<u>\$ 32,510</u>	<u>\$ 13,011</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)
JUNE 30, 2018 (IN THOUSANDS)**

	FLEET MANAGEMENT SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 20,211	\$ 278,433	\$ 5,354
ACCOUNTS RECEIVABLE - NET	110	6,569	-
DUE FROM OTHER FUNDS	196	311	-
DUE FROM OTHER GOVERNMENTS	156	48	-
INVENTORIES	1,825	-	-
PREPAID ITEMS	-	864	-
TOTAL CURRENT ASSETS	<u>22,498</u>	<u>286,225</u>	<u>5,354</u>
NONCURRENT ASSETS:			
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:			
LAND	894	-	-
DEVELOPMENT IN PROGRESS	3,931	-	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
STRUCTURES AND IMPROVEMENTS	10,378	-	-
EQUIPMENT AND SOFTWARE	37,392	673	17,109
ACCUMULATED DEPRECIATION AND AMORTIZATION	(30,438)	(663)	(11,040)
TOTAL NONCURRENT ASSETS	<u>22,157</u>	<u>10</u>	<u>6,069</u>
TOTAL ASSETS	<u>44,655</u>	<u>286,235</u>	<u>11,423</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,942</u>	<u>2,540</u>	<u>-</u>
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	780	2,711	8
SALARIES AND BENEFITS PAYABLE	491	327	-
DUE TO OTHER FUNDS	1,957	1,336	-
DUE TO OTHER GOVERNMENTS	10	100	-
ADVANCES FROM OTHERS	-	9,505	-
COMPENSATED ABSENCES PAYABLE	608	443	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	61,224	-
TOTAL CURRENT LIABILITIES	<u>3,846</u>	<u>75,646</u>	<u>8</u>
NONCURRENT LIABILITIES:			
COMPENSATED ABSENCES PAYABLE	385	214	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	214,412	-
NET PENSION LIABILITY	6,369	5,292	-
TOTAL NONCURRENT LIABILITIES	<u>6,754</u>	<u>219,918</u>	<u>-</u>
TOTAL LIABILITIES	<u>10,600</u>	<u>295,564</u>	<u>8</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,272</u>	<u>994</u>	<u>-</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	22,157	10	6,069
UNRESTRICTED	13,568	(7,793)	5,346
TOTAL NET POSITION (DEFICIT)	<u>\$ 35,725</u>	<u>\$ (7,783)</u>	<u>\$ 11,415</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>GENERAL SERVICES GROUP</u>	<u>TELECOMMUNICATION SERVICES</u>	<u>COMPUTER OPERATIONS</u>
OPERATING REVENUES:				
CHARGES FOR CURRENT SERVICES	\$ 211,956	\$ 9,012	\$ 33,864	\$ 51,330
TOTAL OPERATING REVENUES	<u>211,956</u>	<u>9,012</u>	<u>33,864</u>	<u>51,330</u>
OPERATING EXPENSES:				
PROFESSIONAL SERVICES	33,903	878	1,680	8,393
SALARIES AND EMPLOYEES BENEFITS	48,698	2,547	9,847	23,875
SELF-INSURED CLAIMS	77,625	-	-	-
SERVICES AND SUPPLIES	59,873	5,221	13,396	9,361
DEPRECIATION AND AMORTIZATION	13,027	118	4,017	3,067
OTHER	1,676	-	-	-
TOTAL OPERATING EXPENSES	<u>234,802</u>	<u>8,764</u>	<u>28,940</u>	<u>44,696</u>
OPERATING INCOME (LOSS)	<u>(22,846)</u>	<u>248</u>	<u>4,924</u>	<u>6,634</u>
NONOPERATING REVENUES (EXPENSES):				
INTEREST REVENUES	2,656	26	148	126
GRANT REVENUE	7	-	-	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	733	-	(3)	(16)
OTHER NONOPERATING REVENUES	5,016	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>8,412</u>	<u>26</u>	<u>145</u>	<u>110</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	(14,434)	274	5,069	6,744
TRANSFERS OUT	(2,369)	(108)	(442)	(1,220)
TRANSFERS IN	245	-	-	-
CHANGE IN NET POSITION	(16,558)	166	4,627	5,524
TOTAL NET POSITION, BEGINNING	<u>105,409</u>	<u>3,807</u>	<u>27,883</u>	<u>7,487</u>
TOTAL NET POSITION, ENDING	<u>\$ 88,851</u>	<u>\$ 3,973</u>	<u>\$ 32,510</u>	<u>\$ 13,011</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2018 (IN THOUSANDS)**

	FLEET MANAGEMENT	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
OPERATING REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 26,819	\$ 89,166	\$ 1,765
TOTAL OPERATING REVENUES	<u>26,819</u>	<u>89,166</u>	<u>1,765</u>
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	2,326	20,624	2
SALARIES AND EMPLOYEES BENEFITS	7,390	5,039	-
SELF-INSURED CLAIMS	-	77,625	-
SERVICES AND SUPPLIES	12,892	17,621	1,382
DEPRECIATION AND AMORTIZATION	5,048	55	722
OTHER	-	1,676	-
TOTAL OPERATING EXPENSES	<u>27,656</u>	<u>122,640</u>	<u>2,106</u>
OPERATING INCOME (LOSS)	<u>(837)</u>	<u>(33,474)</u>	<u>(341)</u>
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUES	125	2,189	42
GRANT REVENUE	-	7	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	695	-	57
OTHER NONOPERATING REVENUES	3,897	1,117	2
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>4,717</u>	<u>3,313</u>	<u>101</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	3,880	(30,161)	(240)
TRANSFERS OUT	(336)	(263)	-
TRANSFERS IN	245	-	-
CHANGE IN NET POSITION	3,789	(30,424)	(240)
TOTAL NET POSITION, BEGINNING	<u>31,936</u>	<u>22,641</u>	<u>11,655</u>
TOTAL NET POSITION (DEFICIT), ENDING	<u>\$ 35,725</u>	<u>\$ (7,783)</u>	<u>\$ 11,415</u>

**COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018 (IN THOUSANDS)**

	TOTAL	GENERAL SERVICES GROUP	TELE- COMMUNICATION SERVICES	COMPUTER OPERATIONS	FLEET MANAGEMENT	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
CASH FLOWS FROM OPERATING ACTIVITIES:							
CASH RECEIVED FROM INTERFUND SERVICES	\$ 216,657	\$ 9,353	\$ 33,835	\$ 52,924	\$ 31,406	\$ 87,259	\$ 1,880
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(138,678)	(5,435)	(12,159)	(15,903)	(14,666)	(89,096)	(1,419)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(48,765)	(2,640)	(10,039)	(22,981)	(7,761)	(5,344)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	29,214	1,278	11,637	14,040	8,979	(7,181)	461
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
GRANTS RECEIVED	7	-	-	-	-	7	-
TRANSFERS RECEIVED	245	-	-	-	245	-	-
TRANSFERS PAID	(2,369)	(108)	(442)	(1,220)	(336)	(263)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(2,117)	(108)	(442)	(1,220)	(91)	(256)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(14,770)	(257)	(3,272)	(5,902)	(4,476)	-	(863)
PROCEEDS FROM SALE OF CAPITAL ASSETS	752	-	-	-	695	-	57
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(14,018)	(257)	(3,272)	(5,902)	(3,781)	-	(806)
CASH FLOWS FROM INVESTING ACTIVITIES:							
INTEREST ON INVESTMENTS	2,656	26	148	126	125	2,189	42
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,656	26	148	126	125	2,189	42
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,735	939	8,071	7,044	5,232	(5,248)	(303)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	338,978	3,520	14,755	16,386	14,979	283,881	5,657
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 354,713	\$ 4,459	\$ 22,826	\$ 23,430	\$ 20,211	\$ 278,433	\$ 5,354
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
OPERATING INCOME (LOSS)	\$ (22,846)	\$ 248	\$ 4,924	\$ 6,634	\$ (837)	\$ (33,474)	\$ (341)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
DEPRECIATION AND AMORTIZATION	13,027	118	4,017	3,067	5,048	55	722
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	5,016	-	-	-	3,897	1,117	2
CHANGES IN ASSETS, DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS:							
ACCOUNTS RECEIVABLE	(3,403)	-	(25)	-	(41)	(3,337)	-
DUE FROM OTHER FUNDS	2,947	294	10	1,663	778	89	113
DUE FROM OTHER GOVERNMENTS	(83)	47	(14)	(69)	(47)	-	-
OTHER RECEIVABLES	8	-	-	-	-	8	-
INVENTORIES	46	1	331	-	(286)	-	-
PREPAID ITEMS	1,585	932	1,485	14	4	(850)	-
ACCOUNTS PAYABLE AND OTHER LIABILITIES	3,386	(269)	1,093	1,707	831	59	(35)
SALARIES AND BENEFITS PAYABLE	185	6	37	82	63	(3)	-
DUE TO OTHER GOVERNMENTS	241	-	8	130	3	100	-
ADVANCES FROM OTHERS	216	-	-	-	-	216	-
COMPENSATED ABSENCES PAYABLE	(91)	15	78	53	(140)	(97)	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURANCE CLAIMS	29,141	-	-	-	-	29,141	-
OTHER NON-CASH ITEMS	(161)	(114)	(307)	759	(294)	(205)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 29,214	\$ 1,278	\$ 11,637	\$ 14,040	\$ 8,979	\$ (7,181)	\$ 461
BREAKDOWN OF CASH AND CASH EQUIVALENTS							
CASH AND CASH EQUIVALENTS	\$ 354,713	\$ 4,459	\$ 22,826	\$ 23,430	\$ 20,211	\$ 278,433	\$ 5,354



SAN BERNARDINO
COUNTY

COMBINING FINANCIAL
STATEMENTS
TRUST & AGENCY FUNDS





TRUST AND AGENCY FUNDS DESCRIPTIONS

AGENCY FUNDS

Special Assessment Agency Funds - The special assessment funds are administered by the County Treasurer and account for amounts collected from property owners for the payment of special assessment bond principal and interest. The special assessment bonds include both 1911 and 1915 Act Bonds and Mello-Roos Bonds.

Other Agency Funds - Accounts for other agency funds where the County holds money either in a custodial capacity for other entities, or as a clearing account to accumulate and hold certain monies until disbursement to the ultimate recipient.

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2018 (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	\$ 600,359	\$ 184,154,095	\$ 184,130,965	\$ 623,489
ACCOUNTS RECEIVABLE	18,172	17,648	18,172	17,648
TAXES RECEIVABLE	153,656	224,716	221,772	156,600
INTEREST RECEIVABLE	-	2,840	1,225	1,615
DUE FROM OTHER GOVERNMENTS	16,359	17,802	16,360	17,801
TOTAL ASSETS	<u>\$ 788,546</u>	<u>\$ 184,417,101</u>	<u>\$ 184,388,494</u>	<u>\$ 817,153</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	\$ 788,546	\$ 1,727,066	\$ 1,698,459	\$ 817,153
TOTAL LIABILITIES	<u>\$ 788,546</u>	<u>\$ 1,727,066</u>	<u>\$ 1,698,459</u>	<u>\$ 817,153</u>
 SPECIAL ASSESSMENT FUNDS				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1,498	\$ 407	\$ 130	\$ 1,775
DUE FROM OTHER GOVERNMENTS	2	6	4	4
TOTAL ASSETS	<u>\$ 1,500</u>	<u>\$ 413</u>	<u>\$ 134</u>	<u>\$ 1,779</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	\$ 1,500	\$ 279	\$ -	\$ 1,779
TOTAL LIABILITIES	<u>\$ 1,500</u>	<u>\$ 279</u>	<u>\$ -</u>	<u>\$ 1,779</u>
 OTHER AGENCY FUNDS				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 598,861	\$ 184,153,688	\$ 184,130,835	\$ 621,714
ACCOUNTS RECEIVABLE	18,172	17,648	18,172	17,648
TAXES RECEIVABLE	153,656	224,716	221,772	156,600
INTEREST RECEIVABLE	-	2,840	1,225	1,615
DUE FROM OTHER GOVERNMENTS	16,357	17,796	16,356	17,797
TOTAL ASSETS	<u>\$ 787,046</u>	<u>\$ 184,416,688</u>	<u>\$ 184,388,360</u>	<u>\$ 815,374</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	\$ 787,046	\$ 1,726,787	\$ 1,698,459	\$ 815,374
TOTAL LIABILITIES	<u>\$ 787,046</u>	<u>\$ 1,726,787</u>	<u>\$ 1,698,459</u>	<u>\$ 815,374</u>





SAN BERNARDINO
COUNTY

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, 2018 (IN THOUSANDS)

	TOTAL		
	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 155,716	\$ 153,067	\$ (2,649)
LICENSES, PERMITS AND FRANCHISES	1,328	496	(832)
FINES, FORFEITURES AND PENALTIES	2,559	6,211	3,652
REVENUES FROM USE OF MONEY AND PROPERTY	7,624	9,655	2,031
AID FROM OTHER GOVERNMENTAL AGENCIES	418,528	339,785	(78,743)
CHARGES FOR CURRENT SERVICES	122,814	136,611	13,797
OTHER REVENUES	46,408	47,723	1,315
TOTAL REVENUES	<u>754,977</u>	<u>693,548</u>	<u>(61,429)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	9,015	4,563	4,452
PUBLIC PROTECTION	328,164	257,614	70,550
PUBLIC WAYS AND FACILITIES	129,546	59,873	69,673
HEALTH AND SANITATION	230,027	193,830	36,197
PUBLIC ASSISTANCE	130,506	93,402	37,104
EDUCATION	18,656	17,385	1,271
RECREATION AND CULTURAL SERVICES	10,033	7,494	2,539
DEBT SERVICE:	-		
PRINCIPAL	8,497	5,442	3,055
INTEREST AND FISCAL CHARGES	3,200	1,730	1,470
CAPITAL OUTLAY	70,696	24,251	46,445
TOTAL EXPENDITURES	<u>938,340</u>	<u>665,584</u>	<u>272,756</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(183,363)</u>	<u>27,964</u>	<u>211,327</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(159,908)	(91,669)	68,239
TRANSFERS IN	114,638	74,925	(39,713)
LONG-TERM DEBT ISSUED	505	-	(505)
SALE OF CAPITAL ASSETS	2,405	3,511	1,106
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(42,360)</u>	<u>(13,233)</u>	<u>29,127</u>
NET CHANGE IN FUND BALANCES	(225,723)	14,731	240,454
FUND BALANCES, BEGINNING	<u>636,467</u>	<u>636,467</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 410,744</u>	<u>\$ 651,198</u>	<u>\$ 240,454</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, 2018 (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	\$ 384	\$ -	\$ (384)
REVENUES FROM USE OF MONEY AND PROPERTY	448	472	24
AID FROM OTHER GOVERNMENTAL AGENCIES	68,944	51,276	(17,668)
CHARGES FOR CURRENT SERVICES	1,540	2,392	852
OTHER REVENUES	33	28	(5)
TOTAL REVENUES	<u>71,349</u>	<u>54,168</u>	<u>(17,181)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	96,093	43,134	52,959
CAPITAL OUTLAY	16,330	8,534	7,796
TOTAL EXPENDITURES	<u>112,423</u>	<u>51,668</u>	<u>60,755</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(41,074)</u>	<u>2,500</u>	<u>43,574</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(13,816)	(11,217)	2,599
TRANSFERS IN	21,237	16,165	(5,072)
SALE OF CAPITAL ASSETS	525	397	(128)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>7,946</u>	<u>5,345</u>	<u>(2,601)</u>
NET CHANGE IN FUND BALANCES	(33,128)	7,845	40,973
FUND BALANCES, BEGINNING	<u>60,113</u>	<u>60,113</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 26,985</u>	<u>\$ 67,958</u>	<u>\$ 40,973</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, 2018 (IN THOUSANDS)

SPECIAL TRANSPORTATION

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 8,356	\$ 6,108	\$ (2,248)
REVENUES FROM USE OF MONEY AND PROPERTY	196	364	168
AID FROM OTHER GOVERNMENTAL AGENCIES	7,553	3,893	(3,660)
CHARGES FOR CURRENT SERVICES	<u>2,097</u>	<u>3,862</u>	<u>1,765</u>
TOTAL REVENUES	<u>18,202</u>	<u>14,227</u>	<u>(3,975)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	<u>30,408</u>	<u>14,842</u>	<u>15,566</u>
TOTAL EXPENDITURES	<u>30,408</u>	<u>14,842</u>	<u>15,566</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(12,206)</u>	<u>(615)</u>	<u>11,591</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(1,744)	-	1,744
TRANSFERS IN	<u>325</u>	<u>-</u>	<u>(325)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,419)</u>	<u>-</u>	<u>1,419</u>
NET CHANGE IN FUND BALANCES	(13,625)	(615)	13,010
FUND BALANCES, BEGINNING	<u>45,222</u>	<u>45,222</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 31,597</u>	<u>\$ 44,607</u>	<u>\$ 13,010</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, 2018 (IN THOUSANDS)

SPECIAL AVIATION

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
LICENSES, PERMITS AND FRANCHISES	\$ 4	\$ 2	\$ (2)
REVENUES FROM USE OF MONEY AND PROPERTY	902	941	39
AID FROM OTHER GOVERNMENTAL AGENCIES	4,129	25	(4,104)
CHARGES FOR CURRENT SERVICES	25	40	15
OTHER REVENUES	1,850	1,468	(382)
TOTAL REVENUES	<u>6,910</u>	<u>2,476</u>	<u>(4,434)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	985	473	512
CAPITAL OUTLAY	725	524	201
TOTAL EXPENDITURES	<u>1,710</u>	<u>997</u>	<u>713</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>5,200</u>	<u>1,479</u>	<u>(3,721)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(8,955)	(634)	8,321
TRANSFERS IN	1,534	846	(688)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(7,421)</u>	<u>212</u>	<u>7,633</u>
NET CHANGE IN FUND BALANCES	(2,221)	1,691	3,912
FUND BALANCES, BEGINNING	<u>4,906</u>	<u>4,906</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 2,685</u>	<u>\$ 6,597</u>	<u>\$ 3,912</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, 2018 (IN THOUSANDS)

MENTAL HEALTH SERVICES ACT

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 1,143	\$ 1,572	\$ 429
AID FROM OTHER GOVERNMENTAL AGENCIES	156,806	129,081	(27,725)
CHARGES FOR CURRENT SERVICES	-	64	64
OTHER REVENUES	5,214	4,969	(245)
TOTAL REVENUES	<u>163,163</u>	<u>135,686</u>	<u>(27,477)</u>
EXPENDITURES:			
CURRENT:			
HEALTH AND SANITATION	203,335	170,195	33,140
CAPITAL OUTLAY	5,042	3,073	1,969
TOTAL EXPENDITURES	<u>208,377</u>	<u>173,268</u>	<u>35,109</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(45,214)</u>	<u>(37,582)</u>	<u>7,632</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(37,618)	(28,039)	9,579
TRANSFERS IN	17,686	21,301	3,615
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(19,932)</u>	<u>(6,738)</u>	<u>13,194</u>
NET CHANGE IN FUND BALANCES	(65,146)	(44,320)	20,826
FUND BALANCES, BEGINNING	<u>154,702</u>	<u>154,702</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 89,556</u>	<u>\$ 110,382</u>	<u>\$ 20,826</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, 2018 (IN THOUSANDS)

PRESCHOOL SERVICES

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 7	\$ 7
AID FROM OTHER GOVERNMENTAL AGENCIES	65,196	56,373	(8,823)
CHARGES FOR CURRENT SERVICES	-	1	1
OTHER REVENUES	-	63	63
TOTAL REVENUES	<u>65,196</u>	<u>56,444</u>	<u>(8,752)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	57,305	54,202	3,103
DEBT SERVICE:			
INTEREST AND FISCAL CHARGES	4	4	-
CAPITAL OUTLAY	866	619	247
TOTAL EXPENDITURES	<u>58,175</u>	<u>54,825</u>	<u>3,350</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>7,021</u>	<u>1,619</u>	<u>(5,402)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(6,722)	(2,895)	3,827
SALE OF CAPITAL ASSETS	6	18	12
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(6,716)</u>	<u>(2,877)</u>	<u>3,839</u>
NET CHANGE IN FUND BALANCES	305	(1,258)	(1,563)
FUND BALANCES (DEFICIT), BEGINNING	<u>(296)</u>	<u>(296)</u>	<u>-</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ 9</u>	<u>\$ (1,554)</u>	<u>\$ (1,563)</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, 2018 (IN THOUSANDS)

AGING AND ADULT SERVICES

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 4	\$ 8	\$ 4
AID FROM OTHER GOVERNMENTAL AGENCIES	6,074	5,500	(574)
CHARGES FOR CURRENT SERVICES	600	493	(107)
OTHER REVENUES	200	142	(58)
TOTAL REVENUES	<u>6,878</u>	<u>6,143</u>	<u>(735)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	7,509	6,286	1,223
TOTAL EXPENDITURES	<u>7,509</u>	<u>6,286</u>	<u>1,223</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(631)</u>	<u>(143)</u>	<u>488</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(737)	(737)	-
TRANSFERS IN	1,369	1,369	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>632</u>	<u>632</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1	489	488
FUND BALANCES, BEGINNING	<u>1,446</u>	<u>1,446</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,447</u>	<u>\$ 1,935</u>	<u>\$ 488</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, 2018 (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	\$ 560	\$ 554	\$ (6)
AID FROM OTHER GOVERNMENTAL AGENCIES	28,429	19,784	(8,645)
OTHER REVENUES	640	440	(200)
TOTAL REVENUES	<u>29,629</u>	<u>20,778</u>	<u>(8,851)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	27,789	21,371	6,418
CAPITAL OUTLAY	100	41	59
TOTAL EXPENDITURES	<u>27,889</u>	<u>21,412</u>	<u>6,477</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,740</u>	<u>(634)</u>	<u>(2,374)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(377)	(377)	-
TRANSFERS IN	249	203	(46)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(128)</u>	<u>(174)</u>	<u>(46)</u>
NET CHANGE IN FUND BALANCES	1,612	(808)	(2,420)
FUND BALANCES, BEGINNING	<u>559</u>	<u>559</u>	<u>-</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ 2,171</u>	<u>\$ (249)</u>	<u>\$ (2,420)</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, 2018 (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	\$ -	\$ 1,572	\$ 1,572
REVENUES FROM USE OF MONEY AND PROPERTY	-	25	25
TOTAL REVENUES	<u>-</u>	<u>1,597</u>	<u>1,597</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	-	(1,600)	(1,600)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>-</u>	<u>(1,600)</u>	<u>(1,600)</u>
NET CHANGE IN FUND BALANCES	-	(3)	(3)
FUND BALANCES, BEGINNING	<u>6</u>	<u>6</u>	<u>-</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ 6</u>	<u>\$ 3</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, 2018 (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	\$ -	\$ 1,668	\$ 1,668
REVENUES FROM USE OF MONEY AND PROPERTY	-	28	28
TOTAL REVENUES	<u>-</u>	<u>1,696</u>	<u>1,696</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	-	(1,699)	(1,699)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>-</u>	<u>(1,699)</u>	<u>(1,699)</u>
NET CHANGE IN FUND BALANCES	-	(3)	(3)
FUND BALANCES, BEGINNING	<u>6</u>	<u>6</u>	<u>-</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ 6</u>	<u>\$ 3</u>	<u>\$ (3)</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, 2018 (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	\$ 2,008	\$ 1,861	\$ (147)
TOTAL REVENUES	<u>2,008</u>	<u>1,861</u>	<u>(147)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(2,008)</u>	<u>(1,861)</u>	<u>147</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(2,008)</u>	<u>(1,861)</u>	<u>147</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, 2018 (IN THOUSANDS)

MICROGRAPHICS FEES

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 45	\$ 59	\$ 14
CHARGES FOR CURRENT SERVICES	3,826	3,210	(616)
OTHER REVENUES	76	-	(76)
TOTAL REVENUES	<u>3,947</u>	<u>3,269</u>	<u>(678)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	3,901	1,231	2,670
CAPITAL OUTLAY	300	170	130
TOTAL EXPENDITURES	<u>4,201</u>	<u>1,401</u>	<u>2,800</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(254)</u>	<u>1,868</u>	<u>2,122</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(50)	(50)	-
TRANSFERS IN	125	125	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>75</u>	<u>75</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(179)	1,943	2,122
FUND BALANCES, BEGINNING	<u>15,604</u>	<u>15,604</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 15,425</u>	<u>\$ 17,547</u>	<u>\$ 2,122</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, 2018 (IN THOUSANDS)

LOCAL LAW ENFORCEMENT BLOCK GRANT

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 18	\$ 18
AID FROM OTHER GOVERNMENTAL AGENCIES	626	-	(626)
TOTAL REVENUES	<u>626</u>	<u>18</u>	<u>(608)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	1,153	26	1,127
TOTAL EXPENDITURES	<u>1,153</u>	<u>26</u>	<u>1,127</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(527)</u>	<u>(8)</u>	<u>519</u>
NET CHANGE IN FUND BALANCES	(527)	(8)	519
FUND BALANCES, BEGINNING	<u>2,296</u>	<u>2,296</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,769</u>	<u>\$ 2,288</u>	<u>\$ 519</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, 2018 (IN THOUSANDS)

SHERIFF SPECIAL PROJECTS

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ 75	\$ 108	\$ 33
REVENUES FROM USE OF MONEY AND PROPERTY	91	114	23
AID FROM OTHER GOVERNMENTAL AGENCIES	9,771	11,206	1,435
CHARGES FOR CURRENT SERVICES	1,000	-	(1,000)
OTHER REVENUES	21	1,075	1,054
TOTAL REVENUES	<u>10,958</u>	<u>12,503</u>	<u>1,545</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	17,265	12,850	4,415
CAPITAL OUTLAY	6,264	885	5,379
TOTAL EXPENDITURES	<u>23,529</u>	<u>13,735</u>	<u>9,794</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(12,571)</u>	<u>(1,232)</u>	<u>11,339</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(1,561)	(772)	789
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,561)</u>	<u>(772)</u>	<u>789</u>
NET CHANGE IN FUND BALANCES	(14,132)	(2,004)	12,128
FUND BALANCES, BEGINNING	14,385	14,385	-
FUND BALANCES, ENDING	<u>\$ 253</u>	<u>\$ 12,381</u>	<u>\$ 12,128</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2018 (IN THOUSANDS)

FIRE PROTECTION DISTRICTS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 78,958	\$ 70,077	\$ (8,881)
REVENUES FROM USE OF MONEY AND PROPERTY	719	646	(73)
AID FROM OTHER GOVERNMENTAL AGENCIES	11,056	9,709	(1,347)
CHARGES FOR CURRENT SERVICES	91,893	105,593	13,700
OTHER REVENUES	6,665	2,122	(4,543)
TOTAL REVENUES	<u>189,291</u>	<u>188,147</u>	<u>(1,144)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	197,761	182,638	15,123
DEBT SERVICE:			
PRINCIPAL	252	87	165
INTEREST AND FISCAL CHARGES	392	392	-
CAPITAL OUTLAY	20,439	5,824	14,615
TOTAL EXPENDITURES	<u>218,844</u>	<u>188,941</u>	<u>29,903</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(29,553)</u>	<u>(794)</u>	<u>28,759</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(32,072)	(8,617)	23,455
TRANSFERS IN	47,304	25,646	(21,658)
SALE OF CAPITAL ASSETS	-	317	317
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>15,232</u>	<u>17,346</u>	<u>2,114</u>
NET CHANGE IN FUND BALANCES	(14,321)	16,552	30,873
FUND BALANCES, BEGINNING	<u>48,568</u>	<u>48,568</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 34,247</u>	<u>\$ 65,120</u>	<u>\$ 30,873</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, 2018 (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	\$ 85	\$ 311	\$ 226
AID FROM OTHER GOVERNMENTAL AGENCIES	20,004	10,055	(9,949)
CHARGES FOR CURRENT SERVICES	-	2	2
OTHER REVENUES	1,243	3,361	2,118
TOTAL REVENUES	<u>21,332</u>	<u>13,729</u>	<u>(7,603)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	34,046	9,152	24,894
CAPITAL OUTLAY	2,933	2,746	187
TOTAL EXPENDITURES	<u>36,979</u>	<u>11,898</u>	<u>25,081</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(15,647)</u>	<u>1,831</u>	<u>17,478</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(1,426)	(1,763)	(337)
TRANSFERS IN	500	500	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(926)</u>	<u>(1,263)</u>	<u>(337)</u>
NET CHANGE IN FUND BALANCES	(16,573)	568	17,141
FUND BALANCES, BEGINNING	<u>32,080</u>	<u>32,080</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 15,507</u>	<u>\$ 32,648</u>	<u>\$ 17,141</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, 2018 (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	\$ 47,459	\$ 53,303	\$ 5,844
LICENSES, PERMITS AND FRANCHISES	451	138	(313)
REVENUES FROM USE OF MONEY AND PROPERTY	630	1,328	698
AID FROM OTHER GOVERNMENTAL AGENCIES	2,790	3,872	1,082
CHARGES FOR CURRENT SERVICES	366	1,331	965
OTHER REVENUES	<u>4,021</u>	<u>4,138</u>	<u>117</u>
TOTAL REVENUES	<u>55,717</u>	<u>64,110</u>	<u>8,393</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	83,891	38,987	44,904
DEBT SERVICE:			
PRINCIPAL	8,183	5,355	2,828
INTEREST AND FISCAL CHARGES	2,801	1,332	1,469
CAPITAL OUTLAY	<u>7,350</u>	<u>1,214</u>	<u>6,136</u>
TOTAL EXPENDITURES	<u>102,225</u>	<u>46,888</u>	<u>55,337</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(46,508)</u>	<u>17,222</u>	<u>63,730</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(19,405)	(4,171)	15,234
TRANSFERS IN	18,182	2,506	(15,676)
SALE OF CAPITAL ASSETS	<u>1,874</u>	<u>1,906</u>	<u>32</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>651</u>	<u>241</u>	<u>(410)</u>
NET CHANGE IN FUND BALANCES	(45,857)	17,463	63,320
FUND BALANCES, BEGINNING	<u>119,398</u>	<u>119,398</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 73,541</u>	<u>\$ 136,861</u>	<u>\$ 63,320</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, 2018 (IN THOUSANDS)

	COUNTY SERVICE AREAS		
	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 3,225	\$ 3,597	\$ 372
REVENUES FROM USE OF MONEY AND PROPERTY	302	339	37
AID FROM OTHER GOVERNMENTAL AGENCIES	56	63	7
CHARGES FOR CURRENT SERVICES	5,722	5,400	(322)
OTHER REVENUES	364	244	(120)
TOTAL REVENUES	<u>9,669</u>	<u>9,643</u>	<u>(26)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	7,428	3,850	3,578
PUBLIC WAYS AND FACILITIES	3,045	1,897	1,148
RECREATION AND CULTURAL SERVICES	2,088	1,857	231
DEBT SERVICE:			
PRINCIPAL	62	-	62
INTEREST AND FISCAL CHARGES	2	2	-
CAPITAL OUTLAY	4,458	243	4,215
TOTAL EXPENDITURES	<u>17,083</u>	<u>7,849</u>	<u>9,234</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,414)</u>	<u>1,794</u>	<u>9,208</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(2,952)	(787)	2,165
TRANSFERS IN	4,590	5,001	411
LONG-TERM DEBT ISSUED	505	-	(505)
SALE OF CAPITAL ASSETS	-	121	121
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>2,143</u>	<u>4,335</u>	<u>2,192</u>
NET CHANGE IN FUND BALANCES	(5,271)	6,129	11,400
FUND BALANCES, BEGINNING	<u>22,363</u>	<u>22,363</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 17,092</u>	<u>\$ 28,492</u>	<u>\$ 11,400</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, 2018 (IN THOUSANDS)

PARK AND RECREATION DISTRICTS

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 2,358	\$ 2,599	\$ 241
REVENUES FROM USE OF MONEY AND PROPERTY	76	74	(2)
AID FROM OTHER GOVERNMENTAL AGENCIES	97	82	(15)
CHARGES FOR CURRENT SERVICES	1,631	1,443	(188)
OTHER REVENUES	5	169	164
	<u>4,167</u>	<u>4,367</u>	<u>200</u>
TOTAL REVENUES			
EXPENDITURES:			
CURRENT:			
RECREATION AND CULTURAL SERVICES	4,194	3,553	641
CAPITAL OUTLAY	20	5	15
	<u>4,214</u>	<u>3,558</u>	<u>656</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(47)</u>	<u>809</u>	<u>856</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(732)	(782)	(50)
TRANSFERS IN	100	-	(100)
SALE OF CAPITAL ASSETS	-	740	740
	<u>(632)</u>	<u>(42)</u>	<u>590</u>
TOTAL OTHER FINANCING SOURCES AND (USES)			
NET CHANGE IN FUND BALANCES	(679)	767	1,446
FUND BALANCES, BEGINNING	<u>1,975</u>	<u>1,975</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,296</u>	<u>\$ 2,742</u>	<u>\$ 1,446</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, 2018 (IN THOUSANDS)

	COUNTY FREE LIBRARY		
	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 15,325	\$ 17,351	\$ 2,026
REVENUES FROM USE OF MONEY AND PROPERTY	2	2	-
AID FROM OTHER GOVERNMENTAL AGENCIES	205	267	62
CHARGES FOR CURRENT SERVICES	974	1,312	338
OTHER REVENUES	138	172	34
TOTAL REVENUES	<u>16,644</u>	<u>19,104</u>	<u>2,460</u>
EXPENDITURES:			
CURRENT:			
EDUCATION	18,656	17,385	1,271
CAPITAL OUTLAY	511	278	233
TOTAL EXPENDITURES	<u>19,167</u>	<u>17,663</u>	<u>1,504</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,523)</u>	<u>1,441</u>	<u>3,964</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(590)	(304)	286
SALE OF CAPITAL ASSETS	-	12	12
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(590)</u>	<u>(292)</u>	<u>298</u>
NET CHANGE IN FUND BALANCES	(3,113)	1,149	4,262
FUND BALANCES, BEGINNING	<u>9,069</u>	<u>9,069</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 5,956</u>	<u>\$ 10,218</u>	<u>\$ 4,262</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, 2018 (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	\$ 3	\$ 6	\$ 3
OTHER REVENUES	<u>38</u>	<u>108</u>	<u>70</u>
TOTAL REVENUES	<u>41</u>	<u>114</u>	<u>73</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	<u>1,231</u>	<u>-</u>	<u>1,231</u>
TOTAL EXPENDITURES	<u>1,231</u>	<u>-</u>	<u>1,231</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,190)</u>	<u>114</u>	<u>1,304</u>
NET CHANGE IN FUND BALANCES	(1,190)	114	1,304
FUND BALANCES, BEGINNING	<u>1,187</u>	<u>1,187</u>	<u>-</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ (3)</u>	<u>\$ 1,301</u>	<u>\$ 1,304</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, 2018 (IN THOUSANDS)

OTHER SPECIAL REVENUE

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 35	\$ 32	\$ (3)
LICENSES, PERMITS AND FRANCHISES	489	356	(133)
FINES, FORFEITURES AND PENALTIES	2,484	2,863	379
REVENUES FROM USE OF MONEY AND PROPERTY	2,418	2,787	369
AID FROM OTHER GOVERNMENTAL AGENCIES	36,792	38,599	1,807
CHARGES FOR CURRENT SERVICES	11,132	9,607	(1,525)
OTHER REVENUES	25,900	29,224	3,324
TOTAL REVENUES	<u>79,250</u>	<u>83,468</u>	<u>4,218</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	602	240	362
PUBLIC PROTECTION	24,193	21,882	2,311
HEALTH AND SANITATION	26,692	23,635	3,057
PUBLIC ASSISTANCE	2,626	2,391	235
RECREATION AND CULTURAL SERVICES	3,751	2,084	1,667
DEBT SERVICE:			
INTEREST AND FISCAL CHARGES	1	-	1
CAPITAL OUTLAY	5,358	95	5,263
TOTAL EXPENDITURES	<u>63,223</u>	<u>50,327</u>	<u>12,896</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>16,027</u>	<u>33,141</u>	<u>17,114</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(29,143)	(25,364)	3,779
TRANSFERS IN	1,437	1,263	(174)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(27,706)</u>	<u>(24,101)</u>	<u>3,605</u>
NET CHANGE IN FUND BALANCES	(11,679)	9,040	20,719
FUND BALANCES, BEGINNING	<u>102,878</u>	<u>102,878</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 91,199</u>	<u>\$ 111,918</u>	<u>\$ 20,719</u>

COUNTY OF SAN BERNARDINO
 CAPITAL IMPROVEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON A BUDGETARY BASIS
 YEAR ENDED JUNE 30, 2018 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ -	\$ 7	\$ 7
AID FROM OTHER GOVERNMENTAL AGENCIES	2,270	2,270	223	(2,047)
OTHER REVENUES	-	78	165	87
TOTAL REVENUES	2,270	2,348	395	(1,953)
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	5,219	-	-	-
CAPITAL OUTLAY	290,074	315,145	53,995	261,150
TOTAL EXPENDITURES	295,293	315,145	53,995	261,150
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(293,023)	(312,797)	(53,600)	259,197
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(4,165)	(24,512)	(5,872)	18,640
TRANSFERS IN	134,650	174,770	138,862	(35,908)
TOTAL OTHER FINANCING SOURCES AND (USES)	130,485	150,258	132,990	(17,268)
NET CHANGE IN FUND BALANCES	(162,538)	(162,539)	79,390	241,929
FUND BALANCES, BEGINNING	210,364	210,364	210,364	-
FUND BALANCES, ENDING	\$ 47,826	\$ 47,825	\$ 289,754	\$ 241,929

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2018 (IN THOUSANDS)

	TOTAL		
	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 120	\$ 184	\$ 64
AID FROM OTHER GOVERNMENTAL AGENCIES	1,242	-	(1,242)
CHARGES FOR CURRENT SERVICES	-	5	5
OTHER REVENUES	7,306	652	(6,654)
TOTAL REVENUES	<u>8,668</u>	<u>841</u>	<u>(7,827)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	20,359	336	20,023
CAPITAL OUTLAY	32,442	11,967	20,475
TOTAL EXPENDITURES	<u>52,801</u>	<u>12,303</u>	<u>40,498</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(44,133)</u>	<u>(11,462)</u>	<u>32,671</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(50)	(5)	45
TRANSFERS IN	10,457	6,508	(3,949)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>10,407</u>	<u>6,503</u>	<u>(3,904)</u>
NET CHANGE IN FUND BALANCES	(33,726)	(4,959)	28,767
FUND BALANCES, BEGINNING	<u>33,721</u>	<u>33,721</u>	<u>-</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ (5)</u>	<u>\$ 28,762</u>	<u>\$ 28,767</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2018 (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	<u>\$ 103</u>	<u>\$ 141</u>	<u>\$ 38</u>
TOTAL REVENUES	<u>103</u>	<u>141</u>	<u>38</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	<u>20,133</u>	<u>245</u>	<u>19,888</u>
TOTAL EXPENDITURES	<u>20,133</u>	<u>245</u>	<u>19,888</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(20,030)</u>	<u>(104)</u>	<u>19,926</u>
NET CHANGE IN FUND BALANCES	<u>(20,030)</u>	<u>(104)</u>	<u>19,926</u>
FUND BALANCES, BEGINNING	<u>20,012</u>	<u>20,012</u>	<u>-</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ (18)</u>	<u>\$ 19,908</u>	<u>\$ 19,926</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, 2018 (IN THOUSANDS)

FIRE PROTECTION DISTRICTS

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
EXPENDITURES:			
CAPITAL OUTLAY	\$ 8,500	\$ -	\$ 8,500
TOTAL EXPENDITURES	<u>8,500</u>	<u>-</u>	<u>8,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(8,500)</u>	<u>-</u>	<u>8,500</u>
NET CHANGE IN FUND BALANCES	(8,500)	-	8,500
FUND BALANCES, BEGINNING	<u>8,500</u>	<u>8,500</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 8,500</u>	<u>\$ 8,500</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2018 (IN THOUSANDS)

PARK AND RECREATION DISTRICTS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 15	\$ 15	\$ -
AID FROM OTHER GOVERNMENTAL AGENCIES	702	-	(702)
OTHER REVENUES	1,750	650	(1,100)
TOTAL REVENUES	<u>2,467</u>	<u>665</u>	<u>(1,802)</u>
EXPENDITURES:			
CAPITAL OUTLAY	7,410	4,402	3,008
TOTAL EXPENDITURES	<u>7,410</u>	<u>4,402</u>	<u>3,008</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,943)</u>	<u>(3,737)</u>	<u>1,206</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	1,864	720	(1,144)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>1,864</u>	<u>720</u>	<u>(1,144)</u>
NET CHANGE IN FUND BALANCES	(3,079)	(3,017)	62
FUND BALANCES, BEGINNING	<u>3,075</u>	<u>3,075</u>	<u>-</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ (4)</u>	<u>\$ 58</u>	<u>\$ 62</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, 2018 (IN THOUSANDS)

COUNTY SERVICE AREAS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 2	\$ 28	\$ 26
AID FROM OTHER GOVERNMENTAL AGENCIES	540	-	(540)
CHARGES FOR CURRENT SERVICES	-	5	5
OTHER REVENUES	5,556	2	(5,554)
TOTAL REVENUES	<u>6,098</u>	<u>35</u>	<u>(6,063)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	226	91	135
CAPITAL OUTLAY	16,532	7,565	8,967
TOTAL EXPENDITURES	<u>16,758</u>	<u>7,656</u>	<u>9,102</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,660)</u>	<u>(7,621)</u>	<u>3,039</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(50)	(5)	45
TRANSFERS IN	8,593	5,788	(2,805)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>8,543</u>	<u>5,783</u>	<u>(2,760)</u>
NET CHANGE IN FUND BALANCES	(2,117)	(1,838)	279
FUND BALANCES, BEGINNING	<u>2,134</u>	<u>2,134</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 17</u>	<u>\$ 296</u>	<u>\$ 279</u>



SAN BERNARDINO
COUNTY



STATISTICAL
SECTION



STATISTICAL SECTION

The information in this section is not covered by the Independent Auditors' Report, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess a government's 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)

	2008-09 as restated	2009-10 as restated	2010-11	2011-12	2012-13 as restated	2013-14	2014-15	2015-16	2016-17	2017-18
GOVERNMENTAL ACTIVITIES										
NET INVESTMENT IN CAPITAL ASSETS	\$1,218,294	\$1,318,593	\$1,436,162	\$1,598,182	\$1,670,509	\$1,749,238	\$1,809,961	\$1,843,897	\$1,919,224	\$1,969,174
RESTRICTED	794,489	716,035	783,306	714,879	740,232	776,259	947,882	942,150	1,046,820	1,153,493
UNRESTRICTED	150,272	268,299	230,522	265,813	344,912	519,085	(1,508,357)	(1,147,159)	(1,004,921)	(887,566)
SUBTOTAL GOVERNMENTAL ACTIVITIES NET POSITION	<u>2,163,055</u>	<u>2,302,927</u>	<u>2,449,990</u>	<u>2,578,874</u>	<u>2,755,653</u>	<u>3,044,582</u>	<u>1,249,486</u>	<u>1,638,888</u>	<u>1,961,123</u>	<u>2,235,101</u>
BUSINESS-TYPE ACTIVITIES										
NET INVESTMENT IN CAPITAL ASSETS	35,887	26,837	44,737	57,487	102,982	110,155	180,714	202,941	205,158	209,059
RESTRICTED	37,283	93,399	108,461	67,968	63,781	62,286	73,040	74,990	80,983	72,006
UNRESTRICTED	82,871	34,055	780	31,697	9,209	51,458	(12,512)	39,906	124,939	178,452
SUBTOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	<u>156,041</u>	<u>154,291</u>	<u>153,978</u>	<u>157,152</u>	<u>175,972</u>	<u>223,899</u>	<u>241,242</u>	<u>317,837</u>	<u>411,080</u>	<u>459,517</u>
PRIMARY GOVERNMENT										
NET INVESTMENT IN CAPITAL ASSETS	1,254,181	1,345,430	1,480,899	1,655,669	1,773,491	1,859,393	1,990,675	2,046,838	2,124,382	2,178,233
RESTRICTED	831,772	809,434	891,767	782,847	804,013	838,545	1,020,922	1,017,140	1,127,803	1,225,499
UNRESTRICTED	233,143	302,354	231,302	297,510	354,121	570,543	(1,520,869)	(1,107,253)	(879,982)	(709,114)
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$2,319,096</u>	<u>\$2,457,218</u>	<u>\$2,603,968</u>	<u>\$2,736,026</u>	<u>\$2,931,625</u>	<u>\$3,268,481</u>	<u>\$1,490,728</u>	<u>\$1,956,725</u>	<u>\$2,372,203</u>	<u>\$2,694,618</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)

	2008-09 as restated	2009-10 as restated	2010-11	2011-12	2012-13 as restated	2013-14	2014-15	2015-16	2016-17	2017-18
Expenses										
<u>Governmental Activities:</u>										
General Government	\$ 177,438	\$ 177,506	\$ 165,754	\$ 156,960	\$ 195,447	\$ 178,980	\$ 162,261	\$ 158,981	\$ 169,368	\$ 176,594
Public Protection	921,218	897,257	913,522	957,600	985,004	1,007,434	979,458	1,054,075	1,164,533	1,225,387
Public Ways and Facilities	75,704	73,251	72,482	80,200	80,002	91,744	71,614	81,902	86,017	87,993
Health and Sanitation	336,662	326,590	282,684	291,415	311,856	331,551	325,261	338,910	390,442	433,482
Public Assistance	882,975	935,205	1,007,153	991,174	1,014,443	1,046,447	1,008,353	1,079,575	1,138,660	1,196,683
Education	21,941	19,693	18,692	16,905	16,469	20,923	16,718	19,424	20,010	21,182
Recreation and Cultural Services	24,697	22,677	23,788	26,701	26,672	25,290	24,103	24,505	24,984	24,563
Interest on Long Term Debt	83,770	65,144	64,994	58,449	53,484	50,189	45,233	42,744	39,447	30,563
Total Governmental Activities	2,524,405	2,517,323	2,549,069	2,579,404	2,683,377	2,752,558	2,633,001	2,800,116	3,033,461	3,196,447
<u>Business-type Activities:</u>										
Medical Center	466,933	441,722	445,874	475,957	487,578	513,609	488,239	507,668	535,515	542,185
Waste Systems	56,389	56,688	95,408	66,571	53,748	61,883	76,160	60,717	62,075	92,211
Housing Authority (2)	-	-	-	-	-	-	104,759	105,876	114,722	125,392
Other	21,479	-	-	-	-	-	-	-	-	-
Water, Sewer, and Sanitation (1)	-	32,536	14,316	14,679	15,448	15,204	18,154	20,804	16,745	16,454
Paramedic and Emergency (1)	-	240	546	527	-	-	-	-	-	-
Others (1)	-	341	186	71	87	69	131	67	47	24
Total Business-type Activities	544,801	531,527	556,330	557,805	556,861	590,765	687,443	695,132	729,104	776,266
Total Primary Government Expenses	\$3,069,206	\$3,048,850	\$3,105,399	\$3,137,209	\$3,240,238	\$3,343,323	\$3,320,444	\$3,495,248	\$3,762,565	\$3,972,713
Program Revenues										
<u>Governmental Activities:</u>										
Charges for Services:										
General Government	\$ 110,817	\$ 115,911	\$ 122,048	\$ 152,268	\$ 143,236	\$ 143,368	\$ 138,561	\$ 150,204	\$ 155,023	\$ 167,377
Public Protection	249,714	231,718	243,283	220,028	228,319	235,102	246,438	251,153	278,441	304,073
Public Ways and Facilities	7,183	5,518	6,610	7,206	10,751	12,856	9,258	9,047	6,209	8,433
Health and Sanitation	56,732	63,613	20,911	23,298	24,075	23,261	23,999	22,304	23,516	24,201
Public Assistance	2,656	2,720	2,993	1,000	984	2,833	3,441	3,034	2,891	3,778
Education	1,240	1,202	1,075	979	1,027	1,046	1,053	1,011	1,114	1,312
Recreation and Cultural Services	8,882	8,992	8,729	9,070	8,446	8,632	8,715	8,773	8,805	9,100
Operating Grants/Contributions:										
General Government	11,752	8,404	19,262	29,249	7,705	20,832	42,644	7,822	10,117	31,099
Public Protection	140,036	160,938	169,002	190,394	244,678	240,781	227,133	279,206	267,910	271,012
Public Ways and Facilities	48,876	70,501	60,518	61,721	53,063	75,682	62,369	46,838	42,414	50,998
Health and Sanitation	319,212	330,099	303,449	268,409	343,019	372,615	383,128	376,831	442,958	405,087
Public Assistance	826,639	886,533	958,859	951,801	935,079	1,026,267	997,915	1,080,108	1,102,910	1,115,919
Education	907	998	1,290	457	253	249	247	254	234	269
Recreation and Cultural Services	2,652	3,035	3,726	1,117	772	430	481	686	415	2,110
Capital Grants/Contributions:										
General Government	4,728	-	-	-	-	-	23,766	182	996	20
Public Protection	-	72	-	14	-	-	-	2	-	-
Public Ways and Facilities	3,919	4,796	9,221	59,054	17,755	25,971	1,237	250	7,051	3,725
Health and Sanitation	-	-	1,699	-	-	-	-	-	-	-
Recreation and Cultural Services	20	1,708	75	-	-	-	-	50	-	-
Subtotal Governmental Activities	1,795,965	1,896,758	1,932,750	1,976,065	2,019,162	2,189,925	2,170,385	2,237,755	2,351,004	2,398,513
<u>Business-type Activities:</u>										
Charges for Services:										
Medical Center	370,464	380,954	380,357	376,004	365,169	398,628	431,606	448,135	473,065	342,236
Waste System	60,755	56,964	57,281	56,014	58,044	59,784	76,303	76,869	77,671	83,612
Housing Authority (2)	-	-	-	-	-	-	18,396	16,300	17,354	20,553
Other	14,814	-	-	-	-	-	-	-	-	-
Water, Sewer, and Sanitation	-	12,910	10,696	11,590	11,711	14,696	14,222	13,459	12,778	14,163
Paramedic and Emergency	-	3,117	3,516	-	-	-	-	-	-	-
Others (1)	-	146	206	118	58	95	89	74	84	69
Operating Grants & Contributions:										
Medical Center	8,012	6,968	68,148	46,904	50,132	46,070	120,742	95,250	105,475	221,142
Waste System	-	-	33	928	1,751	2,661	79	79	78	77
Housing Authority (2)	-	-	-	-	-	-	87,965	91,044	96,883	109,603
Other	156	-	-	-	-	-	-	-	-	-
Water, Sewer, and Sanitation (1)	-	46	53	147	70	101	584	72	34	167
Capital Grants & Contributions:										
Medical Center	19,554	19,045	19,500	18,820	18,901	21,247	16,501	18,855	18,826	24,637
Housing Authority (2)	-	-	-	-	-	-	541	161	462	102
Water, Sewer, and Sanitation (1)	-	70	-	167	-	-	60	170	28	-
Subtotal Business-type Activities	473,755	480,220	539,790	510,692	505,836	543,282	767,088	760,468	802,738	816,361
Total Primary Government Program Revenues	\$2,269,720	\$2,376,978	\$2,472,540	\$2,486,757	\$2,524,998	\$2,733,207	\$2,937,473	\$2,998,223	\$3,153,742	\$3,214,874
Net (Expense) / Revenue										
Governmental Activities	\$ (728,440)	\$ (620,565)	\$ (616,319)	\$ (603,339)	\$ (664,215)	\$ (562,633)	\$ (462,616)	\$ (562,361)	\$ (682,457)	\$ (797,934)
Business-type Activities	(71,046)	(51,307)	(16,540)	(47,113)	(51,025)	(47,483)	79,645	65,336	73,634	40,095
Total Primary Government Net Expenses	\$ (799,486)	\$ (671,872)	\$ (632,859)	\$ (650,452)	\$ (715,240)	\$ (610,116)	\$ (382,971)	\$ (497,025)	\$ (608,823)	\$ (757,839)

(Continued)

Notes:

- (1) Starting fiscal year 2009-10 business activities previously reported under Other are reported separately for different identifiable activities, based on the types of goods or services provided.
- (2) Housing Authority (HACSB) became a blended component unit effective July 1, 2014.

COUNTY OF SAN BERNARDINO
 CHANGES IN NET POSITION (CONTINUED)
 LAST TEN FISCAL YEARS (IN THOUSANDS)
 (accrual basis of accounting)

	2008-09 as restated	2009-10 as restated	2010-11	2011-12	2012-13 as restated	2013-14	2014-15	2015-16	2016-17	2017-18
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 562,625	\$ 524,857	\$ 491,396	\$ 499,002	\$ 523,190	\$ 553,303	\$ 573,482	\$ 617,923	\$ 664,059	\$ 704,316
Property Taxes, Levied for Debt Service	18,528	15,608	14,724	6,324	-	-	-	-	-	-
Public Safety Tax	126,083	116,963	121,623	133,581	145,097	156,352	160,337	164,993	174,648	188,194
Sales Taxes	21,992	17,894	19,184	24,555	30,158	29,103	28,437	43,595	28,019	29,886
Other Taxes	21,847	12,810	12,086	10,070	11,791	16,099	18,767	20,743	20,125	25,257
Unrestricted Revenues from Use of Money and Property	74,567	52,445	49,081	39,797	46,383	43,603	44,616	42,739	48,663	36,935
Miscellaneous	67,055	52,154	57,878	61,989	71,998	74,416	74,480	69,822	70,077	78,121
Gains on Sale of Capital Assets	1,655	2,968	3,739	1,708	4,998	5,565	3,335	11,676	3,781	4,750
Extraordinary Item - RDA Dissolution	-	-	-	(3,841)	63,969	10,415	-	-	-	-
Transfers	(61,649)	(35,262)	(6,329)	(40,962)	(50,720)	(37,294)	(12,428)	(19,728)	(4,680)	4,453
Subtotal Governmental Activities	832,703	760,437	763,382	732,223	846,864	851,562	891,026	951,763	1,004,692	1,071,912
Business-type Activities:										
Property Taxes, Levied for General Purposes	4,500	3,641	2,360	2,674	2,627	2,786	2,850	2,981	3,105	3,198
Unrestricted Revenues from Use of Money and Property	10,182	8,803	3,381	4,753	1,674	2,210	2,569	3,155	1,263	2,835
Miscellaneous	13,519	1,840	4,155	1,898	19,264	53,070	13,361	4,536	10,132	6,561
Gains on Sale of Capital Assets	56	11	2	-	-	50	774	671	329	201
Special Item - Litigation Settlement	(1,635)	-	-	-	-	-	-	-	-	-
Extraordinary Item - RDA Dissolution	-	-	-	-	221	-	-	-	-	-
Transfers	61,649	35,262	6,329	40,962	50,720	37,294	12,428	19,628	4,780	(4,453)
Subtotal Business-type Activities	88,271	49,557	16,227	50,287	74,506	95,410	31,982	30,971	19,609	8,342
Total Primary Government	\$ 920,974	\$ 809,994	\$ 779,609	\$ 782,510	\$ 921,370	\$ 946,972	\$ 923,008	\$ 982,734	\$ 1,024,301	\$ 1,080,254
Changes in Net Position										
Governmental Activities	\$ 104,263	\$ 139,872	\$ 147,063	\$ 128,884	\$ 182,649	\$ 288,929	\$ 428,410	\$ 389,402	\$ 322,235	\$ 273,978
Business-type Activities	17,225	(1,750)	(313)	3,174	23,481	47,927	111,627	96,307	93,243	48,437
Total Primary Government	\$ 121,488	\$ 138,122	\$ 146,750	\$ 132,058	\$ 206,130	\$ 336,856	\$ 540,037	\$ 485,709	\$ 415,478	\$ 322,415

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

	2008-09									
	as restated	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
General Fund										
Reserved for:										
Encumbrances	\$ 18,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid Items	4,145	-	-	-	-	-	-	-	-	-
Noncurrent Interfund Receivables	18,461	-	-	-	-	-	-	-	-	-
Inventories	350	-	-	-	-	-	-	-	-	-
Loans Receivable	54,396	-	-	-	-	-	-	-	-	-
Teeter	22,904	-	-	-	-	-	-	-	-	-
Unreserved:										
Designated	183,227	-	-	-	-	-	-	-	-	-
Undesignated	183,971	-	-	-	-	-	-	-	-	-
Nonspendable	-	73,667	75,191	72,307	56,256	64,204	55,918	49,048	43,943	44,349
Restricted	-	156,619	196,178	240,833	238,552	309,067	352,444	397,574	435,337	436,740
Committed	-	146,600	76,999	99,991	106,635	175,620	187,123	306,216	295,051	283,268
Assigned	-	-	-	14,200	11,975	28,680	11,809	8,862	4,391	4,086
Unassigned	-	133,718	149,981	122,523	302,616	239,221	322,130	294,958	271,914	333,915
Subtotal General Fund	<u>486,257</u>	<u>510,604</u>	<u>498,349</u>	<u>549,854</u>	<u>716,034</u>	<u>816,792</u>	<u>929,424</u>	<u>1,056,658</u>	<u>1,050,636</u>	<u>1,102,358</u>
Capital Improvement Fund (1)										
Reserved for:										
Encumbrances	16,517	-	-	-	-	-	-	-	-	-
Unreserved:										
Undesignated, Reported in:										
Capital Projects Fund	133,778	-	-	-	-	-	-	-	-	-
Restricted	-	16,837	-	-	1,495	6,774	29,875	35,760	42,891	101,627
Committed	-	-	27,820	22,879	22,879	-	-	-	-	-
Assigned	-	81,477	77,922	109,701	69,685	132,193	82,415	99,575	198,281	212,320
Subtotal Capital Improvement Fund	<u>150,295</u>	<u>98,314</u>	<u>105,742</u>	<u>132,580</u>	<u>94,059</u>	<u>138,967</u>	<u>112,290</u>	<u>135,335</u>	<u>241,172</u>	<u>313,947</u>
All Other Governmental Funds										
Reserved for:										
Encumbrances	40,964	-	-	-	-	-	-	-	-	-
Prepaid items	140	-	-	-	-	-	-	-	-	-
Land Held for Resale	16,984	-	-	-	-	-	-	-	-	-
Inventories	126	-	-	-	-	-	-	-	-	-
Loans Receivable	1,470	-	-	-	-	-	-	-	-	-
Debt Service	41,985	-	-	-	-	-	-	-	-	-
Endowments	1,594	-	-	-	-	-	-	-	-	-
Unreserved:										
Designated	11,990	-	-	-	-	-	-	-	-	-
Undesignated, Reported in:										
Special Revenue Funds	335,589	-	-	-	-	-	-	-	-	-
Capital Projects Funds	51,848	-	-	-	-	-	-	-	-	-
Permanent Funds	561	-	-	-	-	-	-	-	-	-
Nonspendable (2)	-	3,793	3,302	1,833	2,383	2,938	1,958	1,902	2,122	3,450
Restricted (2)	-	540,378	585,435	472,342	525,080	513,859	629,918	649,637	704,127	738,023
Assigned (2)	-	15,807	16,553	30,582	50,146	52,623	48,255	43,386	46,658	66,072
Subtotal All Other Governmental Funds	<u>503,251</u>	<u>559,978</u>	<u>605,290</u>	<u>504,757</u>	<u>577,609</u>	<u>569,420</u>	<u>680,131</u>	<u>694,925</u>	<u>752,907</u>	<u>807,545</u>
Total Governmental Fund Balance	<u>\$ 1,139,803</u>	<u>\$ 1,168,896</u>	<u>\$ 1,209,381</u>	<u>\$ 1,187,191</u>	<u>\$ 1,387,702</u>	<u>\$ 1,525,179</u>	<u>\$1,721,845</u>	<u>\$1,886,918</u>	<u>\$2,044,715</u>	<u>\$2,223,850</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)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Revenues (by Source)										
Taxes	\$ 753,320	\$ 684,669	\$ 664,377	\$ 676,218	\$ 713,528	\$ 749,232	\$ 788,712	\$ 849,399	\$ 891,168	\$ 952,455
Licenses, Permits, and Franchises	24,779	16,959	19,208	22,282	22,635	24,919	25,587	25,159	26,731	25,849
Fines, Forfeitures, and Penalties	22,373	23,877	17,810	17,970	16,743	14,865	15,704	11,996	14,326	11,785
Rev from Use of Money and Property	69,902	51,635	45,762	33,644	47,841	41,658	42,129	47,632	44,417	50,644
Aid from Other Governments	1,358,743	1,464,999	1,525,476	1,560,692	1,600,825	1,705,488	1,755,929	1,787,474	1,871,165	1,880,144
Charges for Current Services	385,423	385,102	365,721	369,715	373,821	382,716	388,092	403,193	434,218	477,874
Other Revenues	66,665	58,864	57,023	61,862	70,078	67,629	61,155	61,320	62,571	67,351
Total Revenues	2,681,205	2,686,105	2,695,377	2,742,383	2,845,471	2,986,507	3,077,308	3,186,173	3,344,596	3,466,102
Expenditures (by Function)										
General Government	161,448	164,880	153,991	145,634	172,922	160,755	145,589	149,160	151,379	161,434
Public Protection	892,497	876,602	883,637	905,548	927,819	957,832	990,078	1,052,371	1,121,754	1,166,446
Public Ways and Facilities	61,814	66,084	83,923	75,144	77,609	103,267	75,559	62,292	72,848	65,421
Health and Sanitation	334,305	324,942	278,157	284,652	303,006	331,830	343,769	352,781	392,447	428,487
Public Assistance	877,345	930,093	994,193	966,485	985,940	1,037,741	1,068,461	1,130,864	1,148,941	1,190,633
Education	20,983	18,858	17,827	15,824	15,304	17,295	16,967	18,240	19,388	20,248
Recreation and Cultural Services	20,726	18,697	19,091	21,082	20,941	20,466	20,753	19,720	20,475	20,273
Debt Service										
Principal	49,041	61,637	105,309	124,338	76,938	83,495	91,977	111,752	102,499	104,460
Interest	58,313	40,973	38,614	33,504	25,861	24,156	22,034	20,443	17,247	15,978
Bond Issuance Costs	-	-	525	135	-	-	-	187	-	-
Capital Outlay	95,185	116,427	113,428	116,050	120,294	94,354	132,041	120,909	140,905	124,914
Total Expenditures	2,571,657	2,619,193	2,688,695	2,688,396	2,726,634	2,831,191	2,907,228	3,038,719	3,187,883	3,298,294
Excess (Deficiency) of Revenues Over (Under) Expenditures	109,548	66,912	6,682	53,987	118,837	155,316	170,080	147,454	156,713	167,808
Other Financing Sources (Uses)										
Transfer to Other Funds	(444,888)	(316,758)	(276,144)	(319,341)	(274,470)	(263,941)	(249,063)	(302,893)	(395,117)	(352,170)
Transfer from Other Funds	382,918	275,554	269,759	279,257	287,177	227,341	238,802	301,385	391,807	358,747
Refunding Bonds Issued	-	-	-	51,585	-	-	-	27,870	-	-
Payment To Refunded Bond Escrow Agent	-	-	-	-	-	-	-	(27,870)	-	-
Long-Term Debt Issued	-	-	36,300	-	-	-	-	-	-	-
Discount on Debt	-	-	(1,141)	-	-	-	-	-	-	-
Inception Of Capital Leases Obligations	2,619	418	1,290	-	-	-	-	-	-	-
Insurance Recoveries	-	-	-	-	-	-	14,000	3,916	-	-
Sale of Capital Assets	1,655	2,968	3,739	1,708	4,998	8,346	3,148	15,211	4,394	4,750
Total Other Financing Sources and (Uses)	(57,696)	(37,618)	33,803	13,209	17,705	(28,254)	6,687	17,619	1,084	11,327
Extraordinary Item	-	-	-	(89,386)	63,969	10,415	-	-	-	-
Net Change in Fund Balance	\$ 51,852	\$ 29,094	\$ 40,485	\$ (22,190)	\$ 200,511	\$ 137,477	\$ 176,967	\$ 165,073	\$ 157,797	\$ 179,135
Debt Service as a Percentage of Noncapital Expenditures:	4.33%	4.10%	5.69%	6.17%	3.94%	3.99%	4.11%	4.53%	3.93%	3.80%

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
2008-2009	\$ 172,978,860	\$ 9,766,061	\$ 4,156,938	\$ (1,831,986)	\$ 185,069,873	1.00%
2009-2010	160,789,645	10,313,477	4,087,163	(1,842,083)	173,348,202	1.00%
2010-2011	153,693,818	10,073,682	4,346,267	(1,859,053)	166,254,714	1.00%
2011-2012	152,756,444	9,533,571	5,034,449	(1,842,311)	165,482,153	1.00%
2012-2013	153,740,135	9,765,041	5,062,258	(1,806,750)	166,760,684	1.00%
2013-2014	158,228,018	10,042,150	5,426,075	(1,770,329)	171,925,914	1.00%
2014-2015	168,228,346	10,389,487	5,625,640	(1,734,191)	182,509,282	1.00%
2015-2016	176,866,857	10,805,367	6,132,273	(1,704,541)	192,099,956	1.00%
2016-2017	185,232,143	10,295,276	6,615,389	(1,782,634)	200,360,174	1.00%
2017-2018	190,354,962	10,496,638	6,441,374	(1,760,914)	205,532,060	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>
2008-09	1.0000	0.1071	0.1650	1.2721
2009-10	1.0000	0.1027	0.1650	1.2677
2010-11	1.0000	0.1351	0.1650	1.3001
2011-12 (2)	1.0000	0.1351	0.1650	1.3001
2012-13	1.0000	0.1457	0.1625	1.3082
2013-14	1.0000	0.1769	0.1625	1.3394
2014-15	1.0000	0.1474	0.1625	1.3099
2015-16	1.0000	0.1585	0.1625	1.3210
2016-17	1.0000	0.1145	0.1625	1.2770
2017-18	1.0000	0.1383	0.1525	1.2908

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) Fiscal year 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 2018		FISCAL YEAR 2009	
		TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE
SOUTHERN CALIFORNIA EDISON CO	UTILITY	\$ 3,910,018,424	1.90%	\$ 1,561,256,753	0.84%
PROLOGIS LP	LOGISTICS/REAL ESTATE	1,561,772,066	0.76%	766,973,433	0.41%
TEACHERS INSURANCE & ANNUITY ASSN	FINANCIAL SERVICES	664,502,615	0.32%	97,327,075	0.05%
MAJESTIC REALTY CO	REAL ESTATE	639,635,585	0.31%	481,611,538	0.26%
FRONTIER CALIFORNIA INC. (SUCCESSOR TO VERIZON CALIFORNIA)	COMMUNICATIONS	567,948,695	0.28%	688,553,489	0.37%
SOUTHERN CALIFORNIA GAS COMPANY	UTILITY	539,143,758	0.26%	296,468,539	0.16%
WATSON LAND COMPANY	REAL ESTATE	510,231,877	0.25%	160,073,089	0.09%
TARGET CORPORATION	RETAIL	475,980,945	0.23%	266,847,469	0.14%
CATELLUS DEVELOPMENT CORPORATION	REAL ESTATE	446,782,934	0.22%	628,218,846	0.34%
BRE PROPERTIES	REAL ESTATE	426,998,139	0.21%	125,217,742	0.07%
TOTAL		<u>\$ 9,743,015,038</u>	<u>4.74%</u>	<u>\$ 5,072,547,973</u>	<u>2.73%</u>

Note:
 Net Assessed Secured amounts include Secured & Unitary less exemptions.

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
2018	\$ 2,758,323	\$ 2,727,028	98.87%	\$ -	\$ 2,727,028	98.87%
2017 (3)	2,598,465	2,555,888	98.36%	64,987	2,620,875	100.86%
2016 (3)	2,473,896	2,413,149	97.54%	63,660	2,476,809	100.12%
2015 (3)	2,337,923	2,277,885	97.43%	60,440	2,338,325	100.02%
2014	2,222,023	2,151,777	96.84%	63,180	2,214,957	99.68%
2013	2,146,261	2,038,622	94.98%	65,476	2,104,098	98.04%
2012	2,132,085	1,954,521	91.67%	73,210	2,027,731	95.11%
2011	2,134,012	2,029,684	95.11%	76,553	2,106,237	98.70%
2010	2,189,390	2,070,936	94.59%	91,131	2,162,067	98.75%
2009	2,320,100	2,167,576	93.43%	123,019	2,290,595	98.73%

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. Includes Assessor corrections and supplemental collections.
- (3) Total collections to date exceed taxes levied due to subsequent levied amounts that apply to the previous fiscal year.

Source:

Auditor-Controller/Treasurer/Tax Collector, County of San Bernardino

COUNTY OF SAN BERNARDINO
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS (IN THOUSANDS, EXCEPT PER CAPITA)
JUNE 30, 2018

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)		
2008-09	\$ 1,087,894	\$ (34,825)	\$ 1,053,069	1.87%	0.57%	\$ 510.95		
2009-10	1,068,643	(50,548)	1,018,095	1.62%	0.59%	500.29		
2010-11	1,079,393	(52,063)	1,027,330	1.69%	0.62%	500.65		
2011-12	1,009,684	(41,443)	968,241	1.58%	0.59%	469.11		
2012-13 (3)	967,552	(34,179)	933,373	1.50%	0.56%	449.60		
2013-14	917,961	(32,624)	885,337	1.32%	0.51%	424.42		
2014-15	860,067	(32,286)	827,781	1.20%	0.45%	393.25		
2015-16 (4)	781,907	(27,847)	754,060	1.07%	0.39%	352.36		
2016-17	708,004	(28,382)	679,622	0.89%	0.34%	314.64		
2017-18	617,859	(39,687)	578,172	0.72%	0.28%	265.83		

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) Fiscal year 2012-13 Amounts Restricted for Debt Service was restated due to a calculation error.
- (4) As of fiscal year 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, 2018

2017-18 ASSESSED VALUATION: \$ 205,532,060,000 (includes unitary utility valuation)

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>PERCENT APPLICABLE</u>	<u>DEBT 06/30/18</u>
METROPOLITAN WATER DISTRICT	3.808 %	\$ 2,307,648
CHAFFEY COMMUNITY COLLEGE DISTRICT	100.000	138,940,000
SAN BERNARDINO COMMUNITY COLLEGE DISTRICT	98.780	435,084,936
OTHER COMMUNITY COLLEGE DISTRICTS	VARIOUS	156,875,639
APPLE VALLEY UNIFIED SCHOOL DISTRICT	100.000	24,903,758
CHINO VALLEY UNIFIED SCHOOL DISTRICT	100.000	332,495,000
COLTON JOINT UNIFIED SCHOOL DISTRICT	98.754	191,165,490
FONTANA UNIFIED SCHOOL DISTRICT	100.000	189,557,259
REDLANDS UNIFIED SCHOOL DISTRICT	100.000	77,808,830
RIALTO UNIFIED SCHOOL DISTRICT	100.000	89,537,396
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT	100.000	249,489,446
UPLAND UNIFIED SCHOOL DISTRICT	100.000	89,769,550
OTHER UNIFIED SCHOOL DISTRICTS	VARIOUS	113,436,544
UNION HIGH SCHOOL DISTRICTS	100.000	515,228,593
ELEMENTARY SCHOOL DISTRICTS	100.000	262,807,648
MOJAVE WATER AGENCY	100.000	7,720,000
MOJAVE WATER AGENCY, I.D. M	100.000	12,555,000
COUNTY WATER DISTRICTS	100.000	127,000
ETIWANDA SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS	100.000	73,175,000
CITY OF CHINO COMMUNITY FACILITIES DISTRICTS	100.000	136,140,000
CITY OF CHINO HILLS COMMUNITY FACILITIES DISTRICTS	100.000	37,760,000
CITY OF FONTANA COMMUNITY FACILITIES DISTRICTS	100.000	98,895,000
CITY OF RANCHO CUCAMONGA COMMUNITY FACILITIES DISTRICTS	100.000	69,328,000
CITY OF UPLAND COMMUNITY FACILITIES DISTRICTS	100.000	40,799,000
OTHER COMMUNITY FACILITIES DISTRICTS	100.000	304,679,062
CITY, COUNTY AND SPECIAL DISTRICT 1915 ACT BONDS (Estimate)	100.000	10,991,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 3,661,576,799</u>

RATIO TO 2017-18 ASSESSED VALUATION:

TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT.....1.78%

COUNTY OF SAN BERNARDINO
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (CONTINUED)
 AS OF JUNE 30, 2018

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:	PERCENT APPLICABLE	DEBT 6/30/18
SAN BERNARDINO COUNTY GENERAL OBLIGATIONS	100.000 %	\$ 22,982,000 (2)
SAN BERNARDINO COUNTY PENSION OBLIGATIONS	100.000	555,325,000
SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT GENERAL FUND OBLIGATIONS	100.000	68,325,000
COMMUNITY COLLEGE DISTRICT CERTIFICATES OF PARTICIPATION	VARIOUS	35,678,559
CHINO VALLEY UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	10,060,000
FONTANA UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	31,370,000
HESPERIA UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	121,740,000
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	47,750,000
SNOWLINE JOINT UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	98.134	62,496,638
OTHER UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	VARIOUS	43,568,759
UNION HIGH SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	24,515,000
CUCAMONGA SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	6,385,000
ORO GRANDE SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	38,095,000
OTHER ELEMENTARY SCHOOL DISTRICT GENERAL FUND OBLIGATIONS	100.000	12,390,000
CITY OF COLTON GENERAL FUND OBLIGATIONS AND PENSION OBLIGATION BONDS	100.000	31,074,400
CITY OF FONTANA CERTIFICATES OF PARTICIPATION	100.000	39,685,000
CITY OF HESPERIA CERTIFICATES OF PARTICIPATION	100.000	35,435,000
CITY OF MONTCLAIR GENERAL FUND OBLIGATIONS	100.000	42,710,000
CITY OF ONTARIO GENERAL FUND OBLIGATIONS	100.000	60,200,000
CITY OF SAN BERNARDINO GENERAL FUND OBLIGATIONS AND PENSION OBLIGATION BONDS	100.000	54,340,203
OTHER CITY GENERAL FUND AND PENSION OBLIGATION BONDS	100.000	28,660,281
SAN BERNARDINO MOUNTAINS COMMUNITY HOSPITAL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	3,322,200
WATER DISTRICT CERTIFICATES OF PARTICIPATION	100.000	3,275,000
WEST VALLEY VECTOR CONTROL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	2,556,686
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$ 1,381,939,726
TOTAL DIRECT DEBT		\$ 646,632,000
TOTAL OVERLAPPING DEBT (1)		\$ 4,396,884,525
COMBINED DEBT		\$ 5,043,516,525 (3)

RATIOS TO 2017-18 ASSESSED VALUATION

TOTAL DIRECT DEBT (\$646,632,000)0.31%
COMBINED TOTAL DEBT	2.45%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/18: \$ -

Notes:

- (1) The method used to calculate the overlapping debt is based on the percentage of the overlapping agency's assessed valuation located within boundaries of the County.
- (2) Includes Revenue bonds (Courthouse Project Bonds), and certain notes and loans related to the County's governmental activities (Fire Protection District Installment Loan and West Valley Detention Center Refinancing Notes), (Note 11, Page 91).
- (3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Source:

California Municipal Statistics

COUNTY OF SAN BERNARDINO
 COMPUTATION OF LEGAL DEBT MARGIN
 LAST TEN FISCAL YEARS (IN THOUSANDS)

FISCAL YEAR	(1) ASSESSED VALUE	(2) LEGAL DEBT LIMIT	(3) BONDED DEBT	(4) LEGAL DEBT MARGIN	RATIO OF BONDED DEBT TO DEBT LIMIT
2008-09	\$ 185,069,873	\$ 2,313,373	\$ 1,570	\$ 2,311,803	0.07%
2009-10	173,348,202	2,166,853	1,440	2,165,413	0.07%
2010-11	166,254,714	2,078,184	1,300	2,076,884	0.06%
2011-12	165,482,153	2,068,527	1,155	2,067,372	0.06%
2012-13	166,760,684	2,084,509	1,005	2,083,504	0.05%
2013-14	171,925,914	2,149,074	845	2,148,229	0.04%
2014-15	182,509,282	2,281,366	685	2,280,681	0.03%
2015-16	192,099,956	2,401,249	515	2,400,734	0.02%
2016-17	200,360,174	2,504,502	335	2,504,167	0.01%
2017-18	205,532,060	2,569,151	145	2,569,006	0.01%

Notes:

- (1) Assessed Value does not include tax exempt property. Property value data can be found in the "Assessed Value and Actual Value of Property" schedule.
- (2) The legal debt limit is 1.25% of assessed value.
- (3) Bonded debt subject to limitation; amount includes only general obligation bonds.
- (4) The legal debt margin is the County's available borrowing authority under state finance statutes and is calculated by subtracting the debt applicable to the legal debt limit.

Source:

Auditor-Controller/Treasurer/Tax Collector, County of San Bernardino

COUNTY OF SAN BERNARDINO
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (IN THOUSANDS, EXCEPT PER CAPITA)
JUNE 30, 2018

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					
2008-09	\$ 155,801	\$ 448,874	\$ 637,450	\$ 3,231	\$ 5,230	\$ 530,325	\$ 1,570	\$ 2,823	\$ 1,359	\$ 1,786,663	0.97%	3.20%	\$ 869	
2009-10	140,708	441,447	625,756	2,591	4,549	537,969	1,440	1,872	530	1,756,862	1.01%	2.80%	847	
2010-11	91,343	431,526	646,567	2,696	4,000	516,672	1,300	1,811	1,449	1,697,364	1.02%	2.79%	827	
2011-12	28,120	418,810	589,719	1,615	4,000	494,830	1,155	1,748	4,709	1,544,706	0.93%	2.53%	748	
2012-13	23,047	401,404	565,143	743	4,000	433,822	1,005	1,691	6,091	1,436,946	0.86%	2.31%	692	
2013-14	18,006	380,119	541,030	314	3,000	443,979	845	1,633	8,434	1,397,360	0.81%	2.09%	670	
2014-15	12,299	353,978	508,815	-	-	423,980	685	38,605	5,292	1,343,654	0.74%	1.95%	638	
2015-16	6,205	323,169	458,223	-	-	402,936	515	35,131	4,192	1,230,371	0.64%	1.75%	575	
2016-17	-	289,805	417,864	-	-	380,782	335	32,338	3,962	1,125,086	0.56%	1.47%	521	
2017-18	-	245,291	372,423	-	-	357,336	145	31,508	2,256	1,008,959	0.49%	1.26%	464	

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, 2018

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: 909,025 (Not Rounded) as of June 30, 2018

CALENDAR YEAR	(1), (2) POPULATION	(2) PERSONAL INCOME	(2), (6) PER CAPITA PERSONAL INCOME	(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT RATE
2009	2,061 (5)	\$ 56,203,000	\$ 27.27	420	13.90%
2010	2,035 (5)	62,790,000	30.86	416	14.80%
2011	2,052 (6)	60,739,000	29.60	417	12.90%
2012	2,064 (6)	61,094,000	29.60	414	12.60%
2013	2,076 (6)	62,259,000	29.99	412	10.30%
2014	2,086 (6)	66,902,000	32.07	412	8.40%
2015	2,105 (6)	68,939,000	32.75	411	6.90%
2016	2,140 (6)	70,385,000	32.89	409	6.70%
2017	2,160 (6)	76,529,000	35.43	407	5.90%
2018	2,175 (6)	80,127,000	36.84	403	4.40%

ESTIMATED POPULATION OF THE COUNTY OF SAN BERNARDINO AS OF JANUARY 1, 2018 (whole numbers):

INCORPORATED CITIES

Adelanto	35,293	Montclair	39,326
Apple Valley	73,984	Needles	5,177
Barstow	24,411	Ontario	177,589
Big Bear Lake	5,512	Rancho Cucamonga	176,671
Chino	86,757	Redlands	71,196
Chino Hills	83,159	Rialto	107,041
Colton	53,724	San Bernardino	221,130
Fontana	212,000	Twentynine Palms	27,046
Grand Terrace	12,524	Upland	77,017
Hesperia	94,829	Victorville	123,701
Highland	54,761	Yucaipa	54,651
Loma Linda	23,946	Yucca Valley	21,834
		Total	1,863,279
		Unincorporated Areas:	311,659
		Total Population	2,174,938

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) 2009 data was estimate while 2010 data was from the 2010 Census
- (6) County of San Bernardino 2018-19 Adopted Budget

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

<u>2017-2018 (3)</u>				<u>2008-2009</u>			
<u>Employer</u>	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employer</u>	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
County of San Bernardino	>10,000	1	1.10%	County of San Bernardino (2)	18,515	1	2.43%
Loma Linda University Medical Center	>10,000	2	1.10%	Loma Linda Adventist Health Sciences Center	12,851	2	1.69%
Amazon	>10,000	3	1.10%	U.S Marine Corps Air Ground Combat Center	12,486	3	1.64%
State of California	>10,000	4	1.10%	U.S Army, Fort Irwin & National Training Center	10,000	4	1.31%
Kaiser Permanente	5,000 - 9,999	5	0.55% - 1.10%	Stater Bros.	7,900	5	1.04%
Wal-Mart	5,000 - 9,999	6	0.55% - 1.10%	San Bernardino City Unified School District	7,722	6	1.01%
San Bernardino City Unified School District	5,000 - 9,999	7	0.55% - 1.10%	Wal-Mart	6,125	7	0.80%
Stater Brothers	5,000 - 9,999	8	0.55% - 1.10%	Kaiser Permanente	5,808	8	0.76%
U.S Government	5,000 - 9,999	9	0.55% - 1.10%	UPS	4,990	9	0.66%
UPS	5,000 - 9,999	10	0.55% - 1.10%	Fontana Unified School District	4,800	10	0.66%
				Total	<u>91,197</u>		<u>12.00%</u>

Notes:

- (1) Data represents estimated number of employees.
- (2) San Bernardino County payroll records as of November 2009.
- (3) Due to the confidentiality of reporting number of employees, ranges have been provided.

Sources:

The Book of Lists 2009
County of San Bernardino, Economic Development Agency

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

FUNCTION/PROGRAM	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General	1,728	1,612	1,550	1,432	1,332	1,417	1,456	1,491	1,496	1,560
Public Protection	6,679	6,501	6,175	6,147	6,186	6,355	6,362	6,526	6,825	7,024
Public Ways & Facilities	522	486	450	433	429	412	411	407	418	365
Health and Sanitation	4,285	4,086	3,919	4,163	4,302	4,407	4,431	4,594	4,686	4,813
Public Assistance	4,163	4,744	4,920	4,898	4,946	5,051	5,132	5,249	5,190	4,946
Education	246	229	191	149	155	144	130	150	152	169
Recreation & Cultural	347	337	317	317	292	270	261	216	211	136
Total	17,970	17,995	17,522	17,539	17,642	18,056	18,183	18,633	18,978	19,013

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	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
General Government										
Legal documents recorded (W)	564,379	556,429	556,196	547,996	583,461	503,126	540,267	554,691	581,372	525,566
Percentage of payments processed within 10 days (P) (2)	86%	92%	60%	66%	62%	73%	*	*	*	*
Public Protection										
Criminal felonies filed - District Attorney (W)	22,409	21,712	21,090	20,551	19,687	20,556	16,476	12,246	14,193	13,084
Criminal misdemeanors filed - District Attorney (W)	45,700	44,208	43,680	40,250	37,222	35,926	37,835	35,467	42,727	40,810
Average cases supervised - Probation (W)	25,120	24,570	24,130	23,961	24,155	27,722	25,574	25,295	24,149	22,985
Percentage of new adults cases assessed with a valid risk instrument - Probation (P)	78%	87%	90%	87%	95%	95%	96%	99%	99%	99%
Number of inmate-on-inmate assaults per 1,000 per month (P)	1,157,568	1,102,208	1,023,360	1,009,040	1,076,383	1,066,770	1,103,136	1,117,717	1,109,862	1,132,708
Percent of autopsies performed per reportable deaths - Coroner (P)	6%	4%	4%	8%	0%	0%	0%	0%	0%	0%
Fire Protection - Number of fire calls (W)	89,061	95,635	93,540	154,953	153,975	156,864	180,125	186,021	126,150	138,547
Public Ways & Facilities										
Solid Waste										
Total tonnage landfilled (W)	1,267,447	1,162,672	1,156,231	1,130,770	1,094,433	1,257,365	1,655,332	1,689,413	1,758,574	1,768,447
Pounds of trash per cubic yard of capacity - High Volume Sites (P)	1,125	1,356	1,287	1,250	1,259	1,348	1,522	1,328	1,390	1,342
Maintained road miles (W)	2,775	2,765	2,769	2,770	2,769	2,554	2,550	2,550	2,550	2,552
Average Pavement Condition Index (PCI) of county maintained roads (P) (1)	78	77	76	76	Good	Good	Good	Good	Good	Good
Health and Sanitation										
Direct billable hours - Clinic - Behavioral Health (W)	267,560	261,014	242,862	230,201	233,673	237,996	243,731	264,769	284,747	275,375
Patient visits - Public Health (W)	89,110	69,474	75,572	75,664	72,920	61,851	50,632	67,393	62,012	58,161
Arrowhead Regional Medical Center - Emergency room visits (W)	124,156	130,640	125,710	117,616	113,307	106,335	97,108	92,028	92,021	86,256
Public Assistance										
Annual paid cases - CalWORKS-All Other Families (W)	384,946	425,331	460,817	464,196	465,804	471,285	469,097	441,741	405,256	383,094
Percentage of successful placements of people in Work Participation Rate (P)	23%	32%	40%	47%	49%	45%	60%	45%	53%	55%
Annual paid cases - CalWORKS-2 Parent Families (W)	42,284	48,652	56,435	58,296	57,402	60,122	65,022	61,519	53,484	47,973
Average child support collections per month (W)	12,809,690	12,740,128	13,538,777	14,396,490	13,939,034	14,158,216	14,516,145	14,969,848	15,541,421	15,821,837
Percentage of current support collected - Child Support (W)	51%	51%	55%	59%	61%	64%	65%	66%	64%	64%
Education										
County Library										
Circulation (W)	3,033,418	3,112,735	2,906,315	2,515,202	2,425,711	3,026,943	3,825,935	4,490,819	5,389,994	5,667,102
Total patron visits (W)	4,597,787	4,728,093	4,246,432	3,579,262	4,091,200	3,375,816	3,366,474	3,008,349	2,850,066	2,890,624
Total feet of space available at branch libraries (P)	368,795	379,511	379,511	379,511	383,511	383,511	383,511	388,511	388,511	388,511
Recreation and Cultural Services										
County Museum										
Total paid attendance (W)	64,708	63,838	49,955	69,348	34,110	28,299	30,682	34,398	34,423	40,217
Collected lots, objects, and specimens (W)	2,300,000	2,300,000	2,300,410	2,400,125	2,400,125	2,409,050	2,410,000	2,410,200	2,410,046	2,409,813
Regional Parks										
Total attendance (W)	1,898,960	2,012,647	2,121,921	1,915,278	1,867,264	1,594,916	1,364,500	1,364,500	969,702	1,030,103
Number of miles of open and usable trails maintained by Regional Parks (P)	24	46	46	28	28	28	28	28	28	52

Notes:
(1) As of fiscal year 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 fiscal year 14-15, this performance measure is no longer available.

Key:
(W) Work Indicator
(P) Performance Measures
(*) Information not available

Sources:
San Bernardino County Budget
San Bernardino County Departments
Auditor/Controller/Treasurer/Tax Collector, County of San Bernardino

COUNTY OF SAN BERNARDINO
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 LAST TEN YEARS

Function/Program	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
General Government										
Recorder's Data Processing Equipment	59	65	63	42	47	52	46	51	59	54
Public Protection										
Major Correction & Detention Facilities	7	7	7	7	7	7	7	8	8	8
Sheriff Stations	9	9	9	9	9	9	9	10	10	10
Sheriff Vehicles	1,658	1,764	1,788	1,698	1,687	1,787	1,747	1,769	1,743	1,877
Fire Department Equipment	429	461	497	457	495	503	558	598	566	554
Public Ways & Facilities										
Solid Waste Heavy Equipment	12	11	10	10	10	3	3	3	4	4
Transportation: Trucks, Trailers, and Other Vehicles	274	288	283	281	277	277	281	291	296	299
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)	329	334	358	365	381	83	83	90	90	90
Health and Sanitation										
Major Health Administration Buildings	2	2	2	2	2	2	2	2	2	2
Animal Shelter and Insecticide Buildings	2	2	2	2	2	2	2	2	2	2
Public Health Laboratory/Science/Engineering Equipment	134	140	157	158	162	163	163	182	181	184
Medical Center: Number of Hospitals	1	1	1	1	1	1	1	1	1	1
Public Assistance										
Administrative & Office Equipment	495	515	571	631	640	657	668	678	642	651
Education										
Library Branches	30	31	31	31	32	32	32	32	32	32
Bookmobiles	2	2	2	2	1	0	0	0	0	0
Recreation and Cultural Services										
County Museum: Main Facility	1	1	1	1	1	1	1	1	1	1
County Regional Parks	9	9	9	9	9	9	9	9	9	9

Notes:

(1) In fiscal year 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

BOARD OF SUPERVISORS



Robert A. Lovingood
CHAIRMAN
First District Supervisor



Janice Rutherford
Second District Supervisor



Dawn Rowe
Third District Supervisor



Curt Hagman
VICE-CHAIRMAN
Fourth District Supervisor



Josie Gonzales
Fifth District Supervisor

Gary McBride
Chief Executive Officer

OSCAR VALDEZ
Auditor-Controller/Treasurer/Tax Collector
268 West Hospitality Lane, San Bernardino, CA 92415-0018

