



SAN BERNARDINO
COUNTY



SAN BERNARDINO COUNTY
STATE OF CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015

LARRY WALKER, AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2015**

**SAN BERNARDINO COUNTY
CALIFORNIA
1853**



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

Gregory C. Devereaux – Chief Executive Officer

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

**COUNTY OF SAN BERNARDINO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2015**

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SAN BERNARDINO
COUNTY



INTRODUCTORY SECTION

AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



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

December 14, 2015

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, 2015, 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 20,160 square miles and includes 24 incorporated cities. In terms of land area, it is the largest county in the contiguous United States. The County is also one of the fastest growing areas in the nation and is the fifth most populous of the 58 counties in California.

THE REPORTING ENTITY AND ITS SERVICES - Continued

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

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

INTERNAL AND BUDGETARY CONTROLS

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

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

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

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

MAJOR INITIATIVES

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

- The Workforce Development Department (WDD) budget includes \$3.1 million in Federal funding for the placement of 750 CalWORKs Youth into paid work experience. This will be accomplished through a partnership between WDD and the Transitional Assistance Department (TAD).

MAJOR INITIATIVES - Continued

- Land Use Services is beginning pre-implementation work to upgrade its outdated permitting system to a new enterprise solution, Accela Automation. The new solution will include a shared database, linking together other County departments, precise digital maps and satellite images of land data that are linked to the County's GIS database, and the Accela Mobile Office platform which provides field staff remote real-time access to the database. This solution will streamline the permitting process, offering the public access to a web portal, Accela Citizen Access, to manage and monitor applications and permits online.
- The County jail system was originally structured to provide short-term housing for pre-sentenced and sentenced inmates. The 2011 Public Safety Realignment of State inmates with longer term sentences to County jail has required the Sheriff's Department to provide detention related services that were previously not necessary. To address this issue, the Department's budget includes \$8.3 million in additional Public Safety Realignment (AB 109) funding to augment both medical and behavioral health services at the jails; to provide additional span of control at West Valley Detention Center; and to provide for infrastructure maintenance at the expanded High Desert Detention Center.
- The Information Services Department Telecommunication Services division is in the process of upgrading the County's Regional Public Safety Radio System (800 MHz Upgrade Project). The project is currently on schedule, with an estimated completion date of 2020-21. The estimated cost of the project is \$158.2 million. The primary focus of this project for 2015-16 will be to receive and install microwave equipment to complete the upgrade of the microwave system.
- The Special Districts Department's 2015-16 budget includes \$33.4 million of capital improvement projects. Capital improvement projects programmed in the department's construction funds include the design and construction for the relocation of the Big Bear Alpine Zoo, design and construction of Snow Drop Road and other road paving projects. These projects also include \$19.8 million budgeted in the Special Districts Department Water and Sanitation Divisions. These projects will continue the Department's commitment to improvements in water and sanitation infrastructure. Programmed projects include installation of radio read meters, construction of a new water well in CSA 64 Spring Valley, and design and construction of a pipeline, a 75,000 gallon water reservoir and a pump station in CSA 70 W-4.
- A team consisting of the Auditor-Controller/Treasurer/Tax Collector, County Administrative Office, Finance and Administration, Human Resources, and Information Services Department have been evaluating proposals in order to select a vendor for the County's Enterprise Financial Management System. The new financial system will streamline business processes and provide better management information.

ECONOMIC CONDITION AND OUTLOOK

The Inland Empire region, encompassing Riverside-San Bernardino-Ontario metropolitan area, is experiencing strong employment growth. In 2015, the County's growth is on track to match or exceed the 22,000 jobs added in 2014, which means it has now created more jobs than were lost in the Great Recession. The rate of major growth during the period of 2010-2014 in San Bernardino County was 9.3%, which exceeds the counties of Los Angeles (8.6%) and San Diego (8.8%), and closely follows Orange County (9.4%).

Logistics activity in San Bernardino County has been particularly strong, growing an average of 5,567 jobs a year from 2011-2014. This activity is driven by 1) the strong growth of Southern California's economy; 2) expanding port activity, which is headed for its third highest year; and 3) e-commerce that is expanding at 15.0% compounded and is largely being conducted in Southern California through fulfillment centers in the County. In 2014, the logistics job growth was 6,200 new jobs (7.0%), representing 28.2% of the County's new jobs last year. Additionally, manufacturing was up 1,600 jobs (3.3%), representing 7.3% of the new jobs last year.

ECONOMIC CONDITION AND OUTLOOK - Continued

In second quarter 2015, the median price home in San Bernardino County sold for \$262,919, up 6.0% from the prior year. This follows increases of 19.7% in 2014 and 28.4% in 2013. The number of Notices of Defaults for homeowners was 402, the lowest number since sometime prior to 2007. San Bernardino County's affordability data showed that 58% of the County's families could afford the prices of the County's Bottom 50% of homes, making it the most affordable county in Southern California when compared to Riverside (42%), Orange (22%) and Los Angeles (31%) counties.

The health care sector added 3,800 workers in 2014, a growth rate of 4.2%. This group was responsible for 17.3% of the annual job sector growth.

Important to the funding of local government, San Bernardino County's retail sales, including sales within cities and unincorporated area, have increased 6.5% in 2014 and began 2015 with the first quarter up 7.5% and the second quarter up 8.3%. This has been accompanied by an increase in retail, restaurant, and entertainment employment in the County of 3,900 jobs in 2014 (2.9%), representing 17.7% of total growth. Total taxable sales in the County during 2014 reached a record \$33.2 billion, up 6.1% from the prior high in 2006 (\$31.3 billion).

San Bernardino County's economy has moved into its expansion phase in 2015. Each of the major sectors is showing continued growth this year and the construction industry is poised to add more weight to the expansion in 2016. Importantly, major taxable revenue streams are beginning to approach their one-time records on an inflation adjusted basis.

LONG-TERM FINANCIAL PLANNING

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

For fiscal years 2009-10 through 2011-12, San Bernardino County's assessed valuation decreased \$19.2 billion resulting in a decline in property tax revenue. The recession impacted the local housing market as evidenced in a steep rise in foreclosures, a substantial reduction in the median sales price of homes, and a reduction in the fair market value of homes. Once the economy started to recover, the County's assessed valuation increased by \$1.3 billion in 2012-13, \$4.8 billion in 2013-14, \$10.4 billion in 2014-15, and \$9.0 billion in 2015-16. Although the housing market has rebounded, 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.

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

LONG-TERM FINANCIAL PLANNING - Continued

In recent years, the County cash funded \$302.1 million to the major capital projects detailed below:

- Construction of a new on-site medical office building at Arrowhead Regional Medical Center. This project was completed in September 2010 at a cost of \$25.0 million.
- Construction of a new High Desert Government Center (HDGC) in Hesperia. The project was completed in October 2010 at a cost of \$29.2 million.
- Construction of the new Central Valley Juvenile Detention and Assessment Center. This project was completed in February 2011 at a cost of \$63.6 million.
- Remodel of the HDGC to add a Public Safety Operations Center for the High Desert (HD PSOC). The project was completed in May 2013 at a cost of \$15.0 million.
- 800 MHz Upgrade Project. This project will upgrade the aging 800 MHz radio system. The total adjusted estimated cost is \$158.2 million with an estimated project duration of 7 years. \$110.4 million has been funded through 2015-16.
- Expansion of the High Desert Detention Center (formerly known as the Adelanto Adult Detention Center) to increase capacity from 706 to 2,074 beds. The County received a grant award from the State to fund \$100.0 million of this project. The County's share of costs was approximately \$41.9 million and was cash funded in 2010-11 and 2012-13. Construction commenced December 2010 and concluded January 2014.
- In 2012-13, the Board of Supervisors approved \$1.3 million to design, expand and remodel the existing Sheriff's Crime Lab located at 200 S. Lena Road in San Bernardino. \$15.7 million was funded in 2013-14 for an estimated total cost of \$17.0 million for construction of this project. Design was completed in July 2014 and construction is currently in progress.
- 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.

RELEVANT FINANCIAL POLICIES

Fund Balance and Reserve Policy

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

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.

RELEVANT FINANCIAL POLICIES - Continued

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

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

Ongoing Set-Aside Contingencies represent ongoing sources of financing that have been targeted for future ongoing program needs. The County has no Ongoing Set-Aside Contingencies in the 2015-16 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, referred to as "Consolidated Banking", which accelerates the collection and deposit of monies by participating departments into the County Treasury, making them readily available for investment.

Debt Management Policy

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

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

INDEPENDENT AUDIT

The County's financial statements have been audited by Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants and independent auditors. The independent auditors have issued an unmodified (clean) opinion on the County's basic financial statements for the year ending June 30, 2015. The Independent Auditors' Report is included in the Financial Section, which is an integral part of this Comprehensive Annual Financial Report.

CERTIFICATE OF ACHIEVEMENT AND AWARDS

Financial Reporting Certificate of Achievement: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of San Bernardino for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. This was the twenty-seventh consecutive year that the County received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which must conform to certificate program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Popular Financial Reporting Award: The County of San Bernardino also received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report for the fiscal year ended June 30, 2014. This was the ninth 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, 2014. 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 DISTRICT (VICE CHAIR) ROBERT A. LOVINGOOD

COUNTY SUPERVISOR, SECOND DISTRICT..... JANICE RUTHERFORD

COUNTY SUPERVISOR, THIRD DISTRICT (CHAIR)JAMES RAMOS

COUNTY SUPERVISOR, FOURTH DISTRICTCURT HAGMAN

COUNTY SUPERVISOR, FIFTH DISTRICTJOSIE GONZALES

ASSESSOR/RECORDER/COUNTY CLERK..... BOB DUTTON

AUDITOR-CONTROLLER/TREASURER /TAX COLLECTOR LARRY WALKER

DISTRICT ATTORNEY MICHAEL A. RAMOS

SHERIFF/CORONER /PUBLIC ADMINISTRATORJOHN McMAHON

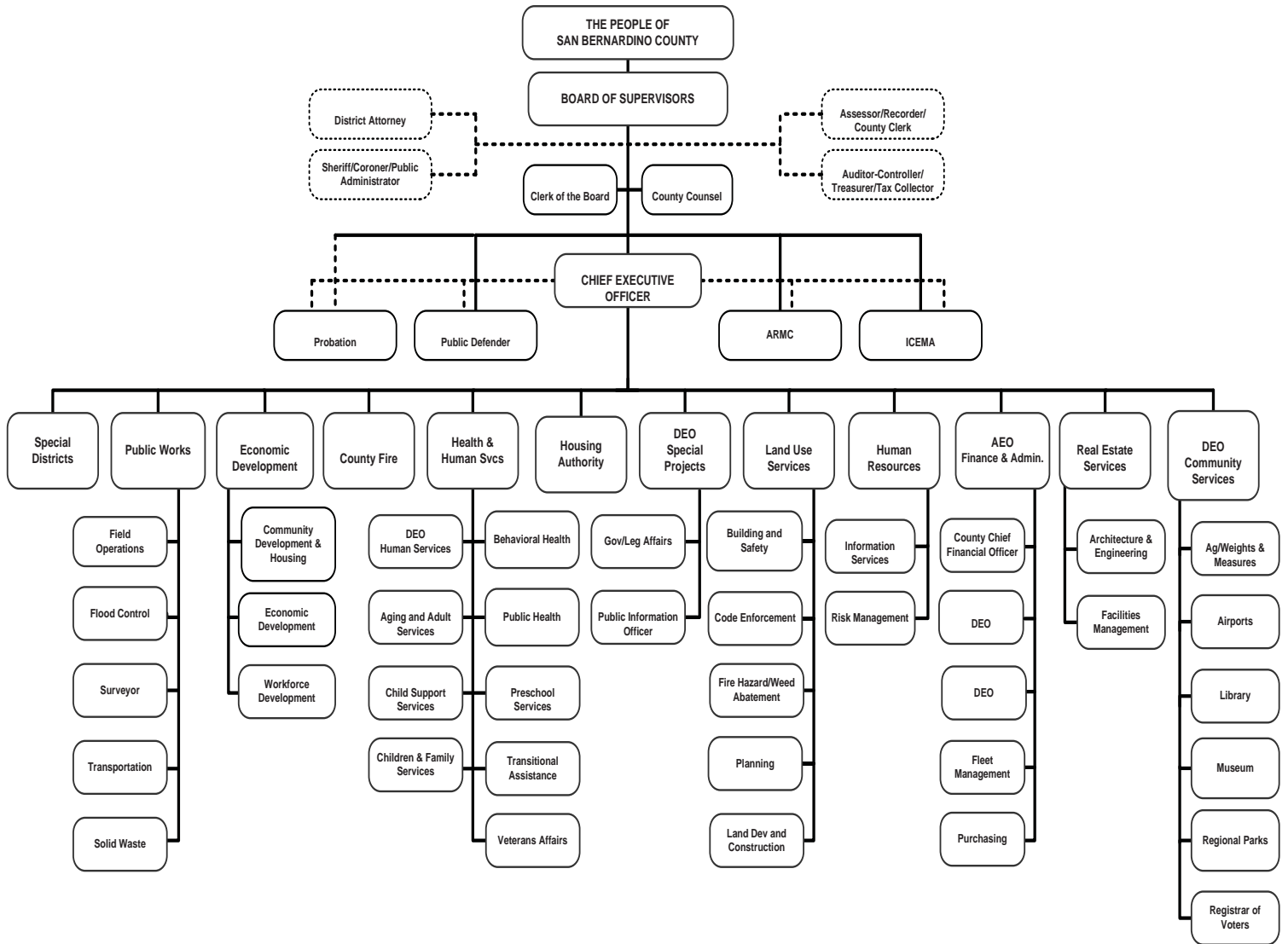
SUPERINTENDENT OF SCHOOLS TED ALEJANDRE

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

APPOINTED

AGING AND ADULT SERVICES.....	RON BUTTRAM
AGRICULTURAL COMMISSIONER/SEALER.....	ROBERTA WILLHITE
AIRPORTS.....	JAMES E. JENKINS
ARCHITECTURE AND ENGINEERING.....	CARL R. ALBAN
ARROWHEAD REGIONAL MEDICAL CENTER.....	WILLIAM GILBERT
BEHAVIORAL HEALTH	CaSONYA THOMAS
BOARD OF RETIREMENT.....	GARY AMELIO
CHILD SUPPORT SERVICES.....	CONNIE BRUNN
CHILDREN AND FAMILY SERVICES.....	MARLENE HAGEN
CLERK OF THE BOARD OF SUPERVISORS	LAURA H. WELCH
CHIEF EXECUTIVE OFFICER	GREGORY C. DEVEREAUX
COMMUNITY DEVELOPMENT.....	DENA FUENTES
COUNTY COUNSEL	JEAN-RENE BASLE
COUNTY LIBRARIAN	LEONARD X. HERNANDEZ
COUNTY MUSEUM	MELISSA RUSSO
ECONOMIC DEVELOPMENT AGENCY	MARY JANE OLHASSO
FACILITIES MANAGEMENT	TERRY W. THOMPSON
FIRE DEPARTMENT/FIRE WARDEN.....	MARK HARTWIG
FLEET MANAGEMENT.....	ROGER G. WEAVER
HOUSING AND SUCCESSOR AGENCY	DENA FUENTES
HUMAN RESOURCES (INTERIM)	DENA SMITH
HUMAN SERVICES	LINDA HAUGAN
INFORMATION SERVICES	JENNIFER HILBER
INLAND COUNTIES EMERGENCY MEDICAL AGENCY.....	TOM LYNCH
LAND USE SERVICES	TOM HUDSON
LEGISLATIVE AFFAIRS	JOSH CANDELARIA
PRESCHOOL SERVICES	DIANA ALEXANDER
PROBATION.....	MICHELLE SCRAY BROWN
PUBLIC DEFENDER	PHYLLIS K. MORRIS
PUBLIC HEALTH	TRUDY RAYMUNDO
PUBLIC WORKS	GERRY NEWCOMBE
PURCHASING.....	LAURIE ROZKO
REAL ESTATE SERVICES.....	TERRY W. THOMPSON
REGIONAL PARKS.....	MAUREEN SNELGROVE
REGISTRAR OF VOTERS	MICHAEL SCARPELLO
RISK MANAGEMENT	KENNETH HERNANDEZ
SPECIAL DISTRICTS	JEFFREY O. RIGNEY
TRANSITIONAL ASSISTANCE DEPARTMENT.....	NANCY SWANSON
VETERANS' AFFAIRS	FRANK GUEVARA
WORKFORCE DEVELOPMENT.....	SANDRA HARMSSEN

COUNTY OF SAN BERNARDINO
ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of San Bernardino
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO





FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORTS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Bernardino, California (the County), as of and for the year ended June 30, 2015, 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, the County of San Bernardino Redevelopment Successor Agency Private-Purpose Trust Fund, and the Housing Authority of the County of San Bernardino, which collectively represent the following percentages of assets, net position/fund balances and revenues as of and for the fiscal year ended June 30, 2015:

Table with 4 columns: Opinion Unit, Assets, Net Position/Fund Balances, Revenues. Rows include Governmental Activities, Business-Type Activities, Housing Authority Enterprise Fund (Major Fund), and Aggregate Remaining Fund Information.

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2015, 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

Change in Reporting Entity - Housing Authority

As described in Note 1 and Note 25, the County had a change in the reporting entity, and has incorporated the activities of the Housing Authority of the County of San Bernardino, as a blended component unit, as of July 1, 2014. Our opinion is not modified with respect to this matter.

Implemented GASB Pronouncements

As described in Note 1, Note 19, and Note 25, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions —an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, as of July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 17 – 33, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions, the Schedule of Funding Progress-HACSB Agent Multiple-Employer Defined Benefit Plan, and Schedule of Funding Progress Single-Employer Defined Benefit Healthcare Plan on pages 125 - 127 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Vavrinik, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 14, 2015



SAN BERNARDINO
COUNTY



MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2015

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, 2015. 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 decreased by \$1,777,753. The net decrease is attributable to the \$1,795,096 decrease in governmental activities net position and the \$17,343 increase in business-type activities net position. The total decrease is primarily due to the implementation of the new pension accounting, which established the accounting and financial reporting standards for pensions.
- As of June 30, 2015, the County governmental funds reported combined fund balances of \$1,721,845, an increase of \$176,967 in comparison with the prior year. Amounts available for spending include *restricted, committed, assigned, and unassigned fund balances*; these totaled \$1,663,969, or 96.6% of the ending fund balance. Of this amount, \$1,012,237 is restricted by law or externally imposed requirements, and \$187,123 is committed for specific purposes.
- At the end of the fiscal year, amounts available for spending for the General Fund totaled \$873,506, or 39.9% of total General Fund expenditures. This is an increase of \$120,918 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 \$148,672 in comparison with the prior year. (See further detail on page 30.)
- At the end of the fiscal year, the County's total long-term obligations increased by \$1,395,146 in comparison with the prior year. (See further detail on page 31.)

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Management's Discussion and Analysis (Amounts in thousands)

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

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

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

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

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

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

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

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

Management's Discussion and Analysis (Amounts in thousands)

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

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

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

Proprietary funds include two types of funds, enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. Enterprise funds are used to account for the Medical Center, Water, Sewer, Sanitation, Waste Systems Division, Museum Gift Shop, Housing Authority, and Regional Parks Snack Bar Operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its printing services, central mail services, telecommunication services, computer operations, 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, Waste Systems Division, and the Housing Authority 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 44-49 of this report.

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

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

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund financial statements. The notes can be found on pages 53-123 of this report.

Management's Discussion and Analysis (Amounts in thousands)

Supplemental Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$1,490,728 at the close of the most recent fiscal year.

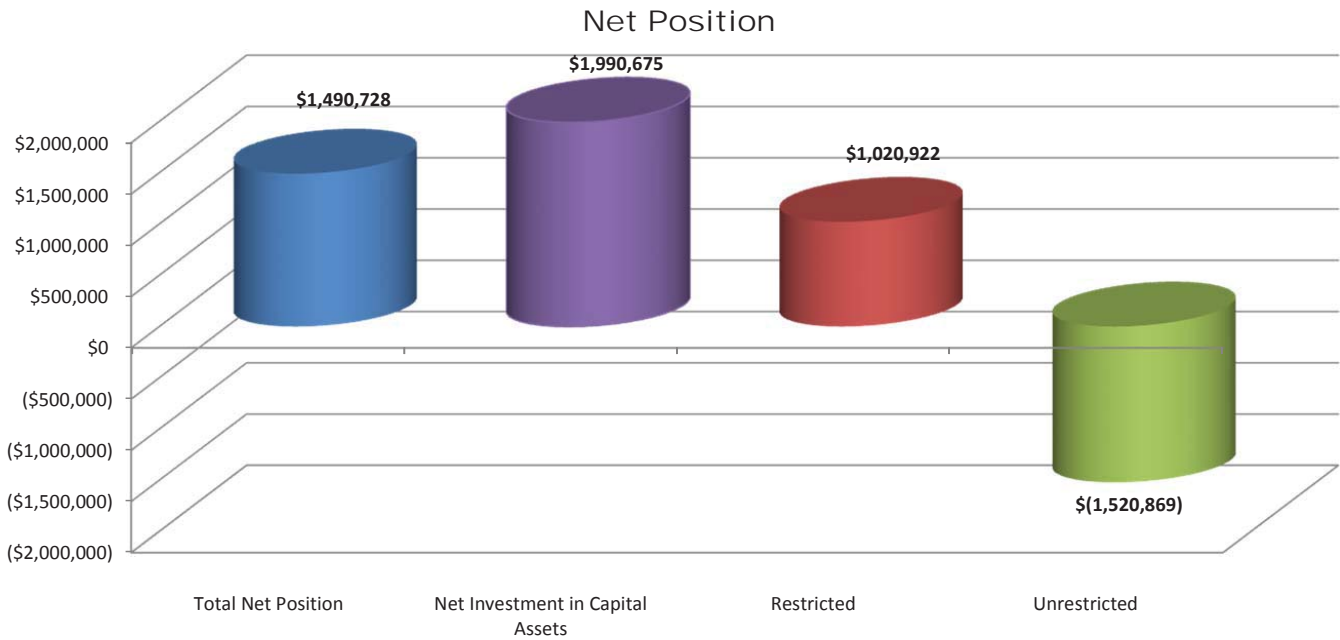
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 2,321,338	\$ 2,787,980	\$ 517,583	\$ 397,814	\$ 2,838,921	\$ 3,185,794
Capital assets	1,883,313	1,840,948	644,699	538,392	2,528,012	2,379,340
Total assets	<u>4,204,651</u>	<u>4,628,928</u>	<u>1,162,282</u>	<u>936,206</u>	<u>5,366,933</u>	<u>5,565,134</u>
Deferred outflows of resources	470,944	4,405	80,355	26,654	551,299	31,059
Current and other liabilities	215,824	242,185	106,469	105,830	322,293	348,015
Long-term liabilities	2,559,507	1,346,566	815,336	633,131	3,374,843	1,979,697
Total liabilities	<u>2,775,331</u>	<u>1,588,751</u>	<u>921,805</u>	<u>738,961</u>	<u>3,697,136</u>	<u>2,327,712</u>
Deferred inflows of resources	650,778	-	79,590	-	730,368	-
Net Position:						
Net investment in capital assets	1,809,961	1,749,238	180,714	110,155	1,990,675	1,859,393
Restricted	947,882	776,259	73,040	62,286	1,020,922	838,545
Unrestricted	(1,508,357)	519,085	(12,512)	51,458	(1,520,869)	570,543
Total Net Position	<u>\$ 1,249,486</u>	<u>\$ 3,044,582</u>	<u>\$ 241,242</u>	<u>\$ 223,899</u>	<u>\$ 1,490,728</u>	<u>\$ 3,268,481</u>

The largest portion of the County's net position of \$1,990,675 reflects investment in capital assets (e.g. land, land use rights, structures and improvements, equipment and software, and infrastructure); as well as capital-related deferred outflows of resources less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

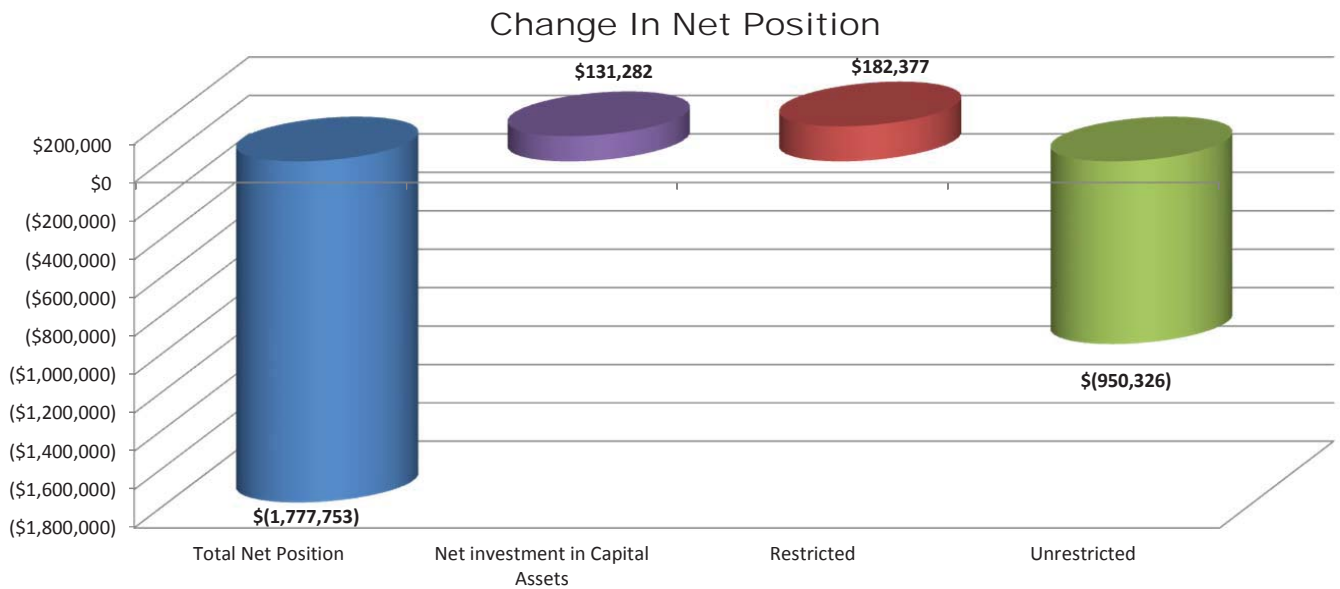
Restricted net position of \$1,020,922 represents another significant portion of County net position. This amount contains external restrictions imposed by creditors, grantors, contributors, laws and regulation of other governments, and restrictions imposed by law through constitutional provisions and enabling legislation.

Management's Discussion and Analysis (Amounts in thousands)

The final component of net position is unrestricted net position. Unrestricted net position represent resources that the County may use to meet its current and ongoing obligations to citizens and creditors. The overall unrestricted net position balance decreased by \$950,326 primarily as a result of the implementation of two new statements of financial accounting standards (GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*) which established the net pension liability as of fiscal year 2015. (Notes 1(q) and 19).



The County's total net position decreased by \$1,777,753 (\$1,795,096 decrease in governmental activities offset by \$17,343 increase in business-type activities) primarily due to the implementation of GASB Statement No. 68 and GASB Statement No. 71, as noted earlier. This overall decrease was partially offset by a prior period adjustment, which increased the County's net position of the business-type activities as a result of incorporating the Housing Authority of the County of San Bernardino as a blended component unit of the County, effective July 1, 2014.



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	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues						
Charges for Services	\$ 431,465	\$ 427,098	\$ 540,616	\$ 473,203	\$ 972,081	\$ 900,301
Operating Grants/Contributions	1,713,917	1,736,856	209,370	48,832	1,923,287	1,785,688
Capital Grants/Contributions	25,003	25,971	17,102	21,247	42,105	47,218
General Revenue						
Property Taxes, Levied for General Purposes	573,482	553,303	2,850	2,786	576,332	556,089
Public Safety Tax	160,337	156,352	-	-	160,337	156,352
Sales Taxes	28,437	29,103	-	-	28,437	29,103
Other Taxes	18,767	16,099	-	-	18,767	16,099
Unrestricted Revenues from Use of Money and Property	44,616	43,603	2,569	2,210	47,185	45,813
Miscellaneous	74,480	74,416	13,361	53,070	87,841	127,486
Gains on Sale of Capital Assets	3,335	5,565	774	50	4,109	5,615
Total Revenues	3,073,839	3,068,366	786,642	601,398	3,860,481	3,669,764
Expenses:						
General Government	162,261	178,980	-	-	162,261	178,980
Public Protection	979,458	1,007,434	-	-	979,458	1,007,434
Public Ways and Facilities	71,614	91,744	-	-	71,614	91,744
Health and Sanitation	325,261	331,551	-	-	325,261	331,551
Public Assistance	1,008,353	1,046,447	-	-	1,008,353	1,046,447
Education	16,718	20,923	-	-	16,718	20,923
Recreation and Cultural Services	24,103	25,290	-	-	24,103	25,290
Interest on Long Term Debt	45,233	50,189	-	-	45,233	50,189
Medical Center	-	-	488,239	513,609	488,239	513,609
Waste Systems	-	-	76,160	61,883	76,160	61,883
Housing Authority	-	-	104,759	-	104,759	-
Water, Sewer, and Sanitation	-	-	18,154	15,204	18,154	15,204
Others	-	-	131	69	131	69
Total Expenses	2,633,001	2,752,558	687,443	590,765	3,320,444	3,343,323
Excess (Deficiency) before Extraordinary Item and Transfers	440,838	315,808	99,199	10,633	540,037	326,441
Extraordinary Item Transfers	-	10,415	-	-	-	10,415
	(12,428)	(37,294)	12,428	37,294	-	-
Change in Net Position	428,410	288,929	111,627	47,927	540,037	336,856
Net Position -- Beginning of Year, as restated	821,076	2,755,653	129,615	175,972	950,691	2,931,625
Net Position -- End of Year	\$ 1,249,486	\$ 3,044,582	\$ 241,242	\$ 223,899	\$ 1,490,728	\$ 3,268,481

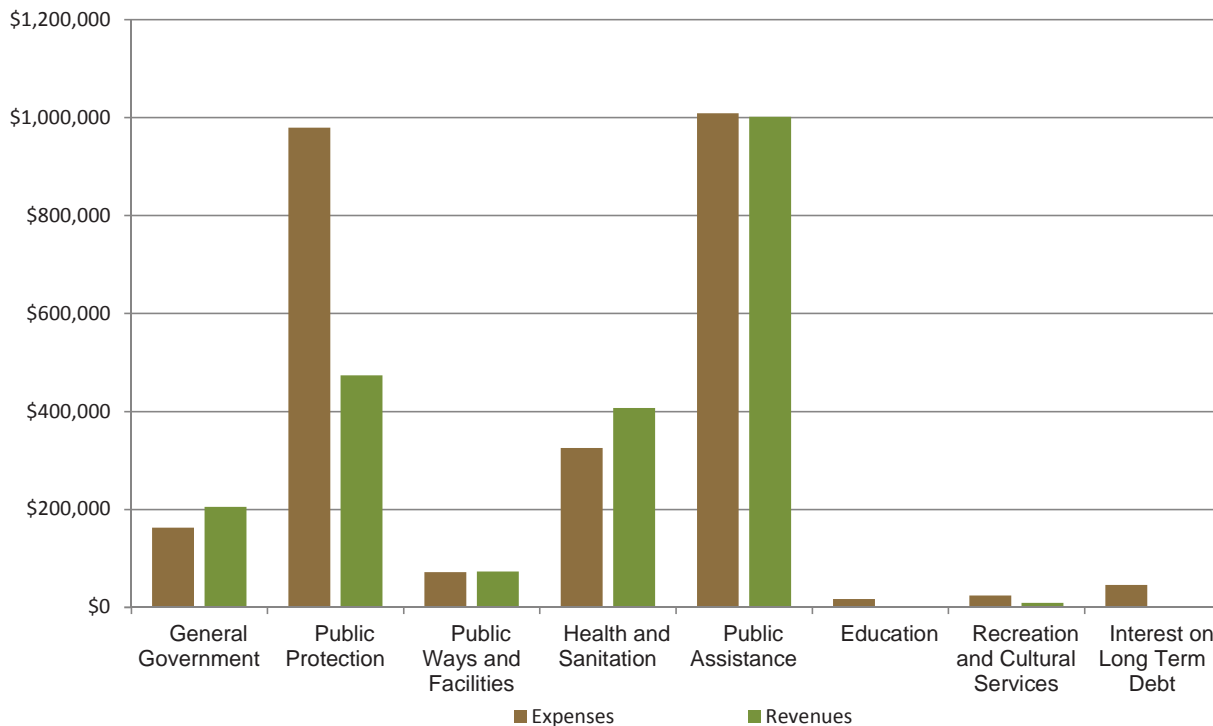
Governmental Activities decreased the County's net position from \$3,044,582 to \$1,249,486. The overall decrease in net position is due to the establishment of net pension liability for fiscal year 2015, as discussed earlier. However, it is important to note that the adoption of these two accounting standards had no impact on the County's governmental fund financial statements, which continue to report the actuarially determined contributions as expenditures.

Total revenues of County governmental activities increased primarily due to an increase in tax revenues, mainly Property tax revenues.

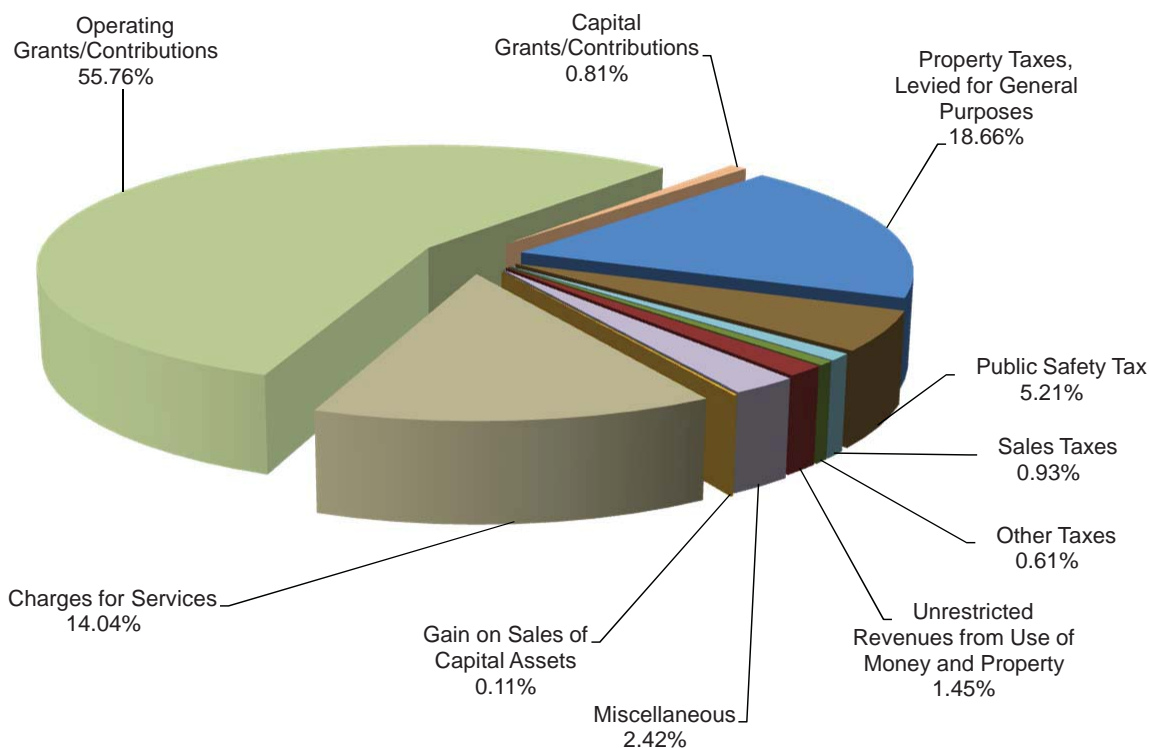
Management's Discussion and Analysis (Amounts in thousands)

Program expenses for County governmental activities decreased as a result of the decrease in pension expense along with the deferral of contributions made subsequent to the pension measurement date of June 30, 2014.

Expenses and Program Revenues-Governmental Activities



Revenues by Source-Governmental Activities

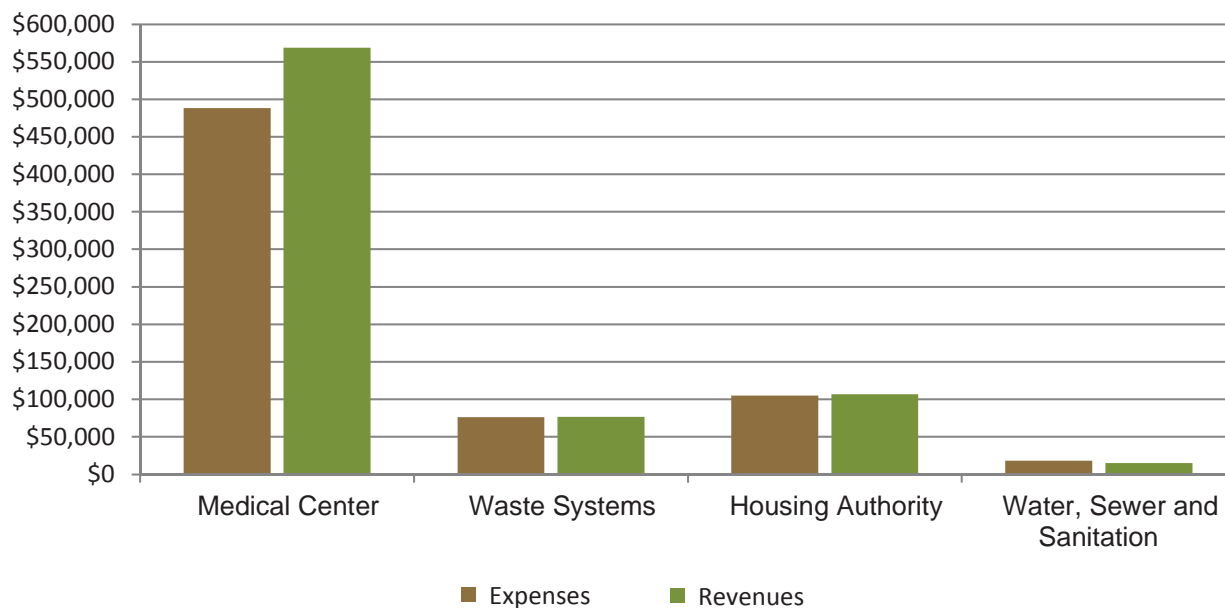


Management's Discussion and Analysis (Amounts in thousands)

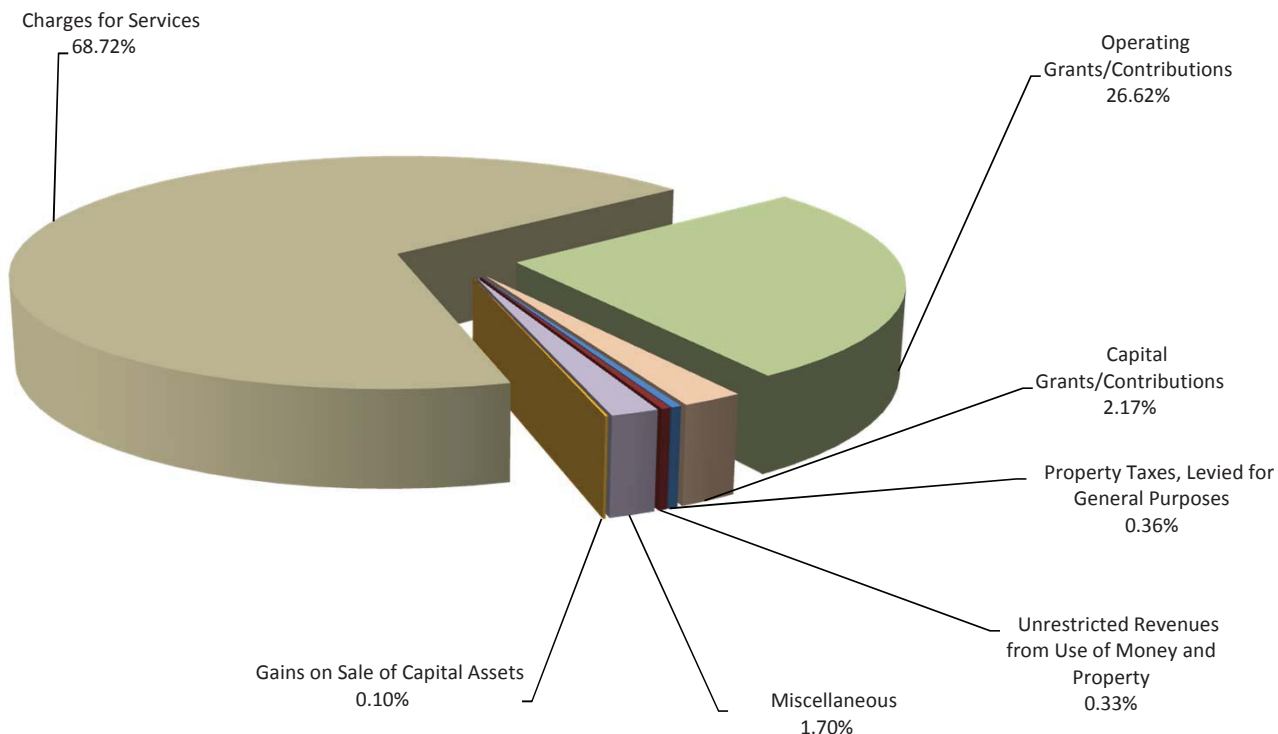
Business-type Activities increased the County's net position from \$223,899 to \$241,242. This is primarily due to the Medical Center receiving additional revenues, as well as, incorporation of the Housing Authority offset by the establishment of net pension liability for fiscal year 2015.

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

Expenses and Program Revenues-Business-Type Activities



Revenues by Source-Business-Type Activities



Management's Discussion and Analysis (Amounts in thousands)

FINANCIAL ANALYSIS OF COUNTY FUNDS

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

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

On June 30, 2015, the County's governmental funds reported a total fund balance of \$1,721,845, an increase of \$176,967 in comparison with the prior year. Approximately 59% of the total fund balance, \$1,012,237, constitutes restricted fund balance, which is restricted by external parties. The remaining fund balance is comprised of a nonspendable amount of \$57,876; committed amounts of \$187,123, which are committed for specific purposes; assigned amounts of \$142,479 set-aside for specific purposes; and an unassigned amount of \$322,130, representing the residual net resources of the General Fund available for spending.

The most significant restricted amounts in the governmental funds include \$80,769 for Social Services Realignment, \$101,085 for Health Services Realignment, \$116,280 for Flood Control, and \$132,677 for Mental Health Services Act.

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

General Fund: The General Fund is the chief operating fund of the County. On June 30, 2015, the total fund balance reached \$929,424, an increase of \$112,632 in comparison with the prior year. Approximately 38% or \$352,444 of the total fund balance constitutes restricted fund balance. The remaining fund balance is made up of \$55,918 of nonspendable amounts; \$187,123 of committed amounts, including \$32,075 for debt service, \$22,500 for Glen Helen Rehabilitation Center jail upgrade, \$20,000 for property tax system, and \$13,000 for new financial accounting system; assigned amounts of \$11,809 for automated systems development; and \$322,130 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 24% of total fund expenditures; while total fund balance represents 42%.

The General Fund had an increase of \$112,632 primarily as the result of revenues exceeding related expenditures and other financing sources.

Capital Improvement Fund: The Capital Improvement Fund accounts for the County's major capital acquisition and construction projects. On June 30, 2015, the total fund balance of the Capital Improvement Fund was \$112,290. The capital improvement fund had a decrease of \$26,677, primarily as a result of increased expenditures related to the 800 MHZ Upgrade, Sheriff's Crime Lab, and seismic retrofit projects.

Revenues for total governmental funds totaled \$3,077,308 in fiscal year 2014-15, representing a \$90,801 increase from the prior year.

Management's Discussion and Analysis
(Amounts in thousands)

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

Revenues	Fiscal year 2014-15		Over (Under) Fiscal year 2013-14	
	Amount	Percent of Total	Amount	Percent
Taxes	\$ 788,712	26%	\$ 39,480	5%
Licenses, Permits and Franchises	25,587	1%	668	3%
Fines, Forfeitures and Penalties	15,704	1%	839	6%
Revenues From Use of Money and Property	42,129	1%	471	1%
Aid From Other Governmental Agencies	1,755,929	57%	50,441	3%
Charges for Current Services	388,092	12%	5,376	1%
Other Revenues	61,155	2%	(6,474)	-10%
Total Revenues	<u>\$ 3,077,308</u>	<u>100%</u>	<u>\$ 90,801</u>	

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

Tax revenues increased by \$39,480 mainly due to continued increase in assessed valuation of properties within the County.

Aid received from other governmental agencies increased by a total of \$50,441. This resulted from an increase in funding for Mental Health Services Act, CalWORKS, and Family Support Realignment as a result of caseload growth, new programs, and the implementation of the Affordable Care Act.

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

Expenditures	Fiscal year 2014-15		Over (Under) Fiscal Year 2013-14	
	Amount	Percent of Total	Amount Changed	Percent
Current:				
General Government	\$ 145,589	5%	\$ (15,166)	-9%
Public Protection	990,078	34%	32,246	3%
Public Ways and Facilities	75,559	2%	(27,708)	-27%
Health and Sanitation	343,769	12%	11,939	4%
Public Assistance	1,068,461	37%	30,720	3%
Education	16,967	1%	(328)	-2%
Recreation and Cultural Services	20,753	1%	287	1%
Debt Service:				
Principal	91,977	3%	8,482	10%
Interest and Fiscal Charges	22,034	1%	(2,122)	-9%
Capital Outlay	132,041	4%	37,687	40%
Total Expenditures	<u>\$ 2,907,228</u>	<u>100%</u>	<u>\$ 76,037</u>	

Total County governmental funds expenditures increased by \$76,037 from the prior year.

Public Protection as well as Health and Sanitation expenditures increased by \$32,246 and \$11,939 respectively due to the completion of the High Desert Detention Center and increased costs associated with providing additional mental health and physician services at the jails.

Management's Discussion and Analysis
(Amounts in thousands)

Public Assistance expenditures increased by \$30,720 primarily due to continued increases in client services costs for CalWORKs, Medi-Cal, Cal Fresh, and In-Home Supportive Services.

Capital Outlay expenditures increased by \$37,687 as a result of the 800 MHZ Upgrade Project, and new Sheriff Crime Lab Expansion project.

Public Ways and Facilities expenditures decreased by \$27,708 as a result of fewer new Public Works-Transportation projects and the end of State Proposition 1B funding during the current fiscal year.

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

Other Financing Sources (Uses) Governmental Funds	Fiscal Year 2014-15	Over (Under) Fiscal Year 2013-14	
	Amount	Amount Changed	Percent
Transfers Out	\$ (249,063)	\$ 14,878	-6%
Transfers In	238,802	11,461	5%
Insurance Recoveries	14,000	14,000	100%
Sale of Capital Assets	3,148	(5,198)	-62%
Total Other Financing Sources and (Uses)	<u>\$ 6,887</u>	<u>\$ 35,141</u>	

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

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

	Governmental Funds			
	General Fund	Capital Improvement Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues	\$ 2,456,739	\$ 1,756	\$ 618,813	\$ 3,077,308
Expenditures	(2,187,836)	(96,918)	(622,474)	(2,907,228)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>268,903</u>	<u>(95,162)</u>	<u>(3,661)</u>	<u>170,080</u>
Total Other Financing Sources and (Uses)	<u>(156,271)</u>	<u>68,485</u>	<u>94,673</u>	<u>6,887</u>
Net Changes In Fund Balance	112,632	(26,677)	91,012	176,967
Fund Balance, Beginning, as restated	<u>816,792</u>	<u>138,967</u>	<u>589,119</u>	<u>1,544,878</u>
Fund Balance, Ending	<u>\$ 929,424</u>	<u>\$ 112,290</u>	<u>\$ 680,131</u>	<u>\$ 1,721,845</u>

In fiscal year 2014-15, the fund balance of total governmental funds increased by \$176,967. This increase is the result of revenues exceeding the associated expenditures, and insurance recoveries related to the prior year's litigation settlement.

Management's Discussion and Analysis
(Amounts in thousands)

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

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

	Business-Type Activities -- Enterprise Funds				Total Enterprise Funds
	Medical Center	Waste Systems Division	Housing Authority	Total Nonmajor Enterprise Funds	
Revenues					
Net Patient Care and Services	\$ 431,606	\$ -	\$ -	\$ -	\$ 431,606
Charges for Current Services	-	63,907	14,652	14,311	92,870
Other	8,453	12,396	91,709	-	112,558
Total Operating Revenues	<u>440,059</u>	<u>76,303</u>	<u>106,361</u>	<u>14,311</u>	<u>637,034</u>
Operating Expenses					
Professional Services	43,625	37,805	-	4,260	85,690
Salaries and Employee Benefits	216,189	6,187	8,627	5,703	236,706
Services and Supplies	175,094	30,081	87,852	4,493	297,520
Depreciation and Amortization	22,327	2,087	5,330	2,949	32,693
Other	5,698	-	1,158	719	7,575
Total Operating Expenses	<u>462,933</u>	<u>76,160</u>	<u>102,967</u>	<u>18,124</u>	<u>660,184</u>
Operating Income (Loss)	<u>(22,874)</u>	<u>143</u>	<u>3,394</u>	<u>(3,813)</u>	<u>(23,150)</u>
Nonoperating Revenues (Expenses)					
Interest Revenue	1,492	809	110	158	2,569
Interest Expense	(25,092)	-	(1,792)	(161)	(27,045)
Tax Revenue	-	-	-	2,850	2,850
Grant Revenue	112,289	79	-	644	113,012
Gain (Loss) on Sale of Capital Assets	-	(7)	781	-	774
Other Nonoperating Revenues	-	11,800	-	1,561	13,361
Other Nonoperating Expenses	(214)	-	-	-	(214)
Total Nonoperating Revenues (Expenses)	<u>88,475</u>	<u>12,681</u>	<u>(901)</u>	<u>5,052</u>	<u>105,307</u>
Change in Net Position Before Contributions and Transfers	65,601	12,824	2,493	1,239	82,157
Capital Contributions	16,501	-	541	-	17,042
Transfers Out	(9,488)	(319)	-	(35)	(9,842)
Transfers In	17,538	-	-	4,732	22,270
Change in Net Position	90,152	12,505	3,034	5,936	111,627
Net Position, Beginning, as restated	(121,226)	66,095	94,365	90,381	129,615
Net Position, Ending	<u>\$ (31,074)</u>	<u>\$ 78,600</u>	<u>\$ 97,399</u>	<u>\$ 96,317</u>	<u>\$ 241,242</u>

The net increase of \$111,627 in net position was primarily due to the Medical Center receiving additional revenue from Risk Pool funds from Inland Empire Health Plan, and the conversion of uninsured to Medi-Cal patients as a result of the Affordable Care Act.

Management's Discussion and Analysis (Amounts in thousands)

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final expenditure budget differs from the original budget by approximately 3.7%. A net increase in appropriations of \$91,750 was approved during the fiscal year. The significant components of this net increase are summarized below:

General

- On November 18, 2014, the board adopted a budget amendment to increase General Fund Contingencies by \$17,890 due to \$56,160 increase in revenue offset by \$38,270 in appropriation increases driven by caseload growth, new programs, and systems and facility upgrades.
- On March 3, 2015 the, the board adopted a budget amendment to increase General Fund Contingencies by an additional \$19,890 due to \$55,770 increase in revenue offset by \$35,880 in appropriation increases for new programs, and investments in facilities to improve the delivery of services.

Public Protection

- On November 18, 2014, the board adopted a budget amendment which increased the Probation Department's budget by \$8,896. This budget increase reflects the remodeling of the department's former West Valley Juvenile Detention and Assessment Center to provide for the relocation of their Regional Training Center to this site.
- On March 5, 2015, the board adopted a budget amendment which increased the Probation Department's budget by \$7,413. This budget increase reflects the purchase of two buildings in Barstow and Victorville in response to increasing probation caseloads since implementation of the public safety realignment.

Public Assistance

- On November 18, 2014, the board adopted a budget amendment which increased the Human Services budget by \$11,405. This increase is driven by caseload growth and new programs. New programs include CalWORKs Housing Support, Medi-Cal Outreach and Enrollment associated with the Affordable Care Act. Caseload growth within` CalFresh, CalWORKs, Children and Family Services, and In-Home Supportive Services.

During the current fiscal year, the General Government and Health and Sanitation functions accounted for the largest expenditure variance of \$110,635 and \$130,684 respectively between the final budget and actual expenditures. These variances are primarily the result of the establishment of contingency accounts and the matching reimbursement received by the Health Administrator budget unit for intergovernmental transfers to cover the required local match for Disproportionate Share Hospital (DSH) funds from the State on behalf of the Medical Center, respectively.

Management's Discussion and Analysis (Amounts in thousands)

The total difference of \$83,403 between estimated revenues and actual revenues was caused by the receipt of actual property related taxes along with aid from other governments exceeding their respective estimates; offset by a decrease in charges for current services. These differences are primarily due to increases in the following: assessed valuation of properties within the County; State Realignment revenues; funding for CalWORKs, and Welfare to Work.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's total capital assets and related deferred outflows of resources for governmental and business-type activities as of June 30, 2015, amounted to \$2,528,012 and \$26,166, respectively. The County's total related debt used to acquire those assets as of June 30, 2015, amounted to \$563,503. 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 \$192,585 as a result of the incorporation of the Housing Authority and completion of a variety of projects: The largest amounts were for a building purchase for Preschool Services in the amount of \$1,647; a building remodel for Probation in the amount of \$1,239; the construction of a storage building for \$884; the upgrade of a fire station for \$783; and an upgrade of a heating, ventilation and air conditioning system in the amount of \$914.
- Development in Progress (DIP) increased approximately \$44,081 due to an increase of \$26,469 to the 800 MHz Replacement project.
- The Flood Control Fund has various flood control channel facilities under construction with a DIP value of \$48,111. The flood control facilities are primarily comprised of Cucamonga Basin #6 in the amount of \$12,080; Cactus Basin projects in the amount of \$10,902; San Timoteo Channel projects in the amount of \$8,859; and the Hesperia Detention Basin project in the amount of \$2,261.
- Infrastructure increased approximately \$55,188. Transportation completed infrastructure projects of road rehabilitation, drainage improvements, install medians, intersection improvements, and grade separations worth \$33,955. Flood Control completed \$21,233 of infrastructure projects related to storm drains and catch basins.
- Equipment and Software increased approximately \$22,418. The primary increase consists of licensed vehicles totaling \$6,825, computer equipment totaling \$2,099, medical equipment totaling \$4,446, and an overall increase of \$3,232 in Public Protection equipment.

Management's Discussion and Analysis (Amounts in thousands)

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

	Governmental Activities		Business-Type Activities		Total		Increase/ (decrease)
	2015	2014	2015	2014	2015	2014	Percent of Change
Land	\$ 126,762	\$ 125,255	\$ 31,940	\$ 21,377	\$ 158,702	\$ 146,632	8.23%
Land Use Rights (non-amortizable)	21,644	21,509	351	351	21,995	21,860	0.62%
Land Use Rights (amortizable)	123	123	1,109	1,109	1,232	1,232	0.00%
Development in Progress	196,793	161,022	24,050	15,740	220,843	176,762	24.94%
Improvement other than Buildings	258,228	252,597	264,790	251,115	523,018	503,712	3.83%
Structures and Improvements	1,006,117	992,284	743,228	564,476	1,749,345	1,556,760	12.37%
Equipment and Software	366,454	353,630	168,299	158,705	534,753	512,335	4.38%
Infrastructure	1,354,221	1,299,033	-	-	1,354,221	1,299,033	4.25%
Accumulated Depreciation/Amortization	(1,447,029)	(1,364,505)	(589,068)	(474,481)	(2,036,097)	(1,838,986)	10.72%
Total	<u>\$ 1,883,313</u>	<u>\$ 1,840,948</u>	<u>\$ 644,699</u>	<u>\$ 538,392</u>	<u>\$ 2,528,012</u>	<u>\$ 2,379,340</u>	<u>6.25%</u>

Additional information on the County's capital assets can be found on Note 8 on pages 80-81 of this report.

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

Long-term Debt and Obligations

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

	Governmental Activities		Business-Type Activities		Total		Increase/ (decrease)
	2015	2014	2015	2014	2015	2014	Percent of Change
Certificates of Participation, Net	\$ 12,299	\$ 18,006	\$ 423,980	\$ 443,979	\$ 436,279	\$ 461,985	-5.56%
General Obligation Bonds	-	-	685	845	685	845	-18.93%
Revenue Bonds, Net	353,978	380,119	-	-	353,978	380,119	-6.88%
Other Bonds and Notes	508,815	541,030	38,605	1,633	547,420	542,663	0.88%
Compensated Absences	166,624	164,302	19,571	18,415	186,195	182,717	1.90%
Termination Benefits Payable	127	172	15	15	142	187	-24.06%
Capital Lease Obligations	-	314	5,292	8,434	5,292	8,748	-39.51%
Pollution Remediation Obligations	-	-	63,521	58,288	63,521	58,288	8.98%
Estimated Liability for Litigation and Self-Insured Claims	232,098	239,623	-	-	232,098	239,623	-3.14%
Estimated Liability for Closure / Postclosure Care Cost	-	-	106,738	101,522	106,738	101,522	5.14%
Other Long-Term Liabilities	-	3,000	5,364	-	5,364	3,000	78.80%
Net Pension Liability	1,285,566	-	147,363	-	1,432,929	-	100.00%
Net Other Postemployment Benefit Obligation for Housing Authority	-	-	4,202	-	4,202	-	100.00%
Total	<u>\$ 2,559,507</u>	<u>\$ 1,346,566</u>	<u>\$ 815,336</u>	<u>\$ 633,131</u>	<u>\$ 3,374,843</u>	<u>\$ 1,979,697</u>	<u>70.47%</u>

Additional information on the County's long-term debt can be found in Note 11 on pages 84-95 of this report.

Management's Discussion and Analysis (Amounts in thousands)

The County's major long-term obligations activity during the fiscal year is as follows: reduction in long-term debt of certificates of participation, bonds and notes, and capital leases totaling \$50,706; offset by increases in liability for closure/postclosure care cost of \$5,216 and pollution remediation obligation of \$5,233, and establishment of net pension liabilities of \$1,432,929.

A significant portion of the revenue bonds are the Pension Obligation Bonds (1995) totaling \$338,443 with an AA-/AA rating from Standard and Poor that were issued by the San Bernardino Financing Authority. Included in long-term debt are also the Pension Obligation Bonds (2004) totaling \$222,630 with an AA- rating from Standard and Poor and the Pension Obligation Refunding Bonds (2008) totaling \$155,990 with an AA rating from Standard and Poor.

ECONOMIC FACTORS AND BUDGETING

The Board of Supervisors adopted the County's final budget on June 16, 2015. The budget plan does not use reserves to fund ongoing costs and there is limited use of one-time sources to fund operating costs.

The General Fund spending authority totals \$2.9 billion and is funded by departmental revenues, Countywide discretionary revenues, and other financing sources.

As of June 30, 2015, the County's General Fund is projecting a cumulative structural surplus of \$27.0 million over the next five fiscal years. However, with upcoming and current negotiation with employee groups this surplus could quickly revert to a deficit when potential Memoranda of Understanding costs are included.

In addition, the County's fiscal planning efforts are presented with major challenges in year 2015-16 and beyond. These challenges includes fiscal uncertainty inherent in the State budget process, and sales tax volatility.

The County has also identified the following critical areas to be addressed in 2015-16 in order to prevent unnecessary costs and risks:

- Funding of medical and mental health services in County detention centers
- Funding to begin restoration of services reduced during recession
- Ongoing funding for maintenance of County roads
- Continued investments in capital improvement and transportation projects
- Maintain fiscal responsibility through contribution to reserves of \$68.5 million

Other significant issues impacting the General Fund include increased retirement costs due to a change in actuarial assumptions that reduced the expected rate of return from 7.75% to 7.5%, and adjusted mortality tables to reflect longer lifespans.

Management's Discussion and Analysis
(Amounts in thousands)

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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





BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS



**COUNTY OF SAN BERNARDINO
STATEMENT OF NET POSITION
JUNE 30, 2015 (IN THOUSANDS)**

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 SAN BERNARDINO
ASSETS				
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 1,825,124	\$ 230,439	\$ 2,055,563	\$ 81,031
INVESTMENTS (NOTE 4)	2,109	-	2,109	-
ACCOUNTS RECEIVABLE, NET (NOTE 5)	9,306	50,543	59,849	-
TAXES RECEIVABLE (NOTE 5)	44,111	211	44,322	-
INTEREST RECEIVABLE (NOTE 5)	19,258	308	19,566	-
LOANS RECEIVABLE (NOTE 5)	51,298	-	51,298	-
OTHER RECEIVABLES, NET (NOTE 5)	9,929	52,051	61,980	-
DUE FROM OTHER GOVERNMENTS (NOTE 5)	322,508	71,546	394,054	3,505
INTERNAL BALANCES	16,072	(16,072)	-	-
LAND HELD FOR RESALE	2,212	-	2,212	-
INVENTORIES	5,823	2,114	7,937	-
PREPAID ITEMS	3,795	6,616	10,411	1
RESTRICTED CASH AND INVESTMENTS (NOTE 4 & 7)	9,793	119,827	129,620	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:				
LAND (NOTE 8)	126,762	31,940	158,702	-
LAND USE RIGHTS (NOTE 8)	21,644	351	21,995	-
DEVELOPMENT IN PROGRESS (NOTE 8)	196,793	24,050	220,843	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
LAND USE RIGHTS (NOTE 8)	123	1,109	1,232	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 8)	2,618,566	1,008,018	3,626,584	130
EQUIPMENT AND SOFTWARE (NOTE 8)	366,454	168,299	534,753	14
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 8)	(1,447,029)	(589,068)	(2,036,097)	(23)
TOTAL ASSETS	4,204,651	1,162,282	5,366,933	84,658
DEFERRED OUTFLOWS OF RESOURCES (NOTE 9 & 19)	470,944	80,355	551,299	586
LIABILITIES				
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	87,398	78,020	165,418	79
SALARIES AND BENEFITS PAYABLE	72,558	12,554	85,112	113
DUE TO OTHER GOVERNMENTS	29,631	5,584	35,215	5,215
INTEREST PAYABLE	8,798	9,347	18,145	-
ADVANCES FROM OTHERS (NOTE 10)	17,439	964	18,403	-
NONCURRENT LIABILITIES:				
PORTION DUE PAYABLE IN ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	104,195	7,805	112,000	7
TERMINATION BENEFITS PAYABLE (NOTE 11)	26	15	41	-
BONDS AND NOTES PAYABLE (NOTE 11)	95,400	29,303	124,698	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	-	2,381	2,381	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	4,368	4,368	-
ESTIMATED LIABILITY FOR CLOSURES/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	4,053	4,053	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	48,006	-	48,006	-
PORTION DUE OR PAYABLE AFTER ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	62,429	11,766	74,195	177
TERMINATION BENEFITS PAYABLE (NOTE 11)	101	-	101	-
BONDS AND NOTES PAYABLE, NET (NOTE 11)	779,692	433,967	1,213,664	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	-	2,911	2,911	-
OTHER LONG TERM LIABILITIES (NOTE 11)	-	5,364	5,364	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	59,153	59,153	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	102,685	102,685	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	184,092	-	184,092	-
NET OTHER POSTEMPLOYMENT BENEFITS OBLIGATION FOR HOUSING AUTHORITY (NOTE 20)	-	4,202	4,202	-
NET PENSION LIABILITY (NOTE 19)	1,285,566	147,363	1,432,929	1,571
TOTAL LIABILITIES	2,775,331	921,805	3,697,136	7,162
DEFERRED INFLOWS OF RESOURCES (NOTE 16 & 19)	650,778	79,590	730,368	786
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	1,809,961	180,714	1,990,675	121
RESTRICTED FOR: (NOTE 1)				
GRANTS AND OTHER COUNTY PROGRAMS	946,180	-	946,180	-
PERPETUAL CARE - NONEXPENDABLE	1,702	-	1,702	-
DEBT SERVICE	-	41,070	41,070	-
LANDFILL CLOSURE	-	23,199	23,199	-
HOUSING PROGRAMS	-	8,771	8,771	-
UNRESTRICTED	(1,508,357)	(12,512)	(1,520,869)	77,175
TOTAL NET POSITION	\$ 1,249,486	\$ 241,242	\$ 1,490,728	\$ 77,296

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

COUNTY OF SAN BERNARDINO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)

FUNCTIONS/PROGRAMS	PRIMARY GOVERNMENT						COMPONENT UNIT
	PROGRAM REVENUES			NET (EXPENSE)/REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
PRIMARY GOVERNMENT:							
GOVERNMENTAL ACTIVITIES:							
GENERAL GOVERNMENT	\$ 162,261	\$ 138,561	\$ 42,644	\$ 23,766	\$ 42,710	\$ -	\$ -
PUBLIC PROTECTION	979,458	246,438	227,133	-	(505,887)	-	(505,887)
PUBLICWAYS AND FACILITIES	71,614	9,258	62,369	1,237	1,250	-	1,250
HEALTH AND SANITATION	325,261	23,999	383,128	-	81,866	-	81,866
PUBLIC ASSISTANCE	1,008,353	3,441	997,915	-	(6,997)	-	(6,997)
EDUCATION	16,718	1,053	247	-	(15,418)	-	(15,418)
RECREATION AND CULTURAL SERVICES	24,103	8,715	481	-	(14,907)	-	(14,907)
INTEREST ON LONG TERM DEBT	45,233	-	-	-	(45,233)	-	(45,233)
TOTAL GOVERNMENTAL ACTIVITIES	2,633,001	431,465	1,713,917	25,003	(462,616)	-	(462,616)
BUSINESS-TYPE ACTIVITIES:							
MEDICAL CENTER	488,239	431,606	120,742	16,501	-	80,610	80,610
WASTE SYSTEMS	76,160	76,303	79	-	-	222	222
HOUSING AUTHORITY	104,759	18,396	87,965	541	-	2,143	2,143
WATER, SEWER, AND SANITATION	18,154	14,222	584	60	-	(3,288)	(3,288)
OTHERS	131	89	-	-	-	(42)	(42)
TOTAL BUSINESS-TYPE ACTIVITIES	687,443	540,616	209,370	17,102	-	79,645	79,645
TOTAL PRIMARY GOVERNMENT	\$ 3,320,444	\$ 972,081	\$ 1,923,287	\$ 42,105	(462,616)	79,645	(382,971)
COMPONENT UNIT							
FIRST 5 SAN BERNARDINO	\$ 26,411	\$ -	\$ 20,852	\$ -	-	-	(5,559)
GENERAL REVENUES:							
PROPERTY TAXES, LEVIED FOR GENERAL PURPOSES					573,482	2,850	576,332
PUBLIC SAFETY TAX					160,337	-	160,337
SALES TAXES					28,437	-	28,437
OTHER TAXES					18,767	-	18,767
UNRESTRICTED REVENUES FROM USE OF MONEY AND PROPERTY					44,616	2,569	47,185
MISCELLANEOUS					74,480	13,361	87,841
GAIN ON SALE OF CAPITAL ASSETS					3,335	774	4,109
TRANSFERS					(12,428)	12,428	-
TOTAL GENERAL REVENUES AND TRANSFERS					891,026	31,962	923,008
CHANGE IN NET POSITION					428,410	111,627	540,037
NET POSITION - BEGINNING, AS RESTATED (NOTE 25)					821,076	129,615	950,691
NET POSITION - ENDING					\$ 1,249,486	\$ 241,242	\$ 1,490,728

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





SAN BERNARDINO
COUNTY



FUND FINANCIAL STATEMENTS



**COUNTY OF SAN BERNARDINO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015 (IN THOUSANDS)**

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 728,099	\$ 118,240	\$ 671,373	\$ 1,517,712
INVESTMENTS (NOTE 4)	-	-	2,109	2,109
ACCOUNTS RECEIVABLE, NET (NOTE 5)	3,069	-	2,299	5,368
TAXES RECEIVABLE (NOTE 5)	36,387	-	7,724	44,111
INTEREST RECEIVABLE (NOTE 5)	17,769	184	1,305	19,258
LOANS RECEIVABLE (NOTE 5)	50,218	-	1,080	51,298
OTHER RECEIVABLES (NOTE 5)	9,539	-	334	9,873
DUE FROM OTHER FUNDS (NOTE 6)	44,419	3,151	29,490	77,060
DUE FROM OTHER GOVERNMENTS (NOTE 5)	270,803	5,919	44,757	321,479
LAND HELD FOR RESALE	549	-	1,663	2,212
INVENTORIES	1,363	-	123	1,486
PREPAID ITEMS	1,349	-	133	1,482
INTERFUND RECEIVABLE (NOTE 6)	3,165	-	20,004	23,169
RESTRICTED CASH AND INVESTMENTS (NOTES 4 & 7)	3,341	-	6,452	9,793
TOTAL ASSETS	\$ 1,170,070	\$ 127,494	\$ 788,846	\$ 2,086,410
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 41,073	\$ 13,745	\$ 25,623	\$ 80,441
SALARIES AND BENEFITS PAYABLE	59,559	-	10,669	70,228
DUE TO OTHER FUNDS (NOTE 6)	33,060	1,249	50,991	85,300
DUE TO OTHER GOVERNMENTS	24,384	-	5,233	29,617
INTEREST PAYABLE	-	-	1	1
ADVANCES FROM OTHERS (NOTE 10)	13,724	26	3,624	17,374
INTERFUND PAYABLE (NOTE 6)	-	-	2,945	2,945
TOTAL LIABILITIES	171,800	15,020	99,086	285,906
DEFERRED INFLOWS OF RESOURCES (NOTE 16)	68,846	184	9,629	78,659
FUND BALANCES (NOTE 17):				
NONSPENDABLE	55,918	-	1,958	57,876
RESTRICTED	352,444	29,875	629,918	1,012,237
COMMITTED	187,123	-	-	187,123
ASSIGNED	11,809	82,415	48,255	142,479
UNASSIGNED	322,130	-	-	322,130
TOTAL FUND BALANCES	929,424	112,290	680,131	1,721,845
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,170,070	\$ 127,494	\$ 788,846	

Amounts reported for governmental activities in the statement of net position are different due to the following (Note 2):

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

1,841,345

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

78,659

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

84,341

Interest payable on long-term debt

(8,797)

Deferred outflows and inflows of resources related to pensions and deferred charges on refunding are applicable to future periods and therefore are not reported in the funds.

(173,267)

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

(2,294,640)

Net position of governmental activities (page 36)

\$ 1,249,486

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, 2015 (IN THOUSANDS)**

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
TAXES	\$ 680,350	\$ -	\$ 108,362	\$ 788,712
LICENSES, PERMITS, AND FRANCHISES	24,482	-	1,105	25,587
FINES, FORFEITURES, AND PENALTIES	7,747	-	7,957	15,704
REVENUE FROM USE OF MONEY AND PROPERTY	35,675	5	6,449	42,129
AID FROM OTHER GOVERNMENTAL AGENCIES	1,401,616	1,237	353,076	1,755,929
CHARGES FOR CURRENT SERVICES	286,325	9	101,758	388,092
OTHER REVENUES	20,544	505	40,106	61,155
TOTAL REVENUES	2,456,739	1,756	618,813	3,077,308
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT	133,619	462	11,508	145,589
PUBLIC PROTECTION	809,281	-	180,797	990,078
PUBLIC WAYS AND FACILITIES	2,534	-	73,025	75,559
HEALTH AND SANITATION	221,734	-	122,035	343,769
PUBLIC ASSISTANCE	985,964	-	82,497	1,068,461
EDUCATION	2,825	-	14,142	16,967
RECREATION AND CULTURAL SERVICES	13,870	-	6,883	20,753
DEBT SERVICE:				
PRINCIPAL	7,246	-	84,731	91,977
INTEREST AND FISCAL CHARGES	1,308	-	20,726	22,034
CAPITAL OUTLAY	9,455	96,456	26,130	132,041
TOTAL EXPENDITURES	2,187,836	96,918	622,474	2,907,228
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	268,903	(95,162)	(3,661)	170,080
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT (NOTE 6)	(188,770)	(1,316)	(58,977)	(249,063)
TRANSFERS IN (NOTE 6)	31,677	69,711	137,414	238,802
INSURANCE RECOVERIES	-	-	14,000	14,000
SALE OF CAPITAL ASSETS	822	90	2,236	3,148
TOTAL OTHER FINANCING SOURCES AND (USES)	(156,271)	68,485	94,673	6,887
NET CHANGES IN FUND BALANCE	112,632	(26,677)	91,012	176,967
FUND BALANCES, BEGINNING, AS RESTATED (NOTE 25)	816,792	138,967	589,119	1,544,878
FUND BALANCES, ENDING	\$ 929,424	\$ 112,290	\$ 680,131	\$ 1,721,845

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL

\$ 176,967

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
Less current year depreciation.

133,578
(89,979)
43,599

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.

44,149

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

(20,617)

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

(23,799)

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

Expenditures for pension contributions
Less current year pension expense

219,999
(103,298)
116,701

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

91,410

Changes in net position of governmental activities (page 37)

\$ 428,410

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 BALANCE
BUDGET AND ACTUAL ON A BUDGETARY BASIS
YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
TAXES	\$ 628,119	\$ 651,779	\$ 680,350	\$ 28,571
LICENSES, PERMITS AND FRANCHISES	22,462	22,992	24,482	1,490
FINES, FORFEITURES AND PENALTIES	7,376	7,388	7,747	359
REVENUES FROM USE OF MONEY AND PROPERTY	32,998	33,431	35,675	2,244
AID FROM OTHER GOVERNMENTAL AGENCIES	1,191,763	1,241,028	1,401,616	160,588
CHARGES FOR CURRENT SERVICES	392,794	393,268	286,325	(106,943)
OTHER REVENUES	21,984	23,450	20,544	(2,906)
TOTAL REVENUES	2,297,496	2,373,336	2,456,739	83,403
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT	202,667	243,749	133,114	110,635
PUBLIC PROTECTION	851,150	871,255	814,917	56,338
PUBLIC WAYS AND FACILITIES	2,718	2,570	2,583	(13)
HEALTH AND SANITATION	353,813	354,791	224,107	130,684
PUBLIC ASSISTANCE	1,023,667	1,049,292	985,957	63,335
EDUCATION	3,271	3,271	2,825	446
RECREATION AND CULTURAL SERVICES	14,262	14,791	13,786	1,005
DEBT SERVICE:				
PRINCIPAL	7,216	7,246	7,246	-
INTEREST AND FISCAL CHARGES	7,389	7,389	1,308	6,081
CAPITAL OUTLAY	24,282	27,831	10,542	17,289
TOTAL EXPENDITURES	2,490,435	2,582,185	2,196,385	385,800
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(192,939)	(208,849)	260,354	469,203
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT (NOTE 6)	(186,897)	(221,587)	(188,770)	32,817
TRANSFERS IN (NOTE 6)	44,248	47,018	31,677	(15,341)
SALE OF CAPITAL ASSETS	650	650	822	172
TOTAL OTHER FINANCING SOURCES AND (USES)	(141,999)	(173,919)	(156,271)	17,648
NET CHANGE IN FUND BALANCES	(334,938)	(382,768)	104,083	486,851
FUND BALANCES, BEGINNING	788,461	788,461	788,461	-
FUND BALANCES, ENDING	\$ 453,523	\$ 405,693	\$ 892,544	\$ 486,851

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, 2015 (IN THOUSANDS)**

**BUSINESS-TYPE ACTIVITIES -
ENTERPRISE FUNDS**

	MEDICAL CENTER (6-30-15)	WASTE SYSTEMS DIVISION (6-30-15)	HOUSING AUTHORITY (9-30-14)
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 72,371	\$ 88,248	\$ 26,083
ACCOUNTS RECEIVABLE, NET (NOTE 5)	38,594	7,316	2,572
INTEREST RECEIVABLE (NOTE 5)	308	-	-
OTHER RECEIVABLES, NET (NOTE 5)	21,523	1,482	3
DUE FROM OTHER FUNDS (NOTE 6)	7,184	143	-
DUE FROM OTHER GOVERNMENTS (NOTE 5)	68,267	2,412	664
INVENTORIES	1,755	-	334
PREPAID ITEMS	3,433	71	3,112
RESTRICTED CASH AND CASH EQUIVALENTS (NOTE 4 & 7)	4,939	61,072	8,771
TOTAL CURRENT ASSETS	<u>218,374</u>	<u>160,744</u>	<u>41,539</u>
NONCURRENT ASSETS:			
OTHER RECEIVABLES (NOTE 5)	-	26,400	2,442
RESTRICTED CASH AND INVESTMENTS (NOTES 4 & 7)	45,045	-	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:			
LAND (NOTE 8)	-	17,736	10,471
LAND USE RIGHTS (NOTE 8)	-	93	-
DEVELOPMENT IN PROGRESS (NOTE 8)	1,261	6,672	14,364
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
LAND USE RIGHTS (NOTE 8)	-	105	-
STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 8)	570,194	171,493	177,521
EQUIPMENT AND SOFTWARE (NOTE 8)	160,546	950	5,234
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 8)	(346,483)	(114,002)	(87,331)
TOTAL NONCURRENT ASSETS	<u>430,563</u>	<u>109,447</u>	<u>122,701</u>
TOTAL ASSETS	<u>648,937</u>	<u>270,191</u>	<u>164,240</u>
DEFERRED OUTFLOWS OF RESOURCES (NOTES 9 & 19)	<u>78,578</u>	<u>1,777</u>	<u>-</u>
LIABILITIES			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	65,996	7,050	4,215
SALARIES AND BENEFITS PAYABLE	12,166	387	-
DUE TO OTHER FUNDS (NOTE 6)	712	458	-
DUE TO OTHER GOVERNMENTS	-	5,288	-
INTEREST PAYABLE	9,222	-	-
ADVANCES FROM OTHERS (NOTE 10)	-	937	-
COMPENSATED ABSENCES PAYABLE (NOTE 11)	7,291	514	-
TERMINATION BENEFITS PAYABLE (NOTE 11)	15	-	-
BONDS AND NOTES PAYABLE (NOTE 11)	21,270	-	7,751
CAPITAL LEASE OBLIGATIONS (NOTE 11 & 12)	2,381	-	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	4,368	-
ESTIMATED LIABILITY FOR CLOSURES/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	4,053	-
TOTAL CURRENT LIABILITIES	<u>119,053</u>	<u>23,055</u>	<u>11,966</u>
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE (NOTE 6)	-	-	19,699
COMPENSATED ABSENCES PAYABLE (NOTE 11)	9,954	467	1,345
BONDS AND NOTES PAYABLE (NOTE 11)	402,710	-	29,281
CAPITAL LEASE OBLIGATIONS (NOTE 11 & 12)	2,911	-	-
OTHER LONG TERM LIABILITIES	5,016	-	348
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	59,153	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTE 11 & 13)	-	102,685	-
NET OTHER POSTEMPLOYMENT BENEFITS OBLIGATION FOR HOUSING AUTHORITY (NOTE 20)	-	-	4,202
NET PENSION LIABILITY (NOTE 19)	142,685	4,678	-
TOTAL NONCURRENT LIABILITIES	<u>563,276</u>	<u>166,983</u>	<u>54,875</u>
TOTAL LIABILITIES	<u>682,329</u>	<u>190,038</u>	<u>66,841</u>
DEFERRED INFLOWS OF RESOURCES (NOTES 16 & 19)	<u>76,260</u>	<u>3,330</u>	<u>-</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	(19,479)	83,047	63,529
RESTRICTED FOR:			
DEBT SERVICE	41,070	-	-
LANDFILL CLOSURE COSTS	-	23,199	-
HOUSING PROGRAMS	-	-	8,771
UNRESTRICTED	(52,665)	(27,646)	25,099
TOTAL NET POSITION (DEFICIT)	<u>\$ (31,074)</u>	<u>\$ 78,600</u>	<u>\$ 97,399</u>

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

**COUNTY OF SAN BERNARDINO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
JUNE 30, 2015 (IN THOUSANDS)**

	BUSINESS- TYPE ACTIVITIES		GOVERNMENTAL
	ENTERPRISE FUNDS		ACTIVITIES
	TOTAL NONMAJOR ENTERPRISE FUNDS (6-30-15)	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS (6-30-15)
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 43,737	\$ 230,439	\$ 307,412
ACCOUNTS RECEIVABLE, NET (NOTE 5)	2,061	50,543	3,938
TAXES RECEIVABLE (NOTE 5)	211	211	-
INTEREST RECEIVABLE (NOTE 5)	-	308	-
OTHER RECEIVABLES, NET (NOTE 5)	201	23,209	56
DUE FROM OTHER FUNDS (NOTE 6)	84	7,411	6,768
DUE FROM OTHER GOVERNMENTS (NOTE 5)	203	71,546	1,029
INVENTORIES	25	2,114	4,337
PREPAID ITEMS	-	6,616	2,449
RESTRICTED CASH AND CASH EQUIVALENTS (NOTE 4 & 7)	-	74,782	-
TOTAL CURRENT ASSETS	46,522	467,179	325,989
NONCURRENT ASSETS:			
INTERFUND RECEIVABLE	-	-	1,789
OTHER RECEIVABLES (NOTE 5)	-	28,842	-
RESTRICTED CASH AND INVESTMENTS (NOTES 4 & 7)	-	45,045	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:			
LAND (NOTE 8)	3,733	31,940	396
LAND USE RIGHTS (NOTE 8)	258	351	-
DEVELOPMENT IN PROGRESS (NOTE 8)	1,753	24,050	396
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
LAND USE RIGHTS (NOTE 8)	1,004	1,109	-
STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 8)	88,810	1,008,018	11,075
EQUIPMENT AND SOFTWARE (NOTE 8)	1,569	168,299	111,927
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 8)	(41,252)	(589,068)	(81,826)
TOTAL NONCURRENT ASSETS	55,875	718,586	43,757
TOTAL ASSETS	102,397	1,185,765	369,746
DEFERRED OUTFLOWS OF RESOURCES (NOTES 9 & 19)			
	-	80,355	10,856
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	759	78,020	6,957
SALARIES AND BENEFITS PAYABLE	1	12,554	2,330
DUE TO OTHER FUNDS (NOTE 6)	2,089	3,259	2,680
DUE TO OTHER GOVERNMENTS	296	5,584	14
INTEREST PAYABLE	125	9,347	-
ADVANCES FROM OTHERS (NOTE 10)	27	964	201
COMPENSATED ABSENCES PAYABLE (NOTE 11)	-	7,805	2,870
TERMINATION BENEFITS PAYABLE (NOTE 11)	-	15	-
BONDS AND NOTES PAYABLE (NOTE 11)	282	29,303	-
CAPITAL LEASE OBLIGATIONS (NOTE 11 & 12)	-	2,381	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	4,368	-
ESTIMATED LIABILITY FOR CLOSURES/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	4,053	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	-	-	48,006
TOTAL CURRENT LIABILITIES	3,579	157,653	63,058
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE (NOTE 6)	525	20,224	1,789
COMPENSATED ABSENCES PAYABLE (NOTE 11)	-	11,766	4,408
BONDS AND NOTES PAYABLE (NOTE 11)	1,976	433,967	-
CAPITAL LEASE OBLIGATIONS (NOTE 11 & 12)	-	2,911	-
OTHER LONG TERM LIABILITIES	-	5,364	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	59,153	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTE 11 & 13)	-	102,685	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTE 11 & 14)	-	-	184,092
NET OTHER POSTEMPLOYMENT BENEFITS OBLIGATION FOR HOUSING AUTHORITY (NOTE 20)	-	4,202	-
NET PENSION LIABILITY (NOTE 19)	-	147,363	25,491
TOTAL NONCURRENT LIABILITIES	2,501	787,635	215,780
TOTAL LIABILITIES	6,080	945,288	278,838
DEFERRED INFLOWS OF RESOURCES (NOTES 16 & 19)			
	-	79,590	17,423
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	53,617	180,714	41,968
RESTRICTED FOR:			
DEBT SERVICE	-	41,070	-
LANDFILL CLOSURE COSTS	-	23,199	-
HOUSING PROGRAMS	-	8,771	-
UNRESTRICTED	42,700	(12,512)	42,373
TOTAL NET POSITION	\$ 96,317	\$ 241,242	\$ 84,341

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, 2015 (IN THOUSANDS)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MEDICAL CENTER (6-30-15)	WASTE SYSTEM DIVISION (6-30-15)	HOUSING AUTHORITY (9-30-14)
OPERATING REVENUES:			
NET PATIENT CARE AND SERVICE CHARGES FOR CURRENT SERVICES	\$ 431,606	\$ -	\$ -
OTHER	8,453	12,396	91,709
TOTAL OPERATING REVENUES	440,059	76,303	106,361
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	43,625	37,805	-
SALARIES AND EMPLOYEE BENEFITS	216,189	6,187	8,627
SERVICES AND SUPPLIES	175,094	30,081	87,852
DEPRECIATION AND AMORTIZATION	22,327	2,087	5,330
OTHER	5,698	-	1,158
TOTAL OPERATING EXPENSES	462,933	76,160	102,967
OPERATING INCOME (LOSS)	(22,874)	143	3,394
NONOPERATING REVENUES (EXPENSES)			
INTEREST REVENUE	1,492	809	110
INTEREST EXPENSE	(25,092)	-	(1,792)
GRANT REVENUE	112,289	79	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	-	(7)	781
OTHER NONOPERATING REVENUES	-	11,800	-
OTHER NONOPERATING EXPENSES	(214)	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	88,475	12,681	(901)
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	65,601	12,824	2,493
CAPITAL CONTRIBUTIONS	16,501	-	541
TRANSFERS OUT (NOTE 6)	(9,488)	(319)	-
TRANSFERS IN (NOTE 6)	17,538	-	-
CHANGE IN NET POSITION	90,152	12,505	3,034
TOTAL NET POSITION, BEGINNING , AS RESTATED (NOTE 25)	(121,226)	66,095	94,365
TOTAL NET POSITION, ENDING	\$ (31,074)	\$ 78,600	\$ 97,399

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

**COUNTY OF SAN BERNARDINO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		GOVERNMENTAL ACTIVITIES
	TOTAL NONMAJOR ENTERPRISE FUNDS (6-30-15)	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS (6-30-15)
OPERATING REVENUES:			
NET PATIENT CARE AND SERVICE CHARGES FOR CURRENT SERVICES	\$ -	\$ 431,606	\$ -
OTHER	14,311	92,870	201,136
	-	112,558	-
TOTAL OPERATING REVENUES	14,311	637,034	201,136
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	4,260	85,690	24,080
SALARIES AND EMPLOYEE BENEFITS	5,703	236,706	44,053
SELF-INSURANCE CLAIMS	-	-	35,991
SERVICES AND SUPPLIES	4,493	297,520	48,843
DEPRECIATION AND AMORTIZATION	2,949	32,693	10,980
OTHER	719	7,575	876
TOTAL OPERATING EXPENSES	18,124	660,184	164,823
OPERATING INCOME (LOSS)	(3,813)	(23,150)	36,313
NONOPERATING REVENUES (EXPENSES)			
INTEREST REVENUE	158	2,569	1,220
INTEREST EXPENSE	(161)	(27,045)	(10)
TAX REVENUE	2,850	2,850	-
GRANT REVENUE	644	113,012	80
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	-	774	555
OTHER NONOPERATING REVENUES	1,561	13,361	8,158
OTHER NONOPERATING EXPENSES	-	(214)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	5,052	105,307	10,003
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	1,239	82,157	46,316
CAPITAL CONTRIBUTIONS	-	17,042	-
TRANSFERS OUT (NOTE 6)	(35)	(9,842)	(2,167)
TRANSFERS IN (NOTE 6)	4,732	22,270	-
CHANGE IN NET POSITION	5,936	111,627	44,149
TOTAL NET POSITION, BEGINNING , AS RESTATED (NOTE 25)	90,381	129,615	40,192
TOTAL NET POSITION, ENDING	\$ 96,317	\$ 241,242	\$ 84,341

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

**COUNTY OF SAN BERNARDINO
STATEMENT OF CASHFLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)**

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS		
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	HOUSING AUTHORITY
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH RECEIVED FROM PATIENT CARE AND SERVICES	\$ 437,031	\$ 95,920	\$ 17,252
CASH RECEIVED FROM OPERATING GRANT FOR HOUSING	-	-	90,106
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(235,131)	(53,473)	(17,677)
CASH PAYMENTS FOR HOUSING ASSISTANCE	-	-	(72,663)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(236,498)	(7,043)	(8,627)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(34,598)</u>	<u>35,404</u>	<u>8,391</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
GRANTS RECEIVED	112,289	79	-
LOANS TO OTHER AGENCIES	-	-	(2,233)
TRANSFERS RECEIVED	17,538	-	-
TRANSFERS PAID	(9,488)	(319)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>120,339</u>	<u>(240)</u>	<u>(2,233)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(5,838)	(4,132)	(1,022)
CAPITAL CONTRIBUTION	16,501	-	541
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	(3,142)	-	-
ISSUANCE OF DEBT	-	-	2,058
PRINCIPAL PAID ON BONDS AND NOTES	(19,999)	-	(2,647)
INTEREST PAID ON BONDS AND NOTES	(23,153)	-	(1,792)
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	22	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(35,631)</u>	<u>(4,110)</u>	<u>(2,862)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
INTEREST ON INVESTMENTS	1,491	809	1,087
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>1,491</u>	<u>809</u>	<u>1,087</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	51,601	31,863	4,383
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR, AS RESTATED	70,754	117,457	30,471
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 122,355</u>	<u>\$ 149,320</u>	<u>\$ 34,854</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
OPERATING INCOME (LOSS)	\$ (22,874)	\$ 143	\$ 3,394
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION	22,327	2,087	5,330
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	(214)	11,800	-
CHANGES IN ASSETS, DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS:			
ACCOUNTS RECEIVABLE	8,528	1,491	(1,144)
DUE FROM OTHER FUNDS	13,427	(42)	-
DUE FROM OTHER GOVERNMENTS	(21,674)	(1,105)	2,288
OTHER RECEIVABLES	(3,309)	9,139	-
INVENTORIES	118	-	298
PREPAID ITEMS	(106)	67	261
ACCOUNTS PAYABLE AND OTHER LIABILITIES	3,093	3,699	-
SALARIES AND BENEFITS PAYABLE	(3,073)	(127)	(5,524)
DUE TO OTHER FUNDS	(13,605)	(1,379)	(178)
DUE TO OTHER GOVERNMENTS	-	(195)	(147)
ADVANCES FROM OTHERS	-	106	-
BONDS AND NOTES PAYABLE	-	-	3,694
COMPENSATED ABSENCES PAYABLE	(247)	58	-
OTHER NON-CASH ITEMS	(16,989)	9,662	119
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (34,598)</u>	<u>\$ 35,404</u>	<u>\$ 8,391</u>
BREAKDOWN OF CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS	\$ 72,371	\$ 88,248	\$ 26,083
RESTRICTED CASH AND INVESTMENTS	49,984	61,072	8,771
TOTAL	<u>\$ 122,355</u>	<u>\$ 149,320</u>	<u>\$ 34,854</u>

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

**COUNTY OF SAN BERNARDINO
STATEMENT OF CASHFLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)**

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS		GOVERNMENTAL ACTIVITIES
	TOTAL NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH RECEIVED FROM PATIENT CARE AND SERVICES	\$ 15,362	\$ 565,565	\$ -
CASH RECEIVED FROM OPERATING GRANT FOR HOUSING	-	90,106	-
CASH RECEIVED FROM OTHER FUNDS FOR INTERNAL SERVICES	-	-	205,315
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(8,009)	(314,290)	(117,848)
CASH PAYMENTS FOR HOUSING ASSISTANCE	-	(72,663)	-
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(5,704)	(257,872)	(47,853)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,649</u>	<u>10,846</u>	<u>39,614</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
TAXES RECEIVED	2,871	2,871	-
GRANTS RECEIVED	644	113,012	80
LOANS TO OTHER AGENCIES	-	(2,233)	-
TRANSFERS RECEIVED	4,732	22,270	-
TRANSFERS PAID	(80)	(9,887)	(2,167)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>8,167</u>	<u>126,033</u>	<u>(2,087)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(3,441)	(14,433)	(9,841)
CAPITAL CONTRIBUTION	-	17,042	-
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	-	(3,142)	-
ISSUANCE OF DEBT	-	2,058	-
PRINCIPAL PAID ON BONDS AND NOTES	(220)	(22,866)	-
INTEREST PAID ON BONDS AND NOTES	(204)	(25,149)	(10)
INTERFUND LOAN PROCEEDS	-	-	1,789
INTERFUND LOAN ADVANCED	-	-	(1,789)
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	22	1,152
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,865)</u>	<u>(46,468)</u>	<u>(8,699)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
INTEREST ON INVESTMENTS	158	3,545	1,220
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>158</u>	<u>3,545</u>	<u>1,220</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,109	93,956	30,048
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR, AS RESTATED	<u>37,628</u>	<u>256,310</u>	<u>277,364</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 43,737</u>	<u>\$ 350,266</u>	<u>\$ 307,412</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
OPERATING INCOME (LOSS)	\$ (3,813)	\$ (23,150)	\$ 36,313
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION	2,949	32,693	10,980
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	1,561	13,147	8,158
CHANGES IN ASSETS, DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS:			
ACCOUNTS RECEIVABLE	697	9,572	(3,105)
DUE FROM OTHER FUNDS	-	13,385	(844)
DUE FROM OTHER GOVERNMENTS	(193)	(20,684)	(216)
OTHER RECEIVABLES	-	5,830	140
INVENTORIES	70	486	(194)
PREPAID ITEMS	-	222	1,128
ACCOUNTS PAYABLE AND OTHER LIABILITIES	1,192	7,984	(1,465)
SALARIES AND BENEFITS PAYABLE	(1)	(8,725)	(204)
DUE TO OTHER FUNDS	-	(15,162)	-
DUE TO OTHER GOVERNMENTS	201	(141)	(2)
ADVANCES FROM OTHERS	(1,014)	(908)	46
BONDS AND NOTES PAYABLE	-	3,694	-
COMPENSATED ABSENCES PAYABLE	-	(189)	1,677
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	-	(7,525)
OTHER NON-CASH ITEMS	-	(7,208)	(5,273)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,649</u>	<u>\$ 10,846</u>	<u>\$ 39,614</u>
BREAKDOWN OF CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS	\$ 43,737	\$ 230,439	\$ 307,412
RESTRICTED CASH AND INVESTMENTS	-	119,827	-
TOTAL	<u>\$ 43,737</u>	<u>\$ 350,266</u>	<u>\$ 307,412</u>

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, 2015 (IN THOUSANDS)**

	INVESTMENT TRUST FUND	PRIVATE- PURPOSE TRUST FUND	AGENCY
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 2,732,542	\$ 7,986	\$ 245,583
ACCOUNTS RECEIVABLE, NET	48	-	19,363
TAXES RECEIVABLE	-	-	158,653
DUE FROM OTHER GOVERNMENTS	446	-	21,201
LAND HELD FOR RESALE	-	23,396	-
PREPAID ITEMS	290	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	-	6,935	-
EQUIPMENT	-	16	-
ACCUMULATED DEPRECIATION EQUIPMENT	-	(16)	-
TOTAL ASSETS	2,733,326	38,317	444,800
DEFERRED OUTFLOWS OF RESOURCES			
	-	101	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2,733,326	38,418	\$ 444,800
LIABILITIES:			
DUE TO OTHER GOVERNMENTS	-	91	444,800
INTEREST PAYABLE	-	1,736	-
BONDS AND NOTES PAYABLE:			
DUE IN ONE YEAR	-	1,724	-
DUE AFTER ONE YEAR	-	91,579	-
TOTAL LIABILITIES	-	95,130	\$ 444,800
NET POSITION			
NET POSITION (DEFICIT) HELD IN TRUST	\$ 2,733,326	\$ (56,712)	

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, 2015 (IN THOUSANDS)**

	INVESTMENT TRUST FUND	PRIVATE- PURPOSE TRUST FUND
ADDITIONS:		
CONTRIBUTIONS:		
CONTRIBUTIONS ON POOLED INVESTMENTS	\$ 9,856,807	\$ -
REDEVELOPMENT AGENCY PROPERTY TAX TRUST FUND	-	9,387
OTHER REVENUES	-	164
TOTAL CONTRIBUTIONS	<u>9,856,807</u>	<u>9,551</u>
INTEREST AND INVESTMENT REVENUE:		
NET INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENTS	810	10
INTEREST INCOME ON CASH AND SECURITIES	7,241	45
TOTAL INTEREST AND INVESTMENT REVENUES	<u>8,051</u>	<u>55</u>
TOTAL ADDITIONS	<u>9,864,858</u>	<u>9,606</u>
DEDUCTIONS:		
DISTRIBUTION FROM POOLED INVESTMENTS	9,475,158	-
DISTRIBUTION AND OBLIGATION RETIREMENTS	-	29,413
ADMINISTRATIVE EXPENSES	-	496
TOTAL DEDUCTIONS	<u>9,475,158</u>	<u>29,909</u>
CHANGE IN NET POSITION	389,700	(20,303)
NET POSITION HELD IN TRUST - BEGINNING	<u>2,343,626</u>	<u>(36,409)</u>
NET POSITION HELD IN TRUST - ENDING	<u>\$ 2,733,326</u>	<u>\$ (56,712)</u>

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





SAN BERNARDINO
COUNTY



NOTES TO THE BASIC FINANCIAL STATEMENTS

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Blended Component Units

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

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

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Inland Empire Public Facilities Corporation (IEPFC)* - A nonprofit public benefit corporation, formed on May 30, 1986, to serve the County by financing, refinancing, acquiring, constructing, improving, leasing and selling buildings, building improvements, equipment, land, land improvements, and any other real or personal property for the benefit of residents of the County. The Corporation is included in the reporting entity because it has the same governing board as the County, and there is a financial benefit or burden relationship with the County.
- *San Bernardino County Financing Authority (SBCFA)* - Created pursuant to a Joint Exercise of Powers Agreement dated May 16, 1966 as amended on July 1, 1982, and May 1, 1983, as amended and restated on March 27, 1989, and as amended on February 15, 1994. SBCFA provides financing for public capital improvements for the County, to acquire such public capital improvements, and to purchase certain underlying obligations issued by or on behalf of the County. The Authority is included in the reporting entity because it has the same governing board as the County, and there is a financial benefit or burden relationship with the County.
- *Housing Authority of the County of San Bernardino (HACSB)* – a public agency established in 1941, whose primary goal is to provide decent housing in a suitable living environment for families that cannot afford standard private housing such as economically disadvantaged or elderly individuals. It accomplishes this goal through various federal, state and other funded programs. The HACSB is included in the reporting entity because they have the same governing board and management as the County. The Authority has a September 30th year-end and the information incorporated into the County's financial statements is from September 30, 2014. Since it was determined that a common fiscal year-end is impractical, the County incorporates financial statements for the HACSB's fiscal year ending during the County's fiscal year in accordance with GASB 14, *Financial Reporting Entity*.

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

Discretely Presented Component Unit

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

B. Government-wide and fund financial statements

The basic financial statements consist of the following:

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements

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

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

Fund Financial Statements

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

The County reports the following major governmental funds:

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

The County reports the following major enterprise funds:

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *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.
- *HACSB* accounts for the activities of the Authority, a blended component unit of the County. HACSB provides various types of housing assistance to low and moderate income residents of San Bernardino County. HACSB's fiscal year-end was September 30, 2014.

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(a) Cash and Cash Equivalents

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

(b) Investments

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

The County's pooled investments and securities are reported at fair value 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.

(c) Land Held for Resale

Land held for resale is an asset acquired and held with the intent of sale, and is recorded at the lower of cost or market, until such time as there is an event which would indicate an agreed-upon sales price.

(d) Inventories and Prepaid Items

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

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

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Capital Assets

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

Such assets are recorded at historical cost or estimated historical cost if purchased or developed. Donated capital assets are recorded at 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.

(g) Employee Compensated Absences

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

(h) Termination Benefits

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

(i) Pollution Remediation Obligations

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Long-term Obligations

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

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

(k) Pensions

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

(l) Interfund Transactions

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

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, 2015
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Net Position/Fund Balances

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

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

At June 30, 2015, the County reported restricted net position of \$947,882 in the Governmental Activities restricted for the following purposes:

Restricted for:	Amount
Grants and Other County Programs:	
State Realignment Funds	\$ 338,139
Teeter Plan	12,978
Other Grants and Programs	595,063
Perpetual Care - Nonexpendable	1,702
	\$ 947,882

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(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.
- 5) *Unassigned Fund Balance:* The General Fund, as the principal operating fund, often has net resources in excess of what can properly be classified in one of the four categories already described. Therefore, in order to calculate unassigned fund balance, total fund balance less nonspendable, restricted, committed, or assigned equals unassigned fund balance. This amount is available for any purpose and will be placed in either the General Purpose Reserve, General Fund – Mandatory Contingencies or the General Fund - Uncertainties Contingencies until allocated for a specific purpose by the Board, by a four-fifths vote. Negative equity in all other governmental funds is reflected as unassigned.

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

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

(n) Fund Balance Policy

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

General Purpose Reserve and Mandatory Contingencies Reserve

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

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

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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balance Spend Down and Replenishment Procedure

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

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

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

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

As of June 30, 2015, the County's General Purposes Reserve is \$82,441 which is included in the Unassigned Fund Balance as determined by the Fund Balance Policy.

(o) Property Taxes

The County levies, collects, and apportions property taxes for all taxing jurisdictions within the County, including school and special districts. Property taxes are determined by applying approved rates to the assessed values of properties. The total 2014-15 taxable assessed valuation of the County of San Bernardino was \$182,509,282.

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Use of Estimates

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

(q) Implemented Accounting Pronouncements

During fiscal year 2015, the County adopted the following Governmental Accounting Standards Board (GASB) 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 County has implemented this Statement as of July 1, 2014, except for the Housing Authority, due to its fiscal year beginning October 1, 2013.

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

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 County has implemented this Statement as of July 1, 2014, except for the Housing Authority, due to its fiscal year beginning October 1, 2013.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

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

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

	Total Governmental Funds (Page 40)	Long-term Assets and Liabilities (1)	Internal Service Funds (2) (Page 45)	Eliminations	Statement of Net Position Totals (Page 36)
Assets and Deferred Outflows of Resources					
Assets:					
Cash and Cash Equivalents	\$ 1,517,712	\$ -	\$ 307,412	\$ -	\$ 1,825,124
Investments	2,109	-	-	-	2,109
Accounts Receivable - Net	5,368	-	3,938	-	9,306
Taxes Receivable	44,111	-	-	-	44,111
Interest Receivable	19,258	-	-	-	19,258
Loans Receivable	51,298	-	-	-	51,298
Other Receivables	9,873	-	56	-	9,929
Due from Other Funds	77,060	-	6,768	(83,828)	-
Due from Other Governments	321,479	-	1,029	-	322,508
Internal Balances	-	-	-	16,072	16,072
Land Held for Resale	2,212	-	-	-	2,212
Inventories	1,486	-	4,337	-	5,823
Prepaid Items	1,482	-	2,449	(136)	3,795
Interfund Receivable	23,169	-	1,789	(24,958)	-
Restricted Cash and Investments	9,793	-	-	-	9,793
Land	-	126,366	396	-	126,762
Land Use Rights - Not Amortized	-	21,644	-	-	21,644
Development In Progress	-	196,397	396	-	196,793
Land Use Rights - Amortized	-	123	-	-	123
Structures, Improvements, and Infrastructure	-	2,607,491	11,075	-	2,618,566
Equipment and Software	-	254,527	111,927	-	366,454
Accumulated Depreciation and Amortization	-	(1,365,203)	(81,826)	-	(1,447,029)
Total Assets	2,086,410	1,841,345	369,746	(92,850)	4,204,651
Deferred Outflows of Resources:					
Deferred Charges on Refunding	-	3,599	-	-	3,599
Pensions	-	456,489	10,856	-	467,345
Total Deferred Outflows of Resources	-	460,088	10,856	-	470,944
Total Assets and Deferred Outflows of Resources	\$ 2,086,410	\$ 2,301,433	\$ 380,602	\$ (92,850)	\$ 4,675,595
Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ 80,441	\$ -	\$ 6,957	\$ -	\$ 87,398
Salaries and Benefits Payable	70,228	-	2,330	-	72,558
Due to Other Funds	85,300	-	2,680	(87,980)	-
Due to Other Governments	29,617	-	14	-	29,631
Interest Payable	1	8,797	-	-	8,798
Advances from Others	17,374	-	201	(136)	17,439
Interfund Payable	2,945	-	1,789	(4,734)	-
Compensated Absences Payable	-	159,346	7,278	-	166,624
Termination Benefits Payable	-	127	-	-	127
Bonds and Notes Payable	-	963,256	-	-	963,256
Estimated Liability for Litigation and Self-Insured Claims	-	-	232,098	-	232,098
Premium	-	1,008	-	-	1,008
Discount	-	(89,172)	-	-	(89,172)
Net Pension Liability	-	1,260,075	25,491	-	1,285,566
Total Liabilities	285,906	2,303,437	278,838	(92,850)	2,775,331
Deferred Inflows of Resources:					
Unavailable Revenues	78,659	(78,659)	-	-	-
Pensions	-	633,355	17,423	-	650,778
Total Deferred Inflows of Resources	78,659	554,696	17,423	-	650,778
Fund Balance/Net Position	1,721,845	(556,700)	84,341	-	1,249,486
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position	\$ 2,086,410	\$ 2,301,433	\$ 380,602	\$ (92,850)	\$ 4,675,595

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

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

(1)	Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds.		
	Land	\$	126,366
	Land Use Rights - not being amortized		21,644
	Development in Progress		196,397
	Land Use Rights - being amortized		123
	Structures, Improvements, and Infrastructure		2,607,491
	Equipment and Software		254,527
	Accumulated Depreciation and Amortization		(1,365,203)
			<u>\$ 1,841,345</u>
(1)	Receivables are not available to pay for current-period expenditures and are therefore deferred in the governmental funds.		78,659
			<u>\$ 78,659</u>
(1)	Interest Payable		<u>\$ (8,797)</u>
(1)	Deferred outflows and inflows of resources are applicable to future periods and therefore are not reported in the funds.		
	Deferred Outflows of Resources related to Pensions	\$	456,489
	Deferred Charges on Refunding		3,599
	Deferred Inflows of Resources related to Pensions		(633,355)
			<u>\$ (173,267)</u>
(1)	Long-term liabilities, including bonds payable, that are not due and payable in the current period and therefore are not reported in the funds.		
	Compensated Absences Payable	\$	(159,346)
	Termination Benefits Payable		(127)
	Bonds and Notes Payable		(963,256)
	Net Pension Liability		(1,260,075)
	Premium		(1,008)
	Discount		89,172
			<u>\$ (2,294,640)</u>
(2)	Internal service funds that are used by management to charge the costs of general services, telecommunication services, computer operations, vehicle services, risk management, and flood control equipment to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		\$ 84,341

(1) GASB 34 Conversion Entries

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

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

(a) Budgetary Information

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

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

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

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

(b) Excess of Expenditures Over Appropriations

For the year ended June 30, 2015, expenditures exceeded appropriations in the public ways and facilities of the general fund by \$13. This over expenditure was funded by available fund balance.

(c) Reconciliation of Budgetary Basis to GAAP Basis

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

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

	<u>General Fund</u>
Fund balance - budgetary basis	\$ 892,544
Outstanding encumbrances for budgeted funds	36,880
Fund balance - GAAP basis	\$ 929,424

NOTE 4 – CASH AND INVESTMENTS

Cash and investments include the cash balances of substantially all funds which are pooled (the “pool”) and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. The pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it a SEC Rule 2a7 – like pool. Included also are cash and investments held by certain joint powers and certain public agencies authorities and cash held by various trustee financial institutions in accordance with the California Government Code.

State law requires that all operating monies of the County, school districts, and certain special districts be held by the County Treasurer. The net position value associated with legally mandated external participants in the asset pool was \$2,496,821 at June 30, 2015.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2015, the fair value of the County pool was \$4.9 billion. Approximately 14% of the County pool is attributable to the County General Fund, with the remainder of the balance comprised of other county funds, component units, school districts and special districts. Additionally, as of June 30, 2015, \$236,505 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, 2015. 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 2014-15 was 0.46%.

A summary of the total cash and investments as of June 30, 2015 is as follows:

Investment Type	Cost	Fair Value	Interest Rate Range	Maturity Range	Average Maturity (Days)
U.S. Treasury Securities	\$ 743,709	\$ 745,207	0.38% - 1.04%	08/15/15 - 08/31/17	433
U.S. Government Agencies	1,990,464	1,992,348	0.21% - 1.20%	07/02/15 - 05/11/18	567
Negotiable Certificates of Deposit	800,001	799,587	0.16% - 0.59%	07/01/15 - 06/09/16	114
Commercial Paper	809,328	809,742	0.03% - 0.35%	07/01/15 - 11/16/15	58
Medium-Term Notes	126,408	126,059	0.39% - 1.01%	10/25/15 - 04/21/17	314
Insured Placement Service Accounts	50,000	50,000	0.15%	07/01/15	1
JPA Investment Pools	130,000	130,000	0.08%	07/01/15	1
Money Market Mutual Funds	150,000	150,000	0.01%	07/01/15	1
Supranational Securities	124,924	125,011	0.77% - 1.06%	05/19/17 - 06/15/18	832
Total County's Pooled Investments	4,924,834	4,927,954			
Investments Held Outside County Pool:					
U.S. Government Agencies	26,547	26,597			
Guaranteed Investment Contracts	4,751	4,751			
State and Local Municipal Bonds	48,547	47,531			
Money Market Mutual Funds	47,718	47,718			
U.S. Treasury Securities	14,711	20,058			
Medium-Term Notes	5,193	5,193			
Local Agency Investment Fund	3,427	3,427			
Total Investments Held Outside County Pool	150,894	155,275			
Total Investments	\$ 5,075,728	5,083,229			
Cash in Bank:					
Non-Interest Bearing Deposits		153,248			
Petty Cash and Demand Deposits (HACSB)		24,892			
Total Cash in Bank		178,140			
Total Cash and Investments		\$ 5,261,369			

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

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

Investment Type	Maximum Maturity		Maximum % of Pool		Maximum % Per Issuer		Minimum Rating (2) (3)	
	CGC	Investment Policy	CGC	Investment Policy	CGC	Investment Policy	CGC	Investment Policy
U.S. Treasury Securities	5 Years	5 Years	None	None	None	None	None	None
U.S. Government Agencies	5 Years	5 Years	None	None	None	None	None	None
Negotiable Certificates of Deposit	5 Years	3 Years	30%	30%	None	5%	None	A-1/P-1/F1/A-/A3
Collateralized Certificates of Deposit	5 Years	1 Year	None	10%	None	None	None	None
Bankers Acceptances	180 Days	180 Days	40%	30%	30%	100MM/5%	None	A-1/P-1/F1
Commercial Paper	270 Days	270 Days	40%	40%	10%	5%	A-1/A	A-1/P-1/F1
Repurchase Agreements	1 Year	180 Days	None	40%	None	None	None	None
Reverse Repurchase Agreements	92 Days	92 Days	20%	10%	None	None	None	None
Municipal Debt	5 Years	5 Years	None	10%	None	None	None	AAA
Medium-Term Corporate Notes	5 Years	3 Years	30%	10%	None	100MM/5%	A	A-/A3
Insured Placement Service Accounts (1)	5 Years	Immediate Liquidity	30%	5%	10%	50MM/100MM	None	None
JPA Investment Pools	N/A	Immediate Liquidity	None	5%	None	200MM	None	AAA
Money Market Mutual Funds	N/A	Immediate Liquidity	20%	15%	10%	10%	AAAm	AAAm
Supranational Securities	5 Years	5 Years	30%	30%	None	None	AA	AA

Footnote:

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

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

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

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

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

As of June 30, 2015, all investments held by the County Pool were within policy limits.

Investment Type	S&P Rating	Moody's Rating	Fitch Rating	Maximum Allowed % of Portfolio	Individual Issuer Limitations	Weighted % of Pool
U.S. Treasury Securities	AA+	Aaa	AAA	None	None	15.12%
U.S. Government Agencies	AA+	Aaa	AAA	None	None	30.47%
U.S. Government Agencies	AA+	Aaa	NR	None	None	9.96%
Negotiable Certificates of Deposit	A-1	P-1	F1	30%	5%	1.52%
Negotiable Certificates of Deposit	A-1	P-1	F1+	30%	5%	4.56%
Negotiable Certificates of Deposit	A-1+	P-1	F1+	30%	5%	9.64%
Negotiable Certificates of Deposit	AA-	Aa2	AA-	30%	5%	0.51%
Commercial Paper	A-1	P-1	F1	40%	5%	7.81%
Commercial Paper	A-1	P-1	F1+	40%	5%	4.06%
Commercial Paper	A-1+	P-1	F1	40%	5%	1.01%
Commercial Paper	A-1+	P-1	F1+	40%	5%	2.54%
Commercial Paper	A-1+	P-1	NR	40%	5%	1.01%
Medium-Term Notes	A+	A2	AA-	10%	100MM/5%	0.91%
Medium-Term Notes	AA	Aa2	AA	10%	100MM/5%	0.11%
Medium-Term Notes	AA+	A1	NR	10%	100MM/5%	1.03%
Medium-Term Notes	AA+	Aa3	NR	10%	100MM/5%	0.51%
Insured Placement Service Accounts	NR	NR	NR	5%	50MM/100MM	1.01%
JPA Investment Pools	AAA	NR	NR	5%	200MM	2.64%
Money Market Mutual Funds	AAAm	Aaa	AAA	15%	10%	0.22%
Money Market Mutual Funds	AAAm	Aaa	NR	15%	10%	2.82%
Supranational Securities	AAA	Aaa	AAA	30%	None	2.54%

The County's investments held outside County Pool were rated as of June 30, 2015 as follows:

Investment Type	S&P Rating	Moody's Rating	Fitch Rating	Weighted % of Investments
Guaranteed Investment Contracts	A-	Ba1	N/R	3.06%
Local Agency Investment Fund (HACSB)	N/R	N/R	N/R	2.21%
Medium Term Notes (HACSB)	AA+/AA/AA-/A+/A/A-	N/R	N/R	3.34%
Municipal Bonds	AAA	Aaa	AAA	8.31%
Municipal Bonds	AAA	Aaa	N/R	2.58%
Municipal Bonds	AAA	Aa1	AAA	2.60%
Municipal Bonds	AAA	Aa2	N/R	2.82%
Municipal Bonds	AAA	N/R	AAA	2.61%
Municipal Bonds	AA+	Aaa	N/R	2.96%
Municipal Bonds	AA+	Aa1	AA+	2.88%
Municipal Bonds	AA	Aa2	AA+	0.44%
Municipal Bonds	AA	Aa2	AA	2.64%
Municipal Bonds	AA-	Aa3	AA-	2.78%
Mutual Funds	AAA	Aaa	N/R	9.90%
Mutual Funds	AAA	Aaa	AAA	4.47%
Mutual Funds	N/R	N/R	N/R	15.50%
Mutual Funds (HACSB)	N/R	N/R	N/R	0.86%
U.S. Government Agencies	AA+	Aaa	AAA	17.12%
U.S. Treasury Securities	AA+	Aaa	AAA	12.92%

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

Concentration of credit risk

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

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

As of June 30, 2015, the following issuers represented more than five-percent of the County's Pooled Investment balance:

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Federal National Mortgage Assoc (FNMA)	\$ 639,921	13.00%
Federal Home Loan Mortgage Corp (FHLMC)	536,441	10.89%
Federal Home Loan Bank (FHLB)	490,820	9.96%
Federal Farm Credit Bank (FFCB)	325,166	6.60%

As of June 30, 2015, the following issuers represented more than five-percent of the County investments outside County Pool:

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Investments</u>
Dreyfus California AMT Free Muni Cash Mgmt	\$ 24,069	15.50%
Federal National Mortgage Assoc (FNMA)	20,236	13.03%

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 based on current market conditions regarding the most likely timing and amounts of variable cash flows arising from such investments as callable bonds. Duration-to-Maturity assumes that all securities in the portfolio, including callable and floating rate notes, are held to final maturity.

California Law and where more restrictive, the San Bernardino County Pool Investment Policy, place limitations on the maximum maturity of investments to be purchased by sector (see schedule). As of June 30, 2015, all investments held by the County Pool were within policy limits.

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

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Range (Days)</u>	<u>Maturity Limits</u>	<u>Modified Duration (Years)</u>
U.S. Treasury Securities	\$ 745,207	46 - 793	1,825 Days	1.17
U.S. Government Agencies	1,992,348	2 - 1,046	1,825 Days	1.53
Negotiable Certificates of Deposit	799,587	1 - 345	1,095 Days	0.30
Commercial Paper	809,742	1 - 139	270 Days	0.15
Medium-Term Corporate Notes	126,059	117 - 661	1,095 Days	0.85
Insured Placement Service Accounts	50,000	1	Immediate Liquidity	0.01
JPA Investment Pools	130,000	1	Immediate Liquidity	0.01
Money Market Mutual Funds	150,000	1	Immediate Liquidity	0.01
Supranational Securities	125,011	689 - 1,081	1,825 Days	2.25
Total County's Pooled Investments	\$ 4,927,954			

Weighted average maturity of the investments held outside the County Pool, as of June 30, 2015 is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Government Agencies	\$ 26,597	1.22
Guaranteed Investment Contracts	4,751	13.07
State and Local Municipal Bonds	47,531	1.64
Money Market Mutual Funds	47,718	0.02
U.S. Treasury Securities	20,058	7.38
Medium Term Notes	5,193	1.95
Local Agency Investment Fund	3,427	0.00
Total Investments Held Outside County Pool	\$ 155,275	

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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2015, the carrying amount of the County's deposits was \$178,140 and the corresponding bank balance was \$199,638. The difference of \$21,498 was primarily due to the reduction of cash for the unsettled trade, outstanding warrants, wires and deposits in transit. Of the bank balances, \$750 was insured by FDIC depository insurance and the remainder was collateralized, as required by California Government Code Section 53652.

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

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

As of June 30, 2015, Cash and Investments are classified in the accompanying financial statements as follows:

	Total Governmental Activities	Total Business-type Activities	Total Fiduciary Funds	Discretely Presented Component Unit	Total
Cash and Investments	\$ 1,827,233	\$ 230,439	\$ 2,986,111	\$ 81,031	\$ 5,124,814
Restricted Cash and Investments	9,793	119,827	6,935	-	136,555
Total Cash and Investments	\$ 1,837,026	\$ 350,266	\$ 2,993,046	\$ 81,031	\$ 5,261,369

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 268 W. Hospitality Lane, San Bernardino, CA 92415-0018. The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2015:

Statement of Net Position	
Equity of internal pool participants	\$ 2,194,628
Equity of external pool participants:	
Voluntary	236,505
Involuntary	2,496,821
Total Net Position held for pool participants	\$ 4,927,954
Statement of Changes in Net Position	
Net Position at July 1, 2014	\$ 4,210,679
Net change in investments by pool participants	717,275
Net Position at June 30, 2015	\$ 4,927,954

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 5 – RECEIVABLES

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

Governmental Activities:

	<u>Accounts</u>	<u>Taxes</u>	<u>Interest</u>	<u>Loans</u>	<u>Other Receivables</u>	<u>Due From Other Governments</u>	<u>Total Governmental Activities</u>
General Fund	\$ 3,070	\$ 36,387	\$ 17,769	\$ 50,218	\$ 9,539	\$ 270,803	\$ 387,786
Less Allowance for Doubtful Accounts	(1)	-	-	-	-	-	(1)
Capital Improvement Fund	-	-	184	-	-	5,919	6,103
Nonmajor Governmental Funds	2,549	7,724	1,305	1,080	334	44,757	57,749
Less Allowance for Doubtful Accounts	(250)	-	-	-	-	-	(250)
Internal Service Funds	3,938	-	-	-	56	1,029	5,023
Total Governmental Activities Receivables	<u>\$ 9,306</u>	<u>\$ 44,111</u>	<u>\$ 19,258</u>	<u>\$ 51,298</u>	<u>\$ 9,929</u>	<u>\$ 322,508</u>	<u>\$ 456,410</u>

Business-Type Activities:

	<u>Accounts</u>	<u>Taxes</u>	<u>Interest</u>	<u>Other Receivables</u>	<u>Due From Other Governments</u>	<u>Total Business- Type Activities</u>
Medical Center	\$ 170,777	\$ -	\$ 308	\$ 21,523	\$ 68,267	\$ 260,875
Less Allowance for Doubtful Accounts	(132,183)	-	-	-	-	(132,183)
Waste Systems Division	7,913	-	-	28,044	2,412	38,369
Less Allowance for Doubtful Accounts	(597)	-	-	(162)	-	(759)
Housing Authority	2,723	-	-	2,445	664	5,832
Less Allowance for Doubtful Accounts	(151)	-	-	-	-	(151)
Nonmajor Enterprise Funds	2,061	211	-	201	203	2,676
Total Business-Type Activities Receivables	<u>\$ 50,543</u>	<u>\$ 211</u>	<u>\$ 308</u>	<u>\$ 52,051</u>	<u>\$ 71,546</u>	<u>\$ 174,659</u>

Due From Other Governments

At June 30, 2015, the Governmental Funds accrued \$321,479 of receivables from other governments, of which, \$239,796 was due from the State of California. Of the amount owed by the State, \$63,170 was for health care services, \$62,315 was for public social services, \$30,989 was for motor vehicle license fees and sales tax monies, and the remaining \$83,322 was for other services. The remaining amount of \$81,683 was due from the federal government and other governmental agencies. Governmental Activities balance is \$322,508 and Business-Type Activities balance is \$71,546.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 5 – RECEIVABLES (CONTINUED)

Loans Receivable

The loans receivable balance in the Governmental Activities is \$51,298, of this amount, \$26,957 represents the receivable under the Teeter Plan, \$1,080 is due from other various agencies, \$13,357 represents a County loan to the Adelanto Successor Agency, and \$9,904 represents a County loan to the County Redevelopment Successor Agency.

Interest Receivable

The \$19,258 interest receivable in the Governmental Activities column of the statement of net position is accrued. Of this amount, \$15,932 is due from the Adelanto City Redevelopment Successor Agency.

Other Receivables

The \$9,929 other receivables in the Governmental Activities column of the statement of net position are accrued for amounts due to the County that do not specifically relate to one of the above receivable accounts. This amount is primarily due to delinquent penalties, redemption penalties and redemption interest related to receivable under the Teeter Plan.

The other receivables in the Business-Type Activities total \$52,051. The majority of the \$27,882 reported in the Waste Systems Division represents insurance recoveries related to the Mid-Valley Landfill Perchlorate pollution remediation activities. The \$21,523 reported in the Medical Center primarily represents receivables due to the new Affordable Care Act program.

NOTE 6 – INTERFUND TRANSACTIONS

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 – INTERFUND TRANSACTIONS (CONTINUED)

Due To/From Other Funds at June 30, 2015 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 42,192
	Capital Improvement Funds	749
	Medical Center	172
	Waste Systems	212
	Internal Service Funds	795
	Nonmajor Enterprise Funds	299
		<u>44,419</u>
Nonmajor Governmental Funds	General Fund	20,817
	Nonmajor Governmental Funds	5,611
	Capital Improvement Funds	496
	Waste Systems	212
	Internal Service Funds	572
	Nonmajor Enterprise Funds	1,782
	<u>29,490</u>	
Capital Improvement Funds	General Fund	243
	Nonmajor Governmental Funds	2,559
	Internal Service Funds	349
	<u>3,151</u>	
Medical Center	General Fund	7,184
		<u>7,184</u>
Waste Systems	Nonmajor Governmental Funds	47
	Internal Service Funds	96
		<u>143</u>
Internal Service Funds	General Fund	4,766
	Nonmajor Governmental Funds	548
	Capital Improvement Funds	4
	Medical Center	540
	Waste Systems	34
	Internal Service Funds	868
	Nonmajor Enterprise Funds	8
	<u>6,768</u>	
Nonmajor Enterprise Funds	General Fund	50
	Nonmajor Governmental Funds	34
	<u>84</u>	
	Total	<u>\$ 91,239</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 – INTERFUND TRANSACTIONS (CONTINUED)

The amount due from Nonmajor Governmental Funds to the General Fund is primarily due to transfers and payments for services provided to Other Governmental Funds. The amount due from the General Fund to the Medical Center primarily represents charges for services to other County departments.

Interfund Receivable/Payable at June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 2,890
	Nonmajor Enterprise Funds	275
		<u>3,165</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	55
	Housing Authority	19,699
	Nonmajor Enterprise Funds	250
		<u>20,004</u>
Internal Service Funds	Internal Service Funds	1,789
		<u>1,789</u>
	Total	<u>\$ 24,958</u>

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

Transfers To/From Other Funds for the year ended June 30, 2015 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:

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 – INTERFUND TRANSACTIONS (CONTINUED)

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	\$ 17,208
		<u>17,208</u>
Nonmajor Governmental Funds	Medical Center	330
	Nonmajor Enterprise Funds	4,732
		<u>5,062</u>
Medical Center	Nonmajor Governmental Funds	9,488
		<u>9,488</u>
Waste Systems	Nonmajor Governmental Funds	319
		<u>319</u>
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	35
		<u>35</u>
	Total	<u>\$ 32,112</u>

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

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 111,088
	Capital Improvement Funds	60,474
		<u>171,562</u>
Nonmajor Governmental Funds	General Fund	30,533
	Nonmajor Governmental Funds	14,145
	Capital Improvement Funds	9,237
		<u>53,915</u>
Capital Improvement Funds	General Fund	1,144
	Nonmajor Governmental Funds	172
		<u>1,316</u>
Internal Service Funds	Nonmajor Governmental Funds	2,167
		<u>2,167</u>
	Total	<u>\$ 228,960</u>

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 – INTERFUND TRANSACTIONS (CONTINUED)

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

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

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

NOTE 7 – RESTRICTED CASH AND INVESTMENTS

Cash and cash equivalents of \$129,620 are restricted by legal or contractual requirements at June 30, 2015 and are comprised of the following:

Governmental Activities

General Fund:

Restricted cash and cash equivalents of \$3,341 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 \$6,016 represent funds held by a trustee, which are restricted for debt service payments.

Joint Powers Authorities:

Restricted cash of \$436 represents funds held by a trustee, which are restricted for a special mandatory redemption of the Courthouse revenue bonds to occur on December 1, 2015, pursuant to the Trust Indenture.

Business-Type Activities

Medical Center:

Restricted cash and cash equivalents of \$49,984 represent funds held by a trustee, which are restricted for debt service payments.

Waste System Division:

Restricted cash and cash equivalents of \$61,072 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).

Housing Authority:

Restricted cash and cash equivalents of \$8,771 represent funds set aside primarily for Local Housing Authority and Moving To Work programs, and for operating and property replacement reserves.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 is as follows:

Primary Government

	Beginning Balance as restated	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets, non-depreciable/non-amortizable:				
Land	\$ 125,255	\$ 1,507	\$ -	\$ 126,762
Land Use Rights	21,509	249	114	21,644
Development in progress	161,022	95,485	59,714	196,793
Total capital assets, non-depreciable/non-amortizable	<u>307,786</u>	<u>97,241</u>	<u>59,828</u>	<u>345,199</u>
Capital Assets, depreciable/amortizable:				
Land Use Rights	123	-	-	123
Improvements other than Buildings	252,597	5,787	156	258,228
Structures and Improvements	992,284	13,833	-	1,006,117
Equipment and Software	353,630	32,294	19,470	366,454
Infrastructure	1,299,033	55,188	-	1,354,221
Total capital assets, depreciable/amortizable	<u>2,897,667</u>	<u>107,102</u>	<u>19,626</u>	<u>2,985,143</u>
Less accumulated depreciation/amortization for :				
Land Use Rights	75	30	-	105
Improvements other than Buildings	131,577	9,685	141	141,121
Structures and Improvements	287,618	27,601	-	315,219
Equipment and Software	240,629	30,857	18,294	253,192
Infrastructure	704,606	32,786	-	737,392
Total accumulated depreciation/amortization	<u>1,364,505</u>	<u>100,959</u>	<u>18,435</u>	<u>1,447,029</u>
Total capital assets, depreciable/amortizable, net	<u>1,533,162</u>	<u>6,143</u>	<u>1,191</u>	<u>1,538,114</u>
Governmental activities capital assets, net	<u>\$ 1,840,948</u>	<u>\$ 103,384</u>	<u>\$ 61,019</u>	<u>\$ 1,883,313</u>
Business-type Activities *				
Capital assets, non-depreciable/non-amortizable:				
Land *	\$ 32,007	\$ 93	\$ 160	\$ 31,940
Land Use Rights	351	-	-	351
Development in progress *	30,434	6,429	12,813	24,050
Total capital assets, non-depreciable/non-amortizable	<u>62,792</u>	<u>6,522</u>	<u>12,973</u>	<u>56,341</u>
Capital Assets, depreciable/amortizable:				
Land Use Rights	1,109	-	-	1,109
Improvements other than Buildings *	251,115	13,691	16	264,790
Structures and Improvements *	741,791	1,990	553	743,228
Equipment and Software *	163,212	5,537	450	168,299
Total capital assets, depreciable/amortizable	<u>1,157,227</u>	<u>21,218</u>	<u>1,019</u>	<u>1,177,426</u>
Less accumulated depreciation/amortization for :				
Land Use Rights	105	-	-	105
Improvements other than Buildings *	139,763	4,526	16	144,273
Structures and Improvements *	286,503	20,465	300	306,668
Equipment and Software *	131,306	7,702	986	138,022
Total accumulated depreciation/amortization	<u>557,677</u>	<u>32,693</u>	<u>1,302</u>	<u>589,068</u>
Total capital assets, depreciable/amortizable, net	<u>599,550</u>	<u>(11,475)</u>	<u>(283)</u>	<u>588,358</u>
Business-type activities capital assets, net	<u>\$ 662,342</u>	<u>\$ (4,953)</u>	<u>\$ 12,690</u>	<u>\$ 644,699</u>

* Beginning balance restated to reflect the inclusion of Housing Authority effective July 1, 2014.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 8 – CAPITAL ASSETS (CONTINUED)

Depreciation

Depreciation expense is charged to governmental functions as follows:

General Government	\$	18,979
Public Protection		46,687
Public Ways and Facilities		24,698
Health and Sanitation		1,766
Public Assistance		3,088
Education		850
Recreation and Cultural Services		4,891
		<u>100,959</u>
Total depreciation expense - governmental activities	\$	<u>100,959</u>

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

Medical Center	\$	22,327
Waste Systems Division		2,087
Housing Authority		5,330
Special Districts		2,949
		<u>32,693</u>
Total depreciation expense - business type activities	\$	<u>32,693</u>

Development in Progress

Development in Progress consists of the following projects:

	Governmental Activities	Business-Type Activities
Medical Center Projects	\$ -	\$ 1,261
Waste Systems Division Projects	-	6,672
Special Districts	-	1,753
Housing Authority		14,364
Flood Control Projects	48,111	-
New Forensic Lab	8,266	-
303 Building Remodel	9,449	-
800 MHz Replacement Project	36,355	-
Transportation Projects	43,261	-
Other County Projects	51,351	-
	<u>196,793</u>	<u>24,050</u>
Total	\$ <u>196,793</u>	\$ <u>24,050</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 9 – DEFERRED OUTFLOWS OF RESOURCES

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

The balances as of June 30, 2015 of deferred outflows of resources are as follows:

Governmental Activities	Ending Balance
Deferred Outflows related to Pensions	\$ 467,345
Deferred Charges on Refunding	
<u>Certificates of Participation</u>	
Justice Center/Airport Improvement	188
<u>Other Bonds and Notes</u>	
Flood Control Refunding Bonds (Series 2008)	555
Pension Obligation Refunding Bonds (2008)	1,153
West Valley Detention Center Refinancing Notes (2012)	1,703
Total Governmental Activities	\$ 470,944
Business Type Activities	
Deferred Outflows related to Pensions	\$ 56,080
Deferred Charges on Refunding	
<u>Certificates of Participation</u>	
Medical Center Project (Series 1994)	6,024
Medical Center Project (Series 1995)	108
Medical Center Project (Series 1996)	3,687
Arrowhead Refunding Project (Series 2009A)	11,096
Arrowhead Refunding Project (Series 2009B)	3,360
Total Business-Type Activities	\$ 80,355

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

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

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

The balances as of June 30, 2015 of advances from others are as follows:

Governmental Funds	
General Fund	
Developer Deposits	\$ 5,998
Advances from Governmental Agencies	4,613
Advances from Other Agencies	3,113
Capital Improvement Fund	
Construction contract	26
Nonmajor Governmental Funds	
Advances from Governmental Agencies	2,528
Advances from Other Agencies	1,096
Total Governmental Funds	17,374
Internal Service Funds	
Advances from Other County Departments	201
Total Internal Service Funds	201
Government-Wide Eliminations	
Risk Management	(136)
Total Governmental Activities	\$ 17,439
Business-Type Funds	
Waste Systems Division	
Customer Deposits	\$ 926
Advances from Other Agencies	11
Nonmajor Enterprise Funds	
Advances from Other Agencies	27
Total Business-Type Activities	\$ 964

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

Primary Government

The following is a summary of long-term liability transactions for the year ended June 30, 2015:

	Beginning Balance as restated	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Certificates of Participation, net	\$ 18,006	\$ -	\$ 5,707	\$ 12,299	\$ 5,950
Revenue Bonds, net	380,119	-	26,141	353,978	53,485
Other Bonds and Notes	541,030	-	32,215	508,815	35,965
Compensated Absences	164,302	106,476	104,154	166,624	104,195
Termination Benefits Payable	172	-	45	127	26
Capital Lease Obligations	314	-	314	-	-
Estimated Liability for Litigation and Self -Insured Claims	239,623	35,991	43,516	232,098	48,006
Other Long-Term Liabilities	3,000	-	3,000	-	-
Net Pension Liability	1,474,212	-	188,646	1,285,566	-
Total Governmental Activities - Long-term Liabilities	<u>\$ 2,820,778</u>	<u>\$ 142,467</u>	<u>\$ 403,738</u>	<u>\$ 2,559,507</u>	<u>\$ 247,627</u>
<u>Business Type Activities</u>					
Certificates of Participation, net	\$ 443,979	\$ -	\$ 19,999	\$ 423,980	\$ 21,270
General Obligation Bonds	845	-	160	685	220
Notes *	39,253	2,057	2,705	38,605	7,813
Compensated Absences	19,939	14,424	14,792	19,571	7,805
Termination Benefits Payable	15	-	-	15	15
Capital Lease Obligations	8,434	-	3,142	5,292	2,381
Other Long-Term Liabilities	312	5,063	11	5,364	-
Pollution Remediation Obligations	58,288	7,780	2,547	63,521	4,368
Estimated Liability for Closure/ Postclosure Care Costs	101,522	8,540	3,324	106,738	4,053
Net Pension Liability	176,944	-	29,581	147,363	-
Net Other Postemployment Benefits Obligation for Housing Authority *	4,083	678	559	4,202	-
Total Business-type Activities - Long-term Liabilities	<u>\$ 853,614</u>	<u>\$ 38,542</u>	<u>\$ 76,820</u>	<u>\$ 815,336</u>	<u>\$ 47,925</u>

* Beginning balance restated to reflect the inclusion of Housing Authority effective July 1, 2014.

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

Termination Benefits Payable

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

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

Approximately 304 employees accepted the incentive and retired during the eligible period. The county-wide termination benefit payable at June 30, 2015 is \$142. The fifth annual installment payment was paid in July 2013. Over the span of the program, 16 employees returned to work and are not eligible to receive payments during a year in which they are employed by the County. Of the 16 employees who returned to work, 8 remain employed by the County as of June 30, 2015. The remaining installment payments for these 8 employees will be deferred until their employment with the County ends.

Pollution Remediation Obligations

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

Solid Waste Management Division

The County, through its Solid Waste Management Division (SWMD) has been named as a discharger in orders issued by the Santa Ana Regional Water Quality Control Board (RWQCB) for perchlorate and volatile organic compounds (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.

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

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.

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

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

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

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

Solid Waste expects the Pilot Study wells and initial injection process will initiate before the end of Calendar Year 2015. Monitoring will then proceed for a minimum of 6 months following the initial injection process, with the possibility of it continuing for as much as a year after that, depending upon the system's response to the injected material. Whether or not Solid Waste proceeds with the full-scale system will be determined by the results of the Pilot Study. Solid Waste does not anticipate whether or not this technology will work. Once a working technology is in place, typical remediation and monitoring will be required until Cleanup Goals and statutory requirements are met.

In FY 2014-15 the estimated total pollution remediation liability increased from \$58,288 at June 30, 2014 to \$63,521 at June 30, 2015. The effect of any changes in the estimated total current cost of pollution remediation is reported primarily in the period of change. The major contributing factors that caused the pollution remediation liability to increase by a net amount of \$5,233 are listed below:

- The Mid-Valley net liability increased by a net of \$3,352 primarily due to cost estimate revisions for the Corrective Action Groundwater Treatment System. The estimate now includes additional costs for compliance treatment, sampling and reporting. No new scope of work was enacted in FY 2014-15 for this site. The outstanding liability as of June 30, 2015 is \$53,062.
- The Yucaipa net liability decreased by a net of \$24 primarily due to new lower cost contracts. No new work scope was enacted in FY 2014-15 for this site. The outstanding liability as of June 30, 2015 is \$2,991.
- The Heaps Peak net liability increased by a net of \$757 primarily due to new contracts related to the alternative offsite disposal and treatment of leachate. No new work scope was enacted in FY 2014-15 for this site. The outstanding liability as of June 30, 2015 is \$6,320.
- The Lenwood-Hinkley net liability increased by a net of \$1,148. This is a new GASB 49 remediation event for this landfill that is effective as of FY 2014-15. Costs for groundwater VOC treatment have been estimated for the potential long-term operations, maintenance and monitoring. The outstanding liability as of June 30, 2015 is \$1,148.

Current and future estimated remediation costs are based on actual component costs adjusted for inflation in the post FY 2014-15 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 2014-15 SWMD expended \$2,156 in performing pollution remediation activities at Mid-Valley Landfill, Yucaipa Disposal Site, Heaps Peak Disposal Site and Lenwood-Hinkley Disposal Site. Outlays are expected to be incurred in FY 2015-16 totaling \$4,368. The presence of perchlorate, VOC and leachate will continue to be remediated and monitored with an expected estimated outlay of \$59,153 from FY 2016-17 through FY 2042-43.

Department of Airports

On June 27, 2008, the California Regional Water Control Board issued Clean-up and Abatement Order No. R8-2008-0064 to the San Bernardino County Department of Airports concerning contaminated groundwater. The Order required the County to conduct an investigation of Volatile Organic Compounds (VOC) located in groundwater off-site, south, of the Chino Airport and develop a remedial action plan. Trichloroethylene, (TCE) which is a VOC, was originally found in wells down gradient of Chino Airport in the 1980s. The County is continuing to comply with the Regional Board's Order through various investigatory plans and processes.

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

The County installed monitoring wells during fiscal year 2012-13 to allow better characterization of the width and depth of the groundwater contamination plume located south of Chino Airport. The characterization of the groundwater plume was completed in mid-2013 and accepted by the Regional Board. In June 2013 the County submitted to the Regional Board a work plan for additional site characterization on the Chino Airport property. That work commenced in late 2013 and was completed in early 2015. Reports concerning this additional site characterization work have been submitted to the Regional Board but were not yet approved as of June 30, 2015.

The final remediation plan to be prepared pursuant to the Order for the Chino Airport will be subject to review and approval by the Regional Board. The County expects to receive from one of its insurers reimbursements for investigatory costs incurred as of June 30, 2015. However, future costs of remediation and potential liability related to the cleanup of the contamination are not reasonably estimable at this time.

Bonds and Notes Payable

Certificates of Participation

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

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

In prior years, the County has defeased certain Certificates of Participation by placing the proceeds of new certificates in an irrevocable trust to provide for all future debt service payments on the old certificates. Accordingly, the trust account assets and the liability for the defeased certificates are not included in the County's basic financial statements. At June 30, 2015 approximately \$61,070 of outstanding debt was considered defeased.

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

San Bernardino County Financing Authority

In November 1995, San Bernardino County Financing Authority (Authority) issued Revenue Bonds for the purpose of enabling the County to finance its share of unfunded pension indebtedness. The Authority has deep-discounts associated with the pension obligation bonds, which is being amortized based on the accreted value of the bonds at year-end. The Authority records the amortization of deep-discount as accretion of interest expense. As of June 30, 2015, the amount of accretion of interest expense remaining is \$89,172.

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

The debt service schedule for the current fiscal year required principal and interest payments totaling \$1,811. The total surcharge revenues received during the fiscal year totaled \$1,672. The bonds are subject to a special mandatory redemption prior to maturity, if the debt service coverage ratio for the immediately prior bond year is less than 150 percent. The current coverage ratio was below the required 150 percent, thus the remaining excess Surcharge Revenue shall be used for a special mandatory redemption of the bonds to occur on December 1, 2015, which is the next scheduled interest payment date. Total principal and interest remaining on the bonds is \$26,801. Interest is payable semi-annually at interest rates from 5.10 percent to 5.50 percent starting December 1, 2007. \$3,100 is expected to mature on June 1, 2017, and \$15,270 is expected to mature on June 1, 2037. The bonds are not subject to optional redemption prior to maturity.

Pension Obligation Bonds 2004 and 2008 Series

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

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

COUNTY OF SAN BERNARDINO
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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 6/30/2015</u>
Justice Center/Airport Improvement	3.00 to 5.00	3/1/2002	7/1/2016	\$ 68,100	\$ 12,155
Premium (Discounts):					
Justice Center/Airport Improvement					144
Total Certificates of Participation					12,299
Revenue Bonds					
Pension Obligation Bonds (1995)	5.68 to 7.72	11/22/1995	8/1/2021	386,266	427,615
Courthouse Project Bonds (2007)	5.10 to 5.50	6/29/2007	6/30/2037	18,370	15,535
Subtotal					443,150
Premium/(Discounts):					
Pension Obligation Bonds (1995)					(89,172)
Total Revenue Bonds					353,978
Other Bonds and Notes					
County Library Note	3.41	7/18/2001	2/1/2031	1,982	1,325
CSA 70 Zone G Wrightwood Loan	6.38	12/30/2006	12/30/2016	725	141
Flood Control District:					
Judgment Obligation Bonds (Series A)	4.50 to 5.00	5/30/2007	8/1/2029	58,355	45,220
Refunding Bonds (Series 2007)	4.25 to 5.00	5/29/2007	8/1/2021	23,845	14,715
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	222,630
Pension Obligation Refunding Bonds (2008)	6.02	4/16/2008	6/30/2024	160,900	155,990
West Valley Detention Center Refinancing Notes (2012)	2.59	3/29/2012	11/1/2018	51,585	30,635
Subtotal					507,951
Premium/(Discounts):					
Flood Control District:					
Judgment Obligation Bonds (Series A)					271
Refunding Bonds (Series 2007)					593
Total Other Bonds and Notes					508,815
Total Governmental Activities					\$ 875,092

Medical Center (COP)

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

Housing Authority (HACSB)

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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:

Certificates of Participation:	Interest Rates (%)	Issue Date	Maturity Date	Original Issue Amount	Outstanding as of 6/30/2015
Medical Center Project (Series 1994)	4.60 to 7.00	2/1/1994	8/1/2028	\$ 283,245	\$ 107,730
Medical Center Project (Series 1995)	4.80 to 7.00	6/1/1995	8/1/2022	363,265	13,545
Medical Center Project (Series 1996)	5.00 to 5.25	1/1/1996	8/1/2028	65,070	62,785
Arrowhead Refunding Project (Series 2009A)	3.00 to 5.50	12/17/2009	8/1/2026	243,980	199,415
Arrowhead Refunding Project (Series 2009B)	3.00 to 5.25	12/17/2009	8/1/2026	44,750	43,880
					<u>427,355</u>
Premium / (Discounts):					
Medical Center Project (Series 1994)					(4,089)
Medical Center Project (Series 1995)					(94)
Medical Center Project (Series 1996)					(1,895)
Arrowhead Refunding Project (Series 2009A)					2,800
Arrowhead Refunding Project (Series 2009B)					(97)
Total Certificates of Participation					<u><u>423,980</u></u>
General Obligation Bonds					
<u>Spring Valley Lake Sewer Facilities:</u>					
Series A	6.50 to 6.75	2/15/1972	2/15/2002	1,300	15
Series B	6.10 to 6.15	4/1/1974	4/1/2004	1,000	15
<u>Helendale Sewer Facilities:</u>					
Series A	5.00	6/1/1978	6/1/1998	1,550	5
<u>Helendale Water Facilities:</u>					
Series B	7.00	9/1/1982	6/1/1997	1,450	5
<u>Pinon Hills Water Distribution:</u>					
Series A	5.00	3/1/1978	3/1/2018	1,708	270
Series B	5.00	3/1/1978	3/1/2018	275	30
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	335
Oak Hills Water Distribution Facilities	7.00	9/1/1974	9/1/1994	750	5
Total General Obligation Bonds					<u><u>685</u></u>
Notes Payable					
Oak Hills Water (Loan)		11/25/2003	8/25/2033	2,150	1,573
Notes Payable - HACSB	0 to 11.50	Various	Various	82,963	37,032
Total Notes Payable					<u><u>38,605</u></u>
Total Business Type Activities					<u><u>\$ 463,270</u></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, 2015
(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, 2015 for COPs, bonds and notes payable in the governmental activities:

Years Ending June 30	Certificates of Participation	Revenue Bonds	Other Long-Term Debt	Total
2016	\$ 5,950	\$ 53,485	\$ 35,965	\$ 95,400
2017	6,205	55,800	40,014	102,019
2018	-	58,660	44,408	103,068
2019	-	61,690	48,876	110,566
2020	-	64,880	45,783	110,663
2021 - 2025	-	138,335	238,049	376,384
2026 - 2030	-	3,520	19,371	22,891
2031 - 2035	-	4,575	20,835	25,410
2036 - 2040	-	2,205	14,650	16,855
Total Principal	12,155	443,150	507,951	963,256
Plus: Premium	144	-	864	1,008
Less: Discount	-	(89,172)	-	(89,172)
Total Bonds and Notes Payable	<u>\$ 12,299</u>	<u>\$ 353,978</u>	<u>\$ 508,815</u>	<u>\$ 875,092</u>

The following is a schedule of interest expense requirements to maturity as of June 30, 2015 for COPs, bonds and notes payable in the governmental activities:

Years Ending June 30	Certificates of Participation	Revenue Bonds	Other Long-Term Debt	Total
2016	\$ 459	\$ 839	\$ 20,041	\$ 21,339
2017	155	807	18,161	19,123
2018	-	786	16,030	16,816
2019	-	763	13,616	14,379
2020	-	740	11,660	12,400
2021 - 2025	-	3,292	31,859	35,151
2026 - 2030	-	2,467	11,066	13,533
2031 - 2035	-	1,389	6,732	8,121
2036 - 2040	-	183	1,519	1,702
Total Interest	<u>\$ 614</u>	<u>\$ 11,266</u>	<u>\$ 130,684</u>	<u>\$ 142,564</u>

The following is a schedule of principal debt service requirements to maturity as of June 30, 2015 for COPs, bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Total
2016	\$ 21,270	\$ 220	\$ 7,813	\$ 29,303
2017	22,380	180	865	23,425
2018	23,630	190	923	24,743
2019	24,920	95	984	25,999
2020	26,230	-	968	27,198
2021 - 2025	156,130	-	19,862	175,992
2026 - 2030	152,795	-	2,825	155,620
2031 - 2035	-	-	4,365	4,365
Total Principal	427,355	685	38,605	466,645
Plus: Premium	2,800	-	-	2,800
Less: Discount	(6,175)	-	-	(6,175)
Total Bonds and Notes Payable	<u>\$ 423,980</u>	<u>\$ 685</u>	<u>\$ 38,605</u>	<u>\$ 463,270</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

The following is a schedule of interest expense requirements to maturity as of June 30, 2015 for COPs, bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Total
2016	\$ 21,711	\$ 57	\$ 1,498	\$ 23,266
2017	20,540	23	1,455	22,018
2018	19,299	14	1,407	20,720
2019	18,037	5	1,356	19,398
2020	16,749	-	1,304	18,053
2021 - 2025	59,633	-	2,480	62,113
2026 - 2030	15,355	-	521	15,876
2031 - 2035	-	-	68	68
Total Interest	<u>\$ 171,324</u>	<u>\$ 99</u>	<u>\$ 10,089</u>	<u>\$ 181,512</u>

Agreement with Liquidity Facilities

Flood Control (Flood) Refunding Bonds (Series 2008): In April 2008, Flood issued Refunding Bonds, Series 2008, in the amount of \$37,295. Interest on the Refunding Bonds, Series 2008 is paid at a Weekly Rate Mode interest rate payable on the first Business Day of each calendar month commencing on May 1, 2008. Principal payments are due annually in various amounts commencing August 1, 2029 through 2037. The outstanding balance at June 30, 2015 was \$37,295.

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

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

As of June 30, 2015, 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, 2015 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
2016	\$ 10,600	\$ 2,823	\$ 13,423
2017	10,600	1,741	12,341
2018	10,700	835	11,535
2019	5,395	77	5,472
	<u>\$ 37,295</u>	<u>\$ 5,476</u>	<u>\$ 42,771</u>

Conduit Debt (Limited Obligation)

Single and Multi-Family Mortgage Revenue Bonds

The County issues Single Family Mortgage Revenue Bonds to provide funds to purchase mortgage loans secured by first trust deeds on newly constructed and existing single-family residences. Additionally, the County issues Multi-Family Mortgage Revenue Bonds to finance the construction of multi-family apartment projects in the County. These programs assist persons and families of low and moderate income within the County to afford the costs of safe and sanitary housing. The bonds will be payable solely from and secured by a pledge of payment received on the acquired mortgage loans, certain insurance with respect thereto, and other monies pledged under the bond resolution. Single Family Mortgage Revenue Bonds of \$1,111 and Multi-Family Mortgage Revenue Bonds of \$50,017 at June 30, 2015 do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

The Housing Authority is associated with the issuance of tax exempt Mortgage Revenue Bonds (Bonds) that were issued for various development firms. In the opinion of Authority officials, the bonds are not and will never become general obligations of the issuer but are limited obligations of the issuer and are payable solely from the sources set forth in the indenture. The Bonds and the premium, if any, and interest thereon do not and never shall constitute a debt or an indebtedness or an obligation of the issuer or the State of California (State) or any other political subdivision of the State or a loan of the faith or credit or the taxing power of any of them, within the meaning of any constitutional or statutory provisions, nor shall the Bonds be construed to create any moral obligation on the part of the issuer, the State or any other political subdivision of the State with respect to the payment of the Bonds. The Bonds shall not be payable from the general revenues of the issuer and in no event shall the Bonds be payable out of any funds or properties other than those specifically pledged therefore. The issuer has no taxing power. As of September 30, 2014, the outstanding balances of these Revenue Bonds are \$31,940.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

School District General Obligation Bonds

The County of San Bernardino issued General Obligation Bonds (GOB) on behalf of certain Schools within the San Bernardino School District. The GOBs are payable solely by ad valorem taxes to be levied within the District. The General Obligation Bonds of \$11,900 at June 30, 2015 do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

Special Assessment Bonds

The County acts as an agent for the property owners benefited by the projects financed from special assessment bond proceeds, in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, if appropriate. Special assessment bonds of \$43,249 at June 30, 2015 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, 2015, are as follows:

	<u>Beginning Balance As Restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 177	\$ 156	\$ 149	\$ 184	\$ 7
Net Pension Liability	1,830	-	259	1,571	-
Total Long-Term Liabilities	<u>\$ 2,007</u>	<u>\$ 156</u>	<u>\$ 408</u>	<u>\$ 1,755</u>	<u>\$ 7</u>

NOTE 12 – LEASES

Capital Leases

The County has entered into certain capital lease agreements under which the related equipment will become the property of the County when all terms of the lease agreements are met. Equipment and related accumulated amortization as of June 30, 2015 for capital leases are as follows:

Asset:	<u>Business-type Activities</u>
Equipment	\$ 23,802
Less: Accumulated depreciation	16,266
Total	<u>\$ 7,536</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, are as follows:

<u>Year Ending June 30:</u>	<u>Business-type Activities</u>
2016	\$ 2,488
2017	1,676
2018	966
2019	370
Total Minimum Lease Payments	<u>5,500</u>
Less: Amount Representing Interest	(208)
Present Value of Minimum Lease Payments	<u>\$ 5,292</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 12 – LEASES (CONTINUED)

Operating Leases

The County leases building and office facilities and other equipment under non-cancelable operating leases. Total costs for such leases were \$47,364 for the year ended June 30, 2015. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30,</u>	
2016	\$ 42,377
2017	39,323
2018	37,434
2019	32,378
2020	27,622
2021-2025	84,813
Total Minimum Payments	<u>\$ 263,947</u>

NOTE 13 – CLOSURE AND POSTCLOSURE CARE COST

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

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

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%	569	Needles	100%	Inactive
Big Bear	100%	Inactive	Newberry Springs	100%	Inactive
Colton	100%	Inactive	Phelan	100%	Inactive
Hesperia	100%	Inactive	San Timoteo	37%	22
Landers	91%	3	Trona-Argus	100%	Inactive
Lenwood-Hinkley	100%	Inactive	Twentynine Palms	100%	Inactive
Lucerne Valley	100%	Inactive	Victorville	17%	143
Mid-Valley	34%	38	Yermo	100%	Inactive

The annually inflated landfill closure and post-closure care cost estimates of \$207,272 and \$152,040 respectively for a total of \$359,312, 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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 13 – CLOSURE AND POSTCLOSURE CARE COST (CONTINUED)

Each year a portion of each landfill’s estimated closure and post-closure cost is recognized as an expense and liability based upon the amount of capacity used during the fiscal year. The decrease in the estimated useful lives of Barstow, Mid-Valley and Victorville landfills in FY 2014-15 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, 2015, the cumulative liability recorded by the County based upon individual landfill capacity usage was \$207,300 (\$120,939 closure costs and \$86,361 post-closure costs). The remaining \$152,012 of estimated closure and post-closure costs will be recorded and funded as landfill capacities are used.

Cumulative closure and post-closure related expenses of \$84,642 and \$15,920 have been incurred through June 30, 2015. Landfill closure liabilities decreased to \$36,297 while post-closure liabilities increased to \$70,441. In accordance with GASB 18, “Accounting for Municipal Solid Waste Landfill (MSWLF) Closure and Postclosure Care Costs”, the effect of any changes in the estimated total current cost of closure and postclosure care is reported primarily in the period of change.

The estimated closure and post-closure activity for the year ended June 30, 2015 includes the following:

	Beginning Balance	Increase (Decrease)	Ending Balance
Estimated Liability for Closure Care Costs	\$ 38,069	\$ (1,772)	\$ 36,297
Estimated Liability for Postclosure Care Costs	63,453	6,988	70,441
Total	\$ 101,522	\$ 5,216	\$ 106,738

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 \$63,907 and post-closure expenses were \$1,526. Each landfill site’s maintenance costs are budgeted annually following the Closure and Post-Closure Maintenance Plan as approved by the Department of Resources Recycling and Recovery (CalRecycle). The County has restricted cash of \$61,072 in the Waste System Division 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 14 – 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 \$3.0 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$57 million is provided through a combination of insurance policies as recommended by Arthur J. Gallagher & Co., Broker of Record, as follows: Primary Liability coverage \$6 million excess of \$3.0 million self-insured retention with Lloyd’s (Brit Syndicated 2987 – 100%) and Gemini Insurance Co.; Excess Liability coverage for \$11 million, excess of \$6 million with National Casualty Co.; and Excess Liability coverage of \$15 million, excess of \$17 million with Allied World Assurance Co. In addition, Great American Assurance Co. provides excess liability coverage of \$25 million, excess of \$32 million. No settlements related to these programs have exceeded insurance coverage in the last three years.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - SELF-INSURANCE (CONTINUED)

The Workers' Compensation program was restructured to include a cash flow SIR that applies per accident/per payment year as follows: \$2.0 million 1st year; \$1.25 million 2nd year; \$600 thousand 3rd year and each year thereafter, with coverage provided by State National 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 thousand deductible, and insured through CSAC-EIA (California State Association of Counties – Excess Insurance Authority) and reinsured with Lexington Insurance Co. and with several insurers like AWAC, Ironshore, Partner RE, and Lloyd's of London, among others.

The County supplements its self-insurance for medical malpractice claims with a \$25 million policy (\$35 million aggregate) with BETA Risk Management Authority, which provides annual coverage on a claim made form basis with a SIR of \$1 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 thousand deductible, and excess limits up to \$10 million per occurrence.

The activities related to such programs are accounted for in the Risk Management Department's internal service funds ("Funds"), except for unemployment insurance, and employee dental insurance, which are accounted for in the General Fund. The liabilities recorded in these Funds are based on the results of actuarial studies and include amounts for allocated and unallocated loss adjustment expenses. The liabilities for these claims are reported using a discounted rate of 0.420% and an actuarially-determined 80% confidence level. It is the County's practice to obtain actuarial studies on an annual basis.

The total claims liability of \$232.10 million reported at June 30, 2015 is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

Changes in the claims liability amounts in fiscal years 2014 and 2015 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2013-14	\$215,752	\$67,554	(\$43,683)	\$239,623
2014-15	\$239,623	\$35,991	(\$43,516)	\$232,098

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 15 – COLLATERALIZED FACILITIES

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

<u>Facilities</u>	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Foothill Law and Justice	\$ 42,642	\$ -	\$ -	\$ 42,642
Victorville Law Center	8,644	-	-	8,644
West Valley Detention Center	146,327	-	-	146,327
Courthouse & Annex	9,450	-	-	9,450
West Valley Juvenile Detention Center	5,077	-	-	5,077
Arrowhead Regional Medical Center	490,481	-	-	490,481
Hall of Records (New)	12,666	-	-	12,666
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>\$ 782,642</u>	<u>\$ -</u>	<u>\$ 2,054</u>	<u>\$ 780,588</u>

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

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

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

NOTE 16 – DEFERRED INFLOWS OF RESOURCES

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

The balances as of June 30, 2015 of deferred inflows of resources are as follows:

Government-Wide Activities	
Governmental Activities	
Deferred Inflows Related to Pensions	\$ 650,778
Business Type Activities	
Deferred Inflows Related to Pensions	79,590
Total Governmental-Wide Activities	\$ 730,368
Governmental Funds	
Unavailable Revenues:	
General Fund	
Property Tax Receivable	\$ 11,554
Interest Receivable	17,769
Due from Governmental Agencies	39,523
Sub-Total	68,846
Capital Improvement Fund	
Interest Receivable	184
Sub-Total	184
Nonmajor Governmental Funds	
Property Tax Receivable	5,185
Interest Receivable	877
Due from Governmental Agencies	3,345
Due from Other Agencies	222
Sub-Total	9,629
Total Governmental Funds	\$ 78,659

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 17 – FUND BALANCES DETAIL

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

	General Fund	Capital Improvement Fund	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	Nonmajor Permanent Funds	Total
Nonspendable:							
Loan Receivable	\$ 50,218	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,218
Noncurrent Interfund Receivable	2,439	-	-	-	-	-	2,439
Prepaid Items and Inventories	2,712	-	256	-	-	-	2,968
Land Held for Resale	549	-	-	-	-	-	549
Endowments	-	-	-	-	-	1,702	1,702
Total Nonspendable Fund Balance	55,918	-	256	-	-	1,702	57,876
Restricted for:							
Social Services Realignment	80,769	-	-	-	-	-	80,769
Health Services Realignment	101,085	-	-	-	-	-	101,085
Behavioral Health Realignment	58,860	-	-	-	-	-	58,860
Law and Justice Realignment	40,190	-	-	-	-	-	40,190
Family Support Realignment	15,915	-	-	-	-	-	15,915
Support Services Realignment	23,648	-	-	-	-	-	23,648
CalWORKs Maintenance of Effort Realignment	17,672	-	-	-	-	-	17,672
Teeter Plan	12,978	-	-	-	-	-	12,978
Aging Programs	1,089	-	-	-	-	-	1,089
Mental Health Outreach Services	238	-	-	-	-	-	238
Debt Service	-	-	-	37,028	-	-	37,028
Central Courthouse Project	-	-	2,090	-	-	-	2,090
Redemption Restitution Maintenance	-	-	1,426	-	-	-	1,426
Courthouse and Criminal Justice Construction	-	-	14	-	-	-	14
Redevelopment Housing	-	-	3,471	-	23,958	-	27,429
Capital Improvement Projects	-	29,875	-	-	-	-	29,875
Public Protection and Safety - Other	-	-	143	-	-	-	143
Flood Control	-	-	116,280	-	-	-	116,280
Domestic Violence Programs	-	-	596	-	-	-	596
Crime Prosecution	-	-	5,223	-	-	-	5,223
Probation Programs	-	-	18,736	-	-	-	18,736
Alternate Dispute Resolutions	-	-	4	-	-	-	4
Recorder's Micrographics	-	-	12,679	-	-	-	12,679
Local Law Enforcement Block Grant	-	-	2,951	-	-	-	2,951
Sheriff Special Projects	-	-	16,622	-	-	-	16,622
Fire Protection	-	-	67,315	-	473	-	67,788
Chino Agriculture Preserve	-	-	16,017	-	-	-	16,017
Road Operations	-	-	32,308	-	-	-	32,308
Measure I	-	-	22,742	-	-	-	22,742
Regional Development Mitigation Plan	-	-	12,613	-	-	-	12,613
Facilities Development Plans	-	-	3,415	-	-	-	3,415
Airport Operations	-	-	2,939	-	-	-	2,939
Mental Health Services Act	-	-	132,677	-	-	-	132,677
Block Grant Carryover Program	-	-	3,515	-	-	-	3,515
Vector Control Assessments	-	-	3,116	-	-	-	3,116
Public Health - Other	-	-	869	-	-	-	869
Mental Health - Other	-	-	653	-	-	-	653
Inland Counties Emergency Medical Agencies	-	-	792	-	-	-	792
Preschool Services	-	-	12	-	-	-	12
Aging and Adult Services - Other	-	-	1,469	-	-	-	1,469
Job and Employment Services	-	-	4	-	-	-	4
Economic and Community Development	-	-	40,100	-	-	-	40,100
Wraparound Reinvestment	-	-	6,944	-	-	-	6,944
Regional Parks	-	-	1,767	-	-	-	1,767
Park and Recreation Districts	-	-	1,200	-	5,356	-	6,556
County Free Library	-	-	8,210	-	-	-	8,210
County Service Area	-	-	22,810	-	1,381	-	24,191
Total Restricted Fund Balance	352,444	29,875	561,722	37,028	31,168	-	1,012,237

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

	General Fund	Capital Improvement Fund	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	Nonmajor Permanent Funds	Total
Committed to:							
Medical Center Debt Service	\$ 32,075	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,075
Glen Helen Rehabilitation Center Jail Upgrade	22,500	-	-	-	-	-	22,500
New Property Tax System	20,000	-	-	-	-	-	20,000
New Financial Accounting System	13,000	-	-	-	-	-	13,000
Earned Leave	13,658	-	-	-	-	-	13,658
Animal Shelter Capital Project	10,000	-	-	-	-	-	10,000
Adelanto Detention Center Jail Upgrade	9,969	-	-	-	-	-	9,969
Retirement	8,500	-	-	-	-	-	8,500
West Valley Detention Center Jail Upgrade	7,000	-	-	-	-	-	7,000
Rim Forest Drainage Project	5,900	-	-	-	-	-	5,900
Land Use Services Plan and Amendments	1,553	-	-	-	-	-	1,553
Glen Helen Parkway Bridge	1,845	-	-	-	-	-	1,845
Cal Fresh Waiver Discontinuance	5,000	-	-	-	-	-	5,000
County Buildings and Acquisition Retrofit Project	4,000	-	-	-	-	-	4,000
Redevelopment Agency Overpayment	3,800	-	-	-	-	-	3,800
Insurance	3,000	-	-	-	-	-	3,000
Permit Systems Upgrade	2,390	-	-	-	-	-	2,390
Rancho Court Remodel	700	-	-	-	-	-	700
Lake Gregory Dam	5,000	-	-	-	-	-	5,000
National Trails Highway	5,000	-	-	-	-	-	5,000
Labor	4,682	-	-	-	-	-	4,682
Rock Springs Bridge	2,107	-	-	-	-	-	2,107
Asset Replacement	1,899	-	-	-	-	-	1,899
Restitution	1,545	-	-	-	-	-	1,545
Revolving Loan Program	2,000	-	-	-	-	-	2,000
Total Committed Fund Balance	187,123	-	-	-	-	-	187,123
Assigned to:							
Automated Systems Development	11,809	-	-	-	-	-	11,809
Redemption Restitution Maintenance	-	-	196	-	-	-	196
Industrial Development Authority	-	-	58	-	-	-	58
800 MHZ Upgrade Project	-	19,671	-	-	-	-	19,671
Sheriff's Crime Lab	-	2,187	-	-	-	-	2,187
Needles Fire Station	-	2,566	-	-	-	-	2,566
Rancho Court Remodel	-	4,149	-	-	-	-	4,149
Sherrif's Aviation Relocation	-	7,220	-	-	-	-	7,220
County Buildings Retrofit and Improvements	-	14,927	-	-	-	-	14,927
Maintenance, Upgrades and Other Capital Outlay	-	30,460	-	-	-	-	30,460
High Desert Animal Shelter	-	1,235	-	-	-	-	1,235
Indigent Defense Program	-	-	168	-	-	-	168
Disaster Recovery	-	-	33	-	-	-	33
Flood Control	-	-	1,565	-	-	-	1,565
Sheriff Special Projects	-	-	1,473	-	-	-	1,473
Road Operations	-	-	17,650	-	-	-	17,650
Master Settlement Agreement	-	-	20,105	-	-	-	20,105
Mental Health	-	-	1,813	-	-	-	1,813
Human Resources	-	-	2,019	-	-	-	2,019
Economic and Community Development	-	-	58	-	-	-	58
Regional Parks	-	-	1,694	-	-	-	1,694
San Manuel Amphitheater	-	-	660	-	-	-	660
County Service Area	-	-	763	-	-	-	763
Total Assigned Fund Balance	11,809	82,415	48,255	-	-	-	142,479
Unassigned Fund Balance	322,130	-	-	-	-	-	322,130
Total Fund Balances	\$ 929,424	\$ 112,290	\$ 610,233	\$ 37,028	\$ 31,168	\$ 1,702	\$ 1,721,845

COUNTY OF SAN BERNARDINO
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NOTE 18 – MEDICARE AND MEDI-CAL PROGRAMS

The Medical Center provides services to eligible patients under Medi-Cal and Medicare programs. For the years ended June 30, 2015 and 2014, the Medi-Cal program represented approximately 61% and 50%, and the Medicare program represented approximately 23% and 26%, 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, 2010 for Medicare and June 30, 2012 for Medi-Cal. Adjustments as a result of such audits are recorded in the year the amounts can be determined.

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

NOTE 19 – RETIREMENT PLAN

A. San Bernardino County Employees' Retirement Association

General Information about the Pension Plan

Plan Description

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

The Plan is governed by the SBCERA Board of Retirement (Board) under the provisions of the California County Employees' Retirement Law of 1937 (CERL), and the California Public Employees' Pension Reform Act of 2013 (PEPRA). The Plan's authority to establish and amend the benefit terms are set by the CERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the County of San Bernardino Board of Supervisors and/or the SBCERA Board. SBCERA is a tax qualified plan under Section 401(a) of the Internal Revenue Code.

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

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

Benefits Provided

SBCERA provides retirement, disability, death and survivor benefits. SBCERA administers the Plan which provides benefits for two membership classifications, General and Safety, and those benefits are tiered based upon date of SBCERA membership. Safety membership is extended to those involved in active law enforcement and fire suppression. All other members are classified as General members. Generally, those who become members prior to January 1, 2013 are Tier 1 members. All other members are Tier 2. An employee who is appointed to a regular or contract position, whose service is at least fifty percent of the full standard of hours required is a member of SBCERA, and is provided with pension benefits pursuant to Plan requirements.

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

	<u>General - Tier 1</u>	<u>General - Tier 2</u>	<u>Safety - Tier 1</u>	<u>Safety - Tier 2</u>
Final Average Compensation	Highest 12 consecutive months	Highest 36 consecutive months	Highest 12 consecutive months	Highest 36 consecutive months
Normal Retirement Age	Age 55	Age 55	Age 50	Age 50
Early Retirement: Years of service required and /or age eligible for	Age 70 any years 10 years age 50 30 years any age	Age 70 any years 5 years age 52 N/A	Age 70 any years 10 years age 50 20 years any age	Age 70 any years 5 years age 50 N/A
Benefit percent per year of service for normal retirement age	2.0% per year of final average compensation for every year of service credit	2.5% per year of final average compensation for every year of service credit	3.0% per year of final average compensation for every year of service credit	2.7% per year of final average compensation for every year of service credit
Benefit Adjustments	Reduced before age 55, increased after 55 up to age 65	Reduced before age 67	Reduced before age 50	Reduced before age 57
Final Average Compensation Limitation	Internal Revenue Code section 401(a)(17)	Government Code section 7522.10	Internal Revenue Code section 401(a)(17)	Government Code section 7522.10

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

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NOTE 19 – RETIREMENT PLAN (CONTINUED)

Contributions

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

Employee and employer contribution rates for the fiscal year ended June 30, 2015 are as follows:

	<u>General - Tier 1</u>	<u>General - Tier 2</u>	<u>Safety - Tier 1</u>	<u>Safety - Tier 2</u>
Employee contribution rates	7.07% to 13.52%	6.97% to 7.88%	9.82% to 15.91%	13.08% to 13.75%
Employer contribution rates	20.24%	18.02%	43.15%	37.02%

For the year ended June 30, 2015, the County's employer contributions to the Plan were equal to the actuarially determined required employer contributions as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Discretely Presented Component Unit</u>	<u>Total</u>
Employer Contributions				
General Members	\$ 143,094	\$ 28,748	\$ 297	\$ 172,139
Safety Members	83,238	-	-	83,238
Total	<u>\$ 226,332</u>	<u>\$ 28,748</u>	<u>\$ 297</u>	<u>\$ 255,377</u>

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

As of June 30, 2015, the County reported net pension liabilities for its proportionate share of the Plan's net pension liability as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Discretely Presented Component Unit</u>	<u>Total</u>
General Members	\$ 732,882	\$ 147,363	\$ 1,571	\$ 881,816
Safety Members	552,684	-	-	552,684
Total	<u>\$ 1,285,566</u>	<u>\$ 147,363</u>	<u>\$ 1,571</u>	<u>\$ 1,434,500</u>

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's FY 2014 actual contributions to the Plan relative to the total employer contributions of all SBCERA's participating employers. The County's proportion in the Plan was 84.59%, which was an increase of 1.06% from its proportion measured as of June 30, 2013.

The allocation of the County's proportion of the net pension liability to governmental activities, business-type activities, and a discretely presented component unit was based on that activity or fund's FY 2014 actual contributions to the County's pension plan relative to the total contributions of the County. The allocation of the County's proportion and its change from its proportion measured as of June, 2013 are as follows:

	Governmental Activities	Business-type Activities	Discretely Presented Component Unit	Total
Proportion - June 30, 2014				
General Members	51.09%	10.27%	0.11%	61.47%
Safety Members	38.53%	-	-	38.53%
Total	<u>89.62%</u>	<u>10.27%</u>	<u>0.11%</u>	<u>100.00%</u>
Change - Increase (Decrease)				
General Members	-3.54%	-0.43%	0.00%	-3.98%
Safety Members	3.97%	-	-	3.97%
Total	<u>0.43%</u>	<u>-0.43%</u>	<u>0.00%</u>	<u>-0.01%</u>

For the year ended June 30, 2015, the County recognized pension expense of \$115,458.

At June 30, 2015, the County reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	Deferred Outflows of Resources			
	Governmental Activities	Business-type Activities	Discretely Presented Component Unit	Total
Changes of assumptions	\$ 208,730	\$ 23,927	\$ 255	\$ 232,912
Changes in proportion and differences between County contributions and proportionate share of contributions	32,283	3,405	34	35,722
Pension contributions subsequent to measurement date	226,332	28,748	297	255,377
Total	<u>\$ 467,345</u>	<u>\$ 56,080</u>	<u>\$ 586</u>	<u>\$ 524,011</u>

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

	Deferred Inflows of Resources			Total
	Governmental Activities	Business-type Activities	Discretely Presented Component Unit	
Differences between actual and expected experience	\$ 244,930	\$ 28,076	\$ 299	\$ 273,305
Net differences between projected and actual earnings on plan investments	393,744	45,134	481	439,359
Changes in proportion and differences between County contributions and proportionate share of contributions	12,104	6,380	6	18,490
Total	\$ 650,778	\$ 79,590	\$ 786	\$ 731,154

The total amount of \$255,377 reported as deferred outflows of resources related to contributions to the Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Governmental Activities	Business-type Activities	Discretely Presented Component Unit	Total
2016	\$ (120,019)	\$ (14,748)	\$ (146)	\$ (134,913)
2017	(120,019)	(14,748)	(146)	(134,913)
2018	(120,019)	(14,748)	(146)	(134,913)
2019	(54,499)	(7,238)	(65)	(61,802)
2020	3,063	(718)	4	2,349
Thereafter	1,728	(58)	2	1,672
Total	\$ (409,765)	\$ (52,258)	\$ (497)	\$ (462,520)

Actuarial Assumptions

The County's proportion of the Plan's total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Inflation	3.25%
Projected Salary Increases	General: 4.60% to 13.75%; Safety: 4.55% to 13.75%
Cost of Living Adjustments	Consumer price index with a 2.00% maximum
Administrative Expenses	0.60% of payroll

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

Mortality rates used in the June 30, 2014 actuarial valuation were based on the RP-2000 Combined Healthy mortality table projected to 2020 using Projection Scale BB. For healthy General members, no adjustments are made. For healthy Safety members, ages are set back two years for males and one year for females. For disabled General members, ages are set forward seven years for males and set forward eight years for females. For disabled Safety members, ages are set forward two years for males and females. Beneficiaries are assumed to have the same mortality as a General member of the opposite sex who is receiving a service (non-disability) retirement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the three year period of July 1, 2010 through June 30, 2013.

The June 30, 2014 actuarial valuation reflected new assumptions compared to the June 30, 2013 actuarial valuation, based on the June 30, 2014 experience study. The June 30, 2013 actuarial valuation reflected 7.75% for the investment rate of return, 3.50% for inflation, 4.75% to 14.00% for both general and safety for projected salary increases, 4.00% for wage inflation, and there was no offset to investment return for administrative expenses.

The long-term expected rate of return on the Plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin. The June 30, 2014 target allocation (approved by the SBCERA Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the table as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	N/A ¹	N/A ¹
Large Cap U.S. Equity	5.00%	5.94%
Small Cap U.S. Equity	2.00%	6.50%
Developed International Equity	6.00%	6.87%
Emerging Market Equity	6.00%	8.06%
U.S. Core Fixed Income	2.00%	0.69%
High Yield/Credit Strategies	13.00%	3.10%
Global Core Fixed Income	1.00%	0.30%
Emerging Market Debt	6.00%	4.16%
Real Estate	9.00%	4.96%
Cash & Equivalents	2.00%	-0.03%
International Credit	10.00%	6.76%
Absolute Return	13.00%	2.88%
Real Assets	6.00%	6.85%
Long/Short Equity	3.00%	4.86%
Private Equity	16.00%	9.64%
Total	<u>100.00%</u>	

(1) N/A = Asset class not considered in the calculation

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NOTE 19 – RETIREMENT PLAN (CONTINUED)

Discount Rate

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

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

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Discretely Presented Component Unit</u>	<u>Total</u>
County's proportionate share of the net pension liability				
1.00% Decrease (6.50%)	\$ 2,271,895	\$ 260,424	\$ 2,777	\$ 2,535,096
Current Discount Rate (7.50%)	1,285,566	147,363	1,571	1,434,500
1.00% Increase (8.50%)	468,721	53,729	573	523,023

Pension Plan Fiduciary Net Position

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

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

Plan Description

The Housing Authority contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit plan. CalPERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. The Authority's Miscellaneous Plan is part of the Public Agency portion of CalPERS. The benefits for the public agencies are established by contract with CalPERS in accordance with the provisions of the Public Employees Retirement Law.

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

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

Funding Policy

Employees are required to contribute up to 8.00% of their annual covered salary depending on their benefit option within the Miscellaneous Plan. The Authority is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by CalPERS actuaries and actuarial consults and adopted by the CalPERS Board of Administration. The employer contribution rates were 15.74% for the period from October 1, 2013 to June 30, 2014 and 17.90% for the period from July 1, 2014 to September 30, 2014.

Annual Pension Cost

For the fiscal year ended September 30, 2014, the Authority's annual pension cost (APC) of \$1,480 for CalPERS was equal to the Authority's required and actual contributions. The required contribution for the period from October 1, 2013 to June 30, 2014 and July 1, 2014 to September 30, 2014 were determined as part of the June 30, 2011 actuarial valuation and June 30, 2012 actuarial valuation, respectively.

A summary of principal assumptions and methods used to determine the annual required contribution is shown below.

Actuarial Valuation Date	June 30, 2011	June 30, 2012
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	30 Years as of the Valuation Date	26 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market	15 Year Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return	7.50% (net of administrative expenses)	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on age, service, and type of employment	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

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NOTE 19 – RETIREMENT PLAN (CONTINUED)

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30-year rolling period, which results in an amortization of about 6.00% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

Three-Year Trend Information			
Fiscal Year End	Annual Pension Cost (Employer Contribution)	Percentage of APC Contributed	Net Pension Obligation
9/30/2012	\$ 1,313	100%	\$ -
9/30/2013	1,384	100%	-
9/30/2014	1,480	100%	-

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was 69.05% funded. The actuarial accrued liability for benefits was \$49,298, and the market value of plan assets was \$34,038, resulting in an unfunded actuarial accrued liability (UAAL) of \$15,260. The covered payroll (annual payroll of active employees covered by the plan) was \$7,225, and the ratio of the UAAL to the covered payroll was 211.21%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

Plan Description

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

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

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

Eligibility

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

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

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

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

Funding Policy

The contribution requirements of plan members and the HACSB are established and may be amended by HACSB Board of Governors. HACSB joined the PARS GASB 45 Program Trust and intends to fully fund each year's annual required contributions. The contribution required to be made is primarily based on a pay-as-you-go basis, paying for retiree benefits as they are due. For the fiscal year ended September 30, 2014, the HACSB was required to make contributions of approximately \$559 in healthcare benefits for retired employees.

Annual OPEB Cost and Net OPEB Obligation

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

	9/30/2014
Annual Required Contribution (ARC)	\$ 468
Interest on Net OPEB Obligation	328
Adjustment to ARC	(411)
Annual OPEB Cost	385
Contributions Made	(559)
Decrease in Net OPEB Obligation	(174)
Net OPEB Obligation - Beginning of Year	4,376
Net OPEB Obligation - End of Year	\$ 4,202

COUNTY OF SAN BERNARDINO
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NOTE 20 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – HACSB (CONTINUED)

The HACSB's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of and for the fiscal year ended September 30, 2014 and the two preceding years were as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2012	\$ 792	106%	\$ 4,434
9/30/2013	812	107%	4,376
9/30/2014	385	145%	4,202

Funded Status and Funding Progress

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

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

Actuarial Methods and Assumptions

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

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

COUNTY OF SAN BERNARDINO
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NOTE 21 – LEASE/LEASEBACK

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

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

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

As requested by the investor, in October 2008, AIG posted collateral to secure its obligations under the Letter of Credit (Equity). The County continues to analyze all options relating to this transaction, including the replacement of the provider of the Letter of Credit (Loan). As of June 30, 2014, 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 \$19.0 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 \$159.2 million over the next 6 years.

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

COUNTY OF SAN BERNARDINO
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NOTE 21 – LEASE/LEASEBACK (CONTINUED)

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

NOTE 22 – COMMITMENTS, CONTINGENCIES, AND CERTAIN SUBSEQUENT EVENTS

Lawsuits and Other Claims

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

Grants

The County recognizes as revenue, grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Although the County's grant programs are being audited through June 30, 2014 in accordance with the provisions of the Single Audit Act of 1996, these programs are still subject to financial and compliance audits and resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

Commitments

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

	Outstanding Encumbrances
Major Governmental Funds:	
General Fund	\$ 36,880
Capital Improvement Fund	20,594
Total Major Governmental Funds	57,474
Nonmajor Governmental Funds	43,340
Total Governmental Funds	\$ 100,814

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NOTE 22 – 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 (now the "Successor Agency") in the amount of \$10,415 which was subsequently assumed by the Successor Agency. The loan, with interest at 1% over the County investment pool rate, was to be repaid over ten years. The California Department of Finance (the "DOF") alleges that \$9,365 of the amount of the loan held by the Successor Agency should be distributed to the taxing entities within the former Cedar Glen project area, even though the funds were obtained from the County's General Fund and not property tax increment allocated to the former Redevelopment Agency. In 2014, the Successor Agency paid the entire amount of the liability under protest and the County and the Successor Agency sued the DOF in order to maintain the funds to be able to continue with necessary projects. The County and Successor Agency lost at the trial level and appealed the matter. On November 30, 2015, the Court of Appeal upheld the trial court decision. A decision has not yet been made whether to seek a petition for review in the California Supreme Court. Pursuant to the dissolution statutory scheme, the Oversight Board to the Successor Agency made a finding that the original County loan was made for legitimate redevelopment purposes and it adopted a resolution reestablishing the Cedar Glen loan in February 2014. The DOF has recognized the loan as an enforceable obligation of the Successor Agency and repayment of the County loan began in December 2014. It is estimated that the County loan may not be fully repaid until 2026 or 2027.

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

(c) Economic and Community Development

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

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

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

Under HUD regulations any monies received from the repayments of a business loan or a housing loan are considered to be program income and can only be used for programs or projects that primarily benefit low to moderate income persons. The total amount of these various loans at June 30, 2015 is \$59,738. The estimated amount that will probably be collected in future years is substantially lower due to the nature of the funding source of these loans. Due to this contingent nature of the loans, they are not currently recognized in the financial statements.

Pollution Remediation

(a) Sanitary Landfills

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

As security for each annual payment, the County must annually post a letter of credit for 125% of the year's operations and maintenance costs, based upon an estimated budget submitted by the SGVWC. When the agreement was approved, the then-current estimate for the annual operations and maintenance costs was \$500 per year. The operations and maintenance costs over the life of the agreement have averaged about \$291 per year. 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 on September 12, 2013, and that it considered this new lawsuit to be within the defense and indemnity obligations of the 1998 settlement agreement. By letter dated September 20, 2013, SGVWC formally tendered the defense and indemnity of the lawsuit. By letter dated October 4, 2013, the County timely rejected SGVWC's tender. On September 24, 2013, the County received from Fontana Union Water Company (FUWC) its tender of the same lawsuit, and on October 8, 2013, the County timely rejected that tender. Lastly, on October 11, 2013, the County received from Cucamonga Valley Water District (CVWD) its tender of the same lawsuit. The County timely rejected that tender on October 25, 2013. In general, the County's rejection of all tenders was based on the apparent purpose of the new lawsuit to challenge the use of water and water rights by SGVWC and FUWC, not on the existence of leachate contamination in groundwater. On April 17, 2014, San Gabriel Valley Water Company DBA Fontana Water Company and Fontana Union Water Company each filed with the County individual claims asserting that each has been damaged by the County's denial of the tenders and Fontana Water Company also claims property damage from contamination from the landfill. No further communications have been received by the County concerning these claims as of the date of this report. At this time, it is not possible to predict the next actions of SGVWC, FUWC and/or CVWD.

COUNTY OF SAN BERNARDINO
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NOTE 22 – COMMITMENTS, CONTINGENCIES, AND CERTAIN SUBSEQUENT EVENTS (CONTINUED)

Perchlorate Contamination of Ground Water: Commencing in about 2004, numerous lawsuits were filed naming the County concerning perchlorate groundwater contamination in the Rialto-Colton Basin alleged to be emanating from or near the Mid-Valley Sanitary Landfill (“MVSL”) operated by the Solid Waste Management Division. As of June 30, 2015, these lawsuits are substantially resolved as to the County, and most of the litigants, through various settlements, and what remains to be done is remediation of groundwater contamination in compliance with the settlements and court orders.

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

USEPA-Emhart settlement: Subsequent global settlement discussions amongst all parties, including the County and the United States Environmental Protection Agency (USEPA) resulted in additional settlements that were approved by the federal court in July and August of 2013. These settlements have resolved most, but not all, claims in the federal litigation.

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

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

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

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

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

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

Litigation Against County's Insurers: County of San Bernardino v. Pacific Indemnity Company; The Insurance Company of the State of Pennsylvania (ICSOP/AIG), 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 insurance coverage litigation arose 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 settled with the four insurers, and, except for ICSOP/AIG, the final payments from the insurers were received by January 2015. The lawsuit was dismissed prior to June 30, 2015. The ICSOP settlement provides for a one-time payment and then annual payments for 26 years. The first annual payment was timely paid before the due date of December 1, 2014, and 25 annual installments remain to be paid as of June 30, 2015.

(b) Chino Airport

On June 27, 2008, the Regional Board issued a Clean-up and Abatement Order (Order No. R8-2008-0064) concerning contaminated groundwater near the Chino Airport. The Order requires the County to conduct an investigation of Volatile Organic Compounds (VOC) located in groundwater off-site, south, of the Chino Airport and develop a remedial action plan. Trichloroethylene, (TCE) which is a VOC, was originally found in wells down gradient of Chino Airport in the 1980s. The County is continuing to comply with the Regional Board's Order through various investigatory plans and processes. The County installed monitoring wells during fiscal year 2012-13 to allow better characterization of the width and depth of the groundwater contamination plume located south of Chino Airport. The characterization of the groundwater plume was completed in mid-2013 and accepted by the Regional Board.

In June 2013 the County submitted to the Regional Board a Work Plan for Additional Site Characterization on the Chino Airport property and that work commenced in late 2013, continuing through calendar year 2014. This site work was completed in early 2015. Reports concerning this Additional Site Characterization work have been submitted to the Regional Board but were not yet approved as of June 30, 2015.

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

The final remediation plan to be prepared pursuant to the Order for the Chino Airport will be subject to review and approval by the Regional Board. The County expects to receive from one of its insurers reimbursements for investigatory costs incurred as of June 30, 2015.

NOTE 23 – SHORT-TERM DEBT

Tax and Revenue Anticipation Notes

In July 2014, the County issued Tax and Revenue Anticipation Notes (TRANS) totaling \$130,000 which were repaid June 30, 2015. This issue followed the prior year issued TRANS of \$150,000 which was repaid on June 30, 2014. The proceeds of the TRANS were intended to provide financing for 2014-15 General Fund expenditures, including current expenditures, capital expenditures and the discharge of other obligations or indebtedness of the County. The TRANS were secured by a pledge of various monthly amounts of property taxes on the secured roll.

Beginning Balance July 1, 2014	Additions	Reductions	Ending Balance June 30, 2015
\$ -	\$ 130,000	\$ 130,000	\$ -

NOTE 24 – SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANS)

In July 2015 the County issued \$90,000 of Tax and Revenue Anticipation Notes in the form of Series A Bonds (Bonds) due June 30, 2016. The stated interest for the Bonds is set at 2.00% per annum with a yield of 0.27%. 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 2015-16 and legally available for payment thereof. Proceeds from the Bonds will be used for fiscal year 2015-16 General Fund expenditures, including current expenditures, capital expenditures, and the discharge of other obligations or indebtedness of the County.

NOTE 25 – RESTATEMENT OF FUND BALANCE/NET POSITION

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the County reports a net pension liability along with the related deferred outflows of resources and deferred inflows of resources. As a result, beginning net position for Governmental Activities, Business-Type Activities, and Discretely Presented Component Unit has been decreased by \$2,243,205, \$188,649, and \$1,940 respectively to reflect the change.

A prior period adjustment of \$94,365 was made to increase the Business-Type Activities' beginning net position. The adjustment was made to reflect a change in the reporting entity structure of the Housing Authority of the County of San Bernardino (HACSB), effective as of July 1, 2014. In addition, an additional adjustment of \$19,699 was made to increase the Governmental Activities' beginning net position to account for certain interfund loans between "Total Nonmajor Governmental Funds" and the HACSB.

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

The restatement of beginning net position is summarized as follows:

Restatement to the Government-Wide:

	Governmental Activities	Business-Type Activities	Component Unit First 5 San Bernardino
Beginning Net Position, as previously reported	\$ 3,044,582	\$ 223,899	\$ 84,388
Prior Period Adjustments - Pension	(2,243,205)	(188,649)	(1,940)
Prior Period Adjustments - Interfund Loans	19,699		-
Prior Period Adjustments - HACSB		94,365	-
Beginning Net Position as restated	<u>\$ 821,076</u>	<u>\$ 129,615</u>	<u>\$ 82,448</u>

Restatement to the Fund Financials:

	Governmental Funds		Proprietary Fund		
	Nonmajor Governmental Funds	Medical Center	Waste Systems Division	Housing Authority	Internal Service Funds
Beginning Fund Balance/Net Position, as previously reported	\$ 569,420	\$ 60,405	\$ 73,113	\$ -	\$ 77,523
Prior Period Adjustments - Pension	-	(181,631)	(7,018)	-	(37,331)
Prior Period Adjustments - Interfund Loans	19,699	-	-	-	-
Prior Period Adjustments - HACSB	-	-	-	94,365	-
Beginning Fund Balance/Net Position as restated	<u>\$ 589,119</u>	<u>\$ (121,226)</u>	<u>\$ 66,095</u>	<u>\$ 94,365</u>	<u>\$ 40,192</u>

Pro Forma Basis Restatement to the Government-Wide Financial Statements

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

Government-Wide Financial Statements			
	2014 Previously		
	Presented	Restatement	2014 Restated
Governmental Activities			
Statement of Net Position:			
Net Pension Liability *	\$ -	\$ (1,474,212)	\$ (1,474,212)
Prepaid Pension Asset	652,232	(652,232)	-
Deferred Outflows of Resources	4,405	211,953	216,358
Deferred Inflows of Resources *	-	(328,714)	(328,714)
Statement of Activities:			
Expenses:			
General	178,980	12,524	191,504
Public Protection	1,007,434	62,947	1,070,381
Public Ways & Facilities	91,744	5,113	96,857
Health & Sanitation	331,551	19,929	351,480
Public Assistance	1,046,447	64,827	1,111,274
Education	20,923	1,052	21,975
Recreation & Cultural	25,290	1,705	26,995
Change in net position	288,929	(168,097)	120,832
Net position end of year	3,044,582	<u>\$ (2,243,205)</u>	801,377
Business-Type Activities			
Statement of Net Position:			
Net Pension Liability *	\$ -	\$ (176,944)	\$ (176,944)
Deferred Outflows of Resources	26,654	28,038	54,692
Deferred Inflows of Resources *	-	(39,743)	(39,743)
Statement of Activities:			
Expenses:			
Medical Center expenses	513,609	19,800	533,409
Waste Systems expenses	61,883	498	62,381
Change in net position	47,927	(20,298)	27,629
Net position end of year	223,899	<u>\$ (188,649)</u>	35,250
Component Unit			
First 5 San Bernardino			
Statement of Net Position:			
Net Pension Liability *	\$ -	\$ (1,830)	\$ (1,830)
Deferred Outflows of Resources	-	292	292
Deferred Inflows of Resources *	-	(402)	(402)
Statement of Activities:			
Component Unit Expenses	27,833	211	28,044
Change in net position *	(6,645)	(211)	(6,856)
Net position end of year	84,388	<u>\$ (1,940)</u>	82,448

* Negative amounts represent credit balances.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

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

Pro Forma Basis Restatement to the Fund Financial Statements

Proprietary Funds Financial Statements			
	2014 Previously Presented	Restatement	2014 Restated
Medical Center			
Statement of Net Position:			
Net Pension Liability	\$ -	\$ (171,194)	\$ (171,194)
Deferred Outflows of Resources	26,654	27,195	53,849
Deferred Inflows of Resources	-	(37,632)	(37,632)
Statement of Revenues, Expenses and Changes in Fund Net Position:			
Salaries and Benefits Expense	239,030	19,800	258,830
Change in net position	(8,592)	(19,800)	(28,392)
Net position end of year	60,405	<u>\$ (181,631)</u>	(121,226)
Waste Systems			
Statement of Net Position:			
Net Pension Liability	\$ -	\$ (5,750)	\$ (5,750)
Deferred Outflows of Resources	-	843	843
Deferred Inflows of Resources	-	(2,111)	(2,111)
Statement of Revenues, Expenses and Changes in Fund Net Position:			
Salaries and Benefits Expense	6,849	498	7,347
Change in net position	51,888	(498)	51,390
Net position end of year	73,113	<u>\$ (7,018)</u>	66,095
Internal Service Funds			
Statement of Net Position:			
Net Pension Liability	\$ -	\$ (31,845)	\$ (31,845)
Deferred Outflows of Resources	-	4,598	4,598
Deferred Inflows of Resources	-	(10,084)	(10,084)
Statement of Revenues, Expenses and Changes in Fund Net Position:			
Salaries and Benefits Expense	38,266	3,056	41,322
Change in net position	(7,445)	(3,056)	(10,501)
Net position end of year	77,523	<u>\$ (37,331)</u>	40,192

NOTE 26 – NEW ACCOUNTING PRONOUNCEMENTS

GASB 72 – Fair Value Measurement and Application

In February 2015, GASB issued Statement No. 72 – *Fair Value Measurement and Application*. The objective of the statement is to address accounting and financial reporting issues related to fair value measurements. The Statement is effective for the fiscal year ending June 30, 2016. The County has not determined the effect of this Statement.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015
(Amounts in thousands)

NOTE 26 – NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

GASB 73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68

In June 2015, GASB issued Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The principal objective of this Statement is to improve the information provided in the general purpose external financial reports of state and local governments about pensions and related assets that are not within the scope of Statement No. 68. The provisions in this Statement are effective for the fiscal year ending June 30, 2016 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for the fiscal year ending June 30, 2017. The County has not determined the effect of this Statement.

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

In June 2015, GASB issued Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement is effective for the fiscal year ending June 30, 2017. The County has not determined the effect of this Statement.

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

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

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

In June 2015, GASB issued Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The Statement is effective for the fiscal year ending June 30, 2016. The County has not determined the effect of this Statement.

GASB 77 – Tax Abatement Disclosures

In August 2015, GASB issued Statement No. 77 – *Tax Abatement Disclosures*. The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. The Statement is effective for the fiscal year ending June 30, 2017. The County has not determined the effect of this Statement.





**REQUIRED
SUPPLEMENTARY
INFORMATION**

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

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

	2015
County's proportion of the net pension liability ⁽²⁾	84.40%
County's proportionate share of the net pension liability	\$ 1,434,500
County's covered-employee payroll ⁽³⁾	\$ 1,647,076
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	87.09%
Plan fiduciary net position as a percentage of the total pension liability	82.47%

Note to Schedule:

Changes of assumptions

In 2015, the actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the three year period of July 1, 2010 through June 30, 2013. Amounts reported in 2015 primarily reflect a decrease of 0.25% for both the investment rate of return and inflation rate, and adjustments of projected salary increase and wage inflation to more closely reflect actual experience.

⁽¹⁾ Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

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

⁽³⁾ County's covered employee payroll incurred for the measurement period from July 1, 2013 through June 30, 2014.

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

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

	2015
Actuarially determined contribution	\$ 255,377
Contributions in relation to the actuarially determined contribution	255,377
Contributions deficiency (excess)	\$ -
County's covered-employee payroll ⁽²⁾	\$ 1,676,476
Contributions as a percentage of covered- employee payroll	15.23%

Note to Schedule:

⁽¹⁾ Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

⁽²⁾ County's covered employee payroll incurred for the reporting period from July 1, 2014 through June 30, 2015.

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

**SCHEDULE OF FUNDING PROGRESS - HACSB
Agent Multiple-Employer Defined Benefit Plan - California Public Employees Retirement System
Miscellaneous Plan of the San Bernardino County Housing Authority
(Amounts in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets ⁽¹⁾ (a)	Actuarial Accrued Liability ("AAL") - Entry Age (b)	Unfunded AAL ("UAAL") (b) - (a)	Funded Ratio (a) / (b)	Estimated Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
6/30/2011	\$ 36,383	\$ 46,022	\$ 9,639	79.06%	\$ 7,912	121.83%
6/30/2012	37,585	48,229	10,644	77.93%	7,338	145.05%
6/30/2013	34,038	49,298	15,260	69.05%	7,225	211.21%

⁽¹⁾ Beginning with the June 30, 2013 valuation, Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy.

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

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

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





SAN BERNARDINO
COUNTY



SUPPLEMENTAL INFORMATION



**COMBINED FINANCIAL
STATEMENTS
NONMAJOR
GOVERNMENTAL
FUNDS**



**COUNTY OF SAN BERNARDINO
 COMBINED BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015 (IN THOUSANDS)**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 605,588	\$ 34,104	\$ 29,979	\$ 1,702	\$ 671,373
INVESTMENTS	-	2,109	-	-	2,109
ACCOUNTS RECEIVABLE, NET	2,299	-	-	-	2,299
TAXES RECEIVABLE	7,724	-	-	-	7,724
INTEREST RECEIVABLE	1,210	48	47	-	1,305
LOAN RECEIVABLE	1,080	-	-	-	1,080
OTHER RECEIVABLES	334	-	-	-	334
DUE FROM OTHER FUNDS	28,647	800	43	-	29,490
DUE FROM OTHER GOVERNMENTS	44,757	-	-	-	44,757
LAND HELD FOR RESALE	361	-	1,302	-	1,663
INVENTORIES	123	-	-	-	123
PREPAID ITEMS	133	-	-	-	133
INTERFUND RECEIVABLE	20,004	-	-	-	20,004
RESTRICTED CASH AND INVESTMENTS	6,452	-	-	-	6,452
TOTAL ASSETS	<u>\$ 718,712</u>	<u>\$ 37,061</u>	<u>\$ 31,371</u>	<u>\$ 1,702</u>	<u>\$ 788,846</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE	\$ 25,519	\$ -	\$ 104	\$ -	\$ 25,623
SALARIES AND BENEFITS PAYABLE	10,669	-	-	-	10,669
DUE TO OTHER FUNDS	50,939	-	52	-	50,991
DUE TO OTHER GOVERNMENTS	5,233	-	-	-	5,233
INTEREST PAYABLE	1	-	-	-	1
ADVANCES FROM OTHERS	3,624	-	-	-	3,624
INTERFUND PAYABLE	2,945	-	-	-	2,945
TOTAL LIABILITIES	<u>98,930</u>	<u>-</u>	<u>156</u>	<u>-</u>	<u>99,086</u>
DEFERRED INFLOWS OF RESOURCES	<u>9,549</u>	<u>33</u>	<u>47</u>	<u>-</u>	<u>9,629</u>
FUND BALANCES:					
NONSPENDABLE	256	-	-	1,702	1,958
RESTRICTED	561,722	37,028	31,168	-	629,918
ASSIGNED	48,255	-	-	-	48,255
TOTAL FUND BALANCES	<u>610,233</u>	<u>37,028</u>	<u>31,168</u>	<u>1,702</u>	<u>680,131</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 718,712</u>	<u>\$ 37,061</u>	<u>\$ 31,371</u>	<u>\$ 1,702</u>	<u>\$ 788,846</u>

**COUNTY OF SAN BERNARDINO
 COMBINED - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
REVENUES					
TAXES	\$ 108,362	\$ -	\$ -	\$ -	\$ 108,362
LICENSES, PERMITS, AND FRANCHISES	1,105	-	-	-	1,105
FINES, FORFEITURES, AND PENALTIES	7,957	-	-	-	7,957
REVENUES FROM USE OF MONEY AND PROPERTY	6,221	103	118	7	6,449
AID FROM OTHER GOVERNMENTAL AGENCIES	329,310	-	23,766	-	353,076
CHARGES FOR CURRENT SERVICES	101,757	-	1	-	101,758
OTHER REVENUES	38,313	1,793	-	-	40,106
TOTAL REVENUES	593,025	1,896	23,885	7	618,813
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT	3,790	3	7,715	-	11,508
PUBLIC PROTECTION	180,797	-	-	-	180,797
PUBLIC WAYS AND FACILITIES	73,025	-	-	-	73,025
HEALTH AND SANITATION	122,035	-	-	-	122,035
PUBLIC ASSISTANCE	82,497	-	-	-	82,497
EDUCATION	14,142	-	-	-	14,142
RECREATION AND CULTURAL SERVICES	6,883	-	-	-	6,883
DEBT SERVICE:					
PRINCIPAL	8,151	76,580	-	-	84,731
INTEREST AND FISCAL CHARGES	3,916	16,810	-	-	20,726
CAPITAL OUTLAY	24,376	-	1,754	-	26,130
TOTAL EXPENDITURES	519,612	93,393	9,469	-	622,474
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	73,413	(91,497)	14,416	7	(3,661)
OTHER FINANCING SOURCES (USES):					
TRANSFERS OUT	(54,434)	-	(4,538)	(5)	(58,977)
TRANSFERS IN	44,643	91,378	1,393	-	137,414
INSURANCE RECOVERIES	14,000	-	-	-	14,000
SALE OF CAPITAL ASSETS	2,236	-	-	-	2,236
TOTAL OTHER FINANCING SOURCES AND (USES)	6,445	91,378	(3,145)	(5)	94,673
NET CHANGE IN FUND BALANCES	79,858	(119)	11,271	2	91,012
FUND BALANCES, BEGINNING, AS RESTATED	530,375	37,147	19,897	1,700	589,119
FUND BALANCES, ENDING	<u>\$ 610,233</u>	<u>\$ 37,028</u>	<u>\$ 31,168</u>	<u>\$ 1,702</u>	<u>\$ 680,131</u>





SAN BERNARDINO
COUNTY



**COMBINING
FINANCIAL
STATEMENTS
NONMAJOR
GOVERNMENTAL**

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 2,554 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-two branches to all county unincorporated areas and seventeen cities within the County. The Library is funded primarily through property tax revenues, federal and state funds, service fees, and contributions from local Friends of the Library organizations.

REDEVELOPMENT SUCCESSOR HOUSING

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

JOINT POWERS AUTHORITIES

The Joint Powers Authorities funds account for cash accumulated to all administrative costs 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. These funds are primarily financed by transfers from the Fire Protection Districts' special revenue funds and interest income.

PARK AND RECREATION DISTRICTS

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

COUNTY SERVICE AREAS

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

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued

PERMANENT FUNDS DESCRIPTIONS

LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND

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

ETIWANDA CSA 120 ENDOWMENT CARE FUND

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

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2015 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>TRANSPORTATION</u>	<u>SPECIAL TRANSPORTATION</u>	<u>SPECIAL AVIATION</u>
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 605,588	\$ 37,109	\$ 40,909	\$ 3,097
ACCOUNTS RECEIVABLE, NET	2,299	610	-	-
TAXES RECEIVABLE	7,724	-	-	-
INTEREST RECEIVABLE	1,210	56	63	5
LOANS RECEIVABLE	1,080	-	-	-
OTHER RECEIVABLES	334	-	-	-
DUE FROM OTHER FUNDS	28,647	11,088	7	866
DUE FROM OTHER GOVERNMENTS	44,757	10,670	2,339	-
LAND HELD FOR RESALE	361	-	-	-
INVENTORIES	123	123	-	-
PREPAID ITEMS	133	98	-	-
INTERFUND RECEIVABLE	20,004	55	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	6,452	-	-	-
TOTAL ASSETS	<u>\$ 718,712</u>	<u>\$ 59,809</u>	<u>\$ 43,318</u>	<u>\$ 3,968</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 25,519	\$ 4,182	\$ 166	\$ 80
SALARIES AND BENEFITS PAYABLE	10,669	1,228	-	-
DUE TO OTHER FUNDS	50,939	626	4,141	944
DUE TO OTHER GOVERNMENTS	5,233	2,556	123	-
INTEREST PAYABLE	1	-	-	-
ADVANCES FROM OTHERS	3,624	815	-	-
INTERFUND PAYABLE	2,945	-	55	-
TOTAL LIABILITIES	<u>98,930</u>	<u>9,407</u>	<u>4,485</u>	<u>1,024</u>
DEFERRED INFLOWS OF RESOURCES	<u>9,549</u>	<u>223</u>	<u>63</u>	<u>5</u>
FUND BALANCES:				
NONSPENDABLE	256	221	-	-
RESTRICTED	561,722	32,308	38,770	2,939
ASSIGNED	48,255	17,650	-	-
TOTAL FUND BALANCES	<u>610,233</u>	<u>50,179</u>	<u>38,770</u>	<u>2,939</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 718,712</u>	<u>\$ 59,809</u>	<u>\$ 43,318</u>	<u>\$ 3,968</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2015 (IN THOUSANDS)

	MENTAL HEALTH SERVICES ACT	PRESCHOOL SERVICES	AGING AND ADULT SERVICES	JOBS AND EMPLOYMENT SERVICES
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 129,769	\$ 966	\$ 783	\$ 406
INTEREST RECEIVABLE	203	1	1	1
DUE FROM OTHER FUNDS	9,811	1,109	-	47
DUE FROM OTHER GOVERNMENTS	11,195	4,498	790	1,834
TOTAL ASSETS	<u>\$ 150,978</u>	<u>\$ 6,574</u>	<u>\$ 1,574</u>	<u>\$ 2,288</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 10,201	\$ 5,155	\$ -	\$ 1,273
SALARIES AND BENEFITS PAYABLE	1,607	-	90	327
DUE TO OTHER FUNDS	6,290	164	14	105
DUE TO OTHER GOVERNMENTS	-	538	-	302
ADVANCES FROM OTHERS	-	-	-	219
INTERFUND PAYABLE	-	700	-	-
TOTAL LIABILITIES	<u>18,098</u>	<u>6,557</u>	<u>104</u>	<u>2,226</u>
DEFERRED INFLOWS OF RESOURCES	<u>203</u>	<u>5</u>	<u>1</u>	<u>58</u>
FUND BALANCES:				
NONSPENDABLE	-	-	-	-
RESTRICTED	132,677	12	1,469	4
ASSIGNED	-	-	-	-
TOTAL FUND BALANCES	<u>132,677</u>	<u>12</u>	<u>1,469</u>	<u>4</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 150,978</u>	<u>\$ 6,574</u>	<u>\$ 1,574</u>	<u>\$ 2,288</u>

**COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2015 (IN THOUSANDS)**

	COURTHOUSE TEMPORARY CONSTRUCTION	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	CENTRAL COURTHOUSE SURCHARGE	MICROGRAPHICS FEES
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 3	\$ 4	\$ -	\$ 12,134
ACCOUNTS RECEIVABLE, NET	-	-	-	65
INTEREST RECEIVABLE	-	-	-	18
LOANS RECEIVABLE	-	-	-	1,080
DUE FROM OTHER GOVERNMENTS	4	3	-	-
TOTAL ASSETS	<u>\$ 7</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 13,297</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ -	\$ -	\$ -	\$ 549
SALARIES AND BENEFITS PAYABLE	-	-	-	45
DUE TO OTHER FUNDS	-	-	-	6
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>600</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>18</u>
FUND BALANCES:				
NONSPENDABLE	-	-	-	-
RESTRICTED	7	7	-	12,679
ASSIGNED	-	-	-	-
TOTAL FUND BALANCES	<u>7</u>	<u>7</u>	<u>-</u>	<u>12,679</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 7</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 13,297</u>

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2015 (IN THOUSANDS)**

	LOCAL LAW ENFORCEMENT BLOCK GRANT	SHERIFF SPECIAL PROJECTS	FIRE PROTECTION DISTRICTS	ECONOMIC AND COMMUNITY DEVELOPMENT
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 2,977	\$ 20,543	\$ 69,786	\$ 20,423
ACCOUNTS RECEIVABLE, NET	-	-	662	-
TAXES RECEIVABLE	-	-	2,886	-
INTEREST RECEIVABLE	5	32	-	32
OTHER RECEIVABLES	-	-	178	78
DUE FROM OTHER FUNDS	-	7	1,155	153
DUE FROM OTHER GOVERNMENTS	-	673	1,735	1,511
PREPAID ITEMS	-	-	26	-
INTERFUND RECEIVABLE	-	-	-	19,699
TOTAL ASSETS	\$ 2,982	\$ 21,255	\$ 76,428	\$ 41,896
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ -	\$ 411	\$ 945	\$ 142
SALARIES AND BENEFITS PAYABLE	-	-	5,438	112
DUE TO OTHER FUNDS	26	2,302	472	889
DUE TO OTHER GOVERNMENTS	-	415	214	561
ADVANCES FROM OTHERS	-	-	9	-
TOTAL LIABILITIES	26	3,128	7,078	1,704
DEFERRED INFLOWS OF RESOURCES	5	32	2,009	34
FUND BALANCES:				
NONSPENDABLE	-	-	26	-
RESTRICTED	2,951	16,622	67,315	40,100
ASSIGNED	-	1,473	-	58
TOTAL FUND BALANCES	2,951	18,095	67,341	40,158
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,982	\$ 21,255	\$ 76,428	\$ 41,896

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2015 (IN THOUSANDS)**

	FLOOD CONTROL DISTRICT	COUNTY SERVICE AREAS	PARK AND RECREATION DISTRICTS	COUNTY FREE LIBRARY
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 111,627	\$ 23,883	\$ 1,473	\$ 8,247
ACCOUNTS RECEIVABLE, NET	588	32	21	131
TAXES RECEIVABLE	3,432	242	158	1,006
INTEREST RECEIVABLE	591	3	-	13
OTHER RECEIVABLE	-	78	-	-
DUE FROM OTHER FUNDS	799	2,752	33	171
DUE FROM OTHER GOVERNMENTS	3,609	127	-	1
PREPAIDS ITEMS	9	-	-	-
INTERFUND RECEIVABLE	-	250	-	-
RESTRICTED CASH AND INVESTMENTS	6,016	-	-	-
TOTAL ASSETS	\$ 126,671	\$ 27,367	\$ 1,685	\$ 9,569
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 980	\$ 538	\$ 24	\$ 309
SALARIES AND BENEFITS PAYABLE	754	475	100	286
DUE TO OTHER FUNDS	764	299	247	41
DUE TO OTHER GOVERNMENTS	457	28	4	35
INTEREST PAYABLE	-	1	-	-
ADVANCES FROM OTHERS	241	-	-	-
INTERFUND PAYABLE	-	2,190	-	-
TOTAL LIABILITIES	3,196	3,531	375	671
DEFERRED INFLOWS OF RESOURCES	5,621	263	110	688
FUND BALANCES:				
NONSPENDABLE	9	-	-	-
RESTRICTED	116,280	22,810	1,200	8,210
ASSIGNED	1,565	763	-	-
TOTAL FUND BALANCES	117,854	23,573	1,200	8,210
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 126,671	\$ 27,367	\$ 1,685	\$ 9,569

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2015 (IN THOUSANDS)**

	REDEVELOPMENT SUCCESSOR HOUSING	JOINT POWERS AUTHORITIES	OTHER SPECIAL REVENUE
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 3,110	\$ 1,654	\$ 116,685
ACCOUNTS RECEIVABLE, NET	-	-	190
INTEREST RECEIVABLE	5	-	181
DUE FROM OTHER FUNDS	-	-	649
DUE FROM OTHER GOVERNMENTS	-	-	5,768
LAND HELD FOR RESALE	361	-	-
RESTRICTED CASH AND INVESTMENTS	-	436	-
TOTAL ASSETS	<u>\$ 3,476</u>	<u>\$ 2,090</u>	<u>\$ 123,473</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ -	\$ -	\$ 564
SALARIES AND BENEFITS PAYABLE	-	-	207
DUE TO OTHER FUNDS	-	-	33,609
ADVANCES FROM OTHERS	-	-	2,340
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>36,720</u>
DEFERRED INFLOWS OF RESOURCES	<u>5</u>	<u>-</u>	<u>206</u>
FUND BALANCES:			
RESTRICTED	3,471	2,090	59,801
ASSIGNED	-	-	26,746
TOTAL FUND BALANCES	<u>3,471</u>	<u>2,090</u>	<u>86,547</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,476</u>	<u>\$ 2,090</u>	<u>\$ 123,473</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)**

	TOTAL	TRANSPORTATION	SPECIAL TRANSPORTATION	SPECIAL AVIATION
REVENUES:				
TAXES	\$ 108,362	\$ -	\$ 5,986	\$ -
LICENSES, PERMITS AND FRANCHISES	1,105	528	-	2
FINES, FORFEITURES AND PENALTIES	7,957	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	6,221	138	165	501
AID FROM OTHER GOVERNMENTAL AGENCIES	329,310	61,460	760	103
CHARGES FOR CURRENT SERVICES	101,757	1,694	6,084	30
OTHER REVENUES	38,313	1,185	-	1,332
TOTAL REVENUES	593,025	65,005	12,995	1,968
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	3,790	-	-	-
PUBLIC PROTECTION	180,797	-	-	-
PUBLIC WAYS AND FACILITIES	73,025	60,727	9,359	939
HEALTH AND SANITATION	122,035	-	-	-
PUBLIC ASSISTANCE	82,497	-	-	-
EDUCATION	14,142	-	-	-
RECREATION AND CULTURAL SERVICES	6,883	-	-	-
DEBT SERVICE:				
PRINCIPAL	8,151	-	-	-
INTEREST AND FISCAL CHARGES	3,916	-	-	-
CAPITAL OUTLAY	24,376	2,422	-	1,731
TOTAL EXPENDITURES	519,612	63,149	9,359	2,670
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	73,413	1,856	3,636	(702)
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(54,434)	(1,223)	-	(1,028)
TRANSFERS IN	44,643	5,926	-	866
INSURANCE RECOVERIES	14,000	-	-	-
SALE OF CAPITAL ASSETS	2,236	138	-	-
TOTAL OTHER FINANCING SOURCES (USES)	6,445	4,841	-	(162)
NET CHANGE IN FUND BALANCES	79,858	6,697	3,636	(864)
FUND BALANCES, BEGINNING, AS RESTATED	530,375	43,482	35,134	3,803
FUND BALANCES, ENDING	\$ 610,233	\$ 50,179	\$ 38,770	\$ 2,939

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 SPECIAL REVENUE FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)**

	MENTAL HEALTH SERVICES ACT	PRESCHOOL SERVICES	AGING AND ADULT SERVICES	JOBS AND EMPLOYMENT SERVICES
REVENUES:				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 628	\$ 4	\$ 4	\$ 583
AID FROM OTHER GOVERNMENTAL AGENCIES	125,815	49,264	5,682	14,904
CHARGES FOR CURRENT SERVICES	-	15	484	-
OTHER REVENUES	4,227	157	5	462
TOTAL REVENUES	130,670	49,440	6,175	15,949
EXPENDITURES:				
CURRENT:				
HEALTH AND SANITATION	97,965	-	-	-
PUBLIC ASSISTANCE	-	46,884	6,067	15,798
DEBT SERVICE:				
INTEREST AND FISCAL CHARGES	-	1	-	-
CAPITAL OUTLAY	721	215	-	-
TOTAL EXPENDITURES	98,686	47,100	6,067	15,798
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	31,984	2,340	108	151
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(1,529)	(3,313)	(1,087)	(309)
TRANSFERS IN	9,155	967	1,009	152
SALE OF CAPITAL ASSETS	-	6	-	-
TOTAL OTHER FINANCING SOURCES (USES)	7,626	(2,340)	(78)	(157)
NET CHANGE IN FUND BALANCES	39,610	-	30	(6)
FUND BALANCES, BEGINNING	93,067	12	1,439	10
FUND BALANCES, ENDING	\$ 132,677	\$ 12	\$ 1,469	\$ 4

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 SPECIAL REVENUE FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)**

	COURTHOUSE TEMPORARY CONSTRUCTION	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	CENTRAL COURTHOUSE SURCHARGE	MICROGRAPHICS FEES
REVENUES:				
FINES, FORFEITURES AND PENALTIES	\$ 1,756	\$ 2,149	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	4	4	-	28
CHARGES FOR CURRENT SERVICES	-	-	1,672	3,563
TOTAL REVENUES	<u>1,760</u>	<u>2,153</u>	<u>1,672</u>	<u>3,591</u>
EXPENDITURES:				
CURRENT:				
PUBLIC PROTECTION	-	-	-	2,527
CAPITAL OUTLAY	-	-	-	89
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,616</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,760</u>	<u>2,153</u>	<u>1,672</u>	<u>975</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(1,760)	(2,154)	(1,672)	(39)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,760)</u>	<u>(2,154)</u>	<u>(1,672)</u>	<u>(39)</u>
NET CHANGE IN FUND BALANCES	-	(1)	-	936
FUND BALANCES, BEGINNING	7	8	-	11,743
FUND BALANCES, ENDING	<u>\$ 7</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 12,679</u>

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 SPECIAL REVENUE FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)**

	LOCAL LAW ENFORCEMENT BLOCK GRANT	SHERIFF SPECIAL PROJECTS	FIRE PROTECTION DISTRICTS	ECONOMIC AND COMMUNITY DEVELOPMENT
REVENUES:				
TAXES	\$ -	\$ -	\$ 38,522	\$ -
FINES, FORFEITURES AND PENALTIES	-	-	6	-
REVENUES FROM USE OF MONEY AND PROPERTY	14	95	325	382
AID FROM OTHER GOVERNMENTAL AGENCIES	660	12,963	7,714	11,149
CHARGES FOR CURRENT SERVICES	-	15	70,884	39
OTHER REVENUES	-	2,027	1,534	1,337
TOTAL REVENUES	674	15,100	118,985	12,907
EXPENDITURES:				
CURRENT:				
PUBLIC PROTECTION	1,126	12,668	120,373	-
PUBLIC ASSISTANCE	-	-	-	10,205
DEBT SERVICE:				
PRINCIPAL	-	-	269	-
INTEREST AND FISCAL CHARGES	-	-	42	-
CAPITAL OUTLAY	-	4,744	6,209	-
TOTAL EXPENDITURES	1,126	17,412	126,893	10,205
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(452)	(2,312)	(7,908)	2,702
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	-	(3,443)	(5,800)	(3,456)
TRANSFERS IN	-	-	19,248	361
SALE OF CAPITAL ASSETS	-	-	167	650
TOTAL OTHER FINANCING SOURCES (USES)	-	(3,443)	13,615	(2,445)
NET CHANGE IN FUND BALANCES	(452)	(5,755)	5,707	257
FUND BALANCES, BEGINNING, AS RESTATED	3,403	23,850	61,634	39,901
FUND BALANCES, ENDING	\$ 2,951	\$ 18,095	\$ 67,341	\$ 40,158

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)**

	FLOOD CONTROL DISTRICT	COUNTY SERVICE AREAS	PARK AND RECREATION DISTRICTS	COUNTY FREE LIBRARY
REVENUES:				
TAXES	\$ 43,914	\$ 3,212	\$ 2,134	\$ 14,555
LICENSES, PERMITS AND FRANCHISES	236	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	679	248	72	-
AID FROM OTHER GOVERNMENTAL AGENCIES	4,275	62	60	248
CHARGES FOR CURRENT SERVICES	365	4,625	1,192	1,053
OTHER REVENUES	81	283	36	420
TOTAL REVENUES	49,550	8,430	3,494	16,276
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	3,016	-	-
PUBLIC PROTECTION	27,716	892	-	-
PUBLIC WAYS AND FACILITIES	-	1,790	-	-
HEALTH AND SANITATION	-	80	-	-
EDUCATION	-	-	-	14,142
RECREATION AND CULTURAL SERVICES	-	1,337	3,584	-
DEBT SERVICE:				
PRINCIPAL	6,810	86	-	61
INTEREST AND FISCAL CHARGES	2,921	15	-	51
CAPITAL OUTLAY	4,861	2,195	102	276
TOTAL EXPENDITURES	42,308	9,411	3,686	14,530
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,242	(981)	(192)	1,746
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(618)	(1,475)	(181)	(254)
TRANSFERS IN	1,300	3,625	198	-
INSURANCE RECOVERIES	14,000	-	-	-
SALE OF CAPITAL ASSETS	1,263	1	-	11
TOTAL OTHER FINANCING SOURCES (USES)	15,945	2,151	17	(243)
NET CHANGE IN FUND BALANCES	23,187	1,170	(175)	1,503
FUND BALANCES, BEGINNING	94,667	22,403	1,375	6,707
FUND BALANCES, ENDING	\$ 117,854	\$ 23,573	\$ 1,200	\$ 8,210

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 SPECIAL REVENUE FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)**

	REDEVELOPMENT SUCCESSOR HOUSING	JOINT POWERS AUTHORITIES	OTHER SPECIAL REVENUE
REVENUES:			
TAXES	\$ -	\$ -	\$ 39
LICENSES, PERMITS AND FRANCHISES	-	-	339
FINES, FORFEITURES AND PENALTIES	-	-	4,046
REVENUES FROM USE OF MONEY AND PROPERTY	13	1	2,333
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	34,191
CHARGES FOR CURRENT SERVICES	-	-	10,042
OTHER REVENUES	2,034	-	23,193
TOTAL REVENUES	2,047	1	74,183
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	2	772
PUBLIC PROTECTION	-	-	15,495
PUBLIC WAYS AND FACILITIES	-	-	210
HEALTH AND SANITATION	-	-	23,990
PUBLIC ASSISTANCE	1,864	-	1,679
RECREATION AND CULTURAL SERVICES	-	-	1,962
DEBT SERVICE:			
PRINCIPAL	-	925	-
INTEREST AND FISCAL CHARGES	-	886	-
CAPITAL OUTLAY	-	-	811
TOTAL EXPENDITURES	1,864	1,813	44,919
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	183	(1,812)	29,264
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	-	-	(25,093)
TRANSFERS IN	-	1,672	164
TOTAL OTHER FINANCING SOURCES (USES)	-	1,672	(24,929)
NET CHANGE IN FUND BALANCES	183	(140)	4,335
FUND BALANCES, BEGINNING	3,288	2,230	82,212
FUND BALANCES, ENDING	\$ 3,471	\$ 2,090	\$ 86,547

**COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 JUNE 30, 2015 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>PENSION OBLIGATION BONDS</u>
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 34,104	\$ 12,833	\$ 21,271
INVESTMENTS	2,109	-	2,109
INTEREST RECEIVABLE	48	15	33
DUE FROM OTHER FUNDS	800	-	800
TOTAL ASSETS	<u>\$ 37,061</u>	<u>\$ 12,848</u>	<u>\$ 24,213</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
DEFERRED INFLOWS OF RESOURCES	<u>\$ 33</u>	<u>\$ -</u>	<u>\$ 33</u>
FUND BALANCES:			
RESTRICTED	<u>37,028</u>	<u>12,848</u>	<u>24,180</u>
TOTAL FUND BALANCES	<u>37,028</u>	<u>12,848</u>	<u>24,180</u>
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 37,061</u>	<u>\$ 12,848</u>	<u>\$ 24,213</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>PENSION OBLIGATION BONDS</u>
REVENUES			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 103	\$ 44	\$ 59
OTHER REVENUES	1,793	-	1,793
TOTAL REVENUES	<u>1,896</u>	<u>44</u>	<u>1,852</u>
EXPENDITURES			
CURRENT:			
GENERAL GOVERNMENT	3	-	3
DEBT SERVICE:			
PRINCIPAL	76,580	5,585	70,995
INTEREST AND FISCAL CHARGES	16,810	747	16,063
TOTAL EXPENDITURES	<u>93,393</u>	<u>6,332</u>	<u>87,061</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(91,497)</u>	<u>(6,288)</u>	<u>(85,209)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	91,378	6,496	84,882
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>91,378</u>	<u>6,496</u>	<u>84,882</u>
NET CHANGE IN FUND BALANCES	<u>(119)</u>	<u>208</u>	<u>(327)</u>
FUND BALANCES, BEGINNING	37,147	12,640	24,507
FUND BALANCES, ENDING	<u>\$ 37,028</u>	<u>\$ 12,848</u>	<u>\$ 24,180</u>

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2015 (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	\$ 29,979	\$ 22,656	\$ 473	\$ 5,481	\$ 1,369
INTEREST RECEIVABLE	47	35	1	9	2
DUE FROM OTHER FUNDS	43	-	-	13	30
LAND HELD FOR RESALE	1,302	1,302	-	-	-
TOTAL ASSETS	<u>\$ 31,371</u>	<u>\$ 23,993</u>	<u>\$ 474</u>	<u>\$ 5,503</u>	<u>\$ 1,401</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
ACCOUNTS PAYABLE	\$ 104	\$ -	\$ -	\$ 93	\$ 11
DUE TO OTHER FUNDS	52	-	-	45	7
TOTAL LIABILITIES	<u>156</u>	<u>-</u>	<u>-</u>	<u>138</u>	<u>18</u>
DEFERRED INFLOWS OF RESOURCES	<u>47</u>	<u>35</u>	<u>1</u>	<u>9</u>	<u>2</u>
FUND BALANCES:					
RESTRICTED	<u>31,168</u>	<u>23,958</u>	<u>473</u>	<u>5,356</u>	<u>1,381</u>
TOTAL FUND BALANCES	<u>31,168</u>	<u>23,958</u>	<u>473</u>	<u>5,356</u>	<u>1,381</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 31,371</u>	<u>\$ 23,993</u>	<u>\$ 474</u>	<u>\$ 5,503</u>	<u>\$ 1,401</u>

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)**

	TOTAL	REDEVELOPMENT SUCCESSOR HOUSING	FIRE PROTECTION DISTRICTS	PARK AND RECREATION DISTRICTS	COUNTY SERVICE AREAS
REVENUES					
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 118	\$ 85	\$ 2	\$ 26	\$ 5
AID FROM OTHER GOVERNMENTAL AGENCIES	23,766	23,766	-	-	-
CHARGES FOR CURRENT SERVICES	1	-	-	-	1
TOTAL REVENUES	23,885	23,851	2	26	6
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT	7,715	7,038	-	-	677
CAPITAL OUTLAY	1,754	45	-	1,401	308
TOTAL EXPENDITURES	9,469	7,083	-	1,401	985
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	14,416	16,768	2	(1,375)	(979)
OTHER FINANCING SOURCES (USES):					
TRANSFERS OUT	(4,538)	(4,300)	-	(155)	(83)
TRANSFERS IN	1,393	-	-	415	978
TOTAL OTHER FINANCING SOURCES AND (USES)	(3,145)	(4,300)	-	260	895
NET CHANGE IN FUND BALANCES	11,271	12,468	2	(1,115)	(84)
FUND BALANCES, BEGINNING	19,897	11,490	471	6,471	1,465
FUND BALANCES, ENDING	\$ 31,168	\$ 23,958	\$ 473	\$ 5,356	\$ 1,381

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 PERMANENT FUNDS
 JUNE 30, 2015 (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	\$ 1,702	\$ 93	\$ 1,609
TOTAL ASSETS	<u>\$ 1,702</u>	<u>\$ 93</u>	<u>\$ 1,609</u>
FUND BALANCES			
NONSPENDABLE	\$ 1,702	\$ 93	\$ 1,609
TOTAL FUND BALANCES	<u>\$ 1,702</u>	<u>\$ 93</u>	<u>\$ 1,609</u>

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 PERMANENT FUNDS
 YEAR ENDED JUNE 30, 2015 (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	\$ 1	\$ 6
TOTAL REVENUES	<u>7</u>	<u>1</u>	<u>6</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(5)</u>	<u>-</u>	<u>(5)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(5)</u>	<u>-</u>	<u>(5)</u>
NET CHANGE IN FUND BALANCES	2	1	1
FUND BALANCES, BEGINNING	1,700	92	1,608
FUND BALANCES, ENDING	<u>\$ 1,702</u>	<u>\$ 93</u>	<u>\$ 1,609</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, 2015 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>COUNTY SERVICE AREAS</u>	<u>OTHER ENTERPRISE</u>
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 43,737	\$ 43,546	\$ 191
ACCOUNTS RECEIVABLE, NET	2,061	2,061	-
TAXES RECEIVABLE	211	211	-
OTHER RECEIVABLES	201	201	-
DUE FROM OTHER FUNDS	84	84	-
DUE FROM OTHER GOVERNMENTS	203	203	-
INVENTORIES	25	-	25
TOTAL CURRENT ASSETS	<u>46,522</u>	<u>46,306</u>	<u>216</u>
NONCURRENT ASSETS:			
CAPITAL ASSETS NOT BEING DEPRECIATED OR AMORTIZED			
LAND	3,733	3,733	-
LAND USE RIGHTS	258	258	-
DEVELOPMENT IN PROGRESS	1,753	1,753	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
LAND USE RIGHTS	1,004	1,004	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE	88,810	88,810	-
EQUIPMENT AND SOFTWARE	1,569	1,569	-
ACCUMULATED DEPRECIATION AND AMORTIZATION	(41,252)	(41,252)	-
TOTAL NONCURRENT ASSETS	<u>55,875</u>	<u>55,875</u>	<u>-</u>
TOTAL ASSETS	<u>102,397</u>	<u>102,181</u>	<u>216</u>
LIABILITIES			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	759	759	-
SALARIES AND BENEFITS PAYABLE	1	-	1
DUE TO OTHER FUNDS	2,089	2,089	-
DUE TO OTHER GOVERNMENTS	296	296	-
INTEREST PAYABLE	125	125	-
ADVANCES FROM OTHERS	27	27	-
BONDS AND NOTES PAYABLE	282	282	-
TOTAL CURRENT LIABILITIES	<u>3,579</u>	<u>3,578</u>	<u>1</u>
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE	525	525	-
BONDS AND NOTES PAYABLE	1,976	1,976	-
TOTAL NONCURRENT LIABILITIES	<u>2,501</u>	<u>2,501</u>	<u>-</u>
TOTAL LIABILITIES	<u>6,080</u>	<u>6,079</u>	<u>1</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	53,617	53,617	-
UNRESTRICTED	42,700	42,485	215
TOTAL NET POSITION	<u>\$ 96,317</u>	<u>\$ 96,102</u>	<u>\$ 215</u>

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)

	<u>TOTAL</u>	<u>COUNTY SERVICE AREAS</u>	<u>OTHER ENTERPRISE</u>
OPERATING REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 14,311	\$ 14,222	\$ 89
TOTAL OPERATING REVENUES	<u>14,311</u>	<u>14,222</u>	<u>89</u>
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	4,260	4,260	-
SALARIES AND EMPLOYEES BENEFITS	5,703	5,669	34
SERVICES AND SUPPLIES	4,493	4,396	97
DEPRECIATION AND AMORTIZATION	2,949	2,949	-
OTHER	719	719	-
TOTAL OPERATING EXPENSES	<u>18,124</u>	<u>17,993</u>	<u>131</u>
OPERATING INCOME (LOSS)	<u>(3,813)</u>	<u>(3,771)</u>	<u>(42)</u>
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUES	158	158	-
INTEREST EXPENSE	(161)	(161)	-
TAX REVENUE	2,850	2,850	-
GRANT REVENUE	644	644	-
OTHER NONOPERATING REVENUES	1,561	1,560	1
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>5,052</u>	<u>5,051</u>	<u>1</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	1,239	1,280	(41)
TRANSFERS OUT	(35)	(35)	-
TRANSFERS IN	4,732	4,697	35
CHANGE IN NET POSITION	5,936	5,942	(6)
TOTAL NET POSITION, BEGINNING	<u>90,381</u>	<u>90,160</u>	<u>221</u>
TOTAL NET POSITION, ENDING	<u>\$ 96,317</u>	<u>\$ 96,102</u>	<u>\$ 215</u>

**COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>COUNTY SERVICE AREAS</u>	<u>OTHER NONMAJOR ENTERPRISE</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH RECEIVED FROM SERVICES	\$ 15,362	\$ 15,267	\$ 95
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(8,009)	(7,982)	(27)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	<u>(5,704)</u>	<u>(5,669)</u>	<u>(35)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,649</u>	<u>1,616</u>	<u>33</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
TAXES RECEIVED	2,871	2,871	-
GRANTS RECEIVED	644	644	-
TRANSFERS RECEIVED	4,732	4,697	35
TRANSFERS PAID	<u>(80)</u>	<u>(80)</u>	<u>-</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>8,167</u>	<u>8,132</u>	<u>35</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(3,441)	(3,441)	-
PRINCIPAL PAID ON BONDS AND NOTES	(220)	(220)	-
INTEREST PAID ON BONDS AND NOTES	<u>(204)</u>	<u>(204)</u>	<u>-</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,865)</u>	<u>(3,865)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
INTEREST ON INVESTMENTS	<u>158</u>	<u>158</u>	<u>-</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>158</u>	<u>158</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,109	6,041	68
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>37,628</u>	<u>37,505</u>	<u>123</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 43,737</u>	<u>\$ 43,546</u>	<u>\$ 191</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
OPERATING INCOME (LOSS)	\$ (3,813)	\$ (3,771)	\$ (42)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION	2,949	2,949	-
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	1,561	1,560	1
CHANGES IN ASSETS, DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS:			
ACCOUNTS RECEIVABLE	697	692	5
DUE FROM OTHER GOVERNMENTS	(193)	(193)	-
INVENTORIES	70	-	70
ACCOUNTS PAYABLE AND OTHER LIABILITIES	1,192	1,192	-
SALARIES AND BENEFITS PAYABLE	(1)	-	(1)
DUE TO OTHER GOVERNMENTS	201	201	-
ADVANCES FROM OTHERS	<u>(1,014)</u>	<u>(1,014)</u>	<u>-</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,649</u>	<u>\$ 1,616</u>	<u>\$ 33</u>
<u>BREAKDOWN OF CASH AND CASH EQUIVALENTS</u>			
CASH AND CASH EQUIVALENTS	<u>\$ 43,737</u>	<u>\$ 43,546</u>	<u>\$ 191</u>



**COMBINING
FINANCIAL
STATEMENTS
INTERNAL SERVICE
FUNDS**

INTERNAL SERVICE FUNDS DESCRIPTIONS

GENERAL SERVICES GROUP

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

TELECOMMUNICATION SERVICES

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

COMPUTER OPERATIONS

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

VEHICLE SERVICES

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

RISK MANAGEMENT

The Risk Management Fund accounts for the County's self-insured worker's compensation, 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, 2015 (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	\$ 307,412	\$ 2,394	\$ 14,073	\$ 13,147
ACCOUNTS RECEIVABLE - NET	3,938	-	38	-
OTHER RECEIVABLES	56	-	-	-
DUE FROM OTHER FUNDS	6,768	633	1,524	4,225
DUE FROM OTHER GOVERNMENTS	1,029	94	580	112
INVENTORIES	4,337	56	2,714	-
PREPAID ITEMS	2,449	259	1,267	-
TOTAL CURRENT ASSETS	<u>325,989</u>	<u>3,436</u>	<u>20,196</u>	<u>17,484</u>
NONCURRENT ASSETS:				
INTERFUND RECEIVABLE	1,789	-	1,789	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:				
LAND	396	-	-	-
DEVELOPMENT IN PROGRESS	396	-	-	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
STRUCTURES AND IMPROVEMENTS	11,075	19	3,527	522
EQUIPMENT AND SOFTWARE	111,927	1,091	45,883	16,224
ACCUMULATED DEPRECIATION AND AMORTIZATION	(81,826)	(814)	(32,982)	(11,699)
TOTAL NONCURRENT ASSETS	<u>43,757</u>	<u>296</u>	<u>18,217</u>	<u>5,047</u>
TOTAL ASSETS	<u>369,746</u>	<u>3,732</u>	<u>38,413</u>	<u>22,531</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>10,856</u>	<u>595</u>	<u>2,476</u>	<u>4,728</u>
LIABILITIES				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE	6,957	272	1,812	1,191
SALARIES AND BENEFITS PAYABLE	2,330	110	497	1,110
DUE TO OTHER FUNDS	2,680	13	594	440
DUE TO OTHER GOVERNMENTS	14	-	-	-
ADVANCES FROM OTHERS	201	-	-	-
COMPENSATED ABSENCES PAYABLE	2,870	147	787	1,030
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	48,006	-	-	-
TOTAL CURRENT LIABILITIES	<u>63,058</u>	<u>542</u>	<u>3,690</u>	<u>3,771</u>
NONCURRENT LIABILITIES:				
INTERFUND PAYABLE	1,789	-	-	1,789
COMPENSATED ABSENCES PAYABLE	4,408	130	647	2,601
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	184,092	-	-	-
NET PENSION LIABILITY	25,491	1,619	6,503	9,167
TOTAL NONCURRENT LIABILITIES	<u>215,780</u>	<u>1,749</u>	<u>7,150</u>	<u>13,557</u>
TOTAL LIABILITIES	<u>278,838</u>	<u>2,291</u>	<u>10,840</u>	<u>17,328</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>17,423</u>	<u>1,139</u>	<u>4,324</u>	<u>6,479</u>
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	41,968	296	16,428	5,047
UNRESTRICTED	42,373	601	9,297	(1,595)
TOTAL NET POSITION	<u>\$ 84,341</u>	<u>\$ 897</u>	<u>\$ 25,725</u>	<u>\$ 3,452</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)
JUNE 30, 2015 (IN THOUSANDS)**

	VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 15,839	\$ 255,903	\$ 6,056
ACCOUNTS RECEIVABLE - NET	-	3,900	-
OTHER RECEIVABLES	-	56	-
DUE FROM OTHER FUNDS	261	6	119
DUE FROM OTHER GOVERNMENTS	156	78	9
INVENTORIES	1,567	-	-
PREPAID ITEMS	-	923	-
TOTAL CURRENT ASSETS	<u>17,823</u>	<u>260,866</u>	<u>6,184</u>
NONCURRENT ASSETS:			
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:			
LAND	396	-	-
DEVELOPMENT IN PROGRESS	396	-	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
STRUCTURES AND IMPROVEMENTS	7,007	-	-
EQUIPMENT AND SOFTWARE	32,543	685	15,501
ACCUMULATED DEPRECIATION AND AMORTIZATION	<u>(25,365)</u>	<u>(489)</u>	<u>(10,477)</u>
TOTAL NONCURRENT ASSETS	<u>14,977</u>	<u>196</u>	<u>5,024</u>
TOTAL ASSETS	<u>32,800</u>	<u>261,062</u>	<u>11,208</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,745</u>	<u>1,312</u>	<u>-</u>
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	1,325	2,252	105
SALARIES AND BENEFITS PAYABLE	377	236	-
DUE TO OTHER FUNDS	462	1,137	34
DUE TO OTHER GOVERNMENTS	14	-	-
ADVANCES FROM OTHERS	-	201	-
COMPENSATED ABSENCES PAYABLE	537	369	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	48,006	-
TOTAL CURRENT LIABILITIES	<u>2,715</u>	<u>52,201</u>	<u>139</u>
NONCURRENT LIABILITIES:			
COMPENSATED ABSENCES PAYABLE	742	288	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	184,092	-
NET PENSION LIABILITY	4,621	3,581	-
TOTAL NONCURRENT LIABILITIES	<u>5,363</u>	<u>187,961</u>	<u>-</u>
TOTAL LIABILITIES	<u>8,078</u>	<u>240,162</u>	<u>139</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,925</u>	<u>2,556</u>	<u>-</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	14,977	196	5,024
UNRESTRICTED	8,565	19,460	6,045
TOTAL NET POSITION	<u>\$ 23,542</u>	<u>\$ 19,656</u>	<u>\$ 11,069</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>GENERAL SERVICES GROUP</u>	<u>TELECOMMUNICATION SERVICES</u>	<u>COMPUTER OPERATIONS</u>
OPERATING REVENUES:				
CHARGES FOR CURRENT SERVICES	\$ 201,136	\$ 8,937	\$ 27,230	\$ 36,956
TOTAL OPERATING REVENUES	<u>201,136</u>	<u>8,937</u>	<u>27,230</u>	<u>36,956</u>
OPERATING EXPENSES:				
PROFESSIONAL SERVICES	24,080	791	2,021	4,956
SALARIES AND EMPLOYEES BENEFITS	44,053	2,306	9,039	19,757
SELF-INSURED CLAIMS	35,991	-	-	-
SERVICES AND SUPPLIES	48,843	6,643	10,626	4,020
DEPRECIATION AND AMORTIZATION	10,980	49	3,931	2,821
OTHER	876	-	-	-
TOTAL OPERATING EXPENSES	<u>164,823</u>	<u>9,789</u>	<u>25,617</u>	<u>31,554</u>
OPERATING INCOME (LOSS)	<u>36,313</u>	<u>(852)</u>	<u>1,613</u>	<u>5,402</u>
NONOPERATING REVENUES (EXPENSES):				
INTEREST REVENUES	1,220	12	58	47
INTEREST EXPENSE	(10)	-	-	(10)
GRANT REVENUE	80	-	-	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	555	3	(250)	(6)
OTHER NONOPERATING REVENUES	8,158	3	155	172
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>10,003</u>	<u>18</u>	<u>(37)</u>	<u>203</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	46,316	(834)	1,576	5,605
TRANSFERS OUT	<u>(2,167)</u>	<u>(101)</u>	<u>(448)</u>	<u>(1,078)</u>
CHANGE IN NET POSITION	44,149	(935)	1,128	4,527
TOTAL NET POSITION, BEGINNING, AS RESTATED	<u>40,192</u>	<u>1,832</u>	<u>24,597</u>	<u>(1,075)</u>
TOTAL NET POSITION, ENDING	<u>\$ 84,341</u>	<u>\$ 897</u>	<u>\$ 25,725</u>	<u>\$ 3,452</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)**

	VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
OPERATING REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 28,910	\$ 96,967	\$ 2,136
TOTAL OPERATING REVENUES	<u>28,910</u>	<u>96,967</u>	<u>2,136</u>
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	3,111	13,197	4
SALARIES AND EMPLOYEES BENEFITS	8,547	4,370	34
SELF-INSURED CLAIMS	-	35,991	-
SERVICES AND SUPPLIES	15,066	10,796	1,692
DEPRECIATION AND AMORTIZATION	3,404	72	703
OTHER	-	876	-
TOTAL OPERATING EXPENSES	<u>30,128</u>	<u>65,302</u>	<u>2,433</u>
OPERATING INCOME (LOSS)	<u>(1,218)</u>	<u>31,665</u>	<u>(297)</u>
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUES	59	1,019	25
GRANT REVENUE	2	78	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	634	-	174
OTHER NONOPERATING REVENUES	3,859	3,966	3
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>4,554</u>	<u>5,063</u>	<u>202</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	3,336	36,728	(95)
TRANSFERS OUT	<u>(312)</u>	<u>(228)</u>	<u>-</u>
CHANGE IN NET POSITION	3,024	36,500	(95)
TOTAL NET POSITION, BEGINNING, AS RESTATED	<u>20,518</u>	<u>(16,844)</u>	<u>11,164</u>
TOTAL NET POSITION, ENDING	<u>\$ 23,542</u>	<u>\$ 19,656</u>	<u>\$ 11,069</u>

**COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)**

	TOTAL	GENERAL SERVICES GROUP	TELE-COMMUNICATION SERVICES	COMPUTER OPERATIONS	VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
CASH FLOWS FROM OPERATING ACTIVITIES:							
CASH RECEIVED FROM OTHER FUNDS FOR INTERNAL SERVICES	\$ 205,315	\$ 9,144	\$ 26,852	\$ 34,477	\$ 33,334	\$ 99,454	\$ 2,054
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(117,848)	(7,652)	(11,272)	(9,154)	(18,457)	(69,756)	(1,557)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(47,853)	(2,637)	(10,165)	(20,623)	(9,316)	(5,078)	(34)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	39,614	(1,145)	5,415	4,700	5,561	24,620	463
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
TRANSFERS PAID	(2,167)	(101)	(448)	(1,078)	(312)	(228)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(2,167)	(101)	(448)	(1,078)	(312)	(228)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(9,841)	(78)	(2,577)	(1,764)	(4,390)	-	(1,032)
INTERFUND LOAN PROCEEDS	1,789	-	-	1,789	-	-	-
INTEREST PAID ON BONDS AND NOTES	(10)	-	-	(10)	-	-	-
INTERFUND LOAN ADVANCED	(1,789)	-	(1,789)	-	-	-	-
GRANT REVENUE	80	-	-	-	2	78	-
PROCEEDS FROM SALE OF CAPITAL ASSETS	1,152	3	-	-	975	-	174
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(8,619)	(75)	(4,366)	15	(3,413)	78	(858)
CASH FLOWS FROM INVESTING ACTIVITIES:							
INTEREST ON INVESTMENTS	1,220	12	58	47	59	1,019	25
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,220	12	58	47	59	1,019	25
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	30,048	(1,309)	659	3,684	1,895	25,489	(370)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	277,364	3,703	13,414	9,463	13,944	230,414	6,426
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 307,412	\$ 2,394	\$ 14,073	\$ 13,147	\$ 15,839	\$ 255,903	\$ 6,056
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
OPERATING INCOME (LOSS)	\$ 36,313	\$ (852)	\$ 1,613	\$ 5,402	\$ (1,218)	\$ 31,665	\$ (297)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
DEPRECIATION AND AMORTIZATION	10,980	49	3,931	2,821	3,404	72	703
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	8,158	3	155	172	3,859	3,966	3
CHANGES IN ASSETS, DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS:							
ACCOUNTS RECEIVABLE	(3,105)	5	4	9	777	(3,900)	-
DUE FROM OTHER FUNDS	(844)	204	(458)	(2,553)	(196)	2,235	(76)
DUE FROM OTHER GOVERNMENTS	(216)	(5)	(79)	(107)	(16)	-	(9)
OTHER RECEIVABLES	140	-	-	-	-	140	-
INVENTORIES	(194)	10	(404)	-	200	-	-
PREPAID ITEMS	1,128	(80)	844	-	-	364	-
ACCOUNTS PAYABLE AND OTHER LIABILITIES	(1,465)	(148)	935	(178)	(480)	(1,733)	139
SALARIES AND BENEFITS PAYABLE	(204)	(91)	(150)	290	(140)	(113)	-
DUE TO OTHER GOVERNMENTS	(2)	-	-	-	-	(2)	-
ADVANCES FROM OTHERS	46	-	-	-	-	46	-
COMPENSATED ABSENCES PAYABLE	1,677	8	47	1,616	51	(45)	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	(7,525)	-	-	-	-	(7,525)	-
OTHER NON-CASH ITEMS	(5,273)	(248)	(1,023)	(2,772)	(680)	(550)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 39,614	\$ (1,145)	\$ 5,415	\$ 4,700	\$ 5,561	\$ 24,620	\$ 463
BREAKDOWN OF CASH AND CASH EQUIVALENTS							
CASH AND CASH EQUIVALENTS	\$ 307,412	\$ 2,394	\$ 14,073	\$ 13,147	\$ 15,839	\$ 255,903	\$ 6,056



SAN BERNARDINO
COUNTY



**COMBINING
FINANCIAL
STATEMENTS
TRUST & AGENCY
FUNDS**



TRUST AND AGENCY FUNDS DESCRIPTIONS

AGENCY FUNDS

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

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

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)

<u>TOTAL AGENCY FUNDS</u>	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>ENDING BALANCE</u>
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 265,388	\$ 12,039,346	\$ 12,059,151	\$ 245,583
ACCOUNTS RECEIVABLE	20,296	19,363	20,296	19,363
TAXES RECEIVABLE	166,891	229,169	237,407	158,653
DUE FROM OTHER GOVERNMENTS	18,968	27,416	25,183	21,201
TOTAL ASSETS	<u>\$ 471,543</u>	<u>\$ 12,315,294</u>	<u>\$ 12,342,037</u>	<u>\$ 444,800</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	<u>\$ 471,543</u>	<u>\$ 342,114</u>	<u>\$ 368,857</u>	<u>\$ 444,800</u>
TOTAL LIABILITIES	<u>\$ 471,543</u>	<u>\$ 342,114</u>	<u>\$ 368,857</u>	<u>\$ 444,800</u>
<u>SPECIAL ASSESSMENT FUNDS</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	<u>\$ 1,533</u>	<u>\$ 166</u>	<u>\$ 129</u>	<u>\$ 1,570</u>
TOTAL ASSETS	<u>\$ 1,533</u>	<u>\$ 166</u>	<u>\$ 129</u>	<u>\$ 1,570</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	<u>\$ 1,533</u>	<u>\$ 37</u>	<u>\$ -</u>	<u>\$ 1,570</u>
TOTAL LIABILITIES	<u>\$ 1,533</u>	<u>\$ 37</u>	<u>\$ -</u>	<u>\$ 1,570</u>
<u>OTHER AGENCY FUNDS</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 263,855	\$ 12,039,180	\$ 12,059,022	\$ 244,013
ACCOUNTS RECEIVABLE	20,296	19,363	20,296	19,363
TAXES RECEIVABLE	166,891	229,169	237,407	158,653
DUE FROM OTHER GOVERNMENTS	18,968	27,416	25,183	21,201
TOTAL ASSETS	<u>\$ 470,010</u>	<u>\$ 12,315,128</u>	<u>\$ 12,341,908</u>	<u>\$ 443,230</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	<u>\$ 470,010</u>	<u>\$ 342,077</u>	<u>\$ 368,857</u>	<u>\$ 443,230</u>
TOTAL LIABILITIES	<u>\$ 470,010</u>	<u>\$ 342,077</u>	<u>\$ 368,857</u>	<u>\$ 443,230</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, 2015 (IN THOUSANDS)

	<u>TOTAL</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 101,034	\$ 108,362	\$ 7,328
LICENSES, PERMITS AND FRANCHISES	882	1,105	223
FINES, FORFEITURES AND PENALTIES	8,117	7,957	(160)
REVENUES FROM USE OF MONEY AND PROPERTY	6,051	6,220	169
AID FROM OTHER GOVERNMENTAL AGENCIES	325,144	329,310	4,166
CHARGES FOR CURRENT SERVICES	99,593	101,757	2,164
OTHER REVENUES	40,432	38,313	(2,119)
TOTAL REVENUES	<u>581,253</u>	<u>593,024</u>	<u>11,771</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	20,063	3,814	16,249
PUBLIC PROTECTION	367,923	185,054	182,869
PUBLIC WAYS AND FACILITIES	157,610	66,273	91,337
HEALTH AND SANITATION	237,899	132,892	105,007
PUBLIC ASSISTANCE	122,277	83,156	39,121
EDUCATION	19,698	14,153	5,545
RECREATION AND CULTURAL SERVICES	13,037	6,840	6,197
DEBT SERVICE:			
PRINCIPAL	7,667	7,226	441
INTEREST AND FISCAL CHARGES	5,111	3,030	2,081
CAPITAL OUTLAY	41,906	23,460	18,446
TOTAL EXPENDITURES	<u>993,191</u>	<u>525,898</u>	<u>467,293</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(411,938)</u>	<u>67,126</u>	<u>479,064</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(106,514)	(54,434)	52,080
TRANSFERS IN	71,863	42,971	(28,892)
LONG-TERM DEBT ISSUED	800	-	(800)
INSURANCE RECOVERIES	-	14,000	14,000
SALE OF CAPITAL ASSETS	1,303	2,236	933
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(32,548)</u>	<u>4,773</u>	<u>37,321</u>
NET CHANGE IN FUND BALANCES	(444,486)	71,899	516,385
FUND BALANCES, BEGINNING, AS RESTATED	492,921	492,921	-
FUND BALANCES, ENDING	<u>\$ 48,435</u>	<u>\$ 564,820</u>	<u>\$ 516,385</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, 2015 (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	\$ 400	\$ 528	\$ 128
REVENUES FROM USE OF MONEY AND PROPERTY	65	138	73
AID FROM OTHER GOVERNMENTAL AGENCIES	56,264	61,460	5,196
CHARGES FOR CURRENT SERVICES	3,112	1,694	(1,418)
OTHER REVENUES	245	1,185	940
TOTAL REVENUES	<u>60,086</u>	<u>65,005</u>	<u>4,919</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	89,465	54,619	34,846
CAPITAL OUTLAY	8,331	4,748	3,583
TOTAL EXPENDITURES	<u>97,796</u>	<u>59,367</u>	<u>38,429</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(37,710)</u>	<u>5,638</u>	<u>43,348</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(1,517)	(1,223)	294
TRANSFERS IN	5,936	5,926	(10)
SALE OF CAPITAL ASSETS	100	138	38
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>4,519</u>	<u>4,841</u>	<u>322</u>
NET CHANGE IN FUND BALANCES	(33,191)	10,479	43,670
FUND BALANCES, BEGINNING	33,526	33,526	-
FUND BALANCES, ENDING	<u>\$ 335</u>	<u>\$ 44,005</u>	<u>\$ 43,670</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, 2015 (IN THOUSANDS)

	<u>SPECIAL TRANSPORTATION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 7,003	\$ 5,986	\$ (1,017)
REVENUES FROM USE OF MONEY AND PROPERTY	102	165	63
AID FROM OTHER GOVERNMENTAL AGENCIES	2,128	760	(1,368)
CHARGES FOR CURRENT SERVICES	1,067	6,084	5,017
TOTAL REVENUES	<u>10,300</u>	<u>12,995</u>	<u>2,695</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	44,349	8,768	35,581
TOTAL EXPENDITURES	<u>44,349</u>	<u>8,768</u>	<u>35,581</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(34,049)</u>	<u>4,227</u>	<u>38,276</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(408)	-	408
TRANSFERS IN	408	-	(408)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(34,049)	4,227	38,276
FUND BALANCES, BEGINNING	34,212	34,212	-
FUND BALANCES, ENDING	<u>\$ 163</u>	<u>\$ 38,439</u>	<u>\$ 38,276</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, 2015 (IN THOUSANDS)

	<u>SPECIAL AVIATION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
LICENSES, PERMITS AND FRANCHISES	\$ 2	\$ 2	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	553	501	(52)
AID FROM OTHER GOVERNMENTAL AGENCIES	1,719	103	(1,616)
CHARGES FOR CURRENT SERVICES	2	30	28
OTHER REVENUES	<u>1,270</u>	<u>1,332</u>	<u>62</u>
TOTAL REVENUES	<u>3,546</u>	<u>1,968</u>	<u>(1,578)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	2,615	911	1,704
CAPITAL OUTLAY	<u>3,193</u>	<u>1,403</u>	<u>1,790</u>
TOTAL EXPENDITURES	<u>5,808</u>	<u>2,314</u>	<u>3,494</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,262)</u>	<u>(346)</u>	<u>1,916</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(2,485)	(1,028)	1,457
TRANSFERS IN	<u>1,626</u>	<u>866</u>	<u>(760)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(859)</u>	<u>(162)</u>	<u>697</u>
NET CHANGE IN FUND BALANCES	(3,121)	(508)	2,613
FUND BALANCES, BEGINNING	<u>3,121</u>	<u>3,121</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 2,613</u>	<u>\$ 2,613</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, 2015 (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	\$ 447	\$ 628	\$ 181
AID FROM OTHER GOVERNMENTAL AGENCIES	112,903	125,815	12,912
OTHER REVENUES	<u>6,398</u>	<u>4,227</u>	<u>(2,171)</u>
TOTAL REVENUES	<u>119,748</u>	<u>130,670</u>	<u>10,922</u>
EXPENDITURES:			
CURRENT:			
HEALTH AND SANITATION	177,694	108,736	68,958
CAPITAL OUTLAY	<u>3,128</u>	<u>773</u>	<u>2,355</u>
TOTAL EXPENDITURES	<u>180,822</u>	<u>109,509</u>	<u>71,313</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(61,074)</u>	<u>21,161</u>	<u>82,235</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(8,700)	(1,529)	7,171
TRANSFERS IN	<u>9,155</u>	<u>9,155</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>455</u>	<u>7,626</u>	<u>7,171</u>
NET CHANGE IN FUND BALANCES	(60,619)	28,787	89,406
FUND BALANCES, BEGINNING	82,889	82,889	-
FUND BALANCES, ENDING	<u>\$ 22,270</u>	<u>\$ 111,676</u>	<u>\$ 89,406</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, 2015 (IN THOUSANDS)

PRESCHOOL SERVICES

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 4	\$ 4
AID FROM OTHER GOVERNMENTAL AGENCIES	52,361	49,264	(3,097)
CHARGES FOR CURRENT SERVICES	75	15	(60)
OTHER REVENUES	34	157	123
TOTAL REVENUES	<u>52,470</u>	<u>49,440</u>	<u>(3,030)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	48,435	47,716	719
DEBT SERVICE:			
INTEREST AND FISCAL CHARGES	1	1	-
CAPITAL OUTLAY	304	252	52
TOTAL EXPENDITURES	<u>48,740</u>	<u>47,969</u>	<u>771</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,730</u>	<u>1,471</u>	<u>(2,259)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(3,651)	(3,313)	338
TRANSFERS IN	-	967	967
SALE OF CAPITAL ASSETS	-	6	6
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(3,651)</u>	<u>(2,340)</u>	<u>1,311</u>
NET CHANGE IN FUND BALANCES	79	(869)	(948)
FUND BALANCES, BEGINNING	(67)	(67)	-
FUND BALANCES (DEFICIT), ENDING	<u>\$ 12</u>	<u>\$ (936)</u>	<u>\$ (948)</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, 2015 (IN THOUSANDS)

AGING AND ADULT SERVICES

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 2	\$ 4	\$ 2
AID FROM OTHER GOVERNMENTAL AGENCIES	5,805	5,682	(123)
CHARGES FOR CURRENT SERVICES	484	484	-
OTHER REVENUES	-	5	5
TOTAL REVENUES	<u>6,291</u>	<u>6,175</u>	<u>(116)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	<u>7,646</u>	<u>6,067</u>	<u>1,579</u>
TOTAL EXPENDITURES	<u>7,646</u>	<u>6,067</u>	<u>1,579</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,355)</u>	<u>108</u>	<u>1,463</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(1,087)	(1,087)	-
TRANSFERS IN	<u>1,009</u>	<u>1,009</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(78)</u>	<u>(78)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,433)	30	1,463
FUND BALANCES, BEGINNING	<u>1,439</u>	<u>1,439</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 6</u>	<u>\$ 1,469</u>	<u>\$ 1,463</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, 2015 (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	\$ 652	\$ 583	\$ (69)
AID FROM OTHER GOVERNMENTAL AGENCIES	21,318	14,904	(6,414)
OTHER REVENUES	<u>1,155</u>	<u>462</u>	<u>(693)</u>
TOTAL REVENUES	<u>23,125</u>	<u>15,949</u>	<u>(7,176)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	<u>22,761</u>	<u>15,699</u>	<u>7,062</u>
TOTAL EXPENDITURES	<u>22,761</u>	<u>15,699</u>	<u>7,062</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>364</u>	<u>250</u>	<u>(114)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(309)	(309)	-
TRANSFERS IN	<u>182</u>	<u>152</u>	<u>(30)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(127)</u>	<u>(157)</u>	<u>(30)</u>
NET CHANGE IN FUND BALANCES	237	93	(144)
FUND BALANCES, BEGINNING	<u>(145)</u>	<u>(145)</u>	<u>-</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ 92</u>	<u>\$ (52)</u>	<u>\$ (144)</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, 2015 (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	\$ 2,174	\$ 1,756	\$ (418)
REVENUES FROM USE OF MONEY AND PROPERTY	<u>4</u>	<u>4</u>	<u>-</u>
TOTAL REVENUES	<u>2,178</u>	<u>1,760</u>	<u>(418)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(2,185)</u>	<u>(1,760)</u>	<u>425</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(2,185)</u>	<u>(1,760)</u>	<u>425</u>
NET CHANGE IN FUND BALANCES	(7)	-	7
FUND BALANCES, BEGINNING	<u>7</u>	<u>7</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 7</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, 2015 (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	\$ 2,695	\$ 2,149	\$ (546)
REVENUES FROM USE OF MONEY AND PROPERTY	<u>5</u>	<u>4</u>	<u>(1)</u>
TOTAL REVENUES	<u>2,700</u>	<u>2,153</u>	<u>(547)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(2,707)</u>	<u>(2,154)</u>	<u>553</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(2,707)</u>	<u>(2,154)</u>	<u>553</u>
NET CHANGE IN FUND BALANCES	(7)	(1)	6
FUND BALANCES, BEGINNING	<u>8</u>	<u>8</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1</u>	<u>\$ 7</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, 2015 (IN THOUSANDS)

	<u>CENTRAL COURTHOUSE SURCHARGE</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 1,686	\$ 1,672	\$ (14)
TOTAL REVENUES	<u>1,686</u>	<u>1,672</u>	<u>(14)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(1,686)</u>	<u>(1,672)</u>	<u>14</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,686)</u>	<u>(1,672)</u>	<u>14</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES, BEGINNING	-	-	-
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2015 (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	\$ 14	\$ 28	\$ 14
CHARGES FOR CURRENT SERVICES	3,690	3,563	(127)
OTHER REVENUES	75	-	(75)
TOTAL REVENUES	<u>3,779</u>	<u>3,591</u>	<u>(188)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	12,513	2,300	10,213
CAPITAL OUTLAY	122	22	100
TOTAL EXPENDITURES	<u>12,635</u>	<u>2,322</u>	<u>10,313</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(8,856)</u>	<u>1,269</u>	<u>10,125</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(39)	(39)	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(39)</u>	<u>(39)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(8,895)	1,230	10,125
FUND BALANCES, BEGINNING	10,063	10,063	-
FUND BALANCES, ENDING	<u>\$ 1,168</u>	<u>\$ 11,293</u>	<u>\$ 10,125</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, 2015 (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	\$ -	\$ 14	\$ 14
AID FROM OTHER GOVERNMENTAL AGENCIES	910	660	(250)
TOTAL REVENUES	<u>910</u>	<u>674</u>	<u>(236)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	3,980	1,126	2,854
CAPITAL OUTLAY	331	-	331
TOTAL EXPENDITURES	<u>4,311</u>	<u>1,126</u>	<u>3,185</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,401)</u>	<u>(452)</u>	<u>2,949</u>
NET CHANGE IN FUND BALANCES	(3,401)	(452)	2,949
FUND BALANCES, BEGINNING	3,403	3,403	-
FUND BALANCES, ENDING	<u>\$ 2</u>	<u>\$ 2,951</u>	<u>\$ 2,949</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, 2015 (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	\$ 5	\$ -	\$ (5)
REVENUES FROM USE OF MONEY AND PROPERTY	77	95	18
AID FROM OTHER GOVERNMENTAL AGENCIES	14,626	12,963	(1,663)
CHARGES FOR CURRENT SERVICES	-	15	15
OTHER REVENUES	<u>2,281</u>	<u>2,027</u>	<u>(254)</u>
TOTAL REVENUES	<u>16,989</u>	<u>15,100</u>	<u>(1,889)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	22,478	12,955	9,523
CAPITAL OUTLAY	<u>9,947</u>	<u>5,969</u>	<u>3,978</u>
TOTAL EXPENDITURES	<u>32,425</u>	<u>18,924</u>	<u>13,501</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(15,436)</u>	<u>(3,824)</u>	<u>11,612</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(7,536)</u>	<u>(3,443)</u>	<u>4,093</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(7,536)</u>	<u>(3,443)</u>	<u>4,093</u>
NET CHANGE IN FUND BALANCES	(22,972)	(7,267)	15,705
FUND BALANCES, BEGINNING	23,060	23,060	-
FUND BALANCES, ENDING	<u>\$ 88</u>	<u>\$ 15,793</u>	<u>\$ 15,705</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, 2015 (IN THOUSANDS)

FIRE PROTECTION DISTRICTS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 35,888	\$ 38,522	\$ 2,634
FINES, FORFEITURES AND PENALTIES	-	6	6
REVENUES FROM USE OF MONEY AND PROPERTY	267	325	58
AID FROM OTHER GOVERNMENTAL AGENCIES	8,486	7,714	(772)
CHARGES FOR CURRENT SERVICES	69,725	70,884	1,159
OTHER REVENUES	1,763	1,534	(229)
TOTAL REVENUES	<u>116,129</u>	<u>118,985</u>	<u>2,856</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	177,560	120,185	57,375
DEBT SERVICE:			
PRINCIPAL	269	269	-
INTEREST AND FISCAL CHARGES	79	42	37
CAPITAL OUTLAY	9,321	7,205	2,116
TOTAL EXPENDITURES	<u>187,229</u>	<u>127,701</u>	<u>59,528</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(71,100)</u>	<u>(8,716)</u>	<u>62,384</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(16,971)	(5,800)	11,171
TRANSFERS IN	29,877	19,248	(10,629)
SALE OF CAPITAL ASSETS	-	167	167
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>12,906</u>	<u>13,615</u>	<u>709</u>
NET CHANGE IN FUND BALANCES	(58,194)	4,899	63,093
FUND BALANCES, BEGINNING	59,154	59,154	-
FUND BALANCES, ENDING	<u>\$ 960</u>	<u>\$ 64,053</u>	<u>\$ 63,093</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, 2015 (IN THOUSANDS)

	<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 76	\$ 382	\$ 306
AID FROM OTHER GOVERNMENTAL AGENCIES	16,710	11,149	(5,561)
CHARGES FOR CURRENT SERVICES	-	39	39
OTHER REVENUES	1,593	1,337	(256)
TOTAL REVENUES	<u>18,379</u>	<u>12,907</u>	<u>(5,472)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	35,127	10,100	25,027
TOTAL EXPENDITURES	<u>35,127</u>	<u>10,100</u>	<u>25,027</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(16,748)</u>	<u>2,807</u>	<u>19,555</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(4,012)	(3,456)	556
TRANSFERS IN	200	361	161
SALE OF CAPITAL ASSETS	-	650	650
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(3,812)</u>	<u>(2,445)</u>	<u>1,367</u>
NET CHANGE IN FUND BALANCES	(20,560)	362	20,922
FUND BALANCES, BEGINNING, AS RESTATED	39,443	39,443	-
FUND BALANCES, ENDING	<u>\$ 18,883</u>	<u>\$ 39,805</u>	<u>\$ 20,922</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, 2015 (IN THOUSANDS)

FLOOD CONTROL DISTRICT

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 40,608	\$ 43,914	\$ 3,306
LICENSES, PERMITS AND FRANCHISES	123	236	113
REVENUES FROM USE OF MONEY AND PROPERTY	1,214	679	(535)
AID FROM OTHER GOVERNMENTAL AGENCIES	4,079	4,275	196
CHARGES FOR CURRENT SERVICES	245	365	120
OTHER REVENUES	117	81	(36)
TOTAL REVENUES	<u>46,386</u>	<u>49,550</u>	<u>3,164</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	118,292	32,101	86,191
DEBT SERVICE:			
PRINCIPAL	7,045	6,810	235
INTEREST AND FISCAL CHARGES	4,958	2,921	2,037
CAPITAL OUTLAY	3,629	8	3,621
TOTAL EXPENDITURES	<u>133,924</u>	<u>41,840</u>	<u>92,084</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(87,538)</u>	<u>7,710</u>	<u>95,248</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(19,994)	(618)	19,376
TRANSFERS IN	20,651	1,300	(19,351)
INSURANCE RECOVERIES	-	14,000	14,000
SALE OF CAPITAL ASSETS	1,203	1,263	60
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>1,860</u>	<u>15,945</u>	<u>14,085</u>
NET CHANGE IN FUND BALANCES	(85,678)	23,655	109,333
FUND BALANCES, BEGINNING	87,601	87,601	-
FUND BALANCES, ENDING	<u>\$ 1,923</u>	<u>\$ 111,256</u>	<u>\$ 109,333</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, 2015 (IN THOUSANDS)

COUNTY SERVICE AREAS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 2,973	\$ 3,212	\$ 239
REVENUES FROM USE OF MONEY AND PROPERTY	241	248	7
AID FROM OTHER GOVERNMENTAL AGENCIES	261	62	(199)
CHARGES FOR CURRENT SERVICES	6,928	4,625	(2,303)
OTHER REVENUES	475	283	(192)
TOTAL REVENUES	<u>10,878</u>	<u>8,430</u>	<u>(2,448)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	18,328	3,042	15,286
PUBLIC PROTECTION	1,016	892	124
PUBLIC WAYS AND FACILITIES	4,917	1,767	3,150
HEALTH AND SANITATION	497	80	417
RECREATION AND CULTURAL SERVICES	3,031	1,312	1,719
DEBT SERVICE:			
PRINCIPAL	292	86	206
INTEREST AND FISCAL CHARGES	22	15	7
CAPITAL OUTLAY	2,090	1,918	172
TOTAL EXPENDITURES	<u>30,193</u>	<u>9,112</u>	<u>21,081</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(19,315)</u>	<u>(682)</u>	<u>18,633</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(3,924)	(1,475)	2,449
TRANSFERS IN	2,390	3,625	1,235
LONG-TERM DEBT ISSUED	800	-	(800)
SALE OF CAPITAL ASSETS	-	1	1
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(734)</u>	<u>2,151</u>	<u>2,885</u>
NET CHANGE IN FUND BALANCES	(20,049)	1,469	21,518
FUND BALANCES, BEGINNING	21,720	21,720	-
FUND BALANCES, ENDING	<u>\$ 1,671</u>	<u>\$ 23,189</u>	<u>\$ 21,518</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, 2015 (IN THOUSANDS)

PARK AND RECREATION DISTRICTS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 1,925	\$ 2,134	\$ 209
REVENUES FROM USE OF MONEY AND PROPERTY	90	72	(18)
AID FROM OTHER GOVERNMENTAL AGENCIES	59	60	1
CHARGES FOR CURRENT SERVICES	1,235	1,192	(43)
OTHER REVENUES	19	36	17
TOTAL REVENUES	<u>3,328</u>	<u>3,494</u>	<u>166</u>
EXPENDITURES:			
CURRENT:			
RECREATION AND CULTURAL SERVICES	4,449	3,566	883
CAPITAL OUTLAY	122	102	20
TOTAL EXPENDITURES	<u>4,571</u>	<u>3,668</u>	<u>903</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,243)</u>	<u>(174)</u>	<u>1,069</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(281)	(181)	100
TRANSFERS IN	276	198	(78)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(5)</u>	<u>17</u>	<u>22</u>
NET CHANGE IN FUND BALANCES	(1,248)	(157)	1,091
FUND BALANCES, BEGINNING	1,357	1,357	-
FUND BALANCES, ENDING	<u>\$ 109</u>	<u>\$ 1,200</u>	<u>\$ 1,091</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, 2015 (IN THOUSANDS)

COUNTY FREE LIBRARY

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 12,597	\$ 14,555	\$ 1,958
AID FROM OTHER GOVERNMENTAL AGENCIES	260	248	(12)
CHARGES FOR CURRENT SERVICES	1,009	1,053	44
OTHER REVENUES	371	420	49
TOTAL REVENUES	<u>14,237</u>	<u>16,276</u>	<u>2,039</u>
EXPENDITURES:			
CURRENT:			
EDUCATION	19,698	14,153	5,545
DEBT SERVICE:			
PRINCIPAL	61	61	-
INTEREST AND FISCAL CHARGES	51	51	-
CAPITAL OUTLAY	351	271	80
TOTAL EXPENDITURES	<u>20,161</u>	<u>14,536</u>	<u>5,625</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,924)</u>	<u>1,740</u>	<u>7,664</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(317)	(254)	63
SALE OF CAPITAL ASSETS	-	11	11
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(317)</u>	<u>(243)</u>	<u>74</u>
NET CHANGE IN FUND BALANCES	(6,241)	1,497	7,738
FUND BALANCES, BEGINNING	6,651	6,651	-
FUND BALANCES, ENDING	<u>\$ 410</u>	<u>\$ 8,148</u>	<u>\$ 7,738</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, 2015 (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	\$ 5	\$ 13	\$ 8
OTHER REVENUES	<u>147</u>	<u>2,034</u>	<u>1,887</u>
TOTAL REVENUES	<u>152</u>	<u>2,047</u>	<u>1,895</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	<u>3,440</u>	<u>1,864</u>	<u>1,576</u>
TOTAL EXPENDITURES	<u>3,440</u>	<u>1,864</u>	<u>1,576</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,288)</u>	<u>183</u>	<u>3,471</u>
NET CHANGE IN FUND BALANCES	(3,288)	183	3,471
FUND BALANCES, BEGINNING	<u>3,288</u>	<u>3,288</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 3,471</u>	<u>\$ 3,471</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)

OTHER SPECIAL REVENUE

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 40	\$ 39	\$ (1)
LICENSES, PERMITS AND FRANCHISES	357	339	(18)
FINES, FORFEITURES AND PENALTIES	3,243	4,046	803
REVENUES FROM USE OF MONEY AND PROPERTY	2,237	2,333	96
AID FROM OTHER GOVERNMENTAL AGENCIES	27,255	34,191	6,936
CHARGES FOR CURRENT SERVICES	10,335	10,042	(293)
OTHER REVENUES	24,489	23,193	(1,296)
TOTAL REVENUES	<u>67,956</u>	<u>74,183</u>	<u>6,227</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	1,735	772	963
PUBLIC PROTECTION	32,084	15,495	16,589
PUBLIC WAYS AND FACILITIES	16,264	208	16,056
HEALTH AND SANITATION	59,708	24,076	35,632
PUBLIC ASSISTANCE	4,868	1,710	3,158
RECREATION AND CULTURAL SERVICES	5,557	1,962	3,595
CAPITAL OUTLAY	1,037	789	248
TOTAL EXPENDITURES	<u>121,253</u>	<u>45,012</u>	<u>76,241</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(53,297)</u>	<u>29,171</u>	<u>82,468</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(28,705)	(25,093)	3,612
TRANSFERS IN	153	164	11
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(28,552)</u>	<u>(24,929)</u>	<u>3,623</u>
NET CHANGE IN FUND BALANCES	(81,849)	4,242	86,091
FUND BALANCES, BEGINNING	82,191	82,191	-
FUND BALANCES, ENDING	<u>\$ 342</u>	<u>\$ 86,433</u>	<u>\$ 86,091</u>

COUNTY OF SAN BERNARDINO
 CAPITAL IMPROVEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON A BUDGETARY BASIS
 YEAR ENDED JUNE 30, 2015 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ -	\$ 5	\$ 5
AID FROM OTHER GOVERNMENTAL AGENCIES	4,319	5,077	1,237	(3,840)
CHARGES FOR CURRENT SERVICES	6	10	9	(1)
OTHER REVENUES	4,100	4,466	505	(3,961)
TOTAL REVENUES	8,425	9,553	1,756	(7,797)
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	95	795	756	39
CAPITAL OUTLAY	193,454	235,671	111,968	123,703
TOTAL EXPENDITURES	193,549	236,466	112,724	123,742
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(185,124)	(226,913)	(110,968)	115,945
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(4,336)	(40,920)	(1,316)	39,604
TRANSFERS IN	56,977	135,261	69,711	(65,550)
SALE OF CAPITAL ASSETS	-	90	90	-
TOTAL OTHER FINANCING SOURCES AND (USES)	52,641	94,431	68,485	(25,946)
NET CHANGE IN FUND BALANCES	(132,483)	(132,482)	(42,483)	89,999
FUND BALANCES, BEGINNING	134,178	134,178	134,178	-
FUND BALANCES, ENDING	\$ 1,695	\$ 1,696	\$ 91,695	\$ 89,999

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2015 (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	\$ 21	\$ 118	\$ 97
AID FROM OTHER GOVERNMENTAL AGENCIES	23,766	23,766	-
CHARGES FOR CURRENT SERVICES	-	1	1
OTHER REVENUES	<u>3,933</u>	<u>-</u>	<u>(3,933)</u>
TOTAL REVENUES	<u>27,720</u>	<u>23,885</u>	<u>(3,835)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	30,630	7,672	22,958
PUBLIC WAYS AND FACILITIES	2	-	2
RECREATION AND CULTURAL SERVICES	239	-	239
CAPITAL OUTLAY	<u>13,538</u>	<u>1,708</u>	<u>11,830</u>
TOTAL EXPENDITURES	<u>44,409</u>	<u>9,380</u>	<u>35,029</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(16,689)</u>	<u>14,505</u>	<u>31,194</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(4,979)	(4,538)	441
TRANSFERS IN	<u>3,204</u>	<u>1,393</u>	<u>(1,811)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,775)</u>	<u>(3,145)</u>	<u>(1,370)</u>
NET CHANGE IN FUND BALANCES	(18,464)	11,360	29,824
FUND BALANCES, BEGINNING	<u>19,791</u>	<u>19,791</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,327</u>	<u>\$ 31,151</u>	<u>\$ 29,824</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, 2015 (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	\$ 19	\$ 85	\$ 66
AID FROM OTHER GOVERNMENTAL AGENCIES	<u>23,766</u>	<u>23,766</u>	<u>-</u>
TOTAL REVENUES	<u>23,785</u>	<u>23,851</u>	<u>66</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	<u>29,625</u>	<u>7,038</u>	<u>22,587</u>
TOTAL EXPENDITURES	<u>29,625</u>	<u>7,038</u>	<u>22,587</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,840)</u>	<u>16,813</u>	<u>22,653</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(4,300)</u>	<u>(4,300)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(4,300)</u>	<u>(4,300)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(10,140)	12,513	22,653
FUND BALANCES, BEGINNING	<u>11,445</u>	<u>11,445</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,305</u>	<u>\$ 23,958</u>	<u>\$ 22,653</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, 2015 (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:			
PUBLIC WAYS AND FACILITIES	2	-	2
TOTAL EXPENDITURES	<u>2</u>	<u>-</u>	<u>2</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>2</u>	<u>2</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(471)	-	471
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(471)</u>	<u>-</u>	<u>471</u>
NET CHANGE IN FUND BALANCES	(471)	2	473
FUND BALANCES, BEGINNING	471	471	-
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 473</u>	<u>\$ 473</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, 2015 (IN THOUSANDS)

PARK AND RECREATION DISTRICTS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 26	\$ 26
TOTAL REVENUES	<u>-</u>	<u>26</u>	<u>26</u>
EXPENDITURES:			
CURRENT:			
RECREATION AND CULTURAL SERVICES	239	-	239
CAPITAL OUTLAY	6,743	1,400	5,343
TOTAL EXPENDITURES	<u>6,982</u>	<u>1,400</u>	<u>5,582</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,982)</u>	<u>(1,374)</u>	<u>5,608</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(174)	(155)	19
TRANSFERS IN	699	415	(284)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>525</u>	<u>260</u>	<u>(265)</u>
NET CHANGE IN FUND BALANCES	(6,457)	(1,114)	5,343
FUND BALANCES, BEGINNING	6,460	6,460	-
FUND BALANCES, ENDING	<u>\$ 3</u>	<u>\$ 5,346</u>	<u>\$ 5,343</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, 2015 (IN THOUSANDS)

	<u>COUNTY SERVICE AREAS</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 5	\$ 5
CHARGES FOR CURRENT SERVICES	-	1	1
OTHER REVENUES	<u>3,933</u>	<u>-</u>	<u>(3,933)</u>
TOTAL REVENUES	<u>3,933</u>	<u>6</u>	<u>(3,927)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	1,005	634	371
CAPITAL OUTLAY	<u>6,795</u>	<u>308</u>	<u>6,487</u>
TOTAL EXPENDITURES	<u>7,800</u>	<u>942</u>	<u>6,858</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,867)</u>	<u>(936)</u>	<u>2,931</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(34)	(83)	(49)
TRANSFERS IN	<u>2,505</u>	<u>978</u>	<u>(1,527)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>2,471</u>	<u>895</u>	<u>(1,576)</u>
NET CHANGE IN FUND BALANCES	(1,396)	(41)	1,355
FUND BALANCES, BEGINNING	1,415	1,415	-
FUND BALANCES, ENDING	<u>\$ 19</u>	<u>\$ 1,374</u>	<u>\$ 1,355</u>



SAN BERNARDINO
COUNTY



STATISTICAL SECTION

STATISTICAL SECTION

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

CONTENTS

FINANCIAL TRENDS

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

REVENUE CAPACITY

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

DEBT CAPACITY

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

ECONOMIC AND DEMOGRAPHIC INFORMATION

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

OPERATION INFORMATION

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

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



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

	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 as restated	2013-14	2014-15
GOVERNMENTAL ACTIVITIES										
NET INVESTMENT IN CAPITAL ASSETS	\$ 986,723	\$ 1,095,664	\$ 1,147,871	\$ 1,218,294	\$ 1,318,593	\$ 1,436,162	\$ 1,598,182	\$ 1,670,509	\$ 1,749,238	\$ 1,809,961
RESTRICTED	541,483	674,368	688,298	794,489	716,035	783,306	714,879	740,232	776,259	947,882
UNRESTRICTED	44,373	108,424	222,623	150,272	268,299	230,522	265,813	344,912	519,085	(1,508,357)
SUBTOTAL GOVERNMENTAL ACTIVITIES NET POSITION	<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>2,755,653</u>	<u>3,044,582</u>	<u>1,249,486</u>
BUSINESS-TYPE ACTIVITIES										
NET INVESTMENT IN CAPITAL ASSETS	(50,023)	(17,138)	(20,021)	35,887	26,837	44,737	57,487	102,982	110,155	180,714
RESTRICTED	46,444	47,023	48,814	37,283	93,399	108,461	67,968	63,781	62,286	73,040
UNRESTRICTED	181,381	121,734	110,023	82,871	34,055	780	31,697	9,209	51,458	(12,512)
SUBTOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	<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>175,972</u>	<u>223,899</u>	<u>241,242</u>
PRIMARY GOVERNMENT										
NET INVESTMENT IN CAPITAL ASSETS	936,700	1,078,526	1,127,850	1,254,181	1,345,430	1,480,899	1,655,669	1,773,491	1,859,393	1,990,675
RESTRICTED	587,927	721,391	737,112	831,772	809,434	891,767	782,847	804,013	838,545	1,020,922
UNRESTRICTED	225,754	230,158	332,646	233,143	302,354	231,302	297,510	354,121	570,543	(1,520,869)
TOTAL PRIMARY GOVERNMENT NET POSITION	<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>\$2,931,625</u>	<u>\$3,268,481</u>	<u>\$1,490,728</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)

	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 as restated	2013-14	2014-15
Expenses										
<u>Governmental Activities:</u>										
General Government	\$ 137,092	\$ 153,460	\$ 179,638	\$ 177,438	\$ 177,506	\$ 165,754	\$ 156,960	\$ 195,447	\$ 178,980	\$ 162,261
Public Protection	764,154	844,036	888,798	921,218	897,257	913,522	957,600	985,004	1,007,434	979,458
Public Ways and Facilities	73,014	67,254	85,271	75,704	73,251	72,482	80,200	80,002	91,744	71,614
Health and Sanitation	241,795	273,143	303,533	336,662	326,590	282,684	291,415	311,856	331,551	325,261
Public Assistance	817,924	802,043	854,721	882,975	935,205	1,007,153	991,174	1,014,443	1,046,447	1,008,353
Education	17,612	18,106	20,788	21,941	19,693	18,692	16,905	16,469	20,923	16,718
Recreation and Cultural Services	19,355	24,899	24,086	24,697	22,677	23,788	26,701	26,672	25,290	24,103
Interest on Long Term Debt	75,350	83,260	77,444	83,770	65,144	64,994	58,449	53,484	50,189	45,233
Total Governmental Activities	2,146,296	2,266,201	2,434,279	2,524,405	2,517,323	2,549,069	2,579,404	2,683,377	2,752,558	2,633,001
<u>Business-type Activities:</u>										
Medical Center	430,459	477,814	421,531	466,933	441,722	445,874	475,957	487,578	513,609	488,239
Waste Systems	69,320	53,320	83,543	56,389	56,688	95,408	66,571	53,748	61,883	76,160
Housing Authority (2)	-	-	-	-	-	-	-	-	-	104,759
Other	21,463	31,503	53,305	21,479	-	-	-	-	-	-
Water, Sewer, and Sanitation (1)	-	-	-	-	32,536	14,316	14,679	15,448	15,204	18,154
Paramedic and Emergency (1)	-	-	-	-	240	546	527	-	-	-
Others (1)	-	-	-	-	341	186	71	87	69	131
Total Business-type Activities	521,242	562,637	558,379	544,801	531,527	556,330	557,805	556,861	590,765	687,443
Total Primary Government Expenses	\$ 2,667,538	\$ 2,828,838	\$ 2,992,658	\$ 3,069,206	\$ 3,048,850	\$ 3,105,399	\$ 3,137,209	\$ 3,240,238	\$ 3,343,323	\$ 3,320,444
Program Revenues										
<u>Governmental Activities:</u>										
Charges for Services:										
General Government	\$ 99,452	\$ 103,993	\$ 105,052	\$ 110,817	\$ 115,911	\$ 122,048	\$ 152,268	\$ 143,236	\$ 143,368	\$ 138,561
Public Protection	168,524	198,803	214,252	249,714	231,718	243,283	220,028	228,319	235,102	246,438
Public Ways and Facilities	4,933	6,772	9,005	7,183	5,518	6,610	7,206	10,751	12,856	9,258
Health and Sanitation	42,713	49,020	42,820	56,732	63,613	20,911	23,298	24,075	23,261	23,999
Public Assistance	3,296	2,827	3,646	2,656	2,720	2,993	1,000	984	2,833	3,441
Education	1,105	1,170	1,100	1,240	1,202	1,075	979	1,027	1,046	1,053
Recreation and Cultural Services	7,030	7,695	8,391	8,882	8,992	8,729	9,070	8,446	8,632	8,715
Operating Grants/Contributions:										
General Government	9,438	19,275	16,687	11,752	8,404	19,262	29,249	7,705	20,832	42,644
Public Protection	168,369	198,710	149,313	140,036	160,938	169,002	190,394	244,678	240,781	227,133
Public Ways and Facilities	58,946	69,247	59,600	48,876	70,501	60,518	61,721	53,063	75,682	62,369
Health and Sanitation	247,842	315,857	300,174	319,212	330,099	303,449	268,409	343,019	372,615	383,128
Public Assistance	780,819	732,626	816,090	826,639	886,533	958,859	951,801	935,079	1,026,267	997,915
Education	987	1,219	1,215	907	998	1,290	457	253	249	247
Recreation and Cultural Services	4,262	6,800	1,920	2,652	3,035	3,726	1,117	772	430	481
Capital Grants/Contributions:										
General Government	-	-	-	4,728	-	-	-	-	-	23,766
Public Protection	-	57	20	-	72	-	14	-	-	-
Public Ways and Facilities	2,440	475	3,052	3,919	4,796	9,221	59,054	17,755	25,971	1,237
Health and Sanitation	-	-	-	-	-	1,699	-	-	-	-
Recreation and Cultural Services	-	124	277	20	1,708	75	-	-	-	-
Subtotal Governmental Activities	1,600,156	1,714,670	1,732,614	1,795,965	1,896,758	1,932,750	1,976,065	2,019,162	2,189,925	2,170,385
<u>Business-type Activities:</u>										
Charges for Services:										
Medical Center	345,923	375,973	335,749	370,464	380,954	380,357	376,004	365,169	398,628	431,606
Waste System	65,616	63,419	67,898	60,755	56,964	57,281	56,014	58,044	59,784	76,303
Housing Authority (2)	-	-	-	-	-	-	-	-	-	18,396
Other	20,206	20,253	19,852	14,814	-	-	-	-	-	-
Water, Sewer, and Sanitation	-	-	-	-	12,910	10,696	11,590	11,711	14,696	14,222
Paramedic and Emergency	-	-	-	-	3,117	3,516	-	-	-	-
Others (1)	-	-	-	-	146	206	118	58	95	89
Operating Grants & Contributions:										
Medical Center	13,147	13,527	12,579	8,012	6,968	68,148	46,904	50,132	46,070	120,742
Waste System	-	-	-	-	-	33	928	1,751	2,661	79
Housing Authority (2)	-	-	-	-	-	-	-	-	-	87,965
Other	2,825	833	14	156	-	-	-	-	-	-
Water, Sewer, and Sanitation (1)	-	-	-	-	46	53	147	70	101	584
Capital Grants & Contributions:										
Medical Center	21,521	26,976	24,142	19,554	19,045	19,500	18,820	18,901	21,247	16,501
Housing Authority (2)	-	-	-	-	-	-	-	-	-	541
Water, Sewer, and Sanitation (1)	-	-	-	-	70	-	167	-	-	60
Subtotal Business-type Activities	469,238	500,981	460,234	473,755	480,220	539,790	510,692	505,836	543,282	767,088
Total Primary Government Program Revenues	\$ 2,069,394	\$ 2,215,651	\$ 2,192,848	\$ 2,269,720	\$ 2,376,978	\$ 2,472,540	\$ 2,486,757	\$ 2,524,998	\$ 2,733,207	\$ 2,937,473
Net (Expense) / Revenue										
Governmental Activities	\$ (546,140)	\$ (551,531)	\$ (701,665)	\$ (728,440)	\$ (620,565)	\$ (616,319)	\$ (603,339)	\$ (664,215)	\$ (562,633)	\$ (462,616)
Business-type Activities	(52,004)	(61,656)	(98,145)	(71,046)	(51,307)	(16,540)	(47,113)	(51,025)	(47,483)	79,645
Total Primary Government Net Expenses	\$ (598,144)	\$ (613,187)	\$ (799,810)	\$ (799,486)	\$ (671,872)	\$ (632,859)	\$ (650,452)	\$ (715,240)	\$ (610,116)	\$ (382,971)

(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.
- (2) Housing Authority (HACSB) became a blended component unit effective July 1, 2014.

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

	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 as restated	2013-14	2014-15
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 418,703	\$ 477,973	\$ 538,962	\$ 562,625	\$ 524,857	\$ 491,396	\$ 499,002	\$ 523,190	\$ 553,303	\$ 573,482
Property Taxes, Levied for Debt Service	8,375	10,907	15,620	18,528	15,608	14,724	6,324	-	-	-
Public Safety Tax	140,855	150,903	147,794	126,083	116,963	121,623	133,581	145,097	156,352	160,337
Sales Taxes	30,875	31,846	26,316	21,992	17,894	19,184	24,555	30,158	29,103	28,437
Other Taxes	54,221	58,261	44,381	21,847	12,810	12,086	10,070	11,791	16,099	18,767
Unrestricted Revenues from Use of Money and Property	61,590	76,046	88,878	74,567	52,445	49,081	39,797	46,383	43,603	44,616
Miscellaneous	51,784	74,695	67,409	67,055	52,154	57,878	61,989	71,998	74,416	74,480
Gains on Sale of Capital Assets	5,523	4,182	2,055	1,655	2,968	3,739	1,708	4,998	5,565	3,335
Special Item - Litigation Settlement	(102,000)	28,000	-	-	-	-	-	-	-	-
Extraordinary Item- RDA Dissolution	-	-	-	-	-	-	(3,841)	63,969	10,415	-
Transfers	(85,500)	(55,405)	(49,414)	(61,649)	(35,262)	(6,329)	(40,962)	(50,720)	(37,294)	(12,428)
Subtotal Governmental Activities	<u>584,426</u>	<u>857,408</u>	<u>882,001</u>	<u>832,703</u>	<u>760,437</u>	<u>763,382</u>	<u>732,223</u>	<u>846,864</u>	<u>851,562</u>	<u>891,026</u>
Business-type Activities:										
Property Taxes, Levied for General Purposes	4,768	6,453	5,972	4,500	3,641	2,360	2,674	2,627	2,786	2,850
Unrestricted Revenues from Use of Money and Property	5,994	14,628	16,630	10,182	8,803	3,381	4,753	1,674	2,210	2,569
Miscellaneous	5,704	8,063	14,101	13,519	1,840	4,155	1,898	19,264	53,070	13,361
Gains on Sale of Capital Assets	157	(83)	-	56	11	2	-	-	50	774
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	85,500	55,405	49,414	61,649	35,262	6,329	40,962	50,720	37,294	12,428
Subtotal Business-type Activities	<u>130,353</u>	<u>83,642</u>	<u>85,342</u>	<u>88,271</u>	<u>49,557</u>	<u>16,227</u>	<u>50,287</u>	<u>74,506</u>	<u>95,410</u>	<u>31,982</u>
Total Primary Government	<u>\$ 714,779</u>	<u>\$ 941,050</u>	<u>\$ 967,343</u>	<u>\$ 920,974</u>	<u>\$ 809,994</u>	<u>\$ 779,609</u>	<u>\$ 782,510</u>	<u>\$ 921,370</u>	<u>\$ 946,972</u>	<u>\$ 923,008</u>
Changes in Net Position										
Governmental Activities	\$ 38,286	\$ 305,877	\$ 180,336	\$ 104,263	\$ 139,872	\$ 147,063	\$ 128,884	\$ 182,649	\$ 288,929	\$ 428,410
Business-type Activities	78,349	21,986	(12,803)	17,225	(1,750)	(313)	3,174	23,481	47,927	111,627
Total Primary Government	<u>\$ 116,635</u>	<u>\$ 327,863</u>	<u>\$ 167,533</u>	<u>\$ 121,488</u>	<u>\$ 138,122</u>	<u>\$ 146,750</u>	<u>\$ 132,058</u>	<u>\$ 206,130</u>	<u>\$ 336,856</u>	<u>\$ 540,037</u>

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

	2005-06 as restated	2006-07	2007-08 as restated	2008-09 as restated	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
General Fund										
Reserved for:										
Encumbrances	\$ 15,267	\$ 18,605	\$ 23,355	\$ 18,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid Items	7	1,278	2,310	4,145	-	-	-	-	-	-
Noncurrent Interfund Receivables	2,000	20,765	18,511	18,461	-	-	-	-	-	-
Inventories	296	435	424	350	-	-	-	-	-	-
Loans Receivable	16,745	35	42,532	54,396	-	-	-	-	-	-
Teeter	13,672	17,720	15,942	22,904	-	-	-	-	-	-
Unreserved:										
Designated	127,727	176,451	228,753	183,227	-	-	-	-	-	-
Undesignated	237,331	254,437	213,857	183,971	-	-	-	-	-	-
Nonspendable	-	-	-	-	73,667	75,191	72,307	56,256	64,204	55,918
Restricted	-	-	-	-	156,619	196,178	240,833	238,552	309,067	352,444
Committed	-	-	-	-	146,600	76,999	99,991	106,635	175,620	187,123
Assigned	-	-	-	-	-	-	14,200	11,975	28,680	11,809
Unassigned	-	-	-	-	133,718	149,981	122,523	302,616	239,221	322,130
Subtotal General Fund	<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>	<u>816,792</u>	<u>929,424</u>
Capital Improvement Fund (1)										
Reserved for:										
Encumbrances	-	-	-	16,517	-	-	-	-	-	-
Unreserved:										
Undesignated, Reported in:										
Capital Projects Fund	-	-	-	133,778	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	16,837	-	-	1,495	6,774	29,875
Committed	-	-	-	-	-	27,820	22,879	22,879	-	-
Assigned	-	-	-	-	81,477	77,922	109,701	69,685	132,193	82,415
Unassigned	-	-	-	-	-	-	-	-	-	-
Subtotal Capital Improvement Fund	<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>	<u>138,967</u>	<u>112,290</u>
All Other Governmental Funds										
Reserved for:										
Encumbrances	68,059	62,569	61,612	40,964	-	-	-	-	-	-
Prepaid items	-	89	100	140	-	-	-	-	-	-
Noncurrent Interfund Receivables	400	400	400	-	-	-	-	-	-	-
Land Held for Resale	2,754	9,896	14,657	16,984	-	-	-	-	-	-
Inventories	185	80	131	126	-	-	-	-	-	-
Loans Receivable	-	-	-	1,470	-	-	-	-	-	-
Debt Service	26,260	28,444	33,323	41,985	-	-	-	-	-	-
Endowments	-	-	-	1,594	-	-	-	-	-	-
Unreserved:										
Designated	-	-	-	11,990	-	-	-	-	-	-
Undesignated, Reported in:										
Special Revenue Funds	241,105	326,420	326,216	335,589	-	-	-	-	-	-
Capital Projects Funds	94,529	88,841	105,197	51,848	-	-	-	-	-	-
Permanent Funds	517	583	631	561	-	-	-	-	-	-
Nonspendable (2)	-	-	-	-	3,793	3,302	1,833	2,383	2,938	1,958
Restricted (2)	-	-	-	-	540,378	585,435	472,342	525,080	513,859	629,918
Committed (2)	-	-	-	-	-	-	-	-	-	-
Assigned (2)	-	-	-	-	15,807	16,553	30,582	50,146	52,623	48,255
Subtotal All Other Governmental Funds	<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>	<u>569,420</u>	<u>680,131</u>
Total Governmental Fund Balance	<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>	<u>\$ 1,525,179</u>	<u>\$ 1,721,845</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)

	2005-06 as restated	2006-07	2007-08 as restated	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Revenues (by Source)										
Taxes	\$ 644,390	\$ 733,833	\$ 778,973	\$ 753,320	\$ 684,669	\$ 664,377	\$ 676,218	\$ 713,528	\$ 749,232	\$ 788,712
Licenses, Permits, and Franchises	22,462	25,077	16,641	24,779	16,959	19,208	22,282	22,635	24,919	25,587
Fines, Forfeitures, and Penalties	18,656	19,224	23,051	22,373	23,877	17,810	17,970	16,743	14,865	15,704
Rev from Use of Money and Property	62,919	76,046	82,791	69,902	51,635	45,762	33,644	47,841	41,658	42,129
Aid from Other Governments	1,273,869	1,344,390	1,464,970	1,358,743	1,464,999	1,525,476	1,560,692	1,600,825	1,705,488	1,755,929
Charges for Current Services	285,935	325,979	336,310	385,423	385,102	365,721	369,715	373,821	382,716	388,092
Other Revenues	51,988	73,956	123,781	66,665	58,864	57,023	61,862	70,078	67,629	61,155
Total Revenues	\$ 2,360,219	\$ 2,598,505	\$ 2,826,517	\$ 2,681,205	\$ 2,686,105	\$ 2,695,377	\$ 2,742,383	\$ 2,845,471	\$ 2,986,507	\$ 3,077,308
Expenditures (by Function)										
General Government	\$ 137,547	\$ 152,991	\$ 187,146	\$ 161,448	\$ 164,880	\$ 153,991	\$ 145,634	\$ 172,922	\$ 160,755	\$ 145,589
Public Protection	749,900	851,946	919,110	892,497	876,602	883,637	905,548	927,819	957,832	990,078
Public Ways and Facilities	75,416	81,659	67,169	61,814	66,084	83,923	75,144	77,609	103,267	75,559
Health and Sanitation	245,187	277,677	331,793	334,305	324,942	278,157	284,652	303,006	331,830	343,769
Public Assistance	827,230	820,617	945,016	877,345	930,093	994,193	966,485	985,940	1,037,741	1,068,461
Education	17,469	18,149	19,247	20,983	18,858	17,827	15,824	15,304	17,295	16,967
Recreation and Cultural Services	16,443	22,086	19,836	20,726	18,697	19,091	21,082	20,941	20,466	20,753
Debt Service										
Principal	37,596	41,445	25,098	49,041	61,637	105,309	124,338	76,938	83,495	91,977
Interest	54,968	62,191	11,509	58,313	40,973	38,614	33,504	25,861	24,156	22,034
Bond Issuance Costs	2,297	2,230	-	-	-	525	135	-	-	-
Advance Refunding Escrow	1,622	-	-	-	-	-	-	-	-	-
Capital Outlay	107,057	97,056	110,040	95,185	116,427	113,428	116,050	120,294	94,354	132,041
Total Expenditures	\$ 2,272,732	\$ 2,428,047	\$ 2,635,964	\$ 2,571,657	\$ 2,619,193	\$ 2,688,695	\$ 2,688,396	\$ 2,726,634	\$ 2,831,191	\$ 2,907,228
Excess (Deficiency) of Revenues Over (Under) Expenditures	87,487	170,458	190,553	109,548	66,912	6,682	53,987	118,837	155,316	170,080
Other Financing Sources (Uses)										
Transfer to Other Funds	(296,777)	(300,797)	(285,876)	(444,888)	(316,758)	(276,144)	(319,341)	(274,470)	(263,941)	(249,063)
Transfer from Other Funds	216,806	253,304	246,897	382,918	275,554	269,759	279,257	287,177	227,341	238,802
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	2,118	132,851	-	-	-	36,300	-	-	-	-
Discount on Debt	-	-	-	-	-	(1,141)	-	-	-	-
Inception Of Capital Leases Obligations	823	1,675	1,446	2,619	418	1,290	-	-	-	-
Insurance Recoveries	-	-	-	-	-	-	-	-	-	14,000
Sale of Capital Assets	5,369	4,182	2,968	1,655	2,968	3,739	1,708	4,998	8,346	3,148
Total Other Financing Sources and (Uses)	\$ (30,908)	\$ 91,736	\$ (34,565)	\$ (57,696)	\$ (37,818)	\$ 33,803	\$ 13,209	\$ 17,705	\$ (28,254)	\$ 6,887
Special Item										
Judgement Obligation Bonds Uses	-	(102,000)	-	-	-	-	-	-	-	-
Total Special Items	-	(102,000)	-	-	-	-	-	-	-	-
Extraordinary Item	-	-	-	-	-	-	(89,386)	63,969	10,415	-
Net Change in Fund Balance	\$ 56,579	\$ 160,194	\$ 155,988	\$ 51,852	\$ 29,094	\$ 40,485	\$ (22,190)	\$ 200,511	\$ 137,477	\$ 176,967
Debt Service as a Percentage of Noncapital Expenditures:	4.27%	4.45%	1.45%	4.33%	4.10%	5.69%	6.17%	3.94%	3.99%	4.11%

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.

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

FISCAL YEAR	(1) SECURED	(2) UNSECURED	(3) UNITARY	(4) EXEMPT	TOTAL ASSESSED	TOTAL TAX RATE
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%
2013-2014	158,228,018	10,042,150	5,426,075	(1,770,329)	171,925,914	1.00%
2014-2015	168,228,346	10,389,487	5,625,640	(1,734,191)	182,509,282	1.00%

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>
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
2013-14	1.0000	0.1769	0.1625	1.3394
2014-15	1.0000	0.1474	0.1625	1.3099

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 were restated due to a recording error.

Source:

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

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

TAXPAYERS	TYPE OF BUSINESS	FISCAL YEAR 2015		FISCAL YEAR 2006	
		TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE
SOUTHERN CALIFORNIA EDISON CO	UTILITY	\$ 3,454,027,760	1.89%	\$ 1,076,949,651	0.84%
RARE EARTH ACQUISITIONS LLC	INVESTOR	1,010,696,903	0.55%	23,624,409	0.02%
PROLOGIS	REAL ESTATE	899,526,740	0.49%	338,618,661	0.26%
MAJESTIC REALTY CO	REAL ESTATE	529,005,587	0.29%	244,769,168	0.19%
VERIZON CALIFORNIA, INC	COMMUNICATIONS	516,275,817	0.28%	534,738,254	0.41%
CALIFORNIA STEEL INDUSTRIES	MANUFACTURING	482,500,000	0.26%	403,809,158	0.31%
TARGET CORPORATION	RETAIL	452,696,223	0.25%	198,601,414	0.15%
CATELLUS	REAL ESTATE	429,816,430	0.24%	206,290,452	0.16%
WAL-MART	RETAIL	418,252,495	0.23%	255,767,868	0.20%
TEACHERS INSURANCE & ANNUITY	FINANCIAL SERVICES	388,000,199	0.21%	58,367,755	0.05%
TOTAL		<u>\$ 8,580,798,154</u>	<u>4.69%</u>	<u>\$ 3,341,536,790</u>	<u>2.59%</u>

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

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

FISCAL YEAR	(2) COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY			COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
	(1) TAXES LEVIED	AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2015	\$ 2,337,923	\$ 2,277,885	97.43%	\$ -	\$ 2,277,885	97.43%
2014	2,222,023	2,151,777	96.84%	63,180	2,214,957	99.68%
2013	2,146,261	2,038,622	94.98%	65,476	2,104,097	98.04%
2012	2,132,085	1,954,521	91.67%	73,210	2,027,731	95.11%
2011	2,134,012	2,029,684	95.11%	76,553	2,106,237	98.70%
2010	2,189,390	2,070,936	94.58%	91,131	2,162,067	98.75%
2009	2,320,100	2,167,576	93.43%	123,019	2,290,595	98.73%
2008	2,187,535	2,025,529	92.50%	141,715	2,167,244	99.07%
2007	1,908,390	1,799,062	94.30%	88,273	1,887,335	98.90%
2006	1,635,460	1,576,842	96.40%	54,333	1,631,175	99.74%

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, 2015

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			
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 (3)	967,552	(34,179)	933,373	1.50%	0.56%	449.60
2013-14	917,961	(32,624)	885,337	1.32%	0.51%	424.42
2014-15	860,067	(32,286)	827,781	1.20%	0.45%	393.25

Notes:

- (1) See the "Demographic and Economic Statistics" table for the personal income and the population figures.
- (2) See the "Assessed Value and Actual Value of Taxable Property" table for total taxable assessed value. Assessed value does not include tax exempt property.
- (3) FY 2012-13 Amounts Restricted for Debt Service was restated due to a calculation error.

Source:

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

COUNTY OF SAN BERNARDINO
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
 AS OF JUNE 30, 2015

2014-15 ASSESSED VALUATION: \$ 182,509,282,000 (includes unitary utility valuation)

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>PERCENT APPLICABLE</u>	<u>DEBT 06/30/15</u>
METROPOLITAN WATER DISTRICT	3.854 %	\$ 4,255,587
CHAFFEY COMMUNITY COLLEGE DISTRICT	100.000	153,151,539
SAN BERNARDINO VALLEY JOINT COMMUNITY COLLEGE DISTRICT	98.811	430,998,900
OTHER COMMUNITY COLLEGE DISTRICTS	VARIOUS	154,492,571
APPLE VALLEY UNIFIED SCHOOL DISTRICT	100.000	28,638,758
CHINO VALLEY UNIFIED SCHOOL DISTRICT	100.000	128,418,434
COLTON JOINT UNIFIED SCHOOL DISTRICT	98.719	171,427,481
FONTANA UNIFIED SCHOOL DISTRICT	100.000	216,818,223
REDLANDS UNIFIED SCHOOL DISTRICT	100.000	95,797,733
RIALTO UNIFIED SCHOOL DISTRICT	100.000	101,759,819
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT	100.000	186,135,738
UPLAND UNIFIED SCHOOL DISTRICT	100.000	93,812,967
OTHER UNIFIED SCHOOL DISTRICTS	VARIOUS	104,179,245
UNION HIGH SCHOOL DISTRICTS	100.000	433,513,751
ELEMENTARY SCHOOL DISTRICTS	100.000	191,682,604
COUNTY SERVICE AREAS	100.000	300,000
MOJAVE WATER AGENCY	100.000	11,685,000
MOJAVE WATER AGENCY, I.D. M	100.000	20,395,000
COUNTY WATER DISTRICTS	100.000	276,000
ETIWANDA SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS	100.000	92,390,000
CITY OF CHINO COMMUNITY FACILITIES DISTRICTS	100.000	119,355,000
CITY OF CHINO HILLS COMMUNITY FACILITIES DISTRICTS	100.000	39,415,000
CITY OF FONTANA COMMUNITY FACILITIES DISTRICTS	100.000	104,580,000
CITY OF RANCHO CUCAMONGA COMMUNITY FACILITIES DISTRICTS	100.000	79,049,000
CITY OF UPLAND COMMUNITY FACILITIES DISTRICTS	100.000	44,243,000
OTHER COMMUNITY FACILITIES DISTRICTS	49.775-100	231,679,442
CITY, COUNTY AND SPECIAL DISTRICT 1915 ACT BONDS (Estimate)	100.000	19,030,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 3,257,480,792</u>

RATIO TO 2014-15 ASSESSED VALUATION:

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

COUNTY OF SAN BERNARDINO
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (CONTINUED)
 AS OF JUNE 30, 2015

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:	PERCENT APPLICABLE	DEBT 6/30/15
SAN BERNARDINO COUNTY GENERAL OBLIGATIONS	100.000 %	\$ 59,791,000 (2)
SAN BERNARDINO COUNTY PENSION OBLIGATIONS	100.000	806,235,000
SAN BERNARDINO COUNTY FLOOD DISTRICT GENERAL FUND OBLIGATIONS	100.000	97,230,000
COMMUNITY COLLEGE DISTRICT CERTIFICATES OF PARTICIPATION	Various	19,602,803
CHINO VALLEY UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	16,600,000
FONTANA UNIFIED SCHOOL DISTRICT	100.000	46,015,000
HESPERIA UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	103,250,000
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	47,750,000
SNOWLINE JOINT UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	98.059	57,398,836
OTHER UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	Various	39,717,582
UNION HIGH SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	4,020,000
CUCAMONGA SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	9,270,000
ORO GRANDE SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	40,400,000
OTHER SCHOOL DISTRICT GENERAL FUND OBLIGATIONS	100.000	17,100,000
CITY OF COLTON GENERAL FUND OBLIGATIONS AND PENSION OBLIGATION BONDS	100.000	36,739,400
CITY OF FONTANA CERTIFICATES OF PARTICIPATION	100.000	43,780,000
CITY OF HESPERIA GENERAL FUND OBLIGATIONS	100.000	37,935,000
CITY OF MONTCLAIR GENERAL FUND OBLIGATIONS	100.000	45,000,000
CITY OF ONTARIO GENERAL FUND OBLIGATIONS	100.000	70,625,000
CITY OF SAN BERNARDINO GENERAL FUND OBLIGATIONS	100.000	58,361,201
OTHER CITY GENERAL FUND OBLIGATIONS	100.000	51,787,935
WATER DISTRICT CERTIFICATES OF PARTICIPATION	100.000	4,635,000
WEST VALLEY VECTOR CONTROL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	3,130,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 1,716,373,757</u>
TOTAL DIRECT DEBT		\$ 963,256,000
TOTAL OVERLAPPING DEBT (1)		\$ 4,010,598,549
COMBINED DEBT		\$ 4,973,854,549 (3)

RATIOS TO 2014-15 ASSESSED VALUATION

TOTAL DIRECT DEBT (\$963,256,000)	0.53%
COMBINED TOTAL DEBT	2.73%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/15: \$ -

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)

<u>FISCAL YEAR</u>	<u>(1) ASSESSED VALUE</u>	<u>(2) LEGAL DEBT LIMIT</u>	<u>(3) BONDED DEBT</u>	<u>(4) LEGAL DEBT MARGIN</u>	<u>RATIO OF BONDED DEBT TO DEBT LIMIT</u>
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%
2013-14	171,925,914	2,149,074	845	2,148,229	0.04%
2014-15	182,509,282	2,281,366	685	2,280,681	0.03%

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, 2015

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				
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
2013-14	18,006	380,119	541,030	314	3,000	443,979	845	1,633	8,434	1,397,360	0.81%	2.09%	670
2014-15	12,299	353,978	508,815	-	-	423,980	685	38,605	5,292	1,343,654	0.74%	1.95%	638

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, 2015

GEOGRAPHICAL LOCATION: The County of San Bernardino is located in the southern portion of California and is bordered on the east by the State of Arizona and the State of Nevada, on the north by Inyo County, on the west by Kern and Los Angeles Counties, and on the south by Orange and Riverside Counties.

ELEVATION: Highest elevation, Mt. San Gorgonio 11,502 feet.

AREA OF COUNTY: Approximately 20,160 square miles (Largest area in the contiguous United States).

COUNTY SEAT: San Bernardino, California

FORM OF GOVERNMENT: Chartered County, governed by five-member Board of Supervisors

DATE CHARTER ADOPTED: April 7, 1913

REGISTERED VOTERS: 715,094 as of June 30, 2015

<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>
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%
2014	2,086 (6)	66,902,000	32.07	412	8.40%
2015	2,105 (6)	68,939,000	32.75	411	6.90%

ESTIMATED POPULATION OF THE COUNTY OF SAN BERNARDINO AS OF JANUARY 1, 2015 (whole numbers):

INCORPORATED CITIES

Adelanto	33,084	Montclair	38,458
Apple Valley	71,396	Needles	4,940
Barstow	23,407	Ontario	168,777
Big Bear Lake	5,165	Rancho Cucamonga	174,064
Chino	84,465	Redlands	70,398
Chino Hills	77,596	Rialto	102,092
Colton	53,384	San Bernardino	213,933
Fontana	204,312	Twentynine Palms	26,846
Grand Terrace	12,352	Upland	75,787
Hesperia	92,177	Victorville	121,168
Highland	54,332	Yucaipa	52,942
Loma Linda	23,751	Yucca Valley	21,355
		Total	1,806,181
		Unincorporated Areas:	299,110
		Total Population	2,105,291

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 2015-16 Adopted Budget

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

2015 (4)				2006			
Employer	Employees (1)	Rank	Percentage of Total Employment	Employer	Employees (1)	Rank	Percentage of Total Employment
County of San Bernardino (2) (3)	19,000	1	2.00%	County of San Bernardino (3)	17,774	1	2.04%
Stater Bros. Market	18,221	2	1.92%	Loma Linda University Adventist Health Sciences Center	13,000	2	1.49%
U.S. Army, Fort Irwin & National Training Center	13,805	3	1.45%	Stater Brothers	12,230	3	1.41%
Loma Linda University	13,805	4	1.45%	Kaiser Permanente	9,300	4	1.07%
U.S. Marine Corps Air Ground Combat Center	12,486	5	1.31%	San Bernardino City Unified School District	7,491	5	0.86%
United Parcel Service	8,600	6	0.91%	Ontario International Airport	5,000	6	0.57%
San Bernardino City Unified School District	8,574	7	0.90%	Fontana Unified School District	3,820	7	0.44%
Ontario International Airport	7,695	8	0.81%	San Manuel Band of Mission Indians	3,261	8	0.37%
Loma Linda University Medical Center	6,147	9	0.65%	California State University San Bernardino	3,012	9	0.35%
Kaiser Permanente (Fontana only)	6,000	10	0.63%	Chino Valley Unified School District	3,000	10	0.34%
Total	114,333		12.03%	Total	77,888		8.94%

Notes:

- (1) Data represents estimated number of employees.
- (2) Starting fiscal year 2009, Court employees are excluded from County of San Bernardino total employees.
- (3) San Bernardino County payroll records as of June 30, 2006
- (4) Due to the unavailability of fiscal year 2015 and 2014 data, fiscal year 2013 data was used instead.

Sources:

The Book of Lists 2006 & 2013 editions (2015 edition not available)

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

FUNCTION/PROGRAM	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General	1,691	1,699	1,790	1,728	1,612	1,550	1,432	1,332	1,417	1,456
Public Protection	7,480	7,777	7,672	6,679	6,501	6,175	6,147	6,186	6,355	6,362
Public Ways & Facilities	384	465	501	522	486	450	433	429	412	411
Health and Sanitation	3,922	4,139	4,339	4,285	4,086	3,919	4,163	4,302	4,407	4,431
Public Assistance	3,735	3,799	4,214	4,163	4,744	4,920	4,898	4,946	5,051	5,132
Education	226	235	261	246	229	191	149	155	144	130
Recreation & Cultural	335	268	386	347	337	317	317	292	270	261
Total	17,773	18,382	19,163	17,970	17,995	17,522	17,539	17,642	18,056	18,183

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	2005-06 (1)	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
General Government										
Legal Documents Recorded (W)	945,500	838,333	628,866	564,379	556,429	556,196	547,996	583,461	503,126	540,267 *
Percentage of payments process within 10 days (P) (3)	80%	86%	93%	86%	92%	60%	66%	62%	73%	
Public Protection										
Criminal Felonies Filed - District Attorney (W)	21,950	20,511	24,099	22,409	21,712	21,090	20,551	19,687	20,556	16,476
Criminal Misdemeanor Filed - District Attorney (W)	36,983	44,035	49,223	45,700	44,208	43,680	40,250	37,222	35,926	37,835
Average Cases Supervised-Probation (W)	23,400	25,690	29,205	25,120	24,570	24,130	23,961	24,155	27,122	25,574
Percentage of new adults cases assessed with a valid risk instrument- Probation (P)	59%	77%	79%	78%	87%	90%	87%	95%	95%	96%
Sheriff's calls for Service (W)	710,000	1,193,961	1,247,993	1,157,568	1,102,208	1,023,360	1,009,040	1,076,383	1,066,770	1,103,136
Number of inmate-on-inmate assaults per 1,000 per month. (P)	12%	7%	7%	6%	4%	4%	8%	0%	0%	0%
Percent of autopsies performed per reportable deaths - Coroner (P)	6%	19%	9%	17%	13%	19%	15%	17%	19%	17%
Fire Protection - No. of Fire calls (W)	99,235	86,915	89,106	89,061	95,635	93,540	154,953	153,975	156,864	180,125
Public Way & Facilities										
Solid Waste										
Total Tonnage Landfilled (W)	1,852,124	1,757,436	1,665,566	1,267,447	1,162,672	1,156,231	1,130,770	1,094,433	1,257,365	1,655,332
Pounds of trash per cubic yard of capacity-High Volume Sites (P)	1,035	1,120	1,130	1,125	1,356	1,287	1,250	1,289	1,348	1,522
Maintained Road Miles (W)	2,830	2,780	2,774	2,775	2,765	2,769	2,770	2,769	2,554	2,550
Average Pavement Condition index (PCI) of county maintained roads (P) (2)	75	76	77	78	77	76	76	Good	Good	Good
Health and Sanitation										
Direct Billable hours: Clinic - Behavioral Health (W)	293,542	201,247	236,285	267,560	261,014	242,862	230,201	233,673	237,996	243,731
Patient Visits - Public Health (W)	112,037	130,073	76,786	89,110	69,474	75,572	75,664	72,920	61,831	50,832
Arowhead Regional Medical Center - Emergency Room Visits (W)	97,790	106,298	113,537	124,156	130,640	125,710	117,616	113,307	106,335	97,108
Public Assistance										
Annual Paid Cases - CalWORKS-All Other Families (W)	345,072	307,742	333,096	384,946	425,331	460,817	464,196	465,804	471,285	469,097
Percentage of successful placements of people in Work Participation Rate (P)	56%	19%	23%	23%	32%	40%	47%	49%	45%	60%
Annual Paid Cases - CalWORKS-2 Parent Families (W)	24,155	18,748	26,322	42,284	48,652	56,435	58,296	57,402	60,122	65,022
Average child support collections per month (W)	12,000,000	12,619,615	12,792,980	12,809,690	12,740,128	13,538,777	14,396,490	13,939,034	14,158,216	14,516,145
Percentage of current support collected - Child Support (W)	46%	49%	51%	51%	51%	55%	59%	61%	64%	65%
Education										
County Library										
Circulation (W)	2,600,000	2,520,000	2,638,000	3,033,418	3,112,735	2,906,315	2,515,202	2,425,711	3,026,943	3,825,935
Total Patron Visits (W)	3,120,000	3,374,000	3,846,000	4,597,787	4,728,093	4,246,432	3,579,262	4,091,200	3,375,816	3,366,474
Total feet of space available at branch libraries (P)	200,000	222,231	326,015	368,795	379,511	379,511	379,511	383,511	383,511	383,511
Recreation and Cultural Services										
County Museum										
Total Paid Attendance (W)	71,500	71,000	90,810	64,708	63,838	49,955	69,348	34,110	28,299	30,882
Collected Lots, Objects, and Specimens (W)	1,601,000	1,601,000	1,800,000	2,300,000	2,300,000	2,300,410	2,400,125	2,400,125	2,409,050	2,410,000
Regional Parks										
Total Attendance (W)	2,160,000	2,200,000	2,200,205	1,896,960	2,012,647	2,121,921	1,915,278	1,867,264	1,594,916	1,364,500
Number of miles of open and usable trails maintained by Regional Parks (P)	13	17	18	24	46	46	28	28	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.
- (3) As of FY 14-15, this performance measure is no longer available.

Key:

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

Sources:

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

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

Function/Program	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
General Government										
Recorder's Data Processing Equipment	63	60	58	59	65	63	42	47	52	46
Public Protection										
Major Correction & Detention Facilities	7	7	7	7	7	7	7	7	7	7
Sheriff Stations	10	10	10	9	9	9	9	9	9	9
Sheriff Vehicles	1,618	1,809	1,658	1,658	1,764	1,788	1,698	1,687	1,787	1,747
Fire Department Equipment	373	361	432	429	461	497	457	495	503	558
Public Way & Facilities										
Solid Waste Heavy Equipment	18	18	16	12	11	10	10	10	3	3
Transportation: Trucks, Trailers, and Other Vehicles	276	274	264	274	288	283	281	277	277	281
Airports	6	6	6	6	6	6	6	6	6	6
Bridges	318	318	318	318	318	318	318	318	318	318
Traffic Signal (1)	220	252	265	329	334	358	365	381	83	83
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	46	51	99	134	140	157	158	162	163	163
Medical Center: Number of Hospitals	1	1	1	1	1	1	1	1	1	1
Public Assistance										
Administrative & Office Equipment	549	452	441	495	515	571	631	640	657	668
Education										
Library Branches	29	30	30	30	31	31	31	32	32	32
Bookmobiles	2	2	2	2	2	2	2	1	0	0
Recreation and Cultural Services										
County Museum: Main Facility	1	1	1	1	1	1	1	1	1	1
County Regional Parks	9	9	9	9	9	9	9	9	9	9

Note:

(1) In FY 2013-14 the unit count for traffic signals was changed from 1 per controller to 1 per maintained intersection.

Source:

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



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