



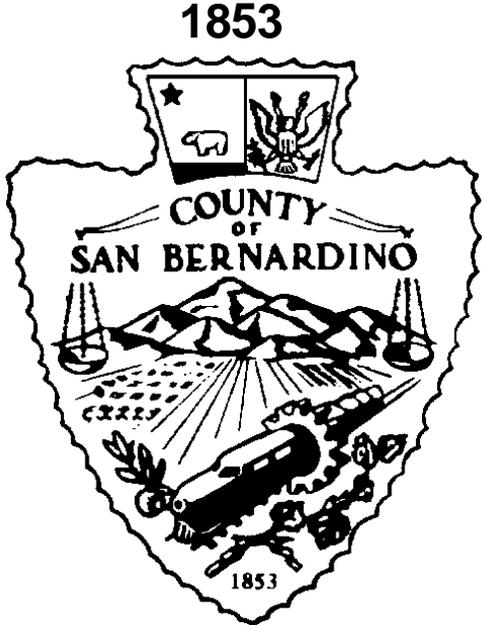
**San
Bernardino
COUNTY
Comprehensive
Annual
Financial Report**

For the Year Ended June 30, 2004

**Larry Walker,
Auditor/Controller-Recorder**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2004
COUNTY OF SAN BERNARDINO**



Supervisor Bill Postmus.....First District
 Supervisor Paul Biane Second District
 Supervisor Dennis Hansberger, Chairman Third District
 Supervisor Patti Aguiar..... Fourth District
 Supervisor Clifford YoungFifth District

Mark Uffer –County Administrative Officer

*Prepared by the Office of the Auditor/Controller-Recorder
 Larry Walker, Auditor/Controller-Recorder*

**COUNTY OF SAN BERNARDINO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 JUNE 30, 2004**

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Introductory Section

1853



County of San Bernardino

AUDITOR/CONTROLLER-RECORDER COUNTY CLERK



COUNTY OF SAN BERNARDINO

AUDITOR/CONTROLLER • 222 West Hospitality Lane, Fourth Floor
San Bernardino, CA 92415-0018 • (909) 387-8322 • Fax (909) 386-8830

RECORDER • COUNTY CLERK • 222 West Hospitality Lane, First Floor
San Bernardino, CA 92415-0022 • (909) 387-8306 • Fax (909) 386-8940

LARRY WALKER

Auditor/Controller-Recorder
County Clerk

ELIZABETH A. STARBUCK

Assistant Auditor/Controller-Recorder
Assistant County Clerk

November 19, 2004

**THE HONORABLE BOARD OF SUPERVISORS
COUNTY OF SAN BERNARDINO
County Government Center
385 North Arrowhead Avenue
San Bernardino, CA 92415-0110**

Honorable Board Members:

The Comprehensive Annual Financial Report of the County of San Bernardino for the fiscal year ended June 30, 2004 is submitted herewith in compliance with Section 25253 of the Government Code of the State of California and Article V, Section 8 of the Charter of the County of San Bernardino.

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

The Comprehensive Annual Financial Report is presented in three sections:

- The Introductory Section includes this transmittal letter, the County's organizational chart, and a list of principal County officials.
- The Financial Section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), the basic financial statements and notes, and supplemental statements and schedules necessary to fairly present the financial position and the results of operations of the County in conformity with generally accepted accounting principles. The County's MD&A can be found immediately following the report of the independent auditors.
- The Statistical Section includes selected financial and demographic information of the County, generally on a multi-year basis, and is unaudited.

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 Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Information related to this 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.

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 the eastern part of Los Angeles County. The County is a charter law county divided into five supervisorial districts on the basis of population. The County encompasses an area of over 20,000 square miles and includes twenty-four 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 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 service, 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, street lighting, and roads.

The accompanying Basic Financial Statements include all organizations and other entities, functions and activities of the County for which the County Board of Supervisors is financially accountable. Also included are numerous self-governed school and special districts, for which the County acts as depository. The financial reporting for these entities, which are governed and act independently of the County of San Bernardino, is limited to reporting, as Investment Trust Funds, the total amount of cash and investments and other assets collected for, disbursed by, and held for, these entities.

INTERNAL 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. The County's Internal Audits Division actively participates in evaluating and upgrading the internal accounting control system.

As a recipient of federal and state financial awards, the County also is 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 the internal audit staff.

The County uses the modified accrual basis of accounting for its Governmental, Expendable Trust and Agency 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 Investment Trust 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, Debt Service, 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 expenditure object 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 for 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 reported as reservations of fund balance for subsequent year expenditures.

CASH MANAGEMENT

The County Pool represents monies entrusted to the County Treasurer by the County of San Bernardino, and by school and special districts, and other entities within the County. State law requires that all operating monies of the County, school districts and certain special districts be held by the County Treasurer. In addition, there are approximately \$55 million in "discretionary deposits." The County Pool does not include investments of the Deferred Compensation program or the County Employees' Retirement Association, which are separately managed.

The County by law pools its cash to facilitate investment opportunities for increasing interest income. The County's pooled cash and investments include U.S. Government and agency securities, commercial paper, money market mutual funds, negotiable certificates of deposits and repurchase agreements. The average rate of return on investments during fiscal year 2003-04 was 1.89% and the majority of investments were classified in the lowest credit risk category (see Note 6 to the Basic Financial Statements).

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," the pooled cash and investments held in the County Treasury are reported at their fair value at June 30, 2004, which is \$11,773,800 less than amortized cost.

Monies deposited in the County Pool by the participants represent an individual interest in all assets and investments in the County Pool based upon the amount deposited. Interest income, gains and losses are distributed quarterly to the participants based on their average daily balance. Currently, Standard & Poor's Ratings Service rates this investment pool S1+ for market risk and AA+ for credit quality, which are the highest ratings attainable. Fitch's current rating for the County pool is AAA/V-1+, for meeting the highest credit quality standards for underlying assets, diversification, management and operational capabilities. Moody's Investors Service also rates the investment pool at its highest credit rating, Aaa, and safest market risk rating, MR1. Amounts held in the County investment pool are invested in the Pooled Investment Fund of the County ("County Pool"), which invests in securities according to the Investment Policy adopted by the Board of Supervisors for the County Treasurer-Tax Collector as authorized by Section 53601 of the Government Code of California.

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

The County's Investment policy does not allow investments in derivative instruments in the treasury pool. None of the securities held by the County Pool are considered structured notes that incorporate "derivative" features, i.e., interest rates tied to alternative indices, formulas or other pricing features. Derivative securities exclude traditional floating rate securities tied to indices such as LIBOR, TBills, Fed Funds, etc. In addition, the County Pool does not invest in, nor has it ever invested in, "inverse floaters" nor does it invest in reverse repurchase agreements.

The fair value of the Pool will depend upon, among other factors, the maturities and types of investments and general market conditions. The current (June 30, 2004) market value analysis indicates an unrealized loss of approximately \$11.77 million. Historically, the Pool has held most of its securities to their respective maturity dates.

CASH MANAGEMENT - Continued

At June 30, 2004, approximately \$55 million of the Pool assets are attributable to "discretionary" participants who are not legally required to deposit funds in the Pool. Such participants may withdraw their funds from the Pool upon 30 days' notice to the Treasurer, and only with prior approval of the Treasurer. The liquidity of the Pool will vary depending upon the mix and type of investments therein, and the net cash inflows and outflows at any given time. The Treasurer-Tax Collector manages the Pool to ensure sufficient liquidity exists, given reasonable anticipated cash needs. Current liquidity in the portfolio, consisting of cash, cash equivalents and investments with maturities of less than 60 days, is approximately \$985,861,922. The weighted average maturity of all investments at June 30, 2004 was 316 days, with an effective duration of 0.71 years.

The County believes that the County Pool is prudently invested and that investments therein are scheduled to mature at the times and in the amounts that are necessary to meet the County's expenditures and other scheduled withdrawals.

The County utilizes a Countywide banking program with a major bank, which is 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

The County maintained the top debt rating for short-term issues throughout fiscal year 2003-04. For other issues, Standard & Poor's rating is A with stable outlook, and Moody's rating is A2. The following is a summary of the County's short-term borrowing highlights of 2003-04.

SHORT-TERM BORROWING

In July 2003, the County issued Tax and Revenue Anticipation Notes totaling \$140,000,000. The notes were issued at a nominal rate of 1.50% and a true interest cost of 0.804%. Standard & Poor's Rating Service and Moody's assigned ratings of SP-1+ and MIG1 respectively. These notes matured on July 1, 2004. The proceeds of the notes were used to meet the County's cash flow needs including General Fund expenditures (both current and capital expenditures).

RISK MANAGEMENT

The County has self-insurance programs for public liability, unemployment insurance, employee dental insurance, hospital and medical malpractice liability and Workers' Compensation. Public Liability claims are self-insured up to \$250,000 per claim or occurrence. Excess insurance coverage over the SIR up to \$30,000,000 is with CSAC Excess Insurance Authority Liability Program II (CSAC EIA).

All public officials and County employees are insured under a blanket Comprehensive Disappearance, Destruction and Dishonesty Policy covering County monies and securities, also with CSAC EIA with a \$100,000 deductible and excess limits up to \$10,000,000 per claim or occurrence.

Workers' Compensation claims are self-insured up to \$1,000,000 per claim or occurrence. Excess limits up to \$2,000,000 for Employers' Liability and statutory Workers' Compensation limits are provided by an excess Workers' Compensation Insurance Policy through the CSAC EIA.

Property damage claims are insured with the CSAC EIA through the Property Program over a \$25,000 deductible.

The activities related to such programs are accounted for in the Risk Management Fund (an Internal Service Fund) except for unemployment insurance and employee dental insurance which is accounted for in the General Fund. The liabilities included in the Risk Management Fund are based on the results of actuarial studies and include amounts for claims incurred but not reported and allocated loss adjustment expenses.

RISK MANAGEMENT - Continued

It is the County's practice to obtain actuarial studies at least biennially. Revenues of the Risk Management Fund together with funds to be provided in the future, via the Security Payment Program or GIC, will provide adequate resources to meet public liability, workers' compensation, property and hospital and medical malpractice liabilities as they come due.

MAJOR INITIATIVES

In June 2004, the County issued \$463,895,000 of Pension Obligation Bonds consisting of \$189,070,000 Series 2004 A Fixed Rate Bonds, \$149,825,000 Series 2004 B Auction Rate Bonds and \$125,000,000 Series 2004 C Index Bonds. The bonds are insured and have been rated Aaa by Moody's and AAA by Standard & Poor's. The final maturity of the 2004 Series A bonds is August 1, 2018. The final maturity of the 2004 Series B and 2004 Series C bonds is August 1, 2023.

The bonds were issued to pay the County's Unfunded Accrued Actuarial Liability (UAAL) that existed at June 30, 2003. This liability was owed to the San Bernardino County Employees' Retirement Association (SBCERA), and, if not paid, would have been amortized over a period of 20 years, at an interest rate of 8.16%.

The average coupon on the Series 2004 A bonds is 5.56%. The Series 2004 B and 2004 Series C bonds are variable rate bonds. In connection with the issuance of the 2004 Series C bonds, the County entered into an interest rate swap agreement. This agreement effectively exchanges the variable rate liability on the Series 2004 C bonds to a fixed rate of 6.382%.

Although the interest rate on the 2004 Series B bonds will fluctuate over time, the County estimates, using historical interest rate trends, that the overall blended interest rate on all the 2004 bonds (Series A, B and C) will be 5.52%. When compared to the 8.16% interest rate that would have been charged by SBCERA, the County anticipates that it will save approximately \$194 million dollars between July 2004 and August 1, 2023 due to the issuance of these Pension Obligation Bonds.

The County of San Bernardino Human Resources Department, Employee Benefits and Services Division, added a valuable new dimension to customer service this year with the annual Open Enrollment process accomplished entirely on-line through eBenefits. Open Enrollment is an annual opportunity for employees to change their benefit selections.

eBenefits facilitates employee self-service in managing a variety of benefits, and provides employee access 24 hours per day, either over the Internet or the County intranet website. Benefits staff established a variety of orientation methods to assist employees in switching from paper to on line services including:

- eBenefits Help Sessions in various locations
- Departmental cooperation in arranging local access for employees without computers at work or at home
- County library computers available for employees to use
- Individual assistance upon request from Benefits staff
- Help Desk support

Implementation of eBenefits eliminated paper-processing costs, including the necessity for temporary help and overtime for existing staff. In addition, the cost for scanning paper documents was reduced by utilizing on-line enrollment. The release of eBenefits this year resulted in an overall estimated cost savings of \$52,000 as compared to the year before.

Initial feedback indicates employees responded favorably to eBenefits and found the Open Enrollment on-line process quick, easy and secure. Average time spent completing enrollment was under fifteen minutes.

MAJOR INITIATIVES - Continued

The Grand Prix Fire began in North Fontana in the afternoon of October 21, 2003. It quickly spread into the San Bernardino National Forest; then, aided by Santa Ana winds, into the communities of Lytle Creek, Alta Loma, Etiwanda, Rancho Cucamonga, Upland, Claremont, La Verne, and San Dimas. Over 54,000 people were evacuated before it was contained on November 4th. The Grand Prix burned 69,894 acres, destroyed 194 homes and 1 commercial structure, and caused 35 injuries. The cost to fight this fire was \$11,544,000.

While the Grand Prix Fire continued to burn, the Old Fire began in Waterman Canyon the morning of October 25th. It spread downhill into San Bernardino and in to the City of Highland. The Santa Ana winds subsided and the west winds then pushed the fire into the dead, dying, and diseased San Bernardino National forest and the many communities located there. Before it was contained on November 4th, the Old Fire burned 91,281 acres, 940 homes, and 30 commercial structures. Although this fire claimed six lives and injured 12, over 70,000 people were evacuated safely at night, without power. The cost of this fire was \$37,650,000.

San Bernardino County's pre-planning efforts paid off. The County's Emergency Operations Center (EOC) was instrumental in multi-agency and interdepartmental coordination, evacuation planning, and providing shelters for both residents and animals. The County established a Fire Emergency Local Assistance Center (FELAC) to provide assistance, information, and services to evacuees.

The San Bernardino County Fire Department was part of the unified command for both fires and played an integral part in the management of the incidents through resource management, pre-planning, incident oversight, Incident Command, and operations supervision.

ECONOMIC CONDITION AND OUTLOOK

The County of San Bernardino consists of an area of more than 20,000 square miles, and is the largest County in the contiguous United States. The County contains 24 incorporated cities and has a diverse population of more than 1.8 million people.

In 2003, Entrepreneur Magazine, in conjunction with Dun and Bradstreet rated the San Bernardino/Riverside County (Inland Empire) area as the 5th best location in the West for entrepreneurs, and the 4th best area in the West for Job Growth. In March of 2004, Inc. Magazine ranked the Inland Empire 2nd in the nation for entrepreneurs in the large metropolitan area category. In the article, economist Joel Kotkin referred to the San Bernardino/Riverside metro area as "The Golden State's Energizer Bunny". These findings mirror the State's own job outlook for San Bernardino County.

While job growth slowed in California and the rest of the nation in 2003, the Inland Empire continued its trend of job growth, even in the face of the state's budget crisis and widely-recognized non-favorable business climate. The Inland Empire lead the rest of Southern California with weakened, but steady job growth, according to economist John Husing.

Total residential building permits for San Bernardino and Riverside Counties were up 54.2% in 2003 over the 2002 figure. Some San Bernardino cities, such as Hesperia, saw a 300% increase over the 2002 figure. Sales of new and existing homes in the County continue to rise, due to the continued demand for affordable housing. And while the recent explosion in housing prices has had a negative effect on housing affordability, San Bernardino still enjoys the most affordable housing in all of Southern California. According to Dataquick, a real estate information service, median prices in San Bernardino County are still nearly \$80,000 less than Riverside County, our closest competitor, and over \$300,000 less than Orange County's median housing price.

The affordability of land in San Bernardino County continues to attract business and industry, as does the County's outstanding transportation network. Ontario International Airport was recently dubbed, "LA-Ontario" by the Los Angeles World Airports (LAWA) as part of a massive media campaign to increase passenger volume at the Ontario Airport. LAWA is encouraging the growth of Ontario International Airport, which has the

capacity to accommodate 10 million annual passengers, in order to relieve cramped conditions at Los Angeles International Airport and to relieve traffic congestion as well.

San Bernardino's transportation network also includes close proximity to the West's two largest seaports, the Port of Los Angeles and the Port of Long Beach. And the County houses the strategic intersection of two major transcontinental railroads with intermodal facilities and classification yards, ensuring the County's role as a major transportation carrier serving Southern California, the West Coast and the world.

The County of San Bernardino's unprecedented transportation system, rapidly expanding air passenger and freight volume, and its quality interstate highways--combined with affordable land and housing, continue to make San Bernardino County the best place to call home, and the best place to market products to the world.

INDEPENDENT AUDIT

The County's financial statements have been audited by Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants and independent auditors. The auditors' report is included in the financial section, which is an integral part of this Comprehensive Annual Financial Report.

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, 2003. This was the sixteenth consecutive year that the County has received this prestigious award.

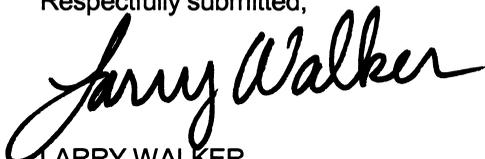
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to certificate program standards. Such reports must satisfy both generally accepted accounting principles 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.

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 staff. I would like to acknowledge the special efforts of the General Accounting, Internal Audits, and Reimbursable Projects staff and 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,



LARRY WALKER
AUDITOR/CONTROLLER-RECORDER

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

ELECTED

COUNTY SUPERVISOR, FIRST DISTRICT (VICE CHAIR)BILL POSTMUS

COUNTY SUPERVISOR, SECOND DISTRICT PAUL BIANE

COUNTY SUPERVISOR, THIRD DISTRICT (CHAIR).....DENNIS HANSBERGER

COUNTY SUPERVISOR, FOURTH DISTRICT PATTI AGUIAR

COUNTY SUPERVISOR, FIFTH DISTRICTCLIFFORD YOUNG

ASSESSORDONALD E. WILLIAMSON

AUDITOR/CONTROLLER-RECORDER.....LARRY WALKER

CORONER/PUBLIC ADMINISTRATOR/PUBLIC GUARDIAN/CONSERVATOR..... BRIAN McCORMICK

DISTRICT ATTORNEY MIKE RAMOS

SHERIFF..... GARY PENROD

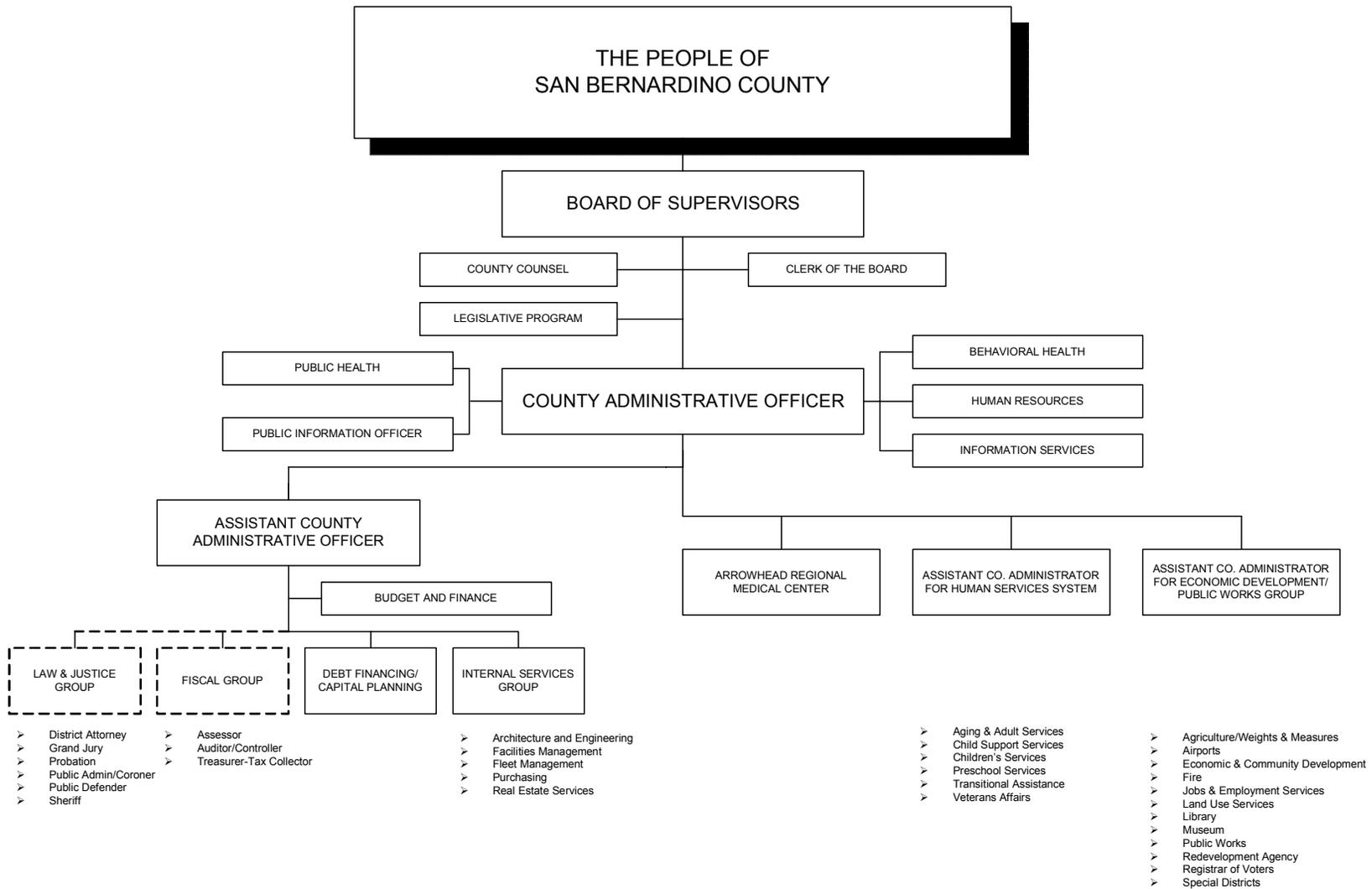
SUPERINTENDENT OF SCHOOLS DR. HERBERT R. FISCHER

TREASURER-TAX COLLECTOR..... RICHARD LARSEN

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

APPOINTED

| | |
|-------------------------------------------------|------------------------|
| AGING AND ADULT SERVICES..... | MARY SAWICKI |
| AGRICULTURAL COMMISSIONER/SEALER..... | EDOUARD P. LAYAYE |
| AIRPORTS | BILL INGRAHAM |
| ARCHITECTURE AND ENGINEERING..... | DAN OJEDA |
| BEHAVIORAL HEALTH | (VACANT) |
| CHILD SUPPORT SERVICES..... | (VACANT) |
| <i>Previously, Cory Nelson</i> | |
| CHILDREN'S SERVICES..... | CATHY CIMBALO |
| CLERK OF THE BOARD OF SUPERVISORS | J. RENEE' BASTIAN |
| COMMUNITY SERVICES DEPARTMENT | PATRICIA L. NICKOLS |
| COUNTY ADMINISTRATIVE OFFICER..... | MARK UFFER |
| COUNTY COUNSEL..... | RON REITZ |
| COUNTY LIBRARIAN..... | ED KIECZYKOWSKI |
| ECONOMIC AND COMMUNITY DEVELOPMENT..... | THOMAS R. LAURIN |
| ECONOMIC DEVELOPMENT/PUBLIC SERVICES GROUP..... | NORM KANOLD |
| FACILITIES MANAGEMENT | DAVE GIBSON |
| FIRE DEPARTMENT/FIRE WARDEN | PETER R. HILLS |
| FLEET MANAGEMENT..... | ROGER G. WEAVER |
| HUMAN RESOURCES..... | ELIZABETH SANCHEZ |
| HUMAN SERVICES SYSTEM | CAROL ANSELMI |
| INFORMATION SERVICES..... | LEYDEN HAHN |
| JOBS AND EMPLOYMENT SERVICES DEPARTMENT..... | BARBARA HALSEY |
| LAND USE SERVICES..... | MICHAEL HAYS |
| MEDICAL CENTER (INTERIM) | JUNE GRIFFITH-COLLISON |
| MUSEUM | ROBERT McKERNAN |
| PRESCHOOL SERVICES..... | ROBERTA YORK |
| PROBATION..... | JERRY L. HARPER |
| PUBLIC DEFENDER..... | JOHN ROTH |
| PUBLIC HEALTH | JAMES FELTON |
| PUBLIC WORKS (INTERIM)..... | PATRICK MEAD |
| PURCHASING | AURELIO W. DE LA TORRE |
| REAL ESTATE SERVICES..... | DAVID H. SLAUGHTER |
| REGISTRAR OF VOTERS | SCOTT KONOPASEK |
| SPECIAL DISTRICTS (INTERIM)..... | TOM SUTTON |
| TRANSITIONAL ASSISTANCE DEPARTMENT..... | LINDA HAUGAN |
| VETERANS' AFFAIRS..... | BILL J. MOSELEY |



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of San Bernardino,
California

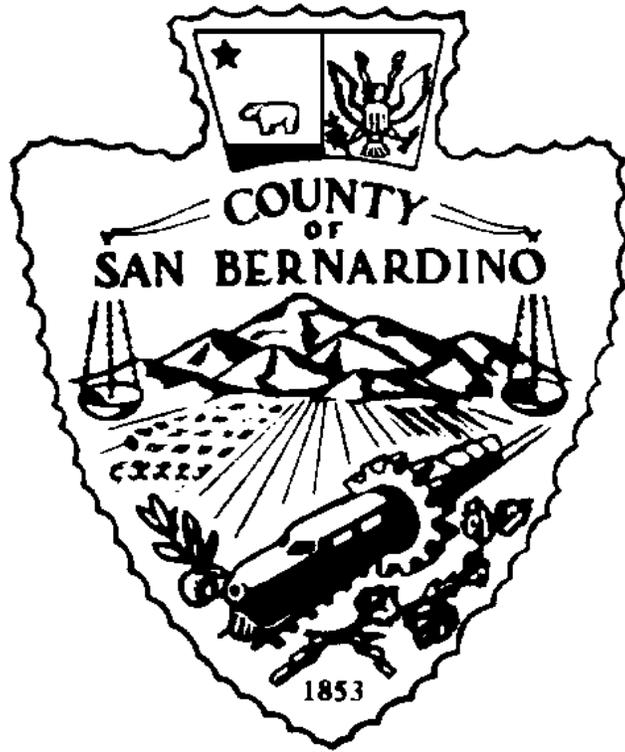
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

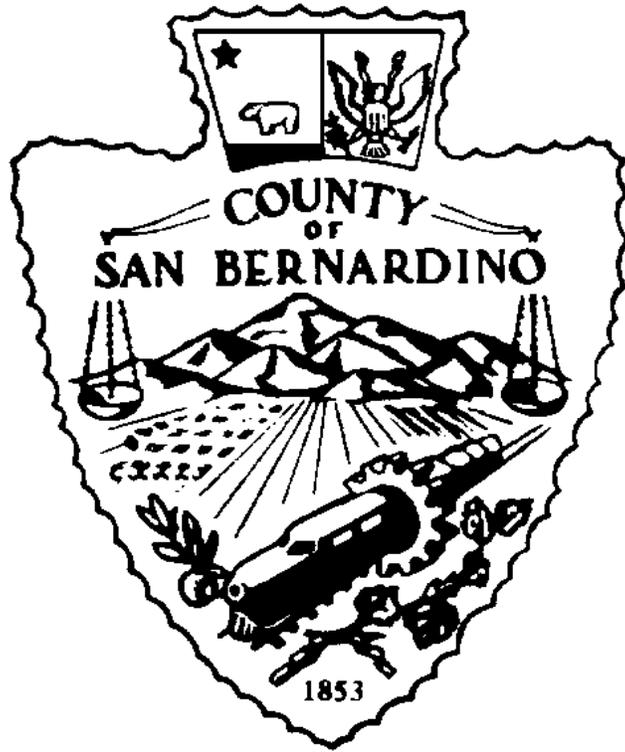


Financial Section

1853



County of San Bernardino





INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Supervisors
County of San Bernardino, California

We have audited the accompanying financial statements of the governmental activities, business-types activities, discretely-presented component unit, each major fund, and the aggregate remaining fund information of the County of San Bernardino, California (the County), as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-types activities, discretely-presented component unit, each major fund, and the aggregate remaining fund information of the County San Bernardino, California, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

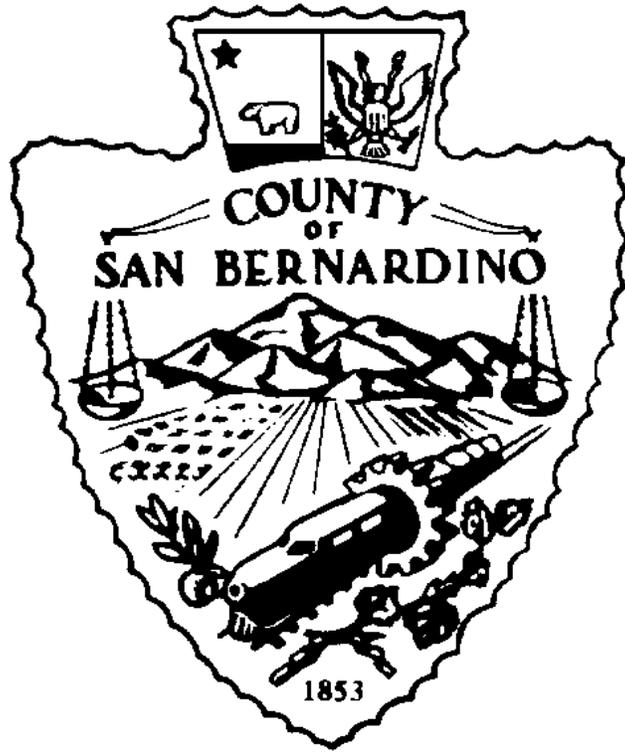
In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2004 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

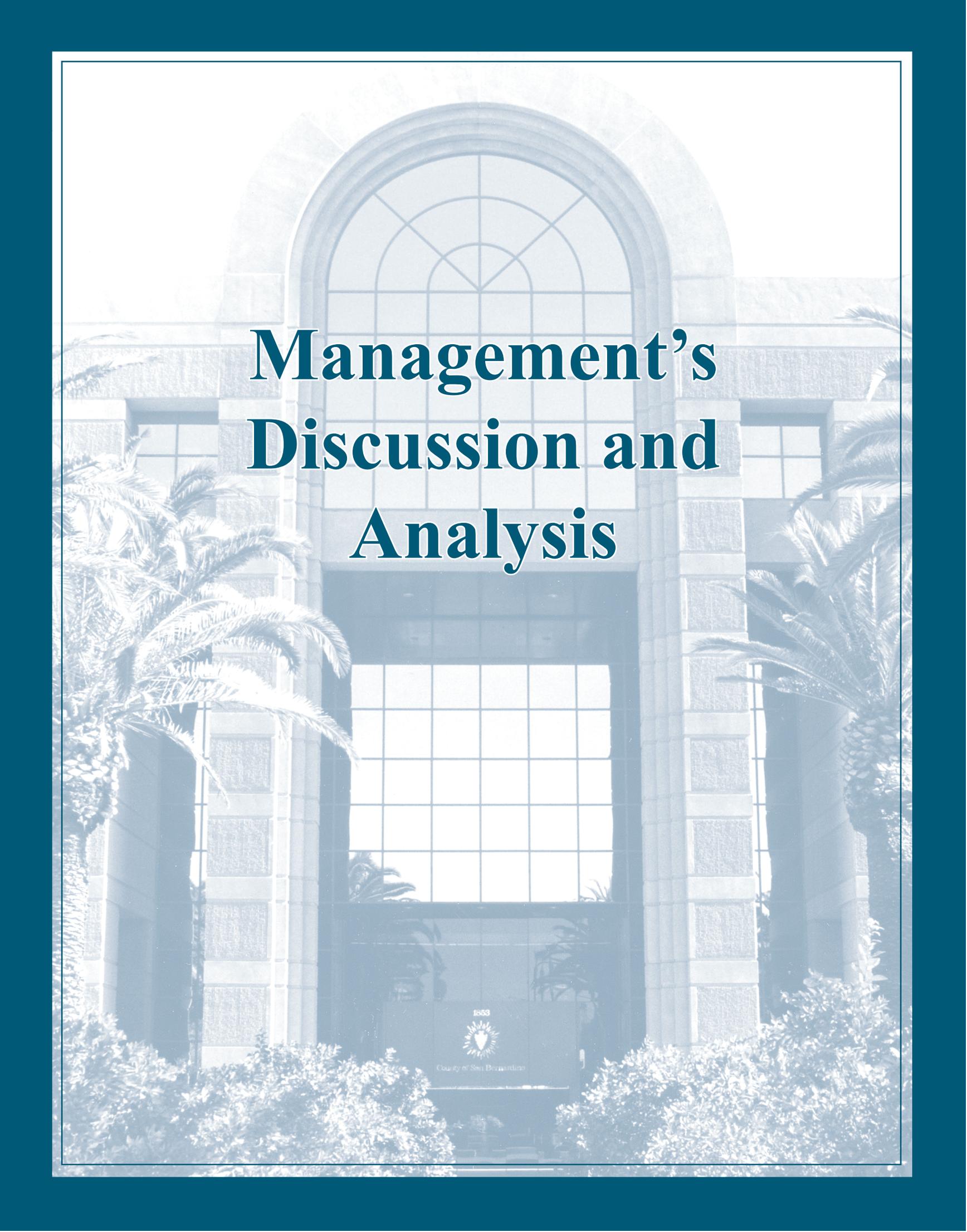
The management's discussion and analysis on pages 17 through 33 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, and combining individual non-major fund statements and schedules, and statistical section as listed in the table of contents are presented for purpose of additional analysis and are not a required part of the basic financial statements. The combining, individual non-major fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Vavnick, Trine, Day & Co., LLP

Rancho Cucamonga, California
November 19, 2004





Management's Discussion and Analysis

1853



County of San Bernardino



MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2004

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, 2004. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic statements following this section.

FINANCIAL HIGHLIGHTS (Amounts in thousands)

- The County's total net assets increased by \$ 80,791. The net increase is attributable to the \$51,093 increase in governmental activities net assets and the \$29,698 increase in business-type activities net assets.
- As of June 30, 2004, the County governmental funds reported combined fund balances of \$644,510, an increase of \$24,396 in comparison with the prior year. Approximately 84% of the combined fund balances, \$541,525 is available to meet the County's current and future needs (*unreserved fund balance*).
- At the end of the fiscal year, unreserved fund balance for the general fund was \$306,053, or 14.2% of the total general fund expenditures.
- The County's total capital assets increased by \$105,883 in comparison with the prior year. (See further detail on page 32)
- The County's total long-term debt increased by \$428,990 in comparison with the prior year. (See further detail on pages 32).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise 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 and liabilities 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 assets presents information on all County assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 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 governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and cultural services. The business-type activities of the County include the Medical Center, the Crestline Sanitation District, the Water and Sewer Facilities, the Fire Protection Districts – Ambulance, the Waste Systems Division, the Museum Gift Shop, and the Regional Parks Snack Bar Operations.

Component units are blended in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provided services entirely to the County. The following component units have been blended into the basic financial statements: Fire Protection Districts, Flood Control District, Park and Recreation Districts, Crestline Sanitation District, County Service Areas, various Joint Powers Authorities, (“JPAs”) including a Public Benefits Corporation created for the benefit of the County, Inland Empire Facilities Corporation, San Bernardino County Financing Authority and the Crestline Financing Authority.

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.

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

Management's Discussion and Analysis (Amounts in thousands)

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 maintains thirty individual 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. 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 elsewhere in this report.

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

Proprietary funds are maintained two ways. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. The County uses enterprise funds to account for the Medical Center, the Crestline Sanitation District, the Water and Sewer Facilities, the Fire Protection Districts – Ambulance, the Waste Systems Division, the Museum Gift Shop, and the 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, records management, central mail services, telephone services, computer operations, vehicle services, self-insured worker's compensation, public liability, property conservation, and safety programs. 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 and Waste Systems Division are considered to be major funds of the County. The County's six internal service funds 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 elsewhere in this report.

The proprietary fund financial statements can be found on pages 43 - 45 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own 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 46 - 47 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 49 - 94 of this report.

Management's Discussion and Analysis (Amounts in thousands)

Supplemental Information

The Supplemental Information section of this report contains the combining statements and additional budgetary comparison schedules as well as the statistical section. This section is presented to provide additional information that is useful to the users of these financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceed liabilities by \$1,443,685 at the close of the most recent fiscal year.

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------------------------|----------------------------|---------------------|-----------------------------|------------------|---------------------|---------------------|
| | As Restated | | As Restated | | As Restated | |
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Current and other assets | \$ 1,847,932 | \$ 1,416,542 | \$ 316,083 | \$ 307,178 | \$ 2,164,015 | \$ 1,723,720 |
| Capital assets | 1,169,750 | 1,112,983 | 608,456 | 626,075 | 1,778,206 | 1,739,058 |
| Total assets | <u>3,017,682</u> | <u>2,529,525</u> | <u>924,539</u> | <u>933,253</u> | <u>3,942,221</u> | <u>3,462,778</u> |
| Current and other liabilities | 267,088 | 298,065 | 43,065 | 40,653 | 310,153 | 338,718 |
| Long-term Liabilities | 1,382,012 | 912,198 | 808,143 | 848,967 | 2,190,155 | 1,761,165 |
| Total liabilities | <u>1,649,100</u> | <u>1,210,263</u> | <u>851,208</u> | <u>889,620</u> | <u>2,500,308</u> | <u>2,099,883</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 892,791 | 789,223 | (60,294) | (63,993) | 832,497 | 725,230 |
| Restricted | 400,271 | 410,106 | 45,523 | 47,357 | 445,794 | 457,463 |
| Unrestricted | 75,520 | 119,932 | 88,102 | 60,269 | 163,622 | 180,201 |
| Total Net Assets | <u>\$ 1,368,582</u> | <u>\$ 1,319,261</u> | <u>\$ 73,331</u> | <u>\$ 43,633</u> | <u>\$ 1,441,913</u> | <u>\$ 1,362,894</u> |

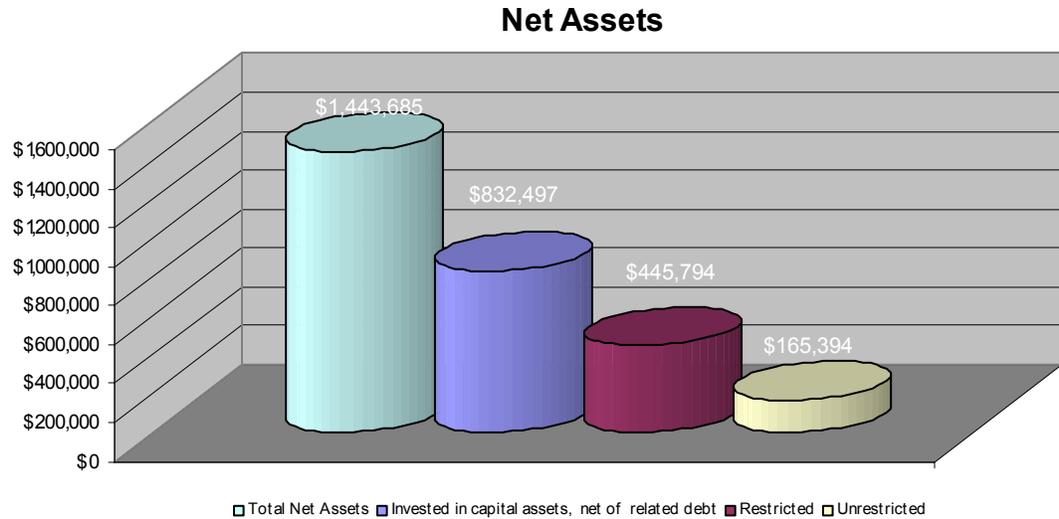
The largest portion of the County's net assets of \$832,497 reflects its investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its 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.

Another significant portion of the County's net assets represents restricted net assets of \$445,794. 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.

The final component of net assets is unrestricted net assets. Unrestricted net assets are resources that the County may use to meet its current and ongoing obligations to citizens and creditors. The unrestricted net assets balance increased to \$165,394 this year from a formerly deficit balance as a result of restating the beginning net assets by recording the prepaid pension asset resulting from the 1995 Pension Obligation Bond issuance. In addition, the prepaid pension asset resulting from the 2004 Pension Obligation Bond issuance was also booked in accordance with GASB 27, Accounting for Pensions by State and Local Governmental Employers. The current principal balance on the Pension Obligation Bonds is \$901,715 (See

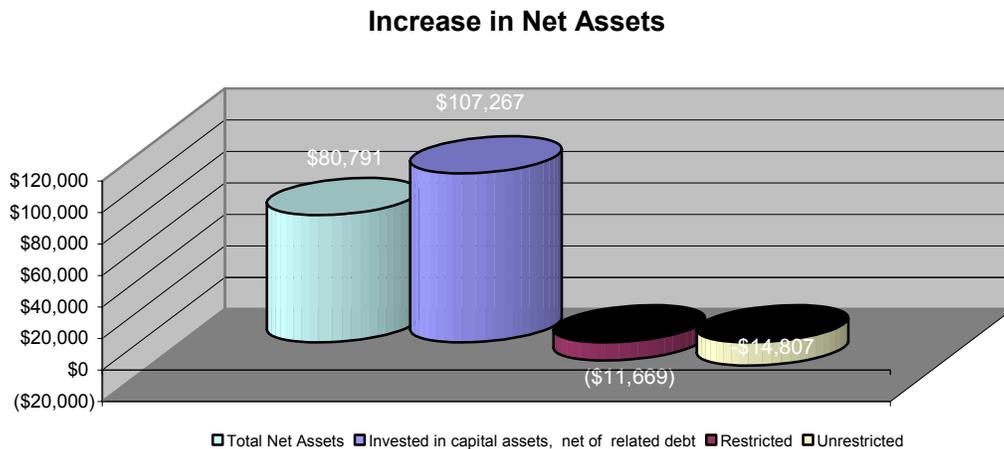
Management's Discussion and Analysis (Amounts in thousands)

Note 11). The corresponding prepaid pension asset of \$848,238 is reflected in the Statement of Net Assets. (See Note 17)



For business-type activities, the County reported a negative balance of \$60,294 invested in capital assets, net of related debt. This negative balance is primarily due to the Medical Center's capital assets being depreciated faster than the related debt schedule payments.

The County's net assets increased \$80,791 during the current fiscal year, mostly due to increases in other state and federal operating grants and in charges for services.



Management's Discussion and Analysis (Amounts in thousands)

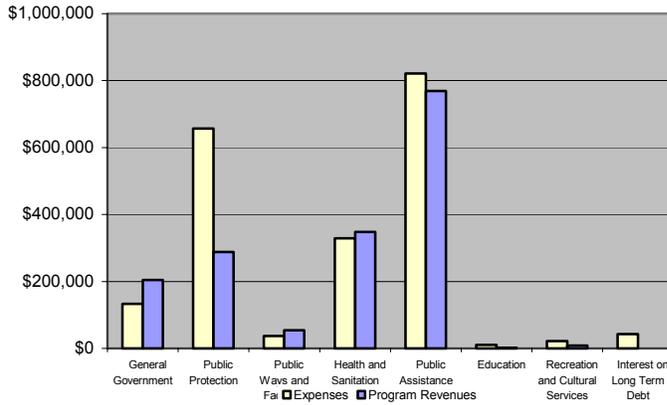
The following table indicates the changes in net assets for governmental and business-type activities.

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------------------------------|----------------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|
| | 2004 | As Restated 2003 | 2004 | As Restated 2003 | 2004 | As Restated 2003 |
| Revenues: | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 377,393 | \$ 343,164 | \$ 446,481 | 381,593 | \$ 823,874 | \$ 724,757 |
| Operating Grants/Contributions | 1,189,309 | 1,159,751 | 14,776 | 15,621 | 1,204,085 | 1,175,372 |
| Capital Grants/Contributions | 10,608 | 14,780 | 22,166 | 29,735 | 32,774 | 44,515 |
| General Revenue | | | | | | |
| Property Taxes, Levied for General Purposes | 206,860 | 185,768 | 5,837 | 7,221 | 212,697 | 192,989 |
| Property Taxes, Levied for Debt Service | 4,932 | 4,224 | - | - | 4,932 | 4,224 |
| Public Safety Tax | 110,188 | 94,206 | - | - | 110,188 | 94,206 |
| Sales Taxes | 22,285 | 21,766 | - | - | 22,285 | 21,766 |
| Other Taxes | 25,202 | 20,167 | - | - | 25,202 | 20,167 |
| Motor Vehicle In-Lieu taxes | 94,583 | 117,661 | - | - | 94,583 | 117,661 |
| Unrestricted Revenues from Use of Money and Property | 33,063 | 37,247 | 10,289 | 14,107 | 43,352 | 51,354 |
| Miscellaneous | 46,876 | 58,393 | 11,747 | 3,281 | 58,623 | 61,674 |
| Gains on Sale of Capital Assets | 5,051 | 2,332 | 34 | 168 | 5,085 | 2,500 |
| Total Revenues | 2,126,350 | 2,059,459 | 511,330 | 451,726 | 2,637,680 | 2,511,185 |
| Expenses: | | | | | | |
| General Government | 132,933 | 113,343 | - | - | 132,933 | 113,343 |
| Public Protection | 656,464 | 587,472 | - | - | 656,464 | 587,472 |
| Public Ways and Facilities | 37,095 | 54,909 | - | - | 37,095 | 54,909 |
| Health and Sanitation | 328,530 | 305,283 | - | - | 328,530 | 305,283 |
| Public Assistance | 820,853 | 823,319 | - | - | 820,853 | 823,319 |
| Education | 10,357 | 13,025 | - | - | 10,357 | 13,025 |
| Recreation and Cultural Services | 22,284 | 17,542 | - | - | 22,284 | 17,542 |
| Interest on Long Term Debt | 42,678 | 45,109 | - | - | 42,678 | 45,109 |
| Medical Center | - | - | 456,087 | 418,989 | 456,087 | 418,989 |
| Waste Systems | - | - | 29,781 | 62,393 | 29,781 | 62,393 |
| Other | - | - | 19,827 | 20,823 | 19,827 | 20,823 |
| Total Expenses | 2,051,194 | 1,960,002 | 505,695 | 502,205 | 2,556,889 | 2,462,207 |
| Excess (Deficit) before Transfers | 75,156 | 99,457 | 5,635 | (50,479) | 80,791 | 48,978 |
| Transfers | (24,063) | (41,839) | 24,063 | 41,839 | - | - |
| Increase in Net Assets | 51,093 | 57,618 | 29,698 | (8,640) | 80,791 | 48,978 |
| Net Assets – Beginning of Year, as Restated | 1,319,261 | 1,261,643 | 43,633 | 52,273 | 1,362,894 | 1,313,916 |
| Net Assets – End of Year | \$ 1,370,354 | \$ 1,319,261 | \$ 73,331 | \$ 43,633 | \$ 1,443,685 | \$ 1,362,894 |

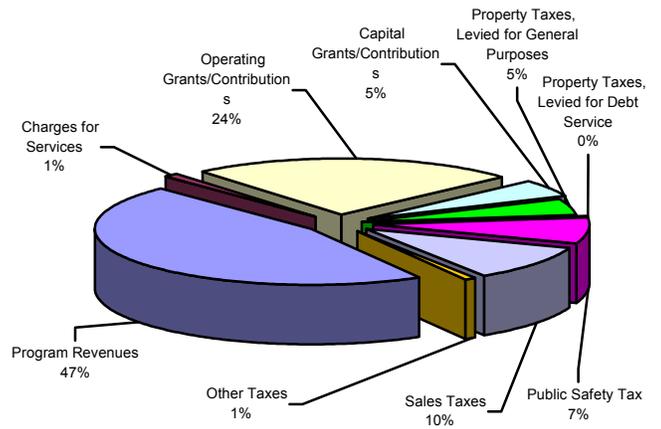
Management's Discussion and Analysis (Amounts in thousands)

Governmental activities. Governmental activities increased the County's net assets by \$51,093. The overall increase in net assets is the result of ongoing revenues exceeding ongoing expenditures.

Expenses and Program Revenues-Governmental Activities

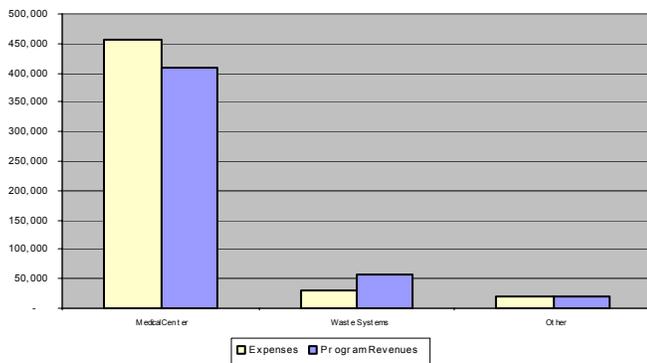


Revenues by Source-Governmental Activities

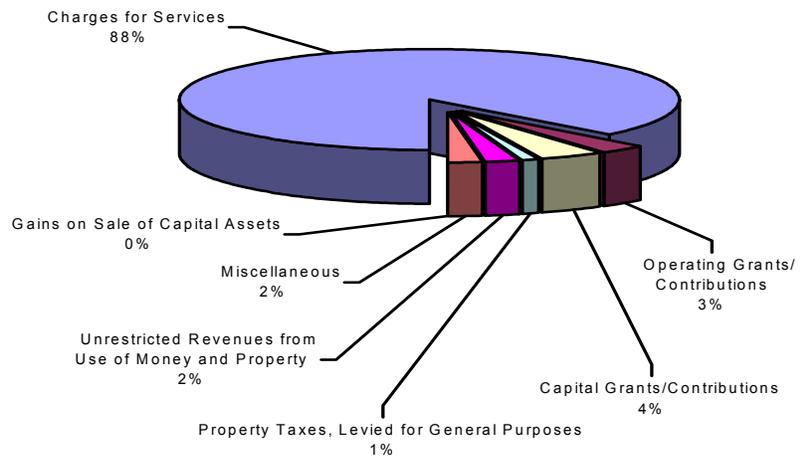


Business-type activities. Business-type activities increased the County's net assets by \$29,698 primarily due to activities of the Waste Systems Division. The key factors in the increase include an \$11,505 increase in tipping fees caused by the Grand Prix and Old Fires; a \$32,909 decrease in closure/post-closure liabilities due to the increase in landfill capacity; and a \$3,487 increase in non-operating income net of decreases to net assets including an \$8,000 increase in operating transfers-out and an increase in professional services of \$7,000. In addition, the Medical Center experienced a net asset decrease of \$3,600 due to fixed assets depreciating more quickly than the related debt re-payment.

Expenses and Program Revenues- Business-type Activities



Revenues by Source-Business-type Activities



Management's Discussion and Analysis (Amounts in thousands)

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

At June 30, 2004, the County's governmental funds reported a total fund balance of \$644,510, an increase of \$24,396 in comparison with the prior year. Approximately 84% of the total fund balance, \$541,525 constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has been committed: 1) to pay debt service of \$40,193; 2) to reflect inventories, encumbrances, prepaid assets and the amounts due from other funds that are long-term in nature and thus do not represent available spendable resources of \$5,790; 3) to liquidate contractual commitments of the period of \$47,925; and 4) to reflect the mandated 1% reserve for property tax losses of \$9,077.

The general fund is the chief operating fund of the County. At June 30, 2004, unreserved fund balance of the general fund was \$306,053 while total fund balance reached \$329,798. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 14.2% of total fund expenditures, while total fund balance represents 15.3% of the same amount.

The County's management also designates (earmarks) unreserved fund balance to a particular function, project or activity. Fund balances may also be designated for purposes beyond the current year. However, designated fund balance is available for appropriation at any time. Of the \$306,053 General Fund unreserved fund balance, 35.6% is designated. The most significant designations are \$34,824 for General Purpose, \$32,075 for Medical Center Debt Service, \$10,183 for Teeter Plan (reserve for property tax losses), and \$7,000 for Future Retirement Rate. Unreserved undesignated fund balance at year-end was \$197,175.

Revenues for governmental functions totaled \$2,127,779 in fiscal year 2003-2004, which represents an increase of 3.04% from fiscal year 2002-2003.

Management's Discussion and Analysis
(Amounts in thousands)

The following table presents the amount of revenue from various sources as well as increases or decreases from the prior year.

| <u>Revenues</u> | <u>2003-04</u> | | <u>Over (Under) 2002-03</u> | |
|-----------------------------------------|---------------------|-------------------------|-----------------------------|----------------|
| | <u>Amount</u> | <u>Percent of Total</u> | <u>Amount</u> | <u>Percent</u> |
| Taxes | \$ 371,404 | 17% | \$ 41,651 | 14% |
| Licenses, Permits and Penalties | 18,630 | 1% | 1,960 | 12% |
| Fines, Forfeitures and Penalties | 16,458 | 1% | (2,383) | -14% |
| Revenues From Use of Money and Property | 33,063 | 2% | (4,184) | -8% |
| Aid From Other Governmental Agencies | 1,298,765 | 61% | 2,441 | 0% |
| Charges for Current Services | 342,305 | 16% | 34,652 | 12% |
| Other Revenues | 47,154 | 2% | (11,264) | -15% |
| Total Revenues | <u>\$ 2,127,779</u> | <u>100%</u> | <u>\$ 62,873</u> | |

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

Tax revenues increased by \$41,651 due to increases in Public Safety Tax, Sales Taxes, and Other Taxes in the amounts of \$15,982, \$519, and \$2,212 respectively. The remaining increase of \$22,938 is due to the increase in Property Taxes resulting from the rise in assessed valuation and general growth.

Revenues from use of money and property decreased by \$3,882 due to decreased investment earnings resulting from lower interest rates.

Charges for Current Services increased by \$34,652. Approximately \$4,427 or 13% of the overall increase is due to the reimbursement for the indirect costs included in 2003-04 County Wide Cost Allocation Plan. The remaining increase is due to fee and workload increases throughout the remaining County Departments.

Other Revenue decreased by \$11,642 in the current year. \$8,516 or 73% of the decrease is attributable to the net decrease in fair value adjustments per GASB 31.

Management's Discussion and Analysis
(Amounts in thousands)

The following table presents expenditures by function compared to prior year amounts.

| <u>Expenditures</u> | <u>2003-04</u> | | <u>Over (Under) 2002-03</u> | |
|----------------------------------|---------------------|-------------------------|-----------------------------|----------------|
| | <u>Amount</u> | <u>Percent of Total</u> | <u>Amount</u> | <u>Percent</u> |
| Current: | | | | |
| General Government | \$ 178,026 | 7% | \$ 67,179 | 57% |
| Public Protection | 859,932 | 34% | 299,179 | 57% |
| Public Ways and Facilities | 57,576 | 2% | (1,696) | -3% |
| Health and Sanitation | 386,749 | 15% | 85,265 | 26% |
| Public Assistance | 923,900 | 36% | 109,269 | 33% |
| Education | 14,029 | 1% | 1,486 | 12% |
| Recreation and Cultural Services | 19,545 | 1% | 4,559 | 32% |
| Debt Service | | | | |
| Principal | 23,163 | 1% | (73,317) | -297% |
| Interest and Fiscal Charges | 26,727 | 1% | (3,586) | -10% |
| Capital Outlay | 60,279 | 2% | 132 | 0% |
| Total Expenditures | <u>\$ 2,549,926</u> | <u>100%</u> | <u>\$ 488,470</u> | |

Total County expenditures increased \$488,470 or 23.7% from Fiscal Year 2002-2003 to Fiscal Year 2003-2004. Issuance of the 2004 Pension Obligation Bonds and the subsequent transfer of debt proceeds to the San Bernardino County Employees' Retirement Association (SBCERA) accounts for \$463,895 or 95% of this increase. The increase is spread across the functional expenditures as follows: \$49,578 to General Government; \$234,354 to Public Protection; \$965 to Public Ways & Facilities; \$62,290 to Health and Sanitation; \$112,666 to Public Assistance; and \$4,042 to Recreation & Cultural.

Debt service principal payments decreased by \$73,317 primarily due to not prepaying any debt as was done in fiscal year 2002-2003 in the amount of \$71,700.

Debt service interest payments decreased by \$3,586. The decrease is attributed to the overall reduction in interest rates that affect the interest payments due on Certificates of Participation that have variable interest rates.

Management's Discussion and Analysis
(Amounts in thousands)

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

Other Financing Sources (Uses)
Governmental Funds

| | FY 2003-04 | Increase/(Decrease) 2002-03 | |
|------------------------------------------|-------------------|-----------------------------|---------|
| | | Amount | Percent |
| Transfers to Other Funds | \$ (126,812) | \$ 55,642 | -30% |
| Transfers from Other Funds | 102,896 | (37,719) | -27% |
| Long-term Debt Issued | 466,142 | 466,142 | |
| Issuance of Refunding Bonds | - | (63,791) | 100% |
| Payment to Refunded Bonds Escrow Agent | - | - | 100% |
| Inception of Capital Lease Obligations | 1,038 | (447) | -30% |
| Sale of Capital Assets | 3,279 | 947 | 41% |
| Total Other Financing Sources and (Uses) | <u>\$ 446,543</u> | <u>\$ 420,774</u> | |

Total Other Financing Sources and (Uses) increased by \$420,774.

The transfers to other funds decreased by \$55,642 in 2003-04. The key elements of this decrease are as follows:

- Decrease of \$17,700 in State Realignment transfers from the General Fund Health Care Budget Unit to the Medical Center in 2003-04.
- Decrease of \$18,000 in transfers from the General Fund to the Pension Obligation Debt Service Fund.
- Decrease of \$6,000 due to one-time transfers from the General Fund to the Transportation Department to finance the design and construction of the Valley Blvd and Pepper Ave. intersection project in 2002-03.
- Decrease of \$6,365 due to one-time transfers from the General Fund to Waste Systems Division to finance the costs related to the perchlorate investigation at the Mid-Valley Landfill in 2002-03.
- Decrease of \$6,682 in transfers from the General Fund to the Inland Empire Public Facilities Corporation for the lease payment.

Management's Discussion and Analysis
(Amounts in thousands)

The transfers from other funds decreased by \$37,719 in 2003-04. The key elements of this decrease are as follows:

- Decrease of \$6,000 due to one-time transfers from the General Fund to the Transportation Department to finance the design and construction of the Valley Blvd and Pepper Ave. intersection project in 2002-2003.
- Decrease of \$21,881 in transfers from the General Fund to the Pension Obligation Debt Service Fund in the current year.
- Decrease of \$6,682 in transfers from the General Fund to the Inland Empire Public Facilities Corporation for the lease payment.

Long-term debt proceeds increased by \$466,142. The majority of the increase \$463,895 is due to the issuance of the 2004 Pension Obligation Bonds.

Proceeds from Refunding Bonds decreased by \$63,791. There were no new refunding bond issues this year.

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

| | Governmental Activities | | Total Governmental Funds |
|--------------------------------------------------------------|-------------------------|--------------------------------|--------------------------------|
| | General Fund | Other Governmental Funds | |
| Revenues | \$ 1,777,756 | \$ 350,023 | \$ 2,127,779 |
| Expenditures | (2,160,988) | (388,938) | (2,549,926) |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | (383,232) | (38,915) | (422,147) |
| Total Other Financing Sources and (Uses) | 427,456 | 19,087 | 446,543 |
| Net Change In Fund Balance | 44,224 | (19,828) | 24,396 |
| Fund Balance, July 1, 2003 as Restated | 285,574 | 334,540 | 620,114 |
| Fund Balance, June 30, 2004 | <u>\$ 329,798</u> | <u>\$ 314,712</u> | <u>\$ 644,510</u> |

The fund balance of the County's General Fund increased by \$44,224 during the fiscal year. The increase is the resulted from ongoing revenues exceeding ongoing expenditures.

Management's Discussion and Analysis
(Amounts in thousands)

Proprietary funds. The County's proprietary funds provide the same type of format found in the governmental-wide financial statements, but in more detail.

At June 30, 2004, the Medical Center had a total deficit in net assets of (\$26,744). The negative net asset is attributable to the capital assets being depreciated faster than the related debt schedule payments.

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 | Other Enterprise Funds | |
| Revenues | | | | |
| Net Patient Care and Services | \$ 372,815 | \$ - | \$ - | \$ 372,815 |
| Charges for Current Services | - | 55,065 | 18,835 | 73,900 |
| Other | 13,727 | 712 | - | 14,439 |
| Total Operating Revenues | <u>386,542</u> | <u>55,777</u> | <u>18,835</u> | <u>461,154</u> |
| Operating Expenses | | | | |
| Professional Services | 31,648 | 29,219 | 1,675 | 62,542 |
| Salaries and Employee Benefits | 138,367 | 4,335 | 6,864 | 149,566 |
| Self insurance claims | | | 1 | 1 |
| Services and Supplies | 221,988 | (8,614) | 8,099 | 221,473 |
| Depreciation and Amortization | 23,328 | 3,765 | 2,682 | 29,775 |
| Other | 6,681 | - | 205 | 6,886 |
| Total Operating Expenses | <u>422,012</u> | <u>28,705</u> | <u>19,526</u> | <u>470,243</u> |
| Operating Income (Loss) | <u>(35,470)</u> | <u>27,072</u> | <u>(691)</u> | <u>(9,089)</u> |
| Nonoperating Revenues (Expenses) | | | | |
| Interest Revenue | 440 | 9,178 | 671 | 10,289 |
| Interest Expense | (33,129) | (1,076) | (301) | (34,506) |
| Tax Revenue | 1,447 | - | 4,390 | 5,837 |
| Grant Revenue | 22,166 | - | 103 | 22,269 |
| Gain (Loss) on Sale of Capital Assets | - | - | 34 | 34 |
| Other Nonoperating Revenues | 6,720 | 3,628 | 941 | 11,289 |
| Other Nonoperating Expenses | (946) | - | - | (946) |
| Total Nonoperating Revenues (Expenses) | <u>(3,302)</u> | <u>11,730</u> | <u>5,838</u> | <u>14,266</u> |
| Income (Loss) Before Transfers | (38,772) | 38,802 | 5,147 | 5,177 |
| Transfers to Other Funds | (1,927) | (8,070) | (2,643) | (12,640) |
| Transfers from Other Funds | 37,158 | - | 3 | 37,161 |
| Change in Net Assets (Deficit) | (3,541) | 30,732 | 2,507 | 29,698 |
| Net Assets (Deficit), July 1, 2003, as Restated | <u>(23,203)</u> | <u>(23,374)</u> | <u>90,210</u> | <u>43,633</u> |
| Net Assets (Deficit), June 30, 2004 | <u>\$ (26,744)</u> | <u>\$ 7,358</u> | <u>\$ 92,717</u> | <u>\$ 73,331</u> |

The net increase in net assets was primarily due to activities in the Waste Systems Division. The key factor in the increase was a reduction in closure/postclosure costs due to an increase in landfill capacity. See Note 16 on page 87.

The nonmajor enterprise fund's net assets increased by \$2,507 as a result of increased user fees over expenses.

Management's Discussion and Analysis (Amounts in thousands)

GENERAL FUND BUDGETARY HIGHLIGHTS

The County's final budget differs from the original budget by 26.8%. Supplemental appropriations of \$ 485,863 were approved during the fiscal year. The significant components of this increase are summarized below.

On September 9, 2003, the Board adopted a budget amendment to increase the budget of the Registrar of Voters Department by \$13,695. This increase was for the purchase of an electronic voting system.

On September 23, 2003, the Board adopted a budget amendment to decrease the budget for the Financial Administration by \$30,196. This increase was made to offset reduced State funding.

On October 21, 2003, the Board adopted a budget amendment to increase the budget for the Sheriff's Department as well as the Public Health Department by \$2,213. This increase was due to the receipt of a Homeland Security Grant. This grant was used to increase the capability in San Bernardino County for responding to Weapons of Mass Destruction (WMD).

On November 18, 2003, the Board adopted a budget amendment to increase the budget for the Public Health Department by \$1,055. This increase was to fund salaries and supplies for the WIC program.

On December 9, 2003, the Board adopted a budget amendment to increase the budget for the Human Services System by \$22,437. This increase was made due to increased State funding.

On March 2, 2004, the Board adopted a budget amendment to decrease the budget for the Transitional Assistance Department (TAD) by \$5,200. This decrease was due to a contract amendment between TAD and the California Department of Education (CDE) to provide childcare for CalWorks recipients.

Also, on March 2, 2004, the Board adopted a budget amendment to increase the budget for the Sheriff's Department by \$1,450. This increase was due to increased Proposition 172 sales tax revenue.

On April 27, 2004, the Board adopted a budget amendment to increase the budget for the Public Health Department by \$2,145. This budget amendment reflects increased Bio-terrorism funding from the California Department of Health Services.

On June 8, 2004, a budget adjustment of \$2,000 was required to cover workers' compensation costs and property insurance costs for the remainder of fiscal year 2004.

Management's Discussion and Analysis

(Amounts in thousands)

On June 24, 2004, the County issued Pension Obligation Bonds totaling \$463,895. The bond was recorded as a Prepaid Asset, with the General Fund budget being increased to match the prepaid expense.

On June 29, 2004, the Board adopted a budget amendment to increase the budget for the Sheriff's Department by \$2,325. This was done in anticipation of reimbursement from FEMA for claims submitted for the Old Waterman Canyon and Grand Prix fires.

On August 10, 2004, the Board approved a budget amendment to increase the budget for various departments by \$2,665. This amendment was done in order to facilitate the year-end closing process.

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 equity investment in capital assets for its governmental and business-type activities as of June 30, 2004, amounted to \$832,497 (net of accumulated depreciation). This investment in capital assets includes land, improvements to land, structures and improvements, equipment, construction in progress (CIP), and infrastructure less bonds and capital leases payable related to those assets.

Major capital asset events during the current fiscal year include the following:

- The Waste Systems Division had approximately \$5,748 in additions to construction in progress. The additions to construction in progress were the result of the following projects: 1) The Mid Valley Expansion – Unit Phase II Project in the amount of \$4,322; 2) the Mid Valley Perchlorate Wells in the amount of \$997.
- The Special Aviation Fund had various projects in construction with a value in Construction In Progress (CIP) of \$15,051. The majority of the CIP was attributed to the Chino Airport Runway Relocation Project.
- The Capital Improvement Fund had the Juvenile Hall Housing Facility Remodel project under construction with a CIP value of \$26,075.
- The Flood Control Fund has various flood control channel facilities under construction with a CIP value of value of \$57,586. The majority of the of the flood control facilities comprised the following: The West State Street Drain in the amount of \$11,306; the Riverside Storm Drain with a CIP value of \$8,078; the San Sevaine Basin with a CIP value of \$10,079; and the San Timeteo Project with a CIP value of \$6,480.

Management's Discussion and Analysis (Amounts in thousands)

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

| | Governmental Activities | | Business-type Activities | | Total | | Increase/ (Decrease) Percent |
|-----------------------------------|-------------------------|---------------------|--------------------------|-------------------|---------------------|---------------------|------------------------------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | of Change |
| Land | \$ 48,501 | \$ 48,501 | \$ 39,400 | \$ 39,400 | \$ 87,901 | \$ 87,901 | 0.00% |
| Construction in progress | 134,764 | 75,058 | 11,587 | 7,247 | 146,351 | 82,305 | 77.82% |
| Improvements other than Buildings | 119,526 | 116,040 | 215,496 | 186,810 | 335,022 | 302,850 | 10.62% |
| Structures and Improvements | 450,983 | 441,908 | 508,061 | 532,473 | 959,044 | 974,381 | -1.57% |
| Equipment | 197,780 | 191,738 | 100,784 | 97,810 | 298,564 | 289,548 | 3.11% |
| Infrastructure | 994,578 | 978,592 | - | - | 994,578 | 978,592 | 1.63% |
| Total | \$ 1,946,132 | \$ 1,851,837 | \$ 875,328 | \$ 863,740 | \$ 2,821,460 | \$ 2,715,577 | 3.90% |

Additional information on the County's capital assets can be found on Note 9 on pages 72-73 of this report.

The County's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB No. 34.

Long-term debt

Major long-term debt events during the current fiscal year include the following:

- Issued new Pension Obligation Bonds totaling \$463,845. The Bonds were issued to finance the County's share of the unfunded accrued liability of the SBCERA.
- Amortization of deferred amount of refunding and discounts totaled \$18,993.
- A total of \$48,145 in principal payments was made on debt.
- The beginning balance of the estimated liability for closure/postclosure care costs was reduced by \$19,439. Please refer to notes of the basic financial statements (note 4) for further detail.

Long-term debt 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) Percent |
|------------------------------------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|------------------------------------|
| | 2004 | As Restated 2003 | 2004 | As Restated 2003 | 2004 | As Restated 2003 | of Change |
| Certificates of Participation | \$ 225,523 | \$ 232,640 | \$ 670,652 | \$ 694,739 | \$ 896,175 | \$ 927,379 | -3.36% |
| General Obligation Bonds | - | - | 2,321 | 2,657 | 2,321 | 2,657 | -12.65% |
| Revenue Bonds | 437,820 | 434,889 | - | - | 437,820 | 434,889 | 0.67% |
| Other Bonds and Notes Payable | 484,755 | 21,184 | 3,836 | 2,729 | 488,591 | 23,913 | 1943.20% |
| Compensated Absences | 100,135 | 99,443 | 7,255 | 6,694 | 107,390 | 106,137 | 1.18% |
| Capital Lease Obligations | 5,517 | 6,994 | 1,659 | 289 | 7,176 | 7,283 | -1.47% |
| Estimated Liability for Litigation and Self-Insured Claims | 101,709 | 93,802 | - | - | 101,709 | 93,802 | 8.43% |
| Estimated Liability for Closure/Postclosure Care Cost | - | - | 122,420 | 141,859 | 122,420 | 141,859 | -13.70% |
| Other Long-Term Debt | 26,553 | 23,246 | - | - | 26,553 | 23,246 | 14.23% |
| Total | \$ 1,382,012 | \$ 912,198 | \$ 808,143 | \$ 848,967 | \$ 2,190,155 | \$ 1,761,165 | 24.36% |

Additional information on the County's long-term debt can be found in Note 11 on pages 74-81 of this report.

Management's Discussion and Analysis (Amounts in thousands)

ECONOMIC FACTORS AND FY04 BUDGETING

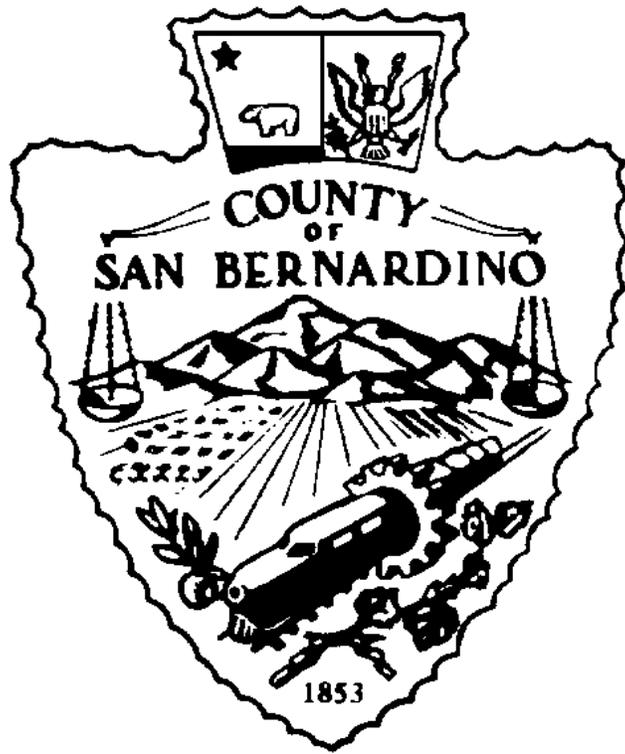
1. For the period of June 20, 2003 to October 31, 2003, no VLF backfill payments were made by the State and the County lost approximately \$37.6 million in discretionary VLF revenues, of which \$2.2 million is related to fiscal year 2002-2003. Part of this loss was due to a reduction in the share of VLF allocated as discretionary revenue, from 75.67% to 71.93%, and a corresponding increase in the share allocated to realignment programs to eliminate any loss to these programs caused by the temporary elimination of the VLF backfill. This \$37.6 million discretionary revenue loss is considered a loan to the State, with the State budget specifying that this loan will be repaid by August 2006.

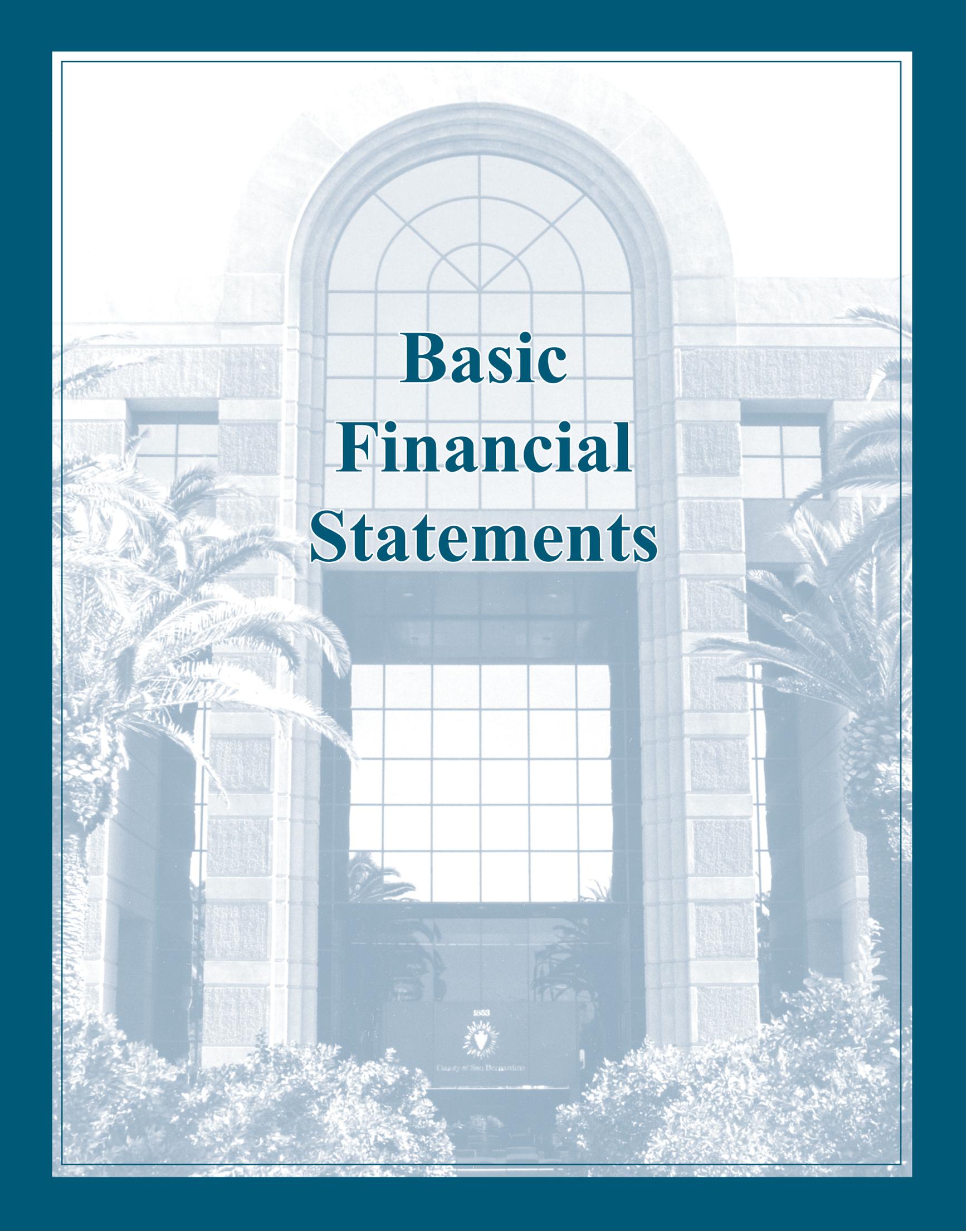
In the 2004-05 State Budget the VLF Backfill is eliminated. Counties and cities will instead receive increased property tax revenues to compensate for the reduction in VLF. The 2004-05 State Budget also includes a provision that requires the County to reduce its share of property taxes for fiscal years 2004-05 and 2005-06 by \$16.4 million each year.

2. On June 24, 2004, the County of San Bernardino issued its Series 2004 Pension Obligation Bonds (2004 POB) in the amount of \$463,895. The County issued the 2004 POB to satisfy its statutory obligation to pay the San Bernardino County Employees' Retirement Association (SBCERA) the unfunded accrued actuarial liability (UAAL) of the County in the amount of \$459,715 as of June 30, 2003. The additional \$4,180 represents the issuance costs. The County estimates that it will save \$194 million over the twenty year life of the bonds when compared to the interest rate that would have been charged on the UAAL by SBCERA. See Note 17 for additional information on the County's Retirement Plan.
3. Property tax revenues have increased due to a rise in assessed valuation due to rising home prices and sales volume activity.
4. Sales of new and existing homes in the County continue to rise due to the increased demand for affordable housing in the region. This demand is directly related to the job growth of the area and the continued migration of families from higher priced coastal counties of California.

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, separate reports of the County's component units or need any additional financial information, contact the Auditor/Controller-Recorder Office, 222 W. Hospitality Lane, County of San Bernardino, California, 92415.



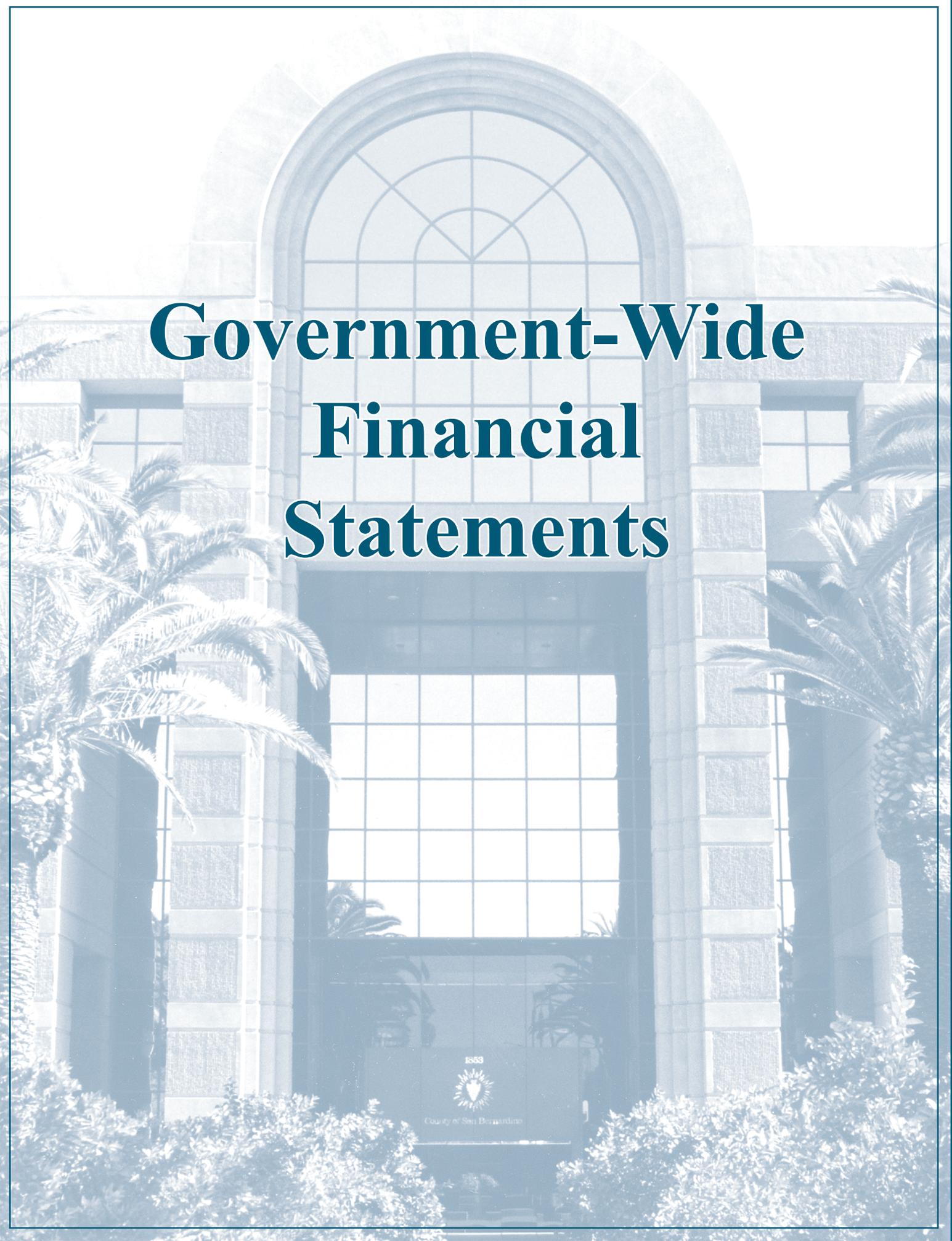


Basic Financial Statements

1853



County of San Bernardino

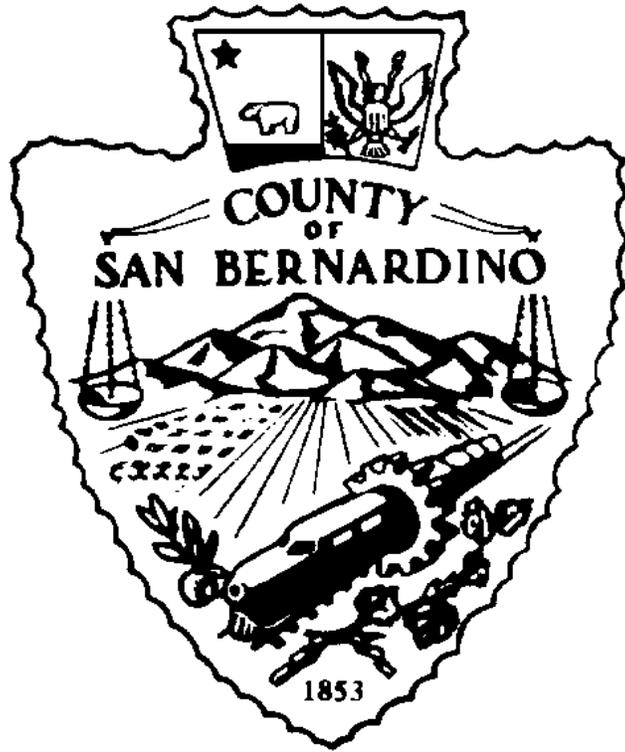


Government-Wide Financial Statements

1853



County of San Bernardino



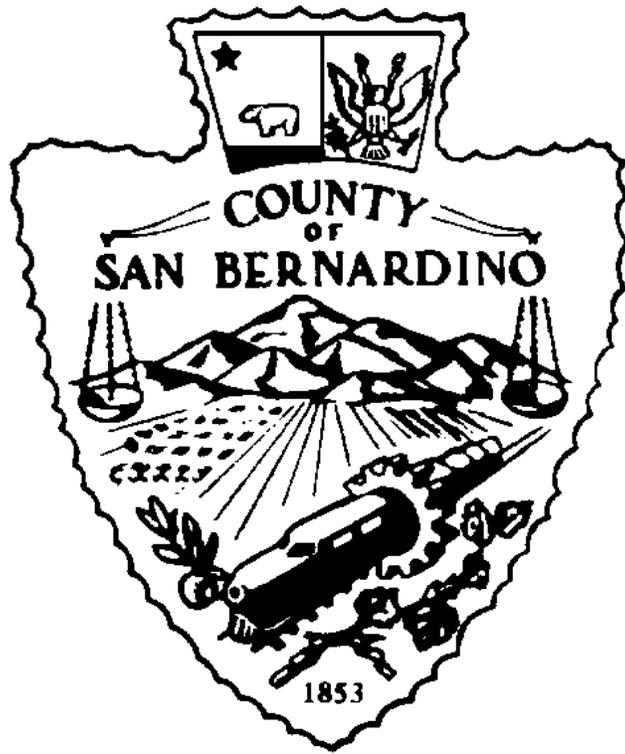
COUNTY OF SAN BERNARDINO
STATEMENT OF NET ASSETS
JUNE 30, 2004 (IN THOUSANDS)

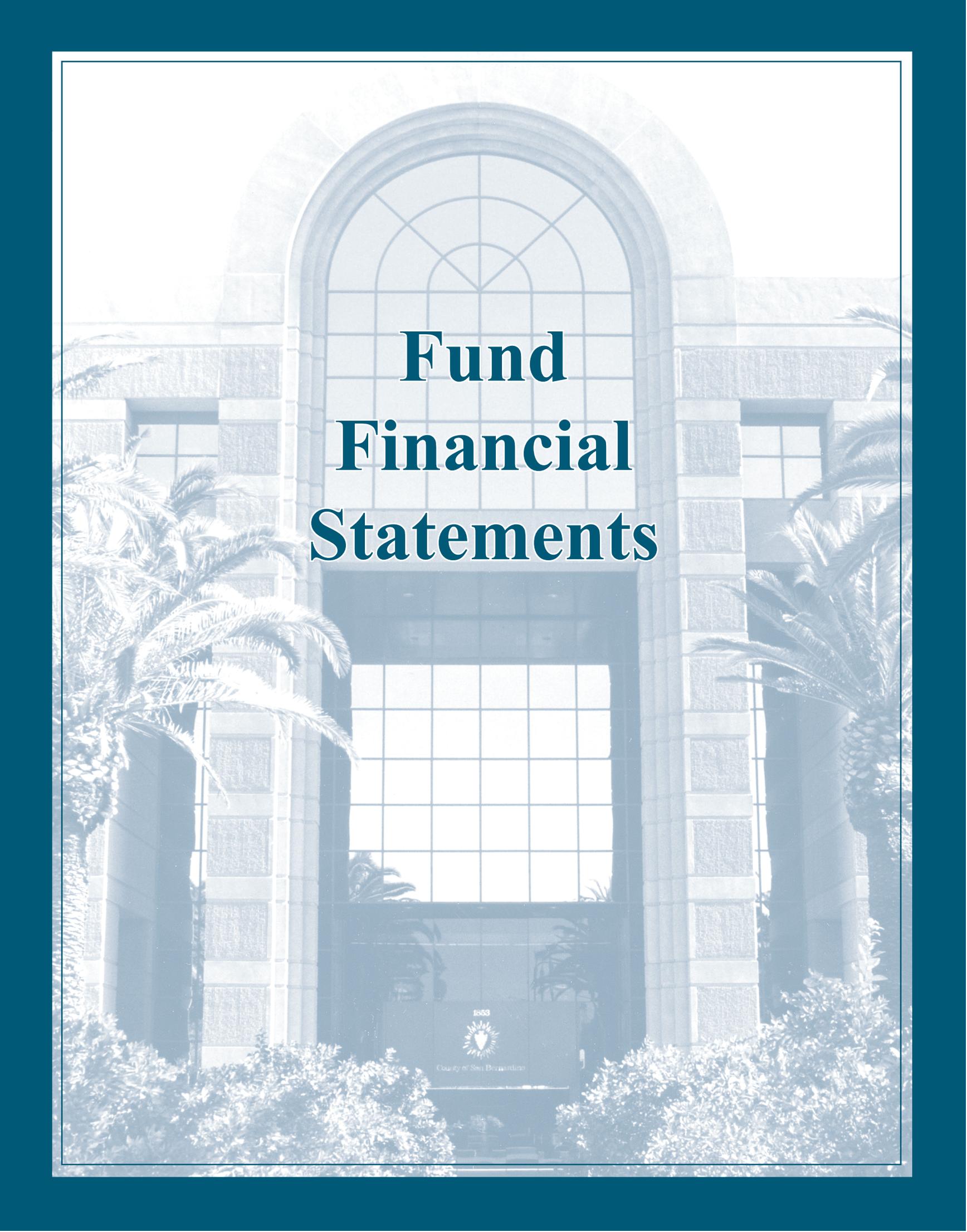
| | PRIMARY GOVERNMENT | | | COMPONENT UNIT |
|---------------------------------------------------------------------------|----------------------------|-----------------------------|---------------------|---------------------------|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL | FIRST 5 SAN BERNARDINO |
| ASSETS | | | | |
| CASH AND CASH EQUIVALENTS (NOTE 6) | \$ 597,263 | \$ 78,075 | \$ 675,338 | \$ 70,473 |
| INVESTMENTS | 9,620 | - | 9,620 | - |
| ACCOUNTS RECEIVABLE - NET (NOTE 2) | 3,661 | 34,574 | 38,235 | - |
| TAXES RECEIVABLE | 17,906 | 806 | 18,712 | - |
| INTEREST RECEIVABLE | 378 | 552 | 930 | - |
| LOAN RECEIVABLE | 7,876 | - | 7,876 | - |
| OTHER RECEIVABLES | 48 | - | 48 | - |
| DUE FROM OTHER GOVERNMENTS | 184,131 | 38,752 | 222,883 | 4,449 |
| INTERNAL BALANCES | 28,493 | (28,493) | - | - |
| DUE FROM PRIMARY GOVERNMENT | - | - | - | 300 |
| INVENTORIES | 3,214 | 1,493 | 4,707 | - |
| PREPAID ITEMS | 1,413 | 12,229 | 13,642 | 15 |
| DEFERRED CHARGES | 4,180 | 1,937 | 6,117 | - |
| RESTRICTED CASH AND INVESTMENTS (NOTE 6 & 8) | 143,283 | 166,440 | 309,723 | - |
| OTHER ASSETS | - | 9,718 | 9,718 | - |
| PREPAID PENSION ASSET | 848,238 | - | 848,238 | - |
| LAND (NOTE 9) | 48,501 | 39,400 | 87,901 | - |
| STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 9) | 1,565,087 | 723,557 | 2,288,644 | - |
| EQUIPMENT (NOTE 9) | 197,780 | 100,784 | 298,564 | 244 |
| ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 9) | (776,382) | (266,872) | (1,043,254) | (58) |
| CONSTRUCTION IN PROGRESS (NOTE 9) | 134,764 | 11,587 | 146,351 | - |
| TOTAL ASSETS | 3,019,454 | 924,539 | 3,943,993 | 75,423 |
| LIABILITIES | | | | |
| ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES | 40,575 | 20,359 | 60,934 | 7,106 |
| SALARIES AND BENEFITS PAYABLE | 43,659 | 7,737 | 51,396 | 129 |
| DUE TO OTHER GOVERNMENTS | 32,492 | 1,161 | 33,653 | - |
| DUE TO COMPONENT UNIT | 300 | - | 300 | - |
| INTEREST PAYABLE | 2,100 | 13,790 | 15,890 | - |
| DEFERRED REVENUE | 7,962 | 18 | 7,980 | - |
| TRANS NOTE PAYABLE | 140,000 | - | 140,000 | - |
| NONCURRENT LIABILITIES (NOTE 11): | | | | |
| PORTION DUE OR PAYABLE IN ONE YEAR: | | | | |
| COMPENSATED ABSENCES PAYABLE (NOTE 11) | 66,500 | 5,854 | 72,354 | 49 |
| COP BONDS AND NOTES PAYABLE (NOTE 11) | 26,091 | 28,539 | 54,630 | - |
| CAPITAL LEASE OBLIGATIONS (NOTE 11 & 14) | 1,636 | 354 | 1,990 | - |
| OTHER LONG TERM LIABILITIES (NOTE 11) | 754 | - | 754 | - |
| ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTE 11 & 17) | - | 21,467 | 21,467 | - |
| ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTE 10 & 11) | 32,047 | - | 32,047 | - |
| PORTION DUE OR PAYABLE AFTER ONE YEAR: | | | | |
| COMPENSATED ABSENCES PAYABLE (NOTE 11) | 33,635 | 1,401 | 35,036 | 75 |
| COP BONDS AND NOTES PAYABLE, NET (NOTE 11) | 1,122,007 | 648,270 | 1,770,277 | - |
| CAPITAL LEASE OBLIGATIONS (NOTE 11 & 14) | 3,881 | 1,305 | 5,186 | - |
| OTHER LONG TERM LIABILITIES (NOTE 11) | 25,799 | - | 25,799 | - |
| ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTE 11 & 17) | - | 100,953 | 100,953 | - |
| ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTE 10 & 11) | 69,662 | - | 69,662 | - |
| | 1,649,100 | 851,208 | 2,500,308 | 7,359 |
| NET ASSETS: | | | | |
| INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT | 892,791 | (60,294) | 832,497 | 186 |
| RESTRICTED (NOTE 5) | 400,271 | 45,523 | 445,794 | 3,485 |
| UNRESTRICTED | 77,292 | 88,102 | 165,394 | 64,393 |
| TOTAL NET ASSETS | \$ 1,370,354 | \$ 73,331 | \$ 1,443,685 | \$ 68,064 |

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

COUNTY OF SAN BERNARDINO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)

| | PRIMARY GOVERNMENT | | | | | | COMPONENT UNIT | |
|------------------------------------------------------|--------------------|-------------------------|------------------------------------------|----------------------------------------|----------------------------------------------------|-----------------------------|----------------|---------------------------|
| | PROGRAM REVENUES | | | | NET (EXPENSE)/REVENUE AND CHANGES IN NET ASSETS | | | FIRST 5 SAN BERNARDINO |
| | EXPENSES | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL | |
| FUNCTIONS/PROGRAMS | | | | | | | | |
| PRIMARY GOVERNMENT: | | | | | | | | |
| GOVERNMENTAL ACTIVITIES: | | | | | | | | |
| GENERAL GOVERNMENT | \$ 132,933 | \$ 93,387 | \$ 13,982 | \$ - | \$ (25,564) | \$ - | \$ (25,564) | \$ - |
| PUBLIC PROTECTION | 656,464 | 140,922 | 146,814 | - | (368,728) | - | (368,728) | - |
| PUBLIC WAYS AND FACILITIES | 37,095 | 5,463 | 38,228 | 10,608 | 17,204 | - | 17,204 | - |
| HEALTH AND SANITATION | 328,530 | 125,299 | 222,900 | - | 19,669 | - | 19,669 | - |
| PUBLIC ASSISTANCE | 820,853 | 3,435 | 765,606 | - | (51,812) | - | (51,812) | - |
| EDUCATION | 10,357 | 1,054 | 978 | - | (8,325) | - | (8,325) | - |
| RECREATION AND CULTURAL SERVICES | 22,284 | 7,833 | 801 | - | (13,650) | - | (13,650) | - |
| INTEREST ON LONG TERM DEBT | 42,678 | - | - | - | (42,678) | - | (42,678) | - |
| TOTAL GOVERNMENTAL ACTIVITIES | 2,051,194 | 377,393 | 1,189,309 | 10,608 | (473,884) | - | (473,884) | - |
| BUSINESS-TYPE ACTIVITIES: | | | | | | | | |
| MEDICAL CENTER | 456,087 | 372,815 | 13,727 | 22,166 | - | (47,379) | (47,379) | - |
| WASTE SYSTEMS | 29,781 | 54,831 | 946 | - | - | 25,996 | 25,996 | - |
| OTHER | 19,827 | 18,835 | 103 | - | - | (889) | (889) | - |
| TOTAL BUSINESS-TYPE ACTIVITIES | 505,695 | 446,481 | 14,776 | 22,166 | - | (22,272) | (22,272) | - |
| TOTAL PRIMARY GOVERNMENT | \$ 2,556,889 | \$ 823,874 | \$ 1,204,085 | \$ 32,774 | \$ (473,884) | \$ (22,272) | \$ (496,156) | \$ - |
| COMPONENT UNIT | | | | | | | | |
| FIRST 5 SAN BERNARDINO | \$ 31,115 | \$ - | \$ 29,261 | \$ - | \$ - | \$ - | \$ - | \$ (1,854) |
| GENERAL REVENUES: | | | | | | | | |
| PROPERTY TAXES, LEVIED FOR GENERAL PURPOSES | | | | | 206,860 | 5,837 | 212,697 | - |
| PROPERTY TAXES, LEVIED FOR DEBT SERVICE | | | | | 4,932 | - | 4,932 | - |
| PUBLIC SAFETY TAX | | | | | 110,188 | - | 110,188 | - |
| SALES TAXES | | | | | 22,285 | - | 22,285 | - |
| OTHER TAXES | | | | | 25,202 | - | 25,202 | - |
| MOTOR VEHICLE IN-LIEU TAXES | | | | | 94,583 | - | 94,583 | - |
| UNRESTRICTED REVENUES FROM USE OF MONEY AND PROPERTY | | | | | 33,063 | 10,289 | 43,352 | 486 |
| MISCELLANEOUS | | | | | 46,876 | 11,747 | 58,623 | 6 |
| GAINS ON SALE OF CAPITAL ASSETS | | | | | 5,051 | 34 | 5,085 | - |
| TRANSFERS | | | | | (24,063) | 24,063 | - | - |
| TOTAL GENERAL REVENUES AND TRANSFERS | | | | | 524,977 | 51,970 | 576,947 | 492 |
| CHANGE IN NET ASSETS | | | | | 51,093 | 29,698 | 80,791 | (1,362) |
| NET ASSETS - BEGINNING , AS RESTATED (NOTE 3) | | | | | 1,319,261 | 43,633 | 1,362,894 | 69,426 |
| NET ASSETS - ENDING | | | | | \$ 1,370,354 | \$ 73,331 | \$ 1,443,685 | \$ 68,064 |



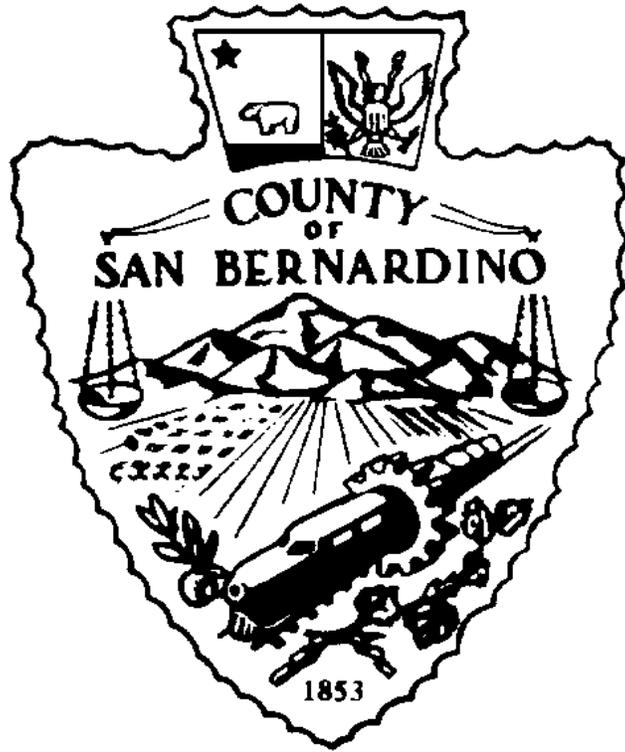


Fund Financial Statements

1853



County of San Bernardino



COUNTY OF SAN BERNARDINO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004 (IN THOUSANDS)

| | GENERAL FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|-----------------------------------------------|-------------------|--------------------------|--------------------------|
| ASSETS | | | |
| CASH AND CASH EQUIVALENTS (NOTE 6) | \$ 231,607 | \$ 288,727 | \$ 520,334 |
| INVESTMENTS (NOTE 6) | - | 9,620 | 9,620 |
| ACCOUNTS RECEIVABLES - NET (NOTE 2) | 1,521 | 1,922 | 3,443 |
| TAXES RECEIVABLE | 17,959 | 10,033 | 27,992 |
| INTEREST RECEIVABLE | 194 | 184 | 378 |
| LOANS RECEIVABLE | 1,469 | - | 1,469 |
| OTHER RECEIVABLES | 28 | 20 | 48 |
| DUE FROM OTHER FUNDS (NOTE 7) | 48,860 | 15,933 | 64,793 |
| DUE FROM OTHER GOVERNMENTS (NOTE 2) | 139,885 | 31,650 | 171,535 |
| INVENTORIES | 1,205 | 235 | 1,440 |
| PREPAID ITEMS | 157 | 21 | 178 |
| INTERFUND RECEIVABLE (NOTE 7) | 1,000 | 400 | 1,400 |
| RESTRICTED CASH AND INVESTMENTS (NOTES 6 & 8) | 141,988 | 1,295 | 143,283 |
| OTHER ASSETS | - | - | - |
| TOTAL ASSETS | \$ 585,873 | \$ 360,040 | \$ 945,913 |
| LIABILITIES AND FUND BALANCES | | | |
| ACCOUNTS PAYABLE | \$ 22,966 | \$ 14,747 | \$ 37,713 |
| SALARIES AND BENEFITS PAYABLE | 35,872 | 6,294 | 42,166 |
| DUE TO OTHER FUNDS (NOTE 7) | 6,729 | 15,137 | 21,866 |
| DUE TO OTHER GOVERNMENTS | 31,217 | 1,575 | 32,792 |
| INTEREST PAYABLE | 2,100 | - | 2,100 |
| OTHER ACCRUED LIABILITIES | - | 702 | 702 |
| DEFERRED REVENUE (NOTE 2) | 17,191 | 5,223 | 22,414 |
| INTERFUND PAYABLE (NOTE 7) | - | 1,650 | 1,650 |
| BONDS AND NOTES PAYABLE (NOTE 11) | 140,000 | - | 140,000 |
| TOTAL LIABILITIES | 256,075 | 45,328 | 301,403 |
| FUND BALANCES (NOTE 5): | | | |
| RESERVED FOR: | | | |
| ENCUMBRANCES | 9,632 | 38,293 | 47,925 |
| PREPAID ITEMS | 1,344 | - | 1,344 |
| NONCURRENT INTERFUND RECEIVABLES | 1,025 | 403 | 1,428 |
| INVENTORIES | 1,205 | 235 | 1,440 |
| LOANS RECEIVABLE | 1,462 | 116 | 1,578 |
| DEBT SERVICE | - | 40,193 | 40,193 |
| TEETER | 9,077 | - | 9,077 |
| UNRESERVED, REPORTED IN: | | | |
| DESIGNATED | 108,878 | - | 108,878 |
| UNDESIGNATED | | | |
| GENERAL FUND | 197,175 | - | 197,175 |
| SPECIAL REVENUE FUNDS | - | 217,986 | 217,986 |
| CAPITAL PROJECTS FUNDS | - | 16,943 | 16,943 |
| PERMANENT FUNDS | - | 543 | 543 |
| TOTAL FUND BALANCES | 329,798 | 314,712 | 644,510 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 585,873 | \$ 360,040 | |

Amounts reported for governmental activities in the statement of net assets are different because (NOTE 4):

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds. | 1,150,299 |
| Other long-term assets that are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. | 6,394 |
| Net Pension Obligation Bond | 852,418 |
| Internal service funds that are used by management to charge the costs of general services, telephone services, computer operations, vehicle services, risk management, and flood control equipment to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. | (12,368) |
| 2004 Pension Obligation Bond payable | (463,895) |
| Long-term liabilities, including bonds payable, that are not due and payable in the current period and therefore are not reported in the funds. | (807,004) |
| Net assets of governmental activities (page 36) | \$ 1,370,354 |

**COUNTY OF SAN BERNARDINO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

| | <u>GENERAL FUND</u> | <u>OTHER GOVERNMENTAL FUNDS</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------------|-----------------------------------------|
| REVENUES | | | |
| TAXES | \$ 285,440 | \$ 85,964 | \$ 371,404 |
| LICENSES, PERMITS AND FRANCHISES | 18,350 | 280 | 18,630 |
| FINES, FORFEITURES AND PENALTIES | 8,696 | 7,762 | 16,458 |
| REVENUES FROM USE OF MONEY AND PROPERTY | 24,199 | 8,864 | 33,063 |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 1,120,893 | 177,872 | 1,298,765 |
| CHARGES FOR CURRENT SERVICES | 311,162 | 31,143 | 342,305 |
| OTHER REVENUES | 9,016 | 38,138 | 47,154 |
| TOTAL REVENUES | <u>1,777,756</u> | <u>350,023</u> | <u>2,127,779</u> |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| GENERAL GOVERNMENT | 170,198 | 7,828 | 178,026 |
| PUBLIC PROTECTION | 735,962 | 123,970 | 859,932 |
| PUBLIC WAYS AND FACILITIES | 3,356 | 54,220 | 57,576 |
| HEALTH AND SANITATION | 383,819 | 2,930 | 386,749 |
| PUBLIC ASSISTANCE | 843,825 | 80,075 | 923,900 |
| EDUCATION | 2,689 | 11,340 | 14,029 |
| RECREATION AND CULTURAL SERVICES | 14,100 | 5,445 | 19,545 |
| DEBT SERVICE | | | |
| PRINCIPAL | 441 | 22,722 | 23,163 |
| INTEREST AND FISCAL CHARGES | 1,285 | 25,442 | 26,727 |
| CAPITAL OUTLAY | 5,313 | 54,966 | 60,279 |
| TOTAL EXPENDITURE | <u>2,160,988</u> | <u>388,938</u> | <u>2,549,926</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(383,232)</u> | <u>(38,915)</u> | <u>(422,147)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS (NOTE 7) | (80,620) | (46,192) | (126,812) |
| TRANSFERS FROM OTHER FUNDS (NOTE 7) | 42,798 | 60,098 | 102,896 |
| LONG-TERM DEBT ISSUED | 463,895 | 2,247 | 466,142 |
| INCEPTION OF CAPITAL LEASE OBLIGATIONS (NOTE 11) | 282 | 756 | 1,038 |
| SALE OF CAPITAL ASSETS | 1,101 | 2,178 | 3,279 |
| TOTAL OTHER FINANCING SOURCES AND (USES) | <u>427,456</u> | <u>19,087</u> | <u>446,543</u> |
| NET CHANGE IN FUND BALANCE | 44,224 | (19,828) | 24,396 |
| FUND BALANCE, JULY 1, 2003 | 285,574 | 334,540 | 620,114 |
| FUND BALANCE, JUNE 30, 2004 | <u>\$ 329,798</u> | <u>\$ 314,712</u> | <u>\$ 644,510</u> |
| NET CHANGES IN FUND BALANCES -- TOTAL GOVERNMENTAL | | | \$ 24,396 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | | | 49,608 |
| Internal service funds are used by management to charge the costs of general service group, telephone services, computer operations, vehicle services, risk management, and flood control equipment. The net revenues of the internal service funds is reported within governmental activities. | | | (10,676) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. | | | (2,989) |
| Expenses in the statement of activities that do not require the use of the current financial resources and, therefore, are not reported as expenditures in the governmental funds. | | | (15,951) |
| The amortization of the prepaid asset of the 95 POB. | | | (10,515) |
| The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds, report the effect of issuance costs, 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. | | | 17,220 |
| Changes in net assets of governmental activities (page 37) | | | <u>\$ 51,093</u> |

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, 2004 (IN THOUSANDS)

| | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE) |
|--------------------------------------------------|-------------------|-------------------|-------------------|-----------------------------------------------------------|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| TAXES | \$ 260,590 | \$ 265,850 | \$ 285,440 | \$ 19,590 |
| LICENSES, PERMITS AND FRANCHISES | 18,556 | 19,351 | 18,350 | (1,001) |
| FINES, FORFEITURES AND PENALTIES | 7,591 | 7,591 | 8,696 | 1,105 |
| REVENUES FROM USE OF MONEY AND PROPERTY | 24,377 | 24,537 | 24,199 | (338) |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 1,114,107 | 1,116,657 | 1,120,893 | 4,236 |
| CHARGES FOR CURRENT SERVICES | 302,637 | 307,106 | 311,162 | 4,056 |
| OTHER REVENUES | 12,759 | 13,278 | 9,016 | (4,262) |
| TOTAL REVENUES | 1,740,617 | 1,754,370 | 1,777,756 | 23,386 |
| EXPENDITURES: | | | | |
| CURRENT: | | | | |
| GENERAL GOVERNMENT | 184,657 | 219,752 | 169,570 | 50,182 |
| PUBLIC PROTECTION | 502,239 | 750,295 | 734,179 | 16,116 |
| PUBLIC WAYS AND FACILITIES | 2,384 | 3,432 | 3,332 | 100 |
| HEALTH AND SANITATION | 361,648 | 428,851 | 382,616 | 46,235 |
| PUBLIC ASSISTANCE | 737,812 | 868,227 | 842,842 | 25,385 |
| EDUCATION | 2,850 | 2,850 | 2,689 | 161 |
| RECREATION AND CULTURAL SERVICES | 10,499 | 14,858 | 14,170 | 688 |
| DEBT SERVICE | - | - | - | - |
| PRINCIPAL | 477 | 477 | 441 | 36 |
| INTEREST AND FISCAL CHARGES | 5,070 | 5,070 | 1,285 | 3,785 |
| CAPITAL OUTLAY | 5,166 | 4,853 | 3,954 | 899 |
| TOTAL EXPENDITURE | 1,812,802 | 2,298,665 | 2,155,078 | 143,587 |
| EXCESS OF REVENUES OVER EXPENDITURES | (72,185) | (544,295) | (377,322) | 166,973 |
| OTHER FINANCING SOURCES (USES): | | | | |
| TRANSFERS TO OTHER FUNDS (NOTE 7) | (107,378) | (112,466) | (80,620) | 31,846 |
| TRANSFERS FROM OTHER FUNDS (NOTE 7) | 54,764 | 59,664 | 42,798 | (16,866) |
| LONG-TERM DEBT ISSUED | - | 463,895 | 463,895 | - |
| INCEPTION OF CAPITAL LEASE OBLIGATIONS (NOTE 11) | 282 | 282 | 282 | - |
| SALE OF CAPITAL ASSETS | 730 | 730 | 1,101 | 371 |
| TOTAL OTHER FINANCING SOURCES AND (USES) | (51,602) | 412,105 | 427,456 | 15,351 |
| NET CHANGE IN FUND BALANCE | (123,787) | (132,190) | 50,134 | 182,324 |
| FUND BALANCE, JULY 1, 2003 | 270,032 | 270,032 | 270,032 | - |
| FUND BALANCE, JUNE 30, 2004 | <u>\$ 146,245</u> | <u>\$ 137,842</u> | <u>\$ 320,166</u> | <u>\$ 182,324</u> |

COUNTY OF SAN BERNARDINO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2004 (IN THOUSANDS)

| | BUSINESS-TYPE ACTIVITIES -- | | | TOTAL ENTERPRISE FUNDS | GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS |
|------------------------------------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|------------------------------------------------------------|
| | ENTERPRISE FUNDS | | | | |
| | MEDICAL CENTER | WASTE SYSTEMS DIVISION | OTHER ENTERPRISE FUNDS | | |
| ASSETS | | | | | |
| CURRENT ASSETS: | | | | | |
| CASH AND CASH EQUIVALENTS (NOTE 6) | \$ 14,472 | \$ 27,492 | \$ 36,111 | \$ 78,075 | \$ 76,929 |
| ACCOUNTS RECEIVABLE - NET (NOTE 2) | 26,024 | 5,939 | 2,611 | 34,574 | 218 |
| TAXES RECEIVABLE | - | 806 | - | 806 | - |
| INTEREST RECEIVABLE | - | 552 | - | 552 | - |
| OTHER RECEIVABLES | - | - | - | - | - |
| DUE FROM OTHER FUNDS (NOTE 7) | 1,119 | 570 | 343 | 2,032 | 723 |
| DUE FROM OTHER GOVERNMENTS | 41,035 | 1,858 | 8 | 42,901 | 658 |
| INVENTORIES | 1,349 | - | 144 | 1,493 | 1,774 |
| PREPAID ITEMS | 377 | 11,852 | - | 12,229 | 1,235 |
| TOTAL CURRENT ASSETS | <u>84,376</u> | <u>49,069</u> | <u>39,217</u> | <u>172,662</u> | <u>81,537</u> |
| NONCURRENT ASSETS: | | | | | |
| DEFERRED CHARGES | - | 1,937 | - | 1,937 | - |
| RESTRICTED CASH AND INVESTMENTS (NOTE 6 & 8) | 59,176 | 107,264 | - | 166,440 | - |
| INTERFUND RECEIVABLE (NOTE 7) | - | - | - | - | - |
| OTHER ASSETS | 9,718 | - | - | 9,718 | - |
| LAND, STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE | 512,913 | 143,740 | 106,304 | 762,957 | 7,049 |
| EQUIPMENT | 94,756 | 2,407 | 3,621 | 100,784 | 51,451 |
| ACCUMULATED DEPRECIATION AND AMORTIZATION | (133,401) | (81,951) | (51,520) | (266,872) | (39,049) |
| CONSTRUCTION IN PROGRESS | - | 9,159 | 2,428 | 11,587 | - |
| TOTAL NONCURRENT ASSETS | <u>543,162</u> | <u>182,556</u> | <u>60,833</u> | <u>786,551</u> | <u>19,451</u> |
| TOTAL ASSETS | <u>627,538</u> | <u>231,625</u> | <u>100,050</u> | <u>959,213</u> | <u>100,988</u> |
| LIABILITIES | | | | | |
| CURRENT LIABILITIES: | | | | | |
| ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES | 11,900 | 7,759 | 700 | 20,359 | 2,862 |
| SALARIES AND BENEFITS PAYABLE | 7,415 | 248 | 74 | 7,737 | 1,493 |
| DUE TO OTHER FUNDS (NOTE 7) | 28,907 | 5,631 | 136 | 34,674 | 2,969 |
| DUE TO OTHER GOVERNMENTS | - | 1,161 | - | 1,161 | - |
| INTEREST PAYABLE | 13,653 | 21 | 116 | 13,790 | - |
| DEFERRED REVENUE | - | - | 18 | 18 | 256 |
| COMPENSATED ABSENCES PAYABLE (NOTE 11) | 5,647 | 207 | - | 5,854 | - |
| BONDS AND NOTES PAYABLE (NOTE 11) | 23,060 | 4,900 | 579 | 28,539 | - |
| CAPITAL LEASE OBLIGATIONS (NOTE 11) | 354 | - | - | 354 | - |
| ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS | - | 21,467 | - | 21,467 | - |
| ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS | - | - | - | - | 32,047 |
| TOTAL CURRENT LIABILITIES | <u>90,936</u> | <u>41,394</u> | <u>1,623</u> | <u>133,953</u> | <u>39,627</u> |
| NONCURRENT LIABILITIES | | | | | |
| COMPENSATED ABSENCES PAYABLE | 1,124 | 145 | 132 | 1,401 | 3,282 |
| BONDS AND NOTES PAYABLE | 560,917 | 81,775 | 5,578 | 648,270 | - |
| CAPITAL LEASE OBLIGATIONS | 1,305 | - | - | 1,305 | 785 |
| ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS | - | 100,953 | - | 100,953 | - |
| ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS | - | - | - | - | 69,662 |
| TOTAL NONCURRENT LIABILITIES | <u>563,346</u> | <u>182,873</u> | <u>5,710</u> | <u>751,929</u> | <u>73,729</u> |
| TOTAL LIABILITIES | <u>654,282</u> | <u>224,267</u> | <u>7,333</u> | <u>885,882</u> | <u>113,356</u> |
| NET ASSETS: | | | | | |
| INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT | (101,650) | (13,320) | 54,676 | (60,294) | 18,666 |
| RESTRICTED FOR: | | | | | |
| OTHER RESTRICTIONS | 45,523 | - | - | 45,523 | - |
| UNRESTRICTED | 29,383 | 20,678 | 38,041 | 88,102 | (31,034) |
| TOTAL NET ASSETS | <u>\$ (26,744)</u> | <u>\$ 7,358</u> | <u>\$ 92,717</u> | <u>\$ 73,331</u> | <u>\$ (12,368)</u> |

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

COUNTY OF SAN BERNARDINO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)

| | BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS | | | TOTAL ENTERPRISE FUNDS | GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS |
|-----------------------------------------------------------|-------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------------------------------------|
| | MEDICAL CENTER | WASTE SYSTEMS DIVISION | OTHER ENTERPRISE FUNDS | | |
| OPERATING REVENUES: | | | | | |
| NET PATIENT CARE AND SERVICE CHARGES FOR CURRENT SERVICES | \$ 372,815 | \$ - | \$ - | \$ 372,815 | \$ - |
| OTHER | - | 54,119 | 18,835 | 72,954 | 122,916 |
| | 13,727 | 712 | - | 14,439 | - |
| TOTAL OPERATING REVENUES | 386,542 | 54,831 | 18,835 | 460,208 | 122,916 |
| OPERATING EXPENSES: | | | | | |
| PROFESSIONAL SERVICES | 31,648 | 29,219 | 1,675 | 62,542 | 6,200 |
| SALARIES AND EMPLOYEE BENEFITS | 138,367 | 4,335 | 6,864 | 149,566 | 27,370 |
| SELF-INSURANCE CLAIMS | - | - | 1 | 1 | 45,065 |
| SERVICES AND SUPPLIES | 221,988 | (8,614) | 8,099 | 221,473 | 50,491 |
| DEPRECIATION AND AMORTIZATION | 23,328 | 3,765 | 2,682 | 29,775 | 6,225 |
| OTHER | 6,681 | - | 205 | 6,886 | 312 |
| TOTAL OPERATING EXPENSES | 422,012 | 28,705 | 19,526 | 470,243 | 135,663 |
| OPERATING INCOME (LOSS) | (35,470) | 26,126 | (691) | (10,035) | (12,747) |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| INTEREST REVENUE | 440 | 9,178 | 671 | 10,289 | 2,746 |
| INTEREST EXPENSE | (33,129) | (1,076) | (301) | (34,506) | (48) |
| TAX REVENUE | 1,447 | - | 4,390 | 5,837 | - |
| GRANT REVENUE | 22,166 | 946 | 103 | 23,215 | - |
| GAIN (LOSS) ON SALE OF CAPITAL ASSETS | - | - | 34 | 34 | (23) |
| OTHER NONOPERATING REVENUES | 6,720 | 3,628 | 941 | 11,289 | - |
| OTHER NONOPERATING EXPENSES | (946) | - | - | (946) | - |
| TOTAL NONOPERATING REVENUES (EXPENSES) | (3,302) | 12,676 | 5,838 | 15,212 | 2,675 |
| CHANGE IN NET ASSETS (DEFICIT) BEFORE TRANSFERS | (38,772) | 38,802 | 5,147 | 5,177 | (10,072) |
| TRANSFERS TO OTHER FUNDS (NOTE 7) | (1,927) | (8,070) | (2,643) | (12,640) | (2,612) |
| TRANSFERS FROM OTHER FUNDS (NOTE 7) | 37,158 | - | 3 | 37,161 | 2,007 |
| CHANGE IN NET ASSETS (DEFICIT) | (3,541) | 30,732 | 2,507 | 29,698 | (10,677) |
| TOTAL NET ASSETS, JULY 1, 2003, AS RESTATED (NOTE 3) | (23,203) | (23,374) | 90,210 | 43,633 | (1,691) |
| TOTAL NET ASSETS (DEFICIT), JUNE 30, 2004 | \$ (26,744) | \$ 7,358 | \$ 92,717 | \$ 73,331 | \$ (12,368) |

COUNTY OF SAN BERNARDINO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2004 (IN THOUSANDS)

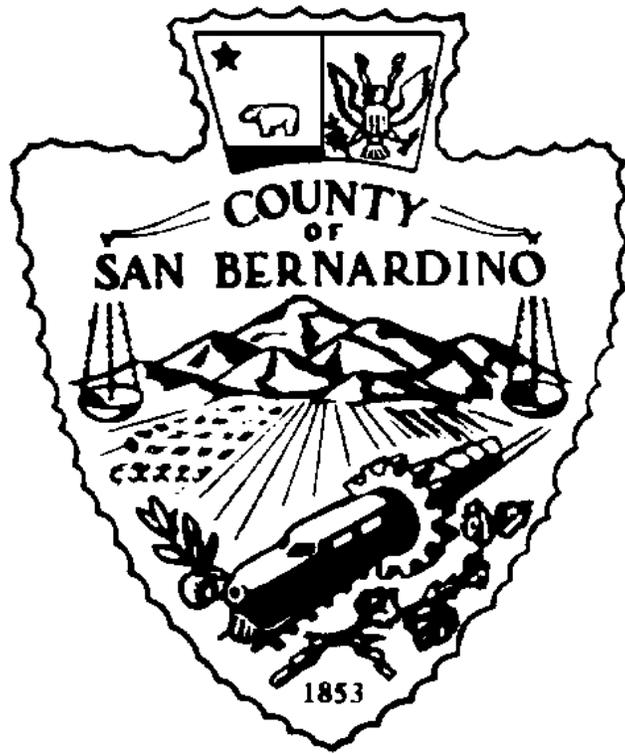
| <u>ASSETS</u> | <u>TOTAL</u> | <u>INVESTMENT TRUST</u> | <u>AGENCY</u> |
|-----------------------------------------------------------|----------------------------|-----------------------------|--------------------------|
| CASH AND CASH EQUIVALENTS (NOTE 6) | \$ 1,953,778 | \$ 1,611,189 | 342,589 |
| INVESTMENTS (NOTE 6) | 6,908 | - | 6,908 |
| ACCOUNTS RECEIVABLE - NET | 128 | 128 | - |
| TAXES RECEIVABLE | 132,824 | 166 | 132,658 |
| INTEREST RECEIVABLE | 205 | 20 | 185 |
| LOANS RECEIVABLE | 45 | 45 | - |
| DUE FROM OTHER FUNDS (NOTE 7) | 8,098 | 7,568 | 530 |
| DUE FROM OTHER GOVERNMENTS | - | - | - |
| INTERFUND PAYABLE | 250 | - | 250 |
| TOTAL ASSETS | <u>2,102,236</u> | <u>1,619,116</u> | <u>483,120</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | |
| LIABILITIES: | | | |
| DUE TO OTHER FUNDS (NOTE 7) | 16,137 | 679 | 15,458 |
| DUE TO OTHER GOVERNMENTS | 467,662 | - | 467,662 |
| TOTAL LIABILITIES | <u>483,799</u> | <u>679</u> | <u>\$ 483,120</u> |
| <u>NET ASSETS</u> | | | |
| NET ASSETS HELD IN TRUST FOR INVESTMENT POOL PARTICIPANTS | <u>\$ 1,618,437</u> | <u>\$ 1,618,437</u> | |

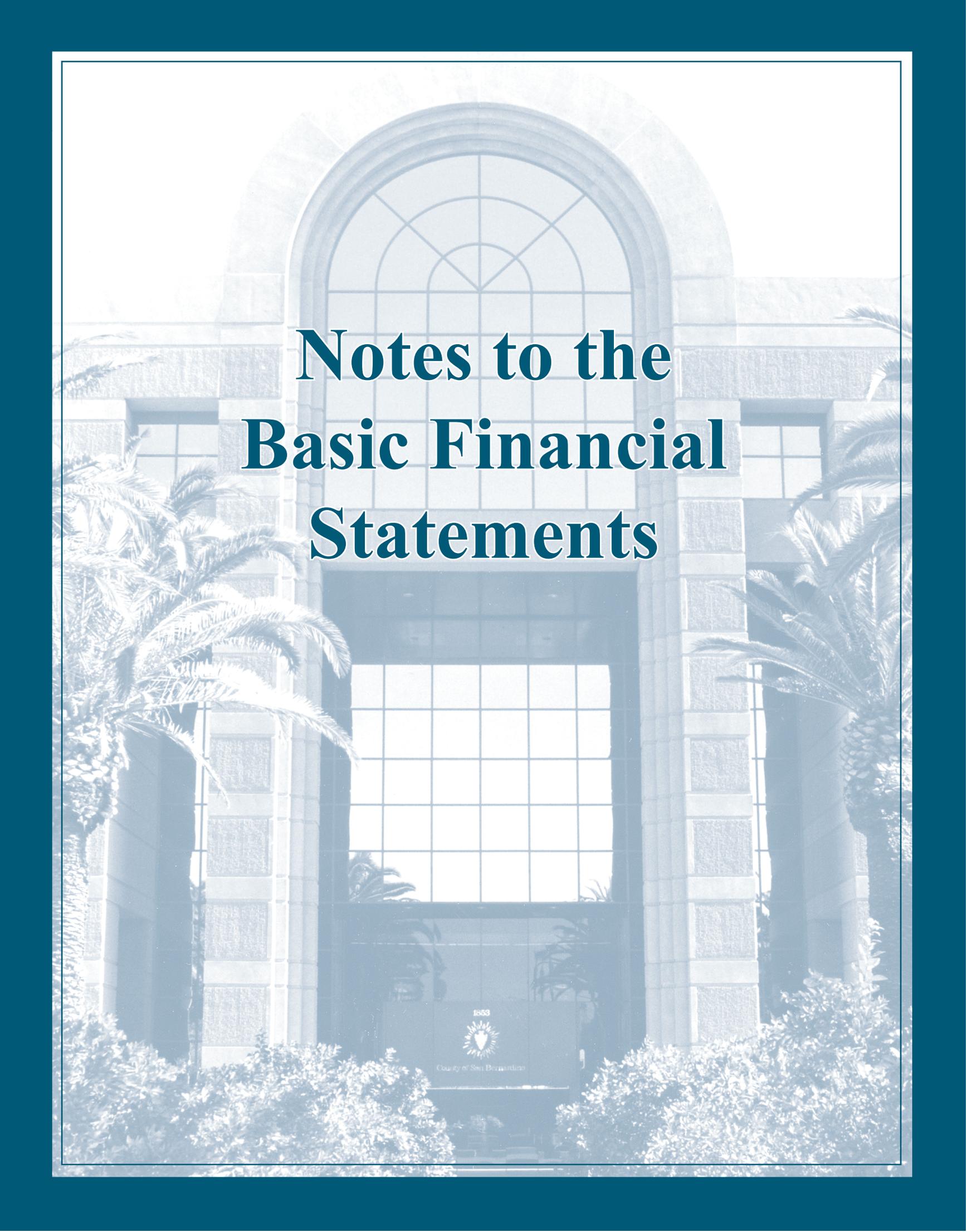
The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
 INVESTMENT TRUST FUND
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)

| | <u>INVESTMENT TRUST FUND</u> |
|-----------------------------------------------|----------------------------------|
| ADDITIONS: | |
| CONTRIBUTIONS ON POOLED INVESTMENTS | \$ 7,136,310 |
| NET APPRECIATION IN FAIR VALUE OF INVESTMENTS | (17,694) |
| INTEREST INCOME ON CASH AND SECURITIES | <u>32,975</u> |
| TOTAL ADDITIONS | 7,151,591 |
| DEDUCTIONS: | |
| DISTRIBUTIONS FROM POOLED INVESTMENTS | <u>7,184,294</u> |
| TOTAL DEDUCTIONS | <u>7,184,294</u> |
| NET INCREASE IN NET ASSETS | (32,703) |
| NET ASSETS HELD IN TRUST, JULY 1, 2003 | <u>1,651,140</u> |
| NET ASSETS HELD IN TRUST, JUNE 30, 2004 | <u>\$ 1,618,437</u> |

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





Notes to the Basic Financial Statements

1853



County of San Bernardino

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2004
(Amounts in the thousands)

NOTE 1 – THE FINANCIAL REPORTING ENTITY

(a) Reporting Entity

The County of San Bernardino (the “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 (the “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, these basic financial statements present the primary government and its component units, which are, in substance, although legally separate entities, part of the County’s operations and so data from these units are blended with the data of the primary government. Each blended component unit has a June 30 year-end.

The County’s Comprehensive Annual Financial Report does not include the financial statements of the San Bernardino County Employee’s Retirement Association (SBCERA). The Retirement Board controls the Retirement Association acting as fiduciary agent for the accounting and control of member and employee contributions and investment income. The Retirement Association publishes a separate Comprehensive Annual Financial Report and receives a separate independent audit. The Retirement Association is also a legally separate entity from the County and was determined not to be a component unit according to the criteria set forth in Governmental Accounting Standards Board, the Financial Reporting Entity (GASB 39).

Additional detailed financial information for each of these entities can be obtained from the Auditor/Controller’s Office at 222 W. Hospitality Lane, San Bernardino, CA 92415-0018.

(b) Blended Component Units

Using the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 39, the Financial Reporting Entity, management determined that the following component units should be blended:

- Fire Protection Districts
- Flood Control District
- Park and Recreation Districts
- Crestline Sanitation District
- County Service Areas
- Various joint powers authorities (“JPAs”)
- The Inland Empire Facilities Corporation, created for the benefit of the County
- Inland Empire Solid Waste Authority
- San Bernardino County Financing Authority
- Crestline Financing Authority
- Redevelopment Agency of the County of San Bernardino

The County is financially accountable for each of the above component units through the County’s elected officials and descriptions of these component units are contained in

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subsequent sections of this Comprehensive Annual Financial Report. Financial accountability is demonstrated by the Board of Supervisors acting as the governing board for the component unit. Because of their relationship with the County and the nature of their operations, each of the component units is, in substance, part of the County's operations and, accordingly, the activities of these component units are combined (blended) with the activities of the County for purposes of reporting in the accompanying basic financial statements.

Effective July 1, 2003, the San Bernardino County Board of Supervisors approved the transition of the Community Services Department of the San Bernardino County to a private, non-profit corporation. The corporation is now known as the Community Action Partnership of San Bernardino of San Bernardino County. The corporation has been officially designated by the State Department of Community Services and Development as the Community Action Agency for San Bernardino County. The Community Action Partnership (formally known as the Community Services Department) no longer meets the definition of a blended component unit in accordance with GASB 39.

(c) Discretely Presented Component Unit

The FIRST 5 of San Bernardino County (formerly the Children and Families First Commission) was formed in 1998 under the California Health and Safety Code Section 10110, 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 to be funded by allocations of California Proposition 10 Tobacco Tax. The board consists of seven members, three of who are officers of the County, while the remaining four are appointed by the San Bernardino County Board of Supervisors. The FIRST 5 is a discretely presented component unit as its governing body is not substantially the same, as that of the County and the FIRST 5 does not provide services entirely or almost entirely to the County but rather to the citizenry.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

In accordance with Governmental Accounting Standards Board Statement (GASB) No. 34 (GASB 34), 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 Assets 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

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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. 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 category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The County reports only one major governmental fund:

- *The General Fund* is used to account 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 County reports the following major enterprise funds.

- *The County Medical Center Fund* accounts for inpatient and outpatient care including emergency room services and indigent care to County residents. The fund is financed primarily by patient care services.
- *The Waste Systems Division Fund* accounts for refuse disposal services provided to the public by twenty 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.

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

- *Internal Service Funds* Account for printing services, records management, central mail, telephone services, computer operations, vehicle services, risk management, and flood control equipment operations that provide services to other departments or agencies of the County on a cost reimbursement basis

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- 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, nor to appropriate surplus funds available in these entities. Therefore, these entities are fiscally independent of the County.
- The *Agency Funds* account for assets held by the County as an agent for various local governments.

(b) Basis of Accounting

The government-wide, proprietary, and investment trust fund 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 eligible 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 and available. Property and sales taxes, interest, certain state and federal grants 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. 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 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.

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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in

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connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the County has elected not to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989.

(c) Capital Assets And Long-Term Debt

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the government-wide Statement of Net Assets.

(d) Due From Other Governments

At June 30, 2004, the General Fund accrued \$139,885 of receivables from other governments, of which \$116,830 was due from the State of California. Of the amount owed by the State, \$21,972 was for Health Care Services, \$47,410 was for Public Social Services, \$29,944 was for motor vehicle license fees and sales tax monies, and the remaining \$17,504 was for other services. Amounts owed from cities for booking fees and other services were \$7,094. The remaining amount of \$15,961 was due from the federal government and other governmental agencies.

(e) Taxes and Accounts Receivable

The \$17,906 taxes receivable balance in the Governmental Activities column of the statement of net assets at June 30, 2004 is net of an allowance of doubtful accounts of \$860. The \$26,024 accounts receivable balance of the Medical Center Enterprise Fund at June 30, 2004 is net of an allowance for doubtful accounts of \$197,818.

The \$394 accounts receivable balance of the Fire Protection Districts – Ambulance Fund at June 30, 2004 is net of an allowance for doubtful accounts of \$679. The \$273 accounts receivable balance of the Crestline Sanitation District Fund at June 30, 2004 is net of an allowance for doubtful accounts of \$5. These funds are reflected as part of the enterprise funds on the statement of net assets.

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(f) Deferred Revenue

In the fund financial statements, governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2004, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows.

| | <u>Unavailable</u> | <u>Unearned</u> | <u>Total</u> |
|--------------------------------|--------------------|-----------------|------------------|
| Governmental Activities | | | |
| General Fund | | | |
| Developer Deposits | \$ - | \$ 3,039 | \$ 3,039 |
| Property Tax Receivable | 9,086 | | 9,086 |
| Due from governmental agencies | - | 5,066 | 5,066 |
| Nonmajor funds | | | |
| Property Tax Receivable | 5,076 | - | 5,076 |
| Due from governmental agencies | <u>-</u> | <u>147</u> | <u>147</u> |
| Total Governmental Activities | <u>\$ 14,162</u> | <u>\$ 8,252</u> | <u>\$ 22,414</u> |

(g) 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.

(h) Investments

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

The County's investments and securities are reported at fair value based upon quoted market prices. Securities having no sales are valued based upon last reported bid prices. 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.

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(i) 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 activities are accounted for as expenditures when the inventory items are consumed. In the fund financial statements, reported inventories are offset with a corresponding reservation of 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 in both the government-wide and the fund financial statements.

(j) 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 2003-04 gross assessed valuation of the County of San Bernardino was \$ 77,425,423 (after deducting \$ 23,080,560 for the redevelopment tax allocation increment).

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 on 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 on 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. 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 revenue 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.

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(k) Capital Assets

Capital assets, which include property, plant, equipment, 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. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000.00 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

| | |
|----------------------------|-----------------|
| Infrastructure | 10 to 100 years |
| Structure and improvements | 45 years |
| Equipment | 5 to 15 years |

The County has six networks of infrastructure assets – roads, runways/taxiways, water/sewer, lighting, drainage, and flood control.

(l) Employee Compensated Absences

Liabilities for vacation, holiday benefits, sick pay and compensatory time are accrued when incurred in the government-wide and proprietary fund financial statements. In the event of retirement or termination, an employee is paid 100% of accumulated vacation pay, and those with ten or more years of continuous services are paid 30% to 50% of their accumulated sick leave. Up to two times the annual vacation accrual rate may be carried over from one year to the next. In accordance with GASB Interpretation No. 6, a liability for these amounts is reported in the governmental funds financial statements only if they have matured, for example, as a result of employee resignations and retirements prior to year-end and are paid by the County subsequent to year-end.

(m) Interfund Transactions

Interfund transactions are reflected as either 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 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 fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

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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.

(n) 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 of assets and liabilities and disclosure of contingent assets and liabilities 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.

NOTE 3 – RESTATEMENT OF FUND EQUITY/NET ASSETS

Compensated Absences

In the year ended June 30, 2003, the County understated the liability for compensated absences, which resulted in a restatement of net assets.

Prepaid Pension Asset

In accordance with GASB 27, *Accounting for Pension by State and Local Governmental Employers*, the County has calculated the 1995 prepaid pension asset and determined that the net assets reported as of June 30, 2003 were understated. As a result, the beginning net assets have been restated to account for prepaid pension asset.

Restatements to the Fund-Type Financial Statements:

| | Medical Center | Internal Service Funds |
|---------------------------------------------------------------------|--------------------|---------------------------|
| Beginning Fund Balance/Net Assets (deficit), as previously reported | \$ (22,584) | \$ (1,180) |
| Compensated Absences | (619) | (511) |
| Beginning fund balance/Net Assets as restated | <u>\$ (23,203)</u> | <u>\$ (1,691)</u> |

Restatements to the Government-Wide Financial Statements:

| | Governmental Activities | Business -Type Activities |
|----------------------------------------------|----------------------------|------------------------------|
| Beginning Net Assets, as previously reported | \$ 938,656 | \$ 44,252 |
| Medical Center | - | (619) |
| Internal Service Funds | (511) | - |
| Compensated Absences | (17,922) | - |
| Prepaid Pension Asset | 399,038 | - |
| | <u>\$ 1,319,261</u> | <u>\$ 43,633</u> |

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NOTE 4 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Amounts reported for governmental activities in the statement of net assets 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 43) | Eliminations | Statement of Net Assets Totals (Page 36) |
|------------------------------------------------------------|---------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------|---------------------------------------------------|
| ASSETS | | | | | |
| CASH AND CASH EQUIVALENTS | \$ 520,334 | \$ - | \$ 76,929 | \$ - | \$ 597,263 |
| INVESTMENTS | 9,620 | - | - | - | 9,620 |
| ACCOUNTS RECEIVABLE - NET | 3,443 | - | 218 | - | 3,661 |
| TAXES RECEIVABLE | 27,992 | (10,086) | - | - | 17,906 |
| INTEREST RECEIVABLE | 378 | - | - | - | 378 |
| LOAN RECEIVABLE | 1,469 | 6,407 | - | - | 7,876 |
| OTHER RECEIVABLES | 48 | - | - | - | 48 |
| DUE FROM OTHER FUNDS | 64,793 | - | 723 | (65,516) | - |
| DUE FROM OTHER GOVERNMENTS | 171,535 | - | 658 | 11,938 | 184,131 |
| INTERNAL BALANCES | - | - | - | 28,493 | 28,493 |
| INVENTORIES | 1,440 | - | 1,774 | - | 3,214 |
| PREPAID ITEMS | 178 | - | 1,235 | - | 1,413 |
| DEFERRED CHARGES | - | 4,180 | - | - | 4,180 |
| INTERFUND RECEIVABLE | 1,400 | - | - | (1,400) | - |
| RESTRICTED CASH AND INVESTMENTS | 143,283 | - | - | - | 143,283 |
| OTHER ASSETS | - | - | - | - | - |
| PREPAID PENSION ASSET | - | 848,238 | - | - | 848,238 |
| LAND | - | 48,501 | - | - | 48,501 |
| STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE | - | 1,558,038 | 7,049 | - | 1,565,087 |
| EQUIPMENT | - | 146,329 | 51,451 | - | 197,780 |
| ACCUMULATED DEPRECIATION AND AMORTIZATION | - | (737,333) | (39,049) | - | (776,382) |
| CONSTRUCTION IN PROGRESS | - | 134,764 | - | - | 134,764 |
| TOTAL ASSETS | \$ 945,913 | \$ 1,999,038 | \$ 100,988 | \$ (26,485) | \$ 3,019,454 |
| LIABILITIES | | | | | |
| ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES | \$ 37,713 | \$ - | \$ 2,862 | \$ - | \$ 40,575 |
| SALARIES AND BENEFITS PAYABLE | 42,166 | - | 1,493 | - | 43,659 |
| DUE TO OTHER FUNDS | 21,866 | - | 2,969 | (24,835) | - |
| DUE TO OTHER GOVERNMENTS | 32,792 | (300) | - | - | 32,492 |
| DUE TO COMPONENT UNIT | - | 300 | - | - | 300 |
| INTEREST PAYABLE | 2,100 | - | - | - | 2,100 |
| DEFERRED REVENUE | 22,414 | (14,708) | 256 | - | 7,962 |
| INTERFUND PAYABLE | 1,650 | - | - | (1,650) | - |
| TRANS NOTE PAYABLE | 140,000 | - | - | - | 140,000 |
| COMPENSATED ABSENCES PAYABLE | - | 96,853 | 3,282 | - | 100,135 |
| COP BONDS AND NOTES PAYABLE | - | 1,503,250 | - | - | 1,503,250 |
| CAPITAL LEASE OBLIGATIONS | - | 4,732 | 785 | - | 5,517 |
| OTHER LONG TERM LIABILITIES | 702 | 25,851 | - | - | 26,553 |
| ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS | - | - | 101,709 | - | 101,709 |
| DEFERRED AMOUNT ON REFUNDING | - | (6,763) | - | - | (6,763) |
| PREMIUM | - | 2,106 | - | - | 2,106 |
| DISCOUNT | - | (350,495) | - | - | (350,495) |
| TOTAL LIABILITIES | 301,403 | 1,260,826 | 113,356 | (26,485) | 1,649,100 |
| FUND BALANCE/NET ASSETS | 644,510 | 738,212 | (12,368) | - | 1,370,354 |
| TOTAL LIABILITIES & FUND BALANCE/NET ASSETS | \$ 945,913 | \$ 1,999,038 | \$ 100,988 | \$ (26,485) | \$ 3,019,454 |

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

| | | |
|----------------------------------------------|--------------|--------------|
| Land | 48,501 | |
| Structures, Improvements, and Infrastructure | \$ 1,558,038 | |
| Equipment | 146,329 | |
| Accumulated Depreciation and Amortization | (737,333) | |
| Construction in Progress | 134,764 | |
| | | \$ 1,150,299 |

Net Pension Obligation Bond 852,418

Other long-term assets that are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. 6,394

Pension Obligation Bond payable (463,895)

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 | (96,853) | |
| COP Bonds and Notes Payable | (1,039,355) | |
| Capital Lease Obligations | (4,732) | |
| Other Long Term Liabilities | (21,216) | |
| Deferred Amount on Refunding | 6,763 | |
| Premium | (2,106) | |
| Discount | 350,495 | |
| | | (807,004) |
| | | \$ 738,212 |

Internal service funds that are used by management to charge the costs of general services, telephone services, computer operations, vehicle services, risk management, and flood control equipment to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.

\$ (12,368)

NOTE 5 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

(a) Budgetary information

In accordance with the provisions of Section 29000 – 29143 of the Government Code of the State of California, commonly known as the County Budget Act, the County prepares and adopts a budget on or before August 30, for each fiscal year. Budgets are adopted for the General Fund, certain Special Revenue Funds, and certain Capital Projects Funds. Budgets

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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: Community Services Department Special Revenue Fund, Pension Obligation Bonds Debt Service Fund and the Joint Powers Authorities Special Revenue, Debt Service and Capital Projects Funds.

The legal level of budgetary control is maintained at the object level 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 made available to the public by the office of the Auditor/Controller.

Amendments or transfers of appropriations between funds or departments must be approved by the Board. Supplemental appropriations necessary and normally financed by unanticipated revenues during the year must also be approved by the Board. From time to time during the year, supplemental appropriations were necessary and approved by the Board. Amendments or transfers of appropriations between object levels within the same department may be approved by the Board or the County Administrative Office. Transfers at the sub-object 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 fiscal year 2003-04, there were no instances in which expenditures exceed appropriations.

(c) Net Deficits of Individual Funds

The Medical Center expects to eliminate its net deficit of \$ 26,744 in future years through rate increases and/or possible contributions from the General Fund.

The Jobs and Employment Services net deficit of \$208 is expected to be eliminated in future years through increases in government grants and other local reimbursements.

The Risk Management Division incurred a net deficit of \$ 55,725 is expected to be eliminated over the next five years through rate increases.

(d) 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

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Balances – Budget and Actual on Budgetary Basis presents comparisons 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 | \$ 320,166 |
| Outstanding encumbrances for budgeted funds | 9,632 |
| Fund balance - GAAP basis | \$ 329,798 |

Net Assets/Fund Balances

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation 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 Assets* – 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 assets include federal and state grants that are restricted by grant agreements for specific purposes and restricted cash set aside for debt service payments. At June 30, 2004, the County reported restricted net assets of \$400,271 restricted for the following purposes:

| Restricted for: | Amount |
|------------------------------------------------------------------------|------------|
| Legally segregated special revenue funds for grants and other purposes | \$ 252,401 |
| Debt Service | 40,193 |
| Capital project funds | 21,575 |
| Permanent funds | 543 |
| State Realignment Funds | 85,559 |
| | \$ 400,271 |

- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

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In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

Fund balances which are not available for appropriation at June 30, 2004 are reserved or designated for the following purposes:

Reserved Fund Balance

| | Governmental Activities | | Total |
|----------------------------------|-------------------------|------------------|-------------------|
| | General Fund | Nonmajor Funds | |
| Encumbrances | \$ 9,632 | \$ 38,293 | \$ 47,925 |
| Prepaid Items | 1,344 | - | 1,344 |
| Noncurrent Interfund Receivables | 1,025 | 403 | 1,428 |
| Debt Service | - | 40,193 | 40,193 |
| Inventories | 1,205 | 235 | 1,440 |
| Loans Receivable | 1,462 | 116 | 1,578 |
| Deposits with Others | - | - | - |
| Teeter Plan | 9,077 | - | 9,077 |
| Total | <u>\$ 23,745</u> | <u>\$ 79,240</u> | <u>\$ 102,985</u> |

Designated Fund Balance

| | General Fund |
|-------------------------------|-------------------|
| General Purpose | \$ 34,824 |
| Medical Center Debt Service | 32,075 |
| Justice Facilities | 3,706 |
| West Valley Maximum Security | 1,493 |
| Future Retirement Rate | 7,000 |
| Teeter Plan | 10,183 |
| Restitution | 2,114 |
| Equity Pool | 4,382 |
| Insurance | 3,000 |
| Bark Beetle Reserve | 1,830 |
| Hall of Paleontology | 865 |
| Capital Projects | 4,000 |
| SWBPI - Law & Justice | 3,406 |
| Total Designated Fund Balance | <u>\$ 108,878</u> |

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NOTE 6 – 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) nor is it an SEC Rule 2a7 – like pool. The pool does not issue a separate report. Included also are cash and investments held by certain joint powers authorities and cash held by various trustee financial institutions in accordance with the California Government Code.

DEPOSITS

At June 30, 2004, the carrying amount of the County’s deposits was \$38,732 and the corresponding bank balance was \$97,300. The difference of \$58,568 was principally due to outstanding warrants, wires and deposits in transit. The County’s deposits are categorized in the following manner:

- Category 1 - Insured or collateralized with securities held by the County or by its agent in the County's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.
- Category 3 - Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the County's name.

County deposits by category as of June 30, 2004 are as follows:

| | Category | | | Total |
|---------------|-----------------|----------|-----------|--------------|
| | 1 | 2 | 3 | |
| Bank Accounts | \$ 10,683 | \$ 2,589 | \$ 84,028 | \$ 97,300 |

INVESTMENTS

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

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Monies deposited in the County pool by the participants represent an individual interest in all assets and investments in the County pool based upon the amount deposited. Interest income, realized gains and losses are distributed quarterly to the pool participants, based upon their average daily balance. Unrealized gains and losses are distributed annually to the pool participants, based upon their average daily balance.

The County Treasurer determines the market-to-book value difference of the County pool on a monthly basis and provides monthly reports of its asset mix, average life, market value and other features to both the Board of Supervisors and the County Treasury Oversight Committee. The function of the Committee is to render unbiased and objective opinions on matters involving the Treasurer's investment of public funds. Specifically they are charged with: 1) reviewing of the annual Investment Policy Statement and any subsequent changes, 2) reviewing of the investment portfolio and reports for compliance with law and investment policy, and 3) causing an annual audit to be conducted on the pooled investment portfolio.

State law now requires that all operating monies of the County, school districts, and certain special districts be held by the County Treasurer. The net asset value associated with legally mandated participants in the asset pool was \$2,842,527 at June 30, 2004.

As of June 30, 2004, the fair value of the County pool was \$2.9 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, school districts and special districts. Additionally, as of June 30, 2004, \$56,371 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.

A summary of the investments held by the County Treasurer is as follows:

| Investment | Fair Value | Cost | Interest Rate % Range | Maturity Date |
|----------------------------------------|---------------------|---------------------|------------------------------|----------------------|
| U.S. Government Securities | \$ 1,829,869 | \$ 1,837,939 | 1.04 - 5.80 | 07/01/04 - 11/12/08 |
| Repurchase Agreements | 100,001 | 100,000 | 1.57 | 07/01/04 |
| Municipal Bonds | 12,996 | 12,955 | 1.42 - 5.55 | 08/01/04 - 08/01/05 |
| Collateralized Certificates of Deposit | 9,990 | 10,000 | 1.35 | 10/25/04 |
| Negotiable Certificates of Deposit | 139,784 | 140,000 | 1.07 - 1.95 | 07/08/04 - 05/25/05 |
| Commercial Paper | 554,428 | 554,238 | 1.01 - 1.56 | 07/01/04 - 12/21/04 |
| Medium Term Notes | 91,730 | 93,062 | 1.15 - 1.93 | 07/15/04 - 06/15/05 |
| Mutual Funds | 160,100 | 160,100 | 1.00 | N/A |
| | <u>\$ 2,898,898</u> | <u>\$ 2,908,294</u> | | |

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The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2004:

| Statement of Net Assets | |
|---------------------------------------------|---------------------|
| Equity of internal pool participants | \$ 1,280,461 |
| Equity of external pool participants: | |
| Voluntary | 56,371 |
| Involuntary | 1,562,066 |
| Total Net Assets held for pool participants | \$ 2,898,898 |

| Statement of Changes in Net Assets | |
|------------------------------------------------|---------------------|
| Net Assets at July 1, 2003 | \$ 2,706,613 |
| Net change in investments by pool participants | 192,285 |
| Net Assets at June 30, 2004 | \$ 2,898,898 |

In accordance with GASB Statement No. 3, the County's investments at June 30, 2004 are categorized separately to give an indication of the level of custodial credit risk assumed by the County. The County's investments are categorized in the following manner:

- Category 1 - Includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name.

- Category 2 - Includes uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in the County's name.

- Category 3 - Includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent, but not in the County's name.

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County investments by category as of June 30, 2004 are as follows:

| | Category | | | Fair Value |
|-----------------------------------------------------|---------------------|-----------------|------------------|---------------------|
| | 1 | 2 | 3 | |
| U.S. Government Securities | \$ 1,829,869 | \$ - | \$ - | \$ 1,829,869 |
| Repurchase Agreements | 100,001 | - | - | 100,001 |
| Municipal Bonds | 12,996 | - | - | 12,996 |
| Collateralized Certificates of Deposit | 9,990 | - | - | 9,990 |
| Negotiable Certificates of Deposit | 139,784 | - | - | 139,784 |
| Commercial Paper | 554,428 | - | - | 554,428 |
| Medium Term Notes | 91,730 | - | - | 91,730 |
| Total Investments Controlled by County Treasurer | <u>2,738,798</u> | <u>-</u> | <u>-</u> | <u>2,738,798</u> |
| Investments Controlled by Fiscal Agents: | | | | |
| U.S. Government Securities | 438 | 6,908 | 29,308 | 36,654 |
| Total Categorized Investments | <u>\$ 2,739,236</u> | <u>\$ 6,908</u> | <u>\$ 29,308</u> | <u>\$ 2,775,452</u> |

Summary of Cash and Investments (in thousands):

| | |
|---------------------------------------------------------------------------------------------|---------------------|
| Total Categorized Investments at Fair Value | \$ 2,775,452 |
| Total Deposits at Carrying Amount | 38,732 |
| Other Cash Funds (Imprest, Revolving) | 4,353 |
| Non-Categorized Mutual Funds (County) | 160,100 |
| Non-Categorized Mutual Funds with Fiscal Agents | 23,542 |
| Non-Categorized Investments in Cash with Fiscal Agents (Guaranteed Investment Contracts) | 23,661 |
| Total Cash and Investments (Including Restricted Amounts) | <u>\$ 3,025,840</u> |

Total County Cash and Cash Equivalents, Investments and Restricted Cash are reported as follows (in thousands):

| | |
|--------------------------------|---------------------|
| Total Governmental Activities | \$ 750,166 |
| Total Business-Type Activities | 244,515 |
| Total Agency Funds | 1,960,686 |
| First 5 (Discretely Presented) | 70,473 |
| Total Cash and Investments | <u>\$ 3,025,840</u> |

COUNTY OF SAN BERNARDINO
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NOTE 7 – INTERFUND TRANSACTIONS

Due to/from other funds at June 30, 2004 are as follows:

| | | |
|-----------------------------|-----------------------------|------------------|
| General Fund | Nonmajor Governmental Funds | \$ 11,150 |
| | Medical Center | 28,857 |
| | Waste Systems Division | 5,613 |
| | Nonmajor Enterprise Funds | 43 |
| | Internal Service Funds | 155 |
| | Investment Funds | 299 |
| | Agency Funds | 2,743 |
| | | <u>48,860</u> |
| Nonmajor Governmental Funds | General Fund | 5,424 |
| | Nonmajor Governmental Funds | 3,499 |
| | Waste Systems Division | 18 |
| | Nonmajor Enterprise Funds | 93 |
| | Internal Service Funds | 2,814 |
| | Investment Funds | 380 |
| | Agency Funds | 3,705 |
| | | <u>15,933</u> |
| Medical Center | General Fund | 685 |
| | Nonmajor Governmental Funds | 4 |
| | Agency Funds | 430 |
| | | <u>1,119</u> |
| Waste Systems Division | Nonmajor Governmental Funds | 18 |
| | Agency Funds | 552 |
| | | <u>570</u> |
| Nonmajor Enterprise Funds | Nonmajor Governmental Funds | 26 |
| | Agency Funds | 317 |
| | | <u>343</u> |
| Internal Service Funds | General Fund | 102 |
| | Nonmajor Governmental Funds | 426 |
| | Medical Center | 50 |
| | Agency Funds | 145 |
| | | <u>723</u> |
| Investment Funds | Nonmajor Governmental Funds | 14 |
| | Agency Funds | 7,554 |
| | | <u>7,568</u> |
| Agency Funds | General Fund | 518 |
| | Agency Funds | 12 |
| | | <u>530</u> |
| Total | | <u>\$ 75,646</u> |

Transfers are used to (1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them, (2) move receipts identified for debt services from the funds collecting the receipts to the debt service funds as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

COUNTY OF SAN BERNARDINO
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Interfund Receivable/Payable at June 30, 2004 are as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|-----------------------------|-----------------------------|---------------------------------|
| General Fund | Nonmajor Governmental Funds | <u>\$ 1,000</u> <u>1,000</u> |
| Nonmajor Governmental Funds | Nonmajor Governmental Funds | <u>400</u> <u>400</u> |
| Agency Funds | Nonmajor Governmental Funds | <u>250</u> <u>250</u> |
| | Total | <u><u>\$ 1,650</u></u> |

COUNTY OF SAN BERNARDINO
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Transfers To/From Other Funds for the year ended June 30, 2004 are as follows:

Transfers are indicative of 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:

(a) Between Governmental and Business-type Activities:

| <u>Transfer From</u> | <u>Transfer To</u> | <u>Amount</u> |
|---------------------------|-----------------------------|------------------|
| General Fund | Medical Center | \$ 37,158 |
| | Internal Service Funds | 2,000 |
| | | <u>39,158</u> |
| Internal Service Funds | Nonmajor Governmental Funds | 2,605 |
| | | <u>2,605</u> |
| Waste Systems Division | General Fund | 8,000 |
| | Nonmajor Governmental Funds | 70 |
| | | <u>8,070</u> |
| Medical Center | Nonmajor Governmental Funds | 1,927 |
| | | <u>1,927</u> |
| Nonmajor Enterprise Funds | General Fund | 11 |
| | Nonmajor Governmental Funds | 2,632 |
| | | <u>2,643</u> |
| | Total | <u>\$ 54,403</u> |

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

| | | |
|-----------------------------|-----------------------------|------------------|
| General Fund | Nonmajor Governmental Funds | 41,462 |
| | | <u>41,462</u> |
| Nonmajor Governmental Funds | General Fund | 34,787 |
| | Nonmajor Governmental Funds | 11,402 |
| | Nonmajor Enterprise Funds | 3 |
| | | <u>46,192</u> |
| Internal Service Funds | Internal Service Funds | 7 |
| | | <u>7</u> |
| Total | | <u>\$ 87,661</u> |

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

Amounts transferred out of the General Fund to the Medical Center are the results of year-end budgeted transfer, and the annual transfer from health care cost to the Medical Center.

Amounts transferred from the General Fund to the Nonmajor Governmental Funds are the results of the joint power authorities' debt service payments and the pension obligation bond debt service payments.

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NOTE 8 – RESTRICTED CASH AND INVESTMENTS

Cash and cash equivalents that are restricted by legal or contractual requirements at June 30, 2004 are comprised of the following:

General Fund

The General Fund has restricted cash and cash equivalents in the amount of \$141,988 for the repayment of the Tax and Revenue Anticipation Notes (“TRANS”), and the interest thereon due July 1, 2004.

Special Revenue Funds

Flood Control District:

The Flood Control District has set aside a total of \$840. \$124 is to be used for the construction of the Etiwanda/San Sevaine and Day Creek Projects. \$716 has been contractually set-aside with an escrow agent for the payment of retention payables.

County Service Areas:

Restricted cash and cash equivalents of \$455 represent grant anticipation note agreement money with escrow agent that has not been drawn.

Enterprise Funds

Medical Center:

Restricted cash and cash equivalents of \$59,176 represent funds set aside for debt service payments.

Waste System Division:

Restricted cash and cash equivalents of \$107,264 represent funds set aside as specified by bond covenants and for a waste water treatment facility, groundwater detection, treatment and remediation, and for State mandated site closure and maintenance costs.

COUNTY OF SAN BERNARDINO
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NOTE 9 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 was as follows:

Primary Government

| | Balance July 1, 2003 | Additions | Decreases | Balance June 30, 2004 |
|----------------------------------------------|-------------------------|--------------------|------------------|--------------------------|
| Governmental Activities | | | | |
| Capital assets, non-depreciable: | | | | |
| Land | \$ 48,501 | \$ - | \$ - | \$ 48,501 |
| Construction in progress | 75,058 | 66,849 | 7,143 | 134,764 |
| Total assets, non-depreciable | <u>123,559</u> | <u>66,849</u> | <u>7,143</u> | <u>183,265</u> |
| Capital Assets, depreciable: | | | | |
| Improvements other than Buildings | 116,040 | 3,525 | 39 | 119,526 |
| Structures and Improvements | 441,908 | 9,093 | 18 | 450,983 |
| Equipment | 191,738 | 24,980 | 18,938 | 197,780 |
| Infrastructure | 978,592 | 15,986 | - | 994,578 |
| Total assets-depreciable | <u>1,728,278</u> | <u>53,584</u> | <u>18,995</u> | <u>1,762,867</u> |
| Less accumulated depreciation for : | | | | |
| Improvements other than Buildings | 52,396 | 5,012 | 40 | 57,368 |
| Structures and Improvements | 120,592 | 10,060 | 18 | 130,634 |
| Equipment | 121,054 | 23,002 | 15,828 | 128,228 |
| Infrastructure | 437,332 | 22,820 | - | 460,152 |
| Total accumulated depreciation | <u>731,374</u> | <u>60,894</u> | <u>15,886</u> | <u>776,382</u> |
| Total capital assets, depreciable, net | <u>996,904</u> | <u>(7,310)</u> | <u>3,109</u> | <u>986,485</u> |
| Governmental activities capital assets, net | <u>\$ 1,120,463</u> | <u>\$ 59,539</u> | <u>\$ 10,252</u> | <u>\$ 1,169,750</u> |
| Business-type Activities | | | | |
| Capital assets, non-depreciable: | | | | |
| Land | \$ 39,400 | \$ - | \$ - | \$ 39,400 |
| Construction in progress | 7,247 | 6,580 | 2,240 | 11,587 |
| Total assets, non-depreciable | <u>46,647</u> | <u>6,580</u> | <u>2,240</u> | <u>50,987</u> |
| Capital Assets, depreciable: | | | | |
| Improvements other than Buildings | 186,810 | 28,686 | | 215,496 |
| Structures and Improvements | 532,473 | 18 | 24,430 | 508,061 |
| Equipment | 97,810 | 3,513 | 539 | 100,784 |
| Total capital assets-depreciable | <u>817,093</u> | <u>32,217</u> | <u>24,969</u> | <u>824,341</u> |
| Less accumulated depreciation for : | | | | |
| Improvements other than Buildings | 91,138 | 31,757 | 1,125 | 121,770 |
| Structures and Improvements | 84,465 | 12,891 | 24,755 | 72,601 |
| Equipment | 62,062 | 10,814 | 375 | 72,501 |
| Total accumulated depreciation | <u>237,665</u> | <u>55,462</u> | <u>26,255</u> | <u>266,872</u> |
| Total capital assets, depreciable, net | <u>579,428</u> | <u>(23,245)</u> | <u>(1,286)</u> | <u>557,469</u> |
| Business-type activities capital assets, net | <u>\$ 626,075</u> | <u>\$ (16,665)</u> | <u>\$ 954</u> | <u>\$ 608,456</u> |

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Depreciation

Depreciation expense was charged to governmental functions as follows:

| | | |
|-----------------------------------------------------|----|----------------------|
| General Government | \$ | 8,621 |
| Public Protection | | 18,531 |
| Public Ways and Facilities | | 28,155 |
| Health and Sanitation | | 675 |
| Public Assistance | | 2,177 |
| Education | | 260 |
| Recreation and Cultural Services | | <u>2,475</u> |
| Total depreciation expense - governmental functions | \$ | <u><u>60,894</u></u> |

Depreciation expense was charged to the business-type functions as follows:

| | | |
|------------------------------------------------------|----|----------------------|
| Medical Center | \$ | 23,328 |
| Waste Systems Division | | 3,460 |
| Nonmajor Funds | | <u>28,674</u> |
| Total depreciation expense - business type functions | \$ | <u><u>55,462</u></u> |

Construction in Progress

Construction in Progress consists of the following projects

| | Governmental Activities | Business-Type Activities |
|------------------------------------------|----------------------------|-----------------------------|
| Chino Airport and Other Airport Projects | \$ 15,051 | \$ - |
| High Desert Juvenile Facility | 26,075 | - |
| Various Flood Control Projects | 57,586 | - |
| Other Various Projects | <u>36,052</u> | <u>11,587</u> |
| Total | <u><u>\$ 134,764</u></u> | <u><u>\$ 11,587</u></u> |

Discretely Presented Component Units

Activity for the FIRST 5 of San Bernardino for the year ended June 30, 2004, was as follows:

| | Balance July 1, 2003 | Additions | Decreases | Balance June 30, 2004 |
|------------------------------------|-------------------------|---------------------|--------------------|--------------------------|
| Capital assets, being depreciated: | | | | |
| Furniture and Computer Equipment | <u>\$ 137</u> | <u>\$ 112</u> | <u>\$ 5</u> | <u>\$ 244</u> |
| Less accumulated depreciation for: | | | | |
| Furniture and Computer Equipment | <u>28</u> | <u>30</u> | <u>-</u> | <u>58</u> |
| District capital assets, net | <u><u>\$ 109</u></u> | <u><u>\$ 82</u></u> | <u><u>\$ 5</u></u> | <u><u>\$ 186</u></u> |

COUNTY OF SAN BERNARDINO
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NOTE 10 – SELF INSURANCE

The County has self-insurance programs for public liability, property damage, unemployment insurance, employee dental insurance, hospital and medical malpractice liability and workers' compensation claims. Public liability claims are self-insured for up to \$1 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$30 million is provided through a Risk Pool Agreement with California State Association of Counties (CSAC) Excess Insurance Authority ("EIA") Liability Program II. Workers' compensation claims are self-insured up to \$2 million per occurrence and covered by CSAC EIA for up to \$10 million for employer's liability and up to \$50 million for workers' compensation per occurrence. Property damage claims are insured on an occurrence basis over a \$25 thousand deductible, and insured with CSAC EIA Property Program.

The County supplements its self-insurance for medical malpractice claims with CSAC EIA, which provides annual coverage on a claim made form basis with an SIR of \$1 million for each claim. Maximum coverage under the policy is \$11.5 million per claim with an additional \$18.5 million in limits provided by the CSAC EIA General Liability II Program.

All public officials and County employees are insured under a blanket Comprehensive Disappearance, Destruction, and Dishonesty policy covering County monies and securities, also with CSAC EIA with a \$100,000 deductible, and excess limits up to \$10 million per occurrence.

The activities related to such programs are accounted for in the Risk Management Fund (an Internal Service Fund) except for unemployment insurance and employee dental insurance, which are accounted for in the General Fund. The liabilities included in the Risk Management Fund are based upon the results of actuarial studies and include amounts for claims incurred but not reported and allocated loss adjustment expense. The liabilities for these claims are reported using a discounted rate of 5.00%. It is the County's practice to obtain actuarial studies at least biennially.

The County has a risk management investment program agreement with the Bank of New York to finance the self-insured general liability, automobile liability, workers' compensation and medical malpractice programs. The County's investment in the agreements totaled \$45.7 million at June 30, 2004.

The claims liability of \$101.7 million reported at June 30, 2004 is based on the requirements of GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

COUNTY OF SAN BERNARDINO
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Changes in the claims liability amount in fiscal years 2003 and 2004 were:

| | Beginning of | Current Year | | | Balance |
|--------------------|------------------------------|----------------------------------------|------------------------|-----------------------------------|----------------|
| Fiscal Year | Fiscal Year Liability | Claims and Changes in Estimates | Claims Payments | Balance at Fiscal Year-end | |
| 2002-03 | \$ 95,288 | \$ 30,685 | \$ 32,171 | \$ 93,802 | |
| 2003-04 | 93,802 | 45,128 | (37,221) | 101,709 | |

NOTE 11 – LONG TERM DEBT

Primary Government

The following is a summary of long-term liability transactions for the year ended June 30, 2004:

| | Balance July 1, 2003 | Additions | Reductions | Ending Balance June 30, 2004 | Due Within One Year |
|---------------------------------------------------------------|-------------------------|-------------------|-------------------|------------------------------------|------------------------|
| Governmental Activities | | | | | |
| Certificates of Participation, net | \$ 232,640 | \$ 585 | \$ 7,702 | \$ 225,523 | \$ 10,265 |
| Revenue Bonds, net | 434,889 | 15,951 | 13,020 | 437,820 | 15,480 |
| Other Bonds and Notes | 21,184 | 463,895 | 324 | 484,755 | 346 |
| Compensated Absences | 99,443 | 68,738 | 68,046 | 100,135 | 66,500 |
| Capital Lease Obligation | 6,994 | 1,158 | 2,635 | 5,517 | 1,636 |
| Estimated Liability for Litigation and Self-Insured Claims | 93,802 | 45,128 | 37,221 | 101,709 | 32,047 |
| Other Long-Term Liabilities | 23,246 | 3,988 | 681 | 26,553 | 754 |
| Total Governmental Activities - Long-term Liabilities | \$ 912,198 | \$ 599,443 | \$ 129,629 | \$ 1,382,012 | \$ 127,028 |
| Business-type Activities | | | | | |
| Certificates of Participation, net | \$ 694,739 | \$ 2,453 | \$ 26,540 | \$ 670,652 | \$ 27,960 |
| General Obligation Bonds | 2,657 | 4 | 340 | 2,321 | 331 |
| Notes | 2,729 | 1,300 | 193 | 3,836 | 248 |
| Compensated Absences | 6,694 | 7,314 | 6,753 | 7,255 | 5,854 |
| Capital Lease Obligation | 289 | 1,817 | 447 | 1,659 | 354 |
| Estimated Liability for Closure/Postclosure Care Costs | 141,859 | - | 19,439 | 122,420 | 21,467 |
| Total Business-type Activities - Long-term Liabilities | \$ 848,967 | \$ 12,888 | \$ 53,712 | \$ 808,143 | \$ 56,214 |

Other Long-Term Liabilities include \$12,804 relating to construction of the San Sevaine Creek Water Project, \$4,635 for the Day Creek Project, \$6,165 relating to the San Timoteo Creek Project, \$2,247 relating to the Lenwood/High Desert Estates Sewer Construction Project and \$702 of loans from special districts.

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At June 30, 2004 the \$12,804 is owed to the United States Department of the Interior, Bureau of Reclamation, for construction of the San Sevaine Creek Water Project, and the \$6,165 is owed to the United States Army Corp of Engineers (\$6,000) and the City of Loma Linda Redevelopment Agency (\$165) for the construction of the San Timoteo Creek Project. The \$2,247 for the septic to sewer conversion is due to US Bank. Amounts owed to the Bureau of Reclamation are determined annually until the project is completed (approximately 8 years) based on costs incurred but not exceeding \$20 million. After the project completion, the County has 15 years to pay back the liability along with 7% interest. The loan payable to the United States Army Corp of Engineers will be paid back over 15 years after the completion of the project and interest will be charged at the federal prime rate in effect upon the completion of the project. The loan payable of \$165 to the City of Loma Linda Redevelopment Agency is non-interest bearing and will be paid back over the next 2 years.

In October 1986, the Flood Control District entered into a loan agreement with the Federal Government for construction of the Day Creek Project for \$13,400. A subsequent agreement between the County (on behalf of the District) and the City of Rancho Cucamonga Redevelopment Agency provides the terms and conditions for repayment of the loan. Payments are reflected in the Flood Control District as other revenue (from the City of Rancho Cucamonga) and debt service-principal (to the Bureau of Reclamation). This agreement is to be in force approximately 24 years or until the project is complete and the federal loan is repaid. Payments commenced in 1992 and the remaining balance of the loan as of June 30, 2004, is \$4,635.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2004
(Amounts in the thousands)

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

| <u>Certificates of Participation</u> | <u>Interest Rates (%)</u> | <u>Issue Date</u> | <u>Maturity Date</u> | <u>Original Issue Amount</u> | <u>Outstanding as of 6-30-04</u> |
|-----------------------------------------------------------|---------------------------|-------------------|----------------------|------------------------------|----------------------------------|
| Capital Improvement Refinancing (1996) | Variable | 06-21-96 | 11-01-25 | \$ 9,200 | \$ 8,200 |
| County Center Refinancing (1996) | Variable | 07-11-96 | 07-01-15 | 39,600 | 29,500 |
| Public Improvement Project (1997) | 3.85 to 5.00 | 10-01-97 | 10-01-25 | 17,790 | 14,895 |
| West Valley Detention Center (2001 A) | 4.00 to 4.60 | 10-25-01 | 11-01-18 | 8,365 | 8,365 |
| West Valley Detention Center (2001 B) | 3.50 to 4.00 | 10-25-01 | 11-01-12 | 42,075 | 41,710 |
| Justice Center/Airport Improvement | 3.00 to 5.00 | 03-01-02 | 07-01-16 | 68,100 | 64,225 |
| West Valley Detention Center (2002 A) | 4.50 to 5.25 | 08-6-02 | 11-01-18 | 44,480 | 44,185 |
| Glen Helen Blockbuster (2003 A) | Variable | 05-1-03 | 03-01-24 | 9,825 | 9,500 |
| Glen Helen Blockbuster (2003 B) | Variable | 05-1-03 | 03-01-24 | 9,875 | 9,600 |
| | | | | | <u>230,180</u> |
| Deferred Amount on Refunding: | | | | | |
| West Valley Detention Center (2001 B) | | | | | (2,537) |
| Justice Center/Airport Improvement | | | | | (2,687) |
| West Valley Detention Center (2002 A) | | | | | (1,191) |
| Glen Helen Blockbuster (2003 A & B) | | | | | (348) |
| Premium(Discounts): | | | | | |
| West Valley Detention Center (2001 B) | | | | | 523 |
| Justice Center/Airport Improvement | | | | | 414 |
| West Valley Detention Center (2002 A) | | | | | 1,169 |
| Net Certificates of Participation | | | | | <u>225,523</u> |
| Revenue Bonds | | | | | |
| Pension Obligation (1995) | 5.68 to 7.72 | 11-22-95 | 08-01-21 | 386,266 | 788,315 |
| (Discounts) | | | | | (350,495) |
| Net Revenue Bonds | | | | | <u>437,820</u> |
| Other Bonds and Notes | | | | | |
| San Sevaine Redevelopment Bonds | 5.30 to 6.85 | 03-01-00 | 09-01-29 | 19,770 | 18,965 |
| County Library | 3.41 | 07-18-01 | 02-01-31 | 1,982 | 1,895 |
| Pension Obligation Bonds (2004) | | 06-24-04 | 08-01-23 | 463,895 | 463,895 |
| Subtotal | | | | | <u>484,755</u> |
| Total Bonds And Notes Payable, Governmental Activities | | | | | <u>\$ 1,148,098</u> |

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

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

| Medical Center | Interest Rates (%) | Issue Date | Maturity Date | Original Issue Amount | Outstanding as of 6-30-04 |
|-----------------------------------------|---------------------------|-------------------|----------------------|------------------------------|----------------------------------|
| Certificates of Participation: | | | | | |
| Medical Center Project (Series 1994) | 4.60 to 7.00 | 02-01-94 | 08-01-28 | \$ 283,245 | \$ 194,840 |
| Medical Center Project (Series 1995) | 4.80 to 7.00 | 06-01-95 | 08-01-22 | 363,265 | 128,875 |
| Medical Center Project (Series 1996) | 5.00 to 5.25 | 01-01-96 | 08-01-28 | 65,070 | 65,070 |
| Medical Center Project (Series 1997) | 4.30 to 5.50 | 09-01-97 | 08-01-08 | 121,095 | 74,075 |
| Medical Center Project (Series 1998) | 4.1895 | 10-22-98 | 08-01-26 | 176,510 | 176,510 |
| | | | | | <u>639,370</u> |
| Less: | | | | | |
| Deferred Amount on Refunding | | | | | (41,467) |
| Discounts | | | | | (13,926) |
| Subtotal | | | | | <u>583,977</u> |
| Waste Systems Division | | | | | |
| Certificates of Participation | | | | | |
| Solid Waste Financing (Series 2003 B) | Variable | 05-01-03 | 03-01-17 | 93,875 | 89,225 |
| Less: | | | | | |
| Deferred Amount on Refunding | | | | | (2,550) |
| Subtotal | | | | | <u>86,675</u> |
| Net Certificates of Participation | | | | | <u>670,652</u> |
| County Service Areas | | | | | |
| General Obligation Bonds: | | | | | |
| Spring Valley Lake Sewer Facilities: | | | | | |
| Series A | 6.50 to 6.75 | 02-15-72 | 02-15-02 | 1,300 | 15 |
| Series B | 6.10 to 6.15 | 04-01-74 | 04-01-04 | 1,000 | 20 |
| Helendale Sewer Facilities: | | | | | |
| Series A | 5.00 | 06-01-78 | 06-01-98 | 1,550 | 5 |
| Helendale Water Facilities: | | | | | |
| Series B | 7.00 | 09-01-82 | 06-01-97 | 1,450 | 5 |
| Pinon Hills Water Distribution: | | | | | |
| Series A | 5.00 | 03-01-78 | 03-01-18 | 1,708 | 986 |
| Series B | 5.00 | 03-01-78 | 03-01-18 | 275 | 140 |
| Series C | 9.00 to 11.00 | 11-01-84 | 03-01-05 | 1,518 | 180 |
| Landers Water Distribution System | 5.00 | 06-01-79 | 06-01-19 | 1,540 | 965 |
| Oak Hills Water Distribution Facilities | 7.00 | 09-01-74 | 09-01-94 | 750 | 5 |
| General Obligation Bonds | | | | | <u>2,321</u> |
| Notes Payable: | | | | | |
| Morongo Valley Water Facilities (Note) | 4.50 | 05-06-64 | 05-06-04 | 50 | 1 |
| Hacienda Water Facilities (Note) | 5.00 | 07-14-67 | 07-14-07 | 114 | 19 |
| Crestline Sanitation District (Loan) | | 11-01-95 | 10-01-17 | 2,160 | 1,334 |
| Morongo Valley Water Facilities (Loan) | | 08-17-99 | 08-17-04 | 80 | 51 |
| Pinon Hills Water (Loan) | | 12-17-02 | 12-17-32 | 2,533 | 2,431 |
| Notes Payable | | | | | <u>3,836</u> |
| Total Business-type Activities | | | | | <u>\$ 676,809</u> |

County Service Area 70, Improvement Zone L (CSA 70L) and the California Infrastructure and Economic Development Bank (CIEDB) entered into an agreement dated December 17, 2002 for the funding of a water tank project. Under the terms of the agreement, the project construction must begin no later than twelve months after May 28, 2002 and invoices must be to CIEDB for the entire amount of the project fund of \$5,001 no later than thirty-five months after December 17, 2002. As of June 30, 2004, a total of \$2,533 was approved and received from CIEDB.

COUNTY OF SAN BERNARDINO
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Not included above, but carried in the Debt Service Fund, are \$20 in matured bearer bonds payable for the Chino Civic Center Authority, a JPA that financed the Chino library facility.

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.

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 nonprofit organizations and joint powers authorities to issue the Certificates. The County leases various projects from the authorities. The lease payments are used by the authorities 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 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 basis financial statements. At June 30, 2004, approximately \$288,225 of outstanding debt is considered defeased.

One of the joint powers authorities issued revenue bonds in November 1995 for the purpose of enabling the County to finance outstanding pension indebtedness. The net outstanding balance of the revenue bonds at June 30, 2004 is \$437,820.

The County's 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 S.B.C.E.R.A. On June 24, 2004, the County issued its County of San Bernardino Pension Obligation Bonds, Series 2004 A (Fixed Rate Bonds), its County of San Bernardino Pension Obligation Bonds, Series 2004 B (Auction Rate Bonds), and its County of San Bernardino Pension Obligation Bonds, Series 2004 C (Index Bonds) in a 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; 2004 to 2023 for Index Bonds. Series 2004 A Fixed Rate Bonds has fixed interest rates that range from 2.43% to 5.86%. Series 2004 B-1 Auction Rate Bonds have variable rates that reset daily via auction. Series 2004B-2 and 2004 B-b Auction Rate Bonds have variable rates that that reset every 28 days via auction.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2004
(Amounts in the thousands)

The following is a schedule of principal debt service requirements to maturity as of June 30, 2004 for bonds and notes payable in the governmental activities:

| Years Ending June 30 | Certificates of Participation | Revenue Bonds | Other Long-Term Debt | Total |
|----------------------------------|----------------------------------|-------------------|-------------------------|---------------------|
| 2005 | \$ 10,265 | \$ 15,480 | \$ 346 | \$ 26,091 |
| 2006 | 12,695 | 18,200 | 2,592 | 33,487 |
| 2007 | 13,195 | 21,200 | 2,119 | 36,514 |
| 2008 | 13,730 | 24,510 | 3,755 | 41,995 |
| 2009 | 14,105 | 28,155 | 5,587 | 47,847 |
| 2010-2014 | 78,255 | 203,100 | 61,478 | 342,833 |
| 2015-2019 | 73,270 | 277,605 | 146,360 | 497,235 |
| 2020-2024 | 12,075 | 200,065 | 254,276 | 466,416 |
| 2025-2029 | 2,590 | | 6,551 | 9,141 |
| 2030-2034 | | | 1,691 | 1,691 |
| Total Principal | 230,180 | 788,315 | 484,755 | 1,503,250 |
| Plus Premium | 2,106 | | | 2,106 |
| Less: | | | | |
| Deferred Amount on Refunding | (6,763) | | | (6,763) |
| Discount | | (350,495) | | (350,495) |
| Total Bonds and Notes Payable | <u>\$ 225,523</u> | <u>\$ 437,820</u> | <u>\$ 484,755</u> | <u>\$ 1,148,098</u> |

The following is a schedule of interest expense requirements to maturity as of June 30, 2004 for bonds and notes payable in the governmental activities:

| Years Ending June 30 | Certificates of Participation | Revenue Bonds | Other Long-Term Debt | Total |
|-------------------------|----------------------------------|------------------|-------------------------|-------------------|
| 2005 | \$ 8,233 | \$ 14,500 | \$ 16,698 | \$ 39,431 |
| 2006 | 7,845 | 13,377 | 24,592 | 45,814 |
| 2007 | 7,435 | 12,053 | 25,959 | 45,447 |
| 2008 | 7,011 | 10,504 | 25,955 | 43,470 |
| 2009 | 6,593 | 8,703 | 25,656 | 40,952 |
| 2010-2014 | 25,152 | 12,312 | 121,270 | 158,734 |
| 2015-2019 | 9,198 | | 93,785 | 102,983 |
| 2020-2024 | 1,189 | | 37,925 | 39,114 |
| 2025-2029 | 93 | | 1,961 | 2,054 |
| 2030-2034 | | | 115 | 115 |
| Total Interest | <u>\$ 72,749</u> | <u>\$ 71,449</u> | <u>\$ 373,916</u> | <u>\$ 518,114</u> |

COUNTY OF SAN BERNARDINO
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(Amounts in the thousands)

The following is a schedule of principal debt service requirements to maturity as of June 30, 2004 for bonds and notes payable in the business-type activities:

| Years Ending June 30 | Certificates of Participation | General Obligation Bonds | Notes Payable | Total |
|-------------------------------|----------------------------------|--------------------------------|------------------|-------------------|
| 2005 | \$ 27,960 | \$ 331 | \$ 248 | \$ 28,539 |
| 2006 | 29,500 | 110 | 202 | 29,812 |
| 2007 | 31,185 | 115 | 208 | 31,508 |
| 2008 | 32,930 | 120 | 207 | 33,257 |
| 2009 | 35,845 | 125 | 213 | 36,183 |
| 2010-2014 | 118,145 | 725 | 2,343 | 121,213 |
| 2015-2019 | 133,705 | 795 | 415 | 134,915 |
| 2020-2024 | 139,870 | | | 139,870 |
| 2025-2029 | 179,455 | | | 179,455 |
| 2030-2034 | | | | 0 |
| Total Principal | 728,595 | 2,321 | 3,836 | 734,752 |
| Less: | | | | |
| Deferred Amount on Refunding | (44,017) | | | (44,017) |
| Discount | (13,926) | | | (13,926) |
| Total Bonds and Notes Payable | <u>\$ 670,652</u> | <u>\$ 2,321</u> | <u>\$ 3,836</u> | <u>\$ 676,809</u> |

The following is a schedule of interest expense requirements to maturity as of June 30, 2004 for bonds and notes payable in the business-type activities:

| Years Ending June 30 | Certificates of Participation | General Obligation Bonds | Notes Payable | Total |
|-------------------------|----------------------------------|--------------------------------|------------------|-------------------|
| 2005 | \$ 33,592 | \$ 121 | \$ 24 | \$ 33,737 |
| 2006 | 32,228 | 100 | 22 | 32,350 |
| 2007 | 30,772 | 94 | 20 | 30,886 |
| 2008 | 29,245 | 88 | 18 | 29,351 |
| 2009 | 27,584 | 82 | 17 | 27,683 |
| 2010-2014 | 120,710 | 310 | 61 | 121,081 |
| 2015-2019 | 93,826 | 114 | 18 | 93,958 |
| 2020-2024 | 61,247 | | | 61,247 |
| 2025-2029 | 22,472 | | | 22,472 |
| 2030-2034 | | | | 0 |
| Total Interest | <u>\$ 451,676</u> | <u>\$ 909</u> | <u>\$ 180</u> | <u>\$ 452,765</u> |

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Non-Obligation Debt

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 decent, 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. The bonds do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

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 \$3,245 at June 30, 2004 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 the FIRST 5 of San Bernardino for the year ended June 30, 2004, was as follows:

| | <u>Balance July 1, 2003</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance June 30, 2004</u> | <u>Due Within One Year</u> |
|----------------------|---------------------------------|------------------|-------------------|----------------------------------|--------------------------------|
| Compensated Absences | <u>\$ 108</u> | <u>\$ 125</u> | <u>\$ 109</u> | <u>\$ 124</u> | <u>\$ 49</u> |

NOTE 12 – INTEREST RATE SWAP

(a) Medical Center Series 1998 A Certificates of Participation

Objective of the interest rate swap. As a means to lower financing costs, and to reduce the risks to the County associated with the fluctuation in market interest rates, the County entered into an interest rate swap in connection with the Medical Center Series 1998A Certificates of Participation (COP) in the amount of \$176,510. The intention of the swap was to effectively change the variable interest rate on the bonds to a synthetic fixed-rate of 4.1895 percent.

Terms. The COPs and the related swap agreement mature on August 1, 2026, and the swap's notional amount of \$176,510 matches the \$176,510 variable-rate COPs. The swap was effective at the same time the COPs were issued on October 22, 1998. Starting in fiscal year 2008-09, the notional value of the swap and the principal amount of the associate debt decline. Under the swap agreement, through August 1, 2005, the County pays Merrill Lynch a fixed rate of 4.1895 percent and Merrill Lynch pays the County an amount equal to the variable rate interest payable on the outstanding COPs. After August 1, 2005 the County pays Merrill Lynch Capital Services (MLCS), Inc. a fixed payment of 4.1895 percent and receives from Merrill

COUNTY OF SAN BERNARDINO
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Lynch a variable payment computed as 73 percent of the monthly London Interbank Offered Rate (LIBOR). Conversely, the COP's variable-rate coupons have historically been similar to the Bond Market Association Municipal Swap Index (BMA).

Fair Value. Because interest rates have declined since execution of the swap, the swap had a negative fair value of \$4,098 as of June 30, 2004. The swap's negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating a lower synthetic interest rate. Because the coupons on the Medical Center variable-rate COPs adjust to changing interest rates, the COPs do not have a corresponding fair value decrease. The fair value was the quoted market price from Merrill Lynch & Co. at June 30, 2004.

Credit Risk. The swap counterparty was rated Aa3 by Moody's and A+ by Standard & Poor as of June 30, 2004. The swap agreement specifies that if the long-term senior unsecured debt rating of Merrill Lynch & Co. is withdrawn, suspended or falls below A- (Standard & Poor) or A3 (Moody's), a collateral agreement will be executed within 30 days or the swap agreement will terminate.

Basis Risk. The swap exposes the County to basis risk should the relationship between LIBOR and BMA converge, changing the synthetic rate on the COPs. If a change occurs that results in the rates moving to convergence, the expected cost savings may not be realized. As of June 30, 2004, the BMA rate was 1.05 percent, the actual variable interest rate was 1.02 percent and 73 percent of LIBOR was .9992 percent.

Termination Risk. The County or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the County if MLCS credit quality rating falls below A- as issued by Standard & Poor or A3 by Moody's. If the swap is terminated, the variable-rate COP would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the County would be liable to the MLCS for a payment equal to the swap's fair value.

Swap payments and associated debt. Using rates as of June 30, 2004, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rate remain the same for their term, were as follows. As rates vary, variable-rate COP interest payments and net swap payments will vary.

| Fiscal Year | Variable-Rate Bonds | | Interest Rate Swaps, Net | Total |
|-------------|---------------------|------------------|--------------------------|-------------------|
| | Principal | Interest | | |
| 2004/05 | \$ - | \$ 1,800 | \$ 5,594 | \$ 7,394 |
| 2005/06 | - | 1,800 | 5,594 | 7,394 |
| 2006/07 | - | 1,800 | 5,594 | 7,394 |
| 2007/08 | - | 1,800 | 5,594 | 7,394 |
| 2008/09 | 1,000 | 1,796 | 5,580 | 8,376 |
| 2009-2027 | 175,510 | 19,441 | 60,409 | 255,360 |
| | <u>\$ 176,510</u> | <u>\$ 28,437</u> | <u>\$ 88,365</u> | <u>\$ 293,312</u> |

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(b) Pension Obligation Series 2004 C Bonds

Objective of the interest rate swap. As a means to lower financing costs, and to reduce the risks to the County associated with the fluctuation in market interest rates, the County entered into an interest rate swap in connection with the Pension Obligation Series 2004 C Bonds (POB) in the amount of \$125,000. The intention of the swap was to effectively change the variable interest rate on the bonds to a synthetic fixed-rate of 6.3820 percent.

Terms. The POBs and the related swap agreement mature on August 1, 2023, and the swap's notional amount of \$125,000 matches the \$125,000 variable-rate POBs. The swap was effective at the same time the POBs were issued on June 24, 2004. Starting in fiscal year 2019-20 the notional value of the swap and the principal amount of the associated debt decline by \$25,000 per year until the debt is completely retired. Under the swap agreement, the County pays Goldman Sachs Mistsui Marine Derivative Products (GSMMDP) L.P. a fixed rate of 6.3820 percent and GSMMDP pays the County a variable rate computed as the monthly London Interbank Offered Rate (LIBOR), plus a LIBOR margin equal to 23 basis points (.23%)

Fair Value. As of June 30, 2004, the swap had a negative fair value of \$4,315. The swap's negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating a lower synthetic interest rate. Because the coupons on the variable-rate POBs adjust to changing interest rates, the POBs do not have a corresponding fair value decrease. The fair value was the quoted market price from GSMMDP at June 30, 2004.

Credit Risk. As of June 30, 2004, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the County would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty was rated Aaa by Moody's and AA+ by Standard & Poor as of June 30, 2004. To mitigate the potential for credit risk, if the long-term senior unsecured debt rating of GSMMDP is withdrawn, suspended or falls below A (Standard & Poor) or A2 (Moody's), the fair value of the swap will be fully collateralized by the counterparty with U.S. Government securities. Collateral would be posted with a third-party custodian.

Termination Risk. The County or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the County if GSMMDP credit quality rating falls below A as issued by Standard & Poor or A2 by Moody's. If the swap is terminated, the variable-rate POB would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the County would be liable to the GSMMDP for a payment equal to the swap's fair value.

COUNTY OF SAN BERNARDINO
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Swap payments and associated debt. Using rates as of June 30, 2004, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rate remain the same for their term, were as follows. As rates vary, variable-rate POB interest payments and net swap payments will vary.

| Fiscal Year | Variable-Rate Bonds | | Interest Rate Swaps, Net | Total |
|-------------|---------------------|------------------|--------------------------|-------------------|
| | Principal | Interest | | |
| 2004/05 | \$ - | \$ 1,998 | \$ 2,810 | \$ 4,808 |
| 2005/06 | - | 1,998 | 5,979 | 7,977 |
| 2006/07 | - | 1,998 | 5,979 | 7,977 |
| 2007/08 | - | 1,998 | 5,979 | 7,977 |
| 2008/09 | - | 1,998 | 5,979 | 7,977 |
| 2009-2027 | 125,000 | 24,983 | 74,739 | 224,722 |
| | <u>\$ 125,000</u> | <u>\$ 34,973</u> | <u>\$ 101,465</u> | <u>\$ 261,438</u> |

NOTE 13 – 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 under capital lease are as follows:

| | Governmental Activities | Business-type Activities |
|--------------------------------|-------------------------|--------------------------|
| Asset: | | |
| Equipment | \$ 9,215 | \$ 1,800 |
| Less: Accumulated depreciation | 3,937 | 360 |
| Total | <u>\$ 5,278</u> | <u>\$ 1,440</u> |

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

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2004, were as follows:

| <u>Year Ending June 30:</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|-----------------------------------------|------------------------------------|-------------------------------------|
| 2005 | \$ 1,839 | \$ 406 |
| 2006 | 1,364 | 406 |
| 2007 | 1,223 | 406 |
| 2008 | 994 | 405 |
| 2009 | 500 | 168 |
| 2010-2014 | 108 | - |
| Total Minimum Lease Payments | <u>6,028</u> | <u>1,791</u> |
| Less: Amount Representing Interest | 511 | 132 |
| Present Value of Minimum Lease Payments | <u>\$ 5,517</u> | <u>\$ 1,659</u> |

Operating Leases

The following is a schedule by years of future minimum rental payments, principally for the General Fund, required under operating leases entered into by the County that have initial or remaining non-cancelable lease term in excess of one year as of June 30, 2004:

| <u>Year Ending June 30,</u> | |
|-----------------------------|------------------|
| 2005 | \$ 23,533 |
| 2006 | 18,713 |
| 2007 | 16,424 |
| 2008 | 13,788 |
| 2009 | 9,457 |
| 2010-2014 | 16,138 |
| 2015-2019 | 87 |
| Total Minimum Payments | <u>\$ 98,140</u> |

The County incurred rental expenditures of \$24,244, principally in the General Fund, for the year ending June 30, 2004.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2004
(Amounts in the thousands)

NOTE 14 – COLLATERIZED FACILITIES

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

| <u>Facilities</u> | <u>Beginning</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending</u> |
|---------------------------------------|-------------------|------------------|------------------|-------------------|
| Foothill Law and Justice | \$ 42,642 | \$ - | \$ - | \$ 42,642 |
| Victorville Law Center | 8,644 | | | 8,644 |
| West Valley Detention Center | 146,327 | | | 146,327 |
| Courthouse & Annex | 9,450 | | | 9,450 |
| Mid-Valley Landfill | 59,260 | | | 59,260 |
| West Valley Juvenile Detention Center | 5,077 | | | 5,077 |
| Information Services Bldg | 500 | | | 500 |
| Central Jail | 10,819 | | | 10,819 |
| Offices and Bindery | 4,247 | | | 4,247 |
| Vehicle Services Garage | 3,469 | | | 3,469 |
| Coroner's Office | 1,212 | | | 1,212 |
| Fontana Government Center | 566 | | | 566 |
| Fontana Government Center | 2,274 | | | 2,274 |
| Arrowhead Regional Medical Center | 490,481 | | | 490,481 |
| Hall of Records (New) | 12,666 | | | 12,666 |
| Hall of Records (Old) | 2,054 | | | 2,054 |
| Glen Helen Pavilion Amphitheater | 26,174 | | | 26,174 |
| Civic Center | 5,117 | | | 5,117 |
| Sheriff's Admin Bldg | 13,416 | | | 13,416 |
| County Gov Center | 25,711 | | | 25,711 |
| | <u>\$ 870,106</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 870,106</u> |

NOTE 15 – 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, 2004 and 2003, the Medi-Cal program represented 46% and 45%, and the Medicare program represented approximately 11% and 12%, 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 and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost-reimbursement methodology. Final reimbursement is determined as a result of audits by the intermediary of annual cost reports submitted by the Medical Center. Reports on the results of such audits have been received through June 30, 2003 for Medicare and Medi-Cal. Adjustments as a result of such audits are recorded in the year the amount can be determined.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2004
(Amounts in the thousands)

NOTE 16 – 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 postclosure maintenance of landfills. The funding must be completed prior to the final date of closure. These regulations apply only to those landfills operating prior to 1989. The closure and postclosure care costs of other landfills not subject to these State regulations are funded separately in the Site Closure and Maintenance Fund.

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

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

| LANDFILL | Capacity Used | YEARS Remaining | LANDFILL | Capacity Used | YEARS Remaining |
|-----------------|----------------------|------------------------|------------------|----------------------|------------------------|
| Apple Valley | 33% | Inactive | Milliken | 92% | Inactive |
| Baker | 6% | Inactive | Morongo Valley | 81% | Inactive |
| Barstow | 55% | 6 | Needles | 100% | Inactive |
| Big Bear | 100% | Inactive | Newberry Springs | 100% | Inactive |
| Colton | 73% | 3 | Phelan | 60% | Inactive |
| Hesperia | 55% | Inactive | San Timoteo | 52% | 5 |
| Landers | 31% | 17 | Trona-Argus | 18% | Inactive |
| Lenwood-Hinkley | 6% | Inactive | Twentynine Palms | 14% | Inactive |
| Lucerne Valley | 100% | Inactive | Victorville | 55% | 5 |
| Mid-Valley | 84% | 2 | Yermo | 70% | Inactive |

The landfill closure and postclosure care cost estimates of \$112,409 and \$103,099, respectively, are based upon the most recently submitted Closure/Postclosure 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.

Each year a portion of each landfill's estimated closure and postclosure cost is recognized as an expense and liability based upon the amount of capacity used during the year. The Mid-Valley landfill Unit 3 Phase 2 liner construction project increased capacity by 1,486 tons. Solid Waste engineers estimated increased landfill capacity at Barstow, Colton, Landers, and Victorville by a total of 5,073 tons due to efficiency in operations (i.e., reduction of cover soil usage, and/or increase in compaction of the refuse) or greater than anticipated settlement. The Capacity Used percentages for these five landfills decreased, resulting in a recognized closure and postclosure expense and liability decrease of \$19,439.

As of June 30, 2004, the cumulative liability recorded by the County based upon individual landfill capacity usage was \$170,421. The remaining \$45,283 of estimated closure and postclosure costs will be recorded and funded as landfill capacity is used. Closure and postclosure related expenditures of \$48,001 have been paid which reduced the landfill closure and postclosure liability to \$122,420 at June 30, 2004.

Current State regulations allow public agencies to demonstrate financial assurance for postclosure maintenance costs through a "pledge of revenue" mechanism. This mechanism

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2004
(Amounts in the thousands)

allows agencies to pledge a reliable future revenue source to fund the required postclosure maintenance at each landfill site for thirty years after landfill closure. The County has pledged a portion of its future tipping fees and investment earnings from the Waste Systems Division enterprise funds to fund these costs.

NOTE 17 – RETIREMENT PLAN

Plan Description

The San Bernardino County Employees' Retirement Association (SBCERA) is a cost-sharing multiple-employer defined benefit pension plan (the "Plan") operating under the California County Employees Retirement Act of 1937 ("1937 Act"). It provides retirement, death, and disability benefits to members. Although legally established as a single employer plan, the City of Big Bear Lake, the City of Chino Hills, the California State Association of Counties, the San Bernardino County Law Library, Crest Forest Fire Protection District, Mojave Desert Air Quality Management District (MDAQMD) and the South Coast Air Quality Management District (the "AQMD"), were later included, along with the County of San Bernardino (the "County"), and are collectively referred to as the "Participating Members". The plan is governed by the San Bernardino Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W Hospitality Lane - 3rd floor, San Bernardino, California 92415-0014.

Fiduciary Responsibility

The Retirement Association is controlled by its own board, the Retirement Board, which acts as a fiduciary agent for the accounting and control of member and employee contributions and investment income. The Retirement Association publishes its own Comprehensive Annual Financial Report and receives a separate independent audit. The Retirement Association is also a legally separate entity from the County and not a component unit. For these reasons, the County's Comprehensive Annual Financial Report excludes the Retirement Association pension trust fund as of June 30, 2004.

Funding Policy

Participating members are required by statute (Sections 31621, 31621.2 and 31639.25 of the California Government Code) to contribute a percentage of covered salary bases on certain actuarial assumptions and their age at entry to the Plan. Employee contribution rates vary according to age and classification (general or safety). Members are required to contribute 8.36% - 13.46% of their annual covered salary of which the County pays approximately 7%. All employers combined are required to contribute 8.90% of the current year covered payroll. For 2004, the County's annual pension cost of \$540,106 was equal to the County's required and actual contributions. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer rates are determined pursuant to Sections 31453 of the 1937 Act.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2004
(Amounts in the thousands)

The County's annual pension cost and prepaid asset, computed in accordance with GASB 27, Accounting for Pensions by State and Local Governmental Employers, for the year ended June 30, 2004, were as follows:

| | | |
|---------------------------------------------------------|----|-----------------------|
| Annual Required Contribution (County fiscal year basis) | \$ | 80,391 |
| Interest On Pension Assets | | (31,923) |
| Adjustment To The Annual Required Contribution | | <u>42,438</u> |
| Annual Pension Cost | | <u>90,906</u> |
| Annual Contributions Made | | <u>540,106</u> |
| Increase/(Decrease) in Pension Assets | | 449,200 |
| Pension Asset, Beginning of Year (As Restated) | | <u>399,038</u> |
| Pension Asset, End of Year | \$ | <u><u>848,238</u></u> |

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

| Year Ended June 30, | Annual Pension Cost | | Percentage Contributed |
|------------------------|---------------------|-----------|---------------------------|
| | SBCERA | County | |
| 2002 | \$ 69,245 | \$ 61,274 | 100% |
| 2003 | 68,361 | 59,673 | 100% |
| 2004 | 652,325 | 540,106 | 100% |

The County, along with the AQMD, issued Pension Refunding Bonds (the "Bonds") in November 1995 with an aggregate amount of \$420,527. These Bonds were issued to allow the County and the AQMD to refinance each of their unfunded accrued actuarial liabilities with respect to retirement benefits for their respective employees. The Bonds are the obligations of the employers participating in the Plan and the assets of the Plan do not secure the Bonds. The County's portion of the bond issuance was \$386,266. The current amount outstanding at June 30, 2004 is \$437,820 (see Note 11).

On June 24, 2004, the County issued its County of San Bernardino Pension Obligation Bonds, Series 2004 A (Fixed Rate Bonds), its County of San Bernardino Pension Obligation Bonds, Series 2004 B (Auction Rate Bonds), and its County of San Bernardino Pension Obligation Bonds, Series 2004 C (Index Bonds) in a respective aggregate principal amounts of \$189,070, \$149,825, and \$125,000. The Bonds were issued to finance the County's share of the unfunded accrued actuarial liability of the S.B.C.E.R.A.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2004
(Amounts in the thousands)

NOTE 18 – LEASE/LEASEBACK

In May 1997, the County entered into a lease agreement whereby seven separate County facilities, valued at a total of approximately \$146 million, were leased to a financing institution. The County simultaneously entered into a sublease agreement to lease the buildings back, and received a prepayment of \$96.2 million from the financing institution, as the investor parent. The County then deposited \$87.6 million with the defeasance bank. After transaction expenses of \$1 million, the net benefit to the County was \$7.6 million. The deposit amount provides payments equal to the County's obligation under the sublease and purchase option. As a result, obligations under this 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 term of the agreement with the defeasance bank ends in 2014, at which time the County may either exercise the early purchase option or renegotiate the agreement to the end of the full lease term. The decision will then be based on the prevailing interest rates at the time.

NOTE 19 – COMMITMENTS AND CONTINGENCIES

- (a) 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 accrued 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.
- (b) 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, 2004 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.
- (c) During fiscal year 2002, the State of California's error rate for the food-stamp program exceeded the tolerance thresholds established by the Federal Government. As a result, the State has been sanctioned for amounts in excess of \$177,000 pertaining to the Federal non-compliance. The State is attempting to pass-through sanctions to the County in excess of \$7,300.
- (d) In fiscal year 1996, the Board of Supervisors approved a reimbursement agreement ("the agreement") whereby for land parcels transferred in 1983, the Waste Systems Division agreed to reimburse the General Fund for the then fair market value of the land approximating \$35,272. The terms of the agreement stipulated that the annual reimbursement will at a rate of \$5.00 per ton plus 7% per annum, payable from

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2004
(Amounts in the thousands)

operational cost savings. The estimated period of repayment is approximately 11 years with final payment by June 2006. During the fiscal year, the Waste Systems Division transferred approximately \$5,000 as a repayment under the terms of the agreement. As of June 30, 2004, the total balance outstanding under the agreement was \$10,174.

- (e) Beginning in 2002 the SWMD commenced an aggressive investigation of perchlorate impacts to soil and groundwater in the vicinity of the Mid Valley Sanitary Landfill (MVSL). The work consisted of installing over twenty temporary wells, seven permanent groundwater-monitoring wells, and the collection of soil and groundwater samples for analysis and groundwater modeling. This work was summarized in a report dated October 7, 2002, and was submitted to the Regional Water Quality Control Board (RWQCB) for their review.

On September 26, 2002, the RWQCB issued a directive to the SWMD to submit a Work Plan and conduct additional perchlorate investigations in the vicinity of the MVSL. The directive required the SWMD to submit the Work Plan by October 26, 2002. The SWMD requested and was granted an extension to the submittal deadline from October 26, 2002 to November 15, 2002. On November 15, 2002, SWMD prepared and submitted to the RWQCB a work plan for additional soil and groundwater investigation of perchlorate in the vicinity of the MVSL. Subsequently, the RWQCB adopted and issued Cleanup and Abatement Order (CAO) No.R8-2003-0013 to the County. The RWQCB approved SWMDs work plan on January 30, 2003.

In accordance with Item 2 of CAO No.R8-2003-0013, the RWQCB directed the County to submit a work plan for the installation of at least five (5) additional monitoring wells at the leading edge of the plume and along the easterly boundary of the plume. In addition, the RWQCB also directed the County to submit a work plan to develop a conceptual remedial action plan. The SWMD submitted the work plans to the RWQCB on February 17, 2004 and February 26, 2004. Per their letter dated March 25, 2004, the RWQCB approved the work plans as submitted.

The drilling program within the RWQCB-approved work plan consists of the installation of up to thirty (30) temporary and six (6) permanent groundwater monitoring wells; the collection of groundwater samples; the setting of pumps within three installed wells to be used for hydraulic aquifer testing; the containment of well development water; and securing all necessary permits. Installation of the monitoring wells commenced on May 1, 2004 and was completed by the end of August 2004.

Cleanup and Abatement Order No. R8-2003-0013 was amended on September 17, 2004 that states that the County shall take all actions necessary to provide replacement water that is non-detectable for perchlorate to the City of Rialto by April 1, 2005, to replace the water currently extracted from Rialto Well No. 3.

Fiscal Year 2002/2003 unbudgeted costs totaling \$1,816 were expended for the perchlorate investigation. For FY 2003/2004 estimated expenditures total \$1,664. For FY 2004/2005 budgeted expenditures are \$4,193.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2004
(Amounts in the thousands)

- (f)** The County has entered into several contractual agreements for the construction and/or improvement of several capital projects. These commitments include \$5,408 for various projects of the Capital Improvements Fund.
- (g)** On November 25, 2003 the board, acting as the governing body of the County Service Area 70, Improvement Zone J (CSA 70 J) entered into a \$2,400 loan agreement with the California Infrastructure and Economic Development Bank (CIEDB) to fund water system improvements in CSA 70 J. On March 18, 2004 CIEDB issued \$2,400 in Infrastructure State Revolving Fund Revenue Bonds on behalf of the county. As of June 30, 2004 no funds have been drawn down from these proceeds.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2004
(Amounts in the thousands)

NOTE 20 – SUBSEQUENT EVENTS

- (a) In July 2004, the County issued Tax and Revenue Anticipation Notes ("TRANS") totaling \$145,000 at an interest rate of 3.00%. This issue followed the prior year issued TRANS of \$140,000, which was repaid July 1, 2004. The proceeds of the TRANS are intended to provide financing for 2004-05 General Fund expenditures, including current expenditures, capital expenditures and the discharge of other obligations or indebtedness of the County. The TRANS are secured by a pledge of various monthly amounts of property taxes on the secured roll.

| Beginning Balance July 1, 2003 | Additions | Reductions | Ending Balance June 30, 2004 |
|--------------------------------------|-----------|------------|------------------------------------|
| \$ 170,000 | 140,000 | 170,000 | \$ 140,000 |

- (b) Federal and State disasters were declared for the fires that began in October 2003. The County has and will be incurring significant costs related to these disasters named the Grand Prix and Old fires. It is anticipated that the Federal Emergency Management Agency, the State Office of Emergency Services and other funding sources will reimburse eligible costs. The total due from the funding sources for the fire disasters as of June 30, 2004 is \$8.0 million. The total expected eligible costs for the County will be between \$14.0 and \$16.5 million.
- (c) A State disaster is anticipated to be declared for the flooding that began on October 20, 2004. The County has and will be incurring costs related to this disaster. It is anticipated that the Federal Emergency Management Agency and the State Office of Emergency Services will reimburse most of the eligible costs. No estimates of the total cost could be determined at the date of this report.
- (d) Historically, approximately three-fourths of Vehicle License Fee (VLF) revenue was allocated to cities and counties as general purpose financing. The remaining funds were allocated to counties to pay for "realignment" Health and Social Services programs. From Fiscal Year 1998-1999 to the present, there has been a 67.5% reduction in the actual VLF charged to vehicle owners. When the State acted to reduce the fees, counties and cities and not the State would have felt the potential impact. However, since the VLF reductions were first enacted, the State has made up the revenue impact of the VLF rate reductions with State general fund revenues (the "VLF backfill") and VLF revenue allocations to counties and cities have continued as if there was no reduction.

For the period of June 20, 2003 to October 31, 2003, no VLF backfill payments were made by the State and the County lost approximately \$37.6 million in discretionary VLF revenues, of which \$2.2 million is related to fiscal year 2002-2003. Part of this loss was due to a reduction in the share of VLF allocated as discretionary revenue, from 75.67% to 71.93%, and a corresponding increase in the share allocated to realignment programs to eliminate any loss to these programs caused by the temporary elimination of the VLF backfill. This \$37.6 million discretionary revenue loss is considered a loan to the State, with the State budget specifying that this loan will be repaid by August 2006.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2004
(Amounts in the thousands)

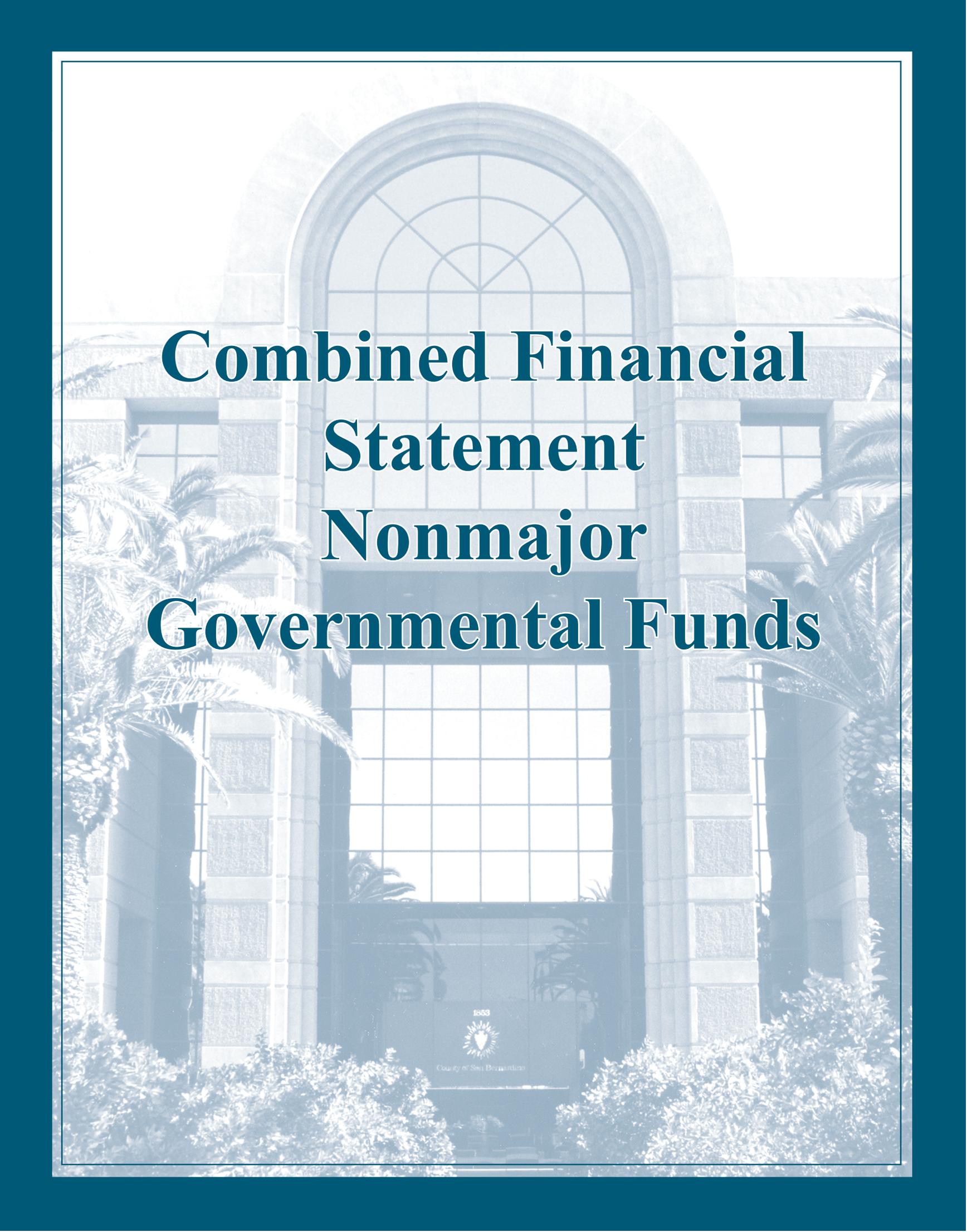
In the 2004-05 State Budget the VLF Backfill is eliminated. Counties and cities will instead receive increased property tax revenues to compensate for the reduction in VLF. The 2004-05 State Budget also includes a provision that requires the County to reduce its share of property taxes for fiscal years 2004-05 and 2005-06 by \$16.4 million each year.

Supplemental Information

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County of San Bernardino

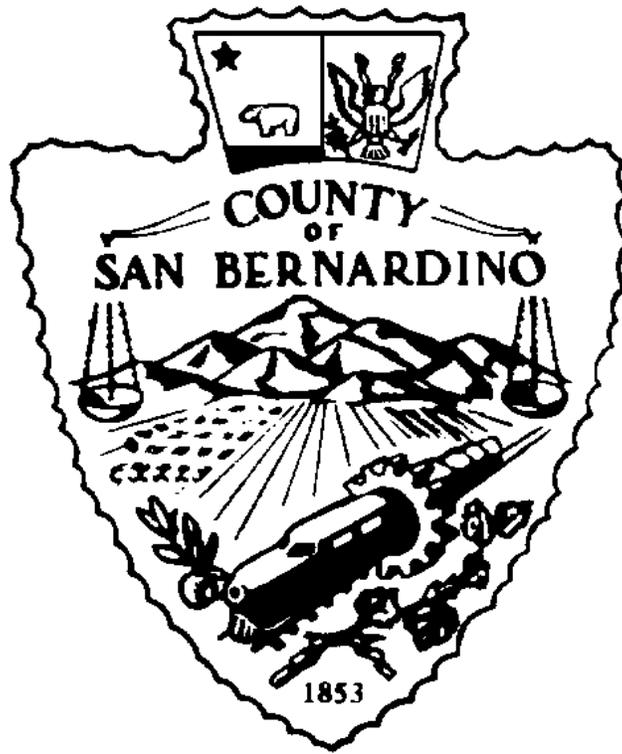


**Combined Financial
Statement
Nonmajor
Governmental Funds**

1853



County of San Bernardino



COUNTY OF SAN BERNARDINO
 COMBINED BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2004 (IN THOUSANDS)

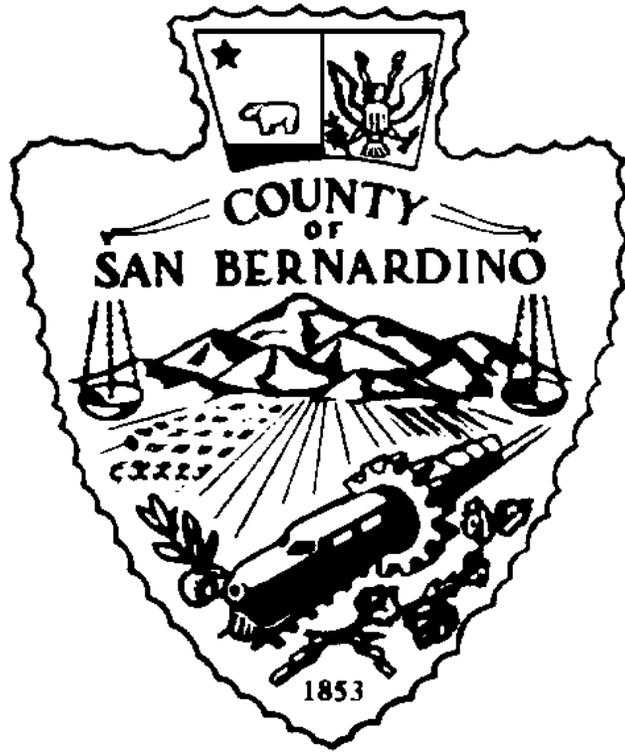
| | SPECIAL REVENUE FUNDS | DEBT SERVICE FUNDS | CAPITAL PROJECTS FUNDS | PERMANENT FUNDS | TOTAL NONMAJOR FUNDS |
|-----------------------------------------------|-----------------------------|--------------------------|------------------------------|--------------------|----------------------------|
| ASSETS | | | | | |
| CASH AND CASH EQUIVALENTS (NOTE 6) | \$ 240,359 | \$ 30,467 | \$ 17,360 | \$ 541 | \$ 288,727 |
| INVESTMENTS (NOTE 6) | - | 9,620 | - | - | 9,620 |
| ACCOUNTS RECEIVABLES - NET | 173 | - | 1,749 | - | 1,922 |
| TAXES RECEIVABLE | 10,033 | - | - | - | 10,033 |
| INTEREST RECEIVABLE | - | 180 | 4 | - | 184 |
| OTHER RECEIVABLES | 20 | - | - | - | 20 |
| DUE FROM OTHER FUNDS (NOTE 7) | 13,309 | 89 | 2,533 | 2 | 15,933 |
| DUE FROM OTHER GOVERNMENTS | 27,784 | - | 3,866 | - | 31,650 |
| INVENTORIES | 235 | - | - | - | 235 |
| PREPAID ITEMS | 21 | - | - | - | 21 |
| INTERFUND RECEIVABLE (NOTE 7) | 400 | - | - | - | 400 |
| RESTRICTED CASH AND INVESTMENTS (NOTES 6 & 8) | 1,295 | - | - | - | 1,295 |
| OTHER ASSETS | - | - | - | - | - |
| TOTAL ASSETS | <u>\$ 293,629</u> | <u>\$ 40,356</u> | <u>\$ 25,512</u> | <u>\$ 543</u> | <u>\$ 360,040</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| ACCOUNTS PAYABLE | 11,510 | 1 | 3,236 | - | 14,747 |
| SALARIES AND BENEFITS PAYABLE | 6,294 | - | - | - | 6,294 |
| DUE TO OTHER FUNDS (NOTE 7) | 14,274 | 162 | 701 | - | 15,137 |
| DUE TO OTHER GOVERNMENTS | 1,575 | - | - | - | 1,575 |
| OTHER ACCRUED LIABILITIES | 702 | - | - | - | 702 |
| DEFERRED REVENUE | 5,223 | - | - | - | 5,223 |
| INTERFUND PAYABLE (NOTE 7) | 1,650 | - | - | - | 1,650 |
| TOTAL LIABILITIES | <u>41,228</u> | <u>163</u> | <u>3,937</u> | <u>-</u> | <u>45,328</u> |
| FUND BALANCES: | | | | | |
| RESERVED: | | | | | |
| ENCUMBRANCES | 33,661 | - | 4,632 | - | 38,293 |
| PREPAID ITEMS | - | - | - | - | - |
| NONCURRENT INTERFUND RECEIVABLES | 403 | - | - | - | 403 |
| INVENTORIES | 235 | - | - | - | 235 |
| OTHER RESERVES | 116 | - | - | - | 116 |
| DEBT SERVICE | - | 40,193 | - | - | 40,193 |
| ENDOWMENT FUNDS | - | - | - | 543 | 543 |
| UNRESERVED: | | | | | |
| UNDESIGNATED | 217,986 | - | 16,943 | - | 234,929 |
| TOTAL FUND BALANCES | <u>252,401</u> | <u>40,193</u> | <u>21,575</u> | <u>543</u> | <u>314,712</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 293,629</u> | <u>\$ 40,356</u> | <u>\$ 25,512</u> | <u>\$ 543</u> | <u>\$ 360,040</u> |

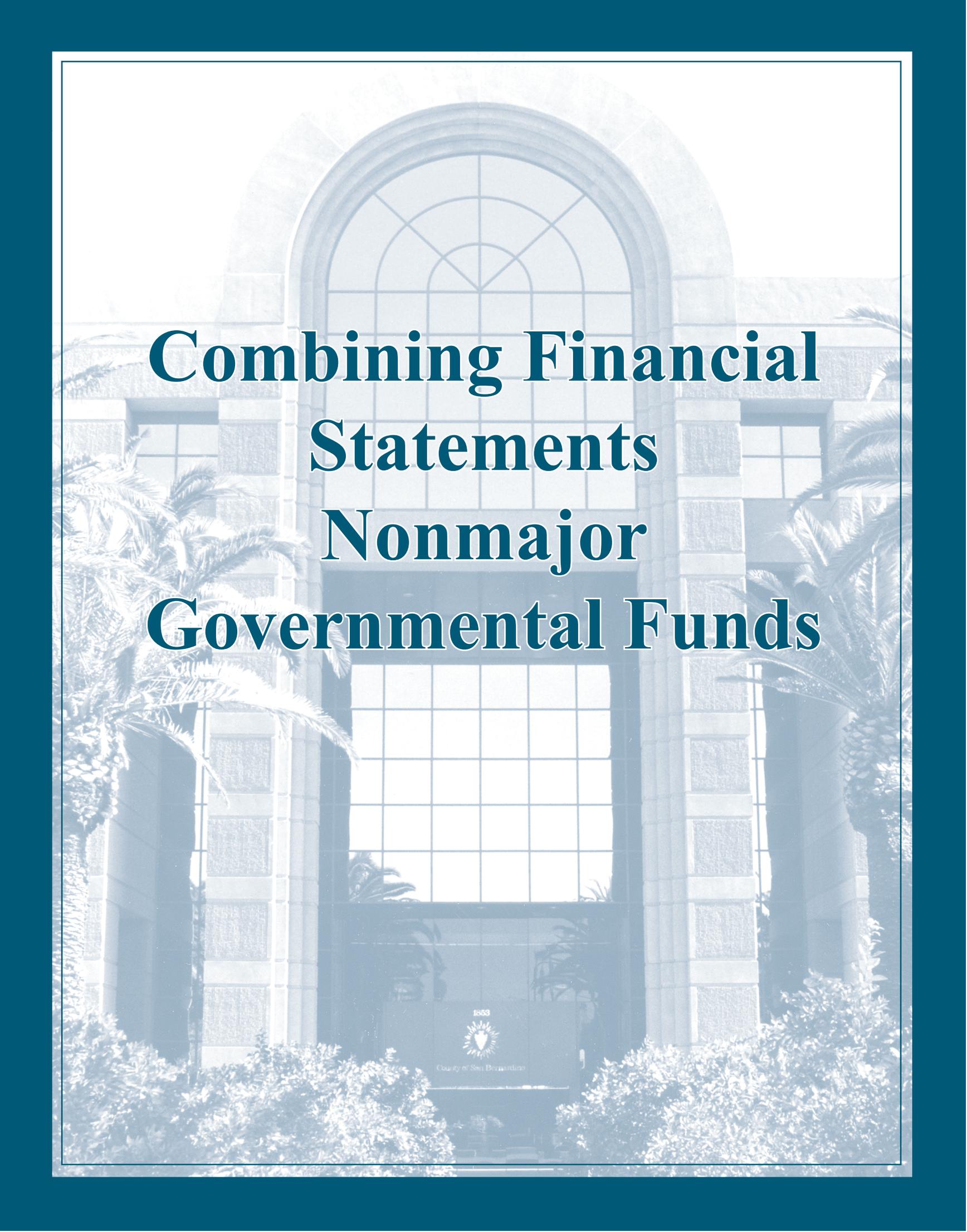
See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINED - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)

| | SPECIAL REVENUE FUNDS | DEBT SERVICE FUNDS | CAPITAL PROJECTS FUNDS | PERMANENT FUNDS | TOTAL NONMAJOR FUNDS |
|--------------------------------------------------------------|-----------------------------|--------------------------|------------------------------|--------------------|----------------------------|
| REVENUES | | | | | |
| TAXES | \$ 81,154 | \$ 4,809 | \$ 1 | \$ - | \$ 85,964 |
| LICENSES, PERMITS AND FRANCHISES | 280 | - | - | - | 280 |
| FINES, FORFEITURES AND PENALTIES | 7,762 | - | - | - | 7,762 |
| REVENUES FROM USE OF MONEY AND PROPERTY | 8,265 | 436 | 152 | 11 | 8,864 |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 167,264 | - | 10,608 | - | 177,872 |
| CHARGES FOR CURRENT SERVICES | 31,056 | - | 87 | - | 31,143 |
| OTHER REVENUES | 36,911 | 1,124 | 85 | 18 | 38,138 |
| | | | | | - |
| TOTAL REVENUES | 332,692 | 6,369 | 10,933 | 29 | 350,023 |
| EXPENDITURES: | | | | | |
| CURRENT: | | | | | |
| GENERAL GOVERNMENT | 7,828 | - | - | - | 7,828 |
| PUBLIC PROTECTION | 123,970 | - | - | - | 123,970 |
| PUBLIC WAYS AND FACILITIES | 54,220 | - | - | - | 54,220 |
| HEALTH AND SANITATION | 2,930 | - | - | - | 2,930 |
| PUBLIC ASSISTANCE | 80,075 | - | - | - | 80,075 |
| EDUCATION | 11,340 | - | - | - | 11,340 |
| RECREATION AND CULTURAL SERVICES | 5,445 | - | - | - | 5,445 |
| DEBT SERVICE | | | | | |
| PRINCIPAL | 1,887 | 20,835 | - | - | 22,722 |
| INTEREST AND FISCAL CHARGES | 334 | 25,108 | - | - | 25,442 |
| CAPITAL OUTLAY | 16,453 | - | 38,513 | - | 54,966 |
| TOTAL EXPENDITURES | 304,482 | 45,943 | 38,513 | - | 388,938 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 28,210 | (39,574) | (27,580) | 29 | (38,915) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| TRANSFERS TO OTHER FUNDS (NOTE 7) | (40,210) | (3,477) | (2,505) | - | (46,192) |
| TRANSFERS FROM OTHER FUNDS (NOTE 7) | 15,274 | 34,297 | 10,527 | - | 60,098 |
| LONG-TERM DEBT ISSUED | 2,247 | - | - | - | 2,247 |
| INCEPTION OF CAPITAL LEASE OBLIGATIONS (NOTE 11 & 12) | 756 | - | - | - | 756 |
| SALE OF CAPITAL ASSETS | 2,178 | - | - | - | 2,178 |
| TOTAL OTHER FINANCING SOURCES AND (USES) | (19,755) | 30,820 | 8,022 | - | 19,087 |
| NET CHANGE IN FUND BALANCE | 8,455 | (8,754) | (19,558) | 29 | (19,828) |
| FUND BALANCE, JULY 1, 2003 | 243,946 | 48,947 | 41,133 | 514 | 334,540 |
| FUND BALANCE, JUNE 30, 2004 | \$ 252,401 | \$ 40,193 | \$ 21,575 | \$ 543 | \$ 314,712 |

See accompanying independent auditor's report.



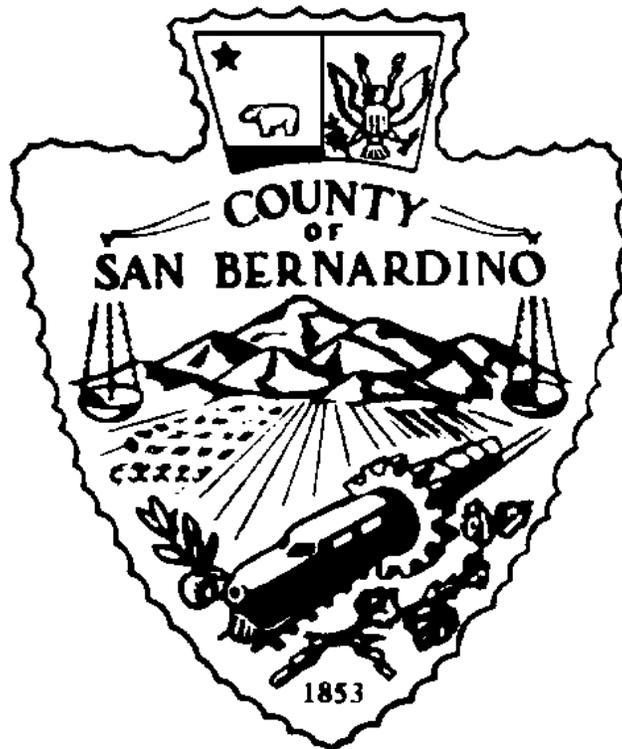


**Combining Financial
Statements
Nonmajor
Governmental Funds**

1853



County of San Bernardino



NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS

SPECIAL REVENUE FUNDS DESCRIPTIONS

TRANSPORTATION

The Transportation Fund is responsible for the administration, planning, design, contracting, traffic management and maintenance of approximately 2,899 miles of County roads. The fund is financed principally from the State Highway User's Tax, a small share of the state sales tax, and State and Federal aid for road improvements.

COUNTY FREE LIBRARY

The County Free Library Fund provides public library services through a network of 27 branches to all of the unincorporated areas and 17 of the cities within the County. Four bookmobiles reach people who live in sparsely populated areas or who are not able to use traditional branches. The Library also operates the County Archives, the Medical Library at the County Medical Center and a documents collection service at the Library Administration building in San Bernardino. The fund is financed principally from property taxes.

ECONOMIC AND COMMUNITY DEVELOPMENT

The Economic and Community Development Fund accounts for Federal Community Development Block Grants, which are used to develop viable urban communities through the provision of decent housing, a suitable living environment, and economic opportunities for low and moderate income individuals.

AGING AND ADULT SERVICES

The Aging and Adult Services Fund accounts for services 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 various job training programs to prepare youth and unskilled adults for entry into the labor force and to afford job training to economically disadvantaged individuals facing barriers to employment.

MICROGRAPHICS FEES

The Micrographics Fees Fund was established to account for the automation of record keeping systems. Revenues are derived from a portion of the County Clerk's filing fees.

COUNTY SERVICE AREAS

The County Service Areas Special Revenue Funds account for a broad range of services to remote geographical areas as well as rapidly growing communities. These funds are financed principally from property taxes.

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS - Continued

COURTHOUSE TEMPORARY CONSTRUCTION

The Courthouse Temporary Construction Fund accounts for monies to be used for the acquisition, rehabilitation, construction, and financing of courtrooms and courtroom facilities. Revenues are derived from a surcharge on parking fines, non-parking offenses, and criminal fines.

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 criminal fines.

FLOOD CONTROL DISTRICT

The Flood Control District Fund accounts for the control of flood and storm waters and for the conservation of such waters for beneficial and useful purposes to the public. The Flood Control District's primary source of funding is from property taxes.

FIRE PROTECTION DISTRICTS

The Fire Protection Districts account for the operation and maintenance of fire protection facilities. Property taxes represent the principal source of financing.

PARK AND RECREATION DISTRICTS

The Park and Recreation Districts account for the operation and maintenance of recreational facilities. Property taxes represent the principal sources of financing to the extent that service fees are not sufficient to provide such financing.

TOBACCO TAX PROGRAM

The Tobacco Tax Program, which was implemented by State Assembly Bill (AB) 75, accounts for Cigarette and Tobacco Products Surtax Funds. These funds are to be used for Hospital Services, Physician Services, and other Health Services.

JOINT POWERS AUTHORITIES

The Joint Powers Authorities Funds account for cash accumulated for the payment of all administrative costs of the authorities, incidental to the issuance of Certificates of Participation.

SPECIAL AVIATION

The Special Aviation Fund accounts for the County's airport construction projects financed principally by state and federal grants.

COMMUNITY SERVICES DEPARTMENT

The Community Services Department Fund accounts for activities designed to provide nutrition, transportation, energy, and emergency food and shelter programs to the elderly and low-income residents of the County. Services are funded primarily by local, state, and federal grants and contracts.

LOCAL LAW ENFORCEMENT BLOCK GRANT

Local Law Enforcement block grant from the U.S. Department of Justice accounts for the purpose of reducing crime and improving public safety.

PRESCHOOL SERVICES DEPARTMENT

The Preschool Services Department Fund administers the following programs: Headstart State Preschool,

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS - Continued

Child Development, Alternative Payment, and Child Nutrition Services. These programs are funded by the U.S. Department of Health and Human Services, and the California State Department of Education.

SHERIFF'S SPECIAL PROJECTS

Sheriff's Special Projects Fund accounts for the following functions: public gatherings -- appropriations set aside to fund Sheriff protective services for public gatherings; contract training -- represents special law enforcement training provided to the County Sheriff; asset seizures -- represents funds appropriated from drug asset seizures to be used for the purchase of non-budgeted services and equipment; High Intensity Drug Trafficking Area Program and the Regional Narcotics Task Force to enable regional cooperation and coordination in fighting major drug trafficking and surveillance of criminal and narcotics activities; and CAL-ID -- an automated criminal identification system through fingerprinting.

SPECIAL TRANSPORTATION

The Special Transportation Fund was established for the purpose of accounting for various transportation projects within the County. Funding comes from Measure I money (9½% sales tax approved by voters in November 1989).

REDEVELOPMENT AGENCY

The Redevelopment Agency Fund accounts for administration and revenues and expenditures related to the San Sevaire project and low and moderate-income housing.

OTHER SPECIAL REVENUE

Other Special Revenue Funds account for revenues received for various activities and programs including Fish and Game, Off-Highway Vehicle License Fees, Intergovernmental Training, Industrial Development Authority, California Grazing Fees, Litter Cleanup, Survey Monument Preservation, Geothermal Energy, Hazardous Waste Awards, Glen Helen Amphitheater, and the Chino Open Space Project.

DEBT SERVICE FUNDS DESCRIPTIONS

REDEVELOPMENT AGENCY BONDS

This fund is used to account for Redevelopment Agency of the County of San Bernardino bonds.

JOINT POWERS AUTHORITIES

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

PENSION OBLIGATION BONDS

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

CAPITAL PROJECTS FUNDS DESCRIPTIONS

CAPITAL IMPROVEMENTS

The Capital Improvements Fund accounts for the County's major capital acquisition and construction

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS - Continued

projects, which are not otherwise accounted for within the Fire Protection Districts, Park and Recreation Districts, Community Services Districts, Joint Powers Authorities or County Service Area Capital Projects Funds. Revenues are derived primarily from operating transfers from other funds and state and Federal grants.

PARK AND RECREATION DISTRICTS

The Park and Recreation Districts' Capital Projects funds account for the financial resources and the acquisition and construction of recreational facilities within certain geographical areas of the County.

JOINT POWERS AUTHORITIES

The Joint Powers Authorities Capital Projects funds account for the financial resources and the acquisition and construction of facilities under joint powers agreements.

COUNTY SERVICE AREAS

The County Service Areas Capital Projects funds account for the financial resources and acquisition and construction of facilities within certain geographical areas of the County.

FIRE PROTECTION DISTRICTS

The Fire Protection Districts Capital Projects funds account for the financial resources and acquisition and construction of fire protection facilities within certain geographical areas of the County.

REDEVELOPMENT AGENCY

This fund is used to account for establishing one or more redevelopment projects areas of the County.

PERMANENT FUNDS DESCRIPTIONS

Barstow Cemetery Endowment Care Fund - The Barstow Cemetery Endowment Care Fund accounts for all cash deposits collected for each grave lot sold, and is used to defray the actual costs of care and maintenance of the cemetery.

Lucerne Valley Cemetery Endowment Care Fund - The Lucerne Valley Cemetery Endowment Care Fund accounts for all cash deposits collected for each grave lot sold, and is used to defray the actual costs of care and maintenance of the cemetery.

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 JUNE 30, 2004 (IN THOUSANDS)

PAGE 1 OF 3

| <u>ASSETS</u> | <u>TOTAL</u> | <u>TRANSPORTATION</u> | <u>COUNTY FREE LIBRARY</u> | <u>ECONOMIC AND COMMUNITY DEVELOPMENT</u> |
|----------------------------------------------|--------------------------|-------------------------|--------------------------------|---------------------------------------------------|
| CASH AND CASH EQUIVALENTS | \$ 240,359 | \$ 15,476 | \$ 1,480 | \$ 19,207 |
| ACCOUNTS RECEIVABLE - NET | 173 | - | - | - |
| TAXES RECEIVABLE | 10,033 | - | 1,112 | 4 |
| INTEREST RECEIVABLE | - | - | - | - |
| OTHER RECEIVABLES | 20 | 20 | - | - |
| DUE FROM OTHER FUNDS | 13,309 | 795 | 173 | 86 |
| DUE FROM OTHER GOVERNMENTS | 27,784 | 5,297 | 50 | - |
| INVENTORIES | 235 | 235 | - | - |
| PREPAID ITEMS | 21 | - | - | - |
| INTERFUND RECEIVABLE | 400 | - | - | - |
| RESTRICTED CASH AND CASH EQUIVALENTS | 1,295 | - | - | - |
| TOTAL ASSETS | <u>\$ 293,629</u> | <u>\$ 21,823</u> | <u>\$ 2,815</u> | <u>\$ 19,297</u> |
| | | | | |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | |
| LIABILITIES: | | | | |
| ACCOUNTS PAYABLE | 11,510 | 1,007 | 63 | - |
| SALARIES AND BENEFITS PAYABLE | 6,294 | 1,272 | 440 | 195 |
| DUE TO OTHER FUNDS | 14,274 | 210 | 116 | 446 |
| DUE TO OTHER GOVERNMENTS | 1,575 | - | - | - |
| OTHER ACCRUED LIABILITIES | 702 | - | - | - |
| DEFERRED REVENUE | 5,223 | - | 562 | 2 |
| INTERFUND PAYABLE | 1,650 | - | - | - |
| TOTAL LIABILITIES | <u>41,228</u> | <u>2,489</u> | <u>1,181</u> | <u>643</u> |
| FUND BALANCE: | | | | |
| RESERVED: | | | | |
| RESERVED FOR ENCUMBRANCES | 33,661 | 5,086 | 148 | 1,597 |
| RESERVED FOR PREPAID ITEMS | - | - | - | - |
| RESERVED FOR NONCURRENT INTERFUND RECEIVABLE | 403 | - | - | - |
| RESERVED FOR INVENTORIES | 235 | 235 | - | - |
| OTHER RESERVES | 116 | 3 | 6 | 1 |
| UNRESERVED: | | | | |
| UNDESIGNATED | 217,986 | 14,010 | 1,480 | 17,056 |
| TOTAL FUND BALANCE | <u>252,401</u> | <u>19,334</u> | <u>1,634</u> | <u>18,654</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 293,629</u> | <u>\$ 21,823</u> | <u>\$ 2,815</u> | <u>\$ 19,297</u> |

See accompanying independent auditor's report.

| <u>AGING AND ADULT SERVICES</u> | <u>JOBS AND EMPLOYMENT SERVICES</u> | <u>MICROGRAPHICS FEES</u> | <u>COUNTY SERVICE AREAS</u> |
|-------------------------------------|---------------------------------------------|-------------------------------|-------------------------------------|
| \$ 950 | \$ 46 | \$ 14,431 | \$ 22,379 |
| - | - | - | 151 |
| - | - | - | 2,552 |
| - | - | - | - |
| - | - | - | - |
| 66 | 141 | 64 | 2,452 |
| 371 | 1,330 | - | 3,709 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | 455 |
| <u>\$ 1,387</u> | <u>\$ 1,517</u> | <u>\$ 14,495</u> | <u>\$ 31,698</u> |
| - | 1,251 | - | 776 |
| - | 430 | - | 2,962 |
| - | 44 | - | 2,578 |
| - | - | - | 102 |
| - | - | - | 702 |
| - | - | - | 1,291 |
| - | - | - | 400 |
| - | <u>1,725</u> | - | <u>8,811</u> |
| 74 | 1,272 | 1,999 | 6,929 |
| - | - | - | - |
| - | - | - | 3 |
| - | - | - | - |
| - | 3 | - | 41 |
| <u>1,313</u> | <u>(1,483)</u> | <u>12,496</u> | <u>15,914</u> |
| <u>1,387</u> | <u>(208)</u> | <u>14,495</u> | <u>22,887</u> |
| <u>\$ 1,387</u> | <u>\$ 1,517</u> | <u>\$ 14,495</u> | <u>\$ 31,698</u> |

| <u>ASSETS</u> |
|--------------------------------------|
| CASH AND CASH EQUIVALENTS |
| ACCOUNTS RECEIVABLE - NET |
| TAXES RECEIVABLE |
| INTEREST RECEIVABLE |
| OTHER RECEIVABLES |
| DUE FROM OTHER FUNDS |
| DUE FROM OTHER GOVERNMENTS |
| INVENTORIES |
| PREPAID ITEMS |
| INTERFUND RECEIVABLE |
| RESTRICTED CASH AND CASH EQUIVALENTS |
| TOTAL ASSETS |

| <u>LIABILITIES AND FUND BALANCE</u> |
|-------------------------------------|
| LIABILITIES: |
| ACCOUNTS PAYABLE |
| SALARIES AND BENEFITS PAYABLE |
| DUE TO OTHER FUNDS |
| DUE TO OTHER GOVERNMENTS |
| OTHER ACCRUED LIABILITIES |
| DEFERRED REVENUE |
| INTERFUND PAYABLE |
| TOTAL LIABILITIES |

| |
|----------------------------------------------|
| FUND BALANCE: |
| RESERVED: |
| RESERVED FOR ENCUMBRANCES |
| RESERVED FOR PREPAID ITEMS |
| RESERVED FOR NONCURRENT INTERFUND RECEIVABLE |
| RESERVED FOR INVENTORIES |
| OTHER RESERVES |
| UNRESERVED: |
| UNDESIGNATED |
| TOTAL FUND BALANCE |
| TOTAL LIABILITIES AND FUND BALANCE |

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2004 (IN THOUSANDS)

PAGE 2 OF 3

| <u>ASSETS</u> | <u>COURTHOUSE TEMPORARY CONSTRUCTION</u> | <u>CRIMINAL JUSTICE TEMPORARY CONSTRUCTION</u> | <u>FLOOD CONTROL DISTRICT</u> | <u>FIRE PROTECTION DISTRICTS</u> |
|----------------------------------------------|--------------------------------------------------|------------------------------------------------------------|---------------------------------------|------------------------------------------|
| CASH AND CASH EQUIVALENTS | \$ 175 | \$ 213 | \$ 60,227 | \$ 3,066 |
| ACCOUNTS RECEIVABLE - NET | - | - | - | - |
| TAXES RECEIVABLE | - | - | 2,776 | 2,462 |
| INTEREST RECEIVABLE | - | - | - | - |
| OTHER RECEIVABLES | - | - | - | - |
| DUE FROM OTHER FUNDS | 7 | 8 | 2,527 | 1,245 |
| DUE FROM OTHER GOVERNMENTS | 161 | 199 | 10,755 | 1,153 |
| INVENTORIES | - | - | - | - |
| PREPAID ITEMS | - | - | - | - |
| INTERFUND RECEIVABLE | - | - | 400 | - |
| RESTRICTED CASH AND CASH EQUIVALENTS | - | - | 840 | - |
| TOTAL ASSETS | <u>\$ 343</u> | <u>\$ 420</u> | <u>\$ 77,525</u> | <u>\$ 7,926</u> |
| | | | | |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | |
| LIABILITIES: | | | | |
| ACCOUNTS PAYABLE | - | - | 3,455 | 65 |
| SALARIES AND BENEFITS PAYABLE | - | - | 592 | 33 |
| DUE TO OTHER FUNDS | 340 | 417 | 150 | 782 |
| DUE TO OTHER GOVERNMENTS | - | - | 1,250 | 107 |
| OTHER ACCRUED LIABILITIES | - | - | - | - |
| DEFERRED REVENUE | - | - | 1,416 | 1,246 |
| INTERFUND PAYABLE | - | - | - | - |
| TOTAL LIABILITIES | <u>340</u> | <u>417</u> | <u>6,863</u> | <u>2,233</u> |
| FUND BALANCE: | | | | |
| RESERVED: | | | | |
| RESERVED FOR ENCUMBRANCES | - | - | 7,195 | 1,295 |
| RESERVED FOR PREPAID ITEMS | - | - | - | - |
| RESERVED FOR NONCURRENT INTERFUND RECEIVABLE | - | - | 400 | - |
| RESERVED FOR INVENTORIES | - | - | - | - |
| OTHER RESERVES | - | - | - | 2 |
| UNRESERVED: | | | | |
| UNDESIGNATED | 3 | 3 | 63,067 | 4,396 |
| TOTAL FUND BALANCE | <u>3</u> | <u>3</u> | <u>70,662</u> | <u>5,693</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 343</u> | <u>\$ 420</u> | <u>\$ 77,525</u> | <u>\$ 7,926</u> |

See accompanying independent auditor's report.

| <u>PARK AND RECREATION DISTRICTS</u> | <u>TOBACCO TAX PROGRAM</u> | <u>JOINT POWERS AUTHORITIES</u> | <u>SPECIAL AVIATION</u> |
|--------------------------------------|----------------------------|---------------------------------|-------------------------|
| \$ 551 | \$ 79 | \$ 485 | \$ 5,041 |
| - | - | - | 22 |
| 161 | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 76 | 4 | - | 47 |
| - | 135 | 18 | - |
| - | - | - | - |
| - | - | 21 | - |
| - | - | - | - |
| - | - | - | - |
| <u>\$ 788</u> | <u>\$ 218</u> | <u>\$ 524</u> | <u>\$ 5,110</u> |
| 3 | - | - | 10 |
| 50 | - | - | - |
| 6 | 14 | - | 95 |
| - | - | 53 | - |
| - | - | - | - |
| 82 | - | 63 | - |
| - | - | - | - |
| <u>141</u> | <u>14</u> | <u>116</u> | <u>105</u> |
| 4 | - | - | 842 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 41 | - | - | - |
| <u>602</u> | <u>204</u> | <u>408</u> | <u>4,163</u> |
| <u>647</u> | <u>204</u> | <u>408</u> | <u>5,005</u> |
| <u>\$ 788</u> | <u>\$ 218</u> | <u>\$ 524</u> | <u>\$ 5,110</u> |

| <u>ASSETS</u> |
|--------------------------------------|
| CASH AND CASH EQUIVALENTS |
| ACCOUNTS RECEIVABLE - NET |
| TAXES RECEIVABLE |
| INTEREST RECEIVABLE |
| OTHER RECEIVABLES |
| DUE FROM OTHER FUNDS |
| DUE FROM OTHER GOVERNMENTS |
| INVENTORIES |
| PREPAID ITEMS |
| INTERFUND RECEIVABLE |
| RESTRICTED CASH AND CASH EQUIVALENTS |
| TOTAL ASSETS |

| <u>LIABILITIES AND FUND BALANCE</u> |
|-------------------------------------|
| LIABILITIES: |
| ACCOUNTS PAYABLE |
| SALARIES AND BENEFITS PAYABLE |
| DUE TO OTHER FUNDS |
| DUE TO OTHER GOVERNMENTS |
| OTHER ACCRUED LIABILITIES |
| DEFERRED REVENUE |
| INTERFUND PAYABLE |
| TOTAL LIABILITIES |

| |
|----------------------------------------------|
| FUND BALANCE: |
| RESERVED: |
| RESERVED FOR ENCUMBRANCES |
| RESERVED FOR PREPAID ITEMS |
| RESERVED FOR NONCURRENT INTERFUND RECEIVABLE |
| RESERVED FOR INVENTORIES |
| OTHER RESERVES |
| UNRESERVED: |
| UNDESIGNATED |
| TOTAL FUND BALANCE |
| TOTAL LIABILITIES AND FUND BALANCE |

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2004 (IN THOUSANDS)

PAGE 3 OF 3

| <u>ASSETS</u> | COMMUNITY SERVICES DEPARTMENT | LOCAL LAW ENFORCEMENT BLOCK GRANT | PRESCHOOL SERVICES DEPARTMENT | SHERIFF'S SPECIAL PROJECTS |
|----------------------------------------------|-------------------------------------|-----------------------------------------|-------------------------------------|----------------------------------|
| CASH AND CASH EQUIVALENTS | \$ - | \$ 328 | \$ 118 | \$ 11,764 |
| ACCOUNTS RECEIVABLE - NET | - | - | - | - |
| TAXES RECEIVABLE | - | - | 10 | - |
| INTEREST RECEIVABLE | - | - | - | - |
| OTHER RECEIVABLES | - | - | - | - |
| DUE FROM OTHER FUNDS | - | 1 | 4 | 172 |
| DUE FROM OTHER GOVERNMENTS | - | - | 2,392 | - |
| INVENTORIES | - | - | - | - |
| PREPAID ITEMS | - | - | - | - |
| INTERFUND RECEIVABLE | - | - | - | - |
| RESTRICTED CASH AND CASH EQUIVALENTS | - | - | - | - |
| TOTAL ASSETS | \$ - | \$ 329 | \$ 2,524 | \$ 11,936 |
| | | | | |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | |
| LIABILITIES: | | | | |
| ACCOUNTS PAYABLE | - | - | 2,419 | - |
| SALARIES AND BENEFITS PAYABLE | - | - | - | 7 |
| DUE TO OTHER FUNDS | - | 131 | - | 1,711 |
| DUE TO OTHER GOVERNMENTS | - | - | - | - |
| OTHER ACCRUED LIABILITIES | - | - | - | - |
| DEFERRED REVENUE | - | - | 5 | - |
| INTERFUND PAYABLE | - | - | - | 250 |
| TOTAL LIABILITIES | - | 131 | 2,424 | 1,968 |
| FUND BALANCE: | | | | |
| RESERVED: | | | | |
| RESERVED FOR ENCUMBRANCES | - | - | 219 | 422 |
| RESERVED FOR PREPAID ITEMS | - | - | - | - |
| RESERVED FOR NONCURRENT INTERFUND RECEIVABLE | - | - | - | - |
| RESERVED FOR INVENTORIES | - | - | - | - |
| OTHER RESERVES | - | - | 10 | 9 |
| UNRESERVED: | | | | |
| UNDESIGNATED | - | 198 | (129) | 9,537 |
| TOTAL FUND BALANCE | - | 198 | 100 | 9,968 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ - | \$ 329 | \$ 2,524 | \$ 11,936 |

See accompanying independent auditor's report.

| <u>SPECIAL TRANSPORTATION</u> | <u>REDEVELOPMENT AGENCY</u> | <u>OTHER SPECIAL REVENUE</u> | <u>ASSETS</u> |
|-----------------------------------|---------------------------------|--------------------------------------|----------------------------------------------|
| \$ 17,689 | \$ 11,757 | \$ 54,897 | CASH AND CASH EQUIVALENTS |
| - | - | - | ACCOUNTS RECEIVABLE - NET |
| 752 | - | 204 | TAXES RECEIVABLE |
| - | - | - | INTEREST RECEIVABLE |
| - | - | - | OTHER RECEIVABLES |
| 70 | 530 | 4,841 | DUE FROM OTHER FUNDS |
| 1,310 | 173 | 731 | DUE FROM OTHER GOVERNMENTS |
| - | - | - | INVENTORIES |
| - | - | - | PREPAID ITEMS |
| - | - | - | INTERFUND RECEIVABLE |
| - | - | - | RESTRICTED CASH AND CASH EQUIVALENTS |
| <u>\$ 19,821</u> | <u>\$ 12,460</u> | <u>\$ 60,673</u> | TOTAL ASSETS |
| | | | <u>LIABILITIES AND FUND BALANCE</u> |
| 1,958 | 178 | 325 | LIABILITIES: |
| - | 23 | 290 | ACCOUNTS PAYABLE |
| 48 | 376 | 6,810 | SALARIES AND BENEFITS PAYABLE |
| - | 9 | 54 | DUE TO OTHER FUNDS |
| - | - | - | DUE TO OTHER GOVERNMENTS |
| 380 | - | 176 | OTHER ACCRUED LIABILITIES |
| - | - | 1,000 | DEFERRED REVENUE |
| | | | INTERFUND PAYABLE |
| <u>2,386</u> | <u>586</u> | <u>8,655</u> | TOTAL LIABILITIES |
| | | | FUND BALANCE: |
| 1,654 | - | 4,925 | RESERVED: |
| - | - | - | RESERVED FOR ENCUMBRANCES |
| - | - | - | RESERVED FOR PREPAID ITEMS |
| - | - | - | RESERVED FOR NONCURRENT INTERFUND RECEIVABLE |
| - | - | - | RESERVED FOR INVENTORIES |
| | | | OTHER RESERVES |
| <u>15,781</u> | <u>11,874</u> | <u>47,093</u> | UNRESERVED: |
| | | | UNDESIGNATED |
| <u>17,435</u> | <u>11,874</u> | <u>52,018</u> | TOTAL FUND BALANCE |
| <u>\$ 19,821</u> | <u>\$ 12,460</u> | <u>\$ 60,673</u> | TOTAL LIABILITIES AND FUND BALANCE |

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)

PAGE 1 OF 3

| | TOTAL | TRANSPORTATION | COUNTY FREE LIBRARY | ECONOMIC AND COMMUNITY DEVELOPMENT |
|----------------------------------------------------------------------------------------------------------------------|-------------------|------------------|---------------------------|------------------------------------------|
| REVENUES: | | | | |
| TAXES | \$ 81,154 | \$ - | \$ 8,703 | \$ 32 |
| LICENSES, PERMITS AND FRANCHISES | 280 | 219 | - | - |
| FINES, FORFEITURES AND PENALTIES | 7,762 | - | - | 7 |
| REVENUES FROM USE OF MONEY AND PROPERTY | 8,265 | 535 | - | 646 |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 167,264 | 35,159 | 978 | 13,907 |
| CHARGES FOR CURRENT SERVICES | 31,056 | 1,603 | 1,054 | - |
| OTHER REVENUES | 36,911 | 427 | 649 | 5,441 |
| TOTAL REVENUES | <u>332,692</u> | <u>37,943</u> | <u>11,384</u> | <u>20,033</u> |
| EXPENDITURES: | | | | |
| CURRENT: | | | | |
| GENERAL GOVERNMENT | 7,828 | - | - | - |
| PUBLIC PROTECTION | 123,970 | - | - | - |
| PUBLIC WAYS AND FACILITIES | 54,220 | 39,135 | - | - |
| HEALTH AND SANITATION | 2,930 | - | - | - |
| PUBLIC ASSISTANCE | 80,075 | - | - | 18,799 |
| EDUCATION | 11,340 | - | 11,340 | - |
| RECREATION AND CULTURAL SERVICES | 5,445 | - | - | - |
| DEBT SERVICE: | | | | |
| PRINCIPAL | 1,887 | 735 | 44 | - |
| INTEREST AND FISCAL CHARGES | 334 | 206 | 67 | - |
| CAPITAL OUTLAY | 16,453 | 2,799 | 22 | - |
| TOTAL EXPENDITURES | <u>304,482</u> | <u>42,875</u> | <u>11,473</u> | <u>18,799</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>28,210</u> | <u>(4,932)</u> | <u>(89)</u> | <u>1,234</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| TRANSFERS TO OTHER FUNDS | (40,210) | (466) | (302) | (1,024) |
| TRANSFERS FROM OTHER FUNDS | 15,274 | - | 788 | - |
| LONG-TERM DEBT ISSUED | 2,247 | - | - | - |
| INCEPTION OF CAPITAL LEASE OBLIGATIONS | 756 | 588 | - | - |
| SALE OF CAPITAL ASSETS | 2,178 | 179 | - | 1 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(19,755)</u> | <u>301</u> | <u>486</u> | <u>(1,023)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | <u>8,455</u> | <u>(4,631)</u> | <u>397</u> | <u>211</u> |
| FUND BALANCE (DEFICIT), JULY 1, 2003 | <u>243,946</u> | <u>23,965</u> | <u>1,237</u> | <u>18,443</u> |
| FUND BALANCE, JUNE 30, 2004 | <u>\$ 252,401</u> | <u>\$ 19,334</u> | <u>\$ 1,634</u> | <u>\$ 18,654</u> |

See accompanying independent auditor's report.

| <u>AGING AND ADULT SERVICES</u> | <u>JOB AND EMPLOYMENT SERVICES</u> | <u>MICROGRAPHICS FEES</u> | <u>COUNTY SERVICE AREAS</u> | |
|-------------------------------------|--------------------------------------------|-------------------------------|-------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| \$ - | \$ - | \$ - | \$ 19,429 | REVENUES: |
| - | - | - | - | TAXES |
| - | - | - | 17 | LICENSES, PERMITS AND FRANCHISES |
| 7 | 141 | - | 492 | FINES, FORFEITURES AND PENALTIES |
| 638 | 13,145 | - | 7,575 | REVENUES FROM USE OF MONEY AND PROPERTY |
| - | 1 | 5,379 | 9,677 | AID FROM OTHER GOVERNMENTAL AGENCIES |
| - | - | 259 | 4,797 | CHARGES FOR CURRENT SERVICES |
| | | | | OTHER REVENUES |
| <u>645</u> | <u>13,287</u> | <u>5,638</u> | <u>41,987</u> | TOTAL REVENUES |
| - | - | 2,830 | 784 | EXPENDITURES: |
| - | - | - | 34,784 | CURRENT: |
| - | - | - | 1,205 | GENERAL GOVERNMENT |
| 879 | 13,329 | - | - | PUBLIC PROTECTION |
| - | - | - | - | PUBLIC WAYS AND FACILITIES |
| - | - | - | - | HEALTH AND SANITATION |
| - | - | - | 876 | PUBLIC ASSISTANCE |
| - | - | - | 402 | EDUCATION |
| - | - | - | 25 | RECREATION AND CULTURAL SERVICES |
| - | - | 440 | 4,033 | DEBT SERVICE: |
| | | | | PRINCIPAL |
| <u>879</u> | <u>13,329</u> | <u>3,270</u> | <u>42,109</u> | INTEREST AND FISCAL CHARGES |
| | | | | CAPITAL OUTLAY |
| <u>(234)</u> | <u>(42)</u> | <u>2,368</u> | <u>(122)</u> | TOTAL EXPENDITURES |
| | | | | EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES |
| - | (135) | (608) | (5,286) | OTHER FINANCING SOURCES (USES): |
| 185 | - | - | 4,531 | TRANSFERS TO OTHER FUNDS |
| - | - | - | 2,247 | TRANSFERS FROM OTHER FUNDS |
| - | - | - | - | LONG-TERM DEBT ISSUED |
| - | - | - | 42 | INCEPTION OF CAPITAL LEASE OBLIGATIONS |
| | | | | SALE OF CAPITAL ASSETS |
| <u>185</u> | <u>(135)</u> | <u>(608)</u> | <u>1,534</u> | TOTAL OTHER FINANCING SOURCES (USES) |
| | | | | EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES |
| (49) | (177) | 1,760 | 1,412 | |
| 1,436 | (31) | 12,735 | 21,475 | FUND BALANCE (DEFICIT), JULY 1, 2003 |
| <u>\$ 1,387</u> | <u>\$ (208)</u> | <u>\$ 14,495</u> | <u>\$ 22,887</u> | FUND BALANCE, JUNE 30, 2004 |

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)

PAGE 2 OF 3

| | <u>COURTHOUSE TEMPORARY CONSTRUCTION</u> | <u>CRIMINAL JUSTICE TEMPORARY CONSTRUCTION</u> | <u>FLOOD CONTROL DISTRICT</u> | <u>FIRE PROTECTION DISTRICTS</u> |
|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|------------------------------------------------------------|---------------------------------------|------------------------------------------|
| REVENUES: | | | | |
| TAXES | \$ - | \$ - | \$ 23,803 | \$ 19,943 |
| LICENSES, PERMITS AND FRANCHISES | - | - | 61 | - |
| FINES, FORFEITURES AND PENALTIES | 2,078 | 2,376 | - | - |
| REVENUES FROM USE OF MONEY AND PROPERTY | 5 | 22 | 2,291 | 48 |
| AID FROM OTHER GOVERNMENTAL AGENCIES | - | - | 22,968 | 711 |
| CHARGES FOR CURRENT SERVICES | - | - | 197 | 3,534 |
| OTHER REVENUES | - | 159 | 661 | 731 |
| TOTAL REVENUES | <u>2,083</u> | <u>2,557</u> | <u>49,981</u> | <u>24,967</u> |
| EXPENDITURES: | | | | |
| CURRENT: | | | | |
| GENERAL GOVERNMENT | - | - | - | - |
| PUBLIC PROTECTION | - | - | 45,022 | 23,010 |
| PUBLIC WAYS AND FACILITIES | - | - | - | - |
| HEALTH AND SANITATION | - | - | - | - |
| PUBLIC ASSISTANCE | - | - | - | - |
| EDUCATION | - | - | - | - |
| RECREATION AND CULTURAL SERVICES | - | - | - | - |
| DEBT SERVICE: | | | | |
| PRINCIPAL | - | - | 706 | - |
| INTEREST AND FISCAL CHARGES | - | - | 36 | - |
| CAPITAL OUTLAY | - | - | 168 | 1,227 |
| TOTAL EXPENDITURES | <u>-</u> | <u>-</u> | <u>45,932</u> | <u>24,237</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>2,083</u> | <u>2,557</u> | <u>4,049</u> | <u>730</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| TRANSFERS TO OTHER FUNDS | (2,451) | (2,846) | (183) | (922) |
| TRANSFERS FROM OTHER FUNDS | - | - | 2,000 | 1,324 |
| LONG-TERM DEBT ISSUED | - | - | - | - |
| INCEPTION OF CAPITAL LEASE OBLIGATIONS | - | - | 168 | - |
| SALE OF CAPITAL ASSETS | - | - | 1,950 | 3 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(2,451)</u> | <u>(2,846)</u> | <u>3,935</u> | <u>405</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | <u>(368)</u> | <u>(289)</u> | <u>7,984</u> | <u>1,135</u> |
| FUND BALANCE (DEFICIT), JULY 1, 2003 | <u>371</u> | <u>292</u> | <u>62,678</u> | <u>4,558</u> |
| FUND BALANCE, JUNE 30, 2004 | <u>\$ 3</u> | <u>\$ 3</u> | <u>\$ 70,662</u> | <u>\$ 5,693</u> |

See accompanying independent auditor's report.

| <u>PARK AND RECREATION DISTRICTS</u> | <u>TOBACCO TAX PROGRAM</u> | <u>JOINT POWERS AUTHORITIES</u> | <u>SPECIAL AVIATION</u> | |
|--------------------------------------|----------------------------|---------------------------------|-------------------------|----------------------------------------------------------------------------------------------------------------|
| \$ 1,304 | \$ - | \$ - | \$ - | REVENUES: |
| - | - | - | - | TAXES |
| - | - | - | - | LICENSES, PERMITS AND FRANCHISES |
| 24 | 15 | 143 | 266 | FINES, FORFEITURES AND PENALTIES |
| 45 | 1,845 | - | 480 | REVENUES FROM USE OF MONEY AND PROPERTY |
| 498 | - | - | 20 | AID FROM OTHER GOVERNMENTAL AGENCIES |
| 19 | - | - | - | CHARGES FOR CURRENT SERVICES |
| | | | | OTHER REVENUES |
| <u>1,890</u> | <u>1,860</u> | <u>143</u> | <u>766</u> | TOTAL REVENUES |
| | | | | EXPENDITURES: |
| - | - | 122 | - | CURRENT: |
| - | - | - | - | GENERAL GOVERNMENT |
| - | - | - | 996 | PUBLIC PROTECTION |
| | 2,412 | - | - | PUBLIC WAYS AND FACILITIES |
| - | - | - | - | HEALTH AND SANITATION |
| - | - | - | - | PUBLIC ASSISTANCE |
| 1,768 | - | - | - | EDUCATION |
| | | | | RECREATION AND CULTURAL SERVICES |
| - | - | - | - | DEBT SERVICE: |
| - | - | - | - | PRINCIPAL |
| - | - | - | - | INTEREST AND FISCAL CHARGES |
| | | 6 | 2,258 | CAPITAL OUTLAY |
| <u>1,768</u> | <u>2,412</u> | <u>128</u> | <u>3,254</u> | TOTAL EXPENDITURES |
| <u>122</u> | <u>(552)</u> | <u>15</u> | <u>(2,488)</u> | EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES |
| | | | | OTHER FINANCING SOURCES (USES): |
| (14) | - | - | - | TRANSFERS TO OTHER FUNDS |
| - | - | - | 18 | TRANSFERS FROM OTHER FUNDS |
| - | - | - | - | LONG-TERM DEBT ISSUED |
| - | - | - | - | INCEPTION OF CAPITAL LEASE OBLIGATIONS |
| 2 | - | - | - | SALE OF CAPITAL ASSETS |
| <u>(12)</u> | <u>-</u> | <u>-</u> | <u>18</u> | TOTAL OTHER FINANCING SOURCES (USES) |
| | | | | EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES |
| 110 | (552) | 15 | (2,470) | |
| 537 | 756 | 393 | 7,475 | FUND BALANCE (DEFICIT), JULY 1, 2003 |
| <u>\$ 647</u> | <u>\$ 204</u> | <u>\$ 408</u> | <u>\$ 5,005</u> | FUND BALANCE, JUNE 30, 2004 |

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)

PAGE 3 OF 3

| | COMMUNITY SERVICES DEPARTMENT | LOCAL LAW ENFORCEMENT BLOCK GRANT | PRESCHOOL SERVICES DEPARTMENT | SHERIFF'S SPECIAL PROJECTS |
|----------------------------------------------------------------------------------------------------------------------|-------------------------------------|-----------------------------------------|-------------------------------------|----------------------------------|
| REVENUES: | | | | |
| TAXES | \$ - | \$ - | 88 | \$ - |
| LICENSES, PERMITS AND FRANCHISES | - | - | - | - |
| FINES, FORFEITURES AND PENALTIES | - | - | - | - |
| REVENUES FROM USE OF MONEY AND PROPERTY | - | 1 | 18 | 200 |
| AID FROM OTHER GOVERNMENTAL AGENCIES | - | 244 | 37,939 | 8,115 |
| CHARGES FOR CURRENT SERVICES | - | - | - | 2,675 |
| OTHER REVENUES | - | - | 155 | 3,352 |
| TOTAL REVENUES | <u>-</u> | <u>245</u> | <u>38,200</u> | <u>14,342</u> |
| EXPENDITURES: | | | | |
| CURRENT: | | | | |
| GENERAL GOVERNMENT | - | - | - | - |
| PUBLIC PROTECTION | - | 361 | - | 9,025 |
| PUBLIC WAYS AND FACILITIES | - | - | - | - |
| HEALTH AND SANITATION | - | - | - | - |
| PUBLIC ASSISTANCE | 2,482 | - | 37,792 | - |
| EDUCATION | - | - | - | - |
| RECREATION AND CULTURAL SERVICES | - | - | - | - |
| DEBT SERVICE: | | | | |
| PRINCIPAL | - | - | - | - |
| INTEREST AND FISCAL CHARGES | - | - | - | - |
| CAPITAL OUTLAY | - | 12 | 300 | 4,884 |
| TOTAL EXPENDITURES | <u>2,482</u> | <u>373</u> | <u>38,092</u> | <u>13,909</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(2,482)</u> | <u>(128)</u> | <u>108</u> | <u>433</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| TRANSFERS TO OTHER FUNDS (NOTE 7) | - | - | (102) | (2) |
| TRANSFERS FROM OTHER FUNDS (NOTE 7) | - | - | - | - |
| LONG-TERM DEBT ISSUED | - | - | - | - |
| INCEPTION OF CAPITAL LEASE OBLIGATIONS | - | - | - | - |
| SALE OF CAPITAL ASSETS | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>(102)</u> | <u>(2)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | <u>(2,482)</u> | <u>(128)</u> | <u>6</u> | <u>431</u> |
| FUND BALANCE (DEFICIT), JULY 1, 2003, AS RESTATED | <u>2,482</u> | <u>326</u> | <u>94</u> | <u>9,537</u> |
| FUND BALANCE, JUNE 30, 2004 | <u>\$ -</u> | <u>\$ 198</u> | <u>\$ 100</u> | <u>\$ 9,968</u> |

See accompanying independent auditor's report.

| <u>SPECIAL TRANSPORTATION</u> | <u>REDEVELOPMENT AGENCY</u> | <u>OTHER SPECIAL REVENUE</u> | |
|-----------------------------------|---------------------------------|--------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| \$ 6,075 | \$ 123 | \$ 1,654 | REVENUES: |
| - | - | - | TAXES |
| - | - | 3,284 | LICENSES, PERMITS AND FRANCHISES |
| 248 | 90 | 3,073 | FINES, FORFEITURES AND PENALTIES |
| 2,503 | - | 21,012 | REVENUES FROM USE OF MONEY AND PROPERTY |
| 3,271 | - | 3,147 | AID FROM OTHER GOVERNMENTAL AGENCIES |
| - | 1 | 20,260 | CHARGES FOR CURRENT SERVICES |
| <u>12,097</u> | <u>214</u> | <u>52,430</u> | OTHER REVENUES |
| | | | TOTAL REVENUES |
| - | 1,973 | 2,119 | EXPENDITURES: |
| - | - | 11,768 | CURRENT: |
| 12,463 | - | 421 | GENERAL GOVERNMENT |
| - | - | 518 | PUBLIC PROTECTION |
| - | - | 6,794 | PUBLIC WAYS AND FACILITIES |
| - | - | - | HEALTH AND SANITATION |
| - | - | 2,801 | PUBLIC ASSISTANCE |
| - | - | - | EDUCATION |
| - | - | - | RECREATION AND CULTURAL SERVICES |
| - | - | - | DEBT SERVICE: |
| - | - | - | PRINCIPAL |
| - | - | - | INTEREST AND FISCAL CHARGES |
| - | - | 304 | CAPITAL OUTLAY |
| <u>12,463</u> | <u>1,973</u> | <u>24,725</u> | TOTAL EXPENDITURES |
| <u>(366)</u> | <u>(1,759)</u> | <u>27,705</u> | EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES |
| - | (83) | (25,786) | OTHER FINANCING SOURCES (USES): |
| - | 3,555 | 2,873 | TRANSFERS TO OTHER FUNDS |
| - | - | - | TRANSFERS FROM OTHER FUNDS |
| - | - | - | LONG-TERM DEBT ISSUED |
| - | - | - | INCEPTION OF CAPITAL LEASE OBLIGATIONS |
| - | - | 1 | SALE OF CAPITAL ASSETS |
| - | <u>3,472</u> | <u>(22,912)</u> | TOTAL OTHER FINANCING SOURCES (USES) |
| (366) | 1,713 | 4,793 | EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES |
| 17,801 | 10,161 | 47,225 | FUND BALANCE (DEFICIT), JULY 1, 2003, AS RESTATED |
| <u>\$ 17,435</u> | <u>\$ 11,874</u> | <u>\$ 52,018</u> | FUND BALANCE, JUNE 30, 2004 |

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 JUNE 30, 2004 (IN THOUSANDS)

| <u>ASSETS</u> | <u>TOTAL</u> | <u>REDEVELOPMENT AGENCY BONDS</u> | <u>JOINT POWERS AUTHORITIES</u> | <u>PENSION OBLIGATION BONDS</u> |
|---------------------------------------------|------------------|-------------------------------------------|-----------------------------------------|-----------------------------------------|
| CASH AND CASH EQUIVALENTS | \$ 30,467 | \$ 991 | \$ 5,456 | \$ 24,020 |
| INVESTMENTS | 9,620 | 1,603 | 8,017 | - |
| INTEREST RECEIVABLE | 180 | - | 180 | - |
| DUE FROM OTHER FUNDS | 89 | 89 | - | - |
| TOTAL ASSETS | <u>\$ 40,356</u> | <u>\$ 2,683</u> | <u>\$ 13,653</u> | <u>\$ 24,020</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | |
| LIABILITIES: | | | | |
| ACCOUNTS PAYABLE | 1 | - | 1 | - |
| DUE TO OTHER FUNDS (NOTE 7) | 162 | 162 | - | - |
| TOTAL LIABILITIES | <u>163</u> | <u>162</u> | <u>1</u> | <u>-</u> |
| FUND BALANCE: | | | | |
| RESERVED FOR DEBT SERVICE | 40,193 | 2,521 | 13,652 | 24,020 |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 40,356</u> | <u>\$ 2,683</u> | <u>\$ 13,653</u> | <u>\$ 24,020</u> |

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)

| | <u>TOTAL</u> | <u>REDEVELOPMENT AGENCY BONDS</u> | <u>JOINT POWERS AUTHORITIES</u> | <u>PENSION OBLIGATION BONDS</u> |
|--------------------------------------------------------------------------------------------------------------|------------------|-------------------------------------------|-----------------------------------------|-----------------------------------------|
| REVENUES: | | | | |
| TAXES | \$ 4,809 | \$ 4,809 | \$ - | \$0 |
| REVENUES FROM USE OF MONEY AND PROPERTY | 436 | - | 436 | - |
| OTHER REVENUES | <u>1,124</u> | <u>-</u> | <u>52</u> | <u>1,072</u> |
| TOTAL REVENUES | <u>6,369</u> | <u>4,809</u> | <u>488</u> | <u>1,072</u> |
| EXPENDITURES: | | | | |
| DEBT SERVICE: | | | | |
| PRINCIPAL | 20,835 | 280 | 7,535 | 13,020 |
| INTEREST | <u>25,108</u> | <u>1,333</u> | <u>8,388</u> | <u>15,387</u> |
| TOTAL EXPENDITURES | <u>45,943</u> | <u>1,613</u> | <u>15,923</u> | <u>28,407</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(39,574)</u> | <u>3,196</u> | <u>(15,435)</u> | <u>(27,335)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| TRANSFERS TO OTHER FUNDS | (3,477) | (3,477) | - | - |
| TRANSFERS FROM OTHER FUNDS | <u>34,297</u> | <u>-</u> | <u>15,502</u> | <u>18,795</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>30,820</u> | <u>(3,477)</u> | <u>15,502</u> | <u>18,795</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | <u>(8,754)</u> | <u>(281)</u> | <u>67</u> | <u>(8,540)</u> |
| FUND BALANCE, JULY 1, 2003 | <u>48,947</u> | <u>2,802</u> | <u>13,585</u> | <u>32,560</u> |
| FUND BALANCE, JUNE 30, 2004 | <u>\$ 40,193</u> | <u>\$ 2,521</u> | <u>\$ 13,652</u> | <u>\$ 24,020</u> |

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2004 (IN THOUSANDS)

| <u>ASSETS</u> | <u>TOTAL</u> | <u>CAPITAL IMPROVEMENTS</u> | <u>PARK AND RECREATION DISTRICTS</u> |
|-------------------------------------|------------------|---------------------------------|----------------------------------------------|
| CASH AND CASH EQUIVALENTS | \$ 17,360 | \$ 5,349 | \$ 20 |
| ACCOUNTS RECEIVABLE - NET | 1,749 | 1,749 | - |
| INTEREST RECEIVABLE | 4 | - | - |
| DUE FROM OTHER FUNDS (NOTE 7) | 2,533 | 1,857 | - |
| DUE FROM OTHER GOVERNMENTS | 3,866 | 3,866 | - |
| OTHER ASSETS | - | - | - |
| TOTAL ASSETS | <u>\$ 25,512</u> | <u>\$ 12,821</u> | <u>\$ 20</u> |
| | | | |
| <u>LIABILITIES AND FUND BALANCE</u> | | | |
| LIABILITIES: | | | |
| ACCOUNTS PAYABLE | 3,236 | 1,553 | - |
| DUE TO OTHER FUNDS | 701 | 284 | - |
| TOTAL LIABILITIES | <u>3,937</u> | <u>1,837</u> | <u>-</u> |
| FUND BALANCE: | | | |
| RESERVED FOR ENCUMBRANCES | 4,632 | 3,856 | - |
| UNRESERVED, UNDESIGNATED | 16,943 | 7,128 | 20 |
| TOTAL FUND BALANCE | <u>21,575</u> | <u>10,984</u> | <u>20</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 25,512</u> | <u>\$ 12,821</u> | <u>\$ 20</u> |

See accompanying independent auditor's report.

| <u>JOINT POWERS AUTHORITIES</u> | <u>COUNTY SERVICE AREAS</u> | <u>FIRE PROTECTION DISTRICTS</u> | <u>REDEVELOPMENT AGENCY</u> | <u>ASSETS</u> |
|-----------------------------------------|-------------------------------------|------------------------------------------|---------------------------------|-------------------------------------|
| \$ 4,583 | \$ 2,639 | \$ 142 | \$ 4,627 | CASH AND CASH EQUIVALENTS |
| - | - | - | - | ACCOUNTS RECEIVABLE - NET |
| 4 | - | - | - | INTEREST RECEIVABLE |
| - | 651 | - | 25 | DUE FROM OTHER FUNDS |
| - | - | - | - | DUE FROM OTHER GOVERNMENTS |
| - | - | - | - | OTHER ASSETS |
| <u>\$ 4,587</u> | <u>\$ 3,290</u> | <u>\$ 142</u> | <u>\$ 4,652</u> | TOTAL ASSETS |
| | | | | <u>LIABILITIES AND FUND BALANCE</u> |
| 1,663 | 20 | - | - | LIABILITIES: |
| - | - | - | 417 | ACCOUNTS PAYABLE |
| | | | | DUE TO OTHER FUNDS |
| <u>1,663</u> | <u>20</u> | <u>-</u> | <u>417</u> | TOTAL LIABILITIES |
| - | 776 | - | - | FUND BALANCE: |
| <u>2,924</u> | <u>2,494</u> | <u>142</u> | <u>4,235</u> | RESERVED FOR ENCUMBRANCES |
| | | | | UNRESERVED, UNDESIGNATED |
| <u>2,924</u> | <u>3,270</u> | <u>142</u> | <u>4,235</u> | TOTAL FUND BALANCE |
| <u>\$ 4,587</u> | <u>\$ 3,290</u> | <u>\$ 142</u> | <u>\$ 4,652</u> | TOTAL LIABILITIES AND FUND BALANCE |

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)

| | <u>TOTAL</u> | <u>CAPITAL IMPROVEMENTS</u> | <u>PARK AND RECREATION DISTRICTS</u> |
|--------------------------------------------------------------------------------------------------------------|------------------|---------------------------------|----------------------------------------------|
| REVENUES: | | | |
| TAXES | \$ 1 | \$ - | \$ - |
| REVENUES FROM USE OF MONEY AND PROPERTY | 152 | 3 | - |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 10,608 | 10,608 | - |
| CHARGES FOR CURRENT SERVICES | 87 | 87 | - |
| OTHER REVENUES | 85 | - | - |
| TOTAL REVENUES | <u>10,933</u> | <u>10,698</u> | <u>-</u> |
| EXPENDITURES: | | | |
| CAPITAL OUTLAY | <u>38,513</u> | <u>32,060</u> | <u>15</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(27,580)</u> | <u>(21,362)</u> | <u>(15)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS | (2,505) | (2,505) | - |
| TRANSFERS FROM OTHER FUNDS | <u>10,527</u> | <u>7,336</u> | <u>15</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>8,022</u> | <u>4,831</u> | <u>15</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | (19,558) | (16,531) | - |
| FUND BALANCE, JULY 1, 2003 | <u>41,133</u> | <u>27,515</u> | <u>20</u> |
| FUND BALANCE, JUNE 30, 2004 | <u>\$ 21,575</u> | <u>\$ 10,984</u> | <u>\$ 20</u> |

See accompanying independent auditor's report.

| <u>JOINT POWERS AUTHORITIES</u> | <u>COUNTY SERVICE AREAS</u> | <u>FIRE PROTECTION DISTRICTS</u> | <u>REDEVELOPMENT AGENCY</u> | |
|-----------------------------------------|-------------------------------------|------------------------------------------|---------------------------------|--------------------------------------------------------------------------------------------------------------|
| \$ - | \$ - | \$ 1 | \$ - | REVENUES: |
| 41 | 61 | 1 | 46 | TAXES |
| - | - | - | - | REVENUES FROM USE OF MONEY AND PROPERTY |
| - | - | - | - | AID FROM OTHER GOVERNMENTAL AGENCIES |
| - | 85 | - | - | CHARGES FOR CURRENT SERVICES |
| <u>41</u> | <u>146</u> | <u>2</u> | <u>46</u> | OTHER REVENUES |
| | | | | TOTAL REVENUES |
| <u>20</u> | <u>3,134</u> | <u>1</u> | <u>3,283</u> | EXPENDITURES: |
| | | | | CAPITAL OUTLAY |
| <u>21</u> | <u>(2,988)</u> | <u>1</u> | <u>(3,237)</u> | EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES |
| | | | | |
| - | - | - | - | OTHER FINANCING SOURCES (USES): |
| <u>183</u> | <u>2,868</u> | <u>125</u> | <u>-</u> | TRANSFERS TO OTHER FUNDS |
| | | | | TRANSFERS FROM OTHER FUNDS |
| <u>183</u> | <u>2,868</u> | <u>125</u> | <u>-</u> | TOTAL OTHER FINANCING SOURCES (USES) |
| | | | | EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES |
| 204 | (120) | 126 | (3,237) | |
| <u>2,720</u> | <u>3,390</u> | <u>16</u> | <u>7,472</u> | FUND BALANCE, JULY 1, 2003 |
| | | | | |
| <u>\$ 2,924</u> | <u>\$ 3,270</u> | <u>\$ 142</u> | <u>\$ 4,235</u> | FUND BALANCE, JUNE 30, 2004 |

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 PERMANENT FUNDS
 JUNE 30, 2004 (IN THOUSANDS)

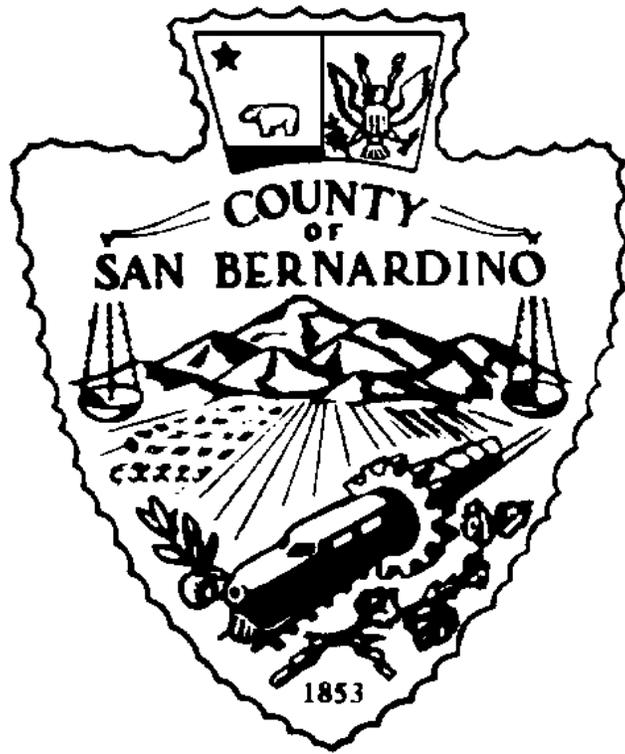
| <u>ASSETS</u> | <u>TOTAL</u> | <u>BARSTOW CEMETERY ENDOWMENT CARE FUND</u> | <u>LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND</u> |
|---------------------------|---------------|---------------------------------------------------------|--------------------------------------------------------------------|
| CASH AND CASH EQUIVALENTS | \$ 541 | \$ 467 | \$ 74 |
| DUE FROM OTHER FUNDS | <u>2</u> | <u>2</u> | <u>-</u> |
| TOTAL ASSETS | <u>\$ 543</u> | <u>\$ 469</u> | <u>\$ 74</u> |
| | | | |
| <u>FUND BALANCE</u> | | | |
| FUND BALANCE: | | | |
| RESERVED FOR ENDOWMENTS | <u>543</u> | <u>469</u> | <u>74</u> |
| TOTAL FUND BALANCE | <u>543</u> | <u>469</u> | <u>74</u> |
| TOTAL FUND BALANCE | <u>\$ 543</u> | <u>\$ 469</u> | <u>\$ 74</u> |

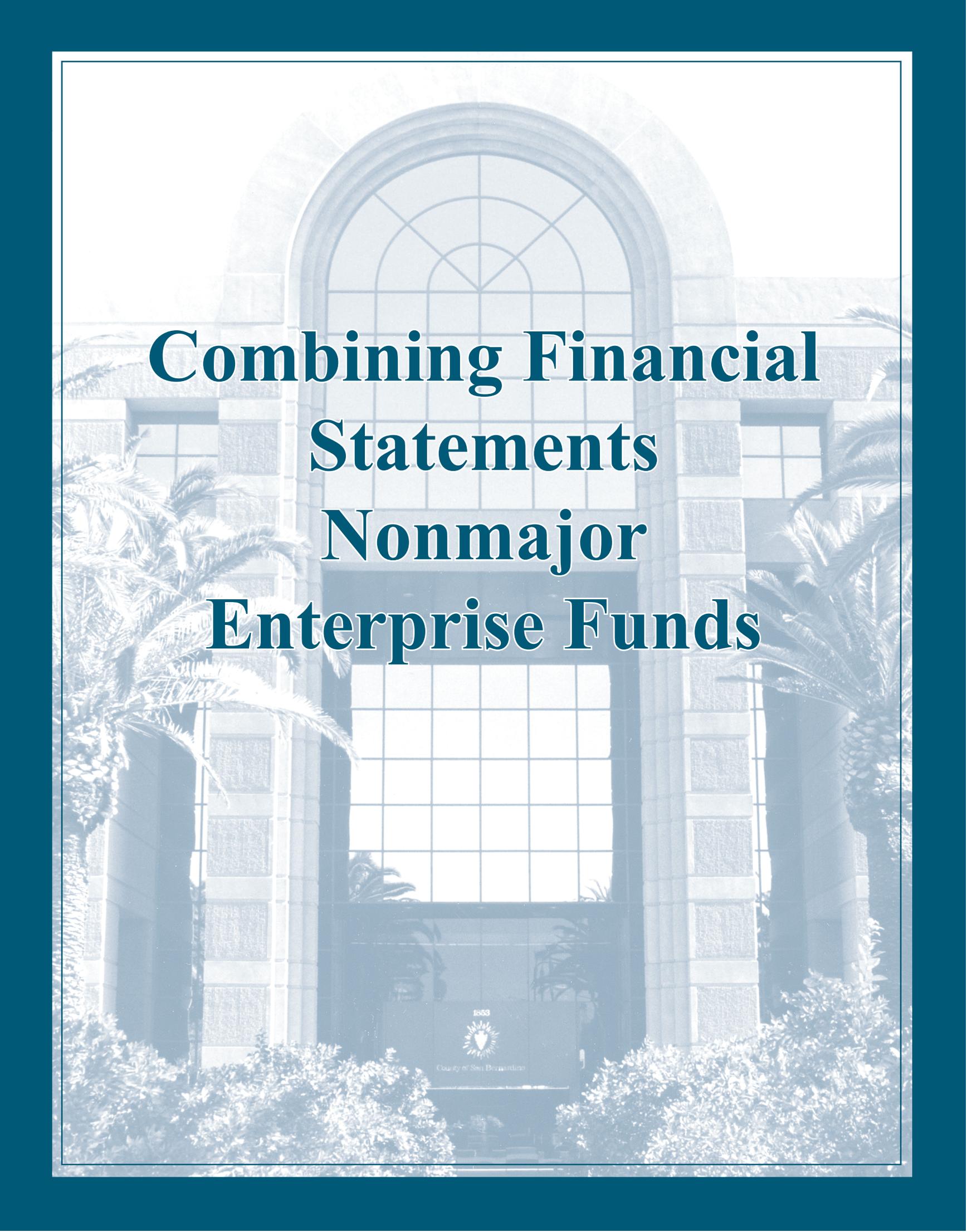
See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 PERMANENT FUNDS
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)

| | <u>TOTAL</u> | <u>BARSTOW CEMETERY ENDOWMENT CARE FUND</u> | <u>LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND</u> |
|------------------------------------------------------|---------------|---------------------------------------------------------|--------------------------------------------------------------------|
| REVENUES: | | | |
| REVENUES FROM USE OF MONEY & PROPERTY | \$ 11 | \$ 10 | \$ 1 |
| OTHER REVENUES | <u>18</u> | <u>18</u> | <u>-</u> |
| TOTAL REVENUES | <u>29</u> | <u>28</u> | <u>1</u> |
| | | | |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| EDUCATION | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 29 | 28 | 1 |
| | | | |
| FUND BALANCE, JULY 1, 2003 | <u>514</u> | <u>441</u> | <u>73</u> |
| | | | |
| FUND BALANCE, JUNE 30, 2004 | <u>\$ 543</u> | <u>\$ 469</u> | <u>\$ 74</u> |

See accompanying independent auditor's report.





**Combining Financial
Statements
Nonmajor
Enterprise Funds**

1853



County of San Bernardino

NONMAJOR ENTERPRISE FUNDS DESCRIPTIONS

CRESTLINE SANITATION DISTRICT

The Crestline Sanitation District provides sewage collection, treatment and disposal service for 5,040 equivalent dwelling units. Three treatment plants and 100 miles of sewer lines are maintained. User fees are the principal source of revenue.

COUNTY SERVICE AREAS

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

FIRE PROTECTION DISTRICTS – AMBULANCE

The Fire Protection Districts-Ambulance Funds account for ambulance transport services. 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 BALANCE SHEET
 NONMAJOR ENTERPRISE FUNDS
 JUNE 30, 2004 (IN THOUSANDS)

| <u>ASSETS</u> | <u>TOTAL</u> | <u>CRESTLINE SANITATION DISTRICT</u> | <u>COUNTY SERVICE AREAS</u> |
|-------------------------------------------|-------------------|----------------------------------------------|-------------------------------------|
| CURRENT ASSETS: | | | |
| CASH AND CASH EQUIVALENTS | \$ 36,111 | \$ 6,488 | \$ 29,443 |
| ACCOUNTS RECEIVABLE - NET | 2,611 | 273 | 1,944 |
| TAXES RECEIVABLE | - | - | - |
| OTHER RECEIVABLES | - | - | - |
| DUE FROM OTHER FUNDS | 343 | 85 | 258 |
| DUE FROM OTHER GOVERNMENTS | 8 | 8 | - |
| INVENTORIES | 144 | - | - |
| TOTAL CURRENT ASSETS | <u>39,217</u> | <u>6,854</u> | <u>31,645</u> |
| NONCURRENT ASSETS | | | |
| LAND, STRUCTURES AND IMPROVEMENTS | 106,304 | 22,332 | 83,972 |
| EQUIPMENT | 3,621 | 1,330 | 1,793 |
| ACCUMULATED DEPRECIATION AND AMORTIZATION | (51,520) | (14,428) | (36,764) |
| CONSTRUCTION IN PROGRESS | 2,428 | 282 | 2,146 |
| TOTAL NONCURRENT ASSETS | <u>60,833</u> | <u>9,516</u> | <u>51,147</u> |
| TOTAL ASSETS | <u>\$ 100,050</u> | <u>\$ 16,370</u> | <u>\$ 82,792</u> |
| | | | |
| <u>LIABILITIES AND NET ASSETS</u> | | | |
| CURRENT LIABILITIES: | | | |
| ACCOUNTS PAYABLE | 700 | 7 | 693 |
| SALARIES AND BENEFITS PAYABLE | 74 | 69 | - |
| DUE TO OTHER FUNDS | 136 | - | 125 |
| INTEREST PAYABLE | 116 | - | 116 |
| DEFERRED REVENUE | 18 | - | 18 |
| TOTAL CURRENT LIABILITIES | <u>1,044</u> | <u>76</u> | <u>952</u> |
| NONCURRENT LIABILITIES: | | | |
| INTERFUND PAYABLE | - | - | - |
| EMPLOYEE COMPENSATED ABSENCES | 132 | 121 | - |
| BONDS AND NOTES PAYABLE | 6,157 | 1,335 | 4,822 |
| TOTAL NONCURRENT LIABILITIES | <u>6,289</u> | <u>1,456</u> | <u>4,822</u> |
| TOTAL LIABILITIES | <u>7,333</u> | <u>1,532</u> | <u>5,774</u> |
| NET ASSETS: | | | |
| UNRESERVED | <u>92,717</u> | <u>14,838</u> | <u>77,018</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 100,050</u> | <u>\$ 16,370</u> | <u>\$ 82,792</u> |

See accompanying independent auditor's report.

| FIRE PROTECTION DISTRICTS - AMBULANCE | OTHER ENTERPRISE |
|------------------------------------------------|---------------------|
| \$ 44 | \$ 136 |
| 394 | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | 144 |
| <u>438</u> | <u>280</u> |
| - | - |
| 498 | - |
| (328) | - |
| - | - |
| <u>170</u> | <u>-</u> |
| <u>\$ 608</u> | <u>\$ 280</u> |

ASSETS

CURRENT ASSETS:

| |
|----------------------------|
| CASH AND CASH EQUIVALENTS |
| ACCOUNTS RECEIVABLE - NET |
| TAXES RECEIVABLE |
| OTHER RECEIVABLES |
| DUE FROM OTHER FUNDS |
| DUE FROM OTHER GOVERNMENTS |
| INVENTORIES |
| TOTAL CURRENT ASSETS |

NONCURRENT ASSETS:

| |
|-------------------------------------------|
| LAND, STRUCTURES AND IMPROVEMENTS |
| EQUIPMENT |
| ACCUMULATED DEPRECIATION AND AMORTIZATION |
| CONSTRUCTION IN PROGRESS |
| TOTAL NONCURRENT ASSETS |

TOTAL ASSETS

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

| |
|-------------------------------|
| ACCOUNTS PAYABLE |
| SALARIES AND BENEFITS PAYABLE |
| DUE TO OTHER FUNDS |
| INTEREST PAYABLE |
| DEFERRED REVENUE |
| TOTAL CURRENT LIABILITIES |

NONCURRENT LIABILITIES:

| |
|-------------------------------|
| INTERFUND PAYABLE |
| EMPLOYEE COMPENSATED ABSENCES |
| BONDS AND NOTES PAYABLE |
| TOTAL NONCURRENT LIABILITIES |

TOTAL LIABILITIES

NET ASSETS:
UNRESERVED

TOTAL LIABILITIES AND NET ASSETS

| | |
|---------------|---------------|
| - | - |
| - | 5 |
| 11 | - |
| - | - |
| - | - |
| <u>11</u> | <u>5</u> |
| - | - |
| - | 11 |
| - | - |
| <u>-</u> | <u>11</u> |
| 11 | 16 |
| <u>597</u> | <u>264</u> |
| <u>\$ 608</u> | <u>\$ 280</u> |

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (DEFICIT)
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)

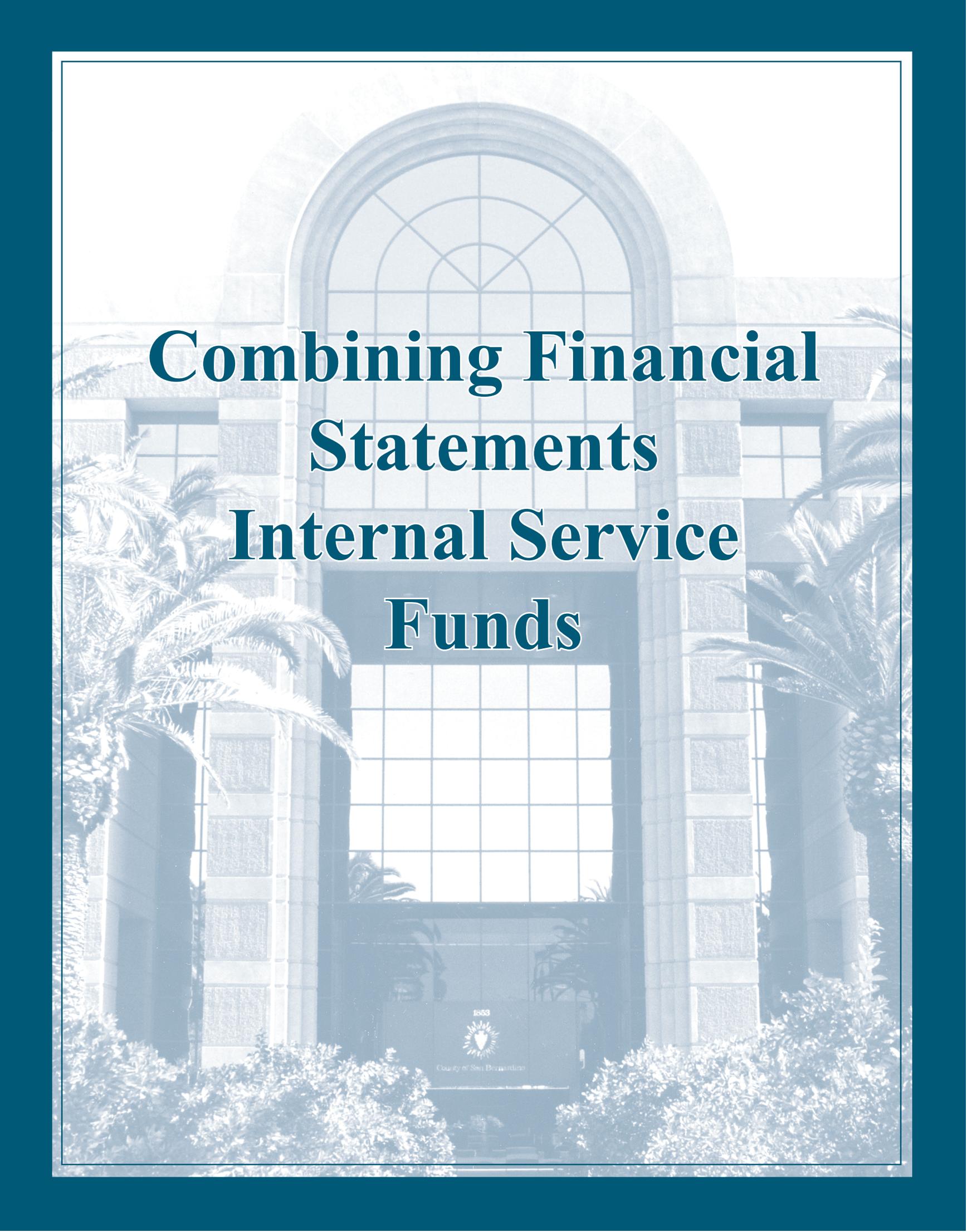
| | <u>TOTAL</u> | <u>CRESTLINE SANITATION DISTRICT</u> | <u>COUNTY SERVICE AREAS</u> |
|-------------------------------------------------|------------------|----------------------------------------------|-------------------------------------|
| OPERATING REVENUES: | | | |
| CHARGES FOR CURRENT SERVICES | \$ 18,835 | \$ 1,591 | \$ 15,067 |
| OTHER | - | - | - |
| TOTAL OPERATING REVENUES | <u>18,835</u> | <u>1,591</u> | <u>15,067</u> |
| OPERATING EXPENSES: | | | |
| PROFESSIONAL SERVICES | 1,675 | 75 | 1,501 |
| SALARIES AND EMPLOYEE BENEFITS | 6,864 | 1,472 | 5,202 |
| SELF-INSURED CLAIMS | 1 | - | - |
| SERVICES AND SUPPLIES | 8,099 | 658 | 6,341 |
| DEPRECIATION AND AMORTIZATION | 2,682 | 584 | 2,030 |
| OTHER | 205 | - | 196 |
| TOTAL OPERATING EXPENSES | <u>19,526</u> | <u>2,789</u> | <u>15,270</u> |
| OPERATING INCOME (LOSS) | <u>(691)</u> | <u>(1,198)</u> | <u>(203)</u> |
| NONOPERATING REVENUES (EXPENSES): | | | |
| INTEREST REVENUE | 671 | 120 | 538 |
| INTEREST EXPENSE | (301) | (26) | (275) |
| TAX REVENUE | 4,390 | 985 | 3,405 |
| GRANT REVENUE | 103 | 30 | 73 |
| GAIN (LOSS) ON SALE OF CAPITAL ASSETS | 34 | 24 | 10 |
| OTHER NONOPERATING REVENUES | 941 | (75) | 787 |
| OTHER NONOPERATING EXPENSES | - | - | - |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>5,838</u> | <u>1,058</u> | <u>4,538</u> |
| CHANGE IN NET ASSETS (DEFICIT) BEFORE TRANSFERS | 5,147 | (140) | 4,335 |
| TRANSFERS TO OTHER FUNDS | (2,643) | (30) | (1,352) |
| TRANSFERS FROM OTHER FUNDS | <u>3</u> | <u>-</u> | <u>-</u> |
| CHANGE IN NET ASSETS (DEFICIT) | 2,507 | (170) | 2,983 |
| TOTAL NET ASSETS (DEFICIT), JULY 1, 2003 | <u>90,210</u> | <u>15,008</u> | <u>74,035</u> |
| TOTAL NET ASSETS (DEFICIT), JUNE 30, 2004 | <u>\$ 92,717</u> | <u>\$ 14,838</u> | <u>\$ 77,018</u> |

See accompanying independent auditor's report.

| <u>FIRE PROTECTION DISTRICTS - AMBULANCE</u> | <u>OTHER ENTERPRISE</u> | |
|----------------------------------------------------------|-----------------------------|-------------------------------------------------|
| \$ 2,177 | \$ - | OPERATING REVENUES: |
| <u>-</u> | <u>-</u> | CHARGES FOR CURRENT SERVICES |
| | | OTHER |
| <u>2,177</u> | <u>-</u> | TOTAL OPERATING REVENUES |
| | | OPERATING EXPENSES: |
| 98 | 1 | PROFESSIONAL SERVICES |
| 66 | 124 | SALARIES AND EMPLOYEE BENEFITS |
| - | 1 | SELF-INSURED CLAIMS |
| 968 | 132 | SERVICES AND SUPPLIES |
| 68 | - | DEPRECIATION AND AMORTIZATION |
| <u>9</u> | <u>-</u> | OTHER |
| <u>1,209</u> | <u>258</u> | TOTAL OPERATING EXPENSES |
| <u>968</u> | <u>(258)</u> | OPERATING INCOME (LOSS) |
| | | NONOPERATING REVENUES (EXPENSES): |
| 11 | 2 | INTEREST REVENUE |
| - | - | INTEREST EXPENSE |
| - | - | TAX REVENUE |
| - | - | GRANT REVENUE |
| - | - | GAIN (LOSS) ON SALE OF CAPITAL ASSETS |
| - | 229 | OTHER NONOPERATING REVENUES |
| <u>-</u> | <u>-</u> | OTHER NONOPERATING EXPENSES |
| <u>11</u> | <u>231</u> | TOTAL NONOPERATING REVENUES (EXPENSES) |
| 979 | (27) | CHANGE IN NET ASSETS (DEFICIT) BEFORE TRANSFERS |
| (1,249) | (12) | TRANSFERS TO OTHER FUNDS |
| <u>-</u> | <u>3</u> | TRANSFERS FROM OTHER FUNDS |
| (270) | (36) | CHANGE IN NET ASSETS (DEFICIT) |
| 867 | 300 | TOTAL NET ASSETS (DEFICIT), JULY 1, 2003 |
| <u>\$ 597</u> | <u>\$ 264</u> | TOTAL NET ASSETS (DEFICIT), JUNE 30, 2004 |

COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)

| | TOTAL | CRESTLINE SANITATION DISTRICT | COUNTY SERVICE AREAS | FIRE PROTECTION DISTRICTS- AMBULANCE | OTHER ENTERPRISE |
|------------------------------------------------------------------------------------------------|-----------|-------------------------------------|----------------------------|-----------------------------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| CASH RECEIVED FROM SERVICES | \$ 18,955 | \$ 1,724 | \$ 15,214 | \$ 2,004 | \$ 13 |
| CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES | (10,409) | (832) | (8,356) | (1,065) | (156) |
| CASH PAYMENTS TO EMPLOYEES FOR SERVICES | (6,818) | (1,427) | (5,202) | (66) | (123) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 1,728 | (535) | 1,656 | 873 | (266) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| OPERATING GRANTS AND CONTRIBUTIONS | - | - | - | - | - |
| TAXES RECEIVED | 4,390 | 985 | 3,405 | - | - |
| GRANTS RECEIVED | 219 | 30 | 189 | - | - |
| OTHER NONOPERATING REVENUE | 943 | (75) | 787 | - | 231 |
| TRANSFERS RECEIVED | 3 | - | - | - | 3 |
| TRANSFERS PAID | (2,643) | (30) | (1,352) | (1,249) | (12) |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | 2,912 | 910 | 3,029 | (1,249) | 222 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| ACQUISITION OF CAPITAL ASSETS | (1,797) | (81) | (1,716) | - | - |
| PRINCIPAL PAID ON BONDS AND NOTES | (110) | (84) | (26) | - | - |
| INTEREST PAID ON BONDS AND NOTES | (373) | (24) | (349) | - | - |
| PROCEEDS FROM SALE OF CAPITAL ASSETS | 34 | 24 | 10 | - | - |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | (2,246) | (165) | (2,081) | - | - |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| PROCEEDS FROM SALE AND MATURITIES OF INVESTMENTS | 878 | - | 878 | - | - |
| INTEREST ON INVESTMENTS | 669 | 120 | 538 | 11 | - |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | 1,547 | 120 | 1,416 | 11 | - |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 3,941 | 330 | 4,020 | (365) | (44) |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 32,170 | 6,158 | 25,423 | 409 | 180 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 36,111 | \$ 6,488 | \$ 29,443 | \$ 44 | \$ 136 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | | |
| OPERATING INCOME (LOSS) | \$ (691) | \$ (1,198) | \$ (203) | \$ 968 | \$ (258) |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | | |
| DEPRECIATION | 2,682 | 584 | 2,030 | 68 | - |
| CHANGES IN ASSETS AND LIABILITIES: | | | | | |
| ACCOUNTS RECEIVABLE | (290) | (12) | (102) | (176) | - |
| DUE FROM OTHER FUNDS | - | - | - | - | - |
| DUE FROM OTHER GOVERNMENTS | 407 | 145 | 245 | 4 | 13 |
| INVENTORIES | (8) | - | - | - | (8) |
| PREPAID ITEMS | - | - | - | - | - |
| DEFERRED CHARGES | - | - | - | - | - |
| ACCOUNTS PAYABLE AND OTHER LIABILITIES | (419) | (99) | (314) | 9 | (15) |
| SALARIES AND BENEFITS PAYABLE | 11 | 11 | - | - | - |
| DUE TO OTHER FUNDS | - | - | - | - | - |
| COMPENSATED ABSENCES PAYABLE | 36 | 34 | - | - | 2 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ 1,728 | \$ (535) | \$ 1,656 | \$ 873 | \$ (266) |
| BREAKDOWN OF CASH AND CASH EQUIVALENTS | | | | | |
| CASH AND CASH EQUIVALENTS | \$ 36,111 | \$ 6,488 | \$ 29,443 | \$ 44 | \$ 136 |
| RESTRICTED CASH AND INVESTMENTS | - | - | - | - | - |
| | \$ 36,111 | \$ 6,488 | \$ 29,443 | \$ 44 | \$ 136 |



**Combining Financial
Statements
Internal Service
Funds**

1853



County of San Bernardino

INTERNAL SERVICE FUNDS DESCRIPTIONS

GENERAL SERVICES GROUP

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

TELEPHONE SERVICES

The Telephone Services Fund accounts for Countywide 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, Countywide data processing services including data entry, report distribution and distributed data processing with technical support.

VEHICLE SERVICES

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

RISK MANAGEMENT

The Risk Management Fund accounts for the County's self-insured worker's compensation, public liability, property conservation and safety programs 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 BALANCE SHEET
 INTERNAL SERVICE FUNDS
 JUNE 30, 2004 (IN THOUSANDS)

| <u>ASSETS</u> | <u>TOTAL</u> | <u>GENERAL SERVICES GROUP</u> | <u>TELEPHONE SERVICES</u> | <u>COMPUTER OPERATIONS</u> |
|---------------------------------------------------------------|-------------------|---------------------------------------|-------------------------------|--------------------------------|
| CURRENT ASSETS: | | | | |
| CASH AND CASH EQUIVALENTS | \$ 76,929 | \$ 1,005 | \$ 4,298 | \$ 8,086 |
| ACCOUNTS RECEIVABLE - NET | 218 | - | 47 | - |
| INTEREST RECEIVABLE | - | - | - | - |
| DUE FROM OTHER FUNDS | 723 | 6 | 254 | 1 |
| DUE FROM OTHER GOVERNMENTS | 658 | 24 | 485 | 60 |
| INVENTORIES | 1,774 | 574 | 409 | - |
| PREPAID ITEMS | 1,235 | 666 | - | - |
| TOTAL CURRENT ASSETS | <u>81,537</u> | <u>2,275</u> | <u>5,493</u> | <u>8,147</u> |
| NONCURRENT ASSETS: | | | | |
| DEFERRED CHARGES | - | - | - | - |
| INTERFUND RECEIVABLE | - | - | - | - |
| LAND, STRUCTURES AND IMPROVEMENTS | 7,049 | - | 1,445 | - |
| EQUIPMENT | 51,451 | 1,225 | 14,948 | 7,203 |
| ACCUMULATED DEPRECIATION AND AMORTIZATION | (39,049) | (822) | (13,801) | (5,464) |
| TOTAL NONCURRENT ASSETS | <u>19,451</u> | <u>403</u> | <u>2,592</u> | <u>1,739</u> |
| TOTAL ASSETS | <u>\$ 100,988</u> | <u>\$ 2,678</u> | <u>\$ 8,085</u> | <u>\$ 9,886</u> |
| LIABILITIES AND NET ASSETS | | | | |
| CURRENT LIABILITIES: | | | | |
| ACCOUNTS PAYABLE | 2,862 | 522 | 397 | 377 |
| SALARIES AND BENEFITS PAYABLE | 1,493 | 146 | 354 | 479 |
| DUE TO OTHER FUNDS | 2,969 | 1 | 63 | 24 |
| DEFERRED REVENUE | 256 | 150 | - | - |
| TOTAL CURRENT LIABILITIES | <u>7,580</u> | <u>819</u> | <u>814</u> | <u>880</u> |
| NONCURRENT LIABILITIES: | | | | |
| INTERFUND PAYABLE | - | - | - | - |
| ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS | 101,709 | - | - | - |
| EMPLOYEE COMPENSATED ABSENCES | 3,282 | 232 | 911 | 1,107 |
| CAPITAL LEASE OBLIGATIONS | 785 | 172 | 355 | 191 |
| TOTAL NONCURRENT LIABILITIES | <u>105,776</u> | <u>404</u> | <u>1,266</u> | <u>1,298</u> |
| TOTAL LIABILITIES | <u>113,356</u> | <u>1,223</u> | <u>2,080</u> | <u>2,178</u> |
| TOTAL NET ASSETS (DEFICIT) | <u>(12,368)</u> | <u>1,455</u> | <u>6,005</u> | <u>7,708</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 100,988</u> | <u>\$ 2,678</u> | <u>\$ 8,085</u> | <u>\$ 9,886</u> |

See accompanying independent auditor's report.

| <u>VEHICLE SERVICES</u> | <u>RISK MANAGEMENT</u> | <u>FLOOD CONTROL EQUIPMENT</u> |
|-----------------------------|----------------------------|----------------------------------------|
| \$ 12,680 | \$ 48,929 | \$ 1,931 |
| 171 | - | - |
| - | - | - |
| 52 | 353 | 57 |
| 89 | - | - |
| 791 | - | - |
| - | 569 | - |
| <u>13,783</u> | <u>49,851</u> | <u>1,988</u> |
| - | - | - |
| - | - | - |
| 5,604 | - | - |
| 17,892 | 162 | 10,021 |
| (13,552) | (131) | (5,279) |
| <u>9,944</u> | <u>31</u> | <u>4,742</u> |
| <u>\$ 23,727</u> | <u>\$ 49,882</u> | <u>\$ 6,730</u> |

| | | |
|------------------|------------------|-----------------|
| 433 | 1,065 | 68 |
| 309 | 204 | 1 |
| 620 | 2,260 | 1 |
| - | 106 | - |
| <u>1,362</u> | <u>3,635</u> | <u>70</u> |
| - | - | - |
| - | 101,709 | - |
| 769 | 263 | - |
| - | - | 67 |
| <u>769</u> | <u>101,972</u> | <u>67</u> |
| <u>2,131</u> | <u>105,607</u> | <u>137</u> |
| <u>21,596</u> | <u>(55,725)</u> | <u>6,593</u> |
| <u>\$ 23,727</u> | <u>\$ 49,882</u> | <u>\$ 6,730</u> |

| <u>ASSETS</u> |
|-------------------------------------------|
| <u>CURRENT ASSETS:</u> |
| CASH AND CASH EQUIVALENTS |
| ACCOUNTS RECEIVABLE - NET |
| INTEREST RECEIVABLE |
| DUE FROM OTHER FUNDS |
| DUE FROM OTHER GOVERNMENTS |
| INVENTORIES |
| PREPAID ITEMS |
| TOTAL CURRENT ASSETS |
| <u>NONCURRENT ASSETS:</u> |
| DEFERRED CHARGES |
| INTERFUND RECEIVABLE |
| LAND, STRUCTURES AND IMPROVEMENTS |
| EQUIPMENT |
| ACCUMULATED DEPRECIATION AND AMORTIZATION |
| TOTAL NONCURRENT ASSETS |
| TOTAL ASSETS |

| <u>LIABILITIES AND NET ASSETS</u> |
|---------------------------------------------------------------|
| <u>CURRENT LIABILITIES:</u> |
| ACCOUNTS PAYABLE |
| SALARIES AND BENEFITS PAYABLE |
| DUE TO OTHER FUNDS |
| DEFERRED REVENUE |
| TOTAL CURRENT LIABILITIES |
| <u>NONCURRENT LIABILITIES:</u> |
| INTERFUND PAYABLE |
| ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS |
| EMPLOYEE COMPENSATED ABSENCES |
| CAPITAL LEASE OBLIGATIONS |
| TOTAL NONCURRENT LIABILITIES |
| TOTAL LIABILITIES |
| TOTAL NET ASSETS (DEFICIT) |
| TOTAL LIABILITIES AND NET ASSETS |

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (DEFICIT)
 INTERNAL SERVICE FUNDS
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)

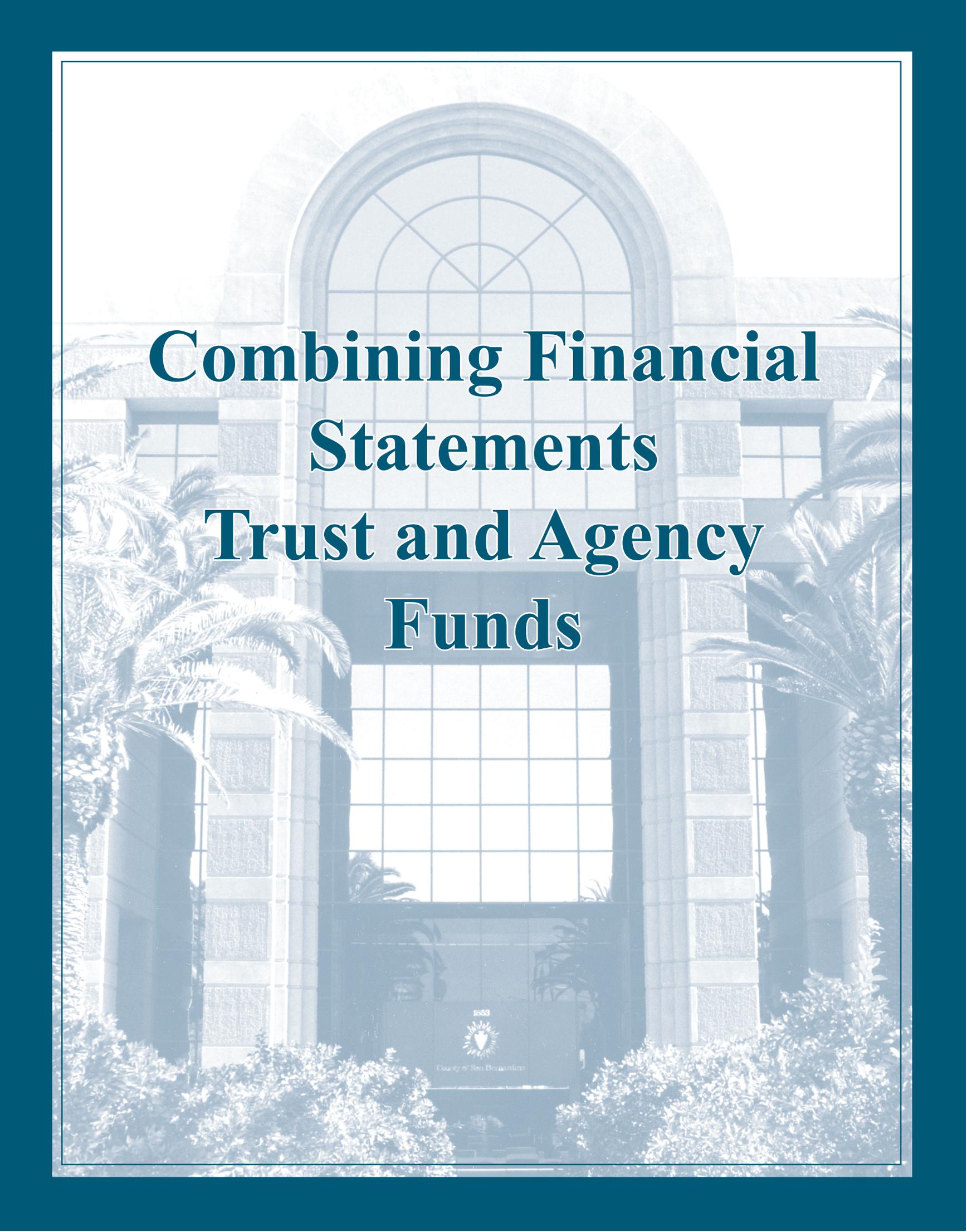
| | <u>TOTAL</u> | <u>GENERAL SERVICES GROUP</u> | <u>TELEPHONE SERVICES</u> | <u>COMPUTER OPERATIONS</u> |
|----------------------------------------------------------|--------------------|---------------------------------------|-------------------------------|--------------------------------|
| OPERATING REVENUES: | | | | |
| CHARGES FOR CURRENT SERVICES | \$ 122,916 | \$ 18,375 | \$ 17,447 | \$ 15,582 |
| TOTAL OPERATING REVENUES | <u>122,916</u> | <u>18,375</u> | <u>17,447</u> | <u>15,582</u> |
| OPERATING EXPENSES: | | | | |
| PROFESSIONAL SERVICES | 6,200 | 767 | 492 | 3,056 |
| SALARIES AND EMPLOYEE BENEFITS | 27,370 | 2,486 | 6,612 | 8,813 |
| SELF-INSURED CLAIMS | 45,065 | - | - | - |
| SERVICES AND SUPPLIES | 50,491 | 14,791 | 7,121 | 6,987 |
| DEPRECIATION AND AMORTIZATION | 6,225 | 110 | 1,751 | 908 |
| OTHER | 312 | - | - | - |
| TOTAL OPERATING EXPENSES | <u>135,663</u> | <u>18,154</u> | <u>15,976</u> | <u>19,764</u> |
| OPERATING INCOME (LOSS) | <u>(12,747)</u> | <u>221</u> | <u>1,471</u> | <u>(4,182)</u> |
| NONOPERATING REVENUES (EXPENSES): | | | | |
| INTEREST REVENUE | 2,746 | - | - | - |
| INTEREST EXPENSE | (48) | (6) | (27) | (11) |
| GAIN (LOSS) ON SALE OF CAPITAL ASSETS | (23) | - | (12) | 7 |
| OTHER NONOPERATING REVENUES | - | - | - | - |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>2,675</u> | <u>(6)</u> | <u>(39)</u> | <u>(4)</u> |
| CHANGE IN NET ASSETS (DEFICIT) BEFORE TRANSFERS | (10,072) | 215 | 1,432 | (4,186) |
| TRANSFERS TO OTHER FUNDS | (2,612) | (46) | (228) | (169) |
| OPERATING TRANSFERS FROM OTHER FUNDS (NOTE 7) | <u>2,007</u> | <u>-</u> | <u>7</u> | <u>-</u> |
| CHANGE IN NET ASSETS (DEFICIT) | (10,677) | 169 | 1,211 | (4,355) |
| NET ASSETS (DEFICIT), JULY 1, 2003, AS RESTATED (NOTE 3) | <u>(1,691)</u> | <u>1,286</u> | <u>4,794</u> | <u>12,063</u> |
| TOTAL NET ASSETS (DEFICIT), JUNE 30, 2004 | <u>\$ (12,368)</u> | <u>\$ 1,455</u> | <u>\$ 6,005</u> | <u>\$ 7,708</u> |

See accompanying independent auditor's report.

| <u>VEHICLE SERVICES</u> | <u>RISK MANAGEMENT</u> | <u>FLOOD CONTROL EQUIPMENT</u> | |
|-----------------------------|----------------------------|----------------------------------------|----------------------------------------------------------|
| \$ 19,044 | \$ 49,776 | \$ 2,692 | OPERATING REVENUES: |
| <u>19,044</u> | <u>49,776</u> | <u>2,692</u> | CHARGES FOR CURRENT SERVICES |
| | | | TOTAL OPERATING REVENUES |
| 516 | 1,360 | 9 | OPERATING EXPENSES: |
| 5,685 | 3,738 | 36 | PROFESSIONAL SERVICES |
| - | 45,065 | - | SALARIES AND EMPLOYEE BENEFITS |
| 8,387 | 11,804 | 1,401 | SELF-INSURED CLAIMS |
| 2,285 | 58 | 1,113 | SERVICES AND SUPPLIES |
| - | 312 | - | DEPRECIATION AND AMORTIZATION |
| <u>16,873</u> | <u>62,337</u> | <u>2,559</u> | OTHER |
| <u>2,171</u> | <u>(12,561)</u> | <u>133</u> | TOTAL OPERATING EXPENSES |
| | | | OPERATING INCOME (LOSS) |
| 218 | 2,492 | 36 | NONOPERATING REVENUES (EXPENSES): |
| - | - | (4) | INTEREST REVENUE |
| 506 | - | (524) | INTEREST EXPENSE |
| - | - | - | GAIN (LOSS) ON SALE OF CAPITAL ASSETS |
| <u>724</u> | <u>2,492</u> | <u>(492)</u> | OTHER NONOPERATING REVENUES |
| <u>2,895</u> | <u>(10,069)</u> | <u>(359)</u> | TOTAL NONOPERATING REVENUES (EXPENSES) |
| (100) | (2,069) | - | CHANGE IN NET ASSETS (DEFICIT) BEFORE TRANSFERS |
| - | 2,000 | - | TRANSFERS TO OTHER FUNDS |
| <u>2,795</u> | <u>(10,138)</u> | <u>(359)</u> | OPERATING TRANSFERS FROM OTHER FUNDS (NOTE 7) |
| <u>18,801</u> | <u>(45,587)</u> | <u>6,952</u> | CHANGE IN NET ASSETS (DEFICIT) |
| <u>\$ 21,596</u> | <u>\$ (55,725)</u> | <u>\$ 6,593</u> | NET ASSETS (DEFICIT), JULY 1, 2003, AS RESTATED (NOTE 3) |
| | | | TOTAL NET ASSETS (DEFICIT), JUNE 30, 2004 |

COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)

| | TOTAL | GENERAL SERVICES GROUP | TELEPHONE SERVICES | COMPUTER OPERATIONS | VEHICLE SERVICES | RISK MANAGEMENT | FLOOD CONTROL EQUIPMENT |
|-------------------------------------------------------------------------------------------------------|-------------|------------------------|--------------------|---------------------|------------------|-----------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | | |
| CASH RECEIVED FROM SERVICES | \$ 124,055 | \$ 18,165 | \$ 17,105 | \$ 15,538 | \$ 19,213 | \$ 51,338 | \$ 2,696 |
| CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES | (92,321) | (15,925) | (8,068) | (9,981) | (9,157) | (47,815) | (1,375) |
| CASH PAYMENTS TO EMPLOYEES FOR SERVICES | (27,050) | (2,457) | (6,522) | (8,649) | (5,691) | (3,695) | (36) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 4,684 | (217) | 2,515 | (3,092) | 4,365 | (172) | 1,285 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | | | |
| OTHER NONOPERATING REVENUE | - | - | - | - | - | - | - |
| TRANSFERS RECEIVED | 2,002 | - | 2 | - | - | 2,000 | - |
| TRANSFERS PAID | (2,612) | (46) | (228) | (169) | (100) | (2,069) | - |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | (610) | (46) | (226) | (169) | (100) | (69) | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | | | |
| ACQUISITION OF CAPITAL ASSETS | (5,976) | (163) | (297) | (96) | (3,954) | - | (1,466) |
| PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS | (1,079) | (64) | (694) | (291) | - | - | (30) |
| INTEREST PAID ON CAPITAL LEASE OBLIGATIONS | (48) | (6) | (27) | (11) | - | - | (4) |
| PROCEEDS FROM SALE OF CAPITAL ASSETS | 337 | - | 6 | 8 | 154 | - | 169 |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | (6,766) | (233) | (1,012) | (390) | (3,800) | - | (1,331) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | | |
| INTEREST ON INVESTMENTS | 2,694 | - | - | - | 218 | 2,440 | 36 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | 2,694 | - | - | - | 218 | 2,440 | 36 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 2 | (496) | 1,277 | (3,651) | 683 | 2,199 | (10) |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 76,927 | 1,501 | 3,021 | 11,737 | 11,997 | 46,730 | 1,941 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 76,929 | \$ 1,005 | \$ 4,298 | \$ 8,086 | \$ 12,680 | \$ 48,929 | \$ 1,931 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | | | | |
| OPERATING INCOME (LOSS) | \$ (12,747) | \$ 221 | \$ 1,471 | \$ (4,182) | \$ 2,171 | \$ (12,561) | \$ 133 |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | | | | |
| DEPRECIATION | 6,225 | 110 | 1,751 | 908 | 2,285 | 58 | 1,113 |
| CHANGES IN ASSETS AND LIABILITIES: | | | | | | | |
| ACCOUNTS RECEIVABLE | 2,608 | (202) | (183) | 10 | 223 | 2,788 | (28) |
| DUE FROM OTHER GOVERNMENTS | (200) | (8) | (101) | (46) | (45) | - | - |
| INVENTORIES | (349) | (224) | (161) | - | 36 | - | - |
| PREPAID ITEMS | 559 | (19) | - | - | - | 578 | - |
| DEFERRED CHARGES | 48 | - | - | - | - | 48 | - |
| ACCOUNTS PAYABLE AND OTHER LIABILITIES | 386 | (124) | (352) | 54 | (290) | 1,031 | 67 |
| SALARIES AND BENEFITS PAYABLE | 137 | 19 | 31 | 44 | 32 | 11 | - |
| ESTIMATED LIABILITIES FOR LITIGATION AND SELF-INSURANCE CLAIMS | 7,907 | - | - | - | - | 7,907 | - |
| COMPENSATED ABSENCES PAYABLE | 110 | 10 | 59 | 120 | (47) | (32) | - |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ 4,684 | \$ (217) | \$ 2,515 | \$ (3,092) | \$ 4,365 | \$ (172) | \$ 1,285 |
| BREAKDOWN OF CASH AND CASH EQUIVALENTS | | | | | | | |
| CASH AND CASH EQUIVALENTS | \$ 76,929 | \$ 1,005 | \$ 4,298 | \$ 8,086 | \$ 12,680 | \$ 48,929 | \$ 1,931 |
| RESTRICTED CASH AND INVESTMENTS | - | - | - | - | - | - | - |
| \$ 76,929 | \$ 1,005 | \$ 4,298 | \$ 8,086 | \$ 12,680 | \$ 48,929 | \$ 1,931 | |

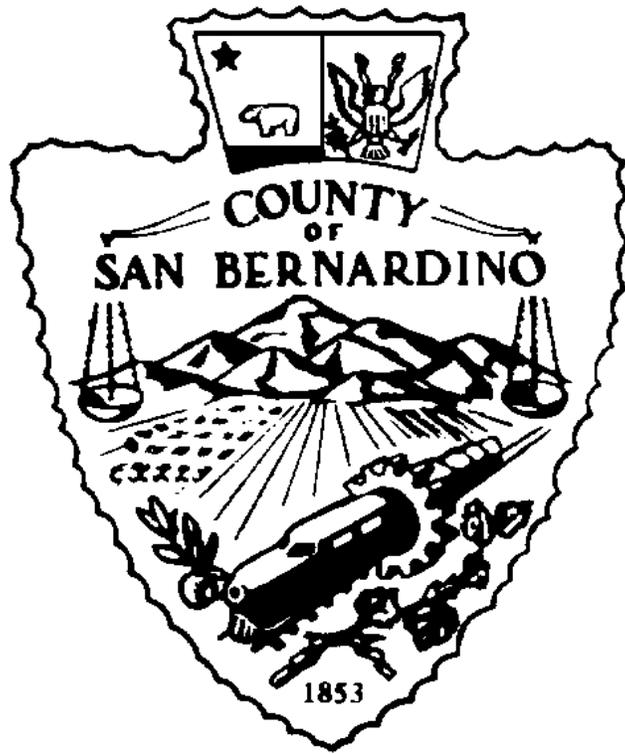


**Combining Financial
Statements
Trust and Agency
Funds**

1853



County of San Bernardino



TRUST AND AGENCY FUNDS DESCRIPTIONS

AGENCY FUNDS

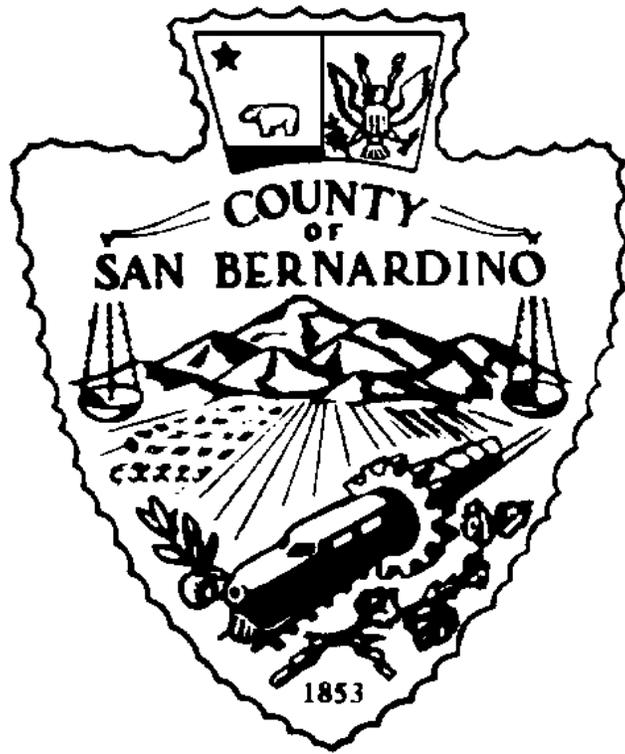
Special Assessment Funds - The special assessment funds are administered by the County Treasurer and account for amounts collected from property owners for the payment of special assessment bond principal and interest. The special assessment bonds include both 1911 and 1915 Act Bonds and Mello-Roos Bonds.

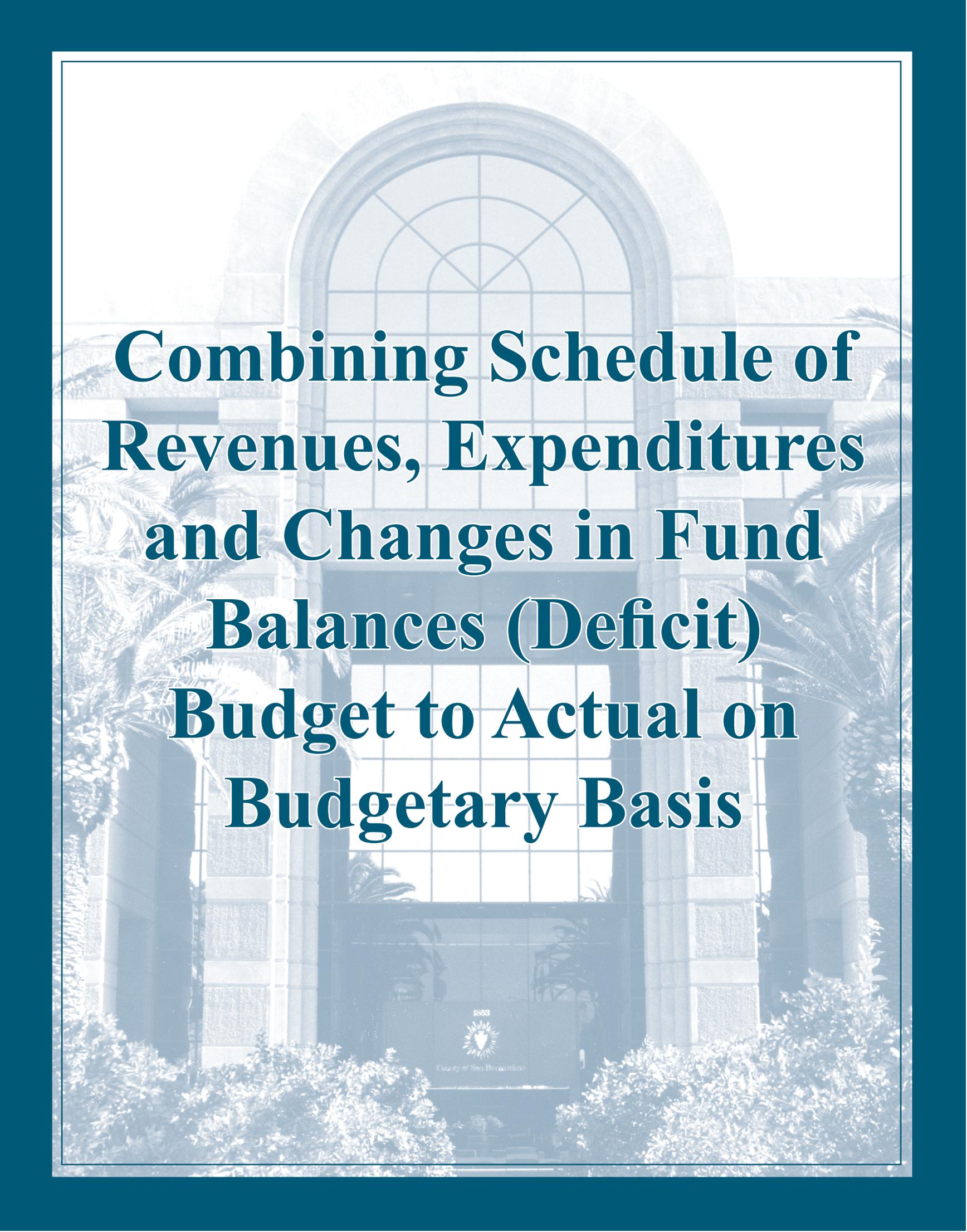
Other Agency Funds - Accounts for other agency funds where the County holds money either in a custodial capacity for other entities, or as a clearing account to accumulate and hold certain monies until disbursement to the ultimate recipient.

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)

| <u>TOTAL AGENCY FUNDS</u> | <u>BALANCE JULY 1, 2003</u> | <u>ADDITIONS</u> | <u>DEDUCTIONS</u> | <u>BALANCE JUNE 30, 2004</u> |
|----------------------------|---------------------------------|---------------------|---------------------|----------------------------------|
| ASSETS: | | | | |
| CASH AND CASH EQUIVALENTS | \$ 276,586 | \$ 7,001,379 | \$ 6,935,376 | \$ 342,589 |
| INVESTMENTS | 7,936 | 6,908 | 7,936 | 6,908 |
| ACCOUNT RECEIVABLES | - | - | - | - |
| TAXES RECEIVABLE | 141,901 | 132,658 | 141,901 | 132,658 |
| INTEREST RECEIVABLE | 212 | 185 | 212 | 185 |
| LOANS RECEIVABLE | - | - | - | - |
| DUE FROM OTHER FUNDS | 1,413 | 530 | 1,413 | 530 |
| DUE FROM OTHER GOVERNMENTS | 180 | - | 180 | - |
| ADVANCES TO OTHER FUNDS | 250 | - | - | 250 |
| TOTAL ASSETS | <u>\$ 428,478</u> | <u>\$ 7,141,660</u> | <u>\$ 7,087,018</u> | <u>\$ 483,120</u> |
| LIABILITIES: | | | | |
| DUE TO OTHER FUNDS | 17,789 | 15,458 | 17,789 | 15,458 |
| DUE TO OTHER GOVERNMENTS | 410,689 | 467,662 | 410,689 | 467,662 |
| TOTAL LIABILITIES | <u>\$ 428,478</u> | <u>\$ 483,120</u> | <u>\$ 428,478</u> | <u>\$ 483,120</u> |

See accompanying independent auditor's report.





**Combining Schedule of
Revenues, Expenditures
and Changes in Fund
Balances (Deficit)
Budget to Actual on
Budgetary Basis**

1853



County of San Bernardino

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)

| | <u>TOTAL</u> | | |
|-----------------------------------------------------------------------------------------------------------|------------------|------------------------------------------|-------------------------------------------------|
| | <u>BUDGET</u> | <u>ACTUAL ON BUDGETARY BASIS</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
| REVENUES: | | | |
| TAXES | \$ 77,588 | \$ 81,066 | \$ 3,478 |
| LICENSES, PERMITS AND FRANCHISES | 274 | 280 | 6 |
| FINES, FORFEITURES AND PENALTIES | 7,139 | 7,762 | 623 |
| REVENUES FROM USE OF MONEY AND PROPERTY | 11,045 | 8,416 | (2,629) |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 270,946 | 167,037 | (103,909) |
| CHARGES FOR CURRENT SERVICES | 27,326 | 31,056 | 3,730 |
| OTHER REVENUES | 48,620 | 36,599 | (12,021) |
| TOTAL REVENUES | <u>442,938</u> | <u>332,216</u> | <u>(110,722)</u> |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| GENERAL GOVERNMENT | 31,505 | 8,565 | 22,940 |
| PUBLIC PROTECTION | 224,938 | 113,055 | 111,883 |
| PUBLIC WAYS AND FACILITIES | 102,279 | 51,008 | 51,271 |
| HEALTH AND SANITATION | 16,158 | 2,827 | 13,331 |
| PUBLIC ASSISTANCE | 133,758 | 77,706 | 56,052 |
| EDUCATION | 11,721 | 11,426 | 295 |
| RECREATION AND CULTURAL SERVICES | 20,090 | 7,845 | 12,245 |
| DEBT SERVICE: | | | |
| PRINCIPAL | 3,670 | 1,887 | 1,783 |
| INTEREST AND FISCAL CHARGES | 977 | 334 | 643 |
| CAPITAL OUTLAY | 46,829 | 16,057 | 30,772 |
| TOTAL EXPENDITURES | <u>591,925</u> | <u>290,710</u> | <u>301,215</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(148,987)</u> | <u>41,506</u> | <u>190,493</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS | (89,491) | (40,210) | 49,281 |
| TRANSFERS FROM OTHER FUNDS | 53,627 | 15,274 | (38,353) |
| LONG-TERM DEBT ISSUED | - | 2,247 | 2,247 |
| SALE OF CAPITAL ASSETS | 70 | 2,177 | 2,107 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(35,794)</u> | <u>(20,512)</u> | <u>15,282</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | <u>(184,781)</u> | <u>20,994</u> | <u>205,775</u> |
| FUND BALANCE, JULY 1, 2003 | <u>193,058</u> | <u>193,058</u> | <u>-</u> |
| FUND BALANCE (DEFICIT), JUNE 30, 2004 | <u>\$ 8,277</u> | <u>\$ 214,052</u> | <u>\$ 205,775</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| | <u>TRANSPORTATION</u> | | |
|-----------------------------------------------------------------------------------------------------------|-----------------------|------------------------------------------|-------------------------------------------------|
| | <u>BUDGET</u> | <u>ACTUAL ON BUDGETARY BASIS</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
| REVENUES: | | | |
| TAXES | \$ - | \$ - | \$ - |
| LICENSES, PERMITS AND FRANCHISES | 225 | 219 | (6) |
| FINES, FORFEITURES AND PENALTIES | - | - | - |
| REVENUES FROM USE OF MONEY AND PROPERTY | 681 | 535 | (146) |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 42,170 | 35,159 | (7,011) |
| CHARGES FOR CURRENT SERVICES | 1,233 | 1,603 | 370 |
| OTHER REVENUES | <u>31</u> | <u>427</u> | <u>396</u> |
| TOTAL REVENUES | <u>44,340</u> | <u>37,943</u> | <u>(6,397)</u> |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| GENERAL GOVERNMENT | - | - | - |
| PUBLIC PROTECTION | - | - | - |
| PUBLIC WAYS AND FACILITIES | 64,276 | 39,484 | 24,792 |
| HEALTH AND SANITATION | - | - | - |
| PUBLIC ASSISTANCE | - | - | - |
| EDUCATION | - | - | - |
| RECREATION AND CULTURAL SERVICES | - | - | - |
| DEBT SERVICE: | | | |
| PRINCIPAL | 879 | 735 | 144 |
| INTEREST AND FISCAL CHARGES | 241 | 206 | 35 |
| CAPITAL OUTLAY | <u>3,128</u> | <u>2,574</u> | <u>554</u> |
| TOTAL EXPENDITURES | <u>68,524</u> | <u>42,999</u> | <u>25,525</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(24,184)</u> | <u>(5,056)</u> | <u>19,128</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS | (2,108) | (466) | 1,642 |
| TRANSFERS FROM OTHER FUNDS | 8,000 | - | (8,000) |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF CAPITAL ASSETS | <u>70</u> | <u>179</u> | <u>109</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>5,962</u> | <u>(287)</u> | <u>(6,249)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | <u>(18,222)</u> | <u>(5,343)</u> | <u>12,879</u> |
| FUND BALANCE, JULY 2, 2003 | <u>16,021</u> | <u>16,021</u> | <u>-</u> |
| FUND BALANCE (DEFICIT), JUNE 30, 2004 | <u>\$ (2,201)</u> | <u>\$ 10,678</u> | <u>\$ 12,879</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| | COUNTY FREE LIBRARY | | |
|-----------------------------------------------------------------------------------------------------------|---------------------|---------------------------------|----------------------------------------|
| | BUDGET | ACTUAL ON BUDGETARY BASIS | VARIANCE FAVORABLE (UNFAVORABLE) |
| REVENUES: | | | |
| TAXES | \$ 8,091 | \$ 8,703 | \$ 612 |
| LICENSES, PERMITS AND FRANCHISES | - | - | - |
| FINES, FORFEITURES AND PENALTIES | - | - | - |
| REVENUES FROM USE OF MONEY AND PROPERTY | - | - | - |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 804 | 978 | 174 |
| CHARGES FOR CURRENT SERVICES | 1,080 | 1,054 | (26) |
| OTHER REVENUES | 613 | 649 | 36 |
| TOTAL REVENUES | <u>10,588</u> | <u>11,384</u> | <u>796</u> |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| GENERAL GOVERNMENT | - | - | - |
| PUBLIC PROTECTION | - | - | - |
| PUBLIC WAYS AND FACILITIES | - | - | - |
| HEALTH AND SANITATION | - | - | - |
| PUBLIC ASSISTANCE | - | - | - |
| EDUCATION | 11,721 | 11,426 | 295 |
| RECREATION AND CULTURAL SERVICES | - | - | - |
| DEBT SERVICE: | | | |
| PRINCIPAL | 44 | 44 | - |
| INTEREST AND FISCAL CHARGES | 67 | 67 | - |
| CAPITAL OUTLAY | 120 | 22 | 98 |
| TOTAL EXPENDITURES | <u>11,952</u> | <u>11,559</u> | <u>393</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(1,364)</u> | <u>(175)</u> | <u>1,189</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS | (197) | (302) | (105) |
| TRANSFERS FROM OTHER FUNDS | 788 | 788 | - |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF CAPITAL ASSETS | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>591</u> | <u>486</u> | <u>(105)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | <u>(773)</u> | <u>311</u> | <u>1,084</u> |
| FUND BALANCE, JULY 1, 2003 | <u>570</u> | <u>570</u> | <u>-</u> |
| FUND BALANCE (DEFICIT), JUNE 30, 2004 | <u>\$ (203)</u> | <u>\$ 881</u> | <u>\$ 1,084</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| | <u>ECONOMIC AND COMMUNITY DEVELOPMENT</u> | | |
|-----------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|-------------------------------------------------|
| | <u>BUDGET</u> | <u>ACTUAL ON BUDGETARY BASIS</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
| REVENUES: | | | |
| TAXES | \$ - | \$ 32 | \$ 32 |
| LICENSES, PERMITS AND FRANCHISES | - | - | - |
| FINES, FORFEITURES AND PENALTIES | 1 | 7 | 6 |
| REVENUES FROM USE OF MONEY AND PROPERTY | 837 | 646 | (191) |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 36,063 | 13,907 | (22,156) |
| CHARGES FOR CURRENT SERVICES | - | - | - |
| OTHER REVENUES | 9,398 | 5,441 | (3,957) |
| TOTAL REVENUES | <u>46,299</u> | <u>20,033</u> | <u>(26,266)</u> |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| GENERAL GOVERNMENT | - | - | - |
| PUBLIC PROTECTION | - | - | - |
| PUBLIC WAYS AND FACILITIES | - | - | - |
| HEALTH AND SANITATION | - | - | - |
| PUBLIC ASSISTANCE | 61,573 | 18,637 | 42,936 |
| EDUCATION | - | - | - |
| RECREATION AND CULTURAL SERVICES | - | - | - |
| DEBT SERVICE: | | | |
| PRINCIPAL | - | - | - |
| INTEREST AND FISCAL CHARGES | - | - | - |
| CAPITAL OUTLAY | - | - | - |
| TOTAL EXPENDITURES | <u>61,573</u> | <u>18,637</u> | <u>42,936</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(15,274)</u> | <u>1,396</u> | <u>16,670</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS | (1,532) | (1,024) | 508 |
| TRANSFERS FROM OTHER FUNDS | - | - | - |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF CAPITAL ASSETS | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(1,532)</u> | <u>(1,024)</u> | <u>508</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | <u>(16,806)</u> | <u>372</u> | <u>17,178</u> |
| FUND BALANCE, JULY 1, 2003 | <u>17,271</u> | <u>17,271</u> | <u>-</u> |
| FUND BALANCE (DEFICIT), JUNE 30, 2004 | <u>\$ 465</u> | <u>\$ 17,643</u> | <u>\$ 17,178</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| | <u>AGING AND ADULT SERVICES</u> | | |
|-----------------------------------------------------------------------------------------------------------|---------------------------------|------------------------------------------|-------------------------------------------------|
| | <u>BUDGET</u> | <u>ACTUAL ON BUDGETARY BASIS</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
| REVENUES: | | | |
| TAXES | \$ - | \$ - | \$ - |
| LICENSES, PERMITS AND FRANCHISES | - | - | - |
| FINES, FORFEITURES AND PENALTIES | - | - | - |
| REVENUES FROM USE OF MONEY AND PROPERTY | - | 21 | 21 |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 5,256 | 638 | (4,618) |
| CHARGES FOR CURRENT SERVICES | - | - | - |
| OTHER REVENUES | - | (14) | (14) |
| TOTAL REVENUES | <u>5,256</u> | <u>645</u> | <u>(4,611)</u> |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| GENERAL GOVERNMENT | - | - | - |
| PUBLIC PROTECTION | - | - | - |
| PUBLIC WAYS AND FACILITIES | - | - | - |
| HEALTH AND SANITATION | - | - | - |
| PUBLIC ASSISTANCE | 8,063 | 879 | 7,184 |
| EDUCATION | - | - | - |
| RECREATION AND CULTURAL SERVICES | - | - | - |
| DEBT SERVICE: | | | |
| PRINCIPAL | - | - | - |
| INTEREST AND FISCAL CHARGES | - | - | - |
| CAPITAL OUTLAY | 29 | - | 29 |
| TOTAL EXPENDITURES | <u>8,092</u> | <u>879</u> | <u>7,213</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(2,836)</u> | <u>(234)</u> | <u>2,602</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS | - | - | - |
| TRANSFERS FROM OTHER FUNDS | 1,483 | 185 | (1,298) |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF CAPITAL ASSETS | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>1,483</u> | <u>185</u> | <u>(1,298)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | <u>(1,353)</u> | <u>(49)</u> | <u>1,304</u> |
| FUND BALANCE, JULY 1, 2003 | <u>1,375</u> | <u>1,375</u> | <u>-</u> |
| FUND BALANCE (DEFICIT), JUNE 30, 2004 | <u>\$ 22</u> | <u>\$ 1,326</u> | <u>\$ 1,304</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| | <u>JOBS AND EMPLOYMENT SERVICES</u> | | |
|-----------------------------------------------------------------------------------------------------------|-------------------------------------|------------------------------------------|-------------------------------------------------|
| | <u>BUDGET</u> | <u>ACTUAL ON BUDGETARY BASIS</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
| REVENUES: | | | |
| TAXES | \$ - | \$ - | \$ - |
| LICENSES, PERMITS AND FRANCHISES | - | - | - |
| FINES, FORFEITURES AND PENALTIES | - | - | - |
| REVENUES FROM USE OF MONEY AND PROPERTY | - | 220 | 220 |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 18,815 | 13,145 | (5,670) |
| CHARGES FOR CURRENT SERVICES | - | 1 | 1 |
| OTHER REVENUES | 162 | (79) | (241) |
| TOTAL REVENUES | <u>18,977</u> | <u>13,287</u> | <u>(5,690)</u> |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| GENERAL GOVERNMENT | - | - | - |
| PUBLIC PROTECTION | - | - | - |
| PUBLIC WAYS AND FACILITIES | - | - | - |
| HEALTH AND SANITATION | - | - | - |
| PUBLIC ASSISTANCE | 16,991 | 13,839 | 3,152 |
| EDUCATION | - | - | - |
| RECREATION AND CULTURAL SERVICES | - | - | - |
| DEBT SERVICE: | | | |
| PRINCIPAL | - | - | - |
| INTEREST AND FISCAL CHARGES | - | - | - |
| CAPITAL OUTLAY | 30 | - | 30 |
| TOTAL EXPENDITURES | <u>17,021</u> | <u>13,839</u> | <u>3,182</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>1,956</u> | <u>(552)</u> | <u>(2,508)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS | - | (135) | (135) |
| TRANSFERS FROM OTHER FUNDS | - | - | - |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF CAPITAL ASSETS | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>(135)</u> | <u>(135)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | 1,956 | (687) | (2,643) |
| FUND BALANCE, JULY 1, 2003 | (2,275) | (2,275) | - |
| FUND BALANCE (DEFICIT), JUNE 30, 2004 | <u>\$ (319)</u> | <u>\$ (2,962)</u> | <u>\$ (2,643)</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| | <u>MICROGRAPHICS FEES</u> | | |
|-----------------------------------------------------------------------------------------------------------|---------------------------|------------------------------------------|-------------------------------------------------|
| | <u>BUDGET</u> | <u>ACTUAL ON BUDGETARY BASIS</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
| REVENUES: | | | |
| TAXES | \$ - | \$ - | \$ - |
| LICENSES, PERMITS AND FRANCHISES | - | - | - |
| FINES, FORFEITURES AND PENALTIES | - | - | - |
| REVENUES FROM USE OF MONEY AND PROPERTY | - | - | - |
| AID FROM OTHER GOVERNMENTAL AGENCIES | - | - | - |
| CHARGES FOR CURRENT SERVICES | 3,508 | 5,379 | 1,871 |
| OTHER REVENUES | - | 259 | 259 |
| TOTAL REVENUES | <u>3,508</u> | <u>5,638</u> | <u>2,130</u> |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| GENERAL GOVERNMENT | 11,269 | 3,491 | 7,778 |
| PUBLIC PROTECTION | - | - | - |
| PUBLIC WAYS AND FACILITIES | - | - | - |
| HEALTH AND SANITATION | - | - | - |
| PUBLIC ASSISTANCE | - | - | - |
| EDUCATION | - | - | - |
| RECREATION AND CULTURAL SERVICES | - | - | - |
| DEBT SERVICE: | | | |
| PRINCIPAL | - | - | - |
| INTEREST AND FISCAL CHARGES | - | - | - |
| CAPITAL OUTLAY | 2,903 | 315 | 2,588 |
| TOTAL EXPENDITURES | <u>14,172</u> | <u>3,806</u> | <u>10,366</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(10,664)</u> | <u>1,832</u> | <u>12,496</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS | (608) | (608) | - |
| TRANSFERS FROM OTHER FUNDS | - | - | - |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF CAPITAL ASSETS | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(608)</u> | <u>(608)</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | <u>(11,272)</u> | <u>1,224</u> | <u>12,496</u> |
| FUND BALANCE, JULY 1, 2003 | <u>11,274</u> | <u>11,274</u> | <u>-</u> |
| FUND BALANCE (DEFICIT), JUNE 30, 2004 | <u>\$ 2</u> | <u>\$ 12,498</u> | <u>\$ 12,496</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| | COUNTY SERVICE AREAS | | |
|-----------------------------------------------------------------------------------------------------------|----------------------|---------------------------------|----------------------------------------|
| | BUDGET | ACTUAL ON BUDGETARY BASIS | VARIANCE FAVORABLE (UNFAVORABLE) |
| REVENUES: | | | |
| TAXES | \$ 18,518 | \$ 19,429 | \$ 911 |
| LICENSES, PERMITS AND FRANCHISES | - | - | - |
| FINES, FORFEITURES AND PENALTIES | 398 | 17 | (381) |
| REVENUES FROM USE OF MONEY AND PROPERTY | 1,789 | 492 | (1,297) |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 12,143 | 7,575 | (4,568) |
| CHARGES FOR CURRENT SERVICES | 8,652 | 9,677 | 1,025 |
| OTHER REVENUES | 12,019 | 4,797 | (7,222) |
| TOTAL REVENUES | <u>53,519</u> | <u>41,987</u> | <u>(11,532)</u> |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| GENERAL GOVERNMENT | 4,242 | 784 | 3,458 |
| PUBLIC PROTECTION | 46,012 | 34,784 | 11,228 |
| PUBLIC WAYS AND FACILITIES | 3,006 | 1,205 | 1,801 |
| HEALTH AND SANITATION | - | - | - |
| PUBLIC ASSISTANCE | - | - | - |
| EDUCATION | - | - | - |
| RECREATION AND CULTURAL SERVICES | 2,292 | 876 | 1,416 |
| DEBT SERVICE: | | | |
| PRINCIPAL | 629 | 402 | 227 |
| INTEREST AND FISCAL CHARGES | 35 | 25 | 10 |
| CAPITAL OUTLAY | 15,952 | 7,280 | 8,672 |
| TOTAL EXPENDITURES | <u>72,168</u> | <u>45,356</u> | <u>26,812</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(18,649)</u> | <u>(3,369)</u> | <u>15,280</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS | (8,785) | (5,286) | 3,499 |
| TRANSFERS FROM OTHER FUNDS | 15,537 | 4,531 | (11,006) |
| LONG-TERM DEBT ISSUED | - | 2,247 | 2,247 |
| SALE OF CAPITAL ASSETS | - | 42 | 42 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>6,752</u> | <u>1,534</u> | <u>(5,218)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | <u>(11,897)</u> | <u>(1,835)</u> | <u>10,062</u> |
| FUND BALANCE, JULY 1, 2003 | <u>14,994</u> | <u>14,994</u> | <u>-</u> |
| FUND BALANCE (DEFICIT), JUNE 30, 2004 | <u>\$ 3,097</u> | <u>\$ 13,159</u> | <u>\$ 10,062</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| | <u>COURTHOUSE TEMPORARY CONSTRUCTION</u> | | |
|-----------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|-------------------------------------------------|
| | <u>BUDGET</u> | <u>ACTUAL ON BUDGETARY BASIS</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
| REVENUES: | | | |
| TAXES | \$ - | \$ - | \$ - |
| LICENSES, PERMITS AND FRANCHISES | - | - | - |
| FINES, FORFEITURES AND PENALTIES | 2,049 | 2,078 | 29 |
| REVENUES FROM USE OF MONEY AND PROPERTY | 43 | 21 | (22) |
| AID FROM OTHER GOVERNMENTAL AGENCIES | - | - | - |
| CHARGES FOR CURRENT SERVICES | - | - | - |
| OTHER REVENUES | - | (16) | (16) |
| TOTAL REVENUES | <u>2,092</u> | <u>2,083</u> | <u>(9)</u> |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| GENERAL GOVERNMENT | - | - | - |
| PUBLIC PROTECTION | - | - | - |
| PUBLIC WAYS AND FACILITIES | - | - | - |
| HEALTH AND SANITATION | - | - | - |
| PUBLIC ASSISTANCE | - | - | - |
| EDUCATION | - | - | - |
| RECREATION AND CULTURAL SERVICES | - | - | - |
| DEBT SERVICE: | | | |
| PRINCIPAL | - | - | - |
| INTEREST AND FISCAL CHARGES | - | - | - |
| CAPITAL OUTLAY | - | - | - |
| TOTAL EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>2,092</u> | <u>2,083</u> | <u>(9)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS | (2,451) | (2,451) | - |
| TRANSFERS FROM OTHER FUNDS | - | - | - |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF CAPITAL ASSETS | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(2,451)</u> | <u>(2,451)</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | <u>(359)</u> | <u>(368)</u> | <u>(9)</u> |
| FUND BALANCE, JULY 1, 2003 | <u>298</u> | <u>298</u> | <u>-</u> |
| FUND BALANCE (DEFICIT), JUNE 30, 2004 | <u>\$ (61)</u> | <u>\$ (70)</u> | <u>\$ (9)</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

CRIMINAL JUSTICE TEMPORARY CONSTRUCTION

| | BUDGET | ACTUAL ON BUDGETARY BASIS | VARIANCE FAVORABLE (UNFAVORABLE) |
|-----------------------------------------------------------------------------------------------------------|----------------|---------------------------------|----------------------------------------|
| REVENUES: | | | |
| TAXES | \$ - | \$ - | \$ - |
| LICENSES, PERMITS AND FRANCHISES | - | - | - |
| FINES, FORFEITURES AND PENALTIES | 587 | 2,376 | 1,789 |
| REVENUES FROM USE OF MONEY AND PROPERTY | 40 | 22 | (18) |
| AID FROM OTHER GOVERNMENTAL AGENCIES | - | - | - |
| CHARGES FOR CURRENT SERVICES | - | - | - |
| OTHER REVENUES | 1,938 | 159 | (1,779) |
| TOTAL REVENUES | <u>2,565</u> | <u>2,557</u> | <u>(8)</u> |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| GENERAL GOVERNMENT | - | - | - |
| PUBLIC PROTECTION | - | - | - |
| PUBLIC WAYS AND FACILITIES | - | - | - |
| HEALTH AND SANITATION | - | - | - |
| PUBLIC ASSISTANCE | - | - | - |
| EDUCATION | - | - | - |
| RECREATION AND CULTURAL SERVICES | - | - | - |
| DEBT SERVICE: | | | |
| PRINCIPAL | - | - | - |
| INTEREST AND FISCAL CHARGES | - | - | - |
| CAPITAL OUTLAY | - | - | - |
| TOTAL EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>2,565</u> | <u>2,557</u> | <u>(8)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS | (2,846) | (2,846) | - |
| TRANSFERS FROM OTHER FUNDS | - | - | - |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF CAPITAL ASSETS | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(2,846)</u> | <u>(2,846)</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | (281) | (289) | (8) |
| FUND BALANCE, JULY 1, 2003 | 201 | 201 | - |
| FUND BALANCE (DEFICIT), JUNE 30, 2004 | <u>\$ (80)</u> | <u>\$ (88)</u> | <u>\$ (8)</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| | FLOOD CONTROL DISTRICT | | |
|-----------------------------------------------------------------------------------------------------------|-------------------------------|------------------------------------------|-------------------------------------------------|
| | <u>BUDGET</u> | <u>ACTUAL ON BUDGETARY BASIS</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
| REVENUES: | | | |
| TAXES | \$ 22,385 | \$ 23,803 | \$ 1,418 |
| LICENSES, PERMITS AND FRANCHISES | 49 | 61 | 12 |
| FINES, FORFEITURES AND PENALTIES | - | - | - |
| REVENUES FROM USE OF MONEY AND PROPERTY | 2,892 | 2,291 | (601) |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 45,622 | 22,968 | (22,654) |
| CHARGES FOR CURRENT SERVICES | 89 | 197 | 108 |
| OTHER REVENUES | 714 | 661 | (53) |
| TOTAL REVENUES | <u>71,751</u> | <u>49,981</u> | <u>(21,770)</u> |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| GENERAL GOVERNMENT | - | - | - |
| PUBLIC PROTECTION | 112,718 | 34,178 | 78,540 |
| PUBLIC WAYS AND FACILITIES | - | - | - |
| HEALTH AND SANITATION | - | - | - |
| PUBLIC ASSISTANCE | - | - | - |
| EDUCATION | - | - | - |
| RECREATION AND CULTURAL SERVICES | - | - | - |
| DEBT SERVICE: | | | |
| PRINCIPAL | 2,083 | 706 | 1,377 |
| INTEREST AND FISCAL CHARGES | 614 | 36 | 578 |
| CAPITAL OUTLAY | 193 | 193 | - |
| TOTAL EXPENDITURES | <u>115,608</u> | <u>35,113</u> | <u>80,495</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(43,857)</u> | <u>14,868</u> | <u>58,725</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS | (14,339) | (183) | 14,156 |
| TRANSFERS FROM OTHER FUNDS | 15,457 | 2,000 | (13,457) |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF CAPITAL ASSETS | - | 1,950 | 1,950 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>1,118</u> | <u>3,767</u> | <u>2,649</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | <u>(42,739)</u> | <u>18,635</u> | <u>61,374</u> |
| FUND BALANCE, JULY 1, 2003 | <u>45,390</u> | <u>45,390</u> | <u>-</u> |
| FUND BALANCE (DEFICIT), JUNE 30, 2004 | <u>\$ 2,651</u> | <u>\$ 64,025</u> | <u>\$ 61,374</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| | FIRE PROTECTION DISTRICTS | | |
|-----------------------------------------------------------------------------------------------------------|----------------------------------|------------------------------------------|-------------------------------------------------|
| | <u>BUDGET</u> | <u>ACTUAL ON BUDGETARY BASIS</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
| REVENUES: | | | |
| TAXES | \$ 19,904 | \$ 19,943 | \$ 39 |
| LICENSES, PERMITS AND FRANCHISES | - | - | - |
| FINES, FORFEITURES AND PENALTIES | - | - | - |
| REVENUES FROM USE OF MONEY AND PROPERTY | 123 | 48 | (75) |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 3,306 | 711 | (2,595) |
| CHARGES FOR CURRENT SERVICES | 3,266 | 3,534 | 268 |
| OTHER REVENUES | 779 | 731 | (48) |
| TOTAL REVENUES | <u>27,378</u> | <u>24,967</u> | <u>(2,411)</u> |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| GENERAL GOVERNMENT | - | - | - |
| PUBLIC PROTECTION | 25,376 | 23,018 | 2,358 |
| PUBLIC WAYS AND FACILITIES | - | - | - |
| HEALTH AND SANITATION | - | - | - |
| PUBLIC ASSISTANCE | - | - | - |
| EDUCATION | - | - | - |
| RECREATION AND CULTURAL SERVICES | - | - | - |
| DEBT SERVICE: | | | |
| PRINCIPAL | - | - | - |
| INTEREST AND FISCAL CHARGES | - | - | - |
| CAPITAL OUTLAY | 2,301 | 2,096 | 205 |
| TOTAL EXPENDITURES | <u>27,677</u> | <u>25,114</u> | <u>2,563</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(299)</u> | <u>(147)</u> | <u>152</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS | (3,388) | (922) | 2,466 |
| TRANSFERS FROM OTHER FUNDS | 1,547 | 1,324 | (223) |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF CAPITAL ASSETS | - | 3 | 3 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(1,841)</u> | <u>405</u> | <u>2,246</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | <u>(2,140)</u> | <u>258</u> | <u>2,398</u> |
| FUND BALANCE, JULY 1, 2003 | <u>3,290</u> | <u>3,290</u> | <u>-</u> |
| FUND BALANCE (DEFICIT), JUNE 30, 2004 | <u>\$ 1,150</u> | <u>\$ 3,548</u> | <u>\$ 2,398</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| | PARK AND RECREATION DISTRICTS | | |
|-----------------------------------------------------------------------------------------------------------|--------------------------------------|------------------------------------------|-------------------------------------------------|
| | BUDGET | ACTUAL ON BUDGETARY BASIS | VARIANCE FAVORABLE (UNFAVORABLE) |
| REVENUES: | | | |
| TAXES | \$ 1,169 | \$ 1,304 | \$ 135 |
| LICENSES, PERMITS AND FRANCHISES | - | - | - |
| FINES, FORFEITURES AND PENALTIES | - | - | - |
| REVENUES FROM USE OF MONEY AND PROPERTY | 32 | 24 | (8) |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 1,145 | 45 | (1,100) |
| CHARGES FOR CURRENT SERVICES | 594 | 498 | (96) |
| OTHER REVENUES | 14 | 19 | 5 |
| TOTAL REVENUES | <u>2,954</u> | <u>1,890</u> | <u>(1,064)</u> |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| GENERAL GOVERNMENT | - | - | - |
| PUBLIC PROTECTION | - | - | - |
| PUBLIC WAYS AND FACILITIES | - | - | - |
| HEALTH AND SANITATION | - | - | - |
| PUBLIC ASSISTANCE | - | - | - |
| EDUCATION | - | - | - |
| RECREATION AND CULTURAL SERVICES | 2,231 | 1,743 | 488 |
| DEBT SERVICE: | | | |
| PRINCIPAL | - | - | - |
| INTEREST AND FISCAL CHARGES | - | - | - |
| CAPITAL OUTLAY | 72 | - | 72 |
| TOTAL EXPENDITURES | <u>2,303</u> | <u>1,743</u> | <u>560</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>651</u> | <u>147</u> | <u>(504)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS | (697) | (14) | 683 |
| TRANSFERS FROM OTHER FUNDS | 30 | - | (30) |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF CAPITAL ASSETS | - | 2 | 2 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(667)</u> | <u>(12)</u> | <u>655</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | (16) | 135 | 151 |
| FUND BALANCE, JULY 1, 2003 | 433 | 433 | - |
| FUND BALANCE (DEFICIT), JUNE 30, 2004 | <u>\$ 417</u> | <u>\$ 568</u> | <u>\$ 151</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| | <u>TOBACCO TAX PROGRAM</u> | | |
|-----------------------------------------------------------------------------------------------------------|----------------------------|------------------------------------------|-------------------------------------------------|
| | <u>BUDGET</u> | <u>ACTUAL ON BUDGETARY BASIS</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
| REVENUES: | | | |
| TAXES | \$ - | \$ - | \$ - |
| LICENSES, PERMITS AND FRANCHISES | - | - | - |
| FINES, FORFEITURES AND PENALTIES | - | - | - |
| REVENUES FROM USE OF MONEY AND PROPERTY | 145 | 15 | (130) |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 3,503 | 1,862 | (1,641) |
| CHARGES FOR CURRENT SERVICES | - | - | - |
| OTHER REVENUES | - | (17) | (17) |
| TOTAL REVENUES | <u>3,648</u> | <u>1,860</u> | <u>(1,788)</u> |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| GENERAL GOVERNMENT | - | - | - |
| PUBLIC PROTECTION | - | - | - |
| PUBLIC WAYS AND FACILITIES | - | - | - |
| HEALTH AND SANITATION | 4,390 | 2,412 | 1,978 |
| PUBLIC ASSISTANCE | - | - | - |
| EDUCATION | - | - | - |
| RECREATION AND CULTURAL SERVICES | - | - | - |
| DEBT SERVICE: | | | |
| PRINCIPAL | - | - | - |
| INTEREST AND FISCAL CHARGES | - | - | - |
| CAPITAL OUTLAY | - | - | - |
| TOTAL EXPENDITURES | <u>4,390</u> | <u>2,412</u> | <u>1,978</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(742)</u> | <u>(552)</u> | <u>190</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS | - | - | - |
| TRANSFERS FROM OTHER FUNDS | - | - | - |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF CAPITAL ASSETS | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | <u>(742)</u> | <u>(552)</u> | <u>190</u> |
| FUND BALANCE, JULY 1, 2003 | <u>2,884</u> | <u>2,884</u> | <u>-</u> |
| FUND BALANCE (DEFICIT), JUNE 30, 2004 | <u>\$ 2,142</u> | <u>\$ 2,332</u> | <u>\$ 190</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| | <u>SPECIAL AVIATION</u> | | |
|-----------------------------------------------------------------------------------------------------------|-------------------------|------------------------------------------|-------------------------------------------------|
| | <u>BUDGET</u> | <u>ACTUAL ON BUDGETARY BASIS</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
| REVENUES: | | | |
| TAXES | \$ - | \$ - | \$ - |
| LICENSES, PERMITS AND FRANCHISES | - | - | - |
| FINES, FORFEITURES AND PENALTIES | - | - | - |
| REVENUES FROM USE OF MONEY AND PROPERTY | 439 | 354 | (85) |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 11,161 | 480 | (10,681) |
| CHARGES FOR CURRENT SERVICES | - | 20 | 20 |
| OTHER REVENUES | 140 | (88) | (228) |
| TOTAL REVENUES | <u>11,740</u> | <u>766</u> | <u>(10,974)</u> |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| GENERAL GOVERNMENT | - | - | - |
| PUBLIC PROTECTION | - | - | - |
| PUBLIC WAYS AND FACILITIES | 5,639 | 1,032 | 4,607 |
| HEALTH AND SANITATION | - | - | - |
| PUBLIC ASSISTANCE | - | - | - |
| EDUCATION | - | - | - |
| RECREATION AND CULTURAL SERVICES | - | - | - |
| DEBT SERVICE: | | | |
| PRINCIPAL | - | - | - |
| INTEREST AND FISCAL CHARGES | - | - | - |
| CAPITAL OUTLAY | 12,206 | 1,870 | 10,336 |
| TOTAL EXPENDITURES | <u>17,845</u> | <u>2,902</u> | <u>14,943</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(6,105)</u> | <u>(2,136)</u> | <u>3,969</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS | (5,649) | - | 5,649 |
| TRANSFERS FROM OTHER FUNDS | 5,344 | 18 | (5,326) |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF CAPITAL ASSETS | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(305)</u> | <u>18</u> | <u>323</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | <u>(6,410)</u> | <u>(2,118)</u> | <u>4,292</u> |
| FUND BALANCE, JULY 1, 2003 | 6,693 | 6,693 | - |
| FUND BALANCE (DEFICIT), JUNE 30, 2004 | <u>\$ 283</u> | <u>\$ 4,575</u> | <u>\$ 4,292</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| | <u>PRESCHOOL SERVICES</u> | | |
|-----------------------------------------------------------------------------------------------------------|---------------------------|------------------------------------------|-------------------------------------------------|
| | <u>BUDGET</u> | <u>ACTUAL ON BUDGETARY BASIS</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
| REVENUES: | | | |
| TAXES | \$ 355 | \$ - | \$ (355) |
| LICENSES, PERMITS AND FRANCHISES | - | - | - |
| FINES, FORFEITURES AND PENALTIES | - | - | - |
| REVENUES FROM USE OF MONEY AND PROPERTY | - | 18 | 18 |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 38,851 | 37,939 | (912) |
| CHARGES FOR CURRENT SERVICES | - | - | - |
| OTHER REVENUES | - | 155 | 155 |
| TOTAL REVENUES | <u>39,206</u> | <u>38,112</u> | <u>(1,094)</u> |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| GENERAL GOVERNMENT | - | - | - |
| PUBLIC PROTECTION | - | - | - |
| PUBLIC WAYS AND FACILITIES | - | - | - |
| HEALTH AND SANITATION | - | - | - |
| PUBLIC ASSISTANCE | 38,395 | 37,557 | 838 |
| EDUCATION | - | - | - |
| RECREATION AND CULTURAL SERVICES | - | - | - |
| DEBT SERVICE: | | | |
| PRINCIPAL | - | - | - |
| INTEREST | - | - | - |
| CAPITAL OUTLAY | 437 | 300 | 137 |
| TOTAL EXPENDITURES | <u>38,832</u> | <u>37,857</u> | <u>975</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>374</u> | <u>255</u> | <u>(119)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS | - | (102) | (102) |
| TRANSFERS FROM OTHER FUNDS | - | - | - |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF CAPITAL ASSETS | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>(102)</u> | <u>(102)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | 374 | 153 | (221) |
| FUND BALANCE, JULY 1, 2003 | (795) | (795) | - |
| FUND BALANCE, JUNE 30, 2004 | <u>\$ (421)</u> | <u>\$ (642)</u> | <u>\$ (221)</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| SHERIFF'S SPECIAL PROJECTS | | | |
|-----------------------------------------------------------------------------------------------------------|-----------------|------------------------------------------|-------------------------------------------------|
| | <u>BUDGET</u> | <u>ACTUAL ON BUDGETARY BASIS</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
| REVENUES: | | | |
| TAXES | \$ - | \$ - | \$ - |
| LICENSES, PERMITS AND FRANCHISES | - | - | - |
| FINES, FORFEITURES AND PENALTIES | 75 | - | (75) |
| REVENUES FROM USE OF MONEY AND PROPERTY | 203 | 200 | (3) |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 14,099 | 8,115 | (5,984) |
| CHARGES FOR CURRENT SERVICES | 2,658 | 2,675 | 17 |
| OTHER REVENUES | <u>2,723</u> | <u>3,352</u> | <u>629</u> |
| TOTAL REVENUES | <u>19,758</u> | <u>14,342</u> | <u>(5,416)</u> |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| GENERAL GOVERNMENT | - | - | - |
| PUBLIC PROTECTION | 15,771 | 8,970 | 6,801 |
| PUBLIC WAYS AND FACILITIES | - | - | - |
| HEALTH AND SANITATION | - | - | - |
| PUBLIC ASSISTANCE | - | - | - |
| EDUCATION | - | - | - |
| RECREATION AND CULTURAL SERVICES | - | - | - |
| DEBT SERVICE: | | | |
| PRINCIPAL | 35 | - | 35 |
| INTEREST AND FISCAL CHARGES | - | - | - |
| CAPITAL OUTLAY | <u>9,087</u> | <u>1,077</u> | <u>8,010</u> |
| TOTAL EXPENDITURES | <u>24,893</u> | <u>10,047</u> | <u>14,846</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(5,135)</u> | <u>4,295</u> | <u>9,430</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS | (2,108) | (2) | 2,106 |
| TRANSFERS FROM OTHER FUNDS | 1,100 | - | (1,100) |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF CAPITAL ASSETS | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(1,008)</u> | <u>(2)</u> | <u>1,006</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | <u>(6,143)</u> | <u>4,293</u> | <u>10,436</u> |
| FUND BALANCE, JULY 1, 2003 | <u>5,599</u> | <u>5,599</u> | <u>-</u> |
| FUND BALANCE (DEFICIT), JUNE 30, 2004 | <u>\$ (544)</u> | <u>\$ 9,892</u> | <u>\$ 10,436</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| | <u>SPECIAL TRANSPORTATION</u> | | |
|-----------------------------------------------------------------------------------------------------------|-------------------------------|------------------------------------------|-------------------------------------------------|
| | <u>BUDGET</u> | <u>ACTUAL ON BUDGETARY BASIS</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
| REVENUES: | | | |
| TAXES | \$ 5,786 | \$ 6,075 | \$ 289 |
| LICENSES, PERMITS AND FRANCHISES | - | - | - |
| FINES, FORFEITURES AND PENALTIES | - | - | - |
| REVENUES FROM USE OF MONEY AND PROPERTY | 397 | 346 | (51) |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 2,556 | 2,503 | (53) |
| CHARGES FOR CURRENT SERVICES | 2,937 | 3,271 | 334 |
| OTHER REVENUES | 795 | (98) | (893) |
| TOTAL REVENUES | <u>12,471</u> | <u>12,097</u> | <u>(374)</u> |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| GENERAL GOVERNMENT | - | - | - |
| PUBLIC PROTECTION | - | - | - |
| PUBLIC WAYS AND FACILITIES | 25,436 | 8,840 | 16,596 |
| HEALTH AND SANITATION | - | - | - |
| PUBLIC ASSISTANCE | - | - | - |
| EDUCATION | - | - | - |
| RECREATION AND CULTURAL SERVICES | - | - | - |
| DEBT SERVICE: | | | |
| PRINCIPAL | - | - | - |
| INTEREST AND FISCAL CHARGES | - | - | - |
| CAPITAL OUTLAY | - | - | - |
| TOTAL EXPENDITURES | <u>25,436</u> | <u>8,840</u> | <u>16,596</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(12,965)</u> | <u>3,257</u> | <u>16,222</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS | (325) | - | 325 |
| TRANSFERS FROM OTHER FUNDS | - | - | - |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF CAPITAL ASSETS | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(325)</u> | <u>-</u> | <u>325</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | <u>(13,290)</u> | <u>3,257</u> | <u>16,547</u> |
| FUND BALANCE, JULY 1, 2003 | <u>13,557</u> | <u>13,557</u> | <u>-</u> |
| FUND BALANCE (DEFICIT), JUNE 30, 2004 | <u>\$ 267</u> | <u>\$ 16,814</u> | <u>\$ 16,547</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| | <u>REDEVELOPMENT AGENCY</u> | | |
|-----------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------------------|-------------------------------------------------|
| | <u>BUDGET</u> | <u>ACTUAL ON BUDGETARY BASIS</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
| REVENUES: | | | |
| TAXES | \$ - | \$ 123 | \$ 123 |
| LICENSES, PERMITS AND FRANCHISES | - | - | - |
| FINES, FORFEITURES AND PENALTIES | - | - | - |
| REVENUES FROM USE OF MONEY AND PROPERTY | 167 | 90 | (77) |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 204 | - | (204) |
| CHARGES FOR CURRENT SERVICES | - | - | - |
| OTHER REVENUES | - | 1 | 1 |
| TOTAL REVENUES | <u>371</u> | <u>214</u> | <u>(157)</u> |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| GENERAL GOVERNMENT | 12,573 | 2,166 | 10,407 |
| PUBLIC PROTECTION | - | - | - |
| PUBLIC WAYS AND FACILITIES | - | - | - |
| HEALTH AND SANITATION | - | - | - |
| PUBLIC ASSISTANCE | - | - | - |
| EDUCATION | - | - | - |
| RECREATION AND CULTURAL SERVICES | - | - | - |
| DEBT SERVICE: | | | |
| PRINCIPAL | - | - | - |
| INTEREST AND FISCAL CHARGES | 20 | - | 20 |
| CAPITAL OUTLAY | - | - | - |
| TOTAL EXPENDITURES | <u>12,593</u> | <u>2,166</u> | <u>10,427</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(12,222)</u> | <u>(1,952)</u> | <u>10,270</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS | (75) | (83) | (8) |
| TRANSFERS FROM OTHER FUNDS | 2,141 | 3,555 | 1,414 |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF CAPITAL ASSETS | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>2,066</u> | <u>3,472</u> | <u>1,406</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | <u>(10,156)</u> | <u>1,520</u> | <u>11,676</u> |
| FUND BALANCE, JULY 1, 2003 | <u>11,720</u> | <u>11,720</u> | <u>-</u> |
| FUND BALANCE (DEFICIT), JUNE 30, 2004 | <u>\$ 1,564</u> | <u>\$ 13,240</u> | <u>\$ 11,676</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| | OTHER SPECIAL REVENUE | | |
|-----------------------------------------------------------------------------------------------------------|-----------------------|---------------------------------|----------------------------------------|
| | BUDGET | ACTUAL ON BUDGETARY BASIS | VARIANCE FAVORABLE (UNFAVORABLE) |
| REVENUES: | | | |
| TAXES | \$ 1,380 | \$ 1,654 | \$ 274 |
| LICENSES, PERMITS AND FRANCHISES | - | - | - |
| FINES, FORFEITURES AND PENALTIES | 4,029 | 3,284 | (745) |
| REVENUES FROM USE OF MONEY AND PROPERTY | 3,257 | 3,073 | (184) |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 35,248 | 21,012 | (14,236) |
| CHARGES FOR CURRENT SERVICES | 3,309 | 3,147 | (162) |
| OTHER REVENUES | 19,294 | 20,260 | 966 |
| TOTAL REVENUES | <u>66,517</u> | <u>52,430</u> | <u>(14,087)</u> |
| EXPENDITURES: | | | |
| CURRENT: | | | |
| GENERAL GOVERNMENT | 3,421 | 2,124 | 1,297 |
| PUBLIC PROTECTION | 25,061 | 12,105 | 12,956 |
| PUBLIC WAYS AND FACILITIES | 3,922 | 447 | 3,475 |
| HEALTH AND SANITATION | 11,768 | 415 | 11,353 |
| PUBLIC ASSISTANCE | 8,736 | 6,794 | 1,942 |
| EDUCATION | - | - | - |
| RECREATION AND CULTURAL SERVICES | 15,567 | 5,226 | 10,341 |
| DEBT SERVICE: | | | |
| PRINCIPAL | - | - | - |
| INTEREST AND FISCAL CHARGES | - | - | - |
| CAPITAL OUTLAY | 371 | 330 | 41 |
| TOTAL EXPENDITURES | <u>68,846</u> | <u>27,441</u> | <u>41,405</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(2,329)</u> | <u>24,989</u> | <u>27,318</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| TRANSFERS TO OTHER FUNDS | (44,383) | (25,786) | 18,597 |
| TRANSFERS FROM OTHER FUNDS | 2,200 | 2,873 | 673 |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF CAPITAL ASSETS | - | 1 | 1 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(42,183)</u> | <u>(22,912)</u> | <u>19,271</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | (44,512) | 2,077 | 46,589 |
| FUND BALANCE, JULY 1, 2003 | 44,558 | 44,558 | - |
| FUND BALANCE (DEFICIT), JUNE 30, 2004 | <u>\$ 46</u> | <u>\$ 46,635</u> | <u>\$ 46,589</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| | <u>TOTAL</u> | | |
|-----------------------------------------------------------------------------------------------------------|---------------|------------------------------------------|-------------------------------------------------|
| | <u>BUDGET</u> | <u>ACTUAL ON BUDGETARY BASIS</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
| REVENUES: | | | |
| TAXES | \$ - | \$ 1 | \$ 1 |
| REVENUES FROM USE OF MONEY AND PROPERTY | 8,378 | 65 | (8,313) |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 11,810 | 10,667 | (1,143) |
| CHARGES FOR CURRENT SERVICES | - | 87 | 87 |
| OTHER REVENUES | - | 26 | 26 |
| | <u>20,188</u> | <u>10,846</u> | <u>(9,342)</u> |
| TOTAL REVENUES | | | |
| EXPENDITURES: | | | |
| CAPITAL OUTLAY | 100,796 | 33,625 | 67,171 |
| TOTAL EXPENDITURES | 100,796 | 33,625 | 67,171 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (80,608) | (22,779) | 57,829 |
| OTHER FINANCING SOURCES: | | | |
| TRANSFERS TO OTHER FUNDS | (2,532) | (2,505) | 27 |
| TRANSFERS FROM OTHER FUNDS | 65,983 | - | (65,983) |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF FIXED ASSETS | - | - | - |
| TOTAL OTHER FINANCING SOURCES | 63,451 | (2,505) | (65,956) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | (17,157) | (25,284) | (8,127) |
| FUND BALANCE (DEFICIT), JULY 1, 2003 | 25,927 | 25,927 | - |
| FUND BALANCE, JUNE 30, 2004 | \$ 8,770 | \$ 643 | \$ (8,127) |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| | <u>CAPITAL IMPROVEMENTS</u> | | |
|-----------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------------------|-------------------------------------------------|
| | <u>BUDGET</u> | <u>ACTUAL ON BUDGETARY BASIS</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
| REVENUES: | | | |
| TAXES | \$ - | \$ - | \$ - |
| REVENUES FROM USE OF MONEY AND PROPERTY | - | 3 | 3 |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 11,810 | 10,667 | (1,143) |
| CHARGES FOR CURRENT SERVICES | - | 87 | 87 |
| OTHER REVENUES | - | (59) | (59) |
| | <u>11,810</u> | <u>10,698</u> | <u>(1,112)</u> |
| TOTAL REVENUES | | | |
| EXPENDITURES: | | | |
| CAPITAL OUTLAY | <u>88,818</u> | <u>30,797</u> | <u>58,021</u> |
| TOTAL EXPENDITURES | <u>88,818</u> | <u>30,797</u> | <u>58,021</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(77,008)</u> | <u>(20,099)</u> | <u>56,909</u> |
| OTHER FINANCING SOURCES: | | | |
| TRANSFERS TO OTHER FUNDS | (2,505) | (2,505) | - |
| TRANSFERS FROM OTHER FUNDS | 56,294 | 7,336 | (48,958) |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF FIXED ASSETS | - | - | - |
| TOTAL OTHER FINANCING SOURCES | <u>53,789</u> | <u>4,831</u> | <u>(48,958)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | (23,219) | (15,268) | 7,951 |
| FUND BALANCE (DEFICIT), JULY 1, 2003 | <u>23,437</u> | <u>23,437</u> | <u>-</u> |
| FUND BALANCE, JUNE 30, 2004 | <u>\$ 218</u> | <u>\$ 8,169</u> | <u>\$ 7,951</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| | <u>PARK AND RECREATION DISTRICTS</u> | | |
|-----------------------------------------------------------------------------------------------------------|--------------------------------------|------------------------------------------|-------------------------------------------------|
| | <u>BUDGET</u> | <u>ACTUAL ON BUDGETARY BASIS</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
| REVENUES: | | | |
| TAXES | \$ - | \$ - | \$ - |
| REVENUES FROM USE OF MONEY AND PROPERTY | - | - | - |
| AID FROM OTHER GOVERNMENTAL AGENCIES | - | - | - |
| CHARGES FOR CURRENT SERVICES | - | - | - |
| OTHER REVENUES | - | - | - |
| TOTAL REVENUES | <u>-</u> | <u>-</u> | <u>-</u> |
| EXPENDITURES: | | | |
| CAPITAL OUTLAY | <u>1,250</u> | <u>15</u> | <u>1,235</u> |
| TOTAL EXPENDITURES | <u>1,250</u> | <u>15</u> | <u>1,235</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(1,250)</u> | <u>(15)</u> | <u>(1,235)</u> |
| OTHER FINANCING SOURCES: | | | |
| TRANSFERS TO OTHER FUNDS | - | - | - |
| TRANSFERS FROM OTHER FUNDS | 1,250 | 15 | (1,235) |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF FIXED ASSETS | - | - | - |
| TOTAL OTHER FINANCING SOURCES | <u>1,250</u> | <u>15</u> | <u>(1,235)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | - | - | - |
| FUND BALANCE (DEFICIT), JULY 1, 2003 | <u>20</u> | <u>20</u> | <u>-</u> |
| FUND BALANCE, JUNE 30, 2004 | <u>\$ 20</u> | <u>\$ 20</u> | <u>\$ -</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

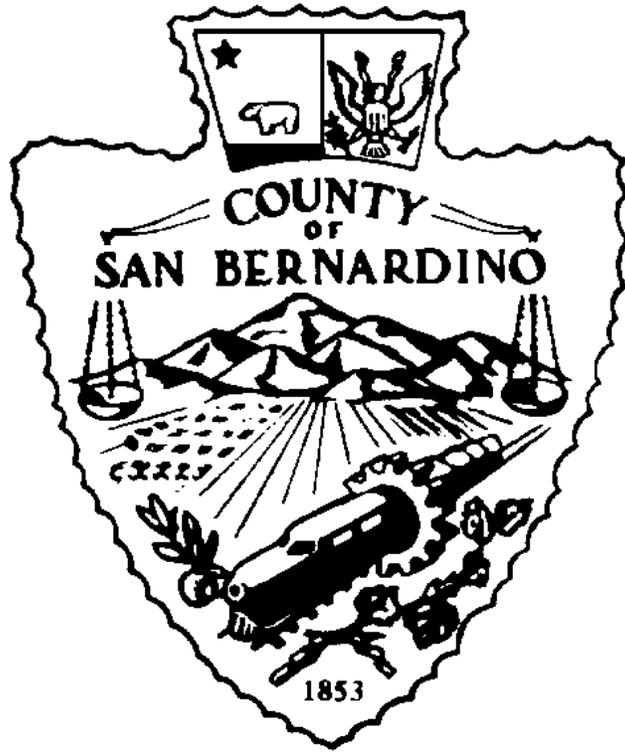
| | <u>COUNTY SERVICE AREAS</u> | | |
|-----------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------------------|-------------------------------------------------|
| | <u>BUDGET</u> | <u>ACTUAL ON BUDGETARY BASIS</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
| REVENUES: | | | |
| TAXES | \$ - | \$ - | \$ - |
| REVENUES FROM USE OF MONEY AND PROPERTY | 8,378 | 61 | (8,317) |
| AID FROM OTHER GOVERNMENTAL AGENCIES | - | - | - |
| CHARGES FOR CURRENT SERVICES | - | - | - |
| OTHER REVENUES | - | 85 | 85 |
| | <u>8,378</u> | <u>146</u> | <u>(8,232)</u> |
| TOTAL REVENUES | | | |
| EXPENDITURES: | | | |
| CAPITAL OUTLAY | 7,672 | 2,812 | 4,860 |
| TOTAL EXPENDITURES | <u>7,672</u> | <u>2,812</u> | <u>(4,860)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>706</u> | <u>(2,666)</u> | <u>(3,372)</u> |
| OTHER FINANCING SOURCES: | | | |
| TRANSFERS TO OTHER FUNDS | (27) | - | 27 |
| TRANSFERS FROM OTHER FUNDS | 5,383 | 2,868 | (2,515) |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF FIXED ASSETS | - | - | - |
| TOTAL OTHER FINANCING SOURCES | <u>5,356</u> | <u>2,868</u> | <u>(2,488)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | 6,062 | 202 | (5,860) |
| FUND BALANCE (DEFICIT), JULY 1, 2003 | <u>2,453</u> | <u>2,453</u> | <u>-</u> |
| FUND BALANCE, JUNE 30, 2004 | <u>\$ 8,515</u> | <u>\$ 2,655</u> | <u>\$ (5,860)</u> |

See accompanying independent auditor's report.

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, 2004 (IN THOUSANDS)

| | <u>FIRE PROTECTION DISTRICTS</u> | | |
|-----------------------------------------------------------------------------------------------------------|----------------------------------|------------------------------------------|-------------------------------------------------|
| | <u>BUDGET</u> | <u>ACTUAL ON BUDGETARY BASIS</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
| REVENUES: | | | |
| TAXES | \$ - | \$ 1 | \$ 1 |
| REVENUES FROM USE OF MONEY AND PROPERTY | - | 1 | 1 |
| AID FROM OTHER GOVERNMENTAL AGENCIES | - | - | - |
| CHARGES FOR CURRENT SERVICES | - | - | - |
| OTHER REVENUES | - | - | - |
| TOTAL REVENUES | <u>-</u> | <u>2</u> | <u>2</u> |
| EXPENDITURES: | | | |
| CAPITAL OUTLAY | <u>3,056</u> | <u>1</u> | <u>3,055</u> |
| TOTAL EXPENDITURES | <u>3,056</u> | <u>1</u> | <u>(3,055)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(3,056)</u> | <u>1</u> | <u>3,057</u> |
| OTHER FINANCING SOURCES: | | | |
| TRANSFERS TO OTHER FUNDS | - | - | - |
| TRANSFERS FROM OTHER FUNDS | 3,056 | 125 | (2,931) |
| LONG-TERM DEBT ISSUED | - | - | - |
| SALE OF FIXED ASSETS | - | - | - |
| TOTAL OTHER FINANCING SOURCES | <u>3,056</u> | <u>125</u> | <u>(2,931)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | - | 126 | 126 |
| FUND BALANCE (DEFICIT), JULY 1, 2003 | <u>17</u> | <u>17</u> | <u>-</u> |
| FUND BALANCE, JUNE 30, 2004 | <u>\$ 17</u> | <u>\$ 143</u> | <u>\$ 126</u> |

See accompanying independent auditor's report.

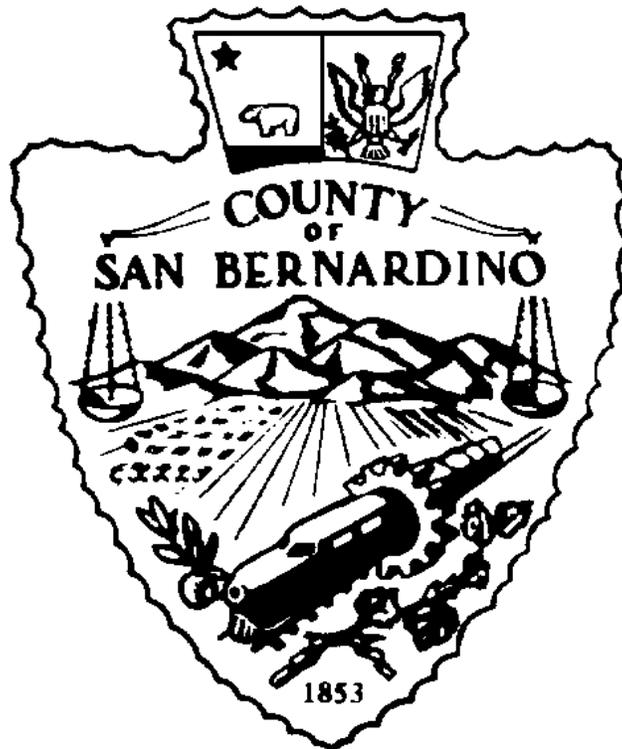


Statistical Section

1853



County of San Bernardino

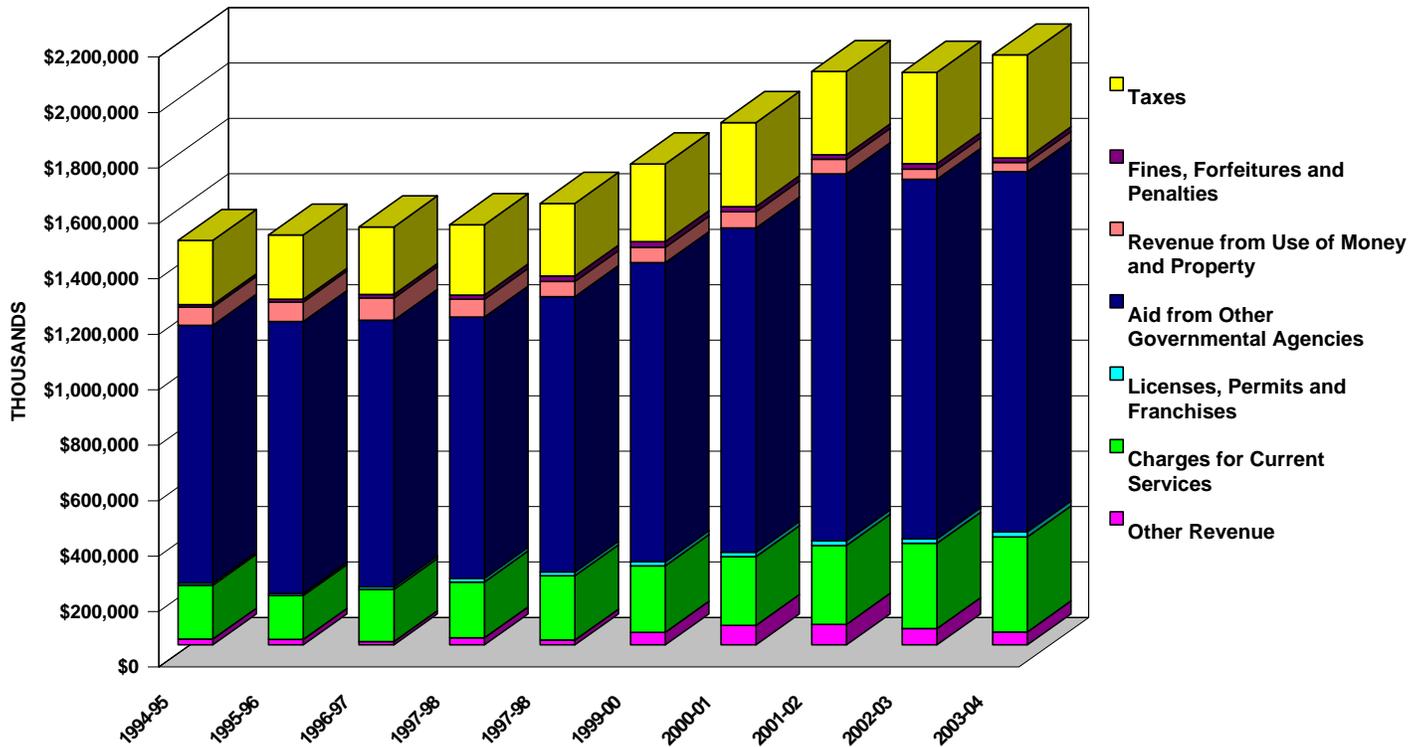


COUNTY OF SAN BERNARDINO
 GENERAL GOVERNMENTAL REVENUES BY SOURCE
 LAST TEN FISCAL YEARS (IN THOUSANDS)
 JUNE 30, 2004

| SOURCE | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1997-98 |
|----------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| TAXES | \$ 231,778 | \$ 232,321 | \$ 243,678 | \$ 253,379 | \$ 262,345 |
| LICENSES, PERMITS AND FRANCHISES | 7,846 | 7,246 | 8,842 | 13,701 | 14,079 |
| FINES, FORFEITURES AND PENALTIES | 9,119 | 9,698 | 11,884 | 15,599 | 18,936 |
| REVENUE FROM USE OF MONEY AND PROPERTY | 65,040 | 70,662 | 81,228 | 64,276 | 54,949 |
| AID FROM OTHER GOVERNMENTAL AGENCIES | 929,838 | 980,557 | 961,601 | 941,671 | 992,829 |
| CHARGES FOR CURRENT SERVICES | 194,564 | 158,692 | 188,103 | 201,079 | 231,473 |
| OTHER REVENUES | 20,582 | 19,303 | 11,853 | 25,594 | 17,612 |
| TOTAL | <u>\$ 1,458,767</u> | <u>\$ 1,478,479</u> | <u>\$ 1,507,189</u> | <u>\$ 1,515,299</u> | <u>\$ 1,592,223</u> |

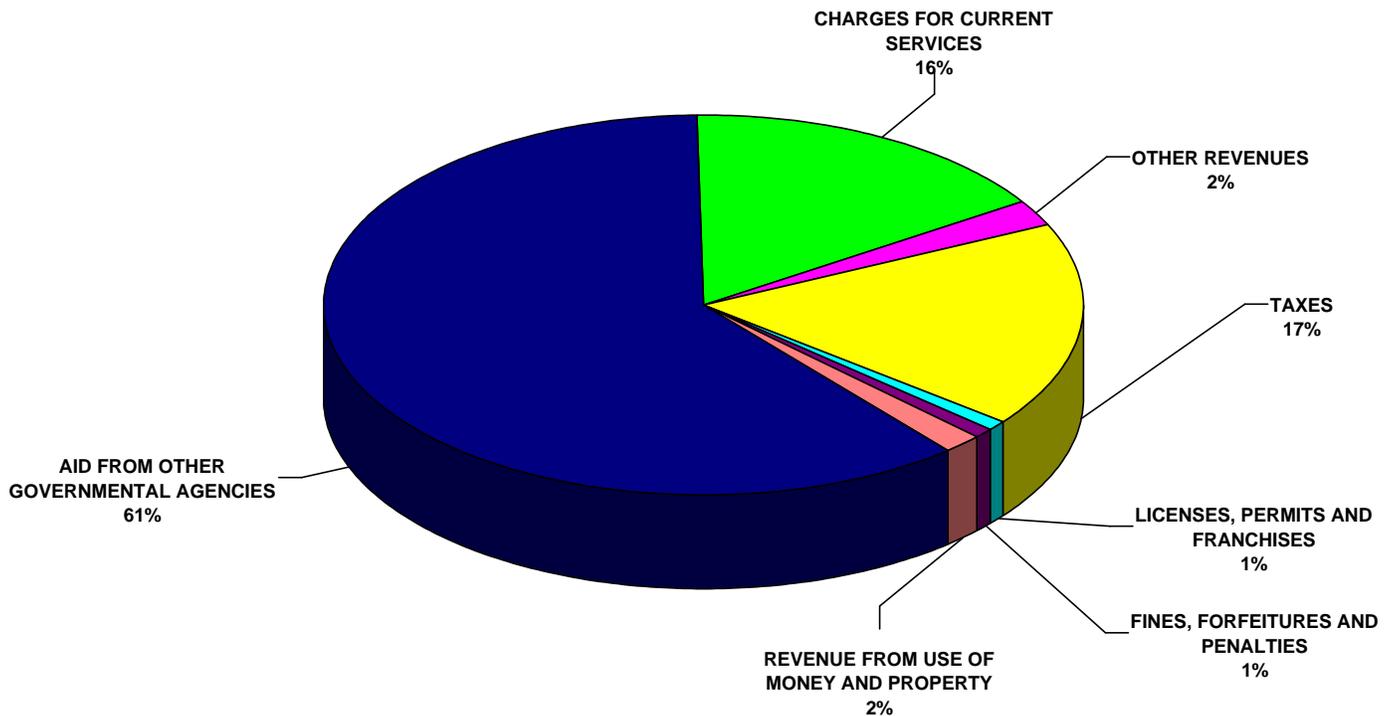
Source: Comprehensive Annual Financial Report. Includes General, Special Revenue, Debt Service and Capital Projects Funds.

REVENUE TRENDS



| <u>1999-00</u> | <u>2000-01</u> | <u>2001-02</u> | <u>2002-03</u> | <u>2003-04</u> | <u>SOURCE</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------------------------|
| \$ 280,499 | \$ 303,313 | \$ 300,737 | \$ 329,753 | \$ 371,404 | TAXES |
| 15,202 | 15,766 | 16,520 | 16,670 | 18,630 | LICENSES, PERMITS AND FRANCHISES |
| 20,168 | 18,440 | 16,574 | 18,841 | 16,458 | FINES, FORFEITURES AND PENALTIES |
| 55,948 | 58,182 | 51,922 | 37,247 | 33,365 | REVENUE FROM USE OF MONEY AND PROPERTY |
| 1,077,662 | 1,169,708 | 1,323,725 | 1,296,324 | 1,298,841 | AID FROM OTHER GOVERNMENTAL AGENCIES |
| 239,699 | 248,090 | 284,822 | 307,653 | 342,305 | CHARGES FOR CURRENT SERVICES |
| 45,492 | 70,157 | 73,967 | 58,418 | 46,776 | OTHER REVENUES |
| <u>\$ 1,734,670</u> | <u>\$ 1,883,656</u> | <u>\$ 2,068,267</u> | <u>\$ 2,064,906</u> | <u>\$ 2,127,779</u> | TOTAL |

REVENUE SOURCES

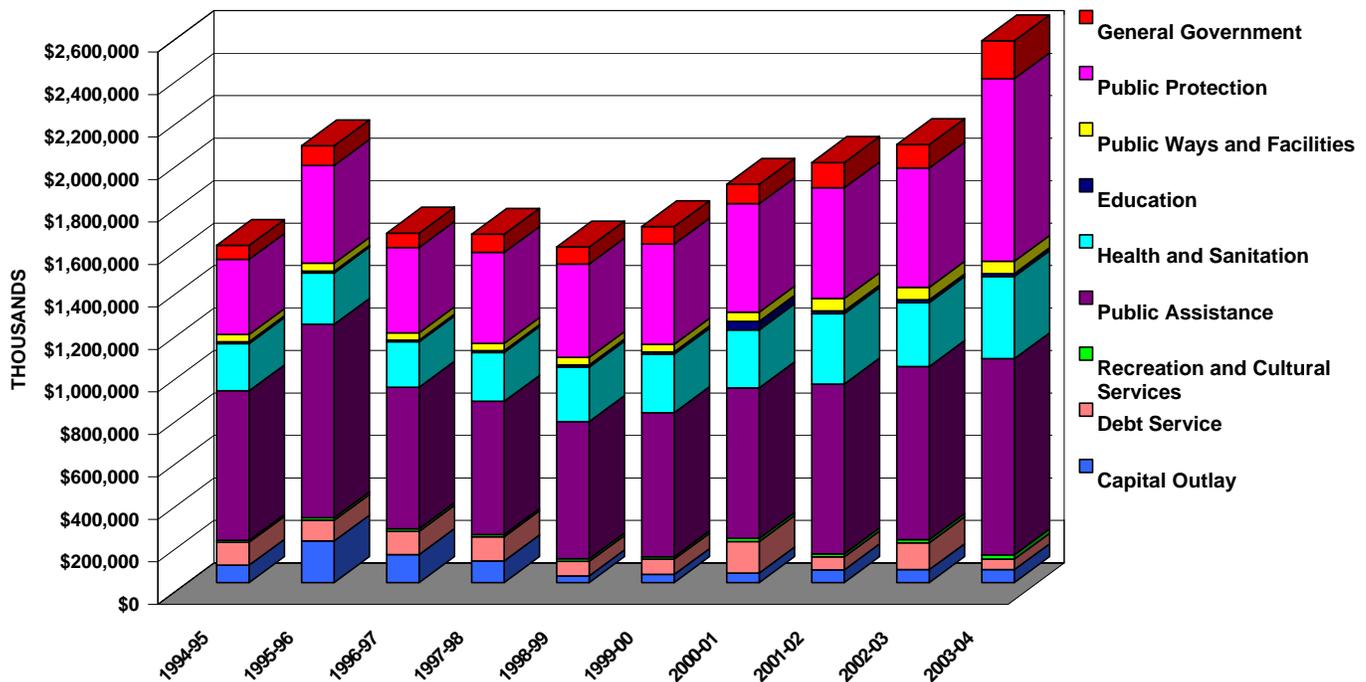


COUNTY OF SAN BERNARDINO
 GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
 LAST TEN FISCAL YEARS (IN THOUSANDS)
 JUNE 30, 2004

| FUNCTION | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| GENERAL GOVERNMENT | \$ 65,976 | \$ 92,092 | \$ 66,889 | \$ 85,399 | \$ 80,223 |
| PUBLIC PROTECTION | 353,176 | 460,619 | 401,533 | 428,582 | 439,974 |
| PUBLIC WAYS AND FACILITIES | 33,905 | 37,335 | 34,616 | 33,727 | 35,100 |
| HEALTH AND SANITATION | 222,392 | 241,577 | 213,170 | 230,119 | 256,222 |
| PUBLIC ASSISTANCE | 703,955 | 910,974 | 666,749 | 626,647 | 646,888 |
| EDUCATION | 8,901 | 8,821 | 8,627 | 8,918 | 10,080 |
| RECREATION AND CULTURAL SERVICES | 9,591 | 11,706 | 11,977 | 11,157 | 11,931 |
| DEBT SERVICE | 107,493 | 97,722 | 108,990 | 113,328 | 67,949 |
| CAPITAL OUTLAY | 81,361 | 194,967 | 131,847 | 101,739 | 31,046 |
| TOTAL | <u>\$ 1,586,750</u> | <u>\$ 2,055,813</u> | <u>\$ 1,644,398</u> | <u>\$ 1,639,616</u> | <u>\$ 1,579,413</u> |

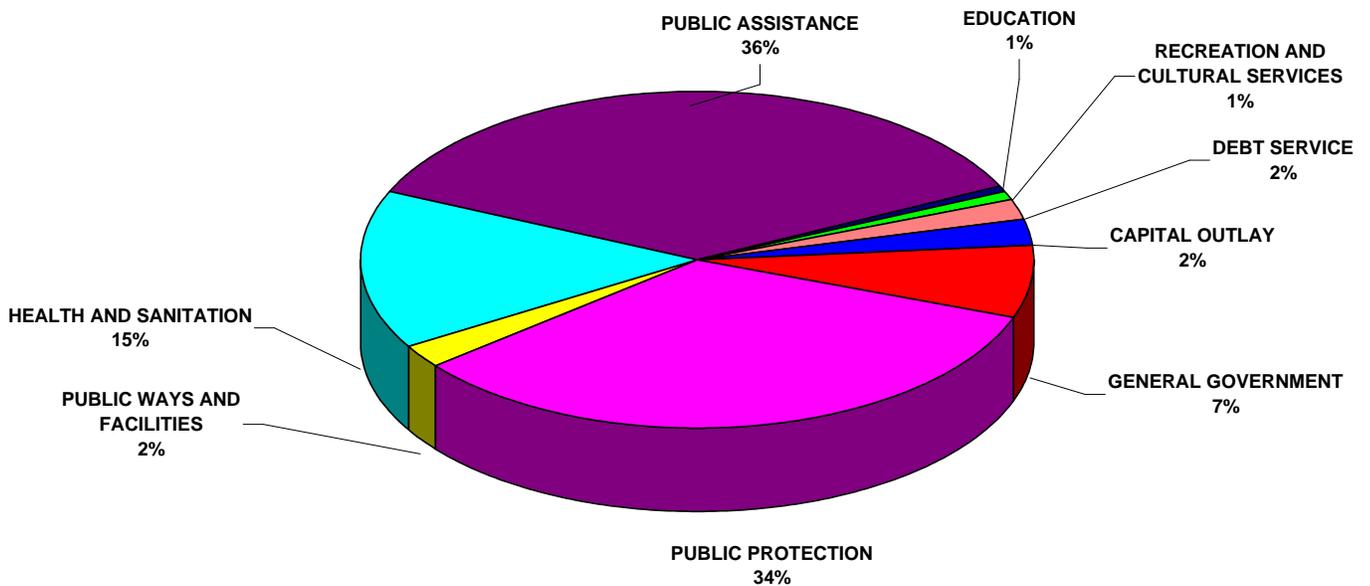
Source: Comprehensive Annual Financial Report. Includes General, Special Revenue, Debt Service and Capital Projects Funds.

EXPENDITURE TRENDS



| <u>1999-00</u> | <u>2000-01</u> | <u>2001-02</u> | <u>2002-03</u> | <u>2003-04</u> | <u>FUNCTION</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------------------|
| \$ 82,523 | \$ 91,459 | \$ 118,669 | \$ 110,847 | \$ 178,026 | GENERAL GOVERNMENT |
| 470,918 | 510,068 | 521,433 | 560,753 | 859,932 | PUBLIC PROTECTION |
| 36,237 | 43,178 | 58,269 | 59,272 | 57,576 | PUBLIC WAYS AND FACILITIES |
| 274,474 | 272,180 | 331,155 | 301,484 | 386,749 | HEALTH AND SANITATION |
| 678,314 | 709,821 | 800,038 | 814,631 | 923,900 | PUBLIC ASSISTANCE |
| 11,235 | 40,899 | 12,626 | 12,543 | 14,029 | EDUCATION |
| 11,340 | 14,058 | 14,316 | 14,986 | 19,545 | RECREATION AND CULTURAL SERVICES |
| 71,820 | 148,134 | 60,479 | 126,793 | 49,890 | DEBT SERVICE |
| <u>38,262</u> | <u>44,829</u> | <u>59,974</u> | <u>60,147</u> | <u>60,279</u> | CAPITAL OUTLAY |
| <u>\$ 1,675,123</u> | <u>\$ 1,874,626</u> | <u>\$ 1,976,959</u> | <u>\$ 2,061,456</u> | <u>\$ 2,549,926</u> | TOTAL |

EXPENDITURES BY FUNCTION



COUNTY OF SAN BERNARDINO
PROPERTY TAX LEVIES, COLLECTIONS, AND DELINQUENCIES
LAST TEN FISCAL YEARS (IN THOUSANDS)
JUNE 30, 2004

| FISCAL YEAR | TAX LEVY | COLLECTIONS | | DELINQUENCY | |
|----------------|-----------|-------------|---------|-------------|---------|
| | | AMOUNT (1) | PERCENT | AMOUNT | PERCENT |
| 1994-95 | 907,776 | 822,915 | 90.7 | 84,861 | 9.3 |
| 1995-96 | 924,364 | 858,062 | 92.8 | 66,302 | 7.2 |
| 1996-97 | 931,302 | 862,854 | 92.7 | 68,448 | 7.3 |
| 1997-98 | 940,414 | 874,882 | 93.0 | 65,532 | 7.0 |
| 1998-99 | 970,426 | 906,204 | 93.4 | 64,222 | 6.6 |
| 1999-00 | 995,499 | 938,047 | 94.2 | 57,452 | 5.8 |
| 2000-01 | 1,044,654 | 995,354 | 95.3 | 49,300 | 4.7 |
| 2001-02 | 1,095,919 | 1,051,265 | 95.9 | 44,653 | 4.1 |
| 2002-03 | 1,187,114 | 1,139,679 | 96.0 | 47,435 | 4.0 |
| 2003-04 | 1,297,403 | 1,257,459 | 96.9 | 39,943 | 3.1 |

Note:

- (1) Included above are amounts collected by the County on behalf of itself, school districts, cities and special districts under the supervision of their own governing boards.

Source: Auditor/Controller-Recorder, County of San Bernardino.

COUNTY OF SAN BERNARDINO
GROSS ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS (IN THOUSANDS)
JUNE 30, 2004

| <u>FISCAL YEAR</u> | <u>(1) SECURED</u> | <u>(1) UNSECURED</u> | <u>TOTAL</u> |
|------------------------|------------------------|--------------------------|--------------|
| 1994-95 | 57,872,470 | 2,855,516 | 60,727,986 |
| 1995-96 | 58,221,977 | 2,979,827 | 61,201,804 |
| 1996-97 | 58,673,355 | 3,130,796 | 61,804,151 |
| 1997-98 | 59,436,693 | 3,310,372 | 62,747,065 |
| 1998-99 | 60,369,414 | 3,503,927 | 63,873,341 |
| 1999-00 | 62,029,287 | 3,414,687 | 65,443,974 |
| 2000-01 | 63,875,019 | 3,583,212 | 67,458,231 |
| 2001-02 | 67,359,597 | 3,718,755 | 71,078,352 |
| 2002-03 | 71,626,748 | 3,815,785 | 75,442,533 |
| 2003-04 | 76,677,578 | 3,851,432 | 80,529,010 |

Note:

(1) Valuations include State reimbursed exemptions but exclude redevelopment tax allocations.

Source: Auditor/Controller-Recorder, 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
JUNE 30, 2004

| <u>FISCAL YEAR</u> | <u>SAN BERNARDINO COUNTY GENERAL</u> | <u>SCHOOLS</u> | <u>SAN BERNARDINO MUNICIPAL WATER</u> | <u>TOTAL</u> |
|--------------------|--------------------------------------|----------------|---------------------------------------|--------------|
| 1994-95 | 1.0000 | 0.0006 | 0.0870 | 1.0876 |
| 1995-96 | 1.0000 | 0.0012 | 0.0870 | 1.0882 |
| 1996-97 | 1.0000 | 0.0018 | 0.0870 | 1.0888 |
| 1997-98 | 1.0000 | 0.0015 | 0.1070 | 1.1085 |
| 1998-99 | 1.0000 | 0.0015 | 0.1070 | 1.1085 |
| 1999-00 | 1.0000 | 0.0426 | 0.1070 | 1.1496 |
| 2000-01 | 1.0000 | 0.0336 | 0.1070 | 1.1406 |
| 2001-02 | 1.0000 | 0.0361 | 0.1420 | 1.1781 |
| 2002-03 | 1.0000 | 0.0315 | 0.1400 | 1.1715 |
| 2003-04 | 1.0000 | 0.0579 | 0.1400 | 1.1979 |

Note:

- (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.

Source: Auditor/Controller-Recorder, County of San Bernardino.

COUNTY OF SAN BERNARDINO
 COMPUTATION OF LEGAL DEBT MARGIN AND BONDED DEBT PER CAPITA
 LAST TEN FISCAL YEARS (IN THOUSANDS)
 JUNE 30, 2004

| <u>FISCAL YEAR</u> | <u>(1) POPULATION</u> | <u>(2) ASSESSED VALUE</u> | <u>(3) LEGAL DEBT LIMIT</u> | <u>(4) BONDED DEBT</u> | <u>LEGAL DEBT MARGIN</u> | <u>RATIO OF BONDED DEBT TO ASSESSED VALUE</u> | <u>BONDED DEBT PER CAPITA</u> |
|--------------------|---------------------------|-----------------------------------|-------------------------------------|--------------------------------|------------------------------|-----------------------------------------------------------|-----------------------------------|
| 1994-95 | 1,618 | 60,727,986 | 759,100 | 6,832 | 752,268 | 0.01 | 4.22 |
| 1995-96 | 1,589 | 61,201,804 | 765,023 | 6,107 | 758,916 | 0.01 | 3.84 |
| 1996-97 | 1,587 | 61,804,151 | 772,552 | 5,290 | 767,262 | 0.01 | 3.33 |
| 1997-98 | 1,622 | 62,747,065 | 784,338 | 4,683 | 779,655 | 0.01 | 2.89 |
| 1998-99 | 1,654 | 63,873,341 | 798,417 | 4,177 | 794,240 | 0.01 | 2.53 |
| 1999-00 | 1,689 | 65,443,974 | 818,050 | 3,691 | 814,359 | 0.01 | 2.19 |
| 2000-01 | 1,764 | 67,458,231 | 843,228 | 3,365 | 839,863 | 0.01 | 1.91 |
| 2001-02 | 1,784 | 71,078,352 | 888,479 | 2,979 | 885,500 | 0.01 | 1.67 |
| 2002-03 | 1,833 | 75,442,533 | 943,032 | 2,657 | 940,375 | 0.01 | 1.45 |
| 2003-04 | 1,886 | 77,425,423 | 967,818 | 2,321 | 965,497 | 0.01 | 1.23 |

Notes:

- (1) Source: California Department of Finance.
- (2) Valuations include State reimbursed exemptions, but exclude redevelopment tax allocations.
- (3) The legal debt limit is 1.25% of assessed value.
- (4) Bonded debt subject to limitation; amount includes only general obligation bonds.

COUNTY OF SAN BERNARDINO
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
 AS OF JUNE 30, 2004

2003-04 ASSESSED VALUATION (1): \$103,609,570,474 (includes unitary utility valuation)
 Redevelopment Incremental Valuation: 23,080,560,340
 Adjusted Assessed Valuation: \$ 80,529,010,134

| <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | <u>PERCENT APPLICABLE</u> | <u>DEBT 6/30/04</u> |
|------------------------------------------------------------------------|---------------------------|-----------------------------|
| METROPOLITAN WATER DISTRICT | 2.890 % | \$ 12,932,028 |
| CHAFFEY COMMUNITY COLLEGE DISTRICT | 100.000 | 46,265,000 |
| SAN BERNARDINO VALLEY JOINT COMMUNITY COLLEGE DISTRICT | 98.503 | 68,952,100 |
| KERN COMMUNITY COLLEGE DISTRICT SCHOOL FACILITIES IMPROVEMENT DISTRICT | 0.746 | 560,929 |
| CHINO VALLEY UNIFIED SCHOOL DISTRICT | 100.000 | 73,350,000 |
| FONTANA UNIFIED SCHOOL DISTRICT | 100.000 | 62,438,353 |
| REDLANDS UNIFIED SCHOOL DISTRICT | 100.000 | 46,408,512 |
| RIALTO UNIFIED SCHOOL DISTRICT | 100.000 | 57,420,038 |
| SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT | 100.000 | 47,743,185 |
| UPLAND UNIFIED SCHOOL DISTRICT | 100.000 | 25,299,914 |
| OTHER UNIFIED SCHOOL DISTRICTS | VARIOUS | 58,403,148 |
| UNION HIGH SCHOOL DISTRICTS | 100.000 | 143,723,731 |
| SCHOOL DISTRICTS | 100.000 | 129,306,308 |
| CITY OF REDLANDS | 100.000 | 4,940,000 |
| COUNTY SERVICE AREAS | 100.000 | 1,305,000 |
| MOJAVE WATER AGENCY | 100.000 | 22,555,000 |
| MOJAVE WATER AGENCY, I.D. M | 100.000 | 43,655,000 |
| COUNTY WATER DISTRICTS | 100.000 (1) | 1,711,542 |
| ETIWANDA SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS | 100.000 | 64,360,000 |
| FONTANA COMMUNITY FACILITIES DISTRICTS | 100.000 | 154,320,000 |
| CITY OF CHINO COMMUNITY FACILITIES DISTRICTS | 100.000 | 37,475,000 |
| RANCHO CUCAMONGA COMMUNITY FACILITIES DISTRICTS | 100.000 | 50,500,000 |
| CHINO HILLS COMMUNITY FACILITIES DISTRICTS | 100.000 | 55,795,000 |
| SAN BERNARDINO COUNTY COMMUNITY FACILITIES DISTRICTS | 100.000 | 28,835,000 |
| OTHER COMMUNITY FACILITIES DISTRICTS | 100.000 | 196,770,080 |
| CITY, COUNTY AND SPECIAL DISTRICT 1915 ACT BONDS (Estimate) | 100.000 | 149,981,267 |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | | <u>\$ 1,585,006,135</u> |

COUNTY OF SAN BERNARDINO
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS (IN THOUSANDS)
JUNE 30, 2004

| <u>FISCAL YEAR</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>ADVANCE REFUNDING ESCROW</u> | <u>TOTAL DEBT SERVICE</u> | <u>TOTAL GENERAL GOVERNMENTAL EXPENDITURES</u> | <u>RATIO OF DEBT SERVICE TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES</u> |
|--------------------|------------------|-----------------|---------------------------------|---------------------------|------------------------------------------------|-------------------------------------------------------------------------|
| 1994-95 | 41,166 | 66,327 | - | 107,493 | 1,586,750 | 6.77 % |
| 1995-96 | 20,642 | 71,193 | 5,887 | 97,722 | 2,055,813 | 4.75 |
| 1996-97 | 36,470 | 72,520 | 39,135 | 148,125 | 1,644,398 | 9.01 |
| 1997-98 | 36,630 | 76,698 | 76,240 | 189,568 | 1,639,616 | 11.56 |
| 1998-99 | 28,787 | 39,162 | - | 67,949 | 1,579,413 | 4.30 |
| 1999-00 | 22,136 | 49,684 | - | 71,820 | 1,675,123 | 4.29 |
| 2000-01 | 99,557 | 48,577 | - | 148,134 | 1,874,626 | 7.90 |
| 2001-02 | 24,662 | 35,817 | 112,171 | 172,650 | 1,976,959 | 8.73 |
| 2002-03 | 96,480 | 30,313 | - | 126,793 | 2,061,456 | 6.15 |
| 2003-04 | 23,163 | 26,727 | - | 49,890 | 2,549,926 | 1.96 |

Source: Auditor/Controller-Recorder, County of San Bernardino.

COUNTY OF SAN BERNARDINO
 SCHEDULE OF INSURANCE IN FORCE
 JUNE 30, 2004

| COVERAGE | AMOUNT | INSURED |
|----------------------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| General and Automobile Liability | County pays all claims with negligence up to \$1,00,000 per claim or occurrence. | County is completely self-insured up to \$1,000,000 per claim or occurrence. CSAC EIA Liability Program II pool covers losses from \$1,00,000. Excess coverage provides coverage to \$30 million. |
| Fire, Lightning and Earthquake Extended Coverage | Replacement value. | CSAC EIA with \$25,000 deductible - 5% deductible for earthquake |
| Medical Malpractice | \$30,000,000 Professional or Hospital Liability. | Self-insured program is supplemented by CSAC EIA and provides coverage on an occurrence basis. Self-insured retention at \$1 million for each claim. Maximum coverage under this policy is \$10 million per occurrence with additional \$20 million under the CSAC EIA GLII Program. |
| Airport Liability | \$50,000,000. | Premises liability, contractual liability, products liability, completed operations; personal protective injury, hangarkeepers, owners and contractors protective with Associated Aviation. |
| Comprehensive Disappearance, Destructions and Dishonesty | \$10,000,000. | CSAC EIA Crime Program - \$100,000 deductible per claim or occurrence |
| Faithful Performance Bond | \$10,000,000 employee dishonesty. | CSAC EIA Crime Program - \$100,000 deductible per claim or occurrence |
| Worker's Compensation | Statutory for Worker's Compensation. \$2,000,000 for Employer's Liability. | Self-Insured first \$2,000,000. Excess with CSAC EIA for \$50,000,000 in limits. |
| Employee Health - Contact Human Resources Department | Limited according to selected plan. | Contact Human Resources Department. |
| Dental - Contact Human Resources Department | Limited according to selected plan. | Contact Human Resources Department. |
| Life - Contact Human Resources Department | Varies. | Contact Human Resources Department. |

Source: Risk Management, County of San Bernardino.

COUNTY OF SAN BERNARDINO
 PUBLIC OFFICIAL BLANKET BOND (1) (2)
 JUNE 30, 2004

| | <u>FAITHFUL PERFORMANCE BOND/ EMPLOYEE DISHONESTY</u> | <u>FORGERY/ALTERATION, DISAPPEARANCE & DESTRUCTION, ROBBERY COMPUTER FRAUD</u> |
|---------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| ASSESSOR | \$ 10,000,000 | \$ 5,000,000 |
| AUDITOR/CONTROLLER | 10,000,000 | 5,000,000 |
| BOARD OF SUPERVISORS (PER SUPERVISOR) | 10,000,000 | 5,000,000 |
| DISTRICT ATTORNEY | 10,000,000 | 5,000,000 |
| PUBLIC ADMINISTRATOR-CORONER | 10,000,000 | 5,000,000 |
| SHERIFF | 10,000,000 | 5,000,000 |
| SUPERINTENDENT OF SCHOOLS | 10,000,000 | 5,000,000 |
| SUPERIOR COURT JUDGES | 10,000,000 | 5,000,000 |
| TREASURER-TAX COLLECTOR: | | |
| TREASURER | 10,000,000 | 5,000,000 |
| TAX COLLECTOR | 10,000,000 | 5,000,000 |

Notes:

(1) Coverage with CSAC EIA Crime Program

(2) Per occurrence.

(3) \$100,000 Deductible

COUNTY OF SAN BERNARDINO
REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS (IN THOUSANDS)
JUNE 30, 2004

| <u>FISCAL YEAR</u> | <u>GROSS REVENUE</u> | <u>OPERATING EXPENSES</u> | <u>NET REVENUE AVAILABLE FOR DEBT SERVICE</u> | <u>DEBT SERVICE REQUIREMENTS</u> | | | <u>COVERAGE</u> |
|--------------------|----------------------|---------------------------|-----------------------------------------------|----------------------------------|-----------------|--------------|-----------------|
| | | | | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> | |
| 1994-95 | 6,225 | - | 6,225 | - | 6,225 | 6,225 | 1.0 |
| 1995-96 | 32,459 | 8,535 | 23,924 | 6,285 | 1,635 | 7,920 | 3.0 |
| 1996-97 | 71,929 | 7,947 | 63,982 | 28,295 | 33,909 | 62,204 | 1.0 |
| 1997-98 | 55,012 | 541 | 54,471 | 21,925 | 32,546 | 54,471 | 1.0 |
| 1998-99 | 50,569 | 493 | 50,076 | 18,670 | 31,406 | 50,076 | 1.0 |
| 1999-00 | 41,290 | 1,259 | 40,031 | 9,185 | 30,559 | 39,744 | 1.0 |
| 2000-01 | 113,996 | 486 | 113,510 | 86,090 | 27,420 | 113,510 | 1.0 |
| 2001-02 | 34,508 | 315 | 34,193 | 13,195 | 20,998 | 34,193 | 1.0 |
| 2002-03 | 34,269 | 458 | 33,811 | 15,535 | 18,276 | 33,811 | 1.0 |
| 2003-04 | 28,460 | - | 28,460 | 13,020 | 15,440 | 28,460 | 1.0 |

COUNTY OF SAN BERNARDINO
 BUILDING PERMIT VALUATIONS, DWELLING UNITS AND BANK DEPOSITS (1)
 LAST TEN CALENDAR YEARS
 JUNE 30, 2004

| | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> |
|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| VALUATIONS: (2) | | | | | |
| RESIDENTIAL | \$ 658,110 | \$ 573,852 | \$ 732,403 | \$ 842,497 | \$ 993,156 |
| NONRESIDENTIAL | <u>368,011</u> | <u>411,129</u> | <u>397,631</u> | <u>527,367</u> | <u>642,910</u> |
| TOTAL | <u>\$ 1,026,121</u> | <u>\$ 984,981</u> | <u>\$ 1,130,034</u> | <u>\$ 1,369,864</u> | <u>\$ 1,636,066</u> |
| | | | | | |
| NEW DWELLING UNITS: (2) | | | | | |
| SINGLE FAMILY | 4,585 | 3,852 | 4,703 | 5,124 | 5,602 |
| MULTIPLE FAMILY | <u>145</u> | <u>101</u> | <u>311</u> | <u>469</u> | <u>511</u> |
| TOTAL | <u>4,730</u> | <u>3,953</u> | <u>5,014</u> | <u>5,593</u> | <u>6,113</u> |
| | | | | | |
| BANK DEPOSITS (3) | <u>\$ 5,625,169</u> | <u>\$ 5,581,891</u> | <u>\$ 5,706,988</u> | <u>\$ 9,017,358</u> | <u>\$ 9,423,092</u> |

Notes:

- (1) Building Permit Valuations and Bank Deposits are in thousands.
- (2) Source: Construction Industry Research Board.
- (3) Source: Federal Reserve Research Library.

| <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | |
|-------------------------|-------------------------|--------------------------|--------------------------|--------------------------|-----------------------------|
| \$ 1,250,197 | \$ 1,127,597 | \$ 1,416,540 | \$ 1,832,749 | \$ 2,201,236 | VALUATIONS: (2) |
| <u>758,616</u> | <u>766,421</u> | <u>764,931</u> | <u>731,846</u> | <u>811,851</u> | RESIDENTIAL |
| <u>\$ 2,008,813</u> | <u>\$ 1,894,018</u> | <u>\$ 2,181,471</u> | <u>\$ 2,564,595</u> | <u>\$ 3,013,087</u> | NONRESIDENTIAL |
| | | | | | TOTAL |
| | | | | | NEW DWELLING UNITS: (2) |
| 6,593 | 5,865 | 6,825 | 9,179 | 10,820 | SINGLE FAMILY |
| <u>479</u> | <u>715</u> | <u>1,702</u> | <u>1,437</u> | <u>1,820</u> | MULTIPLE FAMILY |
| <u>7,072</u> | <u>6,580</u> | <u>8,527</u> | <u>10,616</u> | <u>12,640</u> | TOTAL |
| <u>\$ 9,632,110</u> | <u>\$ 9,956,470</u> | <u>\$ 10,681,508</u> | <u>\$ 12,879,000</u> | <u>\$ 14,722,000</u> | BANK DEPOSITS (3) |

COUNTY OF SAN BERNARDINO
 DEMOGRAPHIC STATISTICS
 LAST TEN FISCAL YEARS (IN THOUSANDS)
 JUNE 30, 2004

| <u>FISCAL YEAR</u> | <u>(1) POPULATION COUNTY OF SAN BERNARDINO</u> | <u>(1) POPULATION STATE OF CALIFORNIA</u> | <u>(2) POPULATION UNITED STATES</u> | <u>(3) SCHOOL ENROLLMENT</u> | <u>(4) UNEMPLOYMENT RATE COUNTY OF SAN BERNARDINO</u> |
|--------------------|------------------------------------------------------------|-------------------------------------------------------|---------------------------------------------|--------------------------------------|-------------------------------------------------------------------|
| 1994-95 | 1,618 | 32,344 | 262,176 | 327 | 8.2 |
| 1995-96 | 1,589 | 32,321 | 264,023 | 336 | 7.9 |
| 1996-97 | 1,587 | 32,609 | 266,490 | 347 | 7.2 |
| 1997-98 | 1,621 | 33,252 | 270,732 | 357 | 6.3 |
| 1998-99 | 1,654 | 33,773 | 273,630 | 365 | 5.6 |
| 1999-00 | 1,689 | 34,336 | 275,377 | 374 | 4.8 |
| 2000-01 | 1,764 | 34,818 | 276,059 | 383 | 4.6 |
| 2001-02 | 1,784 | 35,037 | 287,170 | 394 | 5.6 |
| 2002-03 | 1,833 | 35,591 | 288,100 | 407 | 5.5 |
| 2003-04 | 1,886 | 36,144 | 294,609 | 419 | 5.9 |

(1) Source: California Department of Finance.

(2) Source: U. S. Census Bureau.

(3) Source: Superintendent of Schools.

(4) Source: California Employment Development Department.

COUNTY OF SAN BERNARDINO
 PRINCIPAL TAXPAYERS
 JUNE 30, 2004

| <u>TAXPAYERS</u> | <u>TYPE OF BUSINESS</u> | <u>TOTAL TAX LEVY FISCAL YEAR 2003-04</u> | <u>PERCENTAGE OF TOTAL TAX LEVY FISCAL YEAR 2003-04</u> |
|-------------------------------------|-------------------------|-------------------------------------------------------|---------------------------------------------------------------------|
| SOUTHERN CALIFORNIA EDISON COMPANY | ELECTRIC UTILITY | \$ 10,769,497 | 0.96 % |
| VERIZON CALIFORNIA INC | TELECOMMUNICATIONS | 5,347,383 | 0.47 |
| CALIFORNIA STEEL INDUSTRIES INC | STEEL MANUFACTURING | 4,038,092 | 0.36 |
| KAISER FOUNDATION HOSPITALS | HEALTH CARE | 3,300,183 | 0.29 |
| KERN RIVER GAS TRANSMISSION COMPANY | NATURAL GAS PIPELINE | 3,217,811 | 0.29 |
| CEMEX INCORPORATED | BUILDING MATERIALS | 2,801,383 | 0.25 |
| MAJESTIC REALTY CO | REAL ESTATE | 2,447,692 | 0.22 |
| SOUTHERN CALIFORNIA GAS COMPANY | GAS UTILITY | 2,371,636 | 0.21 |
| MITSUBISHI CEMENT CORP | BUILDING MATERIALS | 2,110,793 | 0.19 |
| ONTARIO MILLS LIMITED PARTNERSHIP | RETAIL SALES | 1,992,140 | 0.18 |
| TOTAL | | <u>\$ 38,396,610</u> | <u>3.42 %</u> |

Source: County of San Bernardino.

COUNTY OF SAN BERNARDINO
 MISCELLANEOUS STATISTICAL DATA
 JUNE 30, 2004

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.

ALTITUDE: Elevation ranges from a high of 11,502 feet above sea level to a low of 181 feet above sea level.

AREA OF COUNTY: Approximately 20,180 square miles (Largest area in the continental 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

FISCAL YEAR: July 1 - June 30

REGISTERED VOTERS: 680,435 as of June 30, 2004

ESTIMATED POPULATION OF THE COUNTY OF SAN BERNARDINO AS OF JANUARY 1, 2004:

INCORPORATED CITIES (1):

| | | | |
|---------------|---------|-----------------------|-----------|
| Adelanto | 21,250 | Montclair | 34,750 |
| Apple Valley | 61,300 | Needles | 5,375 |
| Barstow | 23,200 | Ontario | 167,900 |
| Big Bear Lake | 6,025 | Rancho Cucamonga | 154,800 |
| Chino | 72,100 | Redlands | 68,800 |
| Chino Hills | 76,400 | Rialto | 98,100 |
| Colton | 50,800 | San Bernardino | 196,300 |
| Fontana | 154,800 | Twentynine Palms | 25,950 |
| Grand Terrace | 12,250 | Upland | 72,700 |
| Hesperia | 70,300 | Victorville | 77,700 |
| Highland | 49,250 | Yucaipa | 47,450 |
| Loma Linda | 20,950 | Yucca Valley | 18,700 |
| | | Total | 1,587,150 |
| | | Unincorporated Areas: | 299,400 |
| | | Total Population | 1,886,550 |

COUNTY EMPLOYEES (2)(3):

| | |
|---------|--------|
| 1994-95 | 14,013 |
| 1995-96 | 14,341 |
| 1996-97 | 14,650 |
| 1997-98 | 15,444 |
| 1998-99 | 16,637 |
| 1999-00 | 17,538 |
| 2000-01 | 17,535 |
| 2001-02 | 18,544 |
| 2002-03 | 18,265 |
| 2003-04 | 17,491 |

Notes:

- (1) Source: California Department of Finance.
- (2) Source: County of San Bernardino.
- (3) Average figures including temporary and seasonal employees.



COUNTY OF SAN BERNARDINO
Auditor/Controller-Recorder
222 West Hospitality Lane
San Bernardino, CA 92415-0018

