

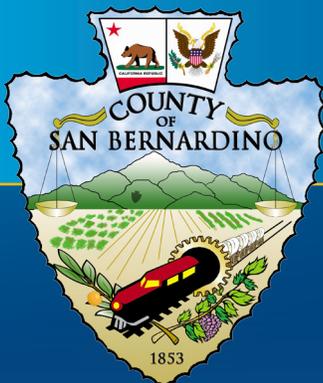
COUNTY OF SAN BERNARDINO STATE OF CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2013

LARRY WALKER, AUDITOR-CONTROLLER/
TREASURER/TAX COLLECTOR



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2013**

**COUNTY OF SAN BERNARDINO
STATE OF CALIFORNIA
1853**



Supervisor Robert LovingoodFirst District
Supervisor Janice Rutherford, Chair Second District
Supervisor James RamosThird District
Supervisor Gary Ovitt, Vice Chair Fourth District
Supervisor Josie Gonzales,Fifth District

Gregory C. Devereaux – Chief Executive Officer

*Prepared by the Office of the Auditor-Controller/Treasurer/Tax Collector
Larry Walker, Auditor-Controller/Treasurer/Tax Collector*

**COUNTY OF SAN BERNARDINO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 JUNE 30, 2013**

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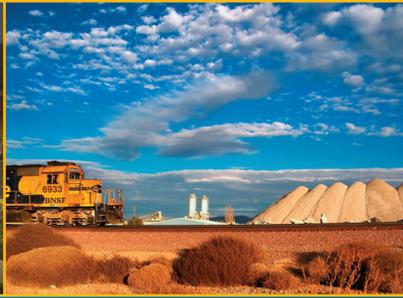
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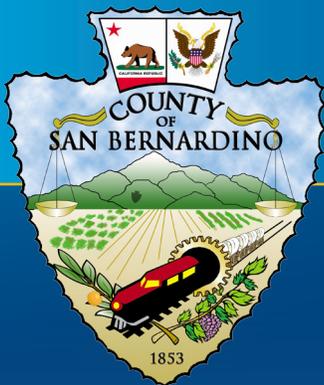
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INTRODUCTORY SECTION



AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



COUNTY OF SAN BERNARDINO

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

TREASURER/TAX COLLECTOR • 172 West Third Street, First Floor
San Bernardino, CA 92415-0360 • (909) 387-8308 • Fax (909) 387-6716

LARRY WALKER
Auditor-Controller/
Treasurer/Tax Collector

December 20, 2013

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, 2013, is submitted herewith in compliance with Section 25253 of the California Government Code and Article V, Section 8, of the County of San Bernardino Charter.

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

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

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Information related to the single audit, including the schedule of expenditures of federal awards, schedule of findings and questioned costs, and the independent auditor's report on compliance and internal control are published separately from this report.

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

THE REPORTING ENTITY AND ITS SERVICES

The County of San Bernardino, located in Southern California, was established by an act of the State Legislature on April 26, 1853, forming the County from parts of Los Angeles, San Diego, and Mariposa Counties. The County is a charter law county divided into five supervisorial districts on the basis of population. The County encompasses an area of over 20,164 square miles and includes 24 incorporated

THE REPORTING ENTITY AND ITS SERVICES - Continued

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 services, cultural and environmental services, parks, and a variety of public assistance programs. Special districts and county service areas provide services to remote geographical areas and rapidly growing communities. These services include fire protection, parks, flood control, water, sewer, sanitation, street lighting, and roads.

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

INTERNAL AND BUDGETARY CONTROLS

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

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

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

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

MAJOR INITIATIVES

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

MAJOR INITIATIVES - Continued

- The County initiated several payroll cost saving measures proposed by Human Resources and approved by the Board of Supervisors. These measures were successfully negotiated with all but one bargaining unit during the current bargaining cycle that began in April 2011.
- The Public Defender expanded its Juvenile Accountability Program to the Victorville community. Continued expansion of the program via collaboration with the Department of Behavioral Health and other law and justice agencies will help reduce recidivism and increase self-sufficiency of local youth entering adulthood in 2013-14.
- The Community Vital Signs Initiative spearheaded by the Departments of Public Health, Behavioral Health, and Arrowhead Regional Medical Center continued its efforts toward improving the wellness of the County, and ultimately achieving the goals of the Countywide Vision. The initiative continues to work with a vast array of invested stakeholders.
- The Auditor-Controller/Treasurer/Tax Collector continues to perform the additional duties, in accordance with legislation, resulting from the dissolution of redevelopment agencies within the County, currently represented by 26 Successor Agencies.
- A key strategy of the Economic Development Agency (EDA) is to continue to support businesses coming into and currently existing in the County by ensuring that Workforce Investment Act (WIA) funding assists with layoff aversion, business services, and training for specific workforce skills. Through these efforts, EDA will work to keep existing businesses thriving and create an environment that is appealing to businesses looking to relocate.
- Investment of capital resources to reduce energy costs through the energy efficiency program partnership with Southern California Edison (SCE) and Southern California Gas (SCG) has been completed through various implementation projects. In May 2013, the Board approved a continuation of the energy efficiency program partnership with SCE and SCG. Various projects are planned for 2013-14.

In recent years, the County has allocated a minimum of \$15.3 million each year to fund non-major capital projects. This has allowed the County to complete deferred maintenance projects, improving the overall condition of County facilities. As a result, the base amount of funding was reduced to \$12.0 million in 2012-13.

In recent years, the County has cash funded \$315.8 million to the major capital projects detailed below:

- Remodel of the 6th Floor of the Arrowhead Regional Medical Center to convert administrative office space to medical/surgery space. The project was completed October 2009 at a cost of \$24.4 million.
- Construction of a new on site medical office building at Arrowhead Regional Medical Center. This project was completed in September 2010 at a cost of \$25.0 million.
- Construction of a new High Desert Government Center (HDGC) in Hesperia. The project was completed in October 2010 at a cost of \$21.2 million.
- Construction of a new Central Juvenile Hall. This project was completed in August 2011 at a cost of \$63.6 million.
- Remodel of the HDGC to add a Public Safety Operations Center for the High Desert (HD PSOC). The project was completed in May 2013 at a cost of \$15.2 million.
- 800 MHz Upgrade Project. This project will begin the upgrade of the aging 800 MHz radio system. In 2011-12, the Board of Supervisors approved redirecting the annual allocation of \$24.0 million for Future Space Needs to fund this project. The estimated cost was \$175.0 million, and the initial estimated project duration was 5 to 7 years. The current amount available for this project is \$59.25

MAJOR INITIATIVES - Continued

million, and it is anticipated that some of the costs will be funded through grants.

- Expansion of the Adelanto Adult Detention Facility to increase capacity from 706 to 2,074 beds. The County received a grant award from the State to fund \$100.0 million of this project. The County's share of costs is approximately \$44.0 million and was cash funded in 2010-11 and 2012-13. Construction commenced December 2010, and the estimated project completion date is early 2014.
- In 2012-13, the Board of Supervisors approved \$1.3 million to design, expand and remodel the existing Sheriff's Crime Lab located at 200 S. Lena Road in San Bernardino. \$15.7 million is being funded in 2013-14 for an estimated total cost of \$17.0 million for construction of this project.
- In past years, the County had planned to construct a new government center building in downtown San Bernardino to provide additional space and replace buildings beyond their useful life. As an alternative to new construction, the County is looking to: purchase newer existing buildings at prices lower than replacement cost; seismically retrofit and modernize certain existing buildings; and demolish older facilities.

ECONOMIC CONDITION AND OUTLOOK

During fiscal year 2012-13, the Inland Empire region (encompassing San Bernardino, Riverside, and Ontario metropolitan areas) saw positive trends, led by the real estate housing market, in certain economic sectors. The home price has begun to rise; foreclosures are now rapidly declining; and the economic output is expected to continue to increase in comparison with the previous three years.

Of significance, the County has begun a slow but steady recovery from a period of high unemployment, precipitated in part by the nationwide economic downturn of 2007. In July 2010, the County experienced its highest unemployment rate of 14.8% since the downturn, with a labor force of 860,800. In January 2013, the County's labor force increased to 871,700, which is the largest it has been since December 2006 – one full year before the economic downturn – when its labor force was recorded at 873,800 and its unemployment rate was only 4.5%.

Although the County's unemployment rate has shown a steady decline in the last three years, the 10.0% unemployment rate recorded in August 2013 was higher than the State's 8.9% unemployment rate and the National 7.3% unemployment rate, underlining a need for further County improvement. Additionally, the labor force dropped from 871,700 in January 2013 to 849,100 in August 2013. This decline may be due to seasonal labor combined with the difficulty in finding jobs which may have caused some individuals to withdraw from the labor force.

A significant increase in the County's total taxable sales was reflected by a growth of 10.20% between 2nd quarter 2010 and 2011 and 8.23% between 2nd quarter 2011 and 2012. The top 5 growth sub sectors between 2011 and 2012 were Home Furnishings Stores at 47.68%; Florists at 19.78%; Other Motor Vehicle Dealers at 10.55%; Used Merchandise Stores at 10.19%; and Family Clothing Stores, Accessories, and Other Stores at 8.47%. The 5 sub sectors with the largest decline were Convenience Stores at -39.33%; Specialty Food Stores at -24.99%; Jewelry, Luggage, and Leather Goods Stores at -24.82%; Gasoline Stores at -17.26%; and Special Food Stores at -11.68%.

Lax lending practices that led to the current economic downturn severely impacted the housing industry and resulted in the housing bubble deflation of early 2007, triggering a serious domino effect across the general economy. After peaking at \$380,000 in November 2006, the median home resale price in San Bernardino County declined by 195% to a median of \$128,649 by the end of 2nd quarter 2011. However, despite economic challenges, the housing market began to repair itself with home prices in San Bernardino County increasing by 12% between August 2011 (\$150,000) and August 2012 (\$168,000), and again by 25.15% between August 2012 (\$168,000) and August 2013 (\$210,250).

With the economy on the mend, the County's population is projected to increase by approximately 50% from today's level to result in an estimated 3.1 million by 2035. This growth will continue to attract new residents

ECONOMIC CONDITION AND OUTLOOK - Continued

once the recession is over. Population-serving businesses will then follow as a result. Additionally, the County's desert area is engaged in alternative energy development which will help generate jobs and increase our nation's "green" sources of energy. Because of the transmission infrastructure, power producers can also sell renewable energy to utilities outside of California. A progressive approach to business and education; an attractive Southern California location; an unprecedented transportation network; and one of the last sources of affordable, available land within the greater Los Angeles area assure San Bernardino County's economic viability in the 21st century.

LONG-TERM FINANCIAL PLANNING

Long-term financial planning is a strategic process that provides governments with the insight and information needed to establish multiyear budget solutions, fiscal policies, and action plans geared toward maintaining the County's fiscal health. The County creates a five-year Capital Improvement Plan (CIP) which acts as an operating forecast to provide the Board of Supervisors a framework to use in decision making by identifying key factors that affect the County's fiscal outlook, and by assessing how difficult balancing the budget may be in the future. The County's CIP is reviewed annually and revised to reflect current circumstances and opportunities. This review identifies capital projects that are needed, estimates capital requirements, coordinates their necessary financing and timing, and estimates operational expenses of the project subsequent to completion.

In recent years, the County has faced declining revenues and rising costs. For fiscal years 2009-10 through 2011-12, San Bernardino County's assessed valuation decreased \$20.2 billion. This decline in revenue was a consequence of the mortgage and economic crisis that resulted in large numbers of foreclosures, a substantial reduction in the median sales price of homes, and a reduction in the fair market value of homes. Once the economy started to repair, the County's assessed valuation increased by \$1.3 billion in fiscal year 2012-13, and again by \$5.1 billion in 2013-14. It is projected to increase by an additional 3% in fiscal year 2014-15. Although the housing market has begun to improve, and property tax and other major revenue streams are stabilizing, costs continue to increase. The County has developed a strategic plan to address the increased costs identified in the current five-year fiscal forecast, and is working to implement the necessary mitigations.

RELEVANT FINANCIAL POLICIES

Fund Balance and Reserve Policy

The County has established a number of General Fund reserves for a variety of purposes. On June 28, 2011, the Board of Supervisors revised the County policy that provides guidelines and goals for reserve levels. This revision calls for a general purpose reserve targeted at 20% of locally funded appropriation built up with one-time sources until the established target is achieved. For fiscal year 2012-13 this reserve amount was approved at \$70.8 million. This general purpose reserve is designed to protect the County from unforeseen increases in expenditures or reductions in revenues and other extraordinary events which could adversely impact its financial condition.

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

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

RELEVANT FINANCIAL POLICIES - Continued

mandatory contingency account, the County has two other types of contingencies:

Contingency for Uncertainties represents unallocated financing available from current year sources (both ongoing and one-time) that has not been set aside and includes unallocated fund balance carried over from the prior year. Final budget action includes a provision that allocates any difference between estimated and final fund balance to this contingency account.

Ongoing Set-Aside Contingencies represent ongoing sources of financing that have been targeted for future ongoing program needs. The County has no ongoing Set-Aside Contingencies in the 2013-14 Adopted Budget.

Investment Policy

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

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

The County believes that the County Pool is prudently invested and that investments therein are scheduled to mature at the times and in the amounts that are necessary to meet the County's expenditures and other schedule withdrawals. The County Pool does not include investments of the Deferred Compensation program or the County Employees' Retirement Association, which are separately managed. The County utilizes a Countywide banking program with 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 Policy

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

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

INDEPENDENT AUDIT

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

CERTIFICATE OF ACHIEVEMENT AND AWARDS

Financial Reporting Certificate of Achievement: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of San Bernardino for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. This was the twenty-fifth consecutive year that the County received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which must conform to certificate program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

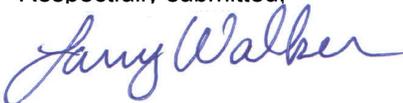
Popular Financial Reporting Award: The County of San Bernardino also received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Report for the fiscal year ended June 30, 2012. This was the seventh consecutive year that the County has received this prestigious award. In order to receive this award, a government unit must publish a Popular Annual Financial Report, the contents of which must conform to program standards of creativity, presentation, understandability, and reader appeal.

Budget Presentation Award: The County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2012. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, operations guide, financial plan, and communication device.

ACKNOWLEDGEMENTS

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

Respectfully submitted,



Larry Walker
Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

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

ELECTED OFFICES

COUNTY SUPERVISOR, FIRST DISTRICTROBERT LOVINGOOD

COUNTY SUPERVISOR, SECOND DISTRICT (CHAIR) JANICE RUTHERFORD

COUNTY SUPERVISOR, THIRD DISTRICTJAMES RAMOS

COUNTY SUPERVISOR, FOURTH DISTRICT (VICE CHAIR) GARY C. OVITT

COUNTY SUPERVISOR, FIFTH DISTRICTJOSIE GONZALES

ASSESSOR/RECORDER/COUNTY CLERK..... DENNIS DRAEGER

AUDITOR-CONTROLLER/TREASURER /TAX COLLECTOR LARRY WALKER

DISTRICT ATTORNEYMICHAEL A. RAMOS

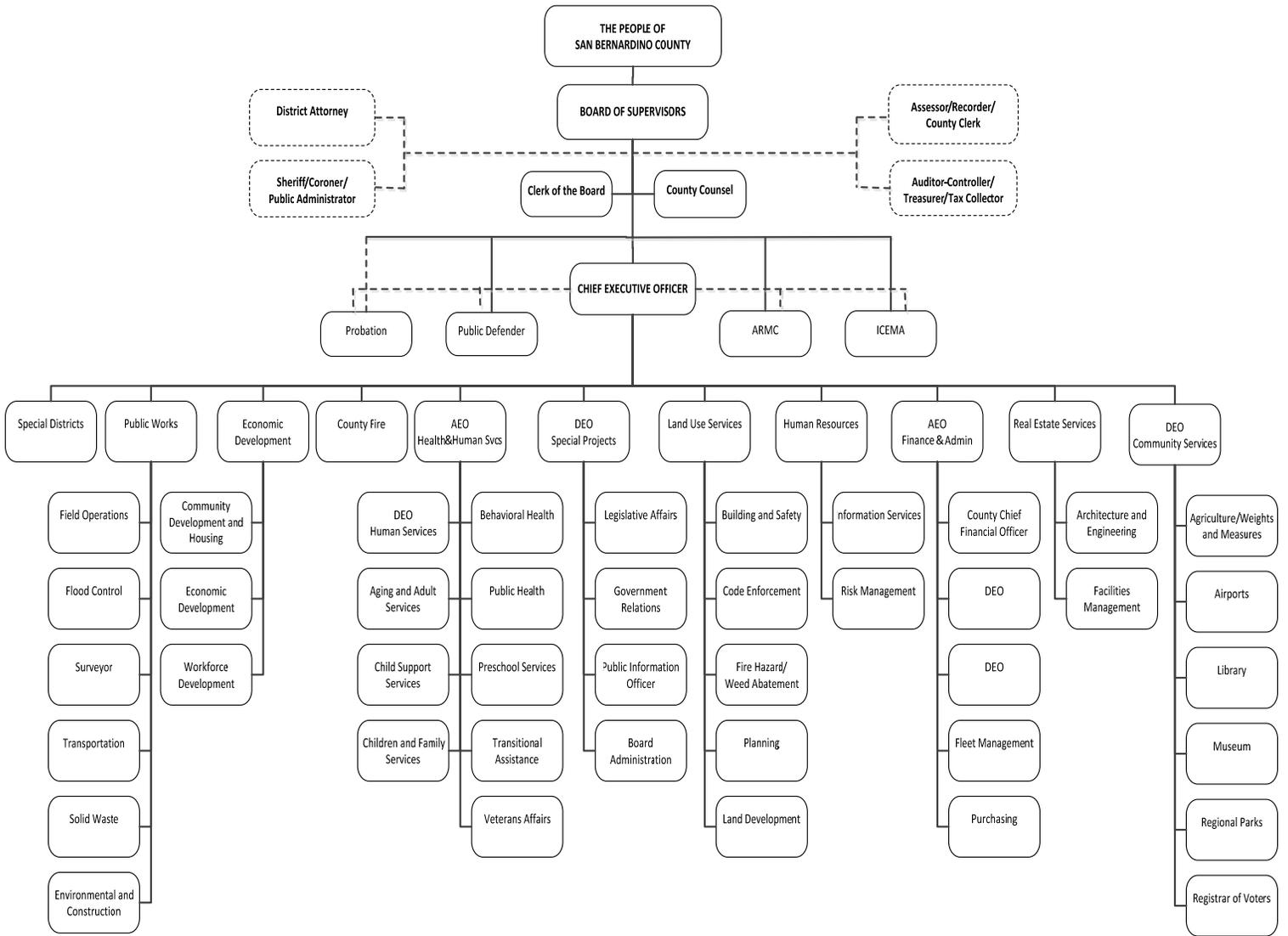
SHERIFF/CORONER /PUBLIC ADMINISTRATORJOHN McMAHON

SUPERINTENDENT OF SCHOOLS GARY THOMAS

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

APPOINTED

AGING AND ADULT SERVICES.....	RON BUTTRAM
AGRICULTURAL COMMISSIONER/SEALER.....	JOHN GARDNER
AIRPORTS.....	JAMES E. JENKINS
ARCHITECTURE AND ENGINEERING.....	CARL R. ALBAN
ARROWHEAD REGIONAL MEDICAL CENTER.....	VACANT
BEHAVIORAL HEALTH	CaSONYA THOMAS
BOARD OF RETIREMENT.....	NORM RUGGLES
CHILD SUPPORT SERVICES.....	CONNIE BRUNN
CHILDREN AND FAMILY SERVICES.....	DeANNA AVEY-MOTIKEIT
CLERK OF THE BOARD OF SUPERVISORS	LAURA H. WELCH
CHIEF EXECUTIVE OFFICER	GREGORY C. DEVEREAUX
COMMUNITY DEVELOPMENT.....	PAT COLE
COUNTY COUNSEL	JEAN-RENE BASLE
COUNTY LIBRARIAN	LEONARD X. HERNANDEZ
COUNTY MUSEUM	ROBERT L. McKERNAN
ECONOMIC DEVELOPMENT AGENCY	KELLY REENDERS
FACILITIES MANAGEMENT	DAVID H. SLAUGHTER
FIRE DEPARTMENT/FIRE WARDEN.....	MARK HARTWIG
FLEET MANAGEMENT.....	ROGER G. WEAVER
HOUSING AND SUCCESSOR AGENCY	DENA FUENTES
HUMAN RESOURCES	ANDREW LAMBERTO
HUMAN SERVICES	LINDA HAUGAN
INFORMATION SERVICES	JENNIFER HILBER
INLAND COUNTIES EMERGENCY MEDICAL AGENCY.....	TOM LYNCH
LAND USE SERVICES	TOM HUDSON
LEGISLATIVE AFFAIRS	DENA SMITH
PRESCHOOL SERVICES	DIANA ALEXANDER
PROBATION.....	MICHELLE SCRAY BROWN
PUBLIC DEFENDER	PHYLLIS K. MORRIS
PUBLIC HEALTH	TRUDY RAYMUNDO
PUBLIC WORKS	GERRY NEWCOMBE
PURCHASING.....	LAURIE ROZKO
REAL ESTATE SERVICES.....	DAVID H. SLAUGHTER
REGIONAL PARKS.....	KEITH LEE
REGISTRAR OF VOTERS	MICHAEL SCARPELLO
RISK MANAGEMENT	HUESTON WHITESIDE
SPECIAL DISTRICTS	JEFFREY O. RIGNEY
TRANSITIONAL ASSISTANCE DEPARTMENT.....	NANCY SWANSON
VETERANS' AFFAIRS	BILL J. MOSELEY
WORKFORCE DEVELOPMENT.....	SANDRA HARMSEN





Government Finance Officers Association

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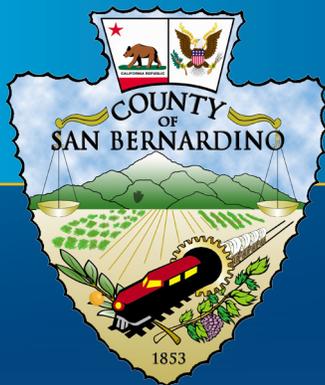
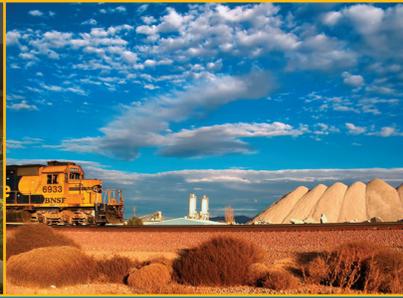
**County of San Bernardino
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO





FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORTS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the San Bernardino County Flood Control District, County of San Bernardino Consolidated Fire Districts, and the County of San Bernardino Redevelopment Successor Agency Private-Purpose Trust Fund, which collectively represent the following percentages of assets, net position/fund balances and revenues as of and for the fiscal year ended June 30, 2013:

Opinion Unit	Assets	Net Position/ Fund Balances	Revenues
Governmental Activities	11%	13%	6%
Aggregate Remaining Fund Information	6%	5%	2%

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Extraordinary Item

As described in Note 22, one-time transactions related to the dissolution of the former Redevelopment Agencies were reported as extraordinary items in the governmental fund and the government-wide financial statements. The transfer of unencumbered funds from the successor housing agencies and the redevelopment successor agencies within the County in the amount of \$69,731,000 was incurred in the process of dissolving the former redevelopment agencies after the due diligence review process for housing and non-housing funds, as required by Assembly Bill x1 26 and 1484. The County also transferred unencumbered funds to affected taxing entities in the amount of \$6,816,000 after the due diligence review process for housing funds. The Successor Agency transferred unexpended Housing Bond Proceeds to the County, who is now acting as the Housing Successor of the former Redevelopment Agency, as approved by the DOF. The funds will be spent in accordance with the California Community Redevelopment Law to provide financing for low and moderate income housing purposes. The County has a loan with the Successor Agency in the amount of \$10,415,000. However, the DOF has indicated that the repayment of the debt is not a current enforceable obligation. As a result, the County has recorded an allowance for doubtful accounts for this loan. Our opinion is not modified with respect to this matter.

Implemented GASB Pronouncement

As described in Note 3 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 61 – *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective July 1, 2012. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 - 33 and the schedule of funding progress on page 107 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

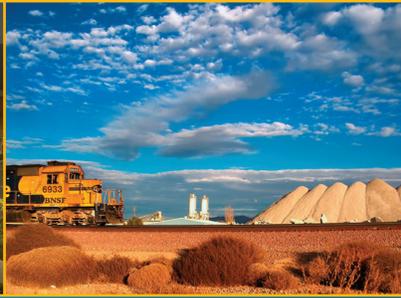
The introductory and statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

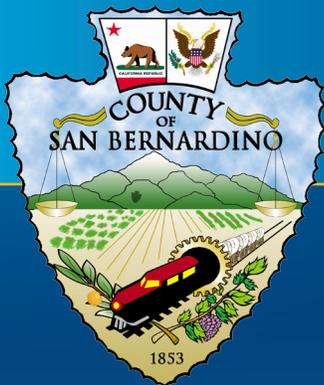
In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Vermorel, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 20, 2013



MANAGEMENT'S DISCUSSION AND ANALYSIS





MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2013

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, 2013. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS (Amounts in thousands)

- The County's total net position increased by \$205,178. The net increase is attributable to the \$182,124 increase in governmental activities net position and the \$23,054 increase in business-type activities net position.
- As of June 30, 2013, the County governmental funds reported combined fund balances of \$1,387,702, an increase of \$200,511 in comparison with the prior year. Amounts available for spending include *restricted, committed, assigned, and unassigned fund balances*; these totaled \$1,329,063, or 95.8% of ending fund balance. Of this amount, \$765,127 is restricted by law or externally imposed requirements, and \$129,514 is committed for specific purposes.
- At the end of the fiscal year, amounts available for spending for the General fund totaled \$659,778, or 32.2% of total General fund expenditures. This is an increase of \$182,231 in comparison with the prior year.
- At the end of the fiscal year, the County's total capital assets (net of accumulated depreciation) increased by \$52,870 in comparison with the prior year. (See further detail on page 31.)
- At the end of the fiscal year, the County's total long-term debt decreased by \$80,290 in comparison with the prior year. (See further detail on page 32.)

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business. These statements include *all* assets 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 position presents information on all County assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

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

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

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

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

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

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

Management's Discussion and Analysis (Amounts in thousands)

comparison between governmental funds and governmental activities.

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

In addition to the General Fund, the County classifies and reports the Capital Improvement Fund as a major fund as required by GASB 34.

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

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

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

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

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

The fiduciary fund financial statements can be found on pages 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 49-106 of this report.

Management's Discussion and Analysis (Amounts in thousands)

Supplemental Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceed liabilities by \$2,941,204 at the close of the most recent fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 2,554,322	\$ 2,432,389	\$ 405,975	\$ 394,277	\$ 2,960,297	\$ 2,826,666
Capital assets	1,780,651	1,718,405	545,591	554,967	2,326,242	2,273,372
Total assets	<u>4,334,973</u>	<u>4,150,794</u>	<u>951,566</u>	<u>949,244</u>	<u>5,286,539</u>	<u>5,100,038</u>
Current and other liabilities	197,408	190,612	144,670	89,853	342,078	280,465
Long-term liabilities	1,376,567	1,381,308	626,690	702,239	2,003,257	2,083,547
Total liabilities	<u>1,573,975</u>	<u>1,571,920</u>	<u>771,360</u>	<u>792,092</u>	<u>2,345,335</u>	<u>2,364,012</u>
Net Position:						
Net investment in capital assets	1,675,854	1,598,182	107,216	57,487	1,783,070	1,655,669
Restricted	740,232	714,879	63,781	67,968	804,013	782,847
Unrestricted	344,912	265,813	9,209	31,697	354,121	297,510
Total Net Position	<u>\$ 2,760,998</u>	<u>\$ 2,578,874</u>	<u>\$ 180,206</u>	<u>\$ 157,152</u>	<u>\$ 2,941,204</u>	<u>\$ 2,736,026</u>

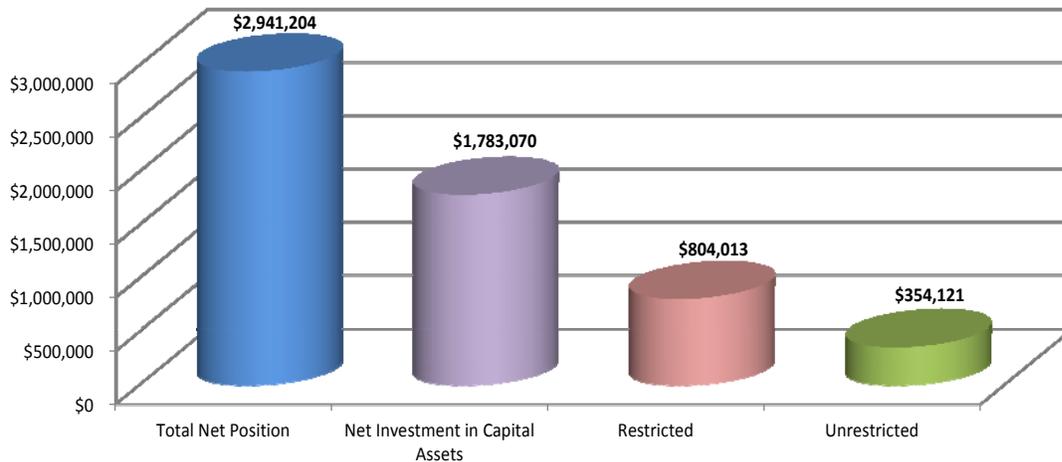
The largest portion of the County's net position of \$1,783,070 reflects investment in capital assets (e.g. land, land use rights, structures and improvements, equipment and software, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position of \$804,013 represents another significant portion of County net position. This amount contains external restrictions imposed by creditors, grantors, contributors, laws and regulation of other governments, and restrictions imposed by law through constitutional provisions and enabling legislation.

Management's Discussion and Analysis (Amounts in thousands)

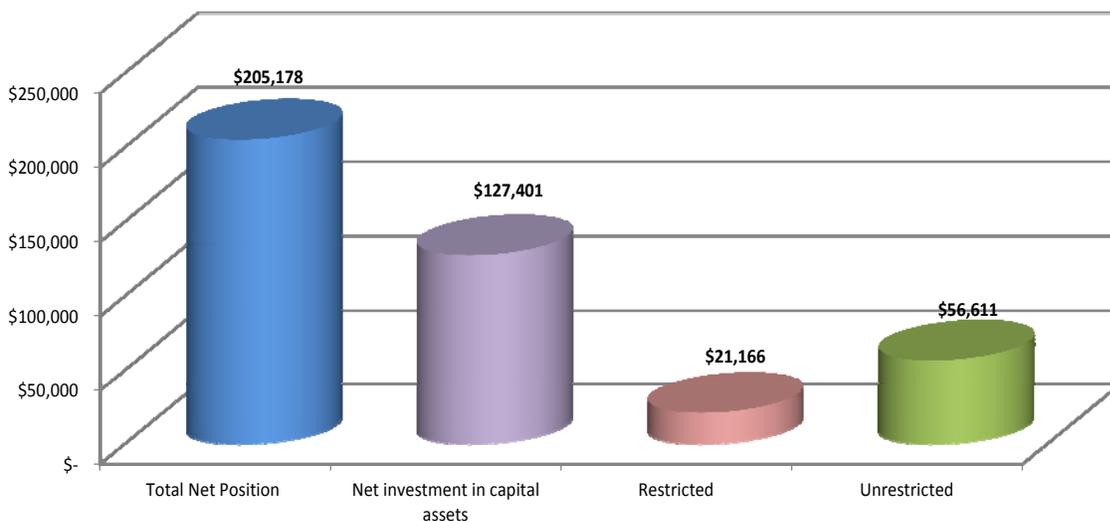
The final component of net position is unrestricted net position. Unrestricted net position are resources that the County may use to meet its current and ongoing obligations to citizens and creditors. The overall unrestricted net position balance increased by \$56,611 during the current year. The overall increase resulted from the one-time receipt of funds from the dissolution of the former redevelopment agencies within the County after the due diligence review process as required by Assembly Bill x 1 26 and 1484 along with unrestricted revenues exceeding related expenses.

Net Position



The County's total net position increased \$205,178 (\$182,124 increase in governmental activities and \$23,054 increase in business-type activities) indicating that the County generated revenue sufficient to cover the cost of operations during the current fiscal year.

Increase In Net Position



Management's Discussion and Analysis (Amounts in thousands)

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues						
Charges for Services	\$ 416,838	\$ 413,849	\$ 434,982	\$ 443,726	\$ 851,820	\$ 857,575
Operating Grants/Contributions	1,584,569	1,503,148	51,953	47,979	1,636,522	1,551,127
Capital Grants/Contributions	17,755	59,068	18,901	18,987	36,656	78,055
General Revenue						
Property Taxes, Levied for General Purposes	523,190	499,002	2,627	2,674	525,817	501,676
Property Taxes, Levied for Debt Service	-	6,324	-	-	-	6,324
Public Safety Tax	145,097	133,581	-	-	145,097	133,581
Sales Taxes	30,158	24,555	-	-	30,158	24,555
Other Taxes	11,791	10,070	-	-	11,791	10,070
Unrestricted Revenues from Use of Money and Property	46,383	39,797	1,674	4,753	48,057	44,550
Miscellaneous	71,998	61,989	19,264	1,898	91,262	63,887
Gains on Sale of Capital Assets	4,998	1,708	-	-	4,998	1,708
Total Revenues	2,852,777	2,753,091	529,401	520,017	3,382,178	3,273,108
Expenses:						
General Government	195,972	156,960	-	-	195,972	156,960
Public Protection	985,004	957,600	-	-	985,004	957,600
Public Ways and Facilities	80,002	80,200	-	-	80,002	80,200
Health and Sanitation	311,856	291,415	-	-	311,856	291,415
Public Assistance	1,014,443	991,174	-	-	1,014,443	991,174
Education	16,469	16,905	-	-	16,469	16,905
Recreation and Cultural Services	26,672	26,701	-	-	26,672	26,701
Interest on Long Term Debt	53,484	58,449	-	-	53,484	58,449
Medical Center	-	-	488,005	475,957	488,005	475,957
Waste Systems	-	-	53,748	66,571	53,748	66,571
Water, Sewer, and Sanitation	-	-	15,448	14,679	15,448	14,679
Others	-	-	87	598	87	598
Total Expenses	2,683,902	2,579,404	557,288	557,805	3,241,190	3,137,209
Excess (Deficiency) before Extraordinary Item and Transfers	168,875	173,687	(27,887)	(37,788)	140,988	135,899
Extraordinary Item Transfers	63,969 (50,720)	(3,841) (40,962)	221 50,720	- 40,962	64,190 -	(3,841) -
Change in Net Position	182,124	128,884	23,054	3,174	205,178	132,058
Net Position -- Beginning of Year	2,578,874	2,449,990	157,152	153,978	2,736,026	2,603,968
Net Position -- End of Year	<u>\$ 2,760,998</u>	<u>\$ 2,578,874</u>	<u>\$ 180,206</u>	<u>\$ 157,152</u>	<u>\$ 2,941,204</u>	<u>\$ 2,736,026</u>

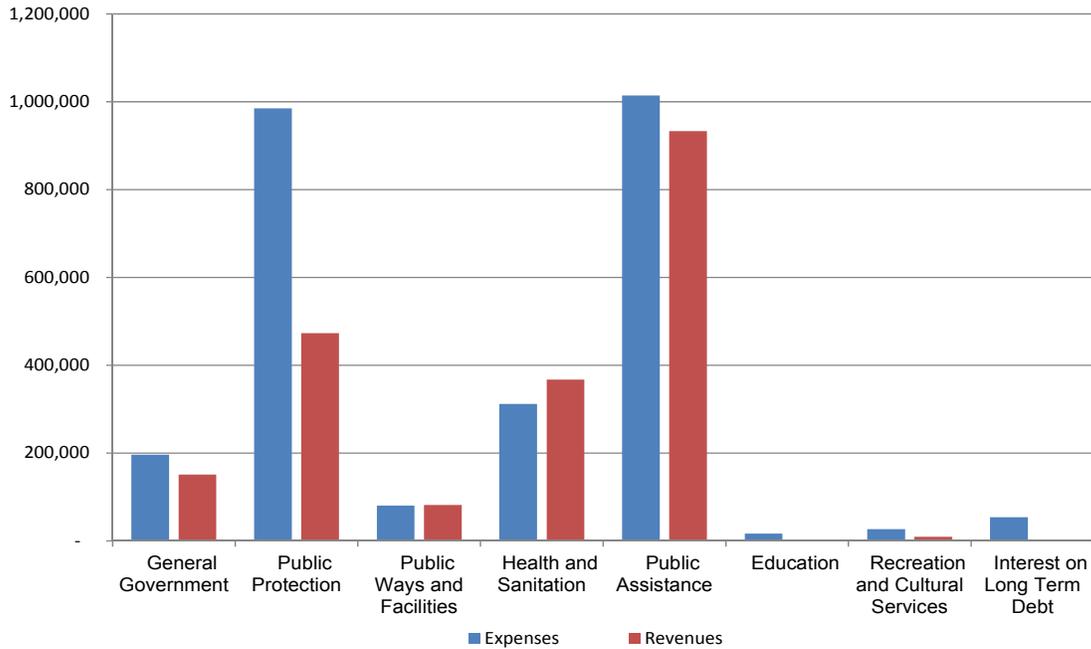
Governmental Activities increased the County's net position by \$182,124. The overall increase in net position is due to one-time and ongoing revenues exceeding related expenses.

Total revenues of County governmental activities primarily increased due to one-time additional payment of the Tobacco Settlement of \$9,100 related to Non Participant Manufacturing adjustments, increased Prop 172 sales tax revenue, and an increase in state realignment revenues.

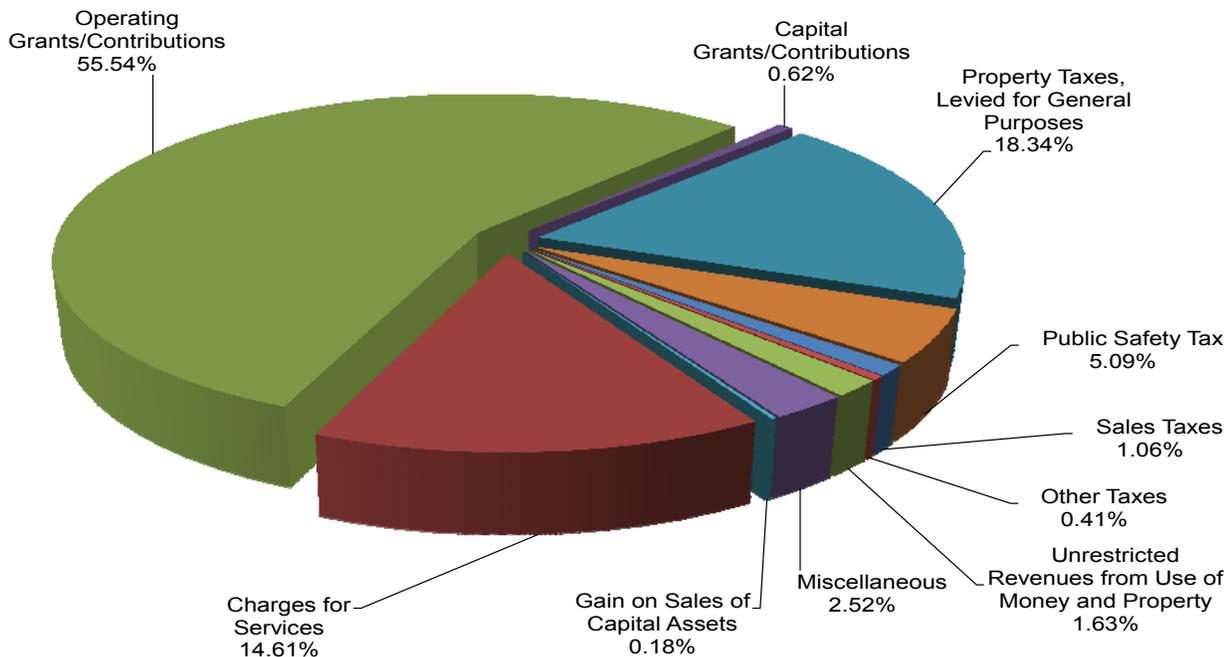
Management's Discussion and Analysis (Amounts in thousands)

Program expenses for County governmental activities increased as a result of additional funding received and spent on the growing public protection, health service needs and public assistance, resulting from the current economic condition.

Expenses and Program Revenues-Governmental Activities



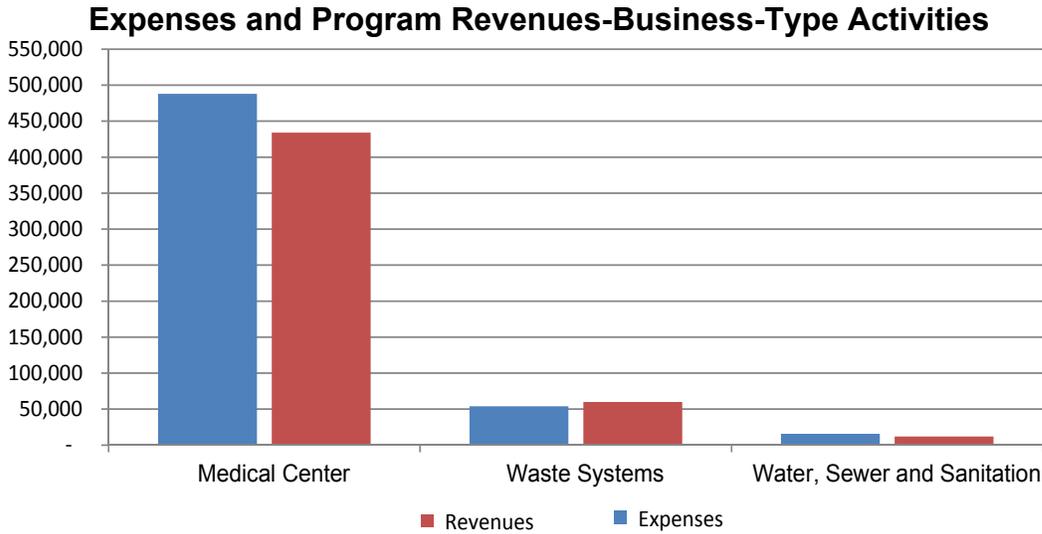
Revenues by Source-Governmental Activities



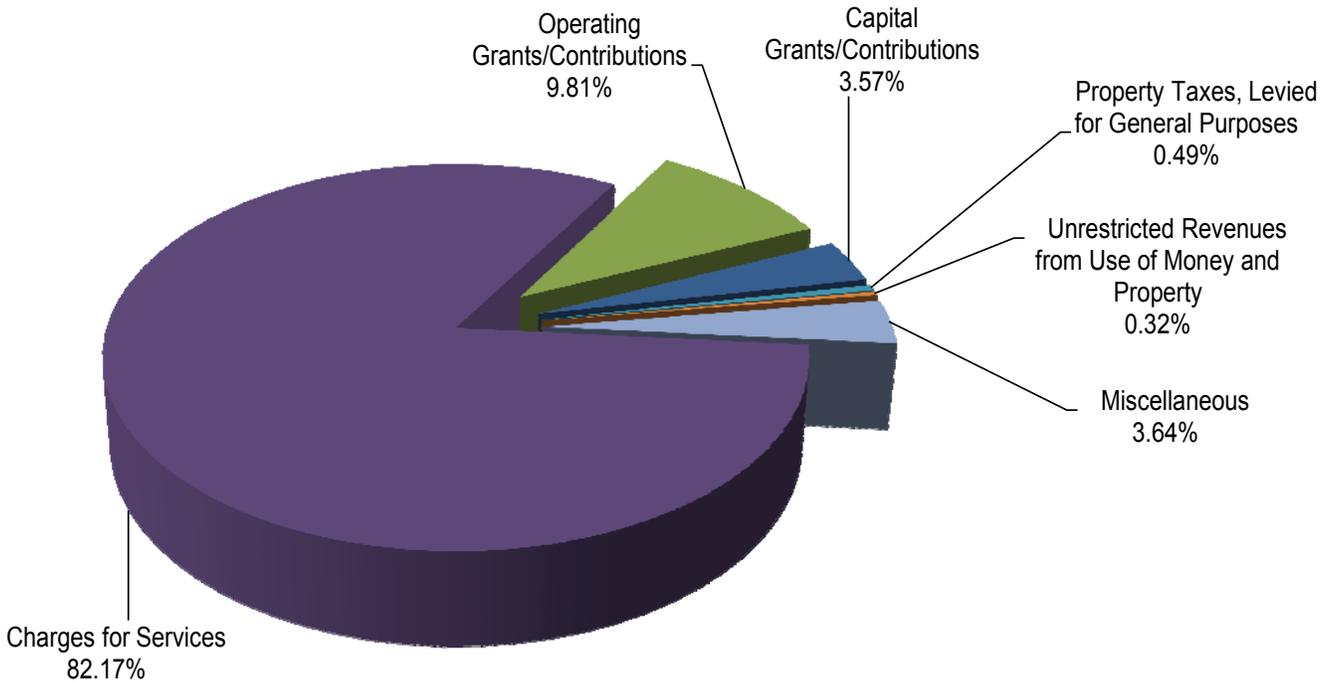
Management's Discussion and Analysis (Amounts in thousands)

Business-type Activities increased the County's net position by \$23,054. The Solid Waste Management Division had an increased net position of \$21,702 primarily as a result of a decreased liability for closure/post closure and pollution remediation costs, which are based on estimates.

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



Revenues by Source-Business-Type Activities



Management's Discussion and Analysis (Amounts in thousands)

FINANCIAL ANALYSIS OF COUNTY FUNDS

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

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

At June 30, 2013, the County's governmental funds reported a total fund balance of \$1,387,702 an increase of \$200,511 in comparison with the prior year. Approximately 55% of the total fund balance, \$765,127, constitutes restricted fund balance, which is restricted by external parties. The remaining fund balance is comprised of a nonspendable amount of \$58,639; committed amounts of \$129,514 which are committed for specific purposes; assigned amounts of \$131,806 set-aside for specific purposes; and an unassigned amount of \$302,616 representing the residual net resources of the General fund available for spending.

The most significant restricted amounts in the governmental funds include \$71,863 for Health Services Realignment, \$71,579 for Social Services Realignment, \$92,263 for Flood Control, and \$112,094 for Mental Health Services Act.

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

General Fund: The General fund is the chief operating fund of the County. At June 30, 2013, the total fund balance reached \$716,034, an increase of \$166,180 in comparison with the prior year. Approximately 33% or \$238,552 of the total fund balance constitutes restricted fund balance. The remaining fund balance is made up of nonspendable amounts of \$56,256; \$106,635 of committed amounts including \$32,075 for debt service; \$22,879 to cover future space needs; \$20,000 for property tax system; and \$8,500 to fund future retirement; assigned amounts of \$11,975 for automated systems development; and \$302,616 in unassigned amounts available for spending.

As a measure of the General fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total General fund expenditures. Unrestricted fund balance represents 21% of total fund expenditures; while total fund balance represents 35%.

The General fund had an increase of \$166,180 primarily the result of one-time monies from the dissolution of the former redevelopment agencies after the due diligence review process and workers compensation refund from Internal Service Funds.

Capital Improvement Fund: The Capital Improvement fund accounts for the County's major capital acquisition and construction projects. At June 30, 2013, total fund balance of the Capital Improvement Fund was \$94,059. The capital improvement fund had a decrease of \$38,521 mainly from decreased funding associated with the Adelanto Detention Center.

Management's Discussion and Analysis (Amounts in thousands)

Revenues for total governmental funds totaled \$2,845,471 in fiscal year 2012-13, representing a \$103,088 increase from the prior year.

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

<u>Revenues</u>	<u>Fiscal year 2012-13</u>		<u>Over (Under) Fiscal year 2011-12</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$ 713,528	25%	\$ 37,310	5%
Licenses, Permits and Franchises	22,635	1%	353	2%
Fines, Forfeitures and Penalties	16,743	1%	(1,227)	-7%
Revenues From Use of Money and Property	47,841	2%	14,197	30%
Aid From Other Governmental Agencies	1,600,825	56%	40,133	3%
Charges for Current Services	373,821	13%	4,106	1%
Other Revenues	70,078	2%	8,216	12%
Total Revenues	<u>\$ 2,845,471</u>	<u>100%</u>	<u>\$ 103,088</u>	

The County's three major funding sources; taxes, aid from other governmental agencies, and charges for current services, constitute 94% of all revenues.

Tax revenues increased by \$37,310 mainly due to a surge in sales tax revenue during fiscal year 2012-13, including the one-half percent sales tax for public safety activities, which was imposed by Proposition 172, effective as of January 1, 1994. Also contributing to this increase is a pass-thru of property tax that was previously distributed to the former Redevelopment Agencies. The State projects that the elimination of Redevelopment Agencies will provide additional property tax revenue for local public agencies, including the County.

Revenues from use of money and property increased by \$14,197 primarily as a result of the County receiving an additional transfer from Teeter for prior years balance during fiscal year 2012-13. The County general fund receives all participant agencies share of the penalty and interest associated with delinquent taxes advanced under Teeter Plan since the County bears the risk of loss on the delinquent property taxes.

Aid received from other governmental agencies increased by a total of \$40,133. This resulted from an increase in realignment funds offset by a decrease in revenue for capital improvement projects associated with the Adelanto Detention Center.

Other revenues increased by \$8,216 primarily due to one-time monies from receipt of an additional settlement regarding the Non-Participating Manufacturers adjustment, part of the Tobacco Settlement.

Management's Discussion and Analysis

(Amounts in thousands)

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

Expenditures	Fiscal year 2012-13		Over (Under) Fiscal Year 2011-12	
	Amount	Percent of Total	Amount Changed	Percent
Current:				
General Government	\$ 172,922	6%	\$ 27,288	16%
Public Protection	927,819	33%	22,271	2%
Public Ways and Facilities	77,609	3%	2,465	3%
Health and Sanitation	303,006	11%	18,354	6%
Public Assistance	985,940	36%	19,455	2%
Education	15,304	1%	(520)	-3%
Recreation and Cultural Services	20,941	1%	(141)	-1%
Debt Service:				
Principal	76,938	3%	(47,400)	-62%
Interest and Fiscal Charges	25,861	1%	(7,643)	-30%
Bond Issuance Costs	-	0%	(135)	N/A
Capital Outlay	120,294	5%	4,244	4%
Total Expenditures	<u>\$ 2,726,634</u>	<u>100%</u>	<u>\$ 38,238</u>	

Total County governmental funds expenditures increase \$38,238 from the prior year.

General Government expenditures increased by \$27,288 primarily due to a one-time payment related to the Property Tax Administration Fee settlement.

Public Protection expenditures increased by \$22,271 primarily due to increased costs associated with implementing AB 109 Realignment which shifted responsibility for certain adult offender populations to counties.

Health and Sanitation expenditures increased by \$18,354 due to increased costs associated with implementing AB 109 Realignment. This increase is also due to an expansion of projects specific to the Prevention and Early Intervention and Innovation components of the Mental Health Services Act.

Public Assistance expenditures increased by \$19,455 primarily due to rising benefits, retirement and salary costs. Also included are significant changes related to increases in County service costs and IHSS provider payments.

Debt Service Principal expenditures decreased by \$47,400 due to refunding the West Valley Detention Center Certificates of Participation bonds in the prior fiscal year.

Management's Discussion and Analysis
(Amounts in thousands)

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

<u>Other Financing Sources (Uses)</u> <u>Governmental Funds</u>	<u>Fiscal Year</u> <u>2012-13</u>	<u>Over (Under) Fiscal year</u> <u>2011-12</u>	
	<u>Amount</u>	<u>Amount</u> <u>Changed</u>	<u>Percent</u>
Transfers Out	\$ (274,470)	\$ 44,871	-14%
Transfers In	287,177	7,920	3%
Refunding Debt Issued	-	(51,585)	-100%
Sale of Capital Assets	4,998	3,290	193%
Total Other Financing Sources and (Uses)	<u>\$ 17,705</u>	<u>\$ 4,496</u>	

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

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

	<u>Governmental Funds</u>			
	<u>General Fund</u>	<u>Capital</u> <u>Improvement</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues	\$ 2,263,474	\$ 16,968	\$ 565,029	\$ 2,845,471
Expenditures	<u>(2,046,558)</u>	<u>(99,567)</u>	<u>(580,509)</u>	<u>(2,726,634)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>216,916</u>	<u>(82,599)</u>	<u>(15,480)</u>	<u>118,837</u>
Total Other Financing Sources and (Uses)	<u>(86,886)</u>	<u>44,078</u>	<u>60,513</u>	<u>17,705</u>
Net Changes In Fund Balance Before Extraordinary Item	130,030	(38,521)	45,033	136,542
Extraordinary Item	<u>36,150</u>	<u>-</u>	<u>27,819</u>	<u>63,969</u>
Net Changes In Fund Balance	166,180	(38,521)	72,852	200,511
Fund Balance, July 1, 2012	<u>549,854</u>	<u>132,580</u>	<u>504,757</u>	<u>1,187,191</u>
Fund Balance, June 30, 2013	<u>\$ 716,034</u>	<u>\$ 94,059</u>	<u>\$ 577,609</u>	<u>\$ 1,387,702</u>

In fiscal year 2012-13, the fund balance of total governmental funds increased by \$200,511. This increase is the result of the transferring unencumbered funds from the Successor Housing Agencies and the Redevelopment Successor Agencies pursuant to Assembly Bill x 1 26 and 1484. Absent this extraordinary item; net Changes in fund balance, had increased by \$136,542.

Management's Discussion and Analysis

(Amounts in thousands)

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

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

	Business-Type Activities -- Enterprise Funds			Total Enterprise Funds
	Medical Center	Waste Systems Division	Total Nonmajor Enterprise Funds	
Revenues				
Net Patient Care and Services	\$ 365,169	\$ -	\$ -	\$ 365,169
Charges for Current Services	-	42,768	11,769	54,537
Other	7,691	15,276	-	22,967
Total Operating Revenues	372,860	58,044	11,769	442,673
Operating Expenses				
Professional Services	56,891	25,428	2,711	85,030
Salaries and Employee Benefits	213,410	6,469	5,120	224,999
Services and Supplies	166,300	18,003	4,145	188,448
Depreciation and Amortization	20,917	1,919	2,602	25,438
Other	1,466	-	764	2,230
Total Operating Expenses	458,984	51,819	15,342	526,145
Operating Income (Loss)	(86,124)	6,225	(3,573)	(83,472)
Nonoperating Revenues (Expenses)				
Interest Revenue	1,377	152	145	1,674
Interest Expense	(27,074)	(65)	(183)	(27,322)
Tax Revenue	-	-	2,627	2,627
Grant Revenue	42,441	1,751	70	44,262
Gain (Loss) on Sale of Capital Assets	-	(4)	(10)	(14)
Other Nonoperating Revenues	-	17,536	1,728	19,264
Other Nonoperating Expenses	(1,947)	(1,860)	-	(3,807)
Total Nonoperating Revenues (Expenses)	14,797	17,510	4,377	36,684
Income (Loss) Before Contributions and Transfers	(71,327)	23,735	804	(46,788)
Capital Contributions	18,901	-	-	18,901
Transfers to Other Funds	(8,465)	(2,270)	(421)	(11,156)
Transfers from Other Funds	61,588	237	51	61,876
Extraordinary Item	-	-	221	221
Change in Net Position	697	21,702	655	23,054
Net Position, July 1, 2012	72,534	(477)	85,095	157,152
Net Position, June 30, 2013	\$ 73,231	\$ 21,225	\$ 85,750	\$ 180,206

The net increase of \$23,054 in net position was primarily due to the decreased liabilities for the estimated closure/postclosure and pollution remediation costs. The effect of this estimate change resulted in an increase in the other non-operating revenues for the current fiscal year.

Management's Discussion and Analysis (Amounts in thousands)

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final expenditure budget differs from the original budget by approximately 1.8%. A net increase in appropriations of \$43,260 was approved during the fiscal year. The significant components of this net increase are summarized below:

General

- On February 12, 2013, the board adopted a budget amendment which increased the General Fund contingencies by \$6,958. This budget increase reflects the sale of surplus property at Rialto airport and a positive adjustment in property tax revenue from increased assessed valuation in 2012-13.
- On February 12, 2013, the board adopted a budget amendment which increased the General Fund Countywide Discretionary budget by \$14,200. This budget increase reflects a release of a reserve to cover a negative ruling against the County in the Property Tax Administration Fee (PTAF) case. The decision decreases the amount of property tax administration fees that the County can charge cities.

Health and Sanitation

- On May 7, 2013, the board adopted a budget amendment which increased the Behavioral Health budget by \$3,684. This budget increase reflects a higher than anticipated number of Arrowcare and Medi-Cal patients.

Public Assistance

- On May 7, 2013, the board adopted a budget amendment which increased the Human Services budget by \$5,000. This budget increase reflects an increased caseload in Foster Care.

Public Protection and Health and Sanitation account for the largest expenditure variances of \$64,743 and \$152,801, respectively between the final budget and actual expenditures. The variance is primarily the result of the countywide plan to reduce salary and benefits and services and supplies due to the current economic condition. The following efforts contributed to the reduction in salaries and benefits: delays in hiring, maintaining positions vacant, and employee compensation reductions.

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

Management's Discussion and Analysis

(Amounts in thousands)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The County's total capital assets for governmental and business-type activities as of June 30, 2013 amounted to \$2,326,242. The County's total related debt used to acquire those assets as of June 30, 2013 amounted to \$543,172. This investment in capital assets less any related debt includes land, land use rights, improvements to land, structures and improvements, equipment and software, development-in-progress (DIP), and infrastructure, less bonds and capital leases payable related to those assets.

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

- Structures and Improvements increased approximately \$86,119 as a result of the completion of the following large projects: Central Courthouse and T-Wing seismic upgrade and building improvements in the amount of \$36,350; purchase of a building and improvements for the Assessor-Recorder at a cost of \$11,253; completion of building improvements to the Fontana Courthouse in the amount of \$7,649; construction of the Baker Family Learning Center in the amount of \$2,947; and completion of the High Desert Public Safety Operation Center in the amount of \$12,580.
- The Capital Improvement Fund had an increase of \$38,560 in construction costs related to the Adelanto Jail Expansion Project for a total value in DIP of \$121,108.
- The Flood Control fund has various flood control channel facilities under construction with a DIP value of \$57,850. The flood control facilities are primarily comprised of the West State Street Drain in the amount of \$13,735; Cucamonga Basin #6 in the amount of \$11,871; Cactus Basin projects in the amount of \$8,961; and San Timoteo Channel project in the amount of \$8,773.
- Infrastructure increased approximately \$9,711. Transportation completed infrastructure projects of road rehabilitation, drainage improvements, sidewalk construction, intersection improvements, and grade separations worth \$9,338.
- Equipment and Software increased approximately \$25,054. The primary increase consists of communication equipment totaling \$4,638, licensed vehicles totaling \$8,918, and medical equipment totaling \$9,548.

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)
	2013	2012	2013	2012	2013	2012	Percent of Change
Land	\$ 117,080	\$ 112,289	\$ 21,377	\$ 21,161	\$ 138,457	\$ 133,450	3.75%
Land Use Rights (non-amortizable)	18,396	14,739	351	351	18,747	15,090	24.23%
Land Use Rights (amortizable)	77	61	1,109	1,109	1,186	1,170	1.37%
Development in Progress	288,532	287,638	13,588	17,620	302,120	305,258	-1.03%
Improvement other than Buildings	222,058	211,170	244,164	235,207	466,222	446,377	4.45%
Structures and Improvements	844,450	758,978	563,189	562,542	1,407,639	1,321,520	6.52%
Equipment and Software	338,539	323,039	150,082	140,528	488,621	463,567	5.40%
Infrastructure	1,241,208	1,231,497	-	-	1,241,208	1,231,497	0.79%
Accumulated Depreciation	(1,289,689)	(1,221,006)	(448,269)	(423,551)	(1,737,958)	(1,644,557)	5.68%
Total	<u>\$ 1,780,651</u>	<u>\$ 1,718,405</u>	<u>\$ 545,591</u>	<u>\$ 554,967</u>	<u>\$ 2,326,242</u>	<u>\$ 2,273,372</u>	<u>2.33%</u>

Additional information on the County's capital assets can be found on Note 9 on pages 76-77 of this report.

Management's Discussion and Analysis

(Amounts in thousands)

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

Long-term debt

Major long-term debt activity during the current fiscal year includes the following:

- In February, 2013, Certificates of Participation for the 2008 Solid Waste Financing Series B were fully redeemed in the amount of \$43,255.
- Principal payments made on Certificates of Participation, Bonds and Notes totaled \$141,570.
- The estimated liability for closure/postclosure care costs decreased by \$7,208.
- The estimated liability for litigation and self-insured claims increased by \$48,803.
- The pollution remediation obligation decreased by \$8,869.

On February 26, 2013, Moody's Investors Service (Moody's) downgraded the 2008 County Pension Obligation Bonds from Aa3 to A1 with Stable Outlook as part of a change to its joint default analysis methodology. Moody's also downgraded the 2008 Flood Control Judgment Obligation Refunding Bonds on February 28th, 2013 from Aa2 to Aa3 as they are similarly supported in the view of Moody's. The Bank of America Letter of Credit backed Judgment Obligation Refunding Bond variable rate debt was confirmed at Aa1 and as of August 22, 2013 the Outlook was upgraded to Positive.

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

	Governmental Activities		Business-Type Activities		Total		Increase/ (decrease)
	2013	2012	2013	2012	2013	2012	Percent of Change
Certificates of Participation, Net	\$ 23,047	\$ 28,120	\$ 433,822	\$ 494,830	\$ 456,869	\$ 522,950	-12.64%
General Obligation Bonds	-	-	1,005	1,155	1,005	1,155	-12.99%
Revenue Bonds, Net	401,404	418,810	-	-	401,404	418,810	-4.16%
Other Bonds and Notes	565,143	589,719	1,691	1,748	566,834	591,467	-4.16%
Compensated Absences	165,084	169,428	17,985	17,512	183,069	186,940	-2.07%
Termination Benefits Payable	1,394	2,667	123	235	1,517	2,902	-47.73%
Capital Lease Obligations	743	1,615	6,091	4,709	6,834	6,324	8.06%
Pollution Remediation Obligations	-	-	66,305	75,174	66,305	75,174	-11.80%
Estimated Liability for							
Litigation and Self-Insured Claims	215,752	166,949	-	-	215,752	166,949	29.23%
Estimated Liability for Closure /							
Postclosure Care Cost	-	-	99,668	106,876	99,668	106,876	-6.74%
Other Long-Term Liabilities	4,000	4,000	-	-	4,000	4,000	0.00%
Total	\$ 1,376,567	\$ 1,381,308	\$ 626,690	\$ 702,239	\$ 2,003,257	\$ 2,083,547	-3.85%

Additional information on the County's long-term debt can be found in Note 11 on pages 79-89 of this report.

Management's Discussion and Analysis (Amounts in thousands)

ECONOMIC FACTORS AND BUDGETING

The Board of Supervisor adopted the County's final budget on June 12, 2013. The budget plan uses no one-time monies to finance on-going costs and does not rely on the use of County reserves for on-going operations.

The General Fund spending authority totals \$2.6 billion and is funded by departmental revenues, countywide discretionary revenues, and other financing sources.

The County has a plan to eliminate the cumulative five-year structural deficit through fiscal year 2017-18. The five-year forecast includes future incremental costs and changes in the revenues. As of June 30, 2013, no structural deficit exists in 2013-14.

The proposed solutions for the remaining structural deficit that exists through 2017-18 are as follows:

- Removal of annual increase in SBPEA Medical MOU costs that occur beginning in 2014-15, and will automatically take effect if not addressed in the next round of negotiations
- Seek reduced salary and benefit costs from the either bargaining units represented by SBPEA whose contract expires in 2014-15. These concessions have already been agreed to by other bargaining units.
- Defer staffing the expansion of the Adelanto Detention Center until sources are found to fund these costs

This strategic plan does not include any potential impact the 2013-14 State Budget may have on the County due to its unpredictability.

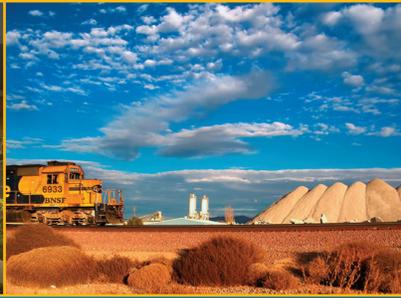
The County has identified the following critical areas to be addressed in 2013-14 in order to prevent unnecessary costs and risks:

- Reduced Federal funding as a result of Federal Sequestration
- County Fire and County Museum funding shortfalls
- Reduced State funding due to redirections of 1991 Realignment Funding as well as revision to the allocation formula for disbursement of the funding for Public Safety Realignment (AB 109)
- Removal of potential hazards and reduced liability in certain programs
- Funding the existing earned leave liability
- Facility needs, such as the County Buildings Acquisition and Retrofit Project and the Sheriff/Coroner/Public Administrator's Crime Lab and Aviation Facility

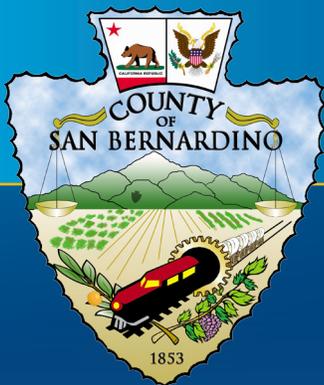
CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

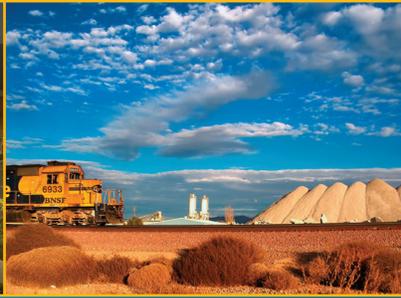
This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or separate reports of the County's component units, or if you need any additional financial information, contact the Auditor-Controller/Treasurer/Tax Collector Office, 222 W. Hospitality Lane, County of San Bernardino, California, 92415.



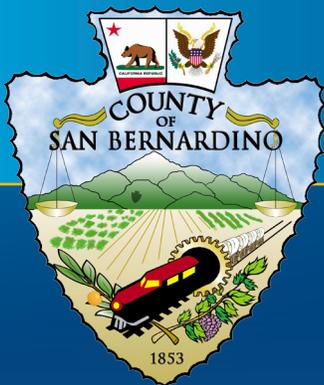


BASIC FINANCIAL STATEMENTS





GOVERNMENT-WIDE FINANCIAL STATEMENTS





**COUNTY OF SAN BERNARDINO
STATEMENT OF NET POSITION
JUNE 30, 2013 (IN THOUSANDS)**

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 SAN BERNARDINO
ASSETS				
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 1,422,955	\$ 163,115	\$ 1,586,070	\$ 91,807
INVESTMENTS (NOTE 6)	2,137	-	2,137	-
ACCOUNTS RECEIVABLE, NET	7,200	47,562	54,762	-
TAXES RECEIVABLE	39,471	137	39,608	-
INTEREST RECEIVABLE	12,925	272	13,197	69
LOANS RECEIVABLE, NET	54,227	162	54,389	-
OTHER RECEIVABLES	11,466	3,121	14,587	-
DUE FROM OTHER GOVERNMENTS, NET	298,344	68,715	367,059	5,816
INTERNAL BALANCES	(1,954)	1,954	-	-
LAND HELD FOR RESALE	2,774	40	2,814	-
INVENTORIES	5,679	1,681	7,360	-
PREPAID ITEMS	6,486	3,438	9,924	26
DEFERRED CHARGES	5,345	4,234	9,579	-
RESTRICTED CASH AND INVESTMENTS (NOTES 6 & 8)	8,543	111,544	120,087	-
PREPAID PENSION ASSET	678,724	-	678,724	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:				
LAND (NOTE 9)	117,080	21,377	138,457	-
LAND USE RIGHTS (NOTE 9)	18,396	351	18,747	-
DEVELOPMENT IN PROGRESS (NOTE 9)	288,532	13,588	302,120	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
LAND USE RIGHTS (NOTE 9)	77	1,109	1,186	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 9)	2,307,716	807,353	3,115,069	-
EQUIPMENT AND SOFTWARE (NOTE 9)	338,539	150,082	488,621	-
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 9)	(1,289,689)	(448,269)	(1,737,958)	-
TOTAL ASSETS	4,334,973	951,566	5,286,539	97,718
LIABILITIES				
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	71,679	117,759	189,438	51
SALARIES AND BENEFITS PAYABLE	59,924	10,591	70,515	94
DUE TO OTHER GOVERNMENTS	41,194	5,089	46,283	6,379
INTEREST PAYABLE	11,059	10,295	21,354	-
UNEARNED REVENUE	13,552	936	14,488	-
NONCURRENT LIABILITIES:				
PORTION DUE PAYABLE IN ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	106,327	10,664	116,991	23
TERMINATION BENEFITS PAYABLE (NOTE 11)	1,223	113	1,336	-
BONDS AND NOTES PAYABLE (NOTE 11)	82,065	19,368	101,433	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 13)	429	1,895	2,324	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	4,417	4,417	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE				
CARE COSTS (NOTES 11 & 16)	-	3,317	3,317	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED				
CLAIMS (NOTES 10 & 11)	47,224	-	47,224	-
PORTION DUE OR PAYABLE AFTER ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	58,757	7,321	66,078	138
TERMINATION BENEFITS PAYABLE (NOTE 11)	171	10	181	-
BONDS AND NOTES PAYABLE, NET (NOTE 11)	907,529	417,150	1,324,679	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 13)	314	4,196	4,510	-
OTHER LONG TERM LIABILITIES (NOTE 11)	4,000	-	4,000	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	61,888	61,888	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE				
CARE COSTS (NOTES 11 & 16)	-	96,351	96,351	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED				
CLAIMS (NOTES 10 & 11)	168,528	-	168,528	-
TOTAL LIABILITIES	1,573,975	771,360	2,345,335	6,685
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	1,675,854	107,216	1,783,070	-
RESTRICTED FOR:				
GRANTS AND OTHER COUNTY PROGRAMS	738,535	-	738,535	-
PERPETUAL CARE - NONEXPENDABLE	1,697	-	1,697	-
DEBT SERVICE	-	40,761	40,761	-
LANDFILL CLOSURE	-	23,020	23,020	-
UNRESTRICTED	344,912	9,209	354,121	91,033
TOTAL NET POSITION	\$ 2,760,998	\$ 180,206	\$ 2,941,204	\$ 91,033

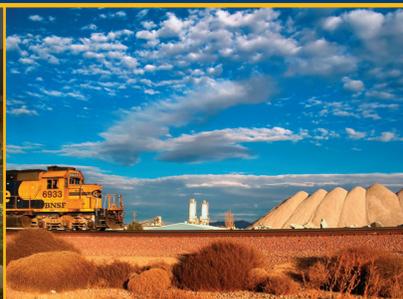
The notes to the financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

FUNCTIONS/PROGRAMS	PRIMARY GOVERNMENT					COMPONENT UNIT		
	PROGRAM REVENUES		NET (EXPENSE)/REVENUE AND CHANGES IN NET ASSETS					
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 SAN BERNARDINO
PRIMARY GOVERNMENT:								
GOVERNMENTAL ACTIVITIES:								
GENERAL GOVERNMENT	\$ 195,972	\$ 143,236	\$ 7,705	\$ -	\$ (45,031)	\$ -	\$ (45,031)	\$ -
PUBLIC PROTECTION	985,004	228,319	244,678	-	(512,007)	-	(512,007)	-
PUBLIC WAYS AND FACILITIES	80,002	10,751	53,063	17,755	1,567	-	1,567	-
HEALTH AND SANITATION	311,856	24,075	343,019	-	55,238	-	55,238	-
PUBLIC ASSISTANCE	1,014,443	984	935,079	-	(78,380)	-	(78,380)	-
EDUCATION	16,469	1,027	253	-	(15,189)	-	(15,189)	-
RECREATION AND CULTURAL SERVICES	26,672	8,446	772	-	(17,454)	-	(17,454)	-
INTEREST ON LONG TERM DEBT	53,484	-	-	-	(53,484)	-	(53,484)	-
TOTAL GOVERNMENTAL ACTIVITIES	2,683,902	416,838	1,584,569	17,755	(664,740)	-	(664,740)	-
BUSINESS-TYPE ACTIVITIES:								
MEDICAL CENTER	488,005	365,169	50,132	18,901	-	(53,803)	(53,803)	-
WASTE SYSTEMS	53,748	58,044	1,751	-	-	6,047	6,047	-
WATER, SEWER, AND SANITATION	15,448	11,711	70	-	-	(3,667)	(3,667)	-
OTHER	87	58	-	-	-	(29)	(29)	-
TOTAL BUSINESS-TYPE ACTIVITIES	557,288	434,982	51,953	18,901	-	(51,452)	(51,452)	-
TOTAL PRIMARY GOVERNMENT	\$ 3,241,190	\$ 851,820	\$ 1,636,522	\$ 36,656	\$ (664,740)	\$ (51,452)	\$ (716,192)	\$ -
COMPONENT UNIT								
FIRST 5 SAN BERNARDINO	\$ 23,862	\$ -	\$ 22,169	\$ -	\$ -	\$ -	\$ -	\$ (1,693)
GENERAL REVENUES:								
PROPERTY TAXES, LEVIED FOR GENERAL PURPOSES					523,190	2,627	525,817	-
PUBLIC SAFETY TAX					145,097	-	145,097	-
SALES TAXES					30,158	-	30,158	-
OTHER TAXES					11,791	-	11,791	-
UNRESTRICTED REVENUES FROM USE OF MONEY AND PROPERTY					46,383	1,674	48,057	1,193
MISCELLANEOUS					71,998	19,264	91,262	-
GAIN ON SALE OF CAPITAL ASSETS					4,998	-	4,998	-
EXTRAORDINARY ITEM (NOTE 22)					63,969	221	64,190	-
TRANSFERS					(50,720)	50,720	-	-
TOTAL GENERAL REVENUES, EXTRAORDINARY ITEM AND TRANSFERS					846,864	74,506	921,370	1,193
CHANGE IN NET POSITION					182,124	23,064	205,178	(500)
NET POSITION - BEGINNING					2,578,874	157,152	2,736,026	91,533
NET POSITION - ENDING					\$ 2,760,998	\$ 180,206	\$ 2,941,204	\$ 91,033

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





FUND FINANCIAL STATEMENTS





**COUNTY OF SAN BERNARDINO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013 (IN THOUSANDS)**

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 442,516	\$ 100,080	\$ 562,119	\$ 1,104,715
INVESTMENTS (NOTE 6)	-	-	2,137	2,137
ACCOUNTS RECEIVABLE, NET	4,213	-	2,597	6,810
TAXES RECEIVABLE	34,373	-	5,098	39,471
INTEREST RECEIVABLE	12,655	-	270	12,925
LOANS RECEIVABLE, NET	53,005	-	1,222	54,227
OTHER RECEIVABLES	11,328	-	138	11,466
DUE FROM OTHER FUNDS (NOTE 7)	76,509	3,116	24,355	103,980
DUE FROM OTHER GOVERNMENTS	246,840	6,777	43,776	297,393
LAND HELD FOR RESALE	549	-	2,225	2,774
INVENTORIES	1,057	-	96	1,153
PREPAID ITEMS	892	-	590	1,482
INTERFUND RECEIVABLE (NOTE 7)	5,153	-	383	5,536
RESTRICTED CASH AND INVESTMENTS (NOTES 6 & 8)	2,683	-	5,860	8,543
TOTAL ASSETS	\$ 891,773	\$ 109,973	\$ 650,866	\$ 1,652,612
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	\$ 31,052	\$ 15,688	\$ 20,775	\$ 67,515
SALARIES AND BENEFITS PAYABLE	49,633	-	8,714	58,347
DUE TO OTHER FUNDS (NOTE 7)	24,139	226	23,143	47,508
DUE TO OTHER GOVERNMENTS	33,326	-	7,702	41,028
DEFERRED REVENUE	37,589	-	8,004	45,593
INTERFUND PAYABLE (NOTE 7)	-	-	4,919	4,919
TOTAL LIABILITIES	175,739	15,914	73,257	264,910
FUND BALANCES (NOTE 2):				
NONSPENDABLE	56,256	-	2,383	58,639
RESTRICTED	238,552	1,495	525,080	765,127
COMMITTED	106,635	22,879	-	129,514
ASSIGNED	11,975	69,685	50,146	131,806
UNASSIGNED	302,616	-	-	302,616
TOTAL FUND BALANCES	716,034	94,059	577,609	1,387,702
TOTAL LIABILITIES AND FUND BALANCES	\$ 891,773	\$ 109,973	\$ 650,866	

Amounts reported for governmental activities in the statement of net position are different due to the following (Note 4):

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

1,738,352

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

37,267

Prepaid Pension Asset

678,724

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

The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.

84,968

Interest payable on long-term debt

(11,059)

Long-term liabilities, including bonds payables, are not due and payable in the current period and, therefore not reported in the funds.

(1,154,956)

Net position of governmental activities (page 36)

\$ 2,760,998

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

COUNTY OF SAN BERNARDINO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
TAXES	\$ 613,357	\$ -	\$ 100,171	\$ 713,528
LICENSES, PERMITS, AND FRANCHISES	21,556	-	1,079	22,635
FINES, FORFEITURES, AND PENALTIES	8,527	-	8,216	16,743
REVENUE FROM USE OF MONEY AND PROPERTY	42,003	6	5,832	47,841
AID FROM OTHER GOVERNMENTAL AGENCIES	1,283,795	16,325	300,705	1,600,825
CHARGES FOR CURRENT SERVICES	274,590	106	99,125	373,821
OTHER REVENUES	19,646	531	49,901	70,078
TOTAL REVENUES	2,263,474	16,968	565,029	2,845,471
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT	159,828	9,631	3,463	172,922
PUBLIC PROTECTION	750,524	-	177,295	927,819
PUBLIC WAYS AND FACILITIES	2,617	-	74,992	77,609
HEALTH AND SANITATION	203,303	-	99,703	303,006
PUBLIC ASSISTANCE	897,694	-	88,246	985,940
EDUCATION	2,815	-	12,489	15,304
RECREATION AND CULTURAL SERVICES	13,232	-	7,709	20,941
DEBT SERVICE:				
PRINCIPAL	7,062	-	69,876	76,938
INTEREST AND FISCAL CHARGES	2,158	-	23,703	25,861
CAPITAL OUTLAY	7,325	89,936	23,033	120,294
TOTAL EXPENDITURES	2,046,558	99,567	580,509	2,726,634
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	216,916	(82,599)	(15,480)	118,837
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT (NOTE 7)	(192,370)	(21,319)	(60,781)	(274,470)
TRANSFERS IN (NOTE 7)	101,922	65,359	119,896	287,177
SALE OF CAPITAL ASSETS	3,562	38	1,398	4,998
TOTAL OTHER FINANCING SOURCES AND (USES)	(86,886)	44,078	60,513	17,705
NET CHANGES IN FUND BALANCE BEFORE EXTRAORDINARY ITEM	130,030	(38,521)	45,033	136,542
EXTRAORDINARY ITEM (NOTE 22)	36,150	-	27,819	63,969
NET CHANGES IN FUND BALANCE	166,180	(38,521)	72,852	200,511
FUND BALANCES, JULY 1, 2012	549,854	132,580	504,757	1,187,191
FUND BALANCES, JUNE 30, 2013	\$ 716,034	\$ 94,059	\$ 577,609	\$ 1,387,702

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL

\$ 200,511

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

Expenditures for general capital assets, infrastructure and other related capital asset adjustments	133,287
Less current year depreciation.	(76,915)
Internal service funds are used by management to charge the costs of general service group, telecommunication service, computer operations, vehicle services, risk management, and flood control equipment. The net revenues of the internal service fund is reported within governmental activities.	(107,616)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.	2,310
Expenses in the statement of activities that do not require the use of current financial resources and therefore, are not reported as expenditure in the governmental fund.	(21,952)
Amortization of the Prepaid Pension Asset	(23,057)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources of governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds, report the effect of 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.

75,556

Changes in net position of governmental activities (page 37)

\$ 182,124

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

COUNTY OF SAN BERNARDINO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL ON A BUDGETARY BASIS
YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
TAXES	\$ 567,624	\$ 573,160	\$ 613,357	\$ 40,197
LICENSES, PERMITS AND FRANCHISES	20,423	20,568	21,556	988
FINES, FORFEITURES AND PENALTIES	8,692	8,692	8,527	(165)
REVENUES FROM USE OF MONEY AND PROPERTY	33,156	44,325	42,003	(2,322)
AID FROM OTHER GOVERNMENTAL AGENCIES	1,210,526	1,219,434	1,283,795	64,361
CHARGES FOR CURRENT SERVICES	344,253	366,440	274,590	(91,850)
OTHER REVENUES	22,019	23,447	19,646	(3,801)
TOTAL REVENUES	2,206,693	2,256,066	2,263,474	7,408
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	195,696	215,950	160,296	55,654
PUBLIC PROTECTION	821,369	815,664	750,921	64,743
PUBLIC WAYS AND FACILITIES	2,720	2,550	2,628	(78)
HEALTH AND SANITATION	336,846	357,179	204,378	152,801
PUBLIC ASSISTANCE	937,723	944,335	897,720	46,615
EDUCATION	3,086	3,086	2,815	271
RECREATION AND CULTURAL SERVICES	13,810	13,952	13,275	677
DEBT SERVICE:				
PRINCIPAL	7,353	7,099	7,062	37
INTEREST AND FISCAL CHARGES	7,892	7,291	2,158	5,133
CAPITAL OUTLAY	21,664	24,313	8,350	15,963
TOTAL EXPENDITURES	2,348,159	2,391,419	2,049,603	341,816
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(141,466)	(135,353)	213,871	349,224
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT (NOTE 7)	(207,085)	(225,006)	(192,370)	32,636
TRANSFERS IN (NOTE 7)	64,553	70,280	101,922	31,642
SALE OF CAPITAL ASSETS	640	3,520	3,562	42
TOTAL OTHER FINANCING SOURCES AND (USES)	(141,892)	(151,206)	(86,886)	64,320
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(283,358)	(286,559)	126,985	413,544
EXTRAORDINARY ITEM	-	-	36,150	36,150
NET CHANGE IN FUND BALANCES	(283,358)	(286,559)	163,135	449,694
FUND BALANCES, JULY 1, 2012	540,665	540,665	540,665	-
FUND BALANCES, JUNE 30, 2013	\$ 257,307	\$ 254,106	\$ 703,800	\$ 449,694

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

**COUNTY OF SAN BERNARDINO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013 (IN THOUSANDS)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	TOTAL NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
ASSETS					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 78,480	\$ 50,428	\$ 34,207	\$ 163,115	\$ 318,240
ACCOUNTS RECEIVABLE, NET	39,306	6,376	1,880	47,562	390
TAXES RECEIVABLE	-	-	137	137	-
INTEREST RECEIVABLE	272	-	-	272	-
OTHER RECEIVABLES	1,493	1,583	45	3,121	-
DUE FROM OTHER FUNDS (NOTE 7)	16,948	243	77	17,268	3,836
DUE FROM OTHER GOVERNMENTS, NET	65,431	3,122	162	68,715	951
LAND HELD FOR RESALE	-	40	-	40	-
INVENTORIES	1,597	-	84	1,681	4,526
PREPAID ITEMS	3,250	188	-	3,438	5,173
RESTRICTED CASH AND CASH EQUIVALENTS (NOTE 6 & 8)	24,898	60,968	-	85,866	-
TOTAL CURRENT ASSETS	<u>231,675</u>	<u>122,948</u>	<u>36,592</u>	<u>391,215</u>	<u>333,116</u>
NONCURRENT ASSETS:					
NOTES RECEIVABLE	-	-	162	162	-
DEFERRED CHARGES	4,234	-	-	4,234	-
RESTRICTED CASH AND INVESTMENTS (NOTES 6 & 8)	25,678	-	-	25,678	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:					
LAND (NOTE 9)	-	17,736	3,641	21,377	396
LAND USE RIGHTS (NOTE 9)	-	93	258	351	-
DEVELOPMENT IN PROGRESS (NOTE 9)	1,388	3,835	8,365	13,588	577
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:					
LAND USE RIGHTS (NOTE 9)	-	105	1,004	1,109	-
STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 9)	568,020	164,672	74,661	807,353	10,608
EQUIPMENT AND SOFTWARE (NOTE 9)	147,104	1,397	1,581	150,082	102,611
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 9)	(302,171)	(110,444)	(35,654)	(448,269)	(71,893)
TOTAL NONCURRENT ASSETS	<u>444,253</u>	<u>77,394</u>	<u>54,018</u>	<u>575,665</u>	<u>42,299</u>
TOTAL ASSETS	<u>675,928</u>	<u>200,342</u>	<u>90,610</u>	<u>966,880</u>	<u>375,415</u>
LIABILITIES					
CURRENT LIABILITIES					
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	113,655	3,841	263	117,759	4,164
SALARIES AND BENEFITS PAYABLE	10,274	316	1	10,591	1,577
DUE TO OTHER FUNDS (NOTE 7)	11,642	2,134	921	14,697	62,879
DUE TO OTHER GOVERNMENTS	-	4,970	119	5,089	166
INTEREST PAYABLE	10,087	-	208	10,295	-
UNEARNED REVENUE	-	901	35	936	50
COMPENSATED ABSENCES PAYABLE (NOTE 11)	10,142	522	-	10,664	2,750
TERMINATION BENEFITS PAYABLE (NOTE 11)	107	6	-	113	62
BONDS AND NOTES PAYABLE (NOTE 11)	19,100	-	268	19,368	-
CAPITAL LEASE OBLIGATIONS (NOTE 11 & 13)	1,895	-	-	1,895	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	4,417	-	4,417	-
ESTIMATED LIABILITY FOR CLOSURES/POST-CLOSURE CARE COSTS (NOTES 11 & 16)	-	3,317	-	3,317	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 10 & 11)	-	-	-	-	47,224
TOTAL CURRENT LIABILITIES	<u>176,902</u>	<u>20,424</u>	<u>1,815</u>	<u>199,141</u>	<u>118,872</u>
NONCURRENT LIABILITIES:					
INTERFUND PAYABLE (NOTE 7)	-	-	617	617	-
COMPENSATED ABSENCES PAYABLE (NOTE 11)	6,867	454	-	7,321	3,047
TERMINATION BENEFITS PAYABLE (NOTE 11)	10	-	-	10	-
BONDS AND NOTES PAYABLE (NOTE 11)	414,722	-	2,428	417,150	-
CAPITAL LEASE OBLIGATIONS (NOTE 11 & 13)	4,196	-	-	4,196	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	61,888	-	61,888	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE (NOTE 11 & 16)	-	96,351	-	96,351	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTE 10 & 11)	-	-	-	-	168,528
TOTAL NONCURRENT LIABILITIES	<u>425,795</u>	<u>158,693</u>	<u>3,045</u>	<u>587,533</u>	<u>171,575</u>
TOTAL LIABILITIES	<u>602,697</u>	<u>179,117</u>	<u>4,860</u>	<u>786,674</u>	<u>290,447</u>
NET POSITION					
NET INVESTMENT IN CAPITAL ASSETS	(21,338)	77,394	51,160	107,216	42,299
RESTRICTED FOR:					
DEBT SERVICE	40,761	-	-	40,761	-
LANDFILL CLOSURE COSTS	-	23,020	-	23,020	-
UNRESTRICTED	53,808	(79,189)	34,590	9,209	42,669
TOTAL NET POSITION	<u>\$ 73,231</u>	<u>\$ 21,225</u>	<u>\$ 85,750</u>	<u>\$ 180,206</u>	<u>\$ 84,968</u>

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

COUNTY OF SAN BERNARDINO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
	MEDICAL CENTER	WASTE SYSTEM DIVISION	TOTAL NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
OPERATING REVENUES:					
NET PATIENT CARE AND SERVICE CHARGES FOR CURRENT SERVICES	\$ 365,169	\$ -	\$ -	\$ 365,169	\$ -
OTHER	7,691	15,276	-	22,967	-
TOTAL OPERATING REVENUES	372,860	58,044	11,769	442,673	150,160
OPERATING EXPENSES:					
PROFESSIONAL SERVICES	56,891	25,428	2,711	85,030	18,362
SALARIES AND EMPLOYEE BENEFITS	213,410	6,469	5,120	224,999	33,767
SELF-INSURANCE CLAIMS	-	-	-	-	88,771
SERVICES AND SUPPLIES	166,300	18,003	4,145	188,448	51,153
DEPRECIATION AND AMORTIZATION	20,917	1,919	2,602	25,438	10,551
OTHER	1,466	-	764	2,230	902
TOTAL OPERATING EXPENSES	458,984	51,819	15,342	526,145	203,506
OPERATING INCOME (LOSS)	(86,124)	6,225	(3,573)	(83,472)	(53,346)
NONOPERATING REVENUES (EXPENSES)					
INTEREST REVENUE	1,377	152	145	1,674	1,430
INTEREST EXPENSE	(27,074)	(65)	(183)	(27,322)	(7)
TAX REVENUE	-	-	2,627	2,627	-
GRANT REVENUE	42,441	1,751	70	44,262	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	-	(4)	(10)	(14)	531
OTHER NONOPERATING REVENUES	-	17,536	1,728	19,264	7,231
OTHER NONOPERATING EXPENSES	(1,947)	(1,860)	-	(3,807)	(28)
TOTAL NONOPERATING REVENUES (EXPENSES)	14,797	17,510	4,377	36,684	9,157
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS, TRANSFERS, AND EXTRAORDINARY ITEM	(71,327)	23,735	804	(46,788)	(44,189)
CAPITAL CONTRIBUTIONS	18,901	-	-	18,901	-
TRANSFERS OUT (NOTE 7)	(8,465)	(2,270)	(421)	(11,156)	(64,597)
TRANSFERS IN (NOTE 7)	61,588	237	51	61,876	1,170
EXTRAORDINARY ITEM	-	-	221	221	-
CHANGE IN NET POSITION	697	21,702	655	23,054	(107,616)
TOTAL NET POSITION, JULY 1, 2012	72,534	(477)	85,095	157,152	192,584
TOTAL NET POSITION, JUNE 30, 2013	\$ 73,231	\$ 21,225	\$ 85,750	\$ 180,206	\$ 84,968

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

COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	TOTAL NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:					
CASH RECEIVED FROM PATIENT CARE AND SERVICES	\$ 388,043	\$ 58,260	\$ 14,550	\$ 460,853	\$ 157,456
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(196,236)	(47,878)	(7,894)	(252,008)	(112,520)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(211,982)	(6,423)	(5,120)	(223,525)	(33,552)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(20,175)	3,959	1,536	(14,680)	11,384
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
TAXES RECEIVED	-	-	2,858	2,858	-
GRANTS RECEIVED	42,441	1,751	70	44,262	-
REPAYMENT ON INTERFUND LOAN	-	-	-	-	(1,013)
TRANSFERS RECEIVED	50,956	-	45	51,001	93
TRANSFERS PAID	(8,465)	(2,270)	(376)	(11,111)	(3,299)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	84,932	(519)	2,597	87,010	(4,219)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(7,862)	(1,391)	(2,941)	(12,194)	(11,405)
CAPITAL CONTRIBUTION	18,901	-	-	18,901	-
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	(1,943)	-	-	(1,943)	-
PRINCIPAL PAID ON BONDS AND NOTES	(18,139)	(47,170)	(207)	(65,516)	-
INTEREST PAID ON BONDS AND NOTES	(24,935)	(77)	(218)	(25,230)	-
INTEREST PAID	-	-	-	-	(7)
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	-	8	8	865
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(33,978)	(48,638)	(3,358)	(85,974)	(10,547)
CASH FLOWS FROM INVESTING ACTIVITIES:					
INTEREST ON INVESTMENTS	1,367	152	46	1,565	481
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,367	152	46	1,565	481
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	32,146	(45,046)	821	(12,079)	(2,901)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	96,910	156,442	33,386	286,738	321,141
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 129,056	\$ 111,396	\$ 34,207	\$ 274,659	\$ 318,240

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

OPERATING INCOME (LOSS)	\$ (86,124)	\$ 6,225	\$ (3,573)	\$ (83,472)	\$ (53,346)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
DEPRECIATION AND AMORTIZATION	20,917	1,919	2,602	25,438	10,551
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	(1,938)	17,496	1,827	17,385	5,095
CHANGES IN ASSETS AND LIABILITIES:					
ACCOUNTS RECEIVABLE	(1,293)	(365)	683	(975)	(43)
DUE FROM OTHER FUNDS	(41,240)	-	-	(41,240)	1,936
DUE FROM OTHER GOVERNMENTS	(16,349)	(1,419)	271	(17,497)	342
OTHER RECEIVABLES	(1,493)	519	-	(974)	-
INVENTORIES	(10)	-	(17)	(27)	(142)
PREPAID ITEMS	36	87	-	123	659
ACCOUNTS PAYABLE AND OTHER LIABILITIES	73,868	(1,131)	(161)	72,576	(2,823)
SALARIES AND BENEFITS PAYABLE	1,090	23	-	1,113	161
DUE TO OTHER FUNDS	46,984	(182)	-	46,802	-
DUE TO OTHER GOVERNMENTS	(14,961)	(3,159)	(96)	(18,216)	137
ESTIMATED LIABILITIES FOR LITIGATION AND SELF-INSURANCE CLAIMS	-	(7,208)	-	(7,208)	48,803
POLLUTION REMEDIATION OBLIGATION	-	(8,869)	-	(8,869)	-
COMPENSATED ABSENCES PAYABLE	444	29	-	473	116
TERMINATION BENEFITS PAYABLE	(106)	(6)	-	(112)	(62)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (20,175)	\$ 3,959	\$ 1,536	\$ (14,680)	\$ 11,384

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

The capital lease obligation of \$3,325 was incurred when the Medical Center entered into an equipment lease agreement.

BREAKDOWN OF CASH AND CASH EQUIVALENTS					
CASH AND CASH EQUIVALENTS	\$ 78,480	\$ 50,428	\$ 34,207	\$ 163,115	\$ 318,240
RESTRICTED CASH AND INVESTMENTS	50,576	60,968	-	111,544	-
TOTAL	\$ 129,056	\$ 111,396	\$ 34,207	\$ 274,659	\$ 318,240

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

**COUNTY OF SAN BERNARDINO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013 (IN THOUSANDS)**

	<u>INVESTMENT TRUST FUND</u>	<u>PRIVATE- PURPOSE TRUST FUND</u>	<u>AGENCY</u>
ASSETS			
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 2,308,719	\$ 47,729	\$ 386,132
ACCOUNTS RECEIVABLE - NET	14	-	21,835
TAXES RECEIVABLE	-	-	105,736
INTEREST RECEIVABLE	6	36	-
DUE FROM OTHER GOVERNMENTS	2,170	6	24,070
LAND HELD FOR RESALE	-	21,621	-
PREPAID ITEMS	402	5	-
RESTRICTED CASH AND CASH EQUIVALENTS	-	6,933	-
DEFERRED CHARGES	-	2,204	-
EQUIPMENT	-	16	-
ACCUMULATED DEPRECIATION	-	(13)	-
TOTAL ASSETS	<u>2,311,311</u>	<u>78,537</u>	<u>\$ 537,773</u>
LIABILITIES			
ACCOUNTS PAYABLE	-	23	\$ -
DUE TO OTHER GOVERNMENTS	-	802	537,773
INTEREST PAYABLE	-	1,788	-
OTHER PAYABLE - CLAIM AND JUDGEMENT	-	9,365	-
BONDS AND NOTES PAYABLE:			
DUE IN ONE YEAR	-	1,517	-
DUE AFTER ONE YEAR	-	84,930	-
TOTAL LIABILITIES	<u>-</u>	<u>98,425</u>	<u>\$ 537,773</u>
NET POSITION			
NET POSITION HELD IN TRUST	<u>\$ 2,311,311</u>	<u>\$ (19,888)</u>	

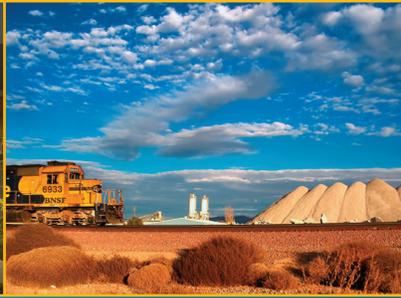
The notes to the financial statements are an integral part of this statement

COUNTY OF SAN BERNARDINO
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

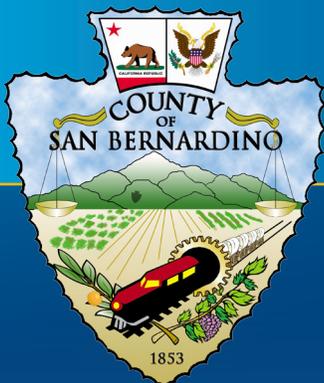
	INVESTMENT TRUST FUND	PRIVATE-PURPOSE TRUST FUND
ADDITIONS:		
CONTRIBUTIONS:		
CONTRIBUTIONS ON POOLED INVESTMENTS	\$ 9,758,262	\$ -
REDEVELOPMENT AGENCY PROPERTY TAX TRUST FUND	-	8,799
OTHER REVENUES	-	196
TOTAL CONTRIBUTIONS	<u>9,758,262</u>	<u>8,995</u>
INTEREST AND INVESTMENT REVENUE:		
NET INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENTS	(6,844)	(151)
INTEREST INCOME ON CASH AND SECURITIES	9,650	212
TOTAL INTEREST AND INVESTMENT REVENUES	<u>2,806</u>	<u>61</u>
TOTAL ADDITIONS	<u>9,761,068</u>	<u>9,056</u>
DEDUCTIONS:		
DISTRIBUTION FROM POOLED INVESTMENTS	9,409,464	-
DISTRIBUTION AND OBLIGATION RETIREMENTS	-	11,886
ADMINISTRATIVE EXPENSES	-	609
OTHER DEDUCTIONS	-	75
TOTAL DEDUCTIONS	<u>9,409,464</u>	<u>12,570</u>
CHANGE IN NET POSITION BEFORE EXTRAORDINARY ITEM	351,604	(3,514)
EXTRAORDINARY ITEM:		
TRANSFER OF BOND PROCEEDS TO HOUSING SUCCESSOR	-	(11,469)
TRANSFER OF UNENCUMBERED FUNDS TO AFFECTED TAXING ENTITIES	-	(9,310)
WRITE-OFF OF LOAN PAYABLE TO COUNTY	-	12,774
DEMAND FOR PAYMENT BY DEPARTMENT OF FINANCE	-	(9,365)
TOTAL EXTRAORDINARY ITEM	<u>-</u>	<u>(17,370)</u>
CHANGE IN NET POSITION	351,604	(20,884)
NET POSITION HELD IN TRUST - BEGINNING	1,959,707	996
NET POSITION HELD IN TRUST - ENDING	<u>\$ 2,311,311</u>	<u>\$ (19,888)</u>

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





NOTES TO THE BASIC FINANCIAL STATEMENTS



COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Blended Component Units

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

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

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Inland Empire Public Facilities Corporation (IEPFC)* - A nonprofit public benefit corporation, formed on May 30, 1986, to serve the County by financing, refinancing, acquiring, constructing, improving, leasing and selling buildings, building improvements, equipment, land, land improvements, and any other real or personal property for the benefit of residents of the County. The Corporation is included in the reporting entity because it has the same governing board as the County, and there is a financial benefit or burden relationship with the County.
- *San Bernardino County Financing Authority (SBCFA)* - Created pursuant to a Joint Exercise of Powers Agreement dated May 16, 1966 as amended on July 1, 1982, and May 1, 1983, as amended and restated on March 27, 1989, and as amended on February 15, 1994. SBCFA provides financing for public capital improvements for the County, to acquire such public capital improvements, and to purchase certain underlying obligations issued by or on behalf of the County. The Authority is included in the reporting entity because it has the same governing board as the County, and there is a financial benefit or burden relationship with the County.

Additional detailed financial information, including separately issued financial statements (except as noted above) of the County's component units, can be obtained from the Auditor-Controller/Treasurer/Tax Collector's Office at 222 W. Hospitality Lane, San Bernardino, CA 92415-0018.

Discretely Presented Component Unit

FIRST 5 San Bernardino, formerly known as the Children and Families First Commission, was formed in 1998 under the California Health and Safety Code - Section 130100, Chapter 29 of Title 1 of the San Bernardino County Code, and the California Children and Families First Act of 1998. The Commission was created for the purpose of promoting, supporting and improving the early development of children from the prenatal stage to five years of age and is funded by allocations of California Proposition 10 Tobacco Tax. The FIRST 5 is a discretely presented component unit because the County has the ability to impose its will by appointing all of the Commissioners who serve at the pleasure of the San Bernardino County Board of Supervisors.

Related Organization

The Housing Authority of the County of San Bernardino (Housing Authority) operates as a special district whose primary goal is to provide affordable housing in a suitable living environment for families who cannot afford standard private housing on their own, such as economically disadvantaged or elderly individuals. The San Bernardino County Board of Supervisors appoints the voting majority that comprises the Housing Authority's Board of Commissioners. However, since the Housing Authority's Board serves for a fixed-period term, the County does not have the ability to impose its will by removing those Commissioners once they have been appointed.

Among many other duties, the Housing Authority's Board is responsible for modifying and approving its own budget, rates, and fee changes; making decisions that affect revenue; and appointing management responsible for the day-to-day operations of the Housing Authority. The Housing Authority is not included as a component unit of the County due to the fact that the County is not financially accountable for the Housing Authority.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and fund financial statements

The basic financial statements consist of the following:

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

The County reports the following major governmental funds:

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County reports the following major enterprise funds:

- *County Medical Center* accounts for the operation of Arrowhead Regional Medical Center inpatient and outpatient care operations, including emergency room services and indigent care to County residents. The fund is financed primarily by patient care services. Separately issued financial statements for the County Medical Center can be obtained from the Auditor-Controller/Treasurer/Tax Collector's Office at 222 W. Hospitality Lane, San Bernardino, CA 92415-0018.
- *Waste Systems Division* accounts for refuse disposal services provided to the public by six 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 the fund financial statements:

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

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. In the fund financial statements, property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year-end. Property taxes are recorded as deferred 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. Sales taxes, interest, and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period, and recognized as revenue.

The County considers items available if received within 9 months of year end, for voluntary non-exchange transactions such as federal and state grants and government-mandated non-exchange transactions. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary funds are used to account for business-type activities, which are financed mainly by fees and charges to users of the services provided by the funds' operations. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities, and Net Position

(a) Cash and Cash Equivalents

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

(b) Investments

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Investment contracts are recorded at cost.

The following table presents the authorized investment types per the CGC that were held by the County as of June 30, 2013, along with their respective requirements and restrictions per the CGC and the Investment Policy:

Investment Type	Maximum Maturity		Maximum % of Pool		Maximum % per issuer		Minimum Rating (1)	
	Investment		Investment		Investment		Investment	
	CGC	Policy	CGC	Policy	CGC	Policy	CGC	Policy
U.S. Treasury Securities	5 Years	5 Years	None	None	None	None	None	None
U.S. Government Agencies	5 Years	5 Years	None	None	None	None	None	None
Negotiable Certificates of Deposit	5 Years	3 Years	30%	30%	None	5%	A-1/A	A-1/A
Commercial Paper	270 days	270 days	40%	40%	10%	5%	A-1	A-1
Repurchase Agreements	180 days	180 days	None	40%	None	None	None	None
Money Market Mutual Funds	Daily Liquidity	Daily Liquidity	20%	15%	10%	10%	AAAm	AAAm

Footnote:

(1) Minimum credit rating categories include modifications (+/-)

(c) Taxes, Accounts, Loans, Interest and Other Receivables

The \$47,562 accounts receivable balance in the Business-Type Activities column of the statement of net position at June 30, 2013 is due to the \$39,306 accounts receivable of the Medical Center, net of an allowance for doubtful accounts of \$188,591; the \$6,376 accounts receivable of the Waste System Division, net of allowance for doubtful accounts of \$707; and the \$1,880 accounts receivable of the non-major enterprise funds, including the County Service Areas respectively. These funds are reflected as part of the business-type activities on the statement of net position.

The \$39,471 taxes receivable balance in the Governmental Activities column of the statement of net position at June 30, 2013 is net of an allowance of doubtful accounts of \$516.

The \$54,227 loans receivable balance in the Governmental Activities column of the statement of net position is net of an allowance for doubtful accounts of \$10,415. Of this amount, \$39,648 represents the receivable under the Teeter Plan, \$1,222 is due from other various agencies, and \$13,357 represents a County loan to the Adelanto City Redevelopment Successor Agency.

The \$12,925 interest receivable in the Governmental Activities column of the statement of net position is accrued. Of this amount, \$12,234 is due from the Adelanto City Redevelopment Successor Agency.

The \$11,466 other receivables in the Governmental Activities column of the statement of net position are accrued for amounts due to the County that do not specifically relate to one of the above receivable accounts. This amount is primarily due to delinquent penalties, redemption penalties and redemption interest related to receivable under the Teeter Plan.

(d) Due From Other Governments

At June 30, 2013, the Governmental Funds accrued \$297,393 of receivables from other governments, of which, \$248,657 was due from the State of California. Of the amount owed by the State, \$46,618 was for health care services, \$126,012 was for public social services, \$39,471 was for motor vehicle license fees and sales tax

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

monies, and the remaining \$36,556 was for other services. The remaining amount of \$48,736 was due from the federal government and other governmental agencies. Governmental activities balance is \$298,344 and Business-Type is \$68,715 which is net of allowance for doubtful accounts of \$966.

(e) Land Held for Resale

Land held for resale is an asset acquired and held with the intent of sale, and is recorded at the lower of cost or market, until such time as there is an event which would indicate an agreed-upon sales price. At June 30, 2013, the County's land held for resale is being carried at \$2,814.

(f) Inventories and Prepaid Items

Inventories, which consist principally of materials and supplies held for consumption, are valued at cost (first-in, first-out basis) for governmental fund types and at an amount which approximates the lower of average cost or market for proprietary fund types. Inventories of the governmental and business-type activities are accounted for as expenses when the inventory items are consumed. In the governmental fund financial statements, reported inventories are offset with 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.

(g) Capital Assets

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

Such assets are recorded at historical cost or estimated historical cost if purchased or developed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Unearned and 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, 2013, the various components of deferred revenue and unearned revenue reported in the governmental funds and governmental activities were as follows:

Governmental Funds	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Developer Deposits	\$ -	\$ 4,656	\$ 4,656
Property Tax Receivable	15,542	-	15,542
Due from governmental agencies	12,512	3,862	16,374
Due from other agencies	-	1,017	1,017
Nonmajor funds			
Property Tax Receivable	3,868	-	3,868
Due from governmental agencies	-	3,606	3,606
Due from other agencies	-	530	530
Total Governmental Funds	<u>31,922</u>	<u>13,671</u>	<u>45,593</u>
Internal Service Funds			
Telecommunication Services	-	8	8
Risk Management	-	42	42
Total Internal Service Funds	<u>-</u>	<u>50</u>	<u>50</u>
Government-wide Reconciliation			
Property Tax Receivable	(19,410)	-	(19,410)
Due from governmental agencies	(12,512)	-	(12,512)
Eliminations	-	(169)	(169)
Total Government-wide Reconciliation	<u>(31,922)</u>	<u>(169)</u>	<u>(32,091)</u>
Total Governmental Activities	<u>\$ -</u>	<u>\$ 13,552</u>	<u>\$ 13,552</u>

(i) Employee Compensated Absences

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Termination Benefits

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

(k) Pollution Remediation Obligations

In accordance with GASB 49, “*Accounting and Financial Reporting for Pollution Remediation Obligations*,” pollution remediation costs are accrued and recorded. GASB 49 requires estimating pollution remediation outlays to remediate the effects of a pollution event. Those outlays include remedial investigation, site assessment, corrective measures feasibility studies, remediation work, equipment and monitoring of the polluted site (Note 11).

(l) Long-term Obligations

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

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

(m) Interfund Transactions

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Net Position/Fund Balances

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

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. 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 Position*– This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulation of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Examples of restricted net position include federal and state grants that are restricted by grant agreements for specific purposes and restricted cash set aside for debt service payments. At June 30, 2013, the County reported restricted net position of \$740,232 in the Governmental Activities restricted for the following purposes:

Restricted for:	Amount
Grants and Other County Programs:	
State Realignment Funds	\$ 224,878
Teeter Plan	11,670
Other Grants and Programs	501,987
Perpetual Care - Nonexpendable	1,697
	\$ 740,232

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

In the fund financial statements, governmental funds report fund balance as (1) Nonspendable Fund Balance, (2) Restricted Fund Balance, (3) Committed Fund Balance, (4) Assigned Fund Balance, and (5) Unassigned Fund Balance. These components of fund balance are reported primarily to indicate the extent to which the County is bound to honor constraint on the specific purposes for which amounts in the fund can be spent (Note 2 and Note 12).

- 1) *Nonspendable Fund Balance*: Amounts cannot be spent because they are: (a) not in spendable form or (b) legally or contractually required to be maintained intact. Due to the nature or form of the resources, they generally cannot be expected to be converted into cash or a spendable form.
- 2) *Restricted Fund Balance*: Amounts are restricted by external parties, i.e., creditors, grantors, contributors, or laws/regulations of other governments or restricted by law through constitutional provisions or enabling legislation.
- 3) *Committed Fund Balance*: Amounts can only be used for a specific purpose pursuant to constraints imposed by formal action of the government’s highest level of decision making authority (the Board of Supervisors). The formal action must occur prior to the end of the reporting period, however, the amount may be determined in the subsequent period. These are self-imposed limitations on available resources. These committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same level of action it employed to previously commit those amounts. These committed amounts would be approved and adopted by formal action of the Board.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 4) *Assigned Fund Balance*: Amounts are constrained by the government's intent to be used for specific purposes that are neither restricted nor committed. The intent will be expressed by the body or official to which the governing body has delegated the authority, i.e. the County Administrative Office. The County Administrative Office will assign fund balance for specific departmental projects through the use of the respective department's general fund savings. Such projects would not normally be feasible for the department without reserving funding over a multiple year period. Residual amounts in all other governmental funds are reflected as assigned.
- 5) *Unassigned Fund Balance*: The General Fund, as the principal operating fund, often has net resources in excess of what can properly be classified in one of the four categories already described. Therefore, in order to calculate unassigned fund balance, total fund balance less nonspendable, restricted, committed, or assigned equals unassigned fund balance. This amount is available for any purpose and will be placed in either the General Purpose Reserve, General Fund – Mandatory Contingencies or the General Fund - Uncertainties Contingencies until allocated for a specific purpose by the Board, by a four-fifths vote. Negative equity in all other governmental funds is reflected as unassigned.

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

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

(o) Property Taxes

The County levies, collects, and apportions property taxes for all taxing jurisdictions within the County, including school and special districts. Property taxes are determined by applying approved rates to the assessed values of properties. The total 2012-13 taxable assessed valuation of the County of San Bernardino was \$166,760,684.

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

(p) Use of Estimates

The presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts 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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 2 – FUND BALANCES

Fund Balance Policy

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

General Purpose Reserve and Mandatory Contingencies Reserve

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

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

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

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

Fund Balance Spend Down and Replenish Procedure

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

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 2 – FUND BALANCES (CONTINUED)

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

As of June 30, 2013, the County's General Purposes Reserve is \$70,830 which is included in the Unassigned Fund Balance as determined by the Fund Balance Policy. Fund balance totals can be found on Note 12.

NOTE 3 – IMPLEMENTED ACCOUNTING PRONOUNCEMENTS

During fiscal year 2013, the County adopted the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 60. Accounting and Financial Reporting for Service Concession Arrangements

On November 2011, GASB issued Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA arrangement is considered to be between a transferor (a government) and an operator (another government or private entity) in which the transferor conveys to the operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and the operator collects and is compensated by fees collected from third parties. The adoption of this Statement had no impact to the financial statements.

GASB Statement No. 61. The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34

On November 2011, GASB issued Statement No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity and modifies certain requirements for inclusion of component units in the financial reporting entity. The County implemented this Statement as of July 1, 2012.

GASB Statement NO. 62. Codification of Accounting and Financial Reporting Guidance

On December 2011, GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedures that were issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The County implemented this standard as of July 1, 2012.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 3 – IMPLEMENTED ACCOUNTING PRONOUNCEMENTS (CONTINUED)

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

On June 2011, GASB issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The County implemented this Statement as of July 1, 2012.

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

Amounts reported for governmental activities in the statement of net position are different from those reported for governmental funds in the balance sheet.

The following provides a reconciliation of those differences:

	Total Governmental Funds (Page 40)	Long-term Assets and Liabilities (1)	Internal Service Funds (2) (Page 43)	Eliminations	Statement of Net Position Totals (Page 36)
Assets					
Cash and Cash Equivalents	\$ 1,104,715	\$ -	\$ 318,240	\$ -	\$ 1,422,955
Investments	2,137	-	-	-	2,137
Accounts Receivable - Net	6,810	-	390	-	7,200
Taxes Receivable	39,471	-	-	-	39,471
Interest Receivable	12,925	-	-	-	12,925
Loans Receivable	54,227	-	-	-	54,227
Other Receivables	11,466	-	-	-	11,466
Due from Other Funds	103,980	-	3,836	(107,816)	-
Due from Other Governments	297,393	-	951	-	298,344
Internal Balances	-	-	-	(1,954)	(1,954)
Land Held for Resale	2,774	-	-	-	2,774
Inventories	1,153	-	4,526	-	5,679
Prepaid Items	1,482	-	5,173	(169)	6,486
Deferred Charges	-	5,345	-	-	5,345
Interfund Receivable	5,536	-	-	(5,536)	-
Restricted Cash and Investments	8,543	-	-	-	8,543
Prepaid Pension Asset	-	678,724	-	-	678,724
Land	-	116,684	396	-	117,080
Land Use Rights - Not Amortized	-	18,396	-	-	18,396
Development In Progress	-	287,955	577	-	288,532
Land Use Rights - Amortized	-	77	-	-	77
Structures, Improvements, and Infrastructure	-	2,297,108	10,608	-	2,307,716
Equipment and Software	-	235,928	102,611	-	338,539
Accumulated Depreciation and Amortization	-	(1,217,796)	(71,893)	-	(1,289,689)
Total Assets	<u>\$ 1,652,612</u>	<u>\$ 2,422,421</u>	<u>\$ 375,415</u>	<u>\$ (115,475)</u>	<u>\$ 4,334,973</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

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

	Total Governmental Funds (Page 40)	Long-term Assets and Liabilities (1)	Internal Service Funds (2) (Page 43)	Eliminations	Statement of Net Position Totals (Page 36)
Liabilities					
Accounts Payable and Other Current Liabilities	67,515	-	4,164	-	71,679
Salaries and Benefits Payable	58,347	-	1,577	-	59,924
Due to Other Funds	47,508	-	62,879	(110,387)	-
Due to Other Governments	41,028	-	166	-	41,194
Interest Payable	-	11,059	-	-	11,059
Unearned and Deferred Revenue	45,593	(31,922)	50	(169)	13,552
Interfund Payable	4,919	-	-	(4,919)	-
Compensated Absences Payable	-	159,287	5,797	-	165,084
Termination Benefits Payable	-	1,332	62	-	1,394
Bonds and Notes Payable	-	1,133,983	-	-	1,133,983
Capital Lease Obligations	-	743	-	-	743
Other Long-Term Liabilities	-	4,000	-	-	4,000
Estimated Liability for Litigation and Self-Insured	-	-	215,752	-	215,752
Deferred Amount on Refunding	-	(5,211)	-	-	(5,211)
Premium	-	1,488	-	-	1,488
Discount	-	(140,666)	-	-	(140,666)
Total Liabilities	<u>264,910</u>	<u>1,134,093</u>	<u>290,447</u>	<u>(115,475)</u>	<u>1,573,975</u>
Fund Balance/Net Position	<u>1,387,702</u>	<u>1,288,328</u>	<u>84,968</u>	<u>-</u>	<u>2,760,998</u>
Total Liabilities and Fund Balance/Net Position	<u>\$ 1,652,612</u>	<u>\$ 2,422,421</u>	<u>\$ 375,415</u>	<u>\$ (115,475)</u>	<u>\$ 4,334,973</u>

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

Land	\$ 116,684
Land Use Rights - not being amortized	18,396
Development in Progress	287,955
Land Use Rights - being amortized	77
Structures, Improvements, and Infrastructure	2,297,108
Equipment and Software	235,928
Accumulated Depreciation and Amortization	<u>(1,217,796)</u>
	<u>\$ 1,738,352</u>

- (1) Other long-term assets that are not available to pay for current-period expenditures and are therefore deferred in the governmental funds.

Bond Issuance Costs	\$ 5,345
Deferred Revenue	<u>31,922</u>
	<u>\$ 37,267</u>

- (1) Prepaid Pension Asset

\$ 678,724

- (1) Interest Payable

\$ (11,059)

- (1) Long-term liabilities, including bonds payable, that are not due and payable in the current period and therefore are not reported in the funds.

Compensated Absences Payable	\$ (159,287)
Termination Benefits Payable	(1,332)
Bonds and Notes Payable	(1,133,983)
Capital Lease Obligations	(743)
Other Long Term Liabilities	(4,000)
Deferred Amount on Refunding	5,211
Premium	(1,488)
Discount	<u>140,666</u>
	<u>\$ (1,154,956)</u>

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

\$ 84,968

- (1) GASB 34 Conversion Entries

- (2) Internal Service Funds reported as part of Governmental Activities

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 5 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

(a) Budgetary Information

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

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

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 available to the public by the office of the Auditor-Controller/Treasurer/Tax Collector.

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

(b) Excess of Expenditures Over Appropriations

For the year ended June 30, 2013, expenditures exceeded appropriations in the public ways and facilities of the general fund by \$ 78. This overexpenditure was funded by available fund balance.

(c) Reconciliation of Budgetary Basis to GAAP Basis

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

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

	<u>General Fund</u>
Fund balance - budgetary basis	\$ 703,800
Outstanding encumbrances for budgeted funds	12,234
Fund balance - GAAP basis	<u>\$ 716,034</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

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 a SEC Rule 2a7 – like pool. 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.

State law requires that all operating monies of the County, school districts, and board-governed special districts be held by the County Treasurer. The net position value associated with legally mandated participants in the asset pool was \$2,106,450 at June 30, 2013.

As of June 30, 2013, the fair value of the County pool was \$4.2 billion. Approximately 10.5% 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, 2013, \$204,861 of the amounts deposited in the County pool was attributable to depositors who are not required to, but choose to, invest in the County pool. These include independent special districts, State Trial Court, and other governmental agencies. The deposits held for both involuntary and voluntary entities are reported in the Investment Trust Fund.

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

The County has not produced or provided any letters of credit or legal binding guarantees as supplemental support of the pool values during the year ended at June 30, 2013. The pool provides monthly reporting to both the Treasury Oversight Committee who reviews investment policy and the County Board of Supervisors who reviews and approves investment policy.

The County does not pool its external participants’ investments separately from the County pool. The average rate of return on investments during fiscal year 2012-13 was 0.48%.

On June 27, 2013, the County purchased Federal Home Loan Mortgage Corporation senior unsecured callable agency notes, which were settled on July 17, 2013 for \$50,000. The County has recorded this purchase based on the trade date. As a result, cash in bank at June 30, 2013 was reduced.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 6 – CASH AND INVESTMENTS (CONTINUED)

A summary of the investments held by the County Treasurer as of June 30, 2013 is as follows:

Investment Type	Cost	Fair Value	Interest Rate Range	Maturity Range	Average Maturity
U.S. Treasury Securities	\$ 454,481	\$ 452,771	0.26% - 1.00%	07/15/13 - 12/31/16	662
U.S. Government Agencies	1,940,916	1,935,537	0.08% - 1.22%	07/01/13 - 03/15/18	609
Negotiable Certificates of Deposit	850,010	849,944	0.13% - 0.40%	07/10/13 - 07/01/14	123
Commercial Paper	761,426	761,534	0.04% - 0.20%	07/01/13 - 10/01/13	22
Repurchase Agreements	50,000	50,000	0.01%	07/01/13	3
Money Market Mutual Funds	153,000	153,000	0.01%	07/01/13	1
Total Treasurer's Pooled Investments	4,209,833	4,202,786			
Investments Held by Fiscal Agents:					
Guaranteed Investment Contracts	4,751	4,751			
Municipal Bonds	34,094	34,036			
Mutual Funds	56,259	56,259			
U.S. Treasury Securities	14,711	20,927			
Total Investments Held by Fiscal Agents	109,815	115,973			
Total Investments	\$ 4,319,648	\$ 4,318,759			
Cash in Banks:					
Non-Interest Bearing Deposits		230,855			
Total Cash and Investments		\$ 4,549,614			

Investments authorized by debt agreements

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

Investment credit risk

Investment credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. GASB Statement No. 40 requires the disclosure of credit quality ratings for investments in debt securities as well as investments in external investment pools, money market funds, and other pooled investments of fixed income securities.

California Law and San Bernardino County Treasury Pool Investment Policy (where more restrictive) place limitations on the purchase of investments in the County Pool. Purchases of commercial paper and negotiable certificates of deposit are restricted to the top two ratings issued by a minimum of two of three nationally recognized statistical rating organizations (NRSRO's). For an issuer of short-term debt, the rating must be no less than A-1 (S&P), P-1 (Moody's), or F-1 (Fitch) while an issuer of long-term corporate debt must have a minimum letter rating of "AA". Municipal notes and bonds and money market mutual funds must have a minimum letter rating of "AAA" from two of three NRSRO's (if rated by three). Limits are also placed on the maximum percentage investment by sector and by individual issuer (see schedule).

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 6 – CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2013, all investments held by the County Pool were within policy limits.

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Moody's Rating</u>	<u>Fitch Rating</u>	<u>Maximum Allowed % of Portfolio</u>	<u>Individual Issuer Limitations</u>	<u>Weighted % of Pool 6/30/2013</u>
U.S. Treasury Securities	AA+	Aaa	AAA	100%	None	10.77%
U.S. Government Agencies	AA+	Aaa	AAA	100%	None	46.06%
Negotiable Certificates of Deposit	A1+	P1	F1+	30%	5%	11.30%
Negotiable Certificates of Deposit	A1	P1	F1+	30%	5%	5.95%
Negotiable Certificates of Deposit	AA-	Aa3	AA	30%	5%	2.38%
Negotiable Certificates of Deposit	AA-	Aa1	AA-	30%	5%	0.59%
Commercial Paper	A1+	P1	F1+	40%	5%	5.82%
Commercial Paper	A1	P1	F1+	40%	5%	6.30%
Commercial Paper	A1+	P1	F1	40%	5%	3.93%
Commercial Paper	A1+	P1	N/R	40%	5%	2.07%
Repurchase Agreements	A1	W/R	F1	40%	None	1.19%
Money Market Mutual Funds	AAAm	Aaa	AAA	15%	10%	2.07%
Money Market Mutual Funds	AAAm	Aaa	N/R	15%	10%	1.57%

The County's investments held by fiscal agents were rated as of June 30, 2013 as follows:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Moody's Rating</u>	<u>Fitch Rating</u>	<u>Weighted % of Investments 6/30/2013</u>
Guaranteed Investment Contracts	Baa3	BBB	N/R	4.10
Municipal Bonds	AAA	Aaa	AAA	9.40
Municipal Bonds	AAA	Aa1	AAA	3.57
Municipal Bonds	AAA	N/R	AAA	3.72
Municipal Bonds	AA+	Aa1	AA+	3.58
Municipal Bonds	AA+	Aaa	AAA	2.05
Municipal Bonds	AA-	Aa3	AA-	3.84
Municipal Bonds	AA	Aa2	AA	2.82
Municipal Bonds	AA	N/R	AA+	0.36
Mutual Funds	AAA	Aaa	N/R	35.44
Mutual Funds	AAA	Aaa	AAA	5.98
Mutual Funds	AAA	N/R	N/R	7.10
U.S. Treasury Securities	AA+	Aaa	AAA	18.04

Concentration of credit risk

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

GASB Statement No. 40 requires disclosure of investments by amount and issuer that represent five-percent or more of total investments held. This requirement excludes investments issued or explicitly guaranteed by the United States Government, investments in mutual funds, external investment pools, and other pooled investments.

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

NOTE 6 – CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2013, the following issuers represented more than five-percent of the Treasurer's Pooled Investment balance:

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Federal Home Loan Bank (FHLB)	\$ 265,089	6.31%
Federal National Mortgage Association (FNMA)	717,405	17.07%
Federal Home Loan Mortgage Corporation (FHLMC)	877,945	20.89%

Interest rate risk

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

GASB Statement No. 40 requires that *interest rate risk* be disclosed using a minimum of one of five approved methods which are: *segmented time distribution, specific identification, weighted average maturity, duration, and simulated model.*

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

California Law and where more restrictive, the San Bernardino County Pool Investment Policy, place limitations on the maximum maturity of investments to be purchased by sector (see schedule). As of June 30, 2013, all investments held by the County Pool were within policy limits.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Range (Days)</u>	<u>Maturity Limits</u>	<u>Modified Duration</u>
U.S. Treasury Securities	\$ 452,771	17 - 1,282	5 Years	1.79
U.S. Government Agencies	1,935,537	3 - 1,659	5 Years	1.64
Negotiable Certificates of Deposit	849,944	12 - 368	1,095 days	0.33
Commercial Paper	761,534	3 - 95	270 days	0.06
Repurchase Agreements	50,000	3	180 days	0.01
Money Market Mutual Funds	153,000	1	Daily Liq.	0.01
Total Treasurer's Pooled Investments	<u>\$ 4,202,786</u>			

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

NOTE 6 – CASH AND INVESTMENTS (CONTINUED)

Weighted average maturity of the investments held by fiscal agents, as of June 30, 2013 is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Guaranteed Investment Contracts	\$ 4,751	15.07
Municipal Bonds	34,036	1.89
Mutual Funds	56,259	0.03
U.S. Treasury Securities	20,927	9.38
Total Investments Held by Fiscal Agents	<u>\$ 115,973</u>	

Custodial credit risk

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

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

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

As of June 30, 2013, the carrying amount of the County's deposits was \$230,855 and the corresponding bank balance was \$301,932. The difference of \$71,077 was primarily due to the reduction of cash for the unsettled trade, outstanding warrants, wires and deposits in transit. Of the bank balances, \$500 was insured by FDIC depository insurance and the remainder was collateralized, as required by California Government Code Section 53652.

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

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

As of June 30, 2013, Cash and Investments are classified in the accompanying financial statements as follows:

	<u>Total Governmental Activities</u>	<u>Total Business-type Activities</u>	<u>Total Fiduciary Funds</u>	<u>Discretely Presented Component Unit</u>	<u>Total</u>
Cash and Investments	\$ 1,425,092	\$ 163,115	\$ 2,742,580	\$ 91,807	\$ 4,422,594
Restricted Cash and Investments	8,543	111,544	6,933	-	127,020
Total Cash and Investments	<u>\$ 1,433,635</u>	<u>\$ 274,659</u>	<u>\$ 2,749,513</u>	<u>\$ 91,807</u>	<u>\$ 4,549,614</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 – CASH AND INVESTMENTS (CONTINUED)

The pool issues a separate report, which includes the external pool investment. This separately issued statement can be obtained from the Auditor-Controller/Treasurer/Tax Collector's Office at 222 W. Hospitality Lane, San Bernardino, CA 92415-0018. The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2013:

Statement of Net Position

<u>Equity of internal pool participants</u>	\$ 1,891,475
Equity of external pool participants:	
Voluntary	204,861
Involuntary	2,106,450
Total Net Position held for pool participants	<u><u>\$ 4,202,786</u></u>

Statement of Changes in Net Position

<u>Net Position at July 1, 2012</u>	\$ 3,506,036
Net change in investments by pool participants	696,750
Net Position at June 30, 2013	<u><u>\$ 4,202,786</u></u>

NOTE 7 – INTERFUND TRANSACTIONS

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 – INTERFUND TRANSACTIONS (CONTINUED)

Due to/from other funds at June 30, 2013 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 18,591
	Capital Improvement Funds	32
	Medical Center	10,227
	Waste Systems	1,599
	Internal Service Funds	46,055
	Nonmajor Enterprise Funds	5
		<u>76,509</u>
Nonmajor Governmental Funds	General Fund	14,991
	Nonmajor Governmental Funds	2,585
	Capital Improvement Funds	194
	Medical Center	1,018
	Waste Systems	500
	Internal Service Funds	4,999
	Nonmajor Enterprise Funds	68
	<u>24,355</u>	
Capital Improvement Funds	General Fund	188
	Nonmajor Governmental Funds	1,555
	Internal Service Funds	532
	Nonmajor Enterprise Funds	841
	<u>3,116</u>	
Medical Center	General Fund	7,032
	Nonmajor Governmental Funds	102
	Internal Service Funds	9,814
	<u>16,948</u>	
Waste Systems	General Fund	7
	Nonmajor Governmental Funds	6
	Internal Service Funds	230
	<u>243</u>	
Internal Service Funds	General Fund	1,849
	Nonmajor Governmental Funds	304
	Medical Center	397
	Waste Systems	35
	Internal Service Funds	1,244
	Nonmajor Enterprise Funds	7
	<u>3,836</u>	
Nonmajor Enterprise Funds	General Fund	72
	Internal Service Funds	5
	<u>77</u>	
	Total	<u>\$ 125,084</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 7 – INTERFUND TRANSACTIONS (CONTINUED)

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

Interfund Receivable/Payable at June 30, 2013 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 4,786
	Nonmajor Enterprise Funds	367
		<u>5,153</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	133
	Nonmajor Enterprise Funds	250
		<u>383</u>
	Total	<u><u>\$ 5,536</u></u>

These amounts represent noncurrent interfund loans (advance) between funds and blended component units of the County for the purpose of financing cash flow needs. Interfund loans are expected to be repaid within a reasonable period of time.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 7 – INTERFUND TRANSACTIONS (CONTINUED)

Transfers To/From Other Funds for the year ended June 30, 2013 are as follows:

Transfers reflect funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following schedule briefly summarizes the County's transfer activity:

Transfers In/Out

(a) Between Governmental and Business-type Activities:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Medical Center	\$ 51,370
	Waste Systems	7
	Nonmajor Enterprise Funds	1
		<u>51,378</u>
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	45
		<u>45</u>
Medical Center	Capital Improvement Funds	393
	Nonmajor Governmental Funds	8,072
		<u>8,465</u>
Capital Improvement Funds	Medical Center	404
		<u>404</u>
Waste Systems	General Fund	1,500
	Nonmajor Governmental Funds	770
		<u>2,270</u>
Internal Service Funds	Medical Center	9,814
	Waste Systems	230
	Nonmajor Enterprise Funds	5
		<u>10,049</u>
Nonmajor Enterprise Funds	General Fund	326
	Capital Improvement Funds	2
	Nonmajor Governmental Funds	93
		<u>421</u>
	Total	<u>\$ 73,032</u>

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

NOTE 7 – INTERFUND TRANSACTIONS (CONTINUED)

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

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Capital Improvement Funds	\$ 51,909
	Nonmajor Governmental Funds	89,083
		<u>140,992</u>
Nonmajor Governmental Funds	General Fund	34,985
	Capital Improvement Funds	12,148
	Nonmajor Governmental Funds	13,601
	Internal Service Funds	2
		<u>60,736</u>
Capital Improvement Funds	General Fund	18,700
	Nonmajor Governmental Funds	2,121
	Internal Service Funds	94
		<u>20,915</u>
Internal Service Funds	General Fund	46,411
	Capital Improvement Funds	907
	Nonmajor Governmental Funds	6,156
	Internal Service Funds	1,074
		<u>54,548</u>
	Total	<u>\$ 277,191</u>

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

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

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

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

Amounts transferred from Internal Service Funds to other funds are primarily the result of refunds of excess prior year payments for workers compensation insurance and printing services.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 8 – RESTRICTED CASH AND INVESTMENTS

Cash and cash equivalents of \$120,087 are restricted by legal or contractual requirements at June 30, 2013 and are comprised of the following:

Governmental Activities

General Fund:

Restricted cash and cash equivalents of \$2,683 represent funds held by a trustee, which are restricted for electronic benefits payments.

Non-major Governmental Funds:

Flood Control District:

Restricted cash and cash equivalents of \$5,860 represent funds held by a trustee, which are restricted for debt service payments.

Business-Type Activities

Medical Center:

Restricted cash and cash equivalents of \$50,576 represent funds held by a trustee, which are restricted for debt service payments.

Waste System Division:

Restricted cash and cash equivalents of \$60,968 represent funds set aside for groundwater detection, treatment and remediation, and for State mandated site closure and maintenance costs as required by the Department of Resources Recycling and Recovery (CalRecycle) formerly California Integrated Waste Management Board (CIWMB).

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 is as follows:

Primary Government

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Governmental Activities				
Capital assets, non-depreciable/amortizable:				
Land	\$ 112,289	\$ 4,791	\$ -	\$ 117,080
Land Use Rights	14,739	3,657	-	18,396
Development in progress	287,638	87,498	86,604	288,532
Total assets, non-depreciable/amortizable	<u>414,666</u>	<u>95,946</u>	<u>86,604</u>	<u>424,008</u>
Capital Assets, depreciable/amortizable:				
Land Use Rights	61	16	-	77
Improvements other than Buildings	211,170	10,888	-	222,058
Structures and Improvements	758,978	85,472	-	844,450
Equipment and Software	323,039	34,063	18,563	338,539
Infrastructure	1,231,497	9,711	-	1,241,208
Total assets-depreciable/amortizable	<u>2,524,745</u>	<u>140,150</u>	<u>18,563</u>	<u>2,646,332</u>
Less accumulated depreciation/amortization for :				
Land Use Rights	19	21	-	40
Improvements other than Buildings	114,080	8,523	-	122,603
Structures and Improvements	241,534	22,100	-	263,634
Equipment and Software	214,176	28,457	17,030	225,603
Infrastructure	651,197	26,612	-	677,809
Total accumulated depreciation/amortization	<u>1,221,006</u>	<u>85,713</u>	<u>17,030</u>	<u>1,289,689</u>
Total capital assets, depreciable/amortizable, net	<u>1,303,739</u>	<u>54,437</u>	<u>1,533</u>	<u>1,356,643</u>
Governmental activities capital assets, net	<u>\$ 1,718,405</u>	<u>\$ 150,383</u>	<u>\$ 88,137</u>	<u>\$ 1,780,651</u>
Business-type Activities				
Capital assets, non-depreciable/amortizable:				
Land	\$ 21,161	\$ 216	\$ -	\$ 21,377
Land Use Rights	351	-	-	351
Development in progress	17,620	4,323	8,355	13,588
Total assets, non-depreciable/amortizable	<u>39,132</u>	<u>4,539</u>	<u>8,355</u>	<u>35,316</u>
Capital Assets, depreciable/amortizable:				
Land Use Rights	1,109	-	-	1,109
Improvements other than Buildings	235,207	8,957	-	244,164
Structures and Improvements	562,542	647	-	563,189
Equipment and Software	140,528	9,729	175	150,082
Total capital assets-depreciable/amortizable	<u>939,386</u>	<u>19,333</u>	<u>175</u>	<u>958,544</u>
Less accumulated depreciation/amortization for :				
Land Use Rights	102	3	-	105
Improvements other than Buildings	131,892	3,815	-	135,707
Structures and Improvements	177,422	15,309	-	192,731
Equipment and Software	114,135	5,745	154	119,726
Total accumulated depreciation/amortization	<u>423,551</u>	<u>24,872</u>	<u>154</u>	<u>448,269</u>
Total capital assets, depreciable/amortizable, net	<u>515,835</u>	<u>(5,539)</u>	<u>21</u>	<u>510,275</u>
Business-type activities capital assets, net	<u>\$ 554,967</u>	<u>\$ (1,000)</u>	<u>\$ 8,376</u>	<u>\$ 545,591</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 9 – CAPITAL ASSETS (CONTINUED)

Depreciation

Depreciation expense is charged to governmental functions as follows:

General Government	\$	17,179
Public Protection		35,960
Public Ways and Facilities		22,233
Health and Sanitation		1,545
Public Assistance		3,475
Education		786
Recreation and Cultural Services		4,535
		<hr/>
Total depreciation expense - governmental activities	\$	<u>85,713</u>

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

Medical Center	\$	20,490
Waste Systems Division		1,780
Other:		
County Service Areas		2,602
		<hr/>
Total depreciation expense - business type activities	\$	<u>24,872</u>

Development in Progress

Development in Progress consists of the following projects:

	Governmental Activities	Business-Type Activities
Medical Center Projects	\$ -	\$ 1,388
Waste Systems Division Projects	-	3,835
Flood Control Projects	57,850	-
Joshua Tree Office Building	6,957	
Adelanto Jail Expansion	121,108	
Other County Projects	102,617	8,365
	<hr/>	<hr/>
Total	\$ 288,532	\$ 13,588

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 \$2.5 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$100 million is provided through a combination of insurance policies as recommended by Arthur J. Gallagher & Co., Broker of Record, as follows: Primary Liability coverage \$25 million excess of \$2.5 million self-insured retention with Starr Indemnity & Liability Co.; Excess Liability coverage of \$10 million, excess of \$25 million with Allied World Assurance Co.; and Excess Liability coverage \$25 million, excess of \$35 million with Great American Insurance Company of New York. In addition, Allied World Assurance Co. provides excess liability coverage of \$15 million, excess of \$60 million; and Arch Insurance Co. provides \$25 million in excess of \$75 million.

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

NOTE 10 - SELF-INSURANCE (CONTINUED)

The Workers' Compensation program was restructured to include a cash flow SIR that applies per accident/per payment year as follows: \$2,000 1st year; \$1,000 2nd year; \$500 3rd year and each year thereafter, with coverage provided by Star Insurance Co. for up to \$3 million for employer's liability, and up to \$150 million limits for workers' compensation per occurrence. Property damage claims are insured on an occurrence basis over a \$25,000 (amount not rounded) deductible, and insured with several insurers like Affiliated FM, and Alterra Excess Ins. Co., and Lloyd's of London, among others.

The County supplements its self-insurance for medical malpractice claims with a \$25 million policy with Illinois Union Ins. Co., which provides annual coverage on a claim made form basis with a SIR of \$2 million for each claim.

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

The activities related to such programs are accounted for in Risk Management except for unemployment insurance, and employee dental insurance, which are accounted for in the General Fund. The IBNR (Incurred But Not Reported) and IBNS (Incurred But Not Settled) liabilities stated on Risk Management's balance sheet are based upon the results of actuarial studies, and include amounts for allocated and unallocated loss adjustment expenses. The liabilities for these claims are reported using a discounted rate of 0.438% and an actuarially-determined 80% confidence level. It is Risk Management's practice to obtain actuarial studies on an annual basis.

The total claims liability of \$216 million reported at June 30, 2013 is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated. Changes in the claims liability amount in fiscal years 2012 and 2013 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
<u> </u>	<u>(in thousands)</u>	<u>(in thousands)</u>	<u>(in thousands)</u>	<u>(in thousands)</u>
2011-12	\$150,951	\$58,008	(\$42,010)	\$166,949
2012-13	\$166,949	\$88,771	(\$39,968)	\$215,752

During an assessment of the County's self-insured workers' compensation operations it was determined that an excess net position was being maintained beyond the actuarially recommended amount. Refunds due to all funds or departments that contributed to the buildup of excess net position have been reported in the internal service funds at the end of the fiscal year totaling \$60,721.

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

NOTE 11 – LONG TERM OBLIGATIONS

Primary Government

The following is a summary of long-term liability transactions for the year ended June 30, 2013:

	Beginning Balance June 30, 2012	Additions	Reductions	Ending Balance June 30, 2013	Due Within One Year
<u>Governmental Activities</u>					
Certificates of Participation, net	\$ 28,120	\$ -	\$ 5,073	\$ 23,047	\$ 5,475
Revenue Bonds, net	418,810	-	17,406	401,404	47,940
Other Bonds and Notes	589,719	-	24,576	565,143	28,650
Compensated Absences	169,428	103,312	107,656	165,084	106,327
Termination Benefits Payable	2,667	-	1,273	1,394	1,223
Capital Lease Obligations	1,615	-	872	743	429
Estimated Liability for Litigation and Self -Insured Claims	166,949	88,771	39,968	215,752	47,224
Other Long-Term Liabilities	4,000	-	-	4,000	-
Total Governmental Activities - Long-term	\$ 1,381,308	\$ 192,083	\$ 196,824	\$ 1,376,567	\$ 237,268
<u>Business-type Activities</u>					
Certificates of Participation, net	\$ 494,830	\$ -	\$ 61,008	\$ 433,822	\$ 19,100
General Obligation Bonds	1,155	-	150	1,005	210
Notes	1,748	-	57	1,691	58
Compensated Absences	17,512	13,860	13,387	17,985	10,664
Termination Benefits Payable	235	-	112	123	113
Capital Lease Obligations	4,709	3,325	1,943	6,091	1,895
Pollution Remediation Obligations	75,174	1,299	10,168	66,305	4,417
Estimated Liability for Closure/ Postclosure Care Costs	106,876	1,841	9,049	99,668	3,317
Total Business-type Activities - Long-term	\$ 702,239	\$ 20,325	\$ 95,874	\$ 626,690	\$ 39,774

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, for the governmental activities, compensated absences are mostly liquidated by the General fund.

Termination Benefits Payable

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

Approximately 304 employees accepted the incentive and retired during the eligible period. The county-wide termination benefit payable at June 30, 2013 is \$1,517. The fifth annual installment payment was paid in July 2013. Over the span of the program, 14 employees returned to work and are not eligible to receive payments during a year in which they are employed by the County. Of the 14 employees who returned to work, 8 remain employed by the County as of June 30, 2013. The remaining installment payments for these 8 employees will be deferred until their employment with the County ends.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

Pollution Remediation Obligations

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

Solid Waste Management Division

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

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

In 2002 to 2004, directives were issued by the RWQCB to SWMD requesting investigation into groundwater impacts and the preparation of a corrective action plan to address the impacts. SWMD, following RWQCB protocol, conducted a variety of additional tests and analysis for perchlorate and VOC in the portion of the Rialto-Colton Basin down gradient of the Mid-Valley Landfill and the expansion property. The findings led to the preparation and implementation of a remediation plan approved by the RWQCB.

Further, as the current owner of land on which the former Broco Treatment, Storage, and Disposal Facility (TSDF) operated until 1987, currently identified as the Unit 5 Area of the Mid-Valley Sanitary Landfill, the County became legally obligated to complete the closure that the former Broco owner/operator had failed to do in the late 1980s when the Broco TSDF was closed and relocated. The 1998 Environmental Impact Report for the Mid-Valley Expansion mentioned the need to investigate the soils due to some then-recently discovered groundwater impacts; but SWMD was unaware of the unclosed TSDF at the time of purchase of the land in 1993-1994. SWMD was advised in a letter from the Department of Toxic Substances Control (DTSC) in September 2002 that the County would need to formally close this regulated facility. The closure plan was first submitted to the DTSC in 2005, and has been amended in 2007 and 2009 pursuant to DTSC review and request for changes. The DTSC completed its environmental review of the closure plan in October 2010 and approved the closure plan. During FY 2009-10 SWMD was able to reasonably estimate the cost to close the facility, and the cost has been added to the pollution remediation obligations. In addition, SWMD disclosed in FY 2010-11 an occurrence of a pollution event at the inactive Yucaipa Disposal Site. A VOC plume had been detected in the groundwater, which had migrated beyond the landfill boundary. SWMD continues to work closely with the RWQCB to ensure its pollution remediation measures adequately address the contamination.

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

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

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

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

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

In FY 2012-13 the estimated total pollution remediation liability decreased from \$75,174 at June 30, 2012 to \$66,305 at June 30, 2013. The effect of any changes in the estimated total current cost of pollution remediation is reported primarily in the period of change. The major contributing factors that caused the GASB 49 liability to decrease by \$8,869 are listed below:

- The Mid-Valley net liability decreased by a net \$7,219 primarily due to current expenses incurred and new lower cost contracts. No new scope of work was enacted in FY 2012-13 for this site.
- The Yucaipa net liability Increased by a net \$378 primarily due to changes in the insurance recovery estimates. No other major cost estimate change, and no new scope of work, was enacted in FY 2012-13 for this site.
- The Heaps Peak net liability decreased by a net \$2,028 primarily due to current expenses incurred in excess of net estimate increases including applied inflation. No new scope of work was enacted in FY 2012-13 for this site.

Current and future estimated remediation costs are based on actual component costs adjusted for inflation in the post FY 2012-13 fiscal years. Future estimates may be revised to reflect changes to equipment and service costs as well as any changes in technology and regulations. In FY 2012-13 SWMD expended \$7,012 in performing pollution remediation activities at Mid-Valley Landfill, Yucaipa Disposal Site and Heaps Peak Disposal Site. Outlays are expected to be incurred in FY 2013-14 totaling \$4,417. SWMD does not anticipate any recoveries as of June 30, 2013 for the Mid Valley Landfill and Heaps Peak Disposal Site, but does anticipate receiving at least \$37 in insurance recoveries for the Yucaipa Disposal Site during FY 2013-14. The presence of perchlorate, VOC and leachate will continue to be remediated and monitored with an expected estimated outlay of \$61,888 from FY 2013-14 through FY 2040-41.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

Department of Airports

In June 2008 the California Regional Water Control Board issued Cleanup and Abatement Order No R8-2008-0064 to the San Bernardino County Department of Airports. The order requires the County to cleanup or abate the effects of trichloroethylene (TCE) that have been discharged as a result of historical activities at the Airport. An investigation is in progress to characterize the boundaries of pollution. The liability related to the cleanup is not reasonably estimable at this time.

Other Long-Term Liabilities

At June 30, 2013 \$4,000 is owed to the United States Army Corp of Engineers for the construction of the San Timoteo Creek Project. The Flood Control District has agreed to pay back the loan and accrued interest upon completion of the project over a twenty year payment plan. It is anticipated that the project will be completed in 2017.

Bonds and Notes Payable

Certificates of Participation

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

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

In prior years, the County has defeased certain Certificates of Participation by placing the proceeds of new certificates in an irrevocable trust to provide for all future debt service payments on the old certificates. Accordingly, the trust account assets and the liability for the defeased certificates are not included in the County's basic financial statements. At June 30, 2013 approximately \$61,070 of outstanding debt was considered defeased.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

In February, 2013, the County redeemed all of the remaining Solid Waste Financing COPs (Series 2008B). The optional redemption of \$43,255 in outstanding principal occurred on February 1, 2013.

San Bernardino County Financing Authority

In November 1995, San Bernardino County Financing Authority (Authority) issued Revenue Bonds for the purpose of enabling the County to finance its share of unfunded pension indebtedness.

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

The prior fiscal years and current fiscal year surcharge revenues were more than the required scheduled annual principal and interest payments. The debt service schedule for the current fiscal year required principal and interest payments totaling \$1,276. The total surcharge revenues received during the fiscal year totaled \$2,143. Surcharge revenues are projected to produce 150 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$30,665. Interest is payable semi-annually at interest rates from 5.10 percent to 5.50 percent starting December 1, 2007. The bonds are not subject to optional redemption prior to maturity; \$3,100 is expected to mature on June 17, 2017, and \$15,270 is expected to mature on June 1, 2037.

Pension Obligation Bonds 2004 and 2008 Series

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

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

<u>Certificates of Participation</u>	<u>Interest Rates (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue Amount</u>	<u>Outstanding as of 6/30/2013</u>
Justice Center/Airport Improvement	3.00 to 5.00	3/1/2002	7/1/2016	68,100	23,215
<u>Deferred Amount on Refunding:</u>					
Justice Center/Airport Improvement					(556)
<u>Premium (Discounts):</u>					
Justice Center/Airport Improvement					388
Net Certificates of Participation					<u>23,047</u>
<u>Revenue Bonds</u>					
Pension Obligation Bonds (1995)	5.68 to 7.72	11/22/1995	8/1/2021	386,266	525,250
Courthouse Project Bonds (2007)	5.10 to 5.50	6/29/2007	6/30/2037	18,370	<u>16,820</u>
Subtotal					<u>542,070</u>
<u>Premium/(Discounts):</u>					
Pension Obligation Bonds (1995)					(140,666)
Net Revenue Bonds					<u>401,404</u>
<u>Other Bonds and Notes</u>					
County Library Note	3.41	7/18/2001	2/1/2031	1,982	1,445
CSA 70 Zone G Wrightwood Loan	6.38	12/30/2006	12/30/2016	725	308
Flood Control District:					
Judgment Obligation Bonds (Series A)	4.50 to 5.00	5/30/2007	8/1/2029	58,355	49,565
Refunding Bonds (Series 2007)	4.25 to 5.00	5/29/2007	8/1/2021	23,845	17,845
Refunding Bonds (Series 2008)	0.66 to 4.86	4/16/2008	8/1/2037	37,295	37,295
Pension Obligation Bonds (2004)	0.54 to 5.86	6/24/2004	8/1/2023	463,895	259,600
Pension Obligation Refunding Bonds (2008)	6.02	4/16/2008	6/30/2024	160,900	157,775
West Valley Detention Center Refinancing Notes (2012)	2.59	3/29/2012	11/1/2018	51,585	<u>44,865</u>
Subtotal					<u>568,698</u>
<u>Deferred Amount on Refunding:</u>					
Flood Control - Refunding Bonds (Series 2008)					(603)
Pension Obligation Refunding Bonds (2008)					(1,439)
West Valley Detention Center Refinancing Notes (2012)					(2,613)
<u>Premium/(Discounts):</u>					
Flood Control District:					
Judgment Obligation Bonds (Series A)					309
Refunding Bonds (Series 2007)					791
Net Other Bonds and Notes					<u>565,143</u>
Total Bonds And Notes Payable, Governmental Activities					<u>\$ 989,594</u>

Medical Center and Waste Systems Division (COP)

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

County Service Area

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

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

Medical Center	Interest Rates (%)	Issue Date	Maturity Date	Original Issue Amount	Outstanding as of 6/30/2013
Certificates of Participation:					
Medical Center Project (Series 1994)	4.60 to 7.00	2/1/1994	8/1/2028	\$ 283,245	\$ 116,380
Medical Center Project (Series 1995)	4.80 to 7.00	6/1/1995	8/1/2022	363,265	21,205
Medical Center Project (Series 1996)	5.00 to 5.25	1/1/1996	8/1/2028	65,070	63,605
Arrowhead Refunding Project (Series 2009A)	3.00 to 5.50	12/17/2009	8/1/2026	243,980	221,610
Arrowhead Refunding Project (Series 2009B)	3.00 to 5.25	12/17/2009	8/1/2026	44,750	43,880
					<u>466,680</u>
Plus/(Less):					
Deferred Amount on Refunding					(29,035)
Discounts					(7,198)
Premium					<u>3,375</u>
Net Certificates of Participation					<u>433,822</u>
County Service Areas					
General Obligation Bonds:					
Spring Valley Lake Sewer Facilities:					
Series A	6.50 to 6.75	2/15/1972	2/15/2002	1,300	15
Series B	6.10 to 6.15	4/1/1974	4/1/2004	1,000	15
Helendale Sewer Facilities:					
Series A	5.00	6/1/1978	6/1/1998	1,550	5
Helendale Water Facilities:					
Series B	7.00	9/1/1982	6/1/1997	1,450	5
Pinon Hills Water Distribution:					
Series A	5.00	3/1/1978	3/1/2018	1,708	430
Series B	5.00	3/1/1978	3/1/2018	275	50
Series C	9.00 to 11.00	11/1/1984	3/1/2005	1,518	5
Landers Water Distribution System	5.00	6/1/1979	6/1/2019	1,540	475
Oak Hills Water Distribution Facilities	7.00	9/1/1974	9/1/1994	750	5
General Obligation Bonds					<u>1,005</u>
Notes Payable:					
Oak Hills Water (Loan)		11/25/2003	8/25/2033	2,150	1,691
Notes Payable					<u>1,691</u>
Total Business-type Activities					<u>\$ 436,518</u>

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

The following is a schedule of principal debt service requirements to maturity as of June 30, 2013 for COPs, bonds and notes payable in the governmental activities:

Years Ending June 30	Certificates of Participation	Revenue Bonds	Other Long-Term Debt	Total
2014	\$ 5,475	\$ 47,940	\$ 28,650	\$ 82,065
2015	5,585	50,435	32,098	88,118
2016	5,950	53,050	35,965	94,965
2017	6,205	55,800	40,014	102,019
2018	-	58,690	44,408	103,098
2019-2023	-	263,905	262,916	526,821
2024-2028	-	3,370	81,200	84,570
2029-2033	-	4,400	15,815	20,215
2034-2038	-	4,480	22,540	27,020
2039-2043	-	-	5,092	5,092
Total Principal	23,215	542,070	568,698	1,133,983
Plus: Premium	388	-	1,100	1,488
Less:				
Deferred Amount on Refunding	(556)	-	(4,655)	(5,211)
Discount	-	(140,666)	-	(140,666)
Total Bonds and Notes Payable	<u>\$ 23,047</u>	<u>\$ 401,404</u>	<u>\$ 565,143</u>	<u>\$ 989,594</u>

The following is a schedule of interest expense requirements to maturity as of June 30, 2013 for COPs, bonds and notes payable in the governmental activities:

Years Ending June 30	Certificates of Participation	Revenue Bonds	Other Long-Term Debt	Total
2014	\$ 997	\$ 919	\$ 23,178	\$ 25,094
2015	747	901	21,741	23,389
2016	459	881	20,092	21,432
2017	155	861	18,212	19,228
2018	-	840	16,080	16,920
2019-2023	-	3,810	50,502	54,312
2024-2028	-	3,018	13,991	17,009
2029-2033	-	1,983	8,500	10,483
2034-2038	-	632	3,620	4,252
Total Interest	<u>\$ 2,358</u>	<u>\$ 13,845</u>	<u>\$ 175,916</u>	<u>\$ 192,119</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

The following is a schedule of principal debt service requirements to maturity as of June 30, 2013 for COPs, bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Total
2014	\$ 19,100	\$ 210	\$ 58	\$ 19,368
2015	20,225	160	60	20,445
2016	21,270	170	62	21,502
2017	22,380	180	64	22,624
2018	23,630	190	66	23,886
2019-2023	139,500	95	362	139,957
2024-2028	180,960	-	421	181,381
2029-2033	39,615	-	490	40,105
2034-2038	-	-	108	108
Total Principal	466,680	1,005	1,691	469,376
Plus: Premium Amount	3,375			3,375
Less:				
Deferred Amount on Refunding	(29,035)	-	-	(29,035)
Discount Amount	(7,198)	-	-	(7,198)
Total Bonds and Notes Payable	<u>\$ 433,822</u>	<u>\$ 1,005</u>	<u>\$ 1,691</u>	<u>\$ 436,518</u>

The following is a schedule of interest expense requirements to maturity as of June 30, 2013 for COPs, bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Total
2014	\$ 23,858	\$ 73	\$ 51	\$ 23,982
2015	22,813	40	49	22,902
2016	21,711	32	48	21,791
2017	20,540	23	46	20,609
2018	19,299	14	44	19,357
2019-2023	75,559	5	186	75,750
2024-2028	33,243	-	126	33,369
2029-2033	973	-	55	1,028
2034-2038	-	-	2	2
Total Interest	<u>\$ 217,996</u>	<u>\$ 187</u>	<u>\$ 607</u>	<u>\$ 218,790</u>

Agreement with Liquidity Facilities

Flood Control (Flood) Refunding Bonds (Series 2008): In April 2008, Flood issued Refunding Bonds, Series 2008, in the amount of \$37,295. Interest on the Refunding Bonds, Series 2008 is paid at a Weekly Rate Mode interest rate payable on the first Business Day of each calendar month commencing on May 1, 2008. Principal payments are due annually in various amounts commencing August 1, 2029 through 2037. The unpaid balance at June 30, 2013 was \$37,295.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

The Bonds were issued to refund all of Flood’s outstanding \$45,000 San Bernardino County Flood Control District Judgment Obligation Bonds, Series B, which were issued to refund a portion of certain obligations of Flood under a settlement agreement relating to an inverse condemnation action against Flood, fund interest on the Series 2008 Bonds at an assumed rate of 4.85% through August 1, 2008 and costs of issuance incurred in connection with the issuance of the Series 2008 Bonds. The interest rate is variable and is shown at the assumed rate of 4.85% in the repayment schedule.

The Bonds have an optional tender provision that gives the bondholder the option of selling their Bonds back to Flood, at par, upon seven days’ notice. Flood has obtained a direct pay, irrevocable letter of credit (LC) from Bank of America (“Bank”) to provide credit support, and cash for such tenders, in the event tendered Bonds cannot be immediately remarketed to another investor. Flood entered into a Reimbursement Agreement and Fee Letter with the Bank in July of 2011 to document the terms related to the issuance of the LC. Flood did not pay any upfront commitment fee to the Bank for this LC; however it pays a facility fee at agreed upon rates on the Available Amount of the LC (as defined in the LC agreement). This LC is an irrevocable direct pay letter of credit with an initial stated expiration date of July 5, 2013, which has been extended to July 5, 2016.

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

As of June 30, 2013, there were no outstanding 2008 Judgment Obligation Bonds that have been tendered but failed to be remarketed. In accordance with the agreement, in the event any Bonds are optionally tendered and cannot be remarketed, interest on tendered Bonds for the first ninety days is paid to the Bank at the highest of a) Prime Rate in effect for such day plus 1.5%, b) overnight effective federal funds rate for such day as quoted in the “*Composition Closing Quotations for U.S. Government Securities*” published by the Federal Reserve Bank of New York plus 3%, c) 7.5% or d) the maximum rate of interest borne by Bonds that are still held by investors. If a Liquidity Advance remains outstanding after ninety days, and if conditions precedent to a Term Loan is satisfied by Flood, the rate paid to the Bank on the Term Loan is the highest of a) through d) above, plus 1%.

The following schedule represents a debt service scenario in which all the bonds are tendered by investors on July 1, 2013 and fail to be remarketed during the Liquidity Advance and Term Loan periods. The scenario assumes that interest on the Liquidity Advance is paid at a rate of 7.5%, and that interest on the Term Loan is paid at a rate of 8.5%. Principal is amortized as required in the Reimbursement Agreement over the Term Loan period.

Years Ending June 30	Principal	Interest	Total
2014	\$ 10,600	\$ 2,704	\$ 13,304
2015	10,600	1,895	12,495
2016	10,700	990	11,690
2017	5,395	154	5,549
	<u>\$ 37,295</u>	<u>\$ 5,743</u>	<u>\$ 43,038</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

Conduit Debt (Limited Obligation)

Single and Multi-Family Mortgage Revenue Bonds

The County issues Single Family Mortgage Revenue Bonds to provide funds to purchase mortgage loans secured by first trust deeds on newly constructed and existing single-family residences. Additionally, the County issues Multi-Family Mortgage Revenue Bonds to finance the construction of multi-family apartment projects in the County. These programs assist persons and families of low and moderate income within the County to afford the costs of safe and sanitary housing. The bonds will be payable solely from and secured by a pledge of payment received on the acquired mortgage loans, certain insurance with respect thereto, and other monies pledged under the bond resolution. Single Family Mortgage Revenue Bonds of \$1,752 and Multi-Family Mortgage Revenue Bonds of \$89,215 at June 30, 2013 do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

School District General Obligation Bonds

The County of San Bernardino issued General Obligation Bonds (GOB) on behalf of certain Schools within the San Bernardino School District. The GOBs are payable solely by ad valorem taxes to be levied within the District. The General Obligation Bonds with an original issue amount of \$11,900 do not represent a liability of the County at June 30, 2013 and, as such, do not appear in the accompanying basic financial statements.

Special Assessment Bonds

The County acts as an agent for the property owners benefited by the projects financed from special assessment bond proceeds, in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, if appropriate. Special assessment bonds of \$27,605 at June 30, 2013 do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

Discretely Presented Component Units

Long-term liability transactions for FIRST 5 of San Bernardino for the year ended June 30, 2013, are as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences	\$ 138	\$ 149	\$ 126	\$ 161	\$ 23

COUNTY OF SAN BERNARDINO
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NOTE 12 – FUND BALANCES DETAIL

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

	General Fund	Capital Improvement Fund	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	Nonmajor Permanent Funds	Total
Nonspendable:							
Loan Receivable	\$ 53,005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,005
Prepaid Items and Inventories	1,949	-	686	-	-	-	2,635
Noncurrent Interfund Receivable	753	-	-	-	-	-	753
Land held for resale	549	-	-	-	-	-	549
Endowments	-	-	-	-	-	1,697	1,697
Total Nonspendable Fund Balance	56,256	-	686	-	-	1,697	58,639
Restricted for:							
Health Services Realignment	71,863	-	-	-	-	-	71,863
Social Services Realignment	71,579	-	-	-	-	-	71,579
Behavioral Health Realignment	39,912	-	-	-	-	-	39,912
Law and Justice Realignment	24,123	-	-	-	-	-	24,123
Teeter Plan	11,670	-	-	-	-	-	11,670
Support Services Realignment	8,775	-	-	-	-	-	8,775
CalWORKs Maintenance of Effort Realignment	8,626	-	-	-	-	-	8,626
Social Services Programs	735	-	-	-	-	-	735
Aging Programs	966	-	-	-	-	-	966
Forensic Conditional Release Program	303	-	-	-	-	-	303
Debt Service	-	-	-	39,201	-	-	39,201
Central Courthouse Project	-	-	1,727	-	-	-	1,727
Redemption Restitution Maintenance	-	-	1,024	-	-	-	1,024
Courthouse and Criminal Justice Temp Construction	-	-	7	-	-	-	7
Redevelopment Housing	-	-	5,514	-	11,485	-	16,999
Capital Improvement Projects	-	1,495	-	-	-	-	1,495
Public Protection and Safety - Other	-	-	181	-	-	-	181
Flood Control	-	-	92,263	-	-	-	92,263
Domestic Violence Programs	-	-	140	-	-	-	140
Crime Prosecution	-	-	4,487	-	-	-	4,487
Probation Programs	-	-	7,969	-	-	-	7,969
Alternate Dispute Resolutions	-	-	179	-	-	-	179
Recorder's Micrographics	-	-	9,119	-	-	-	9,119
Local Law Enforcement Block Grant	-	-	4,533	-	-	-	4,533
Sheriff Special Projects	-	-	19,997	-	-	-	19,997
Fire Protection	-	-	52,356	-	469	-	52,825
Chino Agriculture Preserve	-	-	9,114	-	-	-	9,114
Road Operations	-	-	37,053	-	-	-	37,053
Measure I	-	-	20,919	-	-	-	20,919
Regional Development Mitigation Plan	-	-	4,821	-	-	-	4,821
Facilities Development Plans	-	-	3,673	-	-	-	3,673
Airport Operations	-	-	2,103	-	-	-	2,103
Mental Health Services Act	-	-	112,094	-	-	-	112,094
Block Grant Carryover Prg	-	-	8,889	-	-	-	8,889
Vector Control Assessments	-	-	2,522	-	-	-	2,522
Public Health - Other	-	-	1,115	-	-	-	1,115
Mental Health - Other	-	-	895	-	-	-	895
Inland Counties Emergency Medical Agencies	-	-	920	-	-	-	920
Preschool Services	-	-	393	-	-	-	393
Aging and Adult Services - Other	-	-	1,403	-	-	-	1,403
Job and Employment Services	-	-	788	-	-	-	788
Economic and Community Development	-	-	19,925	-	-	-	19,925
Wraparound Reinvestment	-	-	7,606	-	-	-	7,606
Domestic Violence Programs	-	-	813	-	-	-	813
Regional Parks	-	-	1,523	-	-	-	1,523
Park and Recreation Districts	-	-	1,290	-	7,781	-	9,071
County Free Library	-	-	5,386	-	-	-	5,386
County Service Area	-	-	22,451	-	952	-	23,403
Total Restricted Fund Balance	238,552	1,495	465,192	39,201	20,687	-	765,127

COUNTY OF SAN BERNARDINO
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NOTE 12 – FUND BALANCES DETAIL (CONTINUED)

	General Fund	Capital Improvement Fund	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	Nonmajor Permanent Funds	Total
Committed to:							
Debt Service	\$ 32,075	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,075
Future Space Needs	22,879	22,879	-	-	-	-	45,758
Teeter Plan	13,040	-	-	-	-	-	13,040
Property Tax System	20,000	-	-	-	-	-	20,000
Future Retirement	8,500	-	-	-	-	-	8,500
Earned Leave	3,596	-	-	-	-	-	3,596
Insurance	3,000	-	-	-	-	-	3,000
Restitution	1,545	-	-	-	-	-	1,545
Revolving Loan Program	2,000	-	-	-	-	-	2,000
Total Committed Fund Balance	106,635	22,879	-	-	-	-	129,514
Assigned to:							
Redemption Restitution Maintenance	-	-	186	-	-	-	186
Industrial Development Authority	-	-	52	-	-	-	52
800 MHZ Upgrade Project	-	39,000	-	-	-	-	39,000
Sheriff's Crime Lab	-	1,200	-	-	-	-	1,200
County Buildings and Retrofit	-	676	-	-	-	-	676
Maintenance, Upgrades and Other Capital Outlay	-	27,841	-	-	-	-	27,841
High Desert Juvenile Facility	-	968	-	-	-	-	968
Crime Prosecution	-	-	236	-	-	-	236
Indigent Defense Program	-	-	160	-	-	-	160
Disaster Recovery	-	-	11	-	-	-	11
Recorder's Micrographics	-	-	1,229	-	-	-	1,229
Sheriff Special Projects	-	-	3,432	-	-	-	3,432
Road Operations	-	-	17,309	-	-	-	17,309
Airport Operations	-	-	1,567	-	-	-	1,567
Master Settlement Agreement	-	-	20,435	-	-	-	20,435
Mental Health	-	-	861	-	-	-	861
Human Resources	-	-	1,437	-	-	-	1,437
Economic and Community Development	-	-	133	-	-	-	133
Regional Parks	-	-	1,900	-	-	-	1,900
San Manuel Amphitheater	-	-	675	-	-	-	675
County Service Area	-	-	523	-	-	-	523
Automated Systems Development	11,975	-	-	-	-	-	11,975
Total Assigned Fund Balance	11,975	69,685	50,146	-	-	-	131,806
Unassigned Fund Balance	302,616	-	-	-	-	-	302,616
Total Fund Balances	\$ 716,034	\$ 94,059	\$ 516,024	\$ 39,201	\$ 20,687	\$ 1,697	\$ 1,387,702

COUNTY OF SAN BERNARDINO
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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 for capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Asset:		
Equipment	\$ 2,810	\$ 19,758
Less: Accumulated depreciation	1,958	12,007
Total	<u>\$ 852</u>	<u>\$ 7,751</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013, are as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2014	\$ 452	\$ 1,948
2015	324	1,984
2016	-	1,636
2017	-	684
Total Minimum Lease Payments	<u>776</u>	<u>6,252</u>
Less: Amount Representing Interest	(33)	(161)
Present Value of Minimum Lease Payments	<u>\$ 743</u>	<u>\$ 6,091</u>

Operating Leases

The County leases building and office facilities and other equipment under non-cancelable operating leases. Total costs for such leases were \$42,346 for the year ended June 30, 2013. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30,</u>	
2014	\$ 43,122
2015	36,738
2016	30,592
2017	26,423
2018	24,454
2019-2023	87,487
Total Minimum Payments	<u>\$ 248,816</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 – COLLATERALIZED FACILITIES

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

<u>Facilities</u>	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Foothill Law and Justice	\$ 42,642	\$ -	\$ -	\$ 42,642
Victorville Law Center	8,644	-	-	8,644
West Valley Detention Center	146,327	-	-	146,327
Courthouse & Annex	9,450	-	-	9,450
Mid-Valley Landfill	59,260	-	59,260	-
West Valley Juvenile Detention Center	5,077	-	-	5,077
Arrowhead Regional Medical Center	490,481	-	-	490,481
Hall of Records (New)	12,666	-	-	12,666
Hall of Records (Old)	2,054	-	-	2,054
Glen Helen Pavilion Amphitheater	26,174	-	-	26,174
Sheriff's Admin Bldg	13,416	-	-	13,416
County Government Center	25,711	-	-	25,711
	<u>\$ 841,902</u>	<u>\$ -</u>	<u>\$ 59,260</u>	<u>\$ 782,642</u>

These facilities remain pledged as collateral until the associated County financing transactions become paid in full. In December 2012, the County authorized the optional prepayment of the outstanding principal amount of the 2008 Refunding Program Certificates of Participation (Solid Waste COPs).

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, 2013 and 2012, the Medi-Cal program represented approximately 46% and 46 %, and the Medicare program represented approximately 25% and 24%, respectively, of the Medical Center's net patient service revenues. Medi-Cal inpatient services are reimbursed at contractually agreed upon per diem rates and outpatient services are reimbursed under a schedule of maximum allowances. Medicare inpatient services are reimbursed based upon pre-established rates for diagnostic-related groups. Outpatient services are reimbursed based on prospectively determined payments per procedure under a system called Ambulatory Payment Classifications. Certain defined capital and the medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. Final reimbursement is determined as a result of audits by the intermediary of annual cost reports submitted by the Medical Center. Reports on the results of such audits have been received through June 30, 2009 for Medicare and June 30, 2011 for Medi-Cal. Adjustments as a result of such audits are recorded in the year the amounts can be determined.

Additional detailed financial information, including separately issued financial statements, can be obtained from the Auditor-Controller/Treasurer/Tax Collector's Office at 222 W. Hospitality Lane, San Bernardino, CA 92415-0018.

COUNTY OF SAN BERNARDINO
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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 post-closure maintenance of landfills. The funding must be completed prior to the final date of closure. These regulations apply to solid waste landfills that have been or will be operated on or after January 1, 1988. The closure and post-closure care costs of other landfills not subject to these State regulations is funded separately in the Site Closure and Maintenance Fund.

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

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

<u>Landfill</u>	<u>Capacity Used</u>	<u>Years Remaining</u>	<u>Landfill</u>	<u>Capacity Used</u>	<u>Years Remaining</u>
Apple Valley	100%	Inactive	Milliken	100%	Inactive
Baker	100%	Inactive	Morongo Valley	100%	Inactive
Barstow	5%	537	Needles	100%	Inactive
Big Bear	100%	Inactive	Newberry Springs	100%	Inactive
Colton	99%	2	Phelan	100%	Inactive
Hesperia	100%	Inactive	San Timoteo	34%	43
Landers	86%	4	Trona-Argus	100%	Inactive
Lenwood-Hinkley	100%	Inactive	Twentynine Palms	100%	Inactive
Lucerne Valley	100%	Inactive	Victorville	16%	173
Mid-Valley	32%	80	Yermo	100%	Inactive

The landfill closure and post-closure care cost estimates of \$213,417 and \$129,474 respectively for a total of \$342,891, are based upon the most recently submitted Closure/Post-Closure Maintenance Plan documents filed with the State and Federal permitting agencies. If, at some future date, these closure cost estimates are adjusted (due to changes in inflation, technology, regulations, etc.), the County is required to make corresponding changes in the amount of funds deposited for closure.

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 fiscal year. In FY 2012-13 adjustments were made for the following landfills: San Timoteo landfill life based on new Solid Waste Facility Permit issued on June 10, 2013.

The increase in the estimated useful lives of San Timoteo landfill in FY 2012-13 is due to revised calculations based on the availability of new engineering data pertaining to landfill capacity, density and tonnage utilization.

As of June 30, 2013, the cumulative liability recorded by the County based upon individual landfill capacity usage was \$202,844 (\$126,614 closure costs and \$76,230 post-closure costs). The remaining \$140,047 of estimated closure and post-closure costs will be recorded and funded as landfill capacities are used.

Closure and post-closure related expenses of \$90,138 and \$13,038 have been incurred through June 30, 2013, which reduced the landfill closure and post-closure liabilities to \$36,476 and \$63,192 respectively. In accordance with GASB 18, "Accounting for Municipal Solid Waste Landfill (MSWLF) Closure and Postclosure Care Costs", the effect of any changes in the estimated total current cost of closure and postclosure care is reported primarily in the period of change.

COUNTY OF SAN BERNARDINO
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NOTE 16 – CLOSURE AND POSTCLOSURE CARE COST (CONTINUED)

The estimated closure and postclosure activity for the year ended June 30, 2013 includes the following:

	Beginning Balance	Increase (Decrease)	Ending Balance
Estimated Liability for Closure Care Costs	\$ 37,401	\$ (925)	\$ 36,476
Estimated Liability for Postclosure Care Costs	69,475	(6,283)	63,192
Total	<u>\$ 106,876</u>	<u>\$ (7,208)</u>	<u>\$ 99,668</u>

In accordance with a Pledge of Revenue Mechanism adopted by the County of San Bernardino Board of Supervisors on July 28, 2009, the County has pledged tipping fees and interest revenue to fund the post-closure maintenance costs as needed. Total tipping fees received in the current fiscal year were \$42,768 and post-closure expenses were \$1,613. Each landfill site's maintenance costs are budgeted annually following the Closure and Post-Closure Maintenance Plan as approved by the Department of Resources Recycling and Recovery (CalRecycle). The County has restricted cash of \$60,968 in the Solid Waste enterprise fund, of this amount, \$59,496 is to provide financial assurance for landfill closure costs as required by CalRecycle. The term for each landfill site funding requirements is thirty (30) years starting with the date of closure as certified by the State.

NOTE 17 – RETIREMENT PLAN

Plan Description

The San Bernardino County Employees' Retirement Association (SBCERA) administers the SBCERA pension plan – a cost sharing multiple employer defined benefit pension plan (the Plan) operating under the California County Employees' Retirement Law of 1937 (the 1937 Act). SBCERA provides pensions for 18 active plan sponsors (employers) which are: The County of San Bernardino, Barstow Fire Protection District, California Electronic Recording Transaction Network Authority, California State Association of Counties, Crest Forest Fire Protection District, City of Big Bear Lake, City of Chino Hills, Crestline Sanitation District, Department of Water and Power for the City of Big Bear Lake, Hesperia Recreation and Park District, Inland Library System, Law Library for San Bernardino County, Local Agency Formation Commission, Mojave Desert Air Quality Management District, San Bernardino Associated Governments, SBCERA, South Coast Air Quality Management District (SCAQMD) and Superior Court of California County of San Bernardino.

Employees (members) become eligible for membership on their first day of regular employment and members become fully vested after 5 years of service credit. SBCERA administers retirement benefits for two membership classifications, General and Safety, and those benefits are tiered based upon date of SBCERA membership. Generally, those who become members prior to January 1, 2013 are Tier 1 members. All other members are Tier 2.

SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W Hospitality Lane - 3rd Floor, San Bernardino, California 92415-0014.

Fiduciary Responsibility

SBCERA is controlled by its own board, the Board of Retirement, which acts as a fiduciary agent for the accounting and control of employer and employee contributions and investment income. SBCERA publishes its own Comprehensive Annual Financial Report and receives a separate independent audit. SBCERA is also a legally separate entity from the County and not a component unit.

COUNTY OF SAN BERNARDINO
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NOTE 17 – RETIREMENT PLAN (CONTINUED)

Funding Policy

Participating active members are required by statute (Government Code sections 31621.6, 31639.25 and 7522.30) to contribute a percentage of covered salary based on certain actuarial assumptions, their age at entry into the Plan and their tier.

Participating employers are required by Government Code sections 31453.5 and 31454 to contribute a percentage of covered salary to the Plan. The contribution requirements of participating active members and employers are established and may be amended by the SBCERA Board of Retirement pursuant to Article 1 of the 1937 Act.

The County's annual pension cost and net pension asset, computed in accordance with GASB 27, *Accounting for Pensions by State and Local Governmental Employers*, for the year ended June 30, 2013, were as follows:

Annual Required Contribution (County fiscal year basis)	\$	250,086
Interest On Net Pension Asset		(54,388)
Adjustment To The Annual Required Contribution		77,445
Annual Pension Cost		273,143
Annual Contributions Made		250,086
Increase/(Decrease) in Net Pension Asset		(23,057)
Net Pension Asset, Beginning of Year		701,781
Net Pension Asset, End of Year	\$	678,724

The following table shows the County's required contributions, annual pension cost and net pension asset, for the current year and two preceding years:

Year Ended June 30	SBCERA Annual Required Contribution	County Annual Required Contribution	Percentage Contributed	County Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2011	\$ 258,128	\$ 213,311	100%	\$ 235,565	91%	\$ 719,134
2012	278,091	229,169	100%	246,522	93%	701,781
2013	303,080	250,086	100%	273,143	92%	678,724

The County, along with the SCAQMD, issued Pension Refunding Bonds (Bonds) in November 1995 with an aggregate amount of \$420,527. These Bonds were issued to allow the County and the SCAQMD to refinance each of their respective 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 outstanding liability at June 30, 2013 is \$384,584 (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 SBCERA. In April 2008, the County refunded all of the 2004 Series B. The outstanding liability at June 30, 2013 is \$259,600 (Note 11).

In April 2008, the County of San Bernardino issued its \$160,900 in Pension Obligation Refunding Bonds (POB), Series 2008 (Series 2008 Bonds). The outstanding liability at June 30, 2013 is \$156,336 (Note 11).

COUNTY OF SAN BERNARDINO
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NOTE 18 – LEASE/LEASEBACK

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

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

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

As requested by the investor, in October 2008, AIG posted collateral to secure its obligations under the Letter of Credit (Equity). The County continues to analyze all options relating to this transaction, including the replacement of the provider of the Letter of Credit (Loan). As of June 30, 2013, assuming that the investor would agree to a termination in whole of the lease-leaseback transaction, the County estimated that the cost of termination would be approximately \$23.6 million. If AIG were unable to fulfill its guarantee under the Letter of Credit (Loan), the County estimates that the cost to the County to make the remaining sublease payments and purchase option payments would be approximately \$182.9 million over the next 8 years.

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

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NOTE 18 – LEASE/LEASEBACK (CONTINUED)

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

NOTE 19 – COMMITMENTS, CONTINGENCIES, AND CERTAIN SUBSEQUENT EVENTS

Lawsuits and Other Claims

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

Grants

The County recognizes as revenue, grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Although the County's grant programs are being audited through June 30, 2013 in accordance with the provisions of the Single Audit Act of 1996, these programs are still subject to financial and compliance audits and resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

Commitments

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

	<u>Outstanding Encumbrances</u>
Major Governmental Funds:	
General Fund	\$ 12,234
Capital Improvement Fund	21,595
Total Major Governmental Funds	<u>33,829</u>
Nonmajor Governmental Funds	42,020
Total Governmental Funds	<u><u>\$ 75,849</u></u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 19 – COMMITMENTS, CONTINGENCIES, AND CERTAIN SUBSEQUENT EVENTS (CONTINUED)

Agreements

(a) El Mirage Off-Highway Vehicle Park

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

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

The County entered into a loan agreement between 2005 and 2006 with the former County of San Bernardino Redevelopment Agency (the "Successor") in the amount of \$10,415 which was subsequently assumed by the Successor Agency. The loans, with interest at 1% over the County investment pool rate, were to be repaid over ten years. The California Department of Finance (the "DOF") alleges that \$9,365 of the amount of the loan held by the Successor Agency should be distributed to taxing entities, even though the funds are sourced from the County's General Fund monies and not property tax increment allocated to the former Redevelopment Agency. The County and the Successor Agency have sued the DOF in order to maintain the funds to be able to continue with necessary projects. The County and Successor Agency lost at the trial level and the matter will be taken up on appeal. The DOF has notified the County Auditor-Controller that if the demanded funds are not paid by the Successor Agency, the County Auditor-Controller would be directed to reduce the amount of funds the Successor Agency would be entitled to receive from the property tax allocations it would normally receive. The Successor Agency paid the DOF demanded amount under protest on or about December 3, 2013. The matter will continue on appeal. Counsel for the County is unable to predict the outcome of the appellate decision. Due to this uncertainty, the County has booked an allowance for doubtful accounts for this loan.

(c) Economic and Community Development

The Economic Development Agency has multiple programs for business and housing loans funded by the Department of Housing and Urban Development (HUD) and administered by either the Economic Development Department or the Department of Community Development and Housing. The grant funds are used to develop viable communities by providing decent, safe and sanitary housing, suitable living environments and expanded economic opportunities for low and moderate income persons. Business loans were issued for low and moderate income job creation and retention. Housing loans were provided for housing rehabilitation, home buyer assistance, and creation of new affordable housing units. Most of these loans contain forgiveness clauses that allow for the forgiveness of the debt and the amounts become grants once certain conditions have been met. Certain loans for multiple-family and housing rehabilitation contain residual receipts clauses in which the County only collects on the loan balance if income generated by the property exceeds certain levels. At the end of the agreement the remaining balance exists because the residual receipts generated were insufficient to defease the loan, the remaining balance may be forgiven as long all affordability conditions have been met. The total amount of these various loans at June 30, 2013 is \$75,230. Of that amount, the estimated amount that could potentially be collected in future years ranges from \$2,065 to \$9,589. Due to this contingent nature of the loans, they are not currently recognized in the financial statements.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 19 – COMMITMENTS, CONTINGENCIES, AND CERTAIN SUBSEQUENT EVENTS (CONTINUED)

Pollution Remediation

(a) Sanitary Landfills

Volatile Organic Compound Contamination of Ground Water: On November 10, 1998, the County approved a settlement agreement with the San Gabriel Valley Water Company (SGVWC). This agreement settles the claim that a volatile organic compound (PCE) released from the Mid-Valley Sanitary Landfill has negatively impacted some of SGVWC's wells which it operates through its subsidiary, Fontana Water Company (FWC). This agreement requires the County to pay for the annual operation and maintenance cost of the (PCE) treatment system for as long as the specified contaminants continue to be detected at FWC's wells in this area. As security for each annual payment, the County must annually post a letter of credit for 125% of the year's operations and maintenance costs, based upon an estimated budget submitted by the SGVWC. The operations and maintenance costs over the life of the agreement have averaged about \$291 per year. The agreement does not state a specified number of years over which these annual costs may be incurred; therefore, a reasonable estimate of the contingent liability cannot be determined.

On September 16, 2013, SGVWC orally advised the County that it had been sued by several water purveyors in the Rialto-Colton Basin and that it considered this new lawsuit to be within the defense and indemnity obligations of the 1998 settlement agreement. Between September 12, 2013 and October 11, 2003, SGVWC, Fontana Union Water Company (FUWC) and Cucamonga Valley Water District (CVWD) formally tendered the defense and indemnity of the lawsuit, all of which the County timely rejected. The County's rejection of all tenders was based on the apparent purpose of the new lawsuit to challenge the use of water and water rights by SGVWC and FUWC, not on the existence of leachate contamination in groundwater. At this time, it is not possible to predict the next actions of SGVWC, FUWC and/or CVWD.

Perchlorate Contamination of Ground Water: The following lawsuits and claims assert that perchlorate water contamination is alleged to be emanating from or near the Mid-Valley Sanitary Landfill ("MVSL") operated by Solid Waste.

City of Rialto and City of Colton lawsuits involving perchlorate at the MVSL: In 2008, the County entered into a settlement of \$5 Million for the federal and state perchlorate lawsuits filed by the City of Rialto and the City of Colton. The County's motion was filed December 15, 2010 and on December 22, 2011, the federal court issued an order granting the motion ("Order"). Appeals were filed and were still pending as of June 30, 2013, but events in July and August of 2013 have resulted in the dismissals of those appeals and other settlements that have resolved most, but not all, claims in the federal litigation. The dismissal of the appeals of the Order triggered the County's duty to make its settlement payment to the Cities, as follows: Rialto - \$4 million; Colton \$1 million. As of August 21, 2013, both Cities had confirmed receipt of their settlement funds.

In addition to the lawsuits filed by the Cities, two additional lawsuits were filed by Goodrich Corporation and by Emhart Industries Inc., both of which named the County as a defendant. On June 4, 2012 the United States Environmental Protection Agency ("USEPA") advised the federal court of the tentative settlement agreements to resolve the litigation against most, but not all, of the parties. In the settlement with "PSI Parties" (approved by the federal court on March 19, 2013), the County received a pro rata share of insurance proceeds in the amount of \$333 (received by the County on April 16, 2013), the PSI Parties dismissed their appeal and would take certain action on the Stonehurst Property to mitigate expected contamination there.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 19 – COMMITMENTS, CONTINGENCIES, AND CERTAIN SUBSEQUENT EVENTS (CONTINUED)

The settlement with the Emhart Parties and Department of Defense (DoD) provided that the County would pay \$2,000 towards groundwater remediation, would release its claims against settling parties and would receive a covenant not to sue from USEPA, and the Emhart Parties and DoD would dismiss their appeals of the Order. The fully executed settlement agreement was lodged with the federal court in early December 2012, but approval was delayed until the settlement between USEPA and Goodrich could be finalized which occurred on July 3, 2013.

These settlements and the dismissal of the appeals of the County's settlement with the Cities, essentially end the County's involvement in the federal litigation. There is one large remaining PRP, Hescox, who has not settled. If the County has any involvement in that settlement it will not involve additional funds to or from the County, but possibly the release of claims.

San Gabriel Valley Water Company lawsuit involving perchlorate at the MVSL: On July 1, 2008, San Gabriel Valley Water Company filed a claim alleging that perchlorate from the County's MVSL, including the expansion portion of the property where aggregate mining is taking place, has impacted its wells in the Rialto-Colton Basin. It is too early to determine the potential liability of the County.

Breach of contract lawsuit for indemnity: Rialto filed a federal lawsuit and named the former owners of land adjacent to the MVSL as defendants. The lawsuit concerned the County's duty to defend the sellers of the land adjacent to the MVSL which the County purchased for expansion purposes. The County agreed to defend and indemnify the former owners against claims arising from the presence of hazardous materials discovered on the property after the close of escrow pursuant to the terms of the sales agreement. The County is now obligated to pay the former owners' attorneys' fees until federal litigation is resolved. Now that the federal litigation is essentially ended, the County's actions to indemnify the former landowners will also end, relative to this matter.

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

As of June 30, 2013, the amount that ICSOP has reimbursed the County totaled \$569 and the additional amount that the County has submitted to ICSOP as of 6/30/13 for investigatory costs at the YDS is \$37, plus an additional \$21 that SWMD believes ICSOP should have reimbursed but did not in a prior payment.

County Litigation Against County's Insurers: County of San Bernardino v. Pacific Indemnity Company; The Insurance Company of the State of Pennsylvania, Gulf Underwriters Insurance Company; and United National Insurance Company, U.S. District Court, Central District of CA, Case No. EDCV13-1137 was filed on June 26, 2013. This is insurance coverage litigation arising out of the insurance companies' unreasonable refusal to defend and indemnify the County against the various claims, complaints, cross-complaints and counter-claims in connection with the federal perchlorate litigation. The County seeks a judicial declaration that the defendant insurers are obligated to pay, among other things, all of the County's defense costs, including costs of investigation of the perchlorate contamination and any and all response costs to be incurred by the County pursuant to the Consent Decrees (settlements) entered in the federal perchlorate litigation. The County also claims that other damages and attorney's fees and costs may be recoverable under the lawsuit. The County's complaint does not seek a specific amount of damages and it is too early to determine the potential recovery by the County.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 19 – COMMITMENTS, CONTINGENCIES, AND CERTAIN SUBSEQUENT EVENTS (CONTINUED)

(b) Chino Airport

On June 27, 2008, the Regional Board issued a Clean-up and Abatement Order (Order No. R8-2008-0064). The order requires the County to conduct an investigation of Volatile Organic Compounds (VOC) located in groundwater off-site of the Chino Airport and develop a remedial action plan. Trichloroethylene, (TCE) which is a VOC, was originally found in wells down gradient of Chino Airport in the 1980s. The County is continuing to comply with the Regional Board's Order through various investigatory plans and processes. The County installed monitoring wells during fiscal year 2012-13 to allow better characterization of the groundwater at different depths south of Chino Airport. In June 2013 the County submitted to the Regional Board a Work Plan for Additional Site Characterization and that work is anticipated to commence in late 2013 and continue through calendar year 2014. The ultimate remediation plan for the Chino Airport will be subject to review and approval by the Regional Board in order to satisfy the County's obligation under the Order. The County expects to receive reimbursements for investigatory costs incurred as of June 30, 2013.

City of San Bernardino Bankruptcy Filing

On August 1, 2012 the City of San Bernardino filed an emergency petition for Chapter 9 Bankruptcy. The County of San Bernardino and the City of San Bernardino are completely separate legal and fiscal entities with separately elected governing bodies, budgets, and finances.

The County has contracts with the City to provide services for which the City is obligated to pay. The County has investigated department operations to identify any sources of potential receivables which would be impacted by the City's Chapter 9 filing. The Department of Public Works – Solid Waste Division has the largest exposure to the bankruptcy proceedings in receivables due from the City. On November 27, 2012 the San Bernardino County Board of Supervisors authorized County Counsel to initiate litigation to seek payment of the obligations owed to the County.

In January 2013, the City and County reached an agreement whereby the City would pay all receivables due to the County subsequent to the filing of the City's bankruptcy petition on August 1, 2012. The receivables from August 2, 2012 through the end of the agreement in question, December 2012 totaled \$1,807 plus interest. On August 9, 2013, the Solid Waste Division reported that all amounts agreed to be paid were paid. Amounts owed pre-bankruptcy petition are \$748 with interest of approximately \$150. It is not certain if or when these amounts will be paid.

NOTE 20 – SHORT-TERM DEBT

In July 2012, the County issued Tax and Revenue Anticipation Notes (TRANS) totaling \$190,000 which were repaid June 30, 2013. This issue followed the prior year issued TRANS of \$165,000 which was repaid on June 29, 2012. The proceeds of the TRANS were intended to provide financing for 2012-13 General Fund expenditures, including current expenditures, capital expenditures and the discharge of other obligations or indebtedness of the County. The TRANS were secured by a pledge of various monthly amounts of property taxes on the secured roll.

<u>Beginning Balance July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2013</u>
<u>\$ -</u>	<u>\$ 190,000</u>	<u>\$ 190,000</u>	<u>\$ -</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 21 – SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANS)

In July 2013 the County issued \$150,000 of Tax and Revenue Anticipation Notes in the form of Series A Bonds (Bonds) due June 30, 2014. The stated interest for the Bonds is set at 2.00% per annum with a yield of 0.18%. In accordance with California law, the Bonds are general obligations of the County and are payable only out of the taxes, income, revenues, cash receipts, and other monies of the County attributable to fiscal year 2013-14 and legally available for payment thereof. Proceeds from the Bonds will be used for fiscal year 2013-14 General Fund expenditures, including current expenditures, capital expenditures, and the discharge of other obligations or indebtedness of the County.

Medical Center

Subsequent to June 30, 2013, the Medical Center received notification from the State Department of Health Care Services that the Medical Center was overpaid Disproportionate Share Hospital (DSH) payments based on the intergovernmental transfers (IGT) and certified public expenditures (CPE) for program years 2012-2013 and 2011-2012 totaling \$59,627. In addition, the Medical Center received notification from the Department of Health Care Services that the Medical Center was overpaid Safety Net Care Pool program funds for program years 2012-2013, 2011-2012, and 2010-2011 totaling \$3,477. The Medical Center has accrued these amounts as of June 30, 2013, as a payable on the Statement of Net Position. The Medical Center has subsequently remitted the amounts due to the State Department of Health Care Services.

NOTE 22 – EXTRAORDINARY ITEM

The following one-time transactions related to the dissolution of the former Redevelopment Agencies were reported as extraordinary items in the governmental fund and the government-wide financial statements:

	Amount
Transfer of unencumbered funds from Successor Housing Agencies and Redevelopment Successor Agency	\$ 69,731
Transfer of unexpended bond proceeds from Redevelopment Successor Agency	11,469
Transfer of unencumbered funds to affected taxing entities	(6,816)
Allowance for doubtful accounts for a loan receivable from Redevelopment Successor Agency	(10,415)
Total Extraordinary Item	\$ 63,969

The transfer of unencumbered funds from the successor housing agencies and the redevelopment successor agencies within the County in the amount of \$69,731 was incurred in the process of dissolving the former redevelopment agencies after the due diligence review process for housing and non-housing funds, as required by Assembly Bill x1 26 and 1484.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 22 – EXTRAORDINARY ITEM (CONTINUED)

The County also transferred unencumbered funds to affected taxing entities in the amount of \$6,816 after the due diligence review process for housing funds.

The Successor Agency transferred unexpended Housing Bond Proceeds to the County, who is now acting as the Housing Successor of the former Redevelopment Agency, as approved by the DOF. The funds will be spent in accordance with the California Community Redevelopment Law to provide financing for low and moderate income housing purposes.

The County has a loan with the Successor Agency in the amount of \$10,415. However, the DOF has indicated that the repayment of the debt is not a current enforceable obligation because all four (4) of the following conditions have not been met as of June 30, 2013:

- The DOF has issued a Finding of Completion to the Successor Agency;
- The Oversight Board finds that the loans were made to “further legitimate redevelopment purposes;
- The DOF approves that the loans are enforceable obligations; and
- The Successor Agency can demonstrate that the cash flows associated with Redevelopment Property Tax Trust funds are sufficient to provide a reasonable expectation of repayment.

As a result, the County recorded an allowance for doubtful accounts for this loan. However, this allowance amount may be removed on the financial statements in the future when all four conditions are met by the Successor Agency.

NOTE 23 – NEW ACCOUNTING PRONOUNCEMENTS

GASB 65 – Items Previously Reported as Assets and Liabilities

In March 2012, GASB issued Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The requirements of this Statement are effective for the fiscal year ending June 30, 2014. This Statement will have impact to the financial statements, including restatement of prior periods.

GASB 66 – Technical Corrections–2012 (an amendment of GASB Statement No. 10 and No. 62) —

In March 2012, GASB issued Statement No. 66 – *Technical Corrections – 2012 - an Amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to resolve conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this Statement are effective for the fiscal year ending June 30, 2014. The County has not determined its effect on the financial statements.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

NOTE 23 – NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

GASB 67 – Financial Reporting for Pension Plans (an amendment of GASB Statement No. 25)

In June 2012, GASB issued Statement No. 67 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 25*. This Statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. This Statement and Statement No. 68 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement - determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The scope of this Statement addresses accounting and financial reporting for the activities of pension plans that are administered through trusts. The requirements of this Statement are effective for the fiscal year ending June 30, 2014. The County has not determined its effect on the financial statements.

GASB 68 – Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)

In June 2012, GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The requirements of this Statement are effective for the fiscal year ending June 30, 2015. This Statement will have impact to the financial statements, including restatement of prior periods.

GASB 69 – Government Combinations and Disposals of Government Operations

In January 2013, GASB issued Statement No. 69 – *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement requires disclosures to be made about governmental combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The requirements of this Statement are effective for the fiscal year ending June 30, 2015. The requirements of this Statement are effective for the fiscal year ending June 30, 2015. The County has not determined its effect on the financial statements.

GASB 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees

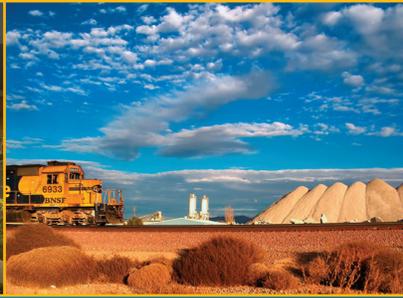
GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This Statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. The requirements of this Statement are effective for the fiscal year ending June 30, 2014. The County has not determined its effect on the financial statements.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013
(Amounts in thousands)

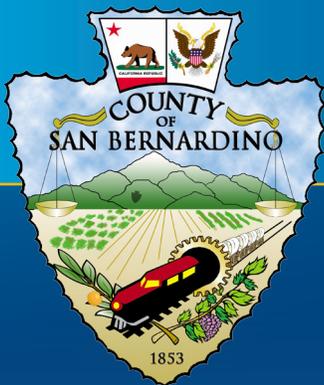
NOTE 23 – NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

GASB 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. The requirements of this Statement are effective for the fiscal year ending June 30, 2015. The County has not determined its effect on the financial statements.



REQUIRED SUPPLEMENTARY INFORMATION



REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

San Bernardino County Employees' Retirement Association
Schedule of Funding Progress
(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets ⁽¹⁾ (a)	Actuarial Accrued Liability ("AAL") ⁽²⁾ (b)	Unfunded/ (Overfunded) AAL ("UAAL") (b) - (a)	Funded Ratio (a) / (b)	Projected Total Compensation (c)	UAAL as a Percentage of Projected Total Compensation [(b) - (a)] / (c)
6/30/2008	6,341,531	6,773,629	432,098	93.62%	1,219,562	35.43%
6/30/2009	6,383,388	7,013,534	630,146	91.02%	1,226,431	51.38%
6/30/2010 ⁽³⁾	6,367,232	7,444,986	1,077,754	85.52%	1,250,193	86.21%
6/30/2011	6,484,507	8,189,646	1,705,139	79.18%	1,244,555	137.01%
6/30/2012	6,789,492	8,606,577	1,817,084	78.89%	1,260,309	144.18%
6/30/2013 ⁽⁴⁾	7,204,918	9,088,636	1,883,718	79.27%	1,262,752	149.18%

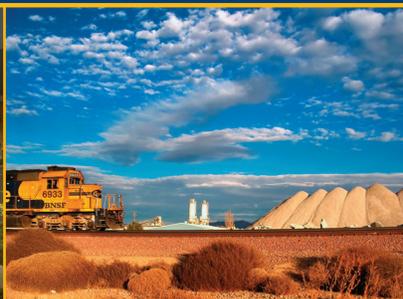
(1) Includes assets for Survivor Benefits, Burial Allowance, General Retiree Subsidy, and Excess Earnings Reserves.

(2) Includes liabilities held for Survivor Benefits, Burial Allowance, General Retiree Subsidy, and Excess Earnings Reserves.

(3) Does not reflect the transfer of \$40.6 million from the General Retiree Subsidy Reserve to the Current Service Reserve.

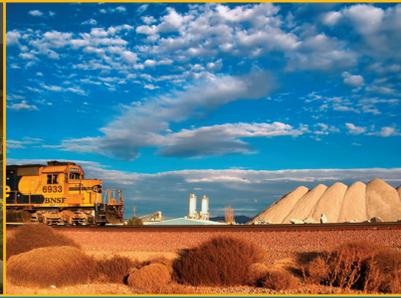
(4) Does not reflect \$5.8 million that represents the present value of additional future contributions payable from the County to SBCERA related to the Crest Forest Fire District transfer.



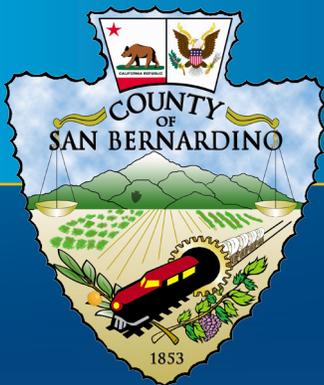


SUPPLEMENTAL INFORMATION





COMBINED FINANCIAL STATEMENTS NONMAJOR GOVERNMENTAL FUNDS





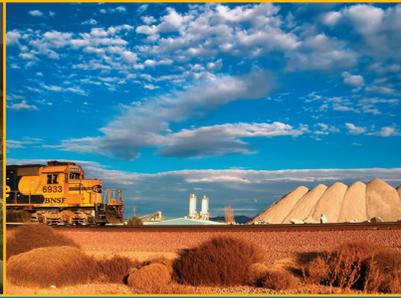
**COUNTY OF SAN BERNARDINO
 COMBINED BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013 (IN THOUSANDS)**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 502,636	\$ 37,064	\$ 20,722	\$ 1,697	\$ 562,119
INVESTMENTS	-	2,137	-	-	2,137
ACCOUNTS RECEIVABLE - NET	2,597	-	-	-	2,597
TAXES RECEIVABLE	5,098	-	-	-	5,098
INTEREST RECEIVABLE	270	-	-	-	270
LOAN RECEIVABLE	1,222	-	-	-	1,222
OTHER RECEIVABLES	138	-	-	-	138
DUE FROM OTHER FUNDS	24,355	-	-	-	24,355
DUE FROM OTHER GOVERNMENTS	43,776	-	-	-	43,776
LAND HELD FOR RESALE	2,225	-	-	-	2,225
INVENTORIES	96	-	-	-	96
PREPAID ITEMS	590	-	-	-	590
INTERFUND RECEIVABLE	383	-	-	-	383
RESTRICTED CASH AND INVESTMENTS	5,860	-	-	-	5,860
TOTAL ASSETS	<u>\$ 589,246</u>	<u>\$ 39,201</u>	<u>\$ 20,722</u>	<u>\$ 1,697</u>	<u>\$ 650,866</u>
LIABILITIES AND FUND BALANCES					
ACCOUNTS PAYABLE	\$ 20,749	\$ -	\$ 26	\$ -	\$ 20,775
SALARIES AND BENEFITS PAYABLE	8,714	-	-	-	8,714
DUE TO OTHER FUNDS	23,134	-	9	-	23,143
DUE TO OTHER GOVERNMENTS	7,702	-	-	-	7,702
DEFERRED AND UNEARNED REVENUE	8,004	-	-	-	8,004
INTERFUND PAYABLE	4,919	-	-	-	4,919
TOTAL LIABILITIES	<u>73,222</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>73,257</u>
FUND BALANCES:					
NONSPENDABLE	686	-	-	1,697	2,383
RESTRICTED	465,192	39,201	20,687	-	525,080
ASSIGNED	50,146	-	-	-	50,146
TOTAL FUND BALANCES	<u>516,024</u>	<u>39,201</u>	<u>20,687</u>	<u>1,697</u>	<u>577,609</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 589,246</u>	<u>\$ 39,201</u>	<u>\$ 20,722</u>	<u>\$ 1,697</u>	<u>\$ 650,866</u>

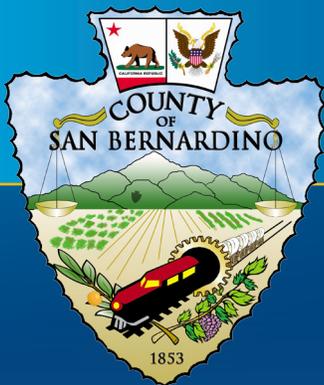
**COUNTY OF SAN BERNARDINO
COMBINED - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
REVENUES					
TAXES	\$ 100,171	\$ -	\$ -	\$ -	\$ 100,171
LICENSES, PERMITS, AND FRANCHISES	1,079	-	-	-	1,079
FINES, FORFEITURES, AND PENALTIES	8,216	-	-	-	8,216
REVENUES FROM USE OF MONEY AND PROPERTY	5,694	82	49	7	5,832
AID FROM OTHER GOVERNMENTAL AGENCIES	300,705	-	-	-	300,705
CHARGES FOR CURRENT SERVICES	99,051	-	74	-	99,125
OTHER REVENUES	47,770	1,652	479	-	49,901
TOTAL REVENUES	562,686	1,734	602	7	565,029
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT	3,451	3	-	9	3,463
PUBLIC PROTECTION	171,727	-	5,568	-	177,295
PUBLIC WAYS AND FACILITIES	74,992	-	-	-	74,992
HEALTH AND SANITATION	99,703	-	-	-	99,703
PUBLIC ASSISTANCE	88,246	-	-	-	88,246
EDUCATION	12,489	-	-	-	12,489
RECREATION AND CULTURAL SERVICES	7,709	-	-	-	7,709
DEBT SERVICE:					
PRINCIPAL	4,521	65,355	-	-	69,876
INTEREST AND FISCAL CHARGES	4,402	19,301	-	-	23,703
CAPITAL OUTLAY	21,626	-	1,407	-	23,033
TOTAL EXPENDITURES	488,866	84,659	6,975	9	580,509
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	73,820	(82,925)	(6,373)	(2)	(15,480)
OTHER FINANCING SOURCES (USES):					
TRANSFERS OUT	(60,484)	-	(292)	(5)	(60,781)
TRANSFERS IN	39,623	78,939	1,334	-	119,896
SALE OF CAPITAL ASSETS	1,398	-	-	-	1,398
TOTAL OTHER FINANCING SOURCES AND (USES)	(19,463)	78,939	1,042	(5)	60,513
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	54,357	(3,986)	(5,331)	(7)	45,033
EXTRAORDINARY ITEM	16,350	-	11,469	-	27,819
NET CHANGE IN FUND BALANCES	70,707	(3,986)	6,138	(7)	72,852
FUND BALANCES, JULY 1, 2012	445,317	43,187	14,549	1,704	504,757
FUND BALANCES, JUNE 30, 2013	\$ 516,024	\$ 39,201	\$ 20,687	\$ 1,697	\$ 577,609





COMBINING FINANCIAL STATEMENTS NONMAJOR GOVERNMENTAL FUNDS



NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS

SPECIAL REVENUE FUNDS DESCRIPTIONS

TRANSPORTATION

The Transportation fund accounts for the administration, planning, design, construction, traffic operations, maintenance, and improvements of approximately 2,765 miles of County roadways. The fund is financed principally from state and federal fuel taxes (Highway User Tax or Gas Tax), voter-approved state transportation infrastructure bond proceeds (Proposition 1B), sales tax revenues, and developer fees.

SPECIAL TRANSPORTATION

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

SPECIAL AVIATION

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

MENTAL HEALTH SERVICES ACT

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

PRESCHOOL SERVICES DEPARTMENT

The Preschool Services Department fund administers the Federal Head Start and Early Head Start programs, California Department of Education State Preschool program, as well as the Child and Adult Care Food Program in 39 locations throughout the County. These programs are funded from federal and state sources with no local cost.

AGING AND ADULT SERVICES

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

JOBS AND EMPLOYMENT SERVICES

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

COURTHOUSE TEMPORARY CONSTRUCTION

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

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued

CRIMINAL JUSTICE TEMPORARY CONSTRUCTION

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

CENTRAL COURTHOUSE SURCHARGE

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

MICROGRAPHICS FEES

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

LOCAL LAW ENFORCEMENT BLOCK GRANT

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

SHERIFF SPECIAL PROJECTS

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

FIRE PROTECTION DISTRICTS

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

ECONOMIC AND COMMUNITY DEVELOPMENT

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

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued

FLOOD CONTROL DISTRICT

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

COUNTY SERVICE AREAS

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

PARK AND RECREATION DISTRICTS

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

COUNTY FREE LIBRARY

The County Free Library fund provides public library services through a network of thirty-one branches to all county unincorporated areas and seventeen cities within the County. Two bookmobiles reach people living in sparsely populated areas or who are unable to use traditional branches. The Library is funded primarily through property tax revenues, federal and state funds, service fees, and contributions from local Friends of the Library organizations.

REDEVELOPMENT SUCCESSOR HOUSING

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

JOINT POWERS AUTHORITIES

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

OTHER SPECIAL REVENUE

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

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued

DEBT SERVICE FUNDS DESCRIPTIONS

JOINT POWERS AUTHORITIES

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

PENSION OBLIGATION BONDS

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

CAPITAL PROJECTS FUNDS DESCRIPTIONS

REDEVELOPMENT SUCCESSOR HOUSING

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

FIRE PROTECTION DISTRICTS

The Fire Protection Districts Capital Projects funds account for the financial resources used to acquire and construct fire protection facilities within certain geographical areas of the County. Major projects include San Sevaire Fire Station #80, Angeles Oaks Fire Station #15, and Ludlow/Amboy Fire Station. These projects are primarily financed by transfers from the Fire Protection Districts' special revenue funds and interest income.

PARK AND RECREATION DISTRICTS

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

COUNTY SERVICE AREAS

The County Service Areas Capital Projects fund accounts for the financial resources and acquisition and construction of facilities within certain geographical areas of the County. Major projects include Huston Creek Expansion and Lake Arrowhead Park Improvement. These funds are primarily financed by state capital grant, transfers from the County Service Areas special revenue funds, and interest income.

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued

PERMANENT FUNDS DESCRIPTIONS

LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND

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

ETIWANDA CSA 120 ENDOWMENT CARE FUND

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

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2013 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>TRANSPORTATION</u>	<u>SPECIAL TRANSPORTATION</u>	<u>SPECIAL AVIATION</u>
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 502,636	\$ 47,218	\$ 28,178	\$ 2,801
ACCOUNTS RECEIVABLE - NET	2,597	178	-	454
TAXES RECEIVABLE	5,098	-	-	-
INTEREST RECEIVABLE	270	-	-	-
LOANS RECEIVABLE	1,222	-	-	-
OTHER RECEIVABLES	138	-	-	-
DUE FROM OTHER FUNDS	24,355	7,598	1,173	775
DUE FROM OTHER GOVERNMENTS	43,776	12,779	1,034	13
LAND HELD FOR RESALE	2,225	-	-	-
INVENTORIES	96	96	-	-
PREPAID ITEMS	590	255	-	-
INTERFUND RECEIVABLE	383	133	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	5,860	-	-	-
TOTAL ASSETS	<u>\$ 589,246</u>	<u>\$ 68,257</u>	<u>\$ 30,385</u>	<u>\$ 4,043</u>
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	\$ 20,749	\$ 6,667	\$ 565	\$ 26
SALARIES AND BENEFITS PAYABLE	8,714	1,178	-	-
DUE TO OTHER FUNDS	23,134	1,845	160	-
DUE TO OTHER GOVERNMENTS	7,702	2,350	103	-
DEFERRED REVENUE	8,004	1,504	11	347
INTERFUND PAYABLE	4,919	-	133	-
TOTAL LIABILITIES	<u>73,222</u>	<u>13,544</u>	<u>972</u>	<u>373</u>
FUND BALANCES:				
NONSPENDABLE	686	351	-	-
RESTRICTED	465,192	37,053	29,413	2,103
ASSIGNED	50,146	17,309	-	1,567
TOTAL FUND BALANCES	<u>516,024</u>	<u>54,713</u>	<u>29,413</u>	<u>3,670</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 589,246</u>	<u>\$ 68,257</u>	<u>\$ 30,385</u>	<u>\$ 4,043</u>

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2013 (IN THOUSANDS)**

	MENTAL HEALTH SERVICES ACT	PRESCHOOL SERVICES	AGING AND ADULT SERVICES	JOBS AND EMPLOYMENT SERVICES
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 106,077	\$ 989	\$ 725	\$ 426
DUE FROM OTHER FUNDS	8,189	182	17	101
DUE FROM OTHER GOVERNMENTS	7,571	2,704	1,036	1,719
TOTAL ASSETS	<u>\$ 121,837</u>	<u>\$ 3,875</u>	<u>\$ 1,778</u>	<u>\$ 2,246</u>
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	\$ 4,726	\$ 1,352	\$ 281	\$ 749
SALARIES AND BENEFITS PAYABLE	1,157	758	90	287
DUE TO OTHER FUNDS	3,860	225	4	23
DUE TO OTHER GOVERNMENTS	-	447	-	399
INTERFUND PAYABLE	-	700	-	-
TOTAL LIABILITIES	<u>9,743</u>	<u>3,482</u>	<u>375</u>	<u>1,458</u>
FUND BALANCES:				
NONSPENDABLE	-	-	-	-
RESTRICTED	112,094	393	1,403	788
COMMITTED	-	-	-	-
ASSIGNED	-	-	-	-
TOTAL FUND BALANCES	<u>112,094</u>	<u>393</u>	<u>1,403</u>	<u>788</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 121,837</u>	<u>\$ 3,875</u>	<u>\$ 1,778</u>	<u>\$ 2,246</u>

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2013 (IN THOUSANDS)**

	COURTHOUSE TEMPORARY CONSTRUCTION	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	CENTRAL COURTHOUSE SURCHARGE	MICROGRAPHICS FEES
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 1,893	\$ 2,422	\$ -	\$ 9,148
ACCOUNTS RECEIVABLE - NET	-	-	-	71
LOANS RECEIVABLE	-	-	-	1,222
DUE FROM OTHER FUNDS	-	-	-	11
DUE FROM OTHER GOVERNMENTS	3	4	-	-
TOTAL ASSETS	<u>\$ 1,896</u>	<u>\$ 2,426</u>	<u>\$ -</u>	<u>\$ 10,452</u>
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	\$ -	\$ -	\$ -	\$ 47
SALARIES AND BENEFITS PAYABLE	-	-	-	44
DUE TO OTHER FUNDS	1,893	2,422	-	13
TOTAL LIABILITIES	<u>1,893</u>	<u>2,422</u>	<u>-</u>	<u>104</u>
FUND BALANCES:				
NONSPENDABLE	-	-	-	-
RESTRICTED	3	4	-	9,119
ASSIGNED	-	-	-	1,229
TOTAL FUND BALANCES	<u>3</u>	<u>4</u>	<u>-</u>	<u>10,348</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,896</u>	<u>\$ 2,426</u>	<u>\$ -</u>	<u>\$ 10,452</u>

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2013 (IN THOUSANDS)**

	LOCAL LAW ENFORCEMENT BLOCK GRANT	SHERIFF SPECIAL PROJECTS	FIRE PROTECTION DISTRICTS	ECONOMIC AND COMMUNITY DEVELOPMENT
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 4,547	\$ 26,273	\$ 54,562	\$ 20,258
ACCOUNTS RECEIVABLE - NET	-	9	911	-
TAXES RECEIVABLE	-	-	1,863	-
OTHER RECEIVABLES	-	-	71	-
DUE FROM OTHER FUNDS	-	198	896	115
DUE FROM OTHER GOVERNMENTS	-	852	2,356	2,156
TOTAL ASSETS	<u>\$ 4,547</u>	<u>\$ 27,332</u>	<u>\$ 60,659</u>	<u>\$ 22,529</u>
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	\$ -	\$ 427	\$ 2,028	\$ 543
SALARIES AND BENEFITS PAYABLE	-	-	3,618	88
DUE TO OTHER FUNDS	14	3,026	399	820
DUE TO OTHER GOVERNMENTS	-	450	622	1,020
DEFERRED REVENUE	-	-	1,636	-
TOTAL LIABILITIES	<u>14</u>	<u>3,903</u>	<u>8,303</u>	<u>2,471</u>
FUND BALANCES:				
NONSPENDABLE	-	-	-	-
RESTRICTED	4,533	19,997	52,356	19,925
ASSIGNED	-	3,432	-	133
TOTAL FUND BALANCES	<u>4,533</u>	<u>23,429</u>	<u>52,356</u>	<u>20,058</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,547</u>	<u>\$ 27,332</u>	<u>\$ 60,659</u>	<u>\$ 22,529</u>

**COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2013 (IN THOUSANDS)**

	FLOOD CONTROL DISTRICT	COUNTY SERVICE AREAS	PARK AND RECREATION DISTRICTS	COUNTY FREE LIBRARY
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 85,168	\$ 26,277	\$ 1,306	\$ 5,104
ACCOUNTS RECEIVABLE - NET	720	47	28	151
TAXES RECEIVABLE	2,303	166	116	650
INTEREST RECEIVABLE	269	1	-	-
OTHER RECEIVABLE	-	67	-	-
DUE FROM OTHER FUNDS	1,578	1,182	41	407
DUE FROM OTHER GOVERNMENTS	3,089	100	-	169
PREPAIDS ITEMS	335	-	-	-
INTERFUND RECEIVABLE	-	250	-	-
RESTRICTED CASH AND INVESTMENTS	5,860	-	-	-
TOTAL ASSETS	<u>\$ 99,322</u>	<u>\$ 28,090</u>	<u>\$ 1,491</u>	<u>\$ 6,481</u>
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	\$ 2,126	\$ 428	\$ 37	\$ 218
SALARIES AND BENEFITS PAYABLE	559	349	72	312
DUE TO OTHER FUNDS	310	54	1	48
DUE TO OTHER GOVERNMENTS	26	-	-	23
DEFERRED REVENUE	3,703	199	91	494
INTERFUND PAYABLE	-	4,086	-	-
TOTAL LIABILITIES	<u>6,724</u>	<u>5,116</u>	<u>201</u>	<u>1,095</u>
FUND BALANCES:				
NONSPENDABLE	335	-	-	-
RESTRICTED	92,263	22,451	1,290	5,386
ASSIGNED	-	523	-	-
TOTAL FUND BALANCES	<u>92,598</u>	<u>22,974</u>	<u>1,290</u>	<u>5,386</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 99,322</u>	<u>\$ 28,090</u>	<u>\$ 1,491</u>	<u>\$ 6,481</u>

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2013 (IN THOUSANDS)**

	REDEVELOPMENT SUCCESSOR HOUSING	JOINT POWERS AUTHORITIES	OTHER SPECIAL REVENUE
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 3,289	\$ 1,770	\$ 74,205
ACCOUNTS RECEIVABLE - NET	-	-	28
DUE FROM OTHER FUNDS	-	-	1,892
DUE FROM OTHER GOVERNMENTS	-	-	8,191
LAND HELD FOR RESALE	2,225	-	-
TOTAL ASSETS	\$ 5,514	\$ 1,770	\$ 84,316
LIABILITIES AND FUND BALANCES			
ACCOUNTS PAYABLE	-	-	529
SALARIES AND BENEFITS PAYABLE	-	-	202
DUE TO OTHER FUNDS	-	33	7,984
DUE TO OTHER GOVERNMENTS	-	10	2,252
DEFERRED REVENUE	-	-	19
TOTAL LIABILITIES	-	43	10,986
FUND BALANCES:			
RESTRICTED	5,514	1,727	47,377
ASSIGNED	-	-	25,953
TOTAL FUND BALANCES	5,514	1,727	73,330
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,514	\$ 1,770	\$ 84,316

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	<u>TOTAL</u>	<u>TRANSPORTATION</u>	<u>SPECIAL TRANSPORTATION</u>	<u>SPECIAL AVIATION</u>
REVENUES:				
TAXES	\$ 100,171	\$ -	\$ 7,649	\$ -
LICENSES, PERMITS AND FRANCHISES	1,079	406	-	-
FINES, FORFEITURES AND PENALTIES	8,216	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	5,694	227	31	589
AID FROM OTHER GOVERNMENTAL AGENCIES	300,705	50,407	605	1,975
CHARGES FOR CURRENT SERVICES	99,051	6,157	2,409	-
OTHER REVENUES	47,770	2,518	-	201
TOTAL REVENUES	562,686	59,715	10,694	2,765
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	3,451	-	-	-
PUBLIC PROTECTION	171,727	-	-	-
PUBLIC WAYS AND FACILITIES	74,992	67,381	4,305	906
HEALTH AND SANITATION	99,703	-	-	-
PUBLIC ASSISTANCE	88,246	-	-	-
EDUCATION	12,489	-	-	-
RECREATION AND CULTURAL SERVICES	7,709	-	-	-
DEBT SERVICE:				
PRINCIPAL	4,521	164	-	-
INTEREST AND FISCAL CHARGES	4,402	2	-	-
CAPITAL OUTLAY	21,626	5,266	149	2,011
TOTAL EXPENDITURES	488,866	72,813	4,454	2,917
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	73,820	(13,098)	6,240	(152)
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(60,484)	(2,346)	(1)	(396)
TRANSFERS IN	39,623	10,786	102	575
SALE OF CAPITAL ASSETS	1,398	3	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(19,463)	8,443	101	179
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	54,357	(4,655)	6,341	27
EXTRAORDINARY ITEM	16,350	-	-	-
NET CHANGE IN FUND BALANCES	70,707	(4,655)	6,341	27
FUND BALANCES, JULY 1, 2012	445,317	59,368	23,072	3,643
FUND BALANCES, JUNE 30, 2013	\$ 516,024	\$ 54,713	\$ 29,413	\$ 3,670

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	MENTAL HEALTH SERVICES ACT	PRESCHOOL SERVICES	AGING AND ADULT SERVICES	JOBS AND EMPLOYMENT SERVICES
REVENUES:				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 434	\$ 4	\$ 3	\$ 487
AID FROM OTHER GOVERNMENTAL AGENCIES	99,407	46,390	4,389	19,304
CHARGES FOR CURRENT SERVICES	-	75	-	-
OTHER REVENUES	139	176	208	235
TOTAL REVENUES	99,980	46,645	4,600	20,026
EXPENDITURES:				
CURRENT:				
HEALTH AND SANITATION	77,068	-	-	-
PUBLIC ASSISTANCE	-	45,100	4,582	20,015
CAPITAL OUTLAY	143	219	-	14
TOTAL EXPENDITURES	77,211	45,319	4,582	20,029
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	22,769	1,326	18	(3)
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(1,137)	(1,360)	(55)	(308)
TRANSFERS IN	1,644	103	17	86
SALE OF CAPITAL ASSETS	-	12	-	-
TOTAL OTHER FINANCING SOURCES (USES)	507	(1,245)	(38)	(222)
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	23,276	81	(20)	(225)
EXTRAORDINARY ITEM	-	-	-	-
NET CHANGE IN FUND BALANCES	23,276	81	(20)	(225)
FUND BALANCES, JULY 1, 2012	88,818	312	1,423	1,013
FUND BALANCES, JUNE 30, 2013	\$ 112,094	\$ 393	\$ 1,403	\$ 788

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	COURTHOUSE TEMPORARY CONSTRUCTION	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	CENTRAL COURTHOUSE SURCHARGE	MICROGRAPHICS FEES
REVENUES:				
FINES, FORFEITURES AND PENALTIES	\$ 1,868	\$ 2,302	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	-	-	-	11
CHARGES FOR CURRENT SERVICES	-	-	2,143	4,518
TOTAL REVENUES	1,868	2,302	2,143	4,529
EXPENDITURES:				
CURRENT:				
PUBLIC PROTECTION	-	-	-	2,472
CAPITAL OUTLAY	-	-	-	57
TOTAL EXPENDITURES	-	-	-	2,529
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,868	2,302	2,143	2,000
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(1,893)	(2,422)	(2,143)	(43)
TRANSFERS IN	-	-	-	11
TOTAL OTHER FINANCING SOURCES (USES)	(1,893)	(2,422)	(2,143)	(32)
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(25)	(120)	-	1,968
EXTRAORDINARY ITEM	-	-	-	-
NET CHANGE IN FUND BALANCES	(25)	(120)	-	1,968
FUND BALANCES, JULY 1, 2012	28	124	-	8,380
FUND BALANCES, JUNE 30, 2013	\$ 3	\$ 4	\$ -	\$ 10,348

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	LOCAL LAW ENFORCEMENT BLOCK GRANT	SHERIFF SPECIAL PROJECTS	FIRE PROTECTION DISTRICTS	ECONOMIC AND COMMUNITY DEVELOPMENT
REVENUES:				
TAXES	\$ -	\$ -	\$ 34,640	\$ -
FINES, FORFEITURES AND PENALTIES	-	-	137	2
REVENUES FROM USE OF MONEY AND PROPERTY	5	94	284	184
AID FROM OTHER GOVERNMENTAL AGENCIES	933	15,672	11,833	18,202
CHARGES FOR CURRENT SERVICES	-	3,186	60,679	-
OTHER REVENUES	-	2,260	1,868	3,759
TOTAL REVENUES	938	21,212	109,441	22,147
EXPENDITURES:				
CURRENT:				
PUBLIC PROTECTION	1,173	14,516	109,402	-
PUBLIC ASSISTANCE	-	-	-	17,382
DEBT SERVICE:				
PRINCIPAL	-	-	250	-
INTEREST AND FISCAL CHARGES	-	-	79	-
CAPITAL OUTLAY	71	2,553	5,477	-
TOTAL EXPENDITURES	1,244	17,069	115,208	17,382
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(306)	4,143	(5,767)	4,765
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	-	(2,497)	(5,403)	(3,415)
TRANSFERS IN	-	76	17,756	674
SALE OF CAPITAL ASSETS	-	-	166	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(2,421)	12,519	(2,741)
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(306)	1,722	6,752	2,024
EXTRAORDINARY ITEM	-	-	498	(1,929)
NET CHANGE IN FUND BALANCES	(306)	1,722	7,250	95
FUND BALANCES, JULY 1, 2012	4,839	21,707	45,106	19,963
FUND BALANCES, JUNE 30, 2013	\$ 4,533	\$ 23,429	\$ 52,356	\$ 20,058

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	<u>FLOOD CONTROL DISTRICT</u>	<u>COUNTY SERVICE AREAS</u>	<u>PARK AND RECREATION DISTRICTS</u>	<u>COUNTY FREE LIBRARY</u>
REVENUES:				
TAXES	\$ 39,259	\$ 3,069	\$ 2,200	\$ 13,322
LICENSES, PERMITS AND FRANCHISES	335	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	639	200	57	-
AID FROM OTHER GOVERNMENTAL AGENCIES	3,968	305	68	253
CHARGES FOR CURRENT SERVICES	1,072	4,124	1,069	1,027
OTHER REVENUES	1,427	451	56	367
	<u>46,700</u>	<u>8,149</u>	<u>3,450</u>	<u>14,969</u>
TOTAL REVENUES				
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	3,140	-	-
PUBLIC PROTECTION	28,833	663	-	-
PUBLIC WAYS AND FACILITIES	-	2,111	-	-
HEALTH AND SANITATION	-	70	-	-
EDUCATION	-	-	-	12,489
RECREATION AND CULTURAL SERVICES	-	1,213	3,819	-
DEBT SERVICE:				
PRINCIPAL	3,634	76	-	57
INTEREST AND FISCAL CHARGES	3,305	24	-	56
CAPITAL OUTLAY	4,104	925	119	-
	<u>39,876</u>	<u>8,222</u>	<u>3,938</u>	<u>12,602</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,824	(73)	(488)	2,367
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(591)	(1,193)	(441)	(228)
TRANSFERS IN	2,188	2,606	72	275
SALE OF CAPITAL ASSETS	1,208	9	-	-
	<u>2,805</u>	<u>1,422</u>	<u>(369)</u>	<u>47</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	9,629	1,349	(857)	2,414
EXTRAORDINARY ITEM	20,771	123	329	1,445
NET CHANGE IN FUND BALANCES	<u>30,400</u>	<u>1,472</u>	<u>(528)</u>	<u>3,859</u>
FUND BALANCES, JULY 1, 2012	<u>62,198</u>	<u>21,502</u>	<u>1,818</u>	<u>1,527</u>
FUND BALANCES, JUNE 30, 2013	<u>\$ 92,598</u>	<u>\$ 22,974</u>	<u>\$ 1,290</u>	<u>\$ 5,386</u>

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	REDEVELOPMENT SUCCESSOR HOUSING	JOINT POWERS AUTHORITIES	OTHER SPECIAL REVENUE
REVENUES:			
TAXES	\$ -	\$ -	\$ 32
LICENSES, PERMITS AND FRANCHISES	-	-	338
FINES, FORFEITURES AND PENALTIES	-	-	3,907
REVENUES FROM USE OF MONEY AND PROPERTY	39	-	2,406
AID FROM OTHER GOVERNMENTAL AGENCIES	169	-	26,825
CHARGES FOR CURRENT SERVICES	3,070	-	9,522
OTHER REVENUES	705	-	33,400
TOTAL REVENUES	3,983	-	76,430
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	307	2	2
PUBLIC PROTECTION	-	-	14,668
PUBLIC WAYS AND FACILITIES	-	-	289
HEALTH AND SANITATION	-	-	22,565
PUBLIC ASSISTANCE	-	-	1,167
RECREATION AND CULTURAL SERVICES	-	-	2,677
DEBT SERVICE:			
PRINCIPAL	-	340	-
INTEREST AND FISCAL CHARGES	-	936	-
CAPITAL OUTLAY	-	-	518
TOTAL EXPENDITURES	307	1,278	41,886
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,676	(1,278)	34,544
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	-	(3,941)	(30,671)
TRANSFERS IN	-	2,143	509
TOTAL OTHER FINANCING SOURCES (USES)	-	(1,798)	(30,162)
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	3,676	(3,076)	4,382
EXTRAORDINARY ITEM	(4,887)	-	-
NET CHANGE IN FUND BALANCES	(1,211)	(3,076)	4,382
FUND BALANCES, JULY 1, 2012	6,725	4,803	68,948
FUND BALANCES, JUNE 30, 2013	\$ 5,514	\$ 1,727	\$ 73,330

**COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 JUNE 30, 2013 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>PENSION OBLIGATION BONDS</u>
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 37,064	\$ 12,609	\$ 24,455
INVESTMENTS	2,137	-	2,137
TOTAL ASSETS	<u>\$ 39,201</u>	<u>\$ 12,609</u>	<u>\$ 26,592</u>
FUND BALANCES:			
RESTRICTED	39,201	12,609	26,592
TOTAL FUND BALANCES	<u>39,201</u>	<u>12,609</u>	<u>26,592</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 39,201</u>	<u>\$ 12,609</u>	<u>\$ 26,592</u>

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	<u>TOTAL</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>PENSION OBLIGATION BONDS</u>
REVENUES			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 82	\$ 1	\$ 81
OTHER REVENUES	1,652	-	1,652
TOTAL REVENUES	<u>1,734</u>	<u>1</u>	<u>1,733</u>
EXPENDITURES			
CURRENT:			
GENERAL GOVERNMENT	3	-	3
DEBT SERVICE:			
PRINCIPAL	65,355	5,155	60,200
INTEREST AND FISCAL CHARGES	19,301	1,209	18,092
TOTAL EXPENDITURES	<u>84,659</u>	<u>6,364</u>	<u>78,295</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(82,925)</u>	<u>(6,363)</u>	<u>(76,562)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	78,939	6,580	72,359
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>78,939</u>	<u>6,580</u>	<u>72,359</u>
NET CHANGE IN FUND BALANCES	<u>(3,986)</u>	<u>217</u>	<u>(4,203)</u>
FUND BALANCES JULY 1, 2012	43,187	12,392	30,795
FUND BALANCES, JUNE 30, 2013	<u>\$ 39,201</u>	<u>\$ 12,609</u>	<u>\$ 26,592</u>

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2013 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>REDEVELOPMENT SUCCESSOR HOUSING</u>	<u>FIRE PROTECTION DISTRICTS</u>	<u>PARK AND RECREATION DISTRICTS</u>	<u>COUNTY SERVICE AREAS</u>
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 20,722	\$ 11,485	\$ 469	\$ 7,804	\$ 964
LAND HELD FOR RESALE	-	-	-	-	-
TOTAL ASSETS	<u>\$ 20,722</u>	<u>\$ 11,485</u>	<u>\$ 469</u>	<u>\$ 7,804</u>	<u>\$ 964</u>
LIABILITIES AND FUND BALANCES					
ACCOUNTS PAYABLE	\$ 26	\$ -	\$ -	\$ 17	\$ 9
DUE TO OTHER FUNDS	9	-	-	6	3
TOTAL LIABILITIES	<u>35</u>	<u>-</u>	<u>-</u>	<u>23</u>	<u>12</u>
FUND BALANCES:					
RESTRICTED	20,687	11,485	469	7,781	952
TOTAL FUND BALANCES	<u>20,687</u>	<u>11,485</u>	<u>469</u>	<u>7,781</u>	<u>952</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 20,722</u>	<u>\$ 11,485</u>	<u>\$ 469</u>	<u>\$ 7,804</u>	<u>\$ 964</u>

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	TOTAL	REDEVELOPMENT SUCCESSOR HOUSING	FIRE PROTECTION DISTRICTS	PARK AND RECREATION DISTRICTS	COUNTY SERVICE AREAS
REVENUES					
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 49	\$ 16	\$ 2	\$ 31	\$ -
CHARGES FOR CURRENT SERVICES	74	-	-	-	74
OTHER REVENUES	479	-	-	479	-
TOTAL REVENUES	602	16	2	510	74
EXPENDITURES					
CURRENT:					
PUBLIC PROTECTION	5,568	-	5,568	-	-
CAPITAL OUTLAY	1,407	-	-	337	1,070
TOTAL EXPENDITURES	6,975	-	5,568	337	1,070
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,373)	16	(5,566)	173	(996)
OTHER FINANCING SOURCES (USES):					
TRANSFERS OUT	(292)	-	(44)	(60)	(188)
TRANSFERS IN	1,334	-	-	405	929
TOTAL OTHER FINANCING SOURCES AND (USES)	1,042	-	(44)	345	741
NET CHANGE IN FUND BALANCE BEFORE EXTRAORDINARY ITEM	(5,331)	16	(5,610)	518	(255)
EXTRAORDINARY ITEM	11,469	11,469	-	-	-
NET CHANGE IN FUND BALANCES	6,138	11,485	(5,610)	518	(255)
FUND BALANCES, JULY 1, 2012	14,549	-	6,079	7,263	1,207
FUND BALANCES, JUNE 30, 2013	\$ 20,687	\$ 11,485	\$ 469	\$ 7,781	\$ 952

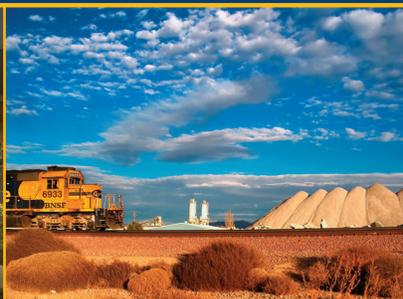
**COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 PERMANENT FUNDS
 JUNE 30, 2013 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND</u>	<u>ETIWANDA CSA 120 ENDOWMENT CARE FUND</u>
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 1,697	\$ 92	\$ 1,605
TOTAL ASSETS	<u>\$ 1,697</u>	<u>\$ 92</u>	<u>\$ 1,605</u>
FUND BALANCES			
NONSPENDABLE	\$ 1,697	\$ 92	\$ 1,605
TOTAL FUND BALANCES	<u>\$ 1,697</u>	<u>\$ 92</u>	<u>\$ 1,605</u>

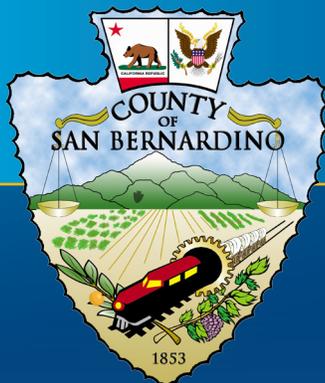
**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 PERMANENT FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND</u>	<u>ETIWANDA CSA 120 ENDOWMENT CARE FUND</u>
REVENUES			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 7	\$ -	\$ 7
TOTAL REVENUES	<u>7</u>	<u>-</u>	<u>7</u>
EXPENDITURES			
CURRENT:			
GENERAL GOVERNMENT	9	-	9
TOTAL EXPENDITURES	<u>9</u>	<u>-</u>	<u>9</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(5)	-	(5)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(5)</u>	<u>-</u>	<u>(5)</u>
NET CHANGE IN FUND BALANCES	(7)	-	(7)
FUND BALANCES JULY 1, 2012	1,704	92	1,612
FUND BALANCES, JUNE 30, 2013	<u>\$ 1,697</u>	<u>\$ 92</u>	<u>\$ 1,605</u>





COMBINING FINANCIAL STATEMENTS NONMAJOR ENTERPRISE FUNDS



NONMAJOR ENTERPRISE FUNDS DESCRIPTIONS

COUNTY SERVICE AREAS

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

OTHER ENTERPRISE

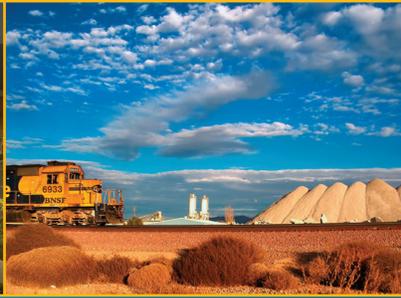
The Other Enterprise Funds account for the Museum Gift Shop and Regional Parks Snack Bar operations. Sales are the principal source of revenue.

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2013 (IN THOUSANDS)**

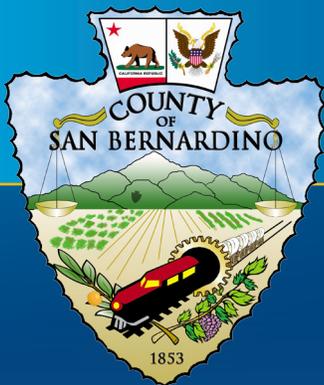
	<u>TOTAL</u>	<u>COUNTY SERVICE AREAS</u>	<u>OTHER ENTERPRISE</u>
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 34,207	\$ 34,130	\$ 77
ACCOUNTS RECEIVABLE, NET	1,880	1,880	-
TAXES RECEIVABLE	137	137	-
OTHER RECEIVABLES	45	45	-
DUE FROM OTHER FUNDS	77	73	4
DUE FROM OTHER GOVERNMENTS	162	162	-
INVENTORIES	84	-	84
TOTAL CURRENT ASSETS	<u>36,592</u>	<u>36,427</u>	<u>165</u>
NONCURRENT ASSETS:			
NOTES RECEIVABLE	162	162	-
CAPITAL ASSETS NOT BEING DEPRECIATED OR AMORTIZED			
LAND	3,641	3,641	-
LAND USE RIGHTS	258	258	-
DEVELOPMENT IN PROGRESS	8,365	8,365	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
LAND USE RIGHTS	1,004	1,004	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE	74,661	74,661	-
EQUIPMENT AND SOFTWARE	1,581	1,581	-
ACCUMULATED DEPRECIATION AND AMORTIZATION	(35,654)	(35,654)	-
TOTAL NONCURRENT ASSETS	<u>54,018</u>	<u>54,018</u>	<u>-</u>
TOTAL ASSETS	<u>90,610</u>	<u>90,445</u>	<u>165</u>
LIABILITIES			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	263	263	-
SALARIES AND BENEFITS PAYABLE	1	-	1
DUE TO OTHER FUNDS	921	921	-
DUE TO OTHER GOVERNMENTS	119	119	-
INTEREST PAYABLE	208	208	-
UNEARNED REVENUE	35	35	-
BONDS AND NOTES PAYABLE	268	268	-
TOTAL CURRENT LIABILITIES	<u>1,815</u>	<u>1,814</u>	<u>1</u>
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE	617	617	-
BONDS AND NOTES PAYABLE	2,428	2,428	-
TOTAL NONCURRENT LIABILITIES	<u>3,045</u>	<u>3,045</u>	<u>-</u>
TOTAL LIABILITIES	<u>4,860</u>	<u>4,859</u>	<u>1</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	51,160	51,160	-
UNRESTRICTED	34,590	34,426	164
TOTAL NET POSITION	<u>\$ 85,750</u>	<u>\$ 85,586</u>	<u>\$ 164</u>

COUNTY OF SAN BERNARDINO
COMBINING - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	<u>TOTAL</u>	<u>COUNTY SERVICE AREAS</u>	<u>OTHER ENTERPRISE</u>
OPERATING REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 11,769	\$ 11,711	\$ 58
TOTAL OPERATING REVENUES	<u>11,769</u>	<u>11,711</u>	<u>58</u>
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	2,711	2,711	-
SALARIES AND EMPLOYEES BENEFITS	5,120	5,080	40
SERVICES AND SUPPLIES	4,145	4,098	47
DEPRECIATION AND AMORTIZATION	2,602	2,602	-
OTHER	764	764	-
TOTAL OPERATING EXPENSES	<u>15,342</u>	<u>15,255</u>	<u>87</u>
OPERATING INCOME (LOSS)	<u>(3,573)</u>	<u>(3,544)</u>	<u>(29)</u>
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUES	145	145	-
INTEREST EXPENSE	(183)	(183)	-
TAX REVENUE	2,627	2,627	-
GRANT REVENUE	70	70	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	(10)	(10)	-
OTHER NONOPERATING REVENUES	1,728	1,728	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>4,377</u>	<u>4,377</u>	<u>-</u>
CHANGE IN NET POSITION BEFORE TRANSFERS AND EXTRAORDINARY ITEM	804	833	(29)
TRANSFERS OUT	(421)	(387)	(34)
TRANSFERS IN	51	2	49
EXTRAORDINARY ITEM	221	221	-
CHANGE IN NET POSITION	655	669	(14)
TOTAL NET POSITION, JULY 1, 2012	<u>85,095</u>	<u>84,917</u>	<u>178</u>
TOTAL NET POSITION, JUNE 30, 2013	<u>\$ 85,750</u>	<u>\$ 85,586</u>	<u>\$ 164</u>



COMBINING FINANCIAL STATEMENTS INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS DESCRIPTIONS

GENERAL SERVICES GROUP

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

TELECOMMUNICATION SERVICES

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

COMPUTER OPERATIONS

The Computer Operations Fund accounts for 24-hour-per-day, County-wide data processing services including data entry, report distribution 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 STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>GENERAL SERVICE GROUP</u>	<u>TELECOMMUNICATION SERVICES</u>	<u>COMPUTER OPERATIONS</u>
ASSETS				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 318,240	\$ 3,608	\$ 15,772	\$ 10,667
ACCOUNTS RECEIVABLE - NET	390	4	66	2
DUE FROM OTHER FUNDS	3,836	797	1,362	825
DUE FROM OTHER GOVERNMENTS	951	109	568	5
INVENTORIES	4,526	67	2,681	-
PREPAID ITEMS	5,173	222	-	-
TOTAL CURRENT ASSETS	<u>333,116</u>	<u>4,807</u>	<u>20,449</u>	<u>11,499</u>
NONCURRENT ASSETS:				
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:				
LAND	396	-	-	-
DEVELOPMENT IN PROGRESS	577	-	192	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
STRUCTURES AND IMPROVEMENTS	10,608	19	3,527	522
EQUIPMENT AND SOFTWARE	102,611	1,026	40,272	14,028
ACCUMULATED DEPRECIATION AND AMORTIZATION	(71,893)	(832)	(27,271)	(8,020)
TOTAL NONCURRENT ASSETS	<u>42,299</u>	<u>213</u>	<u>16,720</u>	<u>6,530</u>
TOTAL ASSETS	<u>375,415</u>	<u>5,020</u>	<u>37,169</u>	<u>18,029</u>
LIABILITIES				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE	4,164	246	882	884
SALARIES AND BENEFITS PAYABLE	1,577	96	406	550
DUE TO OTHER FUNDS	62,879	657	67	424
DUE TO OTHER GOVERNMENTS	166	5	-	-
UNEARNED REVENUE	50	-	8	-
COMPENSATED ABSENCES PAYABLE	2,750	158	839	928
TERMINATION BENEFITS PAYABLE	62	7	24	13
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	47,224	-	-	-
TOTAL CURRENT LIABILITIES	<u>118,872</u>	<u>1,169</u>	<u>2,226</u>	<u>2,799</u>
NONCURRENT LIABILITIES:				
COMPENSATED ABSENCES PAYABLE	3,047	133	542	1,179
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	168,528	-	-	-
TOTAL NONCURRENT LIABILITIES	<u>171,575</u>	<u>133</u>	<u>542</u>	<u>1,179</u>
TOTAL LIABILITIES	<u>290,447</u>	<u>1,302</u>	<u>2,768</u>	<u>3,978</u>
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	42,299	213	16,720	6,530
UNRESTRICTED	42,669	3,505	17,681	7,521
TOTAL NET POSITION	<u>\$ 84,968</u>	<u>\$ 3,718</u>	<u>\$ 34,401</u>	<u>\$ 14,051</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)
JUNE 30, 2013 (IN THOUSANDS)**

	VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 10,666	\$ 270,829	\$ 6,698
ACCOUNTS RECEIVABLE - NET	318	-	-
DUE FROM OTHER FUNDS	735	43	74
DUE FROM OTHER GOVERNMENTS	269	-	-
INVENTORIES	1,778	-	-
PREPAID ITEMS	18	4,933	-
TOTAL CURRENT ASSETS	<u>13,784</u>	<u>275,805</u>	<u>6,772</u>
NONCURRENT ASSETS:			
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED			
LAND	396	-	-
DEVELOPMENT IN PROGRESS	385	-	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED			
STRUCTURES AND IMPROVEMENTS	6,540	-	-
EQUIPMENT AND SOFTWARE	31,683	694	14,908
ACCUMULATED DEPRECIATION AND AMORTIZATION	(25,249)	(353)	(10,168)
TOTAL NONCURRENT ASSETS	<u>13,755</u>	<u>341</u>	<u>4,740</u>
TOTAL ASSETS	<u>27,539</u>	<u>276,146</u>	<u>11,512</u>
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	1,253	825	74
SALARIES AND BENEFITS PAYABLE	306	219	-
DUE TO OTHER FUNDS	344	61,387	-
DUE TO OTHER GOVERNMENTS	26	135	-
UNEARNED REVENUE	-	42	-
COMPENSATED ABSENCES PAYABLE	422	403	-
TERMINATION BENEFITS PAYABLE	7	11	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	47,224	-
TOTAL CURRENT LIABILITIES	<u>2,358</u>	<u>110,246</u>	<u>74</u>
NONCURRENT LIABILITIES:			
COMPENSATED ABSENCES PAYABLE	927	266	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	168,528	-
TOTAL NONCURRENT LIABILITIES	<u>927</u>	<u>168,794</u>	<u>-</u>
TOTAL LIABILITIES	<u>3,285</u>	<u>279,040</u>	<u>74</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	13,755	341	4,740
UNRESTRICTED	10,499	(3,235)	6,698
TOTAL NET POSITION	<u>\$ 24,254</u>	<u>\$ (2,894)</u>	<u>\$ 11,438</u>

COUNTY OF SAN BERNARDINO
COMBINING - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

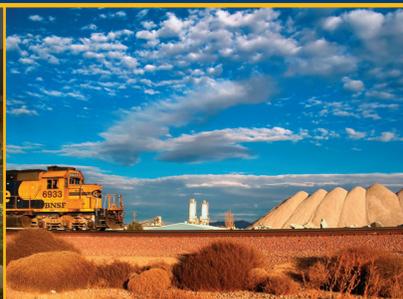
	<u>TOTAL</u>	<u>GENERAL SERVICES GROUP</u>	<u>TELECOMMUNICATION SERVICES</u>	<u>COMPUTER OPERATIONS</u>
OPERATING REVENUES:				
CHARGES FOR CURRENT SERVICES	\$ 150,160	\$ 10,925	\$ 25,708	\$ 19,077
TOTAL OPERATING REVENUES	<u>150,160</u>	<u>10,925</u>	<u>25,708</u>	<u>19,077</u>
OPERATING EXPENSES:				
PROFESSIONAL SERVICES	18,362	858	800	4,011
SALARIES AND EMPLOYEES BENEFITS	33,767	2,489	9,508	10,299
SELF-INSURED CLAIMS	88,771	-	-	-
SERVICES AND SUPPLIES	51,153	7,126	11,867	3,314
DEPRECIATION AND AMORTIZATION	10,551	32	3,527	2,634
OTHER	902	5	-	-
TOTAL OPERATING EXPENSES	<u>203,506</u>	<u>10,510</u>	<u>25,702</u>	<u>20,258</u>
OPERATING INCOME (LOSS)	<u>(53,346)</u>	<u>415</u>	<u>6</u>	<u>(1,181)</u>
NONOPERATING REVENUES (EXPENSES):				
INTEREST REVENUES	1,430	8	108	-
INTEREST EXPENSE	(7)	-	-	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	531	(20)	2	(103)
OTHER NONOPERATING REVENUES	7,231	-	1,113	-
OTHER NONOPERATING EXPENSES	(28)	-	-	(28)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>9,157</u>	<u>(12)</u>	<u>1,223</u>	<u>(131)</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	(44,189)	403	1,229	(1,312)
TRANSFERS OUT	(64,597)	(747)	(582)	(1,093)
TRANSFERS IN	1,170	60	231	226
CHANGE IN NET POSITION	(107,616)	(284)	878	(2,179)
TOTAL NET POSITION, JULY 1, 2012	<u>192,584</u>	<u>4,002</u>	<u>33,523</u>	<u>16,230</u>
TOTAL NET POSITION, JUNE 30, 2013	<u>\$ 84,968</u>	<u>\$ 3,718</u>	<u>\$ 34,401</u>	<u>\$ 14,051</u>

COUNTY OF SAN BERNARDINO
COMBINING - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

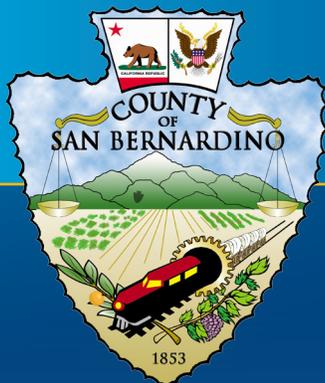
	VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
OPERATING REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 23,786	\$ 68,185	\$ 2,479
TOTAL OPERATING REVENUES	<u>23,786</u>	<u>68,185</u>	<u>2,479</u>
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	1,873	10,810	10
SALARIES AND EMPLOYEES BENEFITS	6,556	4,915	-
SELF-INSURED CLAIMS	-	88,771	-
SERVICES AND SUPPLIES	15,294	11,961	1,591
DEPRECIATION AND AMORTIZATION	3,475	73	810
OTHER	-	897	-
TOTAL OPERATING EXPENSES	<u>27,198</u>	<u>117,427</u>	<u>2,411</u>
OPERATING INCOME (LOSS)	<u>(3,412)</u>	<u>(49,242)</u>	<u>68</u>
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUES	59	1,229	26
INTEREST EXPENSE	-	(7)	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	652	-	-
OTHER NONOPERATING REVENUES	3,938	442	1,738
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>4,649</u>	<u>1,664</u>	<u>1,764</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	1,237	(47,578)	1,832
TRANSFERS OUT	(580)	(61,595)	-
TRANSFERS IN	650	1	2
CHANGE IN NET POSITION	1,307	(109,172)	1,834
TOTAL NET POSITION, JULY 1, 2012	<u>22,947</u>	<u>106,278</u>	<u>9,604</u>
TOTAL NET POSITION, JUNE 30, 2013	<u>\$ 24,254</u>	<u>\$ (2,894)</u>	<u>\$ 11,438</u>

COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	TOTAL	GENERAL SERVICES GROUP	TELE-COMMUNICATION SERVICES	COMPUTER OPERATIONS	VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
CASH FLOWS FROM OPERATING ACTIVITIES:							
CASH RECEIVED FROM SERVICES	\$ 157,456	\$ 10,939	\$ 25,906	\$ 20,460	\$ 27,625	\$ 69,927	\$ 2,599
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(112,520)	(8,017)	(12,746)	(8,878)	(17,812)	(63,455)	(1,612)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(33,552)	(2,517)	(9,523)	(10,107)	(6,457)	(4,948)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	11,384	405	3,637	1,475	3,356	1,524	987
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
REPAYMENT ON INTERFUND LOAN	(1,013)	-	(1,013)	-	-	-	-
TRANSFERS RECEIVED	93	-	-	93	-	-	-
TRANSFERS PAID	(3,299)	(90)	(582)	(1,093)	(580)	(954)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(4,219)	(90)	(1,595)	(1,000)	(580)	(954)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(11,405)	(118)	(2,591)	(1,659)	(7,030)	(7)	-
INTEREST PAID	(7)	-	-	-	-	(7)	-
PROCEEDS FROM SALE OF CAPITAL ASSETS	865	-	2	-	741	-	122
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(10,547)	(118)	(2,589)	(1,659)	(6,289)	(14)	122
CASH FLOWS FROM INVESTING ACTIVITIES:							
INTEREST ON INVESTMENTS	481	8	81	(17)	18	382	9
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	481	8	81	(17)	18	382	9
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,901)	205	(466)	(1,201)	(3,495)	938	1,118
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	321,141	3,403	16,238	11,868	14,161	269,891	5,580
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 318,240	\$ 3,608	\$ 15,772	\$ 10,667	\$ 10,666	\$ 270,829	\$ 6,698
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
OPERATING INCOME (LOSS)	\$ (53,346)	\$ 415	\$ 6	\$ (1,181)	\$ (3,412)	\$ (49,242)	\$ 68
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
DEPRECIATION AND AMORTIZATION	10,551	32	3,527	2,634	3,475	73	810
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	5,095	-	17	(11)	3,988	1,289	(188)
CHANGES IN ASSETS AND LIABILITIES:							
ACCOUNTS RECEIVABLE	(43)	7	(12)	(2)	(152)	-	116
DUE FROM OTHER FUNDS	1,936	4	2	1,369	(11)	554	18
DUE FROM OTHER GOVERNMENTS	342	3	200	16	23	-	100
INVENTORIES	(142)	(1)	192	-	(333)	-	-
PREPAID ITEMS	659	(31)	-	-	19	671	-
ACCOUNTS PAYABLE AND OTHER LIABILITIES	(2,823)	(1)	(280)	(1,542)	(337)	(726)	63
SALARIES AND BENEFITS PAYABLE	161	11	44	12	65	29	-
DUE TO OTHER GOVERNMENTS	137	5	-	-	(3)	135	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURANCE CLAIMS	48,803	-	-	-	-	48,803	-
COMPENSATED ABSENCES PAYABLE	116	(32)	(35)	193	41	(51)	-
TERMINATION BENEFITS PAYABLE	(62)	(7)	(24)	(13)	(7)	(11)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 11,384	\$ 405	\$ 3,637	\$ 1,475	\$ 3,356	\$ 1,524	\$ 987
BREAKDOWN OF CASH AND CASH EQUIVALENTS							
CASH AND CASH EQUIVALENTS	\$ 318,240	\$ 3,608	\$ 15,772	\$ 10,667	\$ 10,666	\$ 270,829	\$ 6,698



COMBINING FINANCIAL STATEMENTS TRUST & AGENCY FUNDS





TRUST AND AGENCY FUNDS DESCRIPTIONS

AGENCY FUNDS

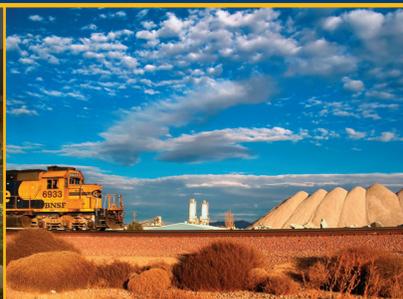
Special Assessment Agency Funds - The special assessment funds are administered by the County Treasurer and account for amounts collected from property owners for the payment of special assessment bond principal and interest. The special assessment bonds include both 1911 and 1915 Act Bonds and Mello-Roos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

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

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

<u>TOTAL AGENCY FUNDS</u>	<u>BALANCE JULY 1, 2012</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUN 30, 2013</u>
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 267,844	\$ 12,394,982	\$ 12,276,694	\$ 386,132
ACCOUNTS RECEIVABLE	22,886	21,835	22,886	21,835
TAXES RECEIVABLE	108,300	190,052	192,616	105,736
DUE FROM OTHER GOVERNMENTS	31,357	24,074	31,361	24,070
TOTAL ASSETS	<u>\$ 430,387</u>	<u>\$ 12,630,943</u>	<u>\$ 12,523,557</u>	<u>\$ 537,773</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	\$ 430,387	\$ 398,605	\$ 291,219	\$ 537,773
TOTAL LIABILITIES	<u>\$ 430,387</u>	<u>\$ 398,605</u>	<u>\$ 291,219</u>	<u>\$ 537,773</u>
 <u>SPECIAL ASSESSMENT FUNDS</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1,451	\$ 206	\$ 217	\$ 1,440
DUE FROM OTHER GOVERNMENTS	1	1	1	1
TOTAL ASSETS	<u>\$ 1,452</u>	<u>\$ 207</u>	<u>\$ 218</u>	<u>\$ 1,441</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	\$ 1,452	\$ -	\$ 11	\$ 1,441
TOTAL LIABILITIES	<u>\$ 1,452</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 1,441</u>
 <u>OTHER AGENCY FUNDS</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 266,393	\$ 12,394,776	\$ 12,276,477	\$ 384,692
ACCOUNTS RECEIVABLE	22,886	21,835	22,886	21,835
TAXES RECEIVABLE	108,300	190,052	192,616	105,736
DUE FROM OTHER GOVERNMENTS	31,356	24,073	31,360	24,069
TOTAL ASSETS	<u>\$ 428,935</u>	<u>\$ 12,630,736</u>	<u>\$ 12,523,339</u>	<u>\$ 536,332</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	\$ 428,935	\$ 398,605	\$ 291,208	\$ 536,332
TOTAL LIABILITIES	<u>\$ 428,935</u>	<u>\$ 398,605</u>	<u>\$ 291,208</u>	<u>\$ 536,332</u>





COMBINING SCHEDULE
OF REVENUES,
EXPENDITURES AND
CHANGES IN FUND
BALANCES (DEFICIT)
BUDGET TO ACTUAL
ON BUDGETARY BASIS



COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	<u>TOTAL</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 90,815	\$ 100,171	\$ 9,356
LICENSES, PERMITS AND FRANCHISES	883	1,079	196
FINES, FORFEITURES AND PENALTIES	8,451	8,216	(235)
REVENUES FROM USE OF MONEY AND PROPERTY	6,962	5,694	(1,268)
AID FROM OTHER GOVERNMENTAL AGENCIES	326,211	300,705	(25,506)
CHARGES FOR CURRENT SERVICES	91,693	99,051	7,358
OTHER REVENUES	36,472	47,770	11,298
TOTAL REVENUES	<u>561,487</u>	<u>562,686</u>	<u>1,199</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	26,420	3,261	23,159
PUBLIC PROTECTION	308,541	174,935	133,606
PUBLIC WAYS AND FACILITIES	138,554	85,881	52,673
HEALTH AND SANITATION	200,698	100,013	100,685
PUBLIC ASSISTANCE	140,738	88,042	52,696
EDUCATION	14,574	12,514	2,060
RECREATION AND CULTURAL SERVICES	12,415	7,605	4,810
DEBT SERVICE:			
PRINCIPAL	4,463	4,181	282
INTEREST AND FISCAL CHARGES	4,952	3,466	1,486
CAPITAL OUTLAY	67,657	13,294	54,363
TOTAL EXPENDITURES	<u>919,012</u>	<u>493,192</u>	<u>425,820</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(357,525)</u>	<u>69,494</u>	<u>427,019</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(90,675)	(56,543)	34,132
TRANSFERS IN	71,987	37,480	(34,507)
LONG-TERM DEBT ISSUED	70	-	(70)
SALE OF CAPITAL ASSETS	1,638	1,398	(240)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(16,980)</u>	<u>(17,665)</u>	<u>(685)</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	<u>(374,505)</u>	<u>51,829</u>	<u>426,334</u>
EXTRAORDINARY ITEM	<u>(7,181)</u>	<u>16,350</u>	<u>23,531</u>
NET CHANGE IN FUND BALANCES	<u>(381,686)</u>	<u>68,179</u>	<u>449,865</u>
FUND BALANCES, JULY 1, 2012	<u>404,151</u>	<u>404,151</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2013	<u>\$ 22,465</u>	<u>\$ 472,330</u>	<u>\$ 449,865</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	<u>TRANSPORTATION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
LICENSES, PERMITS AND FRANCHISES	\$ 360	\$ 406	\$ 46
REVENUES FROM USE OF MONEY AND PROPERTY	273	227	(46)
AID FROM OTHER GOVERNMENTAL AGENCIES	49,274	50,407	1,133
CHARGES FOR CURRENT SERVICES	2,574	6,157	3,583
OTHER REVENUES	102	2,518	2,416
TOTAL REVENUES	<u>52,583</u>	<u>59,715</u>	<u>7,132</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	92,670	78,553	14,117
DEBT SERVICE:			
PRINCIPAL	175	164	11
INTEREST AND FISCAL CHARGES	3	2	1
CAPITAL OUTLAY	6,902	3,874	3,028
TOTAL EXPENDITURES	<u>99,750</u>	<u>82,593</u>	<u>17,157</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(47,167)</u>	<u>(22,878)</u>	<u>24,289</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(7,678)	(2,346)	5,332
TRANSFERS IN	12,594	10,786	(1,808)
SALE OF CAPITAL ASSETS	95	3	(92)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>5,011</u>	<u>8,443</u>	<u>3,432</u>
NET CHANGE IN FUND BALANCES	(42,156)	(14,435)	27,721
FUND BALANCES, JULY 1, 2012	43,395	43,395	-
FUND BALANCES, JUNE 30, 2013	<u>\$ 1,239</u>	<u>\$ 28,960</u>	<u>\$ 27,721</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

SPECIAL TRANSPORTATION

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 4,668	\$ 7,649	\$ 2,981
REVENUES FROM USE OF MONEY AND PROPERTY	85	31	(54)
AID FROM OTHER GOVERNMENTAL AGENCIES	1,358	605	(753)
CHARGES FOR CURRENT SERVICES	493	2,409	1,916
TOTAL REVENUES	<u>6,604</u>	<u>10,694</u>	<u>4,090</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	28,745	4,181	24,564
CAPITAL OUTLAY	192	149	43
TOTAL EXPENDITURES	<u>28,937</u>	<u>4,330</u>	<u>24,607</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(22,333)</u>	<u>6,364</u>	<u>28,697</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	-	(1)	(1)
TRANSFERS IN	-	102	102
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>-</u>	<u>101</u>	<u>101</u>
NET CHANGE IN FUND BALANCES	(22,333)	6,465	28,798
FUND BALANCES, JULY 1, 2012	21,542	21,542	-
FUND BALANCES (DEFICIT), JUNE 30, 2013	<u>\$ (791)</u>	<u>\$ 28,007</u>	<u>\$ 28,798</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	<u>SPECIAL AVIATION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 591	\$ 589	\$ (2)
AID FROM OTHER GOVERNMENTAL AGENCIES	1,981	1,975	(6)
OTHER REVENUES	212	201	(11)
TOTAL REVENUES	<u>2,784</u>	<u>2,765</u>	<u>(19)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	2,780	775	2,005
CAPITAL OUTLAY	1,209	539	670
TOTAL EXPENDITURES	<u>3,989</u>	<u>1,314</u>	<u>2,675</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,205)</u>	<u>1,451</u>	<u>2,656</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(1,311)	(396)	915
TRANSFERS IN	771	575	(196)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(540)</u>	<u>179</u>	<u>719</u>
NET CHANGE IN FUND BALANCES	(1,745)	1,630	3,375
FUND BALANCES, JULY 1, 2012	1,751	1,751	-
FUND BALANCES, JUNE 30, 2013	<u>\$ 6</u>	<u>\$ 3,381</u>	<u>\$ 3,375</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	<u>MENTAL HEALTH SERVICES ACT</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 582	\$ 434	\$ (148)
AID FROM OTHER GOVERNMENTAL AGENCIES	97,134	99,407	2,273
OTHER REVENUES	250	139	(111)
TOTAL REVENUES	<u>97,966</u>	<u>99,980</u>	<u>2,014</u>
EXPENDITURES:			
CURRENT:			
HEALTH AND SANITATION	152,602	77,506	75,096
CAPITAL OUTLAY	7,352	167	7,185
TOTAL EXPENDITURES	<u>159,954</u>	<u>77,673</u>	<u>82,281</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(61,988)</u>	<u>22,307</u>	<u>84,295</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(1,136)	(1,137)	(1)
TRANSFERS IN	-	1,644	1,644
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,136)</u>	<u>507</u>	<u>1,643</u>
NET CHANGE IN FUND BALANCES	(63,124)	22,814	85,938
FUND BALANCES, JULY 1, 2012	85,507	85,507	-
FUND BALANCES, JUNE 30, 2013	<u>\$ 22,383</u>	<u>\$ 108,321</u>	<u>\$ 85,938</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

PRESCHOOL SERVICES DEPARTMENT

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 4	\$ 4
AID FROM OTHER GOVERNMENTAL AGENCIES	49,329	46,390	(2,939)
CHARGES FOR CURRENT SERVICES	-	75	75
OTHER REVENUES	55	176	121
TOTAL REVENUES	<u>49,384</u>	<u>46,645</u>	<u>(2,739)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	47,245	45,200	2,045
CAPITAL OUTLAY	838	220	618
TOTAL EXPENDITURES	<u>48,083</u>	<u>45,420</u>	<u>2,663</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,301</u>	<u>1,225</u>	<u>(76)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(1,370)	(1,360)	10
TRANSFERS IN	-	103	103
SALE OF CAPITAL ASSETS	-	12	12
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,370)</u>	<u>(1,245)</u>	<u>125</u>
NET CHANGE IN FUND BALANCES	(69)	(20)	49
FUND BALANCES, JULY 1, 2012	79	79	-
FUND BALANCES, JUNE 30, 2013	<u>\$ 10</u>	<u>\$ 59</u>	<u>\$ 49</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

AGING AND ADULT SERVICES

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 3	\$ 3	\$ -
AID FROM OTHER GOVERNMENTAL AGENCIES	4,816	4,389	(427)
OTHER REVENUES	898	208	(690)
TOTAL REVENUES	<u>5,717</u>	<u>4,600</u>	<u>(1,117)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	7,076	4,582	2,494
TOTAL EXPENDITURES	<u>7,076</u>	<u>4,582</u>	<u>2,494</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,359)</u>	<u>18</u>	<u>1,377</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(55)	(55)	-
TRANSFERS IN	-	17	17
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(55)</u>	<u>(38)</u>	<u>17</u>
NET CHANGE IN FUND BALANCES	(1,414)	(20)	1,394
FUND BALANCES, JULY 1, 2012	1,423	1,423	-
FUND BALANCES, JUNE 30, 2013	<u>\$ 9</u>	<u>\$ 1,403</u>	<u>\$ 1,394</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	<u>JOBS AND EMPLOYMENT SERVICES</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 572	\$ 487	\$ (85)
AID FROM OTHER GOVERNMENTAL AGENCIES	23,394	19,304	(4,090)
OTHER REVENUES	101	235	134
TOTAL REVENUES	<u>24,067</u>	<u>20,026</u>	<u>(4,041)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	24,034	19,692	4,342
TOTAL EXPENDITURES	<u>24,034</u>	<u>19,692</u>	<u>4,342</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>33</u>	<u>334</u>	<u>301</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(308)	(308)	-
TRANSFERS IN	-	86	86
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(308)</u>	<u>(222)</u>	<u>86</u>
NET CHANGE IN FUND BALANCES	(275)	112	387
FUND BALANCES, JULY 1, 2012	498	498	-
FUND BALANCES, JUNE 30, 2013	<u>\$ 223</u>	<u>\$ 610</u>	<u>\$ 387</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	<u>COURTHOUSE TEMPORARY CONSTRUCTION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ 3,000	\$ 1,868	\$ (1,132)
REVENUES FROM USE OF MONEY AND PROPERTY	80	-	(80)
TOTAL REVENUES	<u>3,080</u>	<u>1,868</u>	<u>(1,212)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(3,100)</u>	<u>(1,893)</u>	<u>1,207</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(3,100)</u>	<u>(1,893)</u>	<u>1,207</u>
NET CHANGE IN FUND BALANCES	(20)	(25)	(5)
FUND BALANCES, JULY 1, 2012	28	28	-
FUND BALANCES, JUNE 30, 2013	<u>\$ 8</u>	<u>\$ 3</u>	<u>\$ (5)</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	<u>CRIMINAL JUSTICE TEMPORARY CONSTRUCTION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ 2,890	\$ 2,302	\$ (588)
REVENUES FROM USE OF MONEY AND PROPERTY	110	-	(110)
TOTAL REVENUES	<u>3,000</u>	<u>2,302</u>	<u>(698)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(3,114)</u>	<u>(2,422)</u>	<u>692</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(3,114)</u>	<u>(2,422)</u>	<u>692</u>
NET CHANGE IN FUND BALANCES	(114)	(120)	(6)
FUND BALANCES, JULY 1, 2012	124	124	-
FUND BALANCES, JUNE 30, 2013	<u>\$ 10</u>	<u>\$ 4</u>	<u>\$ (6)</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	<u>CENTRAL COURTHOUSE SURCHARGE</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 2,800	\$ 2,143	\$ (657)
OTHER REVENUES	<u>1</u>	<u>-</u>	<u>(1)</u>
TOTAL REVENUES	<u>2,801</u>	<u>2,143</u>	<u>(658)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(2,801)</u>	<u>(2,143)</u>	<u>658</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(2,801)</u>	<u>(2,143)</u>	<u>658</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES, JULY 1, 2012	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	<u>MICROGRAPHICS FEES</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 12	\$ 11	\$ (1)
CHARGES FOR CURRENT SERVICES	3,528	4,518	990
OTHER REVENUES	75	-	(75)
TOTAL REVENUES	<u>3,615</u>	<u>4,529</u>	<u>914</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	9,660	2,640	7,020
CAPITAL OUTLAY	222	57	165
TOTAL EXPENDITURES	<u>9,882</u>	<u>2,697</u>	<u>7,185</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,267)</u>	<u>1,832</u>	<u>8,099</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(43)	(43)	-
TRANSFERS IN	-	11	11
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(43)</u>	<u>(32)</u>	<u>11</u>
NET CHANGE IN FUND BALANCES	(6,310)	1,800	8,110
FUND BALANCES, JULY 1, 2012	7,583	7,583	-
FUND BALANCES, JUNE 30, 2013	<u>\$ 1,273</u>	<u>\$ 9,383</u>	<u>\$ 8,110</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	<u>LOCAL LAW ENFORCEMENT BLOCK GRANT</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 5	\$ 5
AID FROM OTHER GOVERNMENTAL AGENCIES	1,008	933	(75)
TOTAL REVENUES	<u>1,008</u>	<u>938</u>	<u>(70)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	5,759	1,173	4,586
CAPITAL OUTLAY	81	71	10
TOTAL EXPENDITURES	<u>5,840</u>	<u>1,244</u>	<u>4,596</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,832)</u>	<u>(306)</u>	<u>4,526</u>
NET CHANGE IN FUND BALANCES	(4,832)	(306)	4,526
FUND BALANCES, JULY 1, 2012	4,839	4,839	-
FUND BALANCES, JUNE 30, 2013	<u>\$ 7</u>	<u>\$ 4,533</u>	<u>\$ 4,526</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

SHERIFF SPECIAL PROJECTS

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ 10	\$ -	\$ (10)
REVENUES FROM USE OF MONEY AND PROPERTY	234	94	(140)
AID FROM OTHER GOVERNMENTAL AGENCIES	11,501	15,672	4,171
CHARGES FOR CURRENT SERVICES	3,634	3,186	(448)
OTHER REVENUES	<u>2,158</u>	<u>2,260</u>	<u>102</u>
TOTAL REVENUES	<u>17,537</u>	<u>21,212</u>	<u>3,675</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	25,429	13,800	11,629
CAPITAL OUTLAY	<u>7,518</u>	<u>2,521</u>	<u>4,997</u>
TOTAL EXPENDITURES	<u>32,947</u>	<u>16,321</u>	<u>16,626</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(15,410)</u>	<u>4,891</u>	<u>20,301</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(5,128)	(2,497)	2,631
TRANSFERS IN	<u>-</u>	<u>76</u>	<u>76</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(5,128)</u>	<u>(2,421)</u>	<u>2,707</u>
NET CHANGE IN FUND BALANCES	(20,538)	2,470	23,008
FUND BALANCES, JULY 1, 2012	<u>20,583</u>	<u>20,583</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2013	<u>\$ 45</u>	<u>\$ 23,053</u>	<u>\$ 23,008</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

FIRE PROTECTION DISTRICTS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 32,852	\$ 34,640	\$ 1,788
FINES, FORFEITURES AND PENALTIES	12	137	125
REVENUES FROM USE OF MONEY AND PROPERTY	257	284	27
AID FROM OTHER GOVERNMENTAL AGENCIES	15,101	11,833	(3,268)
CHARGES FOR CURRENT SERVICES	58,985	60,679	1,694
OTHER REVENUES	1,877	1,868	(9)
TOTAL REVENUES	<u>109,084</u>	<u>109,441</u>	<u>357</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	132,302	109,442	22,860
DEBT SERVICE:			
PRINCIPAL	250	250	-
INTEREST AND FISCAL CHARGES	105	79	26
CAPITAL OUTLAY	29,023	4,431	24,592
TOTAL EXPENDITURES	<u>161,680</u>	<u>114,202</u>	<u>47,478</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(52,596)</u>	<u>(4,761)</u>	<u>47,835</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(10,330)	(5,403)	4,927
TRANSFERS IN	22,090	17,756	(4,334)
SALE OF CAPITAL ASSETS	4	166	162
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>11,764</u>	<u>12,519</u>	<u>755</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(40,832)	7,758	48,590
EXTRAORDINARY ITEM	-	498	498
NET CHANGE IN FUND BALANCES	(40,832)	8,256	49,088
FUND BALANCES, JULY 1, 2012	42,685	42,685	-
FUND BALANCES, JUNE 30, 2013	<u>\$ 1,853</u>	<u>\$ 50,941</u>	<u>\$ 49,088</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ -	\$ 2	\$ 2
REVENUES FROM USE OF MONEY AND PROPERTY	161	184	23
AID FROM OTHER GOVERNMENTAL AGENCIES	32,240	18,202	(14,038)
OTHER REVENUES	<u>3,765</u>	<u>3,759</u>	<u>(6)</u>
TOTAL REVENUES	<u>36,166</u>	<u>22,147</u>	<u>(14,019)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	<u>50,401</u>	<u>17,419</u>	<u>32,982</u>
TOTAL EXPENDITURES	<u>50,401</u>	<u>17,419</u>	<u>32,982</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(14,235)</u>	<u>4,728</u>	<u>18,963</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(4,293)	(3,415)	878
TRANSFERS IN	<u>650</u>	<u>674</u>	<u>24</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(3,643)</u>	<u>(2,741)</u>	<u>902</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(17,878)	1,987	19,865
EXTRAORDINARY ITEM	<u>(1,929)</u>	<u>(1,929)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(19,807)	58	19,865
FUND BALANCES, JULY 1, 2012	<u>19,856</u>	<u>19,856</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2013	<u>\$ 49</u>	<u>\$ 19,914</u>	<u>\$ 19,865</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

FLOOD CONTROL DISTRICT

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 36,364	\$ 39,259	\$ 2,895
LICENSES, PERMITS AND FRANCHISES	137	335	198
REVENUES FROM USE OF MONEY AND PROPERTY	1,307	639	(668)
AID FROM OTHER GOVERNMENTAL AGENCIES	4,628	3,968	(660)
CHARGES FOR CURRENT SERVICES	1,281	1,072	(209)
OTHER REVENUES	142	1,427	1,285
TOTAL REVENUES	<u>43,859</u>	<u>46,700</u>	<u>2,841</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	105,118	32,549	72,569
DEBT SERVICE:			
PRINCIPAL	3,795	3,634	161
INTEREST AND FISCAL CHARGES	4,752	3,305	1,447
CAPITAL OUTLAY	2,015	34	1,981
TOTAL EXPENDITURES	<u>115,680</u>	<u>39,522</u>	<u>76,158</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(71,821)</u>	<u>7,178</u>	<u>78,999</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(10,862)	(591)	10,271
TRANSFERS IN	28,856	2,188	(26,668)
SALE OF CAPITAL ASSETS	1,533	1,208	(325)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>19,527</u>	<u>2,805</u>	<u>(16,722)</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(52,294)	9,983	62,277
EXTRAORDINARY ITEM	-	20,771	20,771
NET CHANGE IN FUND BALANCES	(52,294)	30,754	83,048
FUND BALANCES, JULY 1, 2012	54,940	54,940	-
FUND BALANCES, JUNE 30, 2013	<u>\$ 2,646</u>	<u>\$ 85,694</u>	<u>\$ 83,048</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

COUNTY SERVICE AREAS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 3,011	\$ 3,069	\$ 58
REVENUES FROM USE OF MONEY AND PROPERTY	195	200	5
AID FROM OTHER GOVERNMENTAL AGENCIES	1,220	305	(915)
CHARGES FOR CURRENT SERVICES	7,267	4,124	(3,143)
OTHER REVENUES	334	451	117
TOTAL REVENUES	<u>12,027</u>	<u>8,149</u>	<u>(3,878)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	19,554	2,952	16,602
PUBLIC PROTECTION	1,178	663	515
PUBLIC WAYS AND FACILITIES	4,897	2,097	2,800
HEALTH AND SANITATION	417	70	347
RECREATION AND CULTURAL SERVICES	2,928	1,216	1,712
DEBT SERVICE:			
PRINCIPAL	186	76	110
INTEREST AND FISCAL CHARGES	36	24	12
CAPITAL OUTLAY	7,122	824	6,298
TOTAL EXPENDITURES	<u>36,318</u>	<u>7,922</u>	<u>28,396</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(24,291)</u>	<u>227</u>	<u>24,518</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(2,579)	(1,193)	1,386
TRANSFERS IN	6,023	2,606	(3,417)
LONG-TERM DEBT ISSUED	70	-	(70)
SALE OF CAPITAL ASSETS	6	9	3
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>3,520</u>	<u>1,422</u>	<u>(2,098)</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(20,771)	1,649	22,420
EXTRAORDINARY ITEM	-	123	123
NET CHANGE IN FUND BALANCES	(20,771)	1,772	22,543
FUND BALANCES, JULY 1, 2012	20,935	20,935	-
FUND BALANCES, JUNE 30, 2013	<u>\$ 164</u>	<u>\$ 22,707</u>	<u>\$ 22,543</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

PARK AND RECREATION DISTRICTS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 1,926	\$ 2,200	\$ 274
REVENUES FROM USE OF MONEY AND PROPERTY	86	57	(29)
AID FROM OTHER GOVERNMENTAL AGENCIES	66	68	2
CHARGES FOR CURRENT SERVICES	1,114	1,069	(45)
OTHER REVENUES	17	56	39
TOTAL REVENUES	<u>3,209</u>	<u>3,450</u>	<u>241</u>
EXPENDITURES:			
CURRENT:			
RECREATION AND CULTURAL SERVICES	4,171	3,801	370
CAPITAL OUTLAY	121	34	87
TOTAL EXPENDITURES	<u>4,292</u>	<u>3,835</u>	<u>457</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,083)</u>	<u>(385)</u>	<u>698</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(726)	(441)	285
TRANSFERS IN	371	72	(299)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(355)</u>	<u>(369)</u>	<u>(14)</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(1,438)	(754)	684
EXTRAORDINARY ITEM	-	329	329
NET CHANGE IN FUND BALANCES	(1,438)	(425)	1,013
FUND BALANCES, JULY 1, 2012	1,696	1,696	-
FUND BALANCES, JUNE 30, 2013	<u>\$ 258</u>	<u>\$ 1,271</u>	<u>\$ 1,013</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

COUNTY FREE LIBRARY

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 11,967	\$ 13,322	\$ 1,355
AID FROM OTHER GOVERNMENTAL AGENCIES	299	253	(46)
CHARGES FOR CURRENT SERVICES	974	1,027	53
OTHER REVENUES	361	367	6
TOTAL REVENUES	<u>13,601</u>	<u>14,969</u>	<u>1,368</u>
EXPENDITURES:			
CURRENT:			
EDUCATION	14,574	12,514	2,060
DEBT SERVICE:			
PRINCIPAL	57	57	-
INTEREST AND FISCAL CHARGES	56	56	-
TOTAL EXPENDITURES	<u>14,687</u>	<u>12,627</u>	<u>2,060</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,086)</u>	<u>2,342</u>	<u>3,428</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(290)	(228)	62
TRANSFERS IN	262	275	13
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(28)</u>	<u>47</u>	<u>75</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(1,114)	2,389	3,503
EXTRAORDINARY ITEM	-	1,445	1,445
NET CHANGE IN FUND BALANCES	(1,114)	3,834	4,948
FUND BALANCES, JULY 1, 2012	1,527	1,527	-
FUND BALANCES, JUNE 30, 2013	<u>\$ 413</u>	<u>\$ 5,361</u>	<u>\$ 4,948</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	<u>REDEVELOPMENT SUCCESSOR HOUSING</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 39	\$ 39
AID FROM OTHER GOVERNMENTAL AGENCIES	-	169	169
CHARGES FOR CURRENT SERVICES	-	3,070	3,070
OTHER REVENUES	-	705	705
TOTAL REVENUES	<u>-</u>	<u>3,983</u>	<u>3,983</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	5,753	307	5,446
CAPITAL OUTLAY	366	-	366
TOTAL EXPENDITURES	<u>6,119</u>	<u>307</u>	<u>5,812</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,119)</u>	<u>3,676</u>	<u>9,795</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(3,477)	-	3,477
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(3,477)</u>	<u>-</u>	<u>3,477</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(9,596)	3,676	13,272
EXTRAORDINARY ITEM	(5,252)	(4,887)	365
NET CHANGE IN FUND BALANCES	(14,848)	(1,211)	13,637
FUND BALANCES, JULY 1, 2012	6,725	6,725	-
FUND BALANCES (DEFICIT), JUNE 30, 2013	<u>\$ (8,123)</u>	<u>\$ 5,514</u>	<u>\$ 13,637</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

OTHER SPECIAL REVENUE

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 27	\$ 32	\$ 5
LICENSES, PERMITS AND FRANCHISES	386	338	(48)
FINES, FORFEITURES AND PENALTIES	2,539	3,907	1,368
REVENUES FROM USE OF MONEY AND PROPERTY	2,414	2,406	(8)
AID FROM OTHER GOVERNMENTAL AGENCIES	32,862	26,825	(6,037)
CHARGES FOR CURRENT SERVICES	9,043	9,522	479
OTHER REVENUES	26,124	33,400	7,276
TOTAL REVENUES	73,395	76,430	3,035
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	1,113	2	1,111
PUBLIC PROTECTION	29,095	14,668	14,427
PUBLIC WAYS AND FACILITIES	9,462	275	9,187
HEALTH AND SANITATION	47,679	22,437	25,242
PUBLIC ASSISTANCE	11,982	1,149	10,833
RECREATION AND CULTURAL SERVICES	5,316	2,588	2,728
CAPITAL OUTLAY	4,696	373	4,323
TOTAL EXPENDITURES	109,343	41,492	67,851
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(35,948)	34,938	70,886
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(32,074)	(30,671)	1,403
TRANSFERS IN	370	509	139
TOTAL OTHER FINANCING SOURCES AND (USES)	(31,704)	(30,162)	1,542
NET CHANGE IN FUND BALANCES	(67,652)	4,776	72,428
FUND BALANCES, JULY 1, 2012	68,435	68,435	-
FUND BALANCES, JUNE 30, 2013	\$ 783	\$ 73,211	\$ 72,428

COUNTY OF SAN BERNARDINO
 CAPITAL IMPROVEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON A BUDGETARY BASIS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ -	\$ 6	\$ 6
AID FROM OTHER GOVERNMENTAL AGENCIES	31,648	31,737	16,325	(15,412)
CHARGES FOR CURRENT SERVICES	-	-	106	106
OTHER REVENUES	-	189	531	342
TOTAL REVENUES	31,648	31,926	16,968	(14,958)
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	9,807	11,829	9,745	2,084
CAPITAL OUTLAY	173,573	188,939	83,372	105,567
TOTAL EXPENDITURES	183,380	200,768	93,117	107,651
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(151,732)	(168,842)	(76,149)	92,693
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(23,571)	(82,888)	(21,319)	61,569
TRANSFERS IN	70,739	147,127	65,359	(81,768)
SALE OF CAPITAL ASSETS	-	38	38	-
TOTAL OTHER FINANCING SOURCES AND (USES)	47,168	64,277	44,078	(20,199)
NET CHANGE IN FUND BALANCES	(104,564)	(104,565)	(32,071)	72,494
FUND BALANCES, JULY 1, 2012	104,535	104,535	104,535	-
FUND BALANCES (DEFICIT), JUNE 30, 2013	<u>\$ (29)</u>	<u>\$ (30)</u>	<u>\$ 72,464</u>	<u>\$ 72,494</u>

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, 2013 (IN THOUSANDS)

	<u>TOTAL</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 66	\$ 49	\$ (17)
CHARGES FOR CURRENT SERVICES	-	74	74
OTHER REVENUES	-	479	479
TOTAL REVENUES	<u>66</u>	<u>602</u>	<u>536</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	5,568	5,552	16
RECREATION AND CULTURAL SERVICES	1	-	1
CAPITAL OUTLAY	<u>24,174</u>	<u>1,252</u>	<u>22,922</u>
TOTAL EXPENDITURES	<u>29,743</u>	<u>6,804</u>	<u>22,939</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(29,677)</u>	<u>(6,202)</u>	<u>23,475</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(122)	(292)	(170)
TRANSFERS IN	<u>4,026</u>	<u>1,334</u>	<u>(2,692)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>3,904</u>	<u>1,042</u>	<u>(2,862)</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(25,773)	(5,160)	20,613
EXTRAORDINARY ITEM	<u>-</u>	<u>11,469</u>	<u>11,469</u>
NET CHANGE IN FUND BALANCES	(25,773)	6,309	32,082
FUND BALANCES, JULY 1, 2012	<u>14,325</u>	<u>14,325</u>	<u>-</u>
FUND BALANCES (DEFICIT), JUNE 30, 2013	<u>\$ (11,448)</u>	<u>\$ 20,634</u>	<u>\$ 32,082</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

	<u>REDEVELOPMENT SUCCESSOR HOUSING</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 16</u>
TOTAL REVENUES	<u>-</u>	<u>16</u>	<u>16</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>11,453</u>	<u>-</u>	<u>11,453</u>
TOTAL EXPENDITURES	<u>11,453</u>	<u>-</u>	<u>11,453</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(11,453)</u>	<u>16</u>	<u>11,469</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	<u>(11,453)</u>	<u>16</u>	<u>11,469</u>
EXTRAORDINARY ITEM	<u>-</u>	<u>11,469</u>	<u>11,469</u>
NET CHANGE IN FUND BALANCES	<u>(11,453)</u>	<u>11,485</u>	<u>22,938</u>
FUND BALANCES, JULY 1, 2012	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT), JUNE 30, 2013	<u>\$ (11,453)</u>	<u>\$ 11,485</u>	<u>\$ 22,938</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

FIRE PROTECTION DISTRICTS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 2	\$ 2	\$ -
TOTAL REVENUES	<u>2</u>	<u>2</u>	<u>-</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	5,568	5,552	16
CAPITAL OUTLAY	488	-	488
TOTAL EXPENDITURES	<u>6,056</u>	<u>5,552</u>	<u>504</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,054)</u>	<u>(5,550)</u>	<u>504</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(16)	(44)	(28)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(16)</u>	<u>(44)</u>	<u>(28)</u>
NET CHANGE IN FUND BALANCES	(6,070)	(5,594)	476
FUND BALANCES, JULY 1, 2012	6,063	6,063	-
FUND BALANCES (DEFICIT), JUNE 30, 2013	<u>\$ (7)</u>	<u>\$ 469</u>	<u>\$ 476</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

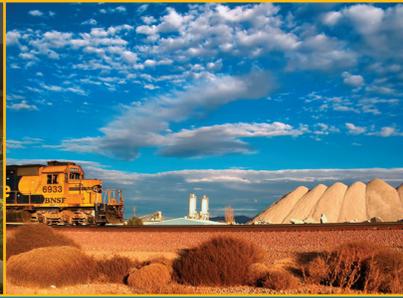
PARK AND RECREATION DISTRICTS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 62	\$ 31	\$ (31)
OTHER REVENUES	-	479	479
TOTAL REVENUES	<u>62</u>	<u>510</u>	<u>448</u>
EXPENDITURES:			
CURRENT:			
RECREATION AND CULTURAL SERVICES	1	-	1
CAPITAL OUTLAY	8,274	324	7,950
TOTAL EXPENDITURES	<u>8,275</u>	<u>324</u>	<u>7,951</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(8,213)</u>	<u>186</u>	<u>8,399</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(60)	(60)	-
TRANSFERS IN	1,051	405	(646)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>991</u>	<u>345</u>	<u>(646)</u>
NET CHANGE IN FUND BALANCES	(7,222)	531	7,753
FUND BALANCES, JULY 1, 2012	7,232	7,232	-
FUND BALANCES, JUNE 30, 2013	<u>\$ 10</u>	<u>\$ 7,763</u>	<u>\$ 7,753</u>

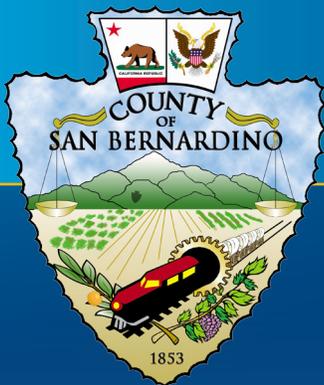
COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2013 (IN THOUSANDS)

COUNTY SERVICE AREAS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 2	\$ -	\$ (2)
CHARGES FOR CURRENT SERVICES	-	74	74
TOTAL REVENUES	<u>2</u>	<u>74</u>	<u>72</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>3,959</u>	<u>928</u>	<u>3,031</u>
TOTAL EXPENDITURES	<u>3,959</u>	<u>928</u>	<u>3,031</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,957)</u>	<u>(854)</u>	<u>3,103</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(46)	(188)	(142)
TRANSFERS IN	<u>2,975</u>	<u>929</u>	<u>(2,046)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>2,929</u>	<u>741</u>	<u>(2,188)</u>
NET CHANGE IN FUND BALANCES	(1,028)	(113)	915
FUND BALANCES, JULY 1, 2012	<u>1,030</u>	<u>1,030</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2013	<u>\$ 2</u>	<u>\$ 917</u>	<u>\$ 915</u>



STATISTICAL SECTION



STATISTICAL SECTION

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

CONTENTS

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

REVENUE CAPACITY

These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

ECONOMIC AND DEMOGRAPHIC INFORMATION

These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.

OPERATION INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



SAN BERNARDINO COUNTY
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (IN THOUSANDS)
(accrual basis of accounting)

	2003-04	2004-05	2005-06 as restated	2006-07 as restated	2007-08 as restated	2008-09 as restated	2009-10 as restated	2010-11	2011-12	2012-13
GOVERNMENTAL ACTIVITIES										
NET INVESTMENT IN CAPITAL ASSETS	\$ 892,791	\$ 919,051	\$ 986,723	\$ 1,095,664	\$ 1,147,871	\$ 1,218,294	\$ 1,318,593	\$ 1,436,162	\$ 1,598,182	\$ 1,675,854
RESTRICTED	400,271	465,540	541,483	674,368	688,298	794,489	716,035	783,306	714,879	740,232
UNRESTRICTED	77,292	149,702	44,373	108,424	222,623	150,272	268,299	230,522	265,813	344,912
SUBTOTAL GOVERNMENTAL ACTIVITIES NET POSITION	<u>1,370,354</u>	<u>1,534,293</u>	<u>1,572,579</u>	<u>1,878,456</u>	<u>2,058,792</u>	<u>2,163,055</u>	<u>2,302,927</u>	<u>2,449,990</u>	<u>2,578,874</u>	<u>2,760,998</u>
BUSINESS-TYPE ACTIVITIES										
NET INVESTMENT IN CAPITAL ASSETS	(60,294)	(45,032)	(50,023)	(17,138)	(20,021)	35,887	26,837	44,737	57,487	107,216
RESTRICTED	45,523	47,908	46,444	47,023	48,814	37,283	93,399	108,461	67,968	63,781
UNRESTRICTED	88,102	96,577	181,381	121,734	110,023	82,871	34,055	780	31,697	9,209
SUBTOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	<u>73,331</u>	<u>99,453</u>	<u>177,802</u>	<u>151,619</u>	<u>138,816</u>	<u>156,041</u>	<u>154,291</u>	<u>153,978</u>	<u>157,152</u>	<u>180,206</u>
PRIMARY GOVERNMENT										
NET INVESTMENT IN CAPITAL ASSETS	832,497	874,019	936,700	1,078,526	1,127,850	1,254,181	1,345,430	1,480,899	1,655,669	1,783,070
RESTRICTED	445,794	513,448	587,927	721,391	737,112	831,772	809,434	891,767	782,847	804,013
UNRESTRICTED	165,394	246,279	225,754	230,158	332,646	233,143	302,354	231,302	297,510	354,121
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$ 1,443,685</u>	<u>\$ 1,633,746</u>	<u>\$ 1,750,381</u>	<u>\$ 2,030,075</u>	<u>\$ 2,197,608</u>	<u>\$ 2,319,096</u>	<u>\$ 2,457,218</u>	<u>\$ 2,603,968</u>	<u>\$ 2,736,026</u>	<u>\$ 2,941,204</u>

Notes:

Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted when 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

In fiscal year 2010-11 the County implemented GASB 54 to report governmental fund balance as nonspendable, restricted, committed, assigned and unassigned. Fiscal year 2009-10 restricted and unrestricted net position were reclassified according to GASB 54 for comparison purpose.

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

	2003-04	2004-05	2005-06 as restated	2006-07 as restated	2007-08 as restated	2008-09 as restated	2009-10 as restated	2010-11	2011-12	2012-13
Expenses										
Governmental Activities:										
General Government	\$ 132,933	\$ 125,760	\$ 137,092	\$ 153,460	\$ 179,638	\$ 177,438	\$ 177,506	\$ 165,754	\$ 156,960	\$ 195,972
Public Protection	656,464	702,624	764,154	844,036	888,798	921,218	897,257	913,522	957,600	985,004
Public Ways and Facilities	37,095	61,786	73,014	67,254	85,271	75,704	73,251	72,482	80,200	80,002
Health and Sanitation	328,530	329,669	241,795	273,143	303,533	336,662	326,590	282,684	291,415	311,856
Public Assistance	820,853	827,800	817,924	802,043	854,721	882,975	935,205	1,007,153	991,174	1,014,443
Education	10,357	16,243	17,612	18,106	20,788	21,941	19,693	18,692	16,905	16,469
Recreation and Cultural Services	22,284	21,185	19,355	24,899	24,086	24,697	22,677	23,788	26,701	26,672
Interest on Long Term Debt	42,678	72,041	75,350	83,260	77,444	83,770	65,144	64,994	58,449	53,484
Total Governmental Activities	<u>2,051,194</u>	<u>2,157,108</u>	<u>2,146,296</u>	<u>2,266,201</u>	<u>2,434,279</u>	<u>2,524,405</u>	<u>2,517,323</u>	<u>2,549,069</u>	<u>2,579,404</u>	<u>2,683,902</u>
Business-type Activities:										
Medical Center	456,087	496,437	430,459	477,814	421,531	466,933	441,722	445,874	475,957	488,005
Waste Systems	29,781	53,835	69,320	53,320	83,543	56,389	56,688	95,408	66,571	53,748
Other	19,827	19,446	21,463	31,503	53,305	21,479	-	-	-	-
Water, Sewer and Sanitation	-	-	-	-	-	-	32,536	14,316	14,679	15,448
Paramedic and Emergency	-	-	-	-	-	-	240	546	527	-
Miscellaneous	-	-	-	-	-	-	341	186	71	87
Total Business-type Activities	<u>505,695</u>	<u>569,718</u>	<u>521,242</u>	<u>562,637</u>	<u>558,379</u>	<u>544,801</u>	<u>531,527</u>	<u>556,330</u>	<u>557,805</u>	<u>557,288</u>
Total Primary Government Expenses	<u>\$ 2,556,889</u>	<u>\$ 2,726,826</u>	<u>\$ 2,667,538</u>	<u>\$ 2,828,838</u>	<u>\$ 2,992,658</u>	<u>\$ 3,069,206</u>	<u>\$ 3,048,850</u>	<u>\$ 3,105,399</u>	<u>\$ 3,137,209</u>	<u>\$ 3,241,190</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 93,387	\$ 93,122	\$ 99,452	\$ 103,993	\$ 105,052	\$ 110,817	\$ 115,911	\$ 122,048	\$ 152,268	\$ 143,236
Public Protection	140,922	160,169	168,524	198,803	214,252	249,714	231,718	243,283	220,028	228,319
Public Ways and Facilities	5,463	3,416	4,933	6,772	9,005	7,183	5,518	6,610	7,206	10,751
Health and Sanitation	125,299	141,471	42,713	49,020	42,820	56,732	63,613	20,911	23,298	24,075
Public Assistance	3,435	2,356	3,296	2,827	3,646	2,656	2,720	2,993	1,000	984
Education	1,054	1,008	1,105	1,170	1,100	1,240	1,202	1,075	979	1,027
Recreation and Cultural Services	7,833	7,342	7,030	7,695	8,391	8,882	8,992	8,729	9,070	8,446
Operating Grants/Contributions:										
General Government	13,982	8,646	9,438	19,275	16,687	11,752	8,404	19,262	29,249	7,705
Public Protection	146,814	151,158	168,369	198,710	149,313	140,036	160,938	169,002	190,394	244,678
Public Ways and Facilities	38,228	41,539	58,946	69,247	59,600	48,876	70,501	60,518	61,721	53,063
Health and Sanitation	222,900	246,782	247,842	315,857	300,174	319,212	330,099	303,449	268,409	343,019
Public Assistance	765,606	785,408	780,819	732,626	816,090	826,639	886,533	958,859	951,801	935,079
Education	978	762	987	1,219	1,215	907	998	1,290	457	253
Recreation and Cultural Services	801	4,368	4,262	6,800	1,920	2,652	3,035	3,726	1,117	772
Capital Grants/Contributions:										
General Government	-	-	-	-	-	4,728	-	-	-	-
Public Protection	-	-	-	57	20	-	72	-	14	-
Public Ways and Facilities	10,608	6,129	2,440	475	3,052	3,919	4,796	9,221	59,054	17,755
Health and Sanitation	-	-	-	-	-	-	-	1,699	-	-
Recreation and Cultural Services	-	-	-	124	277	20	1,708	75	-	-
Subtotal Governmental Activities	<u>1,577,310</u>	<u>1,653,676</u>	<u>1,600,156</u>	<u>1,714,670</u>	<u>1,732,614</u>	<u>1,795,965</u>	<u>1,896,758</u>	<u>1,932,750</u>	<u>1,976,065</u>	<u>2,019,162</u>
Business-type Activities:										
Charges for Services:										
Medical Center	372,815	427,102	345,923	375,973	335,749	370,464	380,954	380,357	376,004	365,169
Waste System	54,831	63,240	65,616	63,419	67,898	60,755	56,964	57,281	56,014	58,044
Other	18,835	21,026	20,206	20,253	19,852	14,814	-	-	-	-
Water, Sewer and Sanitation	-	-	-	-	-	-	12,910	10,696	11,590	11,711
Paramedic and Emergency	-	-	-	-	-	-	3,117	3,516	-	-
Others (1)	-	-	-	-	-	-	146	206	118	58
Operating Grants & Contributions:										
Medical Center	13,727	13,443	13,147	13,527	12,579	8,012	6,968	68,148	46,904	50,132
Waste System	946	-	-	-	-	-	-	33	928	1,751
Other (1)	103	2,318	2,825	833	14	156	-	-	-	-
Water, Sewer and Sanitation (1)	-	-	-	-	-	-	46	53	147	70
Paramedic and Emergency (1)	-	-	-	-	-	-	-	-	-	-
Others (1)	-	-	-	-	-	-	-	-	-	-
Capital Grants & Contributions:										
Medical Center	22,166	20,259	21,521	26,976	24,142	19,554	19,045	19,500	18,820	18,901
Water, Sewer and Sanitation	-	-	-	-	-	-	70	-	167	-
Subtotal Business-type Activities	<u>483,423</u>	<u>547,388</u>	<u>469,238</u>	<u>500,981</u>	<u>460,234</u>	<u>473,755</u>	<u>480,220</u>	<u>539,790</u>	<u>510,692</u>	<u>505,836</u>
Total Primary Government Program Revenues	<u>\$ 2,060,733</u>	<u>\$ 2,201,064</u>	<u>\$ 2,069,394</u>	<u>\$ 2,215,651</u>	<u>\$ 2,192,848</u>	<u>\$ 2,269,720</u>	<u>\$ 2,376,978</u>	<u>\$ 2,472,540</u>	<u>\$ 2,486,757</u>	<u>\$ 2,524,998</u>
Net (Expense) / Revenue										
Governmental Activities	\$ (473,884)	\$ (503,432)	\$ (546,140)	\$ (551,531)	\$ (701,665)	\$ (728,440)	\$ (620,565)	\$ (616,319)	\$ (603,339)	\$ (664,740)
Business-type Activities	(22,272)	(22,330)	(52,004)	(61,656)	(98,145)	(71,046)	(51,307)	(16,540)	(47,113)	(51,452)
Total Primary Government Net Expenses	<u>\$ (496,156)</u>	<u>\$ (525,762)</u>	<u>\$ (598,144)</u>	<u>\$ (613,187)</u>	<u>\$ (799,810)</u>	<u>\$ (799,486)</u>	<u>\$ (671,872)</u>	<u>\$ (632,859)</u>	<u>\$ (650,452)</u>	<u>\$ (716,192)</u>

(Continued)

Note:

(1) Starting fiscal year 2009-10 business activities previously reported under Other are reported separately for different identifiable activities, based on the types of goods or services provided.

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

	2003-04	2004-05	2005-06 as restated	2006-07 as restated	2007-08 as restated	2008-09 as restated	2009-10 as restated	2010-11	2011-12	2012-13
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 206,860	\$ 213,644	\$ 418,703	\$ 477,973	\$ 538,962	\$ 562,625	\$ 524,857	\$ 491,396	\$ 499,002	\$ 523,190
Property Taxes, Levied for Debt Service	4,932	3,557	8,375	10,907	15,620	18,528	15,608	14,724	6,324	-
Public Safety Tax	110,188	125,222	140,855	150,903	147,794	126,083	116,963	121,623	133,581	145,097
Sales Taxes	22,285	26,683	30,875	31,846	26,316	21,992	17,894	19,184	24,555	30,158
Other Taxes	25,202	37,453	54,221	58,261	44,381	21,847	12,810	12,086	10,070	11,791
Motor Vehicle In-Lieu Taxes	94,583	175,266	-	-	-	-	-	-	-	-
Unrestricted Revenues from Use of Money and Property	33,063	43,762	61,590	76,046	88,878	74,567	52,445	49,081	39,797	46,383
Miscellaneous	46,876	63,545	51,784	74,695	67,409	67,055	52,154	57,878	61,989	71,998
Gains on Sale of Capital Assets	5,051	4,857	5,523	4,182	2,055	1,655	2,968	3,739	1,708	4,998
Special Item - Litigation Settlement	-	-	(102,000)	28,000	-	-	-	-	-	-
Extraordinary Item- RDA Dissolution	-	-	-	-	-	-	-	-	(3,841)	63,969
Transfers	(24,063)	(26,618)	(85,500)	(55,405)	(49,414)	(61,649)	(35,262)	(6,329)	(40,962)	(50,720)
Subtotal Governmental Activities	524,977	667,371	584,426	857,408	882,001	832,703	760,437	763,382	732,223	846,864
Business-type Activities:										
Property Taxes, Levied for General Purposes	5,837	5,432	4,768	6,453	5,972	4,500	3,641	2,360	2,674	2,627
Unrestricted Revenues from Use of Money and Property	10,289	9,695	5,994	14,628	16,630	10,182	8,803	3,381	4,753	1,674
Miscellaneous	11,747	6,687	5,704	8,063	14,101	13,519	1,840	4,155	1,898	19,264
Gains on Sale of Capital Assets	34	20	157	(83)	-	56	11	2	-	-
Special Item - Gain on Sale of Surplus Land	-	-	28,230	-	-	-	-	-	-	-
Special Item - Eminent Domain Settlement	-	-	-	1,676	-	-	-	-	-	-
Special Item - Litigation Settlement	-	-	-	(2,500)	(775)	(1,635)	-	-	-	-
Extraordinary Item - RDA Dissolution	-	-	-	-	-	-	-	-	-	221
Transfers	24,063	26,618	85,500	55,405	49,414	61,649	35,262	6,329	40,962	50,720
Subtotal Business-type Activities	51,970	48,452	130,353	83,642	85,342	88,271	49,557	16,227	50,287	74,506
Total Primary Government	\$ 576,947	\$ 715,823	\$ 714,779	\$ 941,050	\$ 967,343	\$ 920,974	\$ 809,994	\$ 779,609	\$ 782,510	\$ 921,370
Changes in Net Position										
Governmental Activities	\$ 51,093	\$ 163,939	\$ 38,286	\$ 305,877	\$ 180,336	\$ 104,263	\$ 139,872	\$ 147,063	\$ 128,884	\$ 182,124
Business-type Activities	29,698	26,122	78,349	21,986	(12,803)	17,225	(1,750)	(313)	3,174	23,054
Total Primary Government	\$ 80,791	\$ 190,061	\$ 116,635	\$ 327,863	\$ 167,533	\$ 121,488	\$ 138,122	\$ 146,750	\$ 132,058	\$ 205,178

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

	2003-04	2004-05	2005-06 as restated	2006-07	2007-08 as restated	2008-09 as restated	2009-10	2010-11	2011-12	2012-13
General Fund										
Reserved for:										
Encumbrances	\$ 9,632	\$ 33,021	\$ 15,267	\$ 18,605	\$ 23,355	\$ 18,803	\$ -	\$ -	\$ -	\$ -
Prepaid Items	1,344	7	7	1,278	2,310	4,145	-	-	-	-
Noncurrent Interfund Receivables	1,025	-	2,000	20,765	18,511	18,461	-	-	-	-
Inventories	1,205	295	296	435	424	350	-	-	-	-
Loans Receivable	1,462	1,817	16,745	35	42,532	54,396	-	-	-	-
Teeter	9,077	9,827	13,672	17,720	15,942	22,904	-	-	-	-
Unreserved:										
Designated	108,878	112,900	127,727	176,451	228,753	183,227	-	-	-	-
Undesignated	197,175	290,869	237,331	254,437	213,857	183,971	-	-	-	-
Nonspendable	-	-	-	-	-	-	73,667	75,191	72,307	56,256
Restricted	-	-	-	-	-	-	156,619	196,178	240,833	238,552
Committed	-	-	-	-	-	-	146,600	76,999	99,991	106,635
Assigned	-	-	-	-	-	-	-	-	14,200	11,975
Unassigned	-	-	-	-	-	-	133,718	149,981	122,523	302,616
Subtotal General Fund	<u>329,798</u>	<u>448,736</u>	<u>413,045</u>	<u>489,726</u>	<u>545,684</u>	<u>486,257</u>	<u>510,604</u>	<u>498,349</u>	<u>549,854</u>	<u>716,034</u>
Capital Improvement Fund (1)										
Reserved for:										
Encumbrances	-	-	-	-	-	16,517	-	-	-	-
Unreserved:										
Undesignated, Reported in:										
Capital Projects Fund	-	-	-	-	-	133,778	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	16,837	-	-	1,495
Committed	-	-	-	-	-	-	-	27,820	22,879	22,879
Assigned	-	-	-	-	-	-	81,477	77,922	109,701	69,685
Unassigned	-	-	-	-	-	-	-	-	-	-
Subtotal Capital Improvement Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,295</u>	<u>98,314</u>	<u>105,742</u>	<u>132,580</u>	<u>94,059</u>
All Other Governmental Funds										
Reserved for:										
Encumbrances	38,293	51,536	68,059	62,569	61,612	40,964	-	-	-	-
Prepaid items	-	23	-	89	100	140	-	-	-	-
Noncurrent Interfund Receivables	403	400	400	400	400	-	-	-	-	-
Land Held for Resale	-	-	2,754	9,896	14,657	16,984	-	-	-	-
Inventories	235	214	185	80	131	126	-	-	-	-
Loans Receivable	116	-	-	-	-	1,470	-	-	-	-
Debt Service	40,193	30,719	26,260	28,444	33,323	41,985	-	-	-	-
Endowments	-	-	-	-	-	1,594	-	-	-	-
Unreserved:										
Designated	-	-	-	-	-	11,990	-	-	-	-
Undesignated, Reported in:										
Special Revenue Funds	217,986	204,808	241,105	326,420	326,216	335,589	-	-	-	-
Capital Projects Funds	16,943	53,357	94,529	88,841	105,197	51,848	-	-	-	-
Permanent Funds	543	482	517	583	631	561	-	-	-	-
Nonspendable (2)	-	-	-	-	-	-	3,793	3,302	1,833	2,383
Restricted (2)	-	-	-	-	-	-	540,378	585,435	472,342	525,080
Committed (2)	-	-	-	-	-	-	-	-	-	-
Assigned (2)	-	-	-	-	-	-	15,807	16,553	30,582	50,146
Subtotal All Other Governmental Funds	<u>314,712</u>	<u>341,539</u>	<u>433,809</u>	<u>517,322</u>	<u>542,267</u>	<u>503,251</u>	<u>559,978</u>	<u>605,290</u>	<u>504,757</u>	<u>577,609</u>
Total Governmental Fund Balance	<u>\$ 644,510</u>	<u>\$ 790,275</u>	<u>\$ 846,854</u>	<u>\$ 1,007,048</u>	<u>\$ 1,087,951</u>	<u>\$ 1,139,803</u>	<u>\$ 1,168,896</u>	<u>\$ 1,209,381</u>	<u>\$ 1,187,191</u>	<u>\$ 1,387,702</u>

Notes:
(1) Capital Improvement Fund became a major fund during fiscal year 2008-09.
(2) In fiscal year 2010-11 the County implemented GASB 54 to report governmental fund balance as nonspendable, restricted, committed, assigned and unassigned. Fiscal year 2009-10 fund balances were reclassified according to GASB 54 for comparison purpose.

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

	2003-04	2004-05	2005-06 as restated	2006-07	2007-08 restated	2008-09	2009-10	2010-11	2011-12	2012-13
Revenues (by Source)										
Taxes	\$ 371,404	\$ 400,646	\$ 644,390	\$ 733,833	\$ 778,973	\$ 753,320	\$ 684,669	\$ 664,377	\$ 676,218	\$ 713,528
Licenses, Permits, and Franchises	18,630	20,964	22,462	25,077	16,641	24,779	16,959	19,208	22,282	22,635
Fines, Forfeitures, and Penalties	16,458	18,744	18,656	19,224	23,051	22,373	23,877	17,810	17,970	16,743
Rev from Use of Money and Property	33,063	44,205	62,919	76,046	82,791	69,902	51,635	45,762	33,644	47,841
Aid from Other Governments	1,298,765	1,425,832	1,273,869	1,344,390	1,464,970	1,358,743	1,464,999	1,525,476	1,560,692	1,600,825
Charges for Current Services	342,305	369,176	285,935	325,979	336,310	385,423	385,102	365,721	369,715	373,821
Other Revenues	47,154	64,227	51,988	73,956	123,781	66,665	58,864	57,023	61,862	70,078
Total Revenues	\$ 2,127,779	\$ 2,343,794	\$ 2,360,219	\$ 2,598,505	\$ 2,826,517	\$ 2,681,205	\$ 2,686,105	\$ 2,695,377	\$ 2,742,383	\$ 2,845,471
Expenditures (by Function)										
General Government	\$ 178,026	\$ 123,212	\$ 137,547	\$ 152,991	\$ 187,146	\$ 161,448	\$ 164,880	\$ 153,991	\$ 145,634	\$ 172,922
Public Protection	859,932	686,855	749,900	851,946	919,110	892,497	876,602	883,637	905,548	927,819
Public Ways and Facilities	57,576	47,364	75,416	81,659	67,169	61,814	66,084	83,923	75,144	77,609
Health and Sanitation	386,749	329,595	245,187	277,677	331,793	334,305	324,942	278,157	284,652	303,006
Public Assistance	923,900	826,829	827,230	820,617	945,016	877,345	930,093	994,193	966,485	985,940
Education	14,029	15,912	17,469	18,149	19,247	20,983	18,858	17,827	15,824	15,304
Recreation and Cultural Services	19,545	18,490	16,443	22,086	19,836	20,726	18,697	19,091	21,082	20,941
Debt Service										
Principal	23,163	31,887	37,596	41,445	25,098	49,041	61,637	105,309	124,338	76,938
Interest	26,727	44,078	54,968	62,191	11,509	58,313	40,973	38,614	33,504	25,861
Bond Issuance Costs	-	-	2,297	2,230	-	-	-	525	135	-
Advance Refunding Escrow	-	-	1,622	-	-	-	-	-	-	-
Capital Outlay	60,279	53,914	107,057	97,056	110,040	95,185	116,427	113,428	116,050	120,294
Total Expenditures	\$ 2,549,926	\$ 2,178,136	\$ 2,272,732	\$ 2,428,047	\$ 2,635,964	\$ 2,571,657	\$ 2,619,193	\$ 2,688,695	\$ 2,688,396	\$ 2,726,634
Excess (Deficiency) of Revenues Over (Under) Expenditures	(422,147)	165,658	87,487	170,458	190,553	109,548	66,912	6,682	53,987	118,837
Other Financing Sources (Uses)										
Transfer to Other Funds	(126,812)	(198,539)	(296,777)	(300,797)	(285,876)	(444,888)	(316,758)	(276,144)	(319,341)	(274,470)
Transfer from Other Funds	102,896	172,054	216,806	253,304	246,897	382,918	275,554	269,759	279,257	287,177
Refunding Bonds Issued	-	-	58,275	23,845	-	-	-	-	51,585	-
Premium on Refunding Bonds	-	-	1,270	1,385	-	-	-	-	-	-
Payment To Refunded Bond Escrow Agent	-	-	(18,792)	(24,709)	-	-	-	-	-	-
Long-Term Debt Issued	466,142	940	2,118	132,851	-	-	-	36,300	-	-
Discount on Debt	-	-	-	-	-	-	-	(1,141)	-	-
Inception Of Capital Leases Obligations	1,038	796	823	1,675	1,446	2,619	418	1,290	-	-
Sale of Capital Assets	3,279	4,856	5,369	4,182	2,968	1,655	2,968	3,739	1,708	4,998
Total Other Financing Sources and (Uses)	\$ 446,543	\$ (19,893)	\$ (30,908)	\$ 91,736	\$ (34,565)	\$ (57,696)	\$ (37,818)	\$ 33,803	\$ 13,209	\$ 17,705
Special Item										
Judgement Obligation Bonds Uses	-	-	-	(102,000)	-	-	-	-	-	-
Total Special Items	-	-	-	(102,000)	-	-	-	-	-	-
Extraordinary Item	-	-	-	-	-	-	-	-	(89,386)	63,969
Net Change in Fund Balance	\$ 24,396	\$ 145,765	\$ 56,579	\$ 160,194	\$ 155,988	\$ 51,852	\$ 29,094	\$ 40,485	\$ (22,190)	\$ 200,511
Debt Service as a Percentage of Noncapital Expenditures:	2.00%	3.58%	4.27%	4.45%	1.45%	4.33%	4.10%	5.69%	6.17%	3.94%

Note:

- Starting as of fiscal year 2010-11, noncapital expenditures used in calculating the debt service ratio equal total governmental fund expenditures less:
 a- The amount reported separately in the changes in fund balances schedule as capital expenditures (to extent capitalized for the government-wide statement of net position), and
 b- Any expenditures for capitalized assets contained within the functional expenditure categories.

**SAN BERNARDINO COUNTY
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS (IN THOUSANDS)**

FISCAL YEAR	(1) SECURED	(2) UNSECURED	(3) UNITARY	(4) EXEMPT	TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT TAX RATE
2003-2004	\$ 93,691,969	\$ 6,814,015	\$ 3,103,587	\$ (1,759,907)	\$ 101,849,664	1.00%
2004-2005	104,412,156	6,754,932	3,198,469	(1,779,075)	112,586,482	1.00%
2005-2006	119,954,789	7,405,467	3,313,150	(1,777,529)	128,895,877	1.00%
2006-2007	142,703,331	7,590,432	3,538,535	(1,790,813)	152,041,485	1.00%
2007-2008	165,009,379	8,910,772	3,779,487	(1,803,535)	175,896,103	1.00%
2008-2009	172,978,860	9,766,061	4,156,938	(1,831,986)	185,069,873	1.00%
2009-2010	160,789,645	10,313,477	4,087,163	(1,842,083)	173,348,202	1.00%
2010-2011	153,693,818	10,073,682	4,346,267	(1,859,053)	166,254,714	1.00%
2011-2012	152,756,444	9,533,571	5,034,449	(1,842,311)	165,482,153	1.00%
2012-2013	153,740,135	9,765,041	5,062,258	(1,806,750)	166,760,684	1.00%

Notes:

Due to the 1978 passage of the property tax initiative Proposition 13 (Prop 13) the County does not track the estimated actual value of all County properties. Under Prop 13 property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date purchase. Additionally, Prop 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.

- (1) Secured property is generally real property, defined as land, mines, minerals, timber and improvements such as buildings, structures, crops, trees and vines.
- (2) Unsecured property is generally personal property including machinery, equipment, office tools and supplies.
- (3) Unitary properties are railroads and utilities crossing the county and are assessed by the State Board of Equalization.
- (4) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.

Source:

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

COUNTY OF SAN BERNARDINO
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - TAX RATE AREA 7000 (1)
(\$1 PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>SAN BERNARDINO COUNTY GENERAL</u>	<u>SCHOOLS</u>	<u>SAN BERNARDINO MUNICIPAL WATER</u>	<u>TOTAL</u>
2003-04	1.0000	0.0579	0.1400	1.1979
2004-05	1.0000	0.1105	0.1400	1.2505
2005-06	1.0000	0.0954	0.1600	1.2554
2006-07	1.0000	0.0902	0.1550	1.2452
2007-08	1.0000	0.0788	0.1650	1.2438
2008-09	1.0000	0.1071	0.1650	1.2721
2009-10	1.0000	0.1027	0.1650	1.2677
2010-11	1.0000	0.1351	0.1650	1.3001
2011-12 (2)	1.0000	0.1351	0.1650	1.3001
2012-13	1.0000	0.1457	0.1625	1.3082

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.
- (2) FY 2011-12 rates for Schools and San Bernardino Municipal Water was restated due to a recording error.

Source:

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

COUNTY OF SAN BERNARDINO
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO

TAXPAYERS	TYPE OF BUSINESS	FISCAL YEAR 2013		FISCAL YEAR 2004	
		ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE	ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE
SOUTHERN CALIFORNIA EDISON	UTILITY	\$ 3,111,168,408	1.87%	\$ 1,076,949,700	1.06%
PROLOGIS	REAL ESTATE	721,134,956	0.43%	155,579,328	0.15%
VERIZON CALIFORNIA, INC.	COMMUNICATIONS	541,910,557	0.32%	534,738,300	0.53%
MAJESTIC REALTY CO	REAL ESTATE	537,855,384	0.32%	244,769,200	0.24%
CATELLUS DEVELOPMENT	REAL ESTATE	443,118,820	0.27%	161,094,296	0.16%
CALIFORNIA STEEL INDUSTRIES	MANUFACTURING	382,999,999	0.23%	403,809,200	0.40%
RARE EARTH ACQUISITIONS	INVESTOR	377,556,458	0.23%	N/A	N/A
WAL-MART STORES	RETAIL	351,102,538	0.21%	108,446,566	0.11%
STATER BROTHERS MARKETS	RETAIL	337,670,918	0.20%	47,665,526	0.05%
SOUTHERN CALIFORNIA GAS CO	UTILITY	331,082,667	0.20%	237,163,000	0.23%
TOTAL		<u>\$ 7,135,600,705</u>	<u>4.28%</u>	<u>\$ 2,970,215,116</u>	<u>2.93%</u>

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

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

**SAN BERNARDINO COUNTY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (IN THOUSANDS)**

FISCAL YEAR	(1) TAXES LEVIED	(2) COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		PERCENTAGE OF LEVY	COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE OF LEVY			AMOUNT	PERCENTAGE OF LEVY
2013	\$ 2,146,261	\$ 2,038,622	94.98%	\$ -	\$ 2,038,622	94.98%	
2012	2,132,085	1,954,521	91.67%	73,210	2,027,731	95.11%	
2011	2,134,012	2,029,684	95.11%	76,553	2,106,237	98.70%	
2010	2,189,390	2,070,936	94.58%	91,131	2,162,067	98.75%	
2009	2,320,100	2,167,576	93.43%	123,019	2,290,595	98.73%	
2008	2,187,535	2,025,529	92.50%	141,715	2,167,244	99.07%	
2007	1,908,390	1,799,062	94.30%	88,273	1,887,335	98.90%	
2006	1,635,460	1,576,842	96.40%	54,333	1,631,175	99.74%	
2005	1,430,975	1,379,658	96.40%	34,145	1,413,803	98.80%	
2004	1,297,403	1,257,459	96.90%	33,457	1,290,916	99.50%	

Notes:

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

Source:

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

COUNTY OF SAN BERNARDINO
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS (IN THOUSANDS, EXCEPT PER CAPITA)
JUNE 30, 2013

FISCAL YEAR	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF PERSONAL INCOME (1)	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY (2)	PER CAPITA (1)
	GENERAL BONDED DEBT	LESS: AMOUNTS RESTRICTED FOR DEBT SERVICE	TOTAL			
2003-04	\$ 924,896	\$ (27,789)	\$ 897,107	1.86%	0.88%	\$ 468.22
2004-05	925,993	(17,353)	908,640	1.80%	0.81%	465.73
2005-06	964,644	(9,835)	954,809	1.80%	0.74%	479.32
2006-07	1,107,915	(27,363)	1,080,552	1.96%	0.71%	532.82
2007-08	1,092,710	(32,746)	1,059,964	1.90%	0.60%	515.80
2008-09	1,087,894	(34,825)	1,053,069	1.87%	0.57%	510.95
2009-10	1,068,643	(50,548)	1,018,095	1.62%	0.59%	500.29
2010-11	1,079,393	(52,063)	1,027,330	1.69%	0.62%	500.65
2011-12	1,009,684	(41,443)	968,241	1.58%	0.59%	469.11
2012-13	967,552	(26,592)	940,960	1.51%	0.56%	453.26

Notes:

(1) See the "Demographic and Economic Statistics" table for the personal income and the population figures.

(2) See the "Assessed Value and Actual Value of Taxable Property" table for total taxable assessed value. Assessed value does not include tax exempt property.

Source:

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

COUNTY OF SAN BERNARDINO
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
 AS OF JUNE 30, 2013

2012-13 ASSESSED VALUATION: \$ 166,760,684,000 (includes unitary utility valuation)

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>PERCENT APPLICABLE</u>	<u>DEBT 06/30/13</u>
METROPOLITAN WATER DISTRICT	3.863 %	\$ 6,377,234
CHAFFEY COMMUNITY COLLEGE DISTRICT	100.000	166,063,348
SAN BERNARDINO VALLEY JOINT COMMUNITY COLLEGE DISTRICT	98.824	445,972,675
OTHER COMMUNITY COLLEGE DISTRICTS	VARIOUS	158,169,660
APPLE VALLEY UNIFIED SCHOOL DISTRICT	100.000	30,858,758
CHINO VALLEY UNIFIED SCHOOL DISTRICT	100.000	135,284,999
COLTON JOINT UNIFIED SCHOOL DISTRICT	98.716	179,521,439
FONTANA UNIFIED SCHOOL DISTRICT	100.000	226,785,165
REDLANDS UNIFIED SCHOOL DISTRICT	100.000	102,319,784
RIALTO UNIFIED SCHOOL DISTRICT	100.000	74,372,913
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT	100.000	200,449,560
UPLAND UNIFIED SCHOOL DISTRICT	100.000	88,933,155
OTHER UNIFIED SCHOOL DISTRICTS	VARIOUS	109,889,219
UNION HIGH SCHOOL DISTRICTS	100.000	302,366,772
SCHOOL DISTRICTS	100.000	170,149,823
CITY OF REDLANDS	100.000	585,000
COUNTY SERVICE AREAS	100.000	480,000
MOJAVE WATER AGENCY	100.000	15,530,000
MOJAVE WATER AGENCY, I.D. M	100.000	24,550,000
COUNTY WATER DISTRICTS	100.000	589,000
ETIWANDA SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS	100.000	98,935,000
CITY OF CHINO COMMUNITY FACILITIES DISTRICTS	100.000	129,470,000
CITY OF CHINO HILLS COMMUNITY FACILITIES DISTRICTS	100.000	50,005,000
CITY OF FONTANA COMMUNITY FACILITIES DISTRICTS	100.000	121,165,000
CITY OF RANCHO CUCAMONGA COMMUNITY FACILITIES DISTRICTS	100.000	90,890,000
CITY OF UPLAND COMMUNITY FACILITIES DISTRICTS	100.000	41,895,000
OTHER COMMUNITY FACILITIES DISTRICTS	49.775-100	238,734,356
CITY, COUNTY AND SPECIAL DISTRICT 1915 ACT BONDS (Estimate)	100.000	28,294,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 3,238,636,860</u>

RATIO TO 2012-13 ASSESSED VALUATION:

TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT.....1.92%

COUNTY OF SAN BERNARDINO
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (CONTINUED)
 AS OF JUNE 30, 2013

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:	PERCENT APPLICABLE	DEBT 6/30/13
SAN BERNARDINO COUNTY GENERAL OBLIGATIONS	100.000 %	\$ 86,653,000 (2)
SAN BERNARDINO COUNTY PENSION OBLIGATIONS	100.000	942,625,000
SAN BERNARDINO COUNTY FLOOD DISTRICT GENERAL FUND OBLIGATIONS	100.000	104,705,000
COMMUNITY COLLEGE DISTRICT CERTIFICATES OF PARTICIPATION	Various	21,899,259
CHINO VALLEY UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	20,995,000
FONTANA UNIFIED SCHOOL DISTRICT	100.000	48,675,000
HESPERIA UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	105,150,000
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	47,750,000
SNOWLINE JOINT UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	97.964	59,371,082
OTHER UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	Various	39,487,532
UNION HIGH SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	5,740,000
CUCAMONGA SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	10,320,000
ORO GRANDE SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	41,675,000
OTHER SCHOOL DISTRICT GENERAL FUND OBLIGATIONS	100.000	19,330,000
CITY OF FONTANA CERTIFICATES OF PARTICIPATION	100.000	54,825,000
CITY OF HESPERIA GENERAL FUND OBLIGATIONS	100.000	39,435,000
CITY OF MONTCLAIR GENERAL FUND OBLIGATIONS	100.000	26,975,000
CITY OF ONTARIO GENERAL FUND OBLIGATIONS	100.000	39,995,000
CITY OF SAN BERNARDINO GENERAL FUND OBLIGATIONS	100.000	18,230,000
CITY OF VICTORVILLE GENERAL FUND OBLIGATIONS	100.000	82,570,000
OTHER CITY GENERAL FUND OBLIGATIONS	100.000	107,618,490
WATER DISTRICT CERTIFICATES OF PARTICIPATION	100.000	5,000,000
WEST VALLEY VECTOR CONTROL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	3,295,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 1,932,319,363</u>
TOTAL DIRECT DEBT		\$ 1,133,983,000
TOTAL OVERLAPPING DEBT (1)		\$ 5,170,956,223
COMBINED DEBT		\$ 6,304,939,223 (3)

RATIOS TO 2012-13 ASSESSED VALUATION

TOTAL DIRECT DEBT (\$1,133,983,000)	0.68%
COMBINED TOTAL DEBT	3.78%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/13: \$ -

Notes:

- (1) The method used to calculate the overlapping debt is based on the percentage of the overlapping agency's assessed valuation located within boundaries of the county.
 - (2) Includes COPs, revenue bonds, and certain notes and loans related to the County's governmental activities except for pension obligations and the Flood District obligations.
 - (3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.
- Qualified Zone Academy Bonds are included based on principal due at maturity.

Source:

California Municipal Statistics.

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

FISCAL YEAR	(1) ASSESSED VALUE	(2) LEGAL DEBT LIMIT	(3) BONDED DEBT	(4) LEGAL DEBT MARGIN	RATIO OF BONDED DEBT TO DEBT LIMIT
2003-04	\$ 101,849,664	\$ 1,273,121	\$ 2,321	\$ 1,270,800	0.18%
2004-05	112,586,482	1,407,331	2,045	1,405,286	0.15%
2005-06	128,895,877	1,611,198	1,930	1,609,268	0.12%
2006-07	152,041,485	1,900,519	1,815	1,898,704	0.10%
2007-08	175,896,103	2,198,701	1,695	2,197,006	0.08%
2008-09	185,069,873	2,313,373	1,570	2,311,803	0.07%
2009-10	173,348,202	2,166,853	1,440	2,165,413	0.07%
2010-11	166,254,714	2,078,184	1,300	2,076,884	0.06%
2011-12	165,482,153	2,068,527	1,155	2,067,372	0.06%
2012-13	166,760,684	2,084,509	1,005	2,083,504	0.05%

Notes:

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

Source:

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

COUNTY OF SAN BERNARDINO
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (IN THOUSANDS, EXCEPT PER CAPITA)
JUNE 30, 2013

FISCAL YEAR	GOVERNMENTAL ACTIVITIES					BUSINESS-TYPE ACTIVITIES				TOTAL OUTSTANDING DEBT	PERCENTAGE OF ASSESSED VALUE (1)	PERCENTAGE OF PERSONAL INCOME (2)	PER CAPITA (2)
	CERTIFICATES OF PARTICIPATION	REVENUE BONDS	BONDS AND NOTES	CAPITAL LEASE OBLIGATION	OTHER LONG-TERM LIABILITIES	CERTIFICATES OF PARTICIPATION	GENERAL OBLIGATION BONDS	NOTES	CAPITAL LEASE OBLIGATION				
2003-04	\$ 225,523	\$ 437,820	\$ 484,755	\$ 5,517	\$ 26,553	\$ 670,652	\$ 2,321	\$ 3,836	\$ 1,659	\$ 1,858,636	1.82%	3.86%	\$ 998
2004-05	212,704	439,539	484,409	4,457	29,900	645,146	2,045	4,435	1,305	1,823,940	1.62%	3.59%	952
2005-06	200,528	439,879	522,835	3,889	25,227	618,099	1,930	6,905	2,438	1,821,730	1.41%	3.44%	916
2006-07	186,959	457,038	649,062	4,010	9,290	589,367	1,815	6,399	4,136	1,908,076	1.25%	3.47%	942
2007-08	172,024	451,137	639,878	1,627	8,554	563,741	1,695	2,971	2,751	1,844,378	1.05%	3.31%	898
2008-09	155,801	448,874	637,450	3,231	5,230	530,325	1,570	2,823	1,359	1,786,663	0.97%	3.20%	869
2009-10	140,708	441,447	625,756	2,591	4,549	537,969	1,440	1,872	530	1,756,862	1.01%	2.80%	847
2010-11	91,343	431,526	646,567	2,696	4,000	516,672	1,300	1,811	1,449	1,697,364	1.02%	2.79%	827
2011-12	28,120	418,810	589,719	1,615	4,000	494,830	1,155	1,748	4,709	1,544,706	0.93%	2.53%	748
2012-13	23,047	401,404	565,143	743	4,000	433,822	1,005	1,691	6,091	1,436,946	0.86%	2.31%	692

Notes:

- (1) See the "Assessed Value and Actual Value of Taxable Property" table for total taxable assessed value. Assessed value does not include tax exempt property.
- (2) See the "Demographic and Economic Statistics" table for the personal income and the population figures.

Source:

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

**COUNTY OF SAN BERNARDINO
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS (IN THOUSANDS)
 JUNE 30, 2013**

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 20,057 square miles (Largest area in the contiguous United States).

COUNTY SEAT: San Bernardino, California

FORM OF GOVERNMENT: Chartered County, governed by five-member Board of Supervisors

DATE CHARTER ADOPTED: April 7, 1913

FISCAL YEAR: July 1 - June 30

REGISTERED VOTERS: 861,726 as of June 30, 2013

<u>CALENDAR YEAR</u>	<u>(1), (2) POPULATION</u>	<u>(2) PERSONAL INCOME</u>	<u>(2), (6) PER CAPITA PERSONAL INCOME</u>	<u>(3) SCHOOL ENROLLMENT</u>	<u>(4) UNEMPLOYMENT RATE</u>
2004	1,916	\$ 48,117,000	\$ 25.11	419	6.90%
2005	1,951	50,567,000	25.92	423	5.40%
2006	1,992	52,988,000	26.60	425	4.70%
2007	2,028	55,020,000	27.13	428	5.70%
2008	2,055 (5)	55,752,000	27.13	428	8.50%
2009	2,061 (5)	56,203,000	27.27	420	13.90%
2010	2,035 (5)	62,790,000	30.86	416	14.80%
2011	2,052 (6)	60,739,000	29.60	417	12.90%
2012	2,064 (6)	61,094,000	29.60	414	12.60%
2013	2,076 (6)	62,259,000	29.99	412	10.30%

ESTIMATED POPULATION OF THE COUNTY OF SAN BERNARDINO AS OF JANUARY 1, 2013 (whole numbers):

INCORPORATED CITIES

Adelanto	31,289	Montclair	37,311
Apple Valley	70,436	Needles	4,912
Barstow	23,168	Ontario	166,866
Big Bear Lake	5,111	Rancho Cucamonga	171,058
Chino	79,873	Redlands	69,813
Chino Hills	76,033	Rialto	101,275
Colton	52,956	San Bernardino	212,639
Fontana	200,974	Twentynine Palms	26,084
Grand Terrace	12,270	Upland	74,907
Hesperia	91,400	Victorville	120,368
Highland	53,926	Yucaipa	52,549
Loma Linda	23,476	Yucca Valley	21,030
		Total	1,779,724
		Unincorporated Areas:	296,550
		Total Population	2,076,274

Sources:

- (1) California Department of Finance.
- (2) Bureau of Economic Analysis U.S. Department of Commerce
- (3) Superintendent of Schools
- (4) California Employment Development Department
- (5) 2008 and 2009 data were estimates while 2010 data was from the 2010 Census
- (6) County of San Bernardino 2013-14 Final Budget

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

Employer	2013			Employer	2004		
	Employees	Rank	Percentage of Total Employment		Employees	Rank	Percentage of Total Employment
County of San Bernardino	19,000	1	2.00%	County of San Bernardino	18,000	1	2.36%
Stater Bros. Market	18,221	2	1.92%	Loma Linda University Adventist Health Sciences Center	11,582	2	1.52%
U.S. Army, Fort Irwin & National Training Center	13,805	3	1.45%	U.S. Marine Corps Air Ground Task Force Training Command	10,120	3	1.33%
Loma Linda University	13,805	4	1.45%	Stater Bros. Market	6,700	4	0.88%
U.S. Marine Corps Air Ground Combat Center	12,486	5	1.31%	San Bernardino City Unified School District	6,000	5	0.79%
United Parcel Service	8,600	6	0.91%	Kaiser Foundation Hospitals	4,642	6	0.61%
San Bernardino City Unified School District	8,574	7	0.90%	Wal-Mart Stores, Inc.	4,400	7	0.58%
Ontario International Airport	7,695	8	0.81%	United Parcel Services, Inc.	4,160	8	0.55%
Loma Linda University Medical Center	6,147	9	0.65%	Fontana Unified School District	4,000	9	0.52%
Kaiser Permanente (Fontana only)	6,000	10	0.63%	Loma Linda University	3,791	10	0.50%
Total	114,333		12.03%	Total	73,395		9.64%

Notes:

Data represents estimated number of employees.
 Starting fiscal year 2009, Court employees are excluded from County of San Bernardino total employees.
 Starting fiscal year 2011, data is derived from new source (Book of Lists).
 Due to change of source, 2004 data was not available. 2003 data was used instead.

Sources:

The Book of Lists (2003 & 2013 edition)
www.factfinder2.census.gov

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

FUNCTION/PROGRAM	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General	1,624	1,639	1,691	1,699	1,790	1,728	1,612	1,550	1,432	1,332
Public Protection	6,923	7,069	7,480	7,777	7,672	6,679	6,501	6,175	6,147	6,186
Public Ways & Facilities	468	384	384	465	501	522	486	450	433	429
Health and Sanitation	3,781	3,840	3,922	4,139	4,339	4,285	4,086	3,919	4,163	4,302
Public Assistance	3,664	3,753	3,735	3,799	4,214	4,163	4,744	4,920	4,898	4,946
Education	202	218	226	235	261	246	229	191	149	155
Recreation & Cultural	368	333	335	268	386	347	337	317	317	292
Total	17,029	17,235	17,774	18,382	19,163	17,970	17,995	17,522	17,539	17,642

Notes:

A full-time employee is scheduled to work 260 days per year. At eight hours per day, 2080 hours are scheduled per year (including vacation and sick leave), and full-time equivalent employment (FTE) is calculated by dividing all paid hours by 2080.
Starting fiscal year 2009, Court total FTE, reported previously under Public Protection function, is no longer included as part of the County FTE.

Source:

San Bernardino County payroll records as of June 30.

COUNTY OF SAN BERNARDINO
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	2003-04	2004-05	2005-06 (1)	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
General Government										
Legal Documents Recorded (W)	949,864 *	968,961 *	945,500	838,333	628,866	564,379	556,429	556,196	547,996	583,461
Percentage of payments process within 10 days (P)			80%	86%	93%	86%	92%	60%	66%	62%
Public Protection										
Criminal Felonies Filed - District Attorney (W)	18,876	20,193	21,950	20,511	24,099	22,409	21,712	21,090	20,551	19,687
Criminal Misdemeanor Filed - District Attorney (W)	39,412	38,863	38,963	44,035	49,223	45,700	44,208	43,680	40,250	37,222
Average Cases Supervised-Probation (W)	21,368	*	23,400	25,690	29,205	23,400	24,570	24,130	24,155	24,155
Percentage of new adults cases assessed with a valid risk instrument- Probation (P)	*	*	59%	77%	79%	78%	87%	90%	87%	95%
Sheriff's calls for Service (W)	809,400	*	710,000	1,193,961	1,247,993	1,157,568	1,102,208	1,023,360	1,009,040	1,076,383
Number of inmate-on-inmate assaults per 1,000 per month. (P)	*	*	12%	7%	7%	6%	4%	4%	8%	0%
Percent of autopsies performed per reportable deaths - Coroner (P)	*	*	6%	19%	9%	17%	13%	19%	15%	17%
Fire Protection - No. of Fire calls (W)	89,553	91,324	99,235	86,915	89,106	89,061	95,635	93,540	154,953	153,975
Public Way & Facilities										
Solid Waste										
Total Tonnage Landfilled (W)	1,497,304	1,794,126	1,852,124	1,757,436	1,665,566	1,267,447	1,162,672	1,156,231	1,130,770	1,094,433
Pounds of trash per cubic yard of capacity-High Volume Sites (P)	*	*	1,035	1,120	1,130	1,125	1,366	1,287	1,250	1,259
Maintained Road Miles (W)	2,834	2,822	2,830	2,780	2,774	2,775	2,765	2,769	2,770	2,769
Average Pavement Condition Index (PCI) of county maintained roads (P) (2)	*	*	75	76	77	78	77	78	76	Good
Health and Sanitation										
Direct Billable hours: Clinic - Behavioral Health (W)	228,505	226,811	293,542	201,247	236,285	267,560	261,014	242,862	230,201	233,673
Patient Visits - Public Health (W)	102,052	110,519	112,037	130,073	76,786	89,110	69,474	75,572	75,664	72,920
Arrowhead Regional Medical Center - Emergency Room Visits (W)	86,338	81,712	97,790	106,298	113,537	124,156	130,640	125,710	117,616	113,307
Public Assistance										
Annual Paid Cases - CalWORKS-All Other Families (W)	364,569	351,902	345,072	307,742	333,086	364,946	425,331	460,817	464,196	465,804
Percentage of successful placements of people in Work Participation Rate (P)	*	*	56%	19%	23%	23%	32%	40%	47%	49%
Annual Paid Cases - CalWORKS-2 Parent Families (W)	27,928	23,147	24,155	18,748	26,322	42,284	48,652	56,435	58,296	57,402
Average child support collections per month (W)	12,293,906	12,607,140	12,000,000	12,619,615	12,792,980	12,809,690	12,740,128	13,538,777	14,396,490	13,939,034
Percentage of current support collected - Child Support (W)	*	*	46%	49%	51%	51%	51%	55%	59%	61%
Education										
County Library										
County Museum										
Total Patron Visits (W)	2,716,652	2,482,274	2,600,000	2,520,000	2,638,000	3,033,418	3,112,735	2,906,315	2,515,202	2,425,711
Total feet of space available at branch libraries (P)	3,316,250	3,183,479	3,120,000	3,374,000	3,846,000	4,597,787	4,728,093	4,246,432	3,579,262	4,091,200
Recreation and Cultural Services										
Regional Parks										
County Museum										
Total Paid Attendance (W)	67,098	57,971	71,500	71,000	90,810	64,708	63,838	49,955	69,348	34,110
Collected Lots, Objects, and Specimens (W)	1,510,000	1,600,000	1,601,000	1,601,000	1,800,000	2,300,000	2,300,000	2,300,410	2,400,125	2,400,125
Regional Parks										
Total Attendance (W)	2,258,753	2,280,000	2,160,000	2,200,000	2,200,205	1,898,960	2,012,647	2,121,921	1,915,278	1,867,264
Number of miles of open and usable trails maintained by Regional Parks (P)	*	*	13	17	18	24	46	46	28	28

Notes:

(1) In FY 05-06 work indicators have been replaced with work performance measures and all FY 2005-06 are estimates

(2) As of FY 12-13, PCI numbers are no longer used for measurement, instead the pavement condition is rated as failed, poor, fair, good or excellent.

Key:

(W) Work Indicator

(P) Performance Measures

(*)Information not available

Sources:

SB County and Special Districts Final Budget
SB County Departments
Auditor/Controller/Treasurer/Tax Collector, County of San Bernardino

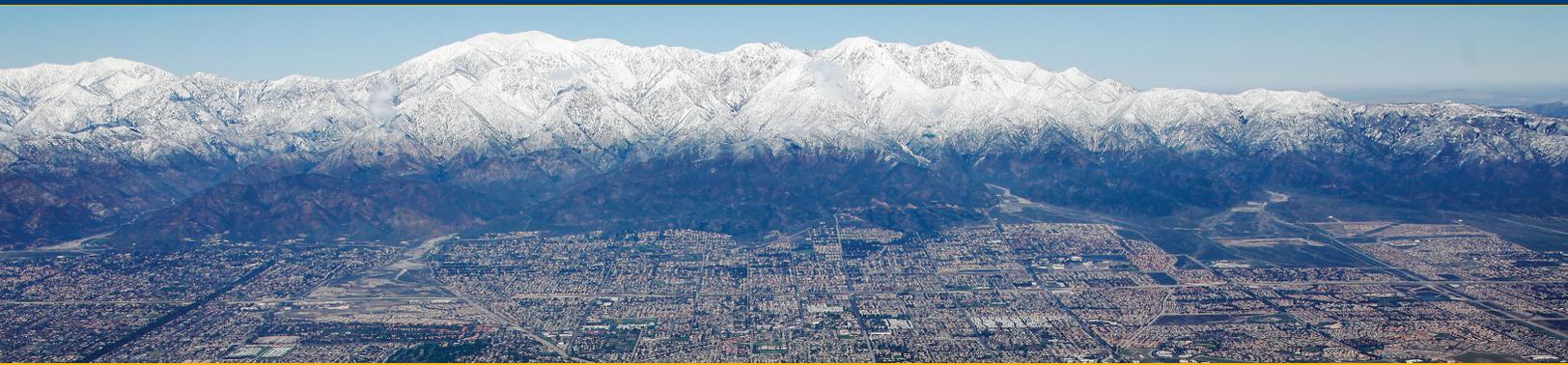
COUNTY OF SAN BERNARDINO
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 LAST TEN YEARS

Function/Program	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
General Government										
Recorder's Data Processing Equipment	43	53	63	60	58	59	65	63	42	47
Public Protection										
Major Correction & Detention Facilities	6	6	7	7	7	7	7	7	7	7
Sheriff Stations	15	10	10	10	10	9	9	9	9	9
Sheriff Vehicles	1,551	1,684	1,618	1,809	1,658	1,658	1,764	1,788	1,698	1,687
Fire Department Equipment	250	323	373	361	432	429	461	497	457	495
Public Way & Facilities										
Solid Waste Heavy Equipment	25	24	18	18	16	12	11	10	10	10
Transportation: Trucks, Trailers, and Other Vehicles	273	268	276	274	264	274	288	283	281	277
Airports	6	6	6	6	6	6	6	6	6	6
Bridges	318	318	318	318	318	318	318	318	318	318
Traffic Signal	192	212	220	252	265	329	334	358	365	381
Health and Sanitation										
Major Health Administration Buildings	2	2	2	2	2	2	2	2	2	2
Animal Shelter and Insecticide Buildings	2	2	2	2	2	2	2	2	2	2
Public Health Laboratory/Science/Engineering Equipment	40	46	46	51	99	134	140	157	158	162
Medical Center: Number of Hospitals	1	1	1	1	1	1	1	1	1	1
Public Assistance										
Administrative & Office Equipment	464	508	549	452	441	495	515	571	631	640
Education										
Library Branches	29	29	29	30	30	30	31	31	31	32
Bookmobiles	2	2	2	2	2	2	2	2	2	1
Recreation and Cultural Services										
County Museum: Main Facility	1	1	1	1	1	1	1	1	1	1
County Regional Parks	9	9	9	9	9	9	9	9	9	9

Source:

SB County Budget
 SB County Special Districts Final Budget
 SB County Departments
 Auditor-Controller/Treasurer/Tax Collector, County of San Bernardino





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