

SAN BERNARDINO COUNTY
STATE OF CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2014

LARRY WALKER, AUDITOR-CONTROLLER/
TREASURER/TAX COLLECTOR



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2014**

**SAN BERNARDINO COUNTY
CALIFORNIA
1853**



Supervisor Robert Lovingood First District
Supervisor Janice Rutherford, Chair Second District
Supervisor James Ramos 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, 2014**

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SAN BERNARDINO
COUNTY

INTRODUCTORY SECTION



AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



COUNTY OF SAN BERNARDINO

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

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

LARRY WALKER
Auditor-Controller/
Treasurer/Tax Collector

December 9, 2014

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, 2014, 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:

- Real Estate Services Department partnered with the City of Ontario to bring the public a new state-of-the-art Public Health Clinic, Lab, and Women Infants and Children's facility, which was slated to open in Ontario in fall 2014, creating new investment and office construction in the community.

MAJOR INITIATIVES - Continued

- 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.
- Community Development & Housing will implement the Bloomington community and neighborhood revitalization efforts by securing the remaining financial resources and commencing construction of the 106 unit, multi-generational housing community and the new 6,500 square foot Bloomington Branch Library on Valley Boulevard.
- Special Districts' budget includes \$28.0 million of capital improvement projects in 2014-15, of which, \$20.4 million is budgeted under construction funds and \$7.6 million under operating funds. Capital improvement projects programmed in the Department's construction funds include the design and construction for the relocation of the Big Bear Alpine Zoo, additional improvements at Kessler Park in Bloomington Recreation and Park District, and road paving and slurry seal projects. Additionally, the Department has numerous sewer and water system improvement projects programmed.
- Arrowhead Regional Medical Center will focus on the transition of patients from self-pay to Medi-Cal to maximize the utilization of Federal and State programs. This will ensure receipt of all available resources under the Affordable Care Act in order to maintain clinical capacity and meet the health needs of County residents.

ECONOMIC CONDITION AND OUTLOOK

The Inland Empire region, encompassing Riverside-San Bernardino-Ontario metropolitan area, is experiencing a recovery from recent years. When considering key data points for the year, the changes in San Bernardino County's economy point toward the culmination of 2014 as a positive year and the expectation that 2015 will have positive overall growth.

Some encouraging data indicates that the region has added over 34,000 jobs; the median home price is up 13.2%; local retail sales have increased; and industrial real estate construction is up while vacancies are down. During the period of January through August 2014, the region added an average of 34,200 jobs. This increase was more than Orange (33,800) and San Diego (17,800) counties. The area's 2.8% job growth rate in August 2014 was faster than all of Southern California's major markets, as well as the State of California. At this current rate of employment growth, the area will have recovered 85.1% of the 143,108 jobs lost in the Great Recession by the end of 2014.

Inland Empire retail outlets (retail trade and restaurants) were up 8,283 jobs in 2013 and have added another 11,350 to date in 2014. Retail sales data for San Bernardino County indicates that 2013 reached a pre-recession peak at \$31.3 billion. The dollar volume of sales has made a full comeback and was headed for a record of \$33.0 billion based on the first six months of 2014.

The health care sector added 2,975 workers in 2013 with an additional 1,825 employed to date in 2014.

Logistics employment added 8,817 jobs in 2013 and is up another 5,000 to date in 2014, representing 18.8% and 15.5%, respectively, of all direct jobs created in the market.

Industrial real estate in the region is growing, due to the strength of the logistics sector located in San Bernardino County. In June 2014, the 13.5 million square feet of industrial facilities under construction represented 72.5% of all construction in Southern California. This sector has benefited from growth in volume at the Ports of Los Angeles and Long Beach, in addition to recent increases in fulfillment centers to handle the expansion of e-commerce. E-commerce retail has been growing at over 15% (compounded) since 2010.

ECONOMIC CONDITION AND OUTLOOK - Continued

In August 2014, the median price home in San Bernardino County sold for \$240,000 – up 13.2% from 2013 and 42.9% from 2012. The number of Notices of Defaults for homeowners was reduced significantly for the period of January through August 2014. Homebuyers should consider San Bernardino County's affordability in comparison to other Southern California areas. The current data showed that 58% of the County's families could afford the bottom 50% of its homes, making it the most affordable county in Southern California when compared to Riverside, Orange and Los Angeles counties.

With the economy showing signs of recovery and the region indicators showing an environment on the mend, it is anticipated that 2014 will end with the economy moving in a positive direction. The forecast for 2015 is the region will see positive growth of jobs. Indicators point to the overall prosperity of region in 2015 as the County looks ahead to the future.

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.

In recent years, the County has faced declining revenues and rising costs. For fiscal years 2009-10 through 2011-12, San Bernardino County's assessed valuation decreased \$20.2 billion. This decline in revenue was a consequence of the mortgage and economic crisis that resulted in large numbers of foreclosures, a substantial reduction in the median sales price of homes, and a reduction in the fair market value of homes. After the economy started to recover, the County's assessed valuation increased by \$1.3 billion in fiscal year 2012-13, \$4.8 billion in fiscal year 2013-14, and \$10.4 billion in fiscal year 2014-15. It is projected to increase by an additional 2% in fiscal year 2015-16. Under Proposition 13, which added Article XIII A to the State Constitution, the assessed value of all real property that has not changed ownership may be adjusted annually to reflect inflation at a rate not to exceed 2% per year. Although the housing market has begun to improve, and property tax and other major revenue streams are stabilizing, costs continue to increase. The County has developed a strategic plan to address the increased costs identified in the current five-year fiscal forecast, and is working to implement the necessary mitigations.

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.

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

In recent years, the County cash funded \$345.7 million to the major capital projects detailed below:

- Remodel of the 6th Floor of the Arrowhead Regional Medical Center to convert administrative office space to medical/surgery space. The project was completed in October 2009 at a cost of \$24.4 million.
- Construction of a new on-site medical office building at Arrowhead Regional Medical Center. This project was completed in September 2010 at a cost of \$25.0 million.
- Construction of a new High Desert Government Center (HDGC) in Hesperia. The project was completed in October 2010 at a cost of \$21.2 million.
- Construction of the new Central Valley Juvenile Detention and Assessment Center. This project was completed in February 2011 at a cost of \$63.6 million.

LONG-TERM FINANCIAL PLANNING - Continued

- Remodel of the HDGC to add a Public Safety Operations Center for the High Desert (HD PSOC). The project was completed in May 2013 at a cost of \$15.2 million.
- 800 MHz Upgrade Project. This project will begin the upgrade of the aging 800 MHz radio system. In 2011-12, the Board of Supervisors approved redirecting the annual allocation of \$24.0 million for Future Space Needs to fund this project. The total adjusted estimated cost is \$158.2 million with an estimated project duration of 7 years.
- 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 is approximately \$45.5 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 expected to commence October 2014 and conclude September 2015.
- 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.

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 and includes unallocated fund balance carried over from the prior year. Final budget action includes a provision that allocates any difference between estimated and final fund balance to this contingency account.

Ongoing Set-Aside Contingencies represent ongoing sources of financing that have been targeted for future ongoing program needs. The County has no Ongoing Set-Aside Contingencies in the 2014-15 Adopted Budget.

RELEVANT FINANCIAL POLICIES - Continued

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, 2014. 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, 2013. This was the twenty-sixth 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.

CERTIFICATE OF ACHIEVEMENT AND AWARDS - *Continued*

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.

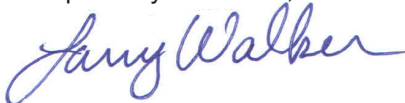
Popular Financial Reporting Award: The County of San Bernardino also received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report for the fiscal year ended June 30, 2013. This was the eighth consecutive year that the County has received 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, 2013. 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 ROBERT A. LOVINGOOD

COUNTY SUPERVISOR, SECOND DISTRICT (CHAIR) JANICE RUTHERFORD

COUNTY SUPERVISOR, THIRD DISTRICT JAMES RAMOS

COUNTY SUPERVISOR, FOURTH DISTRICT CURT HAGMAN

COUNTY SUPERVISOR, FIFTH DISTRICT JOSIE GONZALES

ASSESSOR/RECORDER/COUNTY CLERK (*Effective as of January 5, 2015*)..... BOB DUTTON

AUDITOR-CONTROLLER/TREASURER /TAX COLLECTOR LARRY WALKER

DISTRICT ATTORNEY MICHAEL A. RAMOS

SHERIFF/CORONER /PUBLIC ADMINISTRATOR JOHN McMAHON

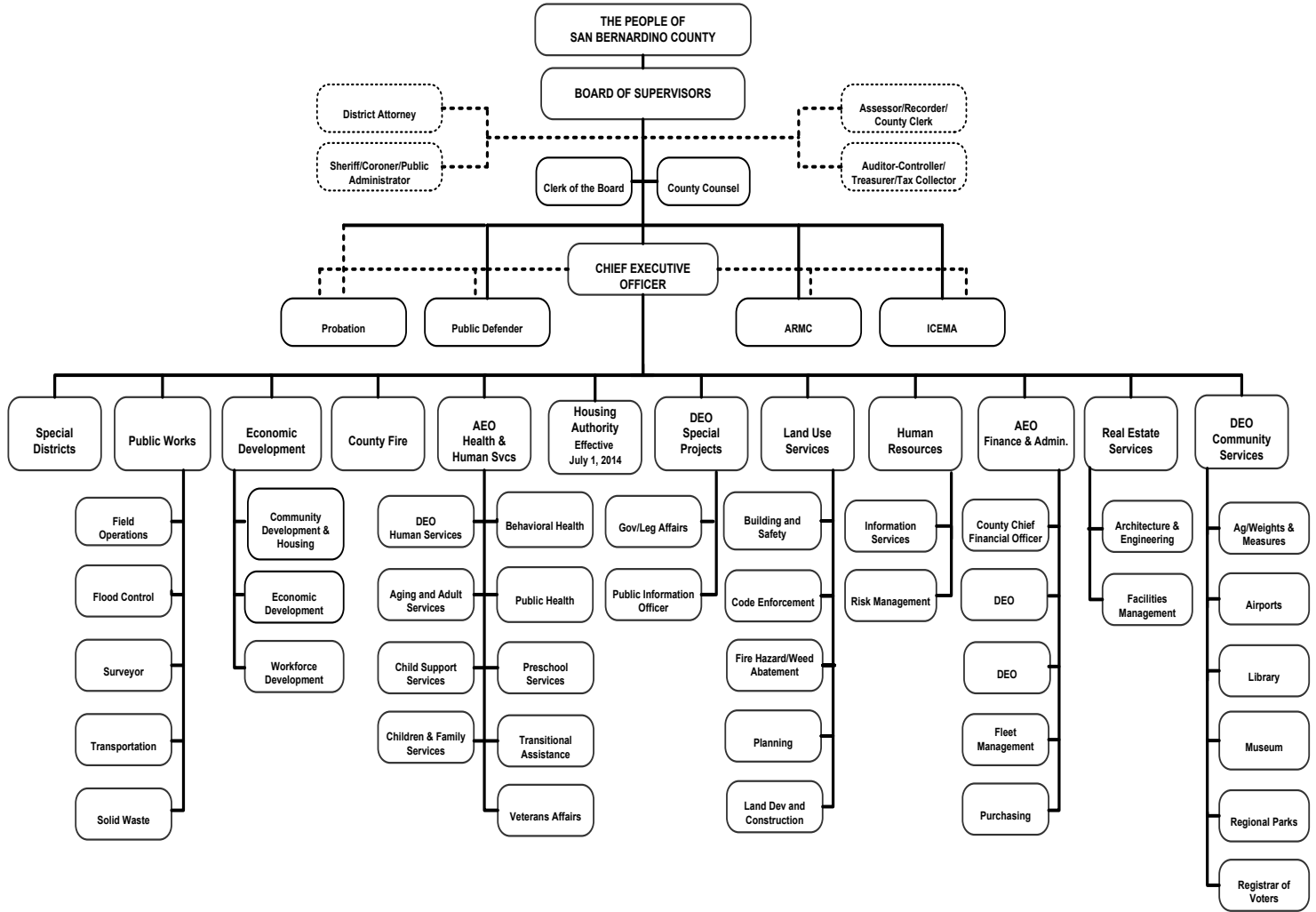
SUPERINTENDENT OF SCHOOLS (*Effective as of January 5, 2015*) TED ALEJANDRE

**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 T. FOLEY
BEHAVIORAL HEALTH	CaSONYA THOMAS
BOARD OF RETIREMENT.....	GARY AMELIO
CHILD SUPPORT SERVICES.....	CONNIE BRUNN
CHILDREN AND FAMILY SERVICES.....	RANDALL SCHULTZ
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	LEONARD X. HERNANDEZ
ECONOMIC DEVELOPMENT AGENCY	LARRY VAUPEL
FACILITIES MANAGEMENT	TERRY W. THOMPSON
FIRE DEPARTMENT/FIRE WARDEN.....	MARK HARTWIG
FLEET MANAGEMENT.....	ROGER G. WEAVER
HOUSING AND SUCCESSOR AGENCY	DENA FUENTES
HUMAN RESOURCES	ANDREW LAMBERTO
HUMAN SERVICES	LINDA HAUGAN
INFORMATION SERVICES	JENNIFER HILBER
INLAND COUNTIES EMERGENCY MEDICAL AGENCY.....	TOM LYNCH
LAND USE SERVICES	TOM HUDSON
LEGISLATIVE AFFAIRS	DENA SMITH
PRESCHOOL SERVICES	DIANA ALEXANDER
PROBATION.....	MICHELLE SCRAY BROWN
PUBLIC DEFENDER	PHYLLIS K. MORRIS
PUBLIC HEALTH	TRUDY RAYMUNDO
PUBLIC WORKS	GERRY NEWCOMBE
PURCHASING.....	LAURIE ROZKO
REAL ESTATE SERVICES.....	TERRY W. THOMPSON
REGIONAL PARKS.....	KEITH LEE
REGISTRAR OF VOTERS	MICHAEL SCARPELLO
RISK MANAGEMENT	VACANT
SPECIAL DISTRICTS	JEFFREY O. RIGNEY
TRANSITIONAL ASSISTANCE DEPARTMENT.....	NANCY SWANSON
VETERANS' AFFAIRS	BILL J. MOSELEY
WORKFORCE DEVELOPMENT.....	SANDRA HARMSEN

COUNTY OF SAN BERNARDINO
ORGANIZATIONAL CHART





Government Finance Officers Association

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

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**County of San Bernardino
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the San Bernardino County Flood Control District, County of San Bernardino Consolidated Fire Districts, and the County of San Bernardino Redevelopment Successor Agency Private-Purpose Trust Fund, which collectively represent the following percentages of assets, net position/fund balances and revenues as of and for the fiscal year ended June 30, 2014:

Opinion Unit	Assets	Net Position/ Fund Balances	Revenues
Governmental Activities	11%	13%	6%
Aggregate Remaining Fund Information	6%	4%	2%

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Extraordinary Item

As described in Note 25, transactions related to the dissolution of the former Redevelopment Agencies were reported as extraordinary items in the governmental fund and the government-wide financial statements. In May 2014, the State of California Department of Finance (DOF) indicated that the County loan from the Successor Agency was now an enforceable obligation because all required conditions were met. As a result, the County reinstated the loan receivable from the Successor Agency based on the provisions of the California Health and Safety Code section 34191.4 (b) per the letter from the DOF dated May 16, 2014. Our opinion is not modified with respect to this matter.

Implemented GASB Pronouncement

As described in Note 1 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 65 – *Items Previously Reported as Assets and Liabilities* as of July 1, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 - 33 and the schedule of funding progress on page 109 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2014, 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.

Vavrinick, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 9, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS





MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2014

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, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the County's Basic Financial Statements following this section.

FINANCIAL HIGHLIGHTS (Amounts in thousands)

- The County's total net position increased by \$336,856. The net increase is attributable to the \$288,929 increase in governmental activities net position and the \$47,927 increase in business-type activities net position.
- As of June 30, 2014, the County governmental funds reported combined fund balances of \$1,525,179, an increase of \$137,477 in comparison with the prior year. Amounts available for spending include *restricted, committed, assigned, and unassigned fund balances*; these totaled \$1,458,037, or 95.6% of the ending fund balance. Of this amount, \$829,700 is restricted by law or externally imposed requirements, and \$175,620 is committed for specific purposes.
- At the end of the fiscal year, amounts available for spending for the General Fund totaled \$752,588, or 35.3% of total General Fund expenditures. This is an increase of \$92,810 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 \$53,098 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 decreased by \$57,806 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.

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.

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

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, Museum Gift Shop, and Regional Parks Snack Bar Operations.

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

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

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

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

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

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

Management's Discussion and Analysis (Amounts in thousands)

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

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

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

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

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

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

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

The fiduciary fund financial statements can be found on pages 46-47 of this report.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund financial statements. The notes can be found on pages 49-108 of this report.

Management's Discussion and Analysis (Amounts in thousands)

Supplemental Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceed liabilities by \$3,268,481 at the close of the most recent fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets, as restated	\$ 2,787,980	\$ 2,548,977	\$ 397,814	\$ 401,741	\$ 3,185,794	\$ 2,950,718
Capital assets	1,840,948	1,780,651	538,392	545,591	2,379,340	2,326,242
Total assets	<u>4,628,928</u>	<u>4,329,628</u>	<u>936,206</u>	<u>947,332</u>	<u>5,565,134</u>	<u>5,276,960</u>
Deferred outflows of resources	4,405	5,211	26,654	29,035	31,059	34,246
Current and other liabilities	242,185	197,408	105,830	144,670	348,015	342,078
Long-term liabilities *	1,346,566	1,381,778	633,131	655,725	1,979,697	2,037,503
Total liabilities	<u>1,588,751</u>	<u>1,579,186</u>	<u>738,961</u>	<u>800,395</u>	<u>2,327,712</u>	<u>2,379,581</u>
Net Position:						
Net investment in capital assets, as restated	1,749,238	1,670,509	110,155	102,982	1,859,393	1,773,491
Restricted	776,259	740,232	62,286	63,781	838,545	804,013
Unrestricted, as restated	519,085	344,912	51,458	9,209	570,543	354,121
Total Net Position	<u>\$ 3,044,582</u>	<u>\$ 2,755,653</u>	<u>\$ 223,899</u>	<u>\$ 175,972</u>	<u>\$ 3,268,481</u>	<u>\$ 2,931,625</u>

* Beginning balance restated to reflect the reclassification of deferred charges on refunding to deferred outflows of resources in accordance with GASB 65.

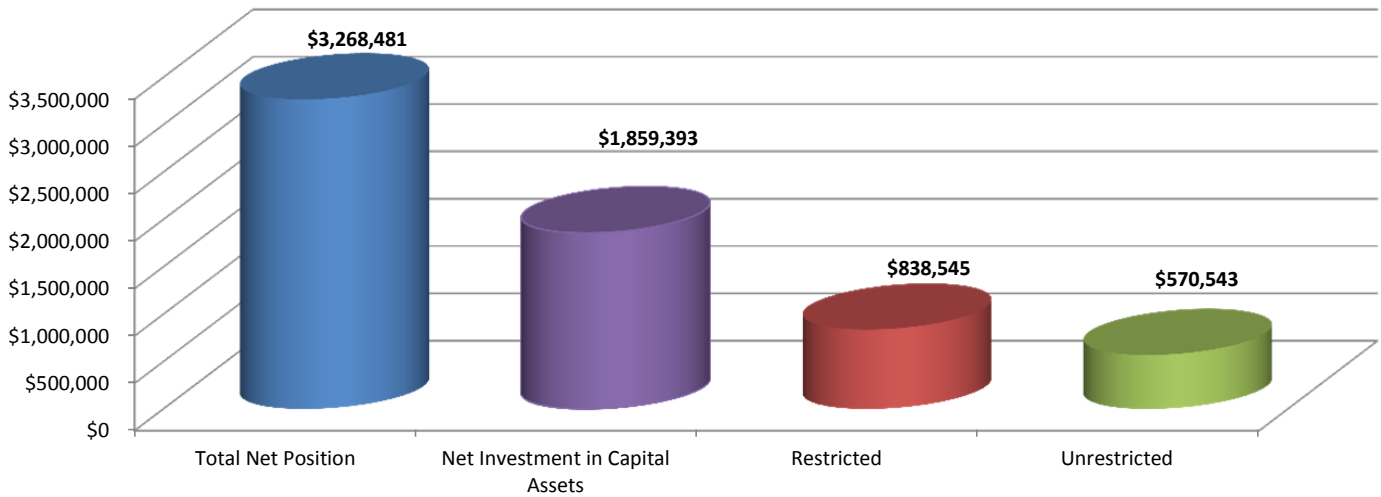
The largest portion of the County's net position of \$1,859,393 reflects investment in capital assets (e.g. land, land use rights, structures and improvements, equipment and software, and infrastructure); as well as capital-related deferred outflows of resources less any related debt used to acquire 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 \$838,545 represents another significant portion of County net position. This amount contains external restrictions imposed by creditors, grantors, contributors, laws and regulation of other governments, and restrictions imposed by law through constitutional provisions and enabling legislation.

Management's Discussion and Analysis (Amounts in thousands)

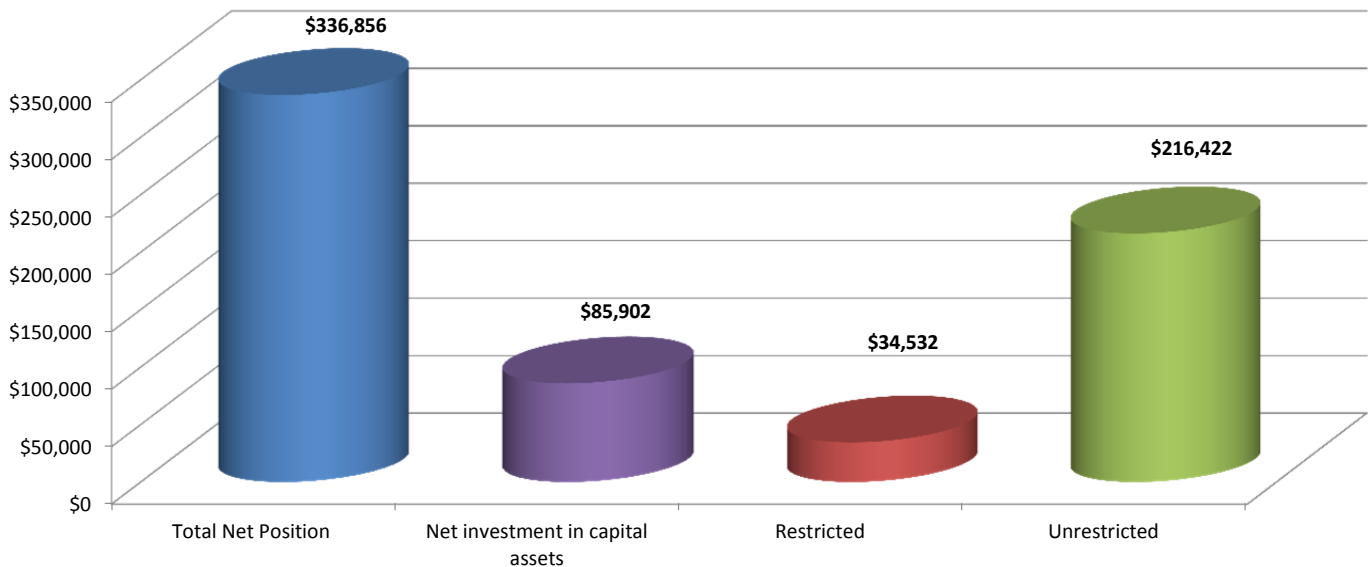
The final component of net position is unrestricted net position. Unrestricted net position represent resources that the County may use to meet its current and ongoing obligations to citizens and creditors. The overall unrestricted net position balance increased by \$216,422 primarily as a result of additional funding received by the County General Fund and Capital Improvement Fund, along with the Waste Systems Division during the current year.

Net Position



The County's total net position increased by \$336,856 (\$288,929 increase in governmental activities and \$47,927 increase in business-type activities) indicating that the County generated revenue sufficient to cover the cost of operations during the current fiscal year.

Increase In Net Position



Management's Discussion and Analysis (Amounts in thousands)

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues						
Charges for Services	\$ 427,098	\$ 416,838	473,203	\$ 434,982	\$ 900,301	\$ 851,820
Operating Grants/Contributions	1,736,856	1,584,569	48,832	51,953	1,785,688	1,636,522
Capital Grants/Contributions	25,971	17,755	21,247	18,901	47,218	36,656
General Revenue						
Property Taxes, Levied for General Purposes	553,303	523,190	2,786	2,627	556,089	525,817
Public Safety Tax	156,352	145,097	-	-	156,352	145,097
Sales Taxes	29,103	30,158	-	-	29,103	30,158
Other Taxes	16,099	11,791	-	-	16,099	11,791
Unrestricted Revenues from Use of Money and Property	43,603	46,383	2,210	1,674	45,813	48,057
Miscellaneous	74,416	71,998	53,070	19,264	127,486	91,262
Gains on Sale of Capital Assets	5,565	4,998	50	-	5,615	4,998
Total Revenues	3,068,366	2,852,777	601,398	529,401	3,669,764	3,382,178
Expenses:						
General Government, as restated	178,980	195,447	-	-	178,980	195,447
Public Protection	1,007,434	985,004	-	-	1,007,434	985,004
Public Ways and Facilities	91,744	80,002	-	-	91,744	80,002
Health and Sanitation	331,551	311,856	-	-	331,551	311,856
Public Assistance	1,046,447	1,014,443	-	-	1,046,447	1,014,443
Education	20,923	16,469	-	-	20,923	16,469
Recreation and Cultural Services	25,290	26,672	-	-	25,290	26,672
Interest on Long Term Debt	50,189	53,484	-	-	50,189	53,484
Medical Center, as restated	-	-	513,609	487,578	513,609	487,578
Waste Systems	-	-	61,883	53,748	61,883	53,748
Water, Sewer, and Sanitation	-	-	15,204	15,448	15,204	15,448
Others	-	-	69	87	69	87
Total Expenses	2,752,558	2,683,377	590,765	556,861	3,343,323	3,240,238
Excess (Deficiency) before Extraordinary Item and Transfers	315,808	169,400	10,633	(27,460)	326,441	141,940
Extraordinary Item Transfers	10,415 (37,294)	63,969 (50,720)	- 37,294	221 50,720	10,415 -	64,190 -
Change in Net Position	288,929	182,649	47,927	23,481	336,856	206,130
Net Position -- Beginning of Year, as restated	2,755,653	2,573,004	175,972	152,491	2,931,625	2,725,495
Net Position -- End of Year	\$ 3,044,582	\$ 2,755,653	\$ 223,899	\$ 175,972	\$ 3,268,481	\$ 2,931,625

On June 28, 2014, the County signed a Memorandum of Understanding (MOU) agreement with the County's largest union, San Bernardino Public Employee Association (SBPEA) which included an agreement incentive to each eligible employee of up to \$1,750 (not expressed in thousands) payable in one lump sum payment for reaching a timely agreement. The MOU also included a term eliminating the employer pick-up of the required employee contribution in the amount of 7% of earnable compensation. As a result, the total amount of \$23,097 contributed to the overall expense increase for both respective governmental and business-type activities during the current fiscal year.

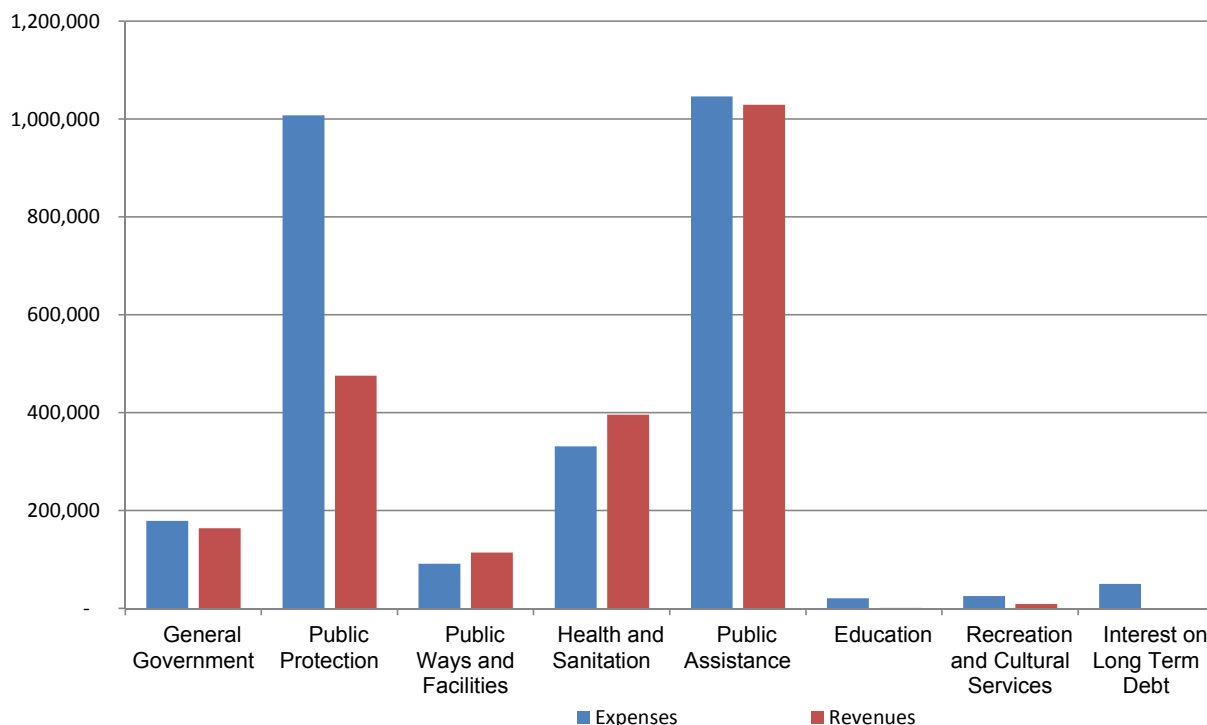
Governmental Activities increased the County's net position by \$288,929. The overall increase in net position is due to one-time and ongoing revenues exceeding related expenses. Also contributing to the increase in net position is reinstatement of loan receivable from the County Redevelopment Successor Agency.

Total revenues of County governmental activities primarily increased due to an increase in tax revenues including Prop 172 Sales Tax and operating grants/contributions such as state realignment funding for current and growth apportionments.

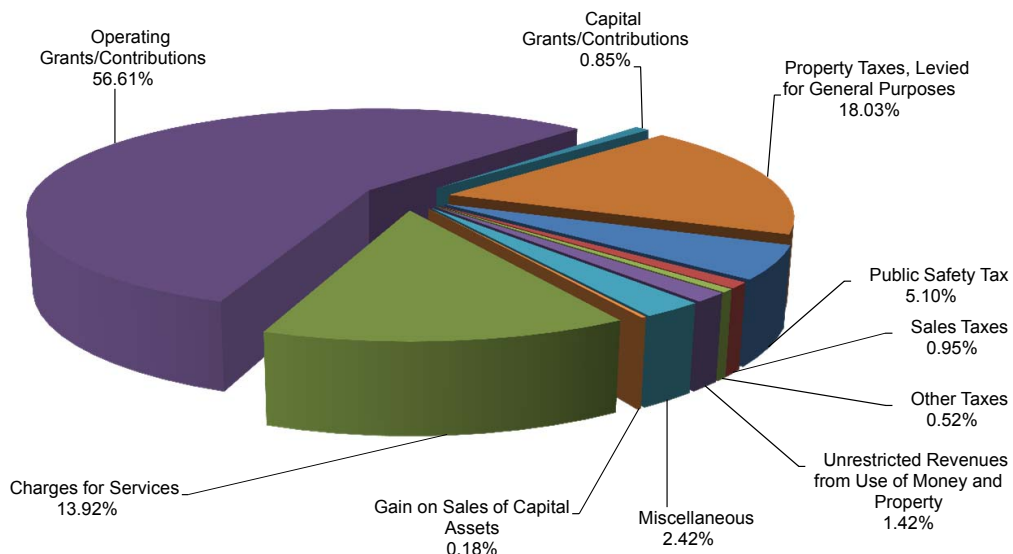
Management's Discussion and Analysis (Amounts in thousands)

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

Expenses and Program Revenues-Governmental Activities



Revenues by Source-Governmental Activities

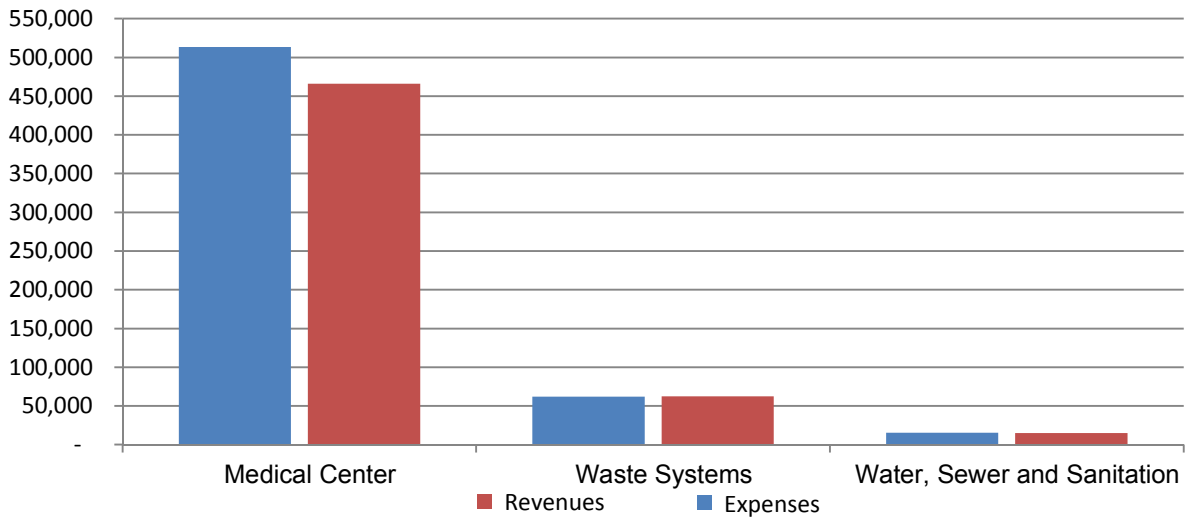


Management's Discussion and Analysis (Amounts in thousands)

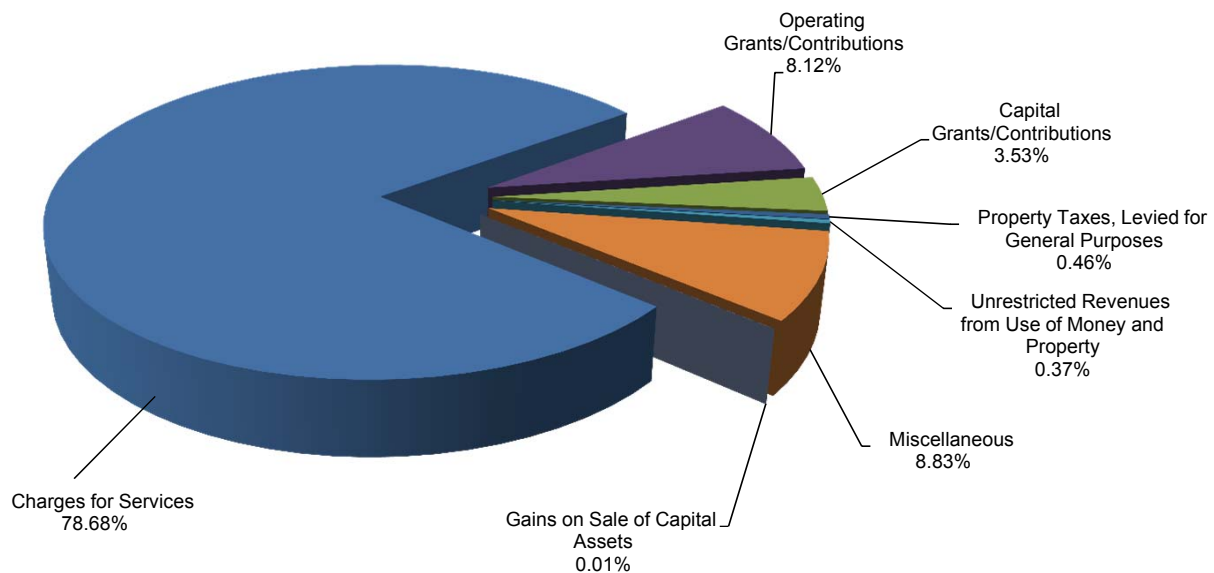
Business-type Activities increased the County's net position by \$47,927. This is primarily due to an increase of net position in the Solid Waste Management Division resulting from a decreased liability for pollution remediation costs and increased recovery assets related to pollution remediation activities.

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, 2014, the County's governmental funds reported a total fund balance of \$1,525,179, an increase of \$137,477 in comparison with the prior year. Approximately 54% of the total fund balance, \$829,700, constitutes restricted fund balance, which is restricted by external parties. The remaining fund balance is comprised of a nonspendable amount of \$67,142; committed amounts of \$175,620, which are committed for specific purposes; assigned amounts of \$213,496 set-aside for specific purposes; and an unassigned amount of \$239,221, representing the residual net resources of the General Fund available for spending.

The most significant restricted amounts in the governmental funds include \$81,960 for Social Services Realignment, \$69,601 for Health Services Realignment, \$93,262 for Flood Control, and \$93,067 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, 2014, the total fund balance reached \$816,792, an increase of \$100,758 in comparison with the prior year. Approximately 38% or \$309,067 of the total fund balance constitutes restricted fund balance. The remaining fund balance is made up of \$64,204 of nonspendable amounts; \$175,620 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 \$28,680 for workers' compensation rebate and automated systems development; and \$239,221 in unassigned amounts available for spending.

As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total General Fund expenditures. Unrestricted fund balance represents 21% of total fund expenditures; while total fund balance represents 38%.

The General Fund had an increase of \$100,758 primarily the result of revenues exceeding related expenses.

Capital Improvement Fund: The Capital Improvement Fund accounts for the County's major capital acquisition and construction projects. On June 30, 2014, the total fund balance of the Capital Improvement Fund was \$138,967. The capital improvement fund had an increase of \$44,908, mainly from increase funding for maintenance, upgrades, seismic retrofitting and improvements, 800 MHZ upgrade project, and the Sheriff's crime lab.

Revenues for total governmental funds totaled \$2,986,507 in fiscal year 2013-14, representing a \$141,036 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:

<u>Revenues</u>	<u>Fiscal year 2013-14</u>		<u>Over (Under) Fiscal year 2012-13</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$ 749,232	25%	\$ 35,704	5%
Licenses, Permits and Franchises	24,919	1%	2,284	10%
Fines, Forfeitures and Penalties	14,865	1%	(1,878)	-11%
Revenues From Use of Money and Property	41,658	1%	(6,183)	-13%
Aid From Other Governmental Agencies	1,705,488	57%	104,663	7%
Charges for Current Services	382,716	13%	8,895	2%
Other Revenues	67,629	2%	(2,449)	-3%
Total Revenues	<u>\$ 2,986,507</u>	<u>100%</u>	<u>\$ 141,036</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 \$35,704 mainly due to an increase in assessed valuation of properties within the County, and pass-through of property tax that was previously distributed to the former Redevelopment Agencies. Also contribution to this increase is a continued surge in sales tax revenue including the one-half percent sales tax for public safety activities, which was imposed by Proposition 172.

Aid received from other governmental agencies increased by a total of \$104,663. This resulted from an increase in higher Proposition 63 personal income tax surcharge cash distribution, increase in funding for CalWORKS, Medi-Cal, Cal Fresh and San Bernardino Associated Governments (SANBAG) projects, and the realignment growth apportionments offset by decreased funding for Housing and Urban Development (HUD) and state AB 900 Jail Construction funds for the High Desert Detention Center Expansion Project.

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

<u>Expenditures</u>	<u>Fiscal year 2013-14</u>		<u>Over (Under) Fiscal Year 2012-13</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount Changed</u>	<u>Percent</u>
Current:				
General Government	\$ 160,755	6%	\$ (12,167)	-7%
Public Protection	957,832	34%	30,013	3%
Public Ways and Facilities	103,267	3%	25,658	33%
Health and Sanitation	331,830	12%	28,824	10%
Public Assistance	1,037,741	36%	51,801	5%
Education	17,295	1%	1,991	13%
Recreation and Cultural Services	20,466	1%	(475)	-2%
Debt Service:				
Principal	83,495	3%	6,557	9%
Interest and Fiscal Charges	24,156	1%	(1,705)	-7%
Capital Outlay	94,354	3%	(25,940)	-22%
Total Expenditures	<u>\$ 2,831,191</u>	<u>100%</u>	<u>\$ 104,557</u>	

Total County governmental funds expenditures increased by \$104,557 from the prior year.

Public Protection as well as Health and Sanitation expenditures increased by \$30,013 and \$28,824 respectively due to increased costs associated with implementing AB 109 Realignment, which shifted responsibility for certain adult offender populations to counties.

Management's Discussion and Analysis
(Amounts in thousands)

Public Ways and Facilities increased by \$25,658 due to work completed on various projects, including the Glen Helen Parkway grade separation project, Maple Lane drainage improvements, Alabama Street culvert construction, and Yermo Bridge reconstruction.

Public Assistance expenditures increased by \$51,801 primarily due to rising benefits, retirement and salary costs. Also included are significant changes related to increases in client services costs for CalWORKs, Medi-Cal, Cal Fresh, and In-Home Supportive Services.

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

Other Financing Sources (Uses) Governmental Funds	Fiscal Year 2013-14	Over (Under) Fiscal year 2012-13	
	Amount	Amount Changed	Percent
Transfers Out	\$ (263,941)	\$ 10,529	-4%
Transfers In	227,341	(59,836)	-21%
Sale of Capital Assets	8,346	3,348	67%
Total Other Financing Sources and (Uses)	<u>\$ (28,254)</u>	<u>\$ (45,959)</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	\$ 2,415,630	\$ 23,730	\$ 547,147	\$ 2,986,507
Expenditures	<u>(2,134,622)</u>	<u>(61,602)</u>	<u>(634,967)</u>	<u>(2,831,191)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>281,008</u>	<u>(37,872)</u>	<u>(87,820)</u>	<u>155,316</u>
 Total Other Financing Sources and (Uses)	<u>(190,665)</u>	<u>82,780</u>	<u>79,631</u>	<u>(28,254)</u>
 Net Changes In Fund Balance Before Extraordinary Item	90,343	44,908	(8,189)	127,062
Extraordinary Item	<u>10,415</u>	<u>-</u>	<u>-</u>	<u>10,415</u>
Net Changes In Fund Balance	100,758	44,908	(8,189)	137,477
Fund Balance, July 1, 2013	<u>716,034</u>	<u>94,059</u>	<u>577,609</u>	<u>1,387,702</u>
 Fund Balance, June 30, 2014	<u>\$ 816,792</u>	<u>\$ 138,967</u>	<u>\$ 569,420</u>	<u>\$ 1,525,179</u>

In fiscal year 2013-14, the fund balance of total governmental funds increased by \$137,477. This increase is the result of revenues exceeding the associated expenditures, along with the reinstatement of the loan receivable from the redevelopment successor agency. Absent this extraordinary item, net Changes in fund balance had increased by \$127,062.

Management's Discussion and Analysis
(Amounts in thousands)

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

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

	Business-Type Activities -- Enterprise Funds			Total Enterprise Funds
	Medical Center	Waste Systems Division	Total Nonmajor Enterprise Funds	
Revenues				
Net Patient Care and Services	\$ 398,628	\$ -	\$ -	\$ 398,628
Charges for Current Services	-	50,665	14,791	65,456
Other	9,227	11,109	-	20,336
Total Operating Revenues	<u>407,855</u>	<u>61,774</u>	<u>14,791</u>	<u>484,420</u>
Operating Expenses				
Professional Services	57,253	35,500	2,546	95,299
Salaries and Employee Benefits	239,030	6,849	5,254	251,133
Services and Supplies	164,154	17,651	4,527	186,332
Depreciation and Amortization	21,990	1,883	2,678	26,551
Other	3,961	-	96	4,057
Total Operating Expenses	<u>486,388</u>	<u>61,883</u>	<u>15,101</u>	<u>563,372</u>
Operating Income (Loss)	<u>(78,533)</u>	<u>(109)</u>	<u>(310)</u>	<u>(78,952)</u>
Nonoperating Revenues (Expenses)				
Interest Revenue	1,488	608	114	2,210
Interest Expense	(26,158)	-	(172)	(26,330)
Tax Revenue	-	-	2,786	2,786
Grant Revenue	36,843	671	101	37,615
Gain (Loss) on Sale of Capital Assets	-	50	-	50
Other Nonoperating Revenues	-	50,964	2,106	53,070
Other Nonoperating Expenses	(1,063)	-	-	(1,063)
Total Nonoperating Revenues (Expenses)	<u>11,110</u>	<u>52,293</u>	<u>4,935</u>	<u>68,338</u>
Income (Loss) Before Contributions and Transfers	(67,423)	52,184	4,625	(10,614)
Capital Contributions	21,247	-	-	21,247
Transfers to Other Funds	(9,154)	(296)	(36)	(9,486)
Transfers from Other Funds	<u>46,738</u>	<u>-</u>	<u>42</u>	<u>46,780</u>
Change in Net Position	(8,592)	51,888	4,631	47,927
Net Position, July 1, 2013, as restated	68,997	21,225	85,750	175,972
Net Position, June 30, 2014	<u>\$ 60,405</u>	<u>\$ 73,113</u>	<u>\$ 90,381</u>	<u>\$ 223,899</u>

The net increase of \$47,927 in net position was primarily due to the decreased liabilities for the estimated pollution remediation costs and its realizable insurance recoveries. The effect of this estimate change resulted in an increase in the other non-operating revenues for the current fiscal year.

Management's Discussion and Analysis (Amounts in thousands)

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final expenditure budget differs from the original budget by approximately 1.3%. A net decrease in appropriations of \$32,687 was approved during the fiscal year. The significant components of this net decrease are summarized below:

General

- On May 6, 2014, the board adopted a budget amendment to decrease General Contingencies by \$123,063 due to \$37,663 increase in revenue offset by \$40,137 in appropriation increases and \$120,589 in contributions to Specific Purpose Reserves for capital projects, jail upgrades, new computer systems, and so forth.

Health and Sanitation

- On December 17, 2013 and May 6, 2014, the board adopted budget amendments which increased the Health Care Administration budget by \$70,000. This budget increase reflects Intergovernmental Transfers required for the Disproportionate Share Hospital and Safety Net Care Pool payments for prior years.

Public Assistance

- On December 17, 2013, the board adopted a budget amendment which increased the Human Services budget by \$12,495. This increase reflects the expansion of Medi-Cal, CalWORKs, and Child Welfare Services due to Health Care Reform.

Public Protection

- On December 17, 2013, the board adopted a budget amendment which increased the Sheriff Detentions budget by \$7,635. This budget increase reflects the implementation of Phase 1 of the High Desert Detention Center expansion project.

During the current fiscal year, the Public Protection and Health and Sanitation functions accounted for the largest expenditure variances of \$69,145 and \$179,498 respectively between the final budget and actual expenditures. These variances are primarily the result of the completion of the High Desert Detention Center, and increased Intergovernmental Transfers from the Health Administrator budget unit as required for the receipt of Disproportionate Share Hospital (DSH) funds from the State, respectively.

The total difference of \$45,446 between estimated revenues and actual revenues was caused by the receipt of actual sales and property related taxes along with aid from other governments exceeding their respective estimates. These differences are primarily due to increases in the following: assessed valuation of properties within the County; Proposition 172 Half-Cent Sales Tax; 1991 and 2011 Realignment revenues; funding for CalWORKs, and Cal Fresh.

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

Management's Discussion and Analysis (Amounts in thousands)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's total capital assets and related deferred outflows of resources for governmental and business-type activities as of June 30, 2014, amounted to \$2,379,340 and \$31,059, respectively. The County's total related debt used to acquire those assets as of June 30, 2014, amounted to \$551,006. 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 \$149,121 as a result of the completion of the following large projects: Adelanto Jail Expansion in the amount of \$126,256; completion of the Joshua Tree Government Center in the amount of \$6,348; purchase of a building in Victorville for \$2,053; and the completion of the Silver Lake fire station in the amount of \$1,999.
- Development in Progress (DIP) decreased approximately \$125,358 due to the completion of the Adelanto Jail Expansion, which disposed of DIP worth \$121,108.
- The Flood Control Fund has various flood control channel facilities under construction with a DIP value of \$64,852. The flood control facilities are primarily comprised of the West State Street Drain in the amount of \$13,735; Cucamonga Basin #6 in the amount of \$11,983; Cactus Basin projects in the amount of \$10,299; San Timoteo Channel projects in the amount of \$8,827; and the Mountain View Acres project in the amount of \$6,322.
- Infrastructure increased approximately \$57,825. Transportation completed infrastructure projects of road rehabilitation, drainage improvements, sidewalk construction, intersection improvements, and grade separations worth \$47,075.
- Equipment and Software increased approximately \$23,714. The primary increase consists of computer equipment totaling \$4,097, licensed vehicles totaling \$5,633, and medical equipment totaling \$8,996.

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)
	2014	2013	2014	2013	2014	2013	Percent of Change
Land	\$ 125,255	\$ 117,080	\$ 21,377	\$ 21,377	\$ 146,632	\$ 138,457	5.90%
Land Use Rights (non-amortizable)	21,509	18,396	351	351	21,860	18,747	16.61%
Land Use Rights (amortizable)	123	77	1,109	1,109	1,232	1,186	3.88%
Development in Progress	161,022	288,532	15,740	13,588	176,762	302,120	-41.49%
Improvement other than Buildings	252,597	222,058	251,115	244,164	503,712	466,222	8.04%
Structures and Improvements	992,284	844,450	564,476	563,189	1,556,760	1,407,639	10.59%
Equipment and Software	353,630	338,539	158,705	150,082	512,335	488,621	4.85%
Infrastructure	1,299,033	1,241,208	-	-	1,299,033	1,241,208	4.66%
Accumulated Depreciation/Amortization	(1,364,505)	(1,289,689)	(474,481)	(448,269)	(1,838,986)	(1,737,958)	5.81%
Total	\$ 1,840,948	\$ 1,780,651	\$ 538,392	\$ 545,591	\$ 2,379,340	\$ 2,326,242	2.28%

Additional information on the County's capital assets can be found on Note 8 on pages 75-76 of this report.

Management's Discussion and Analysis (Amounts in thousands)

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

Long-term Debt 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)
	2014	2013	2014	2013	2014	2013	Percent of Change
Certificates of Participation, Net *	\$ 18,006	\$ 23,603	\$ 443,979	\$ 462,857	\$ 461,985	\$ 486,460	-5.03%
General Obligation Bonds	-	-	845	1,005	845	1,005	-15.92%
Revenue Bonds, Net	380,119	401,404	-	-	380,119	401,404	-5.30%
Other Bonds and Notes *	541,030	569,798	1,633	1,691	542,663	571,489	-5.04%
Compensated Absences	164,302	165,084	18,415	17,985	182,717	183,069	-0.19%
Termination Benefits Payable	172	1,394	15	123	187	1,517	-87.67%
Capital Lease Obligations	314	743	8,434	6,091	8,748	6,834	28.01%
Pollution Remediation Obligations	-	-	58,288	66,305	58,288	66,305	-12.09%
Estimated Liability for Litigation and Self-Insured Claims	239,623	215,752	-	-	239,623	215,752	11.06%
Estimated Liability for Closure / Postclosure Care Cost	-	-	101,522	99,668	101,522	99,668	1.86%
Other Long-Term Liabilities	3,000	4,000	-	-	3,000	4,000	-25.00%
Total	\$ 1,346,566	\$ 1,381,778	\$ 633,131	\$ 655,725	\$ 1,979,697	\$ 2,037,503	-2.84%

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

* Beginning balance restated to reflect the reclassification of deferred charges on refunding to deferred outflows of resources in accordance with GASB 65

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 totaling \$74,746 and pollution remediation obligation of \$8,017; offset by increases in liability for closure/postclosure care cost of \$1,854 and litigation and self-insurance claims of \$23,871.

A significant portion of the revenue bonds are the Pension Obligation Bonds (1995) totaling \$363,659 with an 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 \$242,650 with an AA- rating from Standard and Poor and the Pension Obligation Refunding Bonds (2008) totaling \$156,910 with an AA rating from Standard and Poor.

Management's Discussion and Analysis (Amounts in thousands)

ECONOMIC FACTORS AND BUDGETING

The Board of Supervisors adopted the County's final budget on June 17, 2014. The budget plan does not use any one-time monies to finance on-going costs and does not rely on the use of County reserves for on-going operations.

The General Fund spending authority totals \$2.7 billion and is funded by departmental revenues, Countywide discretionary revenues, and other financing sources.

As of June 30, 2014, the County's General Fund is projecting a cumulative structural deficit of \$50.6 million over the next three fiscal years with \$21.0 million of that deficit occurring in the 2014-15 fiscal year. The proposed solutions for the structural deficit that exists through 2018-19 are as follows:

- High Desert Detention Center Staffing mitigations by delaying Phase 2 to fiscal year 2017-18 and Phase 3 to fiscal year 2018-19.
- Sheriff prison rape elimination act and electronic monitoring backfill will be paid through the department's budget.
- Human Services reduced reliance on the General Fund based on recent study of caseload growth.
- Increased Community Safety and GEMT revenue that will reduce Fire subsidy.
- Eliminate funding for Cooperative Extension Program.
- Eliminate ongoing funding to a one time bridge funding source for Museum operations until a more sustainable solution can be developed.
- Renegotiation of the Prado Park water and sewer agreement to reduce costs.

The County has identified the following critical areas to be addressed in 2014-15 in order to prevent unnecessary costs and risks:

- Funding of the first phase of the High Desert Detention Center staffing with ongoing sources
- Fully funding the annual earned leave liability with ongoing sources
- Revenue reductions in Law and Justice programs
- Funding key transportation projects in Public Works
- Shortfalls in the County Museum
- Asset replacement needs

Other significant issues impacting the General Fund include increased retirement costs due to 2008-09 market losses and effects that the Affordable Care Act will have on Human Services Department and Arrowhead Regional Medical Center.

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, 222 W. Hospitality Lane, County of San Bernardino, California, 92415.



BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS





**COUNTY OF SAN BERNARDINO
STATEMENT OF NET POSITION
JUNE 30, 2014 (IN THOUSANDS)**

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 SAN BERNARDINO
ASSETS				
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 1,542,766	\$ 114,531	\$ 1,657,297	\$ 88,033
INVESTMENTS (NOTE 4)	2,154	-	2,154	-
ACCOUNTS RECEIVABLE, NET (NOTE 5)	6,638	58,679	65,317	-
TAXES RECEIVABLE (NOTE 5)	47,125	232	47,357	-
INTEREST RECEIVABLE (NOTE 5)	16,684	307	16,991	-
LOANS RECEIVABLE (NOTE 5)	57,978	142	58,120	-
OTHER RECEIVABLES, NET (NOTE 5)	10,050	55,300	65,350	-
DUE FROM OTHER GOVERNMENTS, NET (NOTE 5)	433,634	47,910	481,544	3,876
INTERNAL BALANCES	(3,943)	3,943	-	-
LAND HELD FOR RESALE	2,211	29	2,240	-
INVENTORIES	5,454	1,968	7,422	-
PREPAID ITEMS	6,248	3,465	9,713	1
RESTRICTED CASH AND INVESTMENTS (NOTE 4 & 7)	8,749	111,308	120,057	-
PREPAID PENSION ASSET (NOTE 19)	652,232	-	652,232	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:				
LAND (NOTE 8)	125,255	21,377	146,632	-
LAND USE RIGHTS (NOTE 8)	21,509	351	21,860	-
DEVELOPMENT IN PROGRESS (NOTE 8)	161,022	15,740	176,762	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
LAND USE RIGHTS (NOTE 8)	123	1,109	1,232	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 8)	2,543,914	815,591	3,359,505	130
EQUIPMENT AND SOFTWARE (NOTE 8)	353,630	158,705	512,335	15
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 8)	(1,364,505)	(474,481)	(1,838,986)	(9)
TOTAL ASSETS	4,628,928	936,206	5,565,134	92,046
DEFERRED OUTFLOWS OF RESOURCES (NOTE 9)	4,405	26,654	31,059	-
LIABILITIES				
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	71,958	72,795	144,753	75
SALARIES AND BENEFITS PAYABLE	88,162	15,755	103,917	115
DUE TO OTHER GOVERNMENTS	56,769	5,578	62,347	7,291
INTEREST PAYABLE	10,437	9,830	20,267	-
ADVANCES FROM OTHERS (NOTE 10)	14,859	1,872	16,731	-
NONCURRENT LIABILITIES:				
PORTION DUE PAYABLE IN ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	108,448	11,142	119,590	16
TERMINATION BENEFITS PAYABLE (NOTE 11)	45	15	60	-
BONDS AND NOTES PAYABLE (NOTE 11)	88,662	20,495	109,157	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	314	2,795	3,109	-
OTHER LONG TERM LIABILITIES (NOTE 11)	3,000	-	3,000	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	4,759	4,759	-
ESTIMATED LIABILITY FOR CLOSURES/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	4,727	4,727	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	47,287	-	47,287	-
PORTION DUE OR PAYABLE AFTER ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	55,854	7,273	63,127	161
TERMINATION BENEFITS PAYABLE (NOTE 11)	127	-	127	-
BONDS AND NOTES PAYABLE, NET (NOTE 11)	850,493	425,962	1,276,455	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	-	5,639	5,639	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	53,529	53,529	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	96,795	96,795	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	192,336	-	192,336	-
TOTAL LIABILITIES	1,588,751	738,961	2,327,712	7,658
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	1,749,238	110,155	1,859,393	136
RESTRICTED FOR:				
GRANTS AND OTHER COUNTY PROGRAMS	774,559	-	774,559	-
PERPETUAL CARE - NONEXPENDABLE	1,700	-	1,700	-
DEBT SERVICE	-	40,859	40,859	-
LANDFILL CLOSURE	-	21,427	21,427	-
UNRESTRICTED	519,085	51,458	570,543	84,252
TOTAL NET POSITION	\$ 3,044,582	\$ 223,899	\$ 3,268,481	\$ 84,388

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

**COUNTY OF SAN BERNARDINO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014 (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	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 178,980	\$ 143,368	\$ 20,832	\$ -	\$ (14,780)
PUBLIC PROTECTION	1,007,434	235,102	240,781	-	(531,551)
PUBLICWAYS AND FACILITIES	91,744	12,856	75,682	25,971	22,765
HEALTH AND SANITATION	331,551	23,261	372,615	-	64,325
PUBLIC ASSISTANCE	1,046,447	2,833	1,026,267	-	(17,347)
EDUCATION	20,923	1,046	249	-	(19,628)
RECREATION AND CULTURAL SERVICES	25,290	8,632	430	-	(16,228)
INTEREST ON LONG TERM DEBT	50,189	-	-	-	(50,189)
TOTAL GOVERNMENTAL ACTIVITIES	2,752,558	427,098	1,736,856	25,971	(562,633)
BUSINESS-TYPE ACTIVITIES:					
MEDICAL CENTER	513,609	398,628	46,070	21,247	(47,664)
WASTE SYSTEMS	61,883	59,784	2,661	-	562
WATER, SEWER, AND SANITATION	15,204	14,696	101	-	(407)
OTHER	69	95	-	-	26
TOTAL BUSINESS-TYPE ACTIVITIES	590,765	473,203	48,832	21,247	(47,483)
TOTAL PRIMARY GOVERNMENT	\$ 3,343,323	\$ 900,301	\$ 1,785,688	\$ 47,218	\$ (610,116)
COMPONENT UNIT					
FIRST 5 SAN BERNARDINO	\$ 27,833	\$ -	\$ 21,181	\$ -	\$ (6,652)
GENERAL REVENUES:					
PROPERTY TAXES, LEVIED FOR GENERAL PURPOSES				553,303	556,089
PUBLIC SAFETY TAX				156,352	156,352
SALES TAXES				29,103	29,103
OTHER TAXES				16,099	16,099
UNRESTRICTED REVENUES FROM USE OF MONEY AND PROPERTY				43,603	45,813
MISCELLANEOUS				74,416	127,486
GAIN ON SALE OF CAPITAL ASSETS				5,565	5,615
EXTRAORDINARY ITEM (NOTE 25)				10,415	10,415
TRANSFERS				(37,294)	-
TOTAL GENERAL REVENUES, EXTRAORDINARY ITEM AND TRANSFERS				851,562	946,972
CHANGE IN NET POSITION				288,929	336,856
NET POSITION - BEGINNING, AS RESTATED				2,755,653	2,931,625
NET POSITION - ENDING				\$ 3,044,582	\$ 3,268,481

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



FUND FINANCIAL STATEMENTS





**COUNTY OF SAN BERNARDINO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014 (IN THOUSANDS)**

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 574,536	\$ 125,740	\$ 565,126	\$ 1,265,402
INVESTMENTS (NOTE 4)	-	-	2,154	2,154
ACCOUNTS RECEIVABLE, NET (NOTE 5)	2,978	-	2,828	5,806
TAXES RECEIVABLE (NOTE 5)	38,837	-	8,288	47,125
INTEREST RECEIVABLE (NOTE 5)	15,430	166	1,088	16,684
LOANS RECEIVABLE (NOTE 5)	56,827	-	1,151	57,978
OTHER RECEIVABLES (NOTE 5)	9,664	-	190	9,854
DUE FROM OTHER FUNDS (NOTE 6)	35,805	1,853	25,088	62,746
DUE FROM OTHER GOVERNMENTS (NOTE 5)	368,246	22,877	41,698	432,821
LAND HELD FOR RESALE	549	-	1,662	2,211
INVENTORIES	1,138	-	173	1,311
PREPAID ITEMS	1,761	-	1,065	2,826
INTERFUND RECEIVABLE (NOTE 6)	4,711	-	305	5,016
RESTRICTED CASH AND INVESTMENTS (NOTES 4 & 7)	2,316	-	6,433	8,749
TOTAL ASSETS	\$ 1,112,798	\$ 150,636	\$ 657,249	\$ 1,920,683
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 31,947	\$ 10,450	\$ 21,366	\$ 63,763
SALARIES AND BENEFITS PAYABLE	73,679	-	11,949	85,628
DUE TO OTHER FUNDS (NOTE 6)	41,759	94	28,423	70,276
DUE TO OTHER GOVERNMENTS	50,562	-	6,191	56,753
ADVANCES FROM OTHERS (NOTE 10)	11,112	-	3,747	14,859
INTERFUND PAYABLE (NOTE 6)	-	-	4,446	4,446
TOTAL LIABILITIES	209,059	10,544	76,122	295,725
DEFERRED INFLOWS OF RESOURCES (NOTE 16)	86,947	1,125	11,707	99,779
FUND BALANCES (NOTE 17):				
NONSPENDABLE	64,204	-	2,938	67,142
RESTRICTED	309,067	6,774	513,859	829,700
COMMITTED	175,620	-	-	175,620
ASSIGNED	28,680	132,193	52,623	213,496
UNASSIGNED	239,221	-	-	239,221
TOTAL FUND BALANCES	816,792	138,967	569,420	1,525,179
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,112,798	\$ 150,636	\$ 657,249	

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.

1,797,243

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

99,779

Prepaid Pension Asset

652,232

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

77,523

Interest payable on long-term debt

(10,437)

Long-term liabilities, including bonds payables, deferred outflows of resources and related items, are not due and payable in the current period and, therefore not reported in the funds.

(1,096,937)

Net position of governmental activities (page 36)

\$ 3,044,582

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, 2014 (IN THOUSANDS)**

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
TAXES	\$ 646,604	\$ -	\$ 102,628	\$ 749,232
LICENSES, PERMITS, AND FRANCHISES	23,965	-	954	24,919
FINES, FORFEITURES, AND PENALTIES	8,243	-	6,622	14,865
REVENUE FROM USE OF MONEY AND PROPERTY	34,430	6	7,222	41,658
AID FROM OTHER GOVERNMENTAL AGENCIES	1,391,609	23,332	290,547	1,705,488
CHARGES FOR CURRENT SERVICES	285,224	252	97,240	382,716
OTHER REVENUES	25,555	140	41,934	67,629
TOTAL REVENUES	2,415,630	23,730	547,147	2,986,507
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT	147,671	9,263	3,821	160,755
PUBLIC PROTECTION	792,714	-	165,118	957,832
PUBLIC WAYS AND FACILITIES	2,690	-	100,577	103,267
HEALTH AND SANITATION	205,800	-	126,030	331,830
PUBLIC ASSISTANCE	952,638	-	85,103	1,037,741
EDUCATION	3,091	-	14,204	17,295
RECREATION AND CULTURAL SERVICES	13,181	-	7,285	20,466
DEBT SERVICE:				
PRINCIPAL	7,201	-	76,294	83,495
INTEREST AND FISCAL CHARGES	1,532	-	22,624	24,156
CAPITAL OUTLAY	8,104	52,339	33,911	94,354
TOTAL EXPENDITURES	2,134,622	61,602	634,967	2,831,191
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	281,008	(37,872)	(87,820)	155,316
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT (NOTE 6)	(218,826)	(122)	(44,993)	(263,941)
TRANSFERS IN (NOTE 6)	27,495	82,897	116,949	227,341
SALE OF CAPITAL ASSETS	666	5	7,675	8,346
TOTAL OTHER FINANCING SOURCES AND (USES)	(190,665)	82,780	79,631	(28,254)
NET CHANGES IN FUND BALANCE BEFORE EXTRAORDINARY ITEM	90,343	44,908	(8,189)	127,062
EXTRAORDINARY ITEM (NOTE 25)	10,415	-	-	10,415
NET CHANGES IN FUND BALANCE	100,758	44,908	(8,189)	137,477
FUND BALANCES, JULY 1, 2013	716,034	94,059	577,609	1,387,702
FUND BALANCES, JUNE 30, 2014	<u>\$ 816,792</u>	<u>\$ 138,967</u>	<u>\$ 569,420</u>	<u>\$ 1,525,179</u>

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL

\$ 137,477

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

132,967

Less current year depreciation.

(79,730)

53,237

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.

(7,445)

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

73,511

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

(24,287)

Amortization of the Prepaid Pension Asset

(26,492)

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.

82,928

Changes in net position of governmental activities (page 37)

\$ 288,929

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, 2014 (IN THOUSANDS)**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
TAXES	\$ 590,919	\$ 594,603	\$ 646,604	\$ 52,001
LICENSES, PERMITS AND FRANCHISES	20,717	21,217	23,965	2,748
FINES, FORFEITURES AND PENALTIES	7,332	7,705	8,243	538
REVENUES FROM USE OF MONEY AND PROPERTY	33,105	33,003	34,430	1,427
AID FROM OTHER GOVERNMENTAL AGENCIES	1,147,469	1,230,603	1,391,609	161,006
CHARGES FOR CURRENT SERVICES	387,584	456,899	285,224	(171,675)
OTHER REVENUES	27,566	26,154	25,555	(599)
TOTAL REVENUES	2,214,692	2,370,184	2,415,630	45,446
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT	350,933	185,696	148,498	37,198
PUBLIC PROTECTION	822,755	862,853	793,708	69,145
PUBLIC WAYS AND FACILITIES	2,633	2,704	2,679	25
HEALTH AND SANITATION	334,907	400,642	221,153	179,489
PUBLIC ASSISTANCE	983,018	1,010,047	952,421	57,626
EDUCATION	3,159	3,159	3,091	68
RECREATION AND CULTURAL SERVICES	13,246	13,371	13,148	223
DEBT SERVICE:				
PRINCIPAL	7,235	7,235	7,201	34
INTEREST AND FISCAL CHARGES	7,583	7,583	1,532	6,051
CAPITAL OUTLAY	24,124	23,616	7,288	16,328
TOTAL EXPENDITURES	2,549,593	2,516,906	2,150,719	366,187
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(334,901)	(146,722)	264,911	411,633
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT (NOTE 6)	(209,863)	(270,891)	(218,826)	52,065
TRANSFERS IN (NOTE 6)	53,013	46,449	27,495	(18,954)
SALE OF CAPITAL ASSETS	500	500	666	166
TOTAL OTHER FINANCING SOURCES AND (USES)	(156,350)	(223,942)	(190,665)	33,277
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(491,251)	(370,664)	74,246	444,910
EXTRAORDINARY ITEM	-	-	10,415	10,415
NET CHANGE IN FUND BALANCES	(491,251)	(370,664)	84,661	455,325
FUND BALANCES, JULY 1, 2013	703,800	703,800	703,800	-
FUND BALANCES, JUNE 30, 2014	\$ 212,549	\$ 333,136	\$ 788,461	\$ 455,325

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, 2014 (IN THOUSANDS)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	TOTAL NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
ASSETS					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 20,540	\$ 56,363	\$ 37,628	\$ 114,531	\$ 277,364
ACCOUNTS RECEIVABLE, NET (NOTE 5)	47,122	8,807	2,750	58,679	832
TAXES RECEIVABLE (NOTE 5)	-	-	232	232	-
INTEREST RECEIVABLE (NOTE 5)	307	-	-	307	-
OTHER RECEIVABLES, NET (NOTE 5)	18,214	9,521	65	27,800	196
DUE FROM OTHER FUNDS (NOTE 6)	20,611	101	86	20,798	5,924
DUE FROM OTHER GOVERNMENTS, NET (NOTE 5)	46,593	1,307	10	47,910	813
LAND HELD FOR RESALE	-	29	-	29	-
INVENTORIES	1,873	-	95	1,968	4,143
PREPAID ITEMS	3,327	138	-	3,465	3,577
RESTRICTED CASH AND CASH EQUIVALENTS (NOTE 4 & 7)	4,920	61,094	-	66,014	-
TOTAL CURRENT ASSETS	163,507	137,360	40,866	341,733	292,849
NONCURRENT ASSETS:					
OTHER RECEIVABLES (NOTE 5)	-	27,500	-	27,500	-
NOTES RECEIVABLE (NOTE 5)	-	-	142	142	-
RESTRICTED CASH AND INVESTMENTS (NOTES 4 & 7)	45,294	-	-	45,294	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:					
LAND (NOTE 8)	-	17,736	3,641	21,377	396
LAND USE RIGHTS (NOTE 8)	-	93	258	351	-
DEVELOPMENT IN PROGRESS (NOTE 8)	799	7,374	7,567	15,740	780
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:					
LAND USE RIGHTS (NOTE 8)	-	105	1,004	1,109	-
STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 8)	569,269	166,660	79,662	815,591	11,068
EQUIPMENT AND SOFTWARE (NOTE 8)	156,100	1,027	1,578	158,705	108,343
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 8)	(324,161)	(111,993)	(38,327)	(474,481)	(76,882)
TOTAL NONCURRENT ASSETS	447,301	108,502	55,525	611,328	43,705
TOTAL ASSETS	610,808	245,862	96,391	953,061	336,554
DEFERRED OUTFLOWS OF RESOURCES	26,654	-	-	26,654	-
LIABILITIES					
CURRENT LIABILITIES:					
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	67,919	3,351	1,525	72,795	8,195
SALARIES AND BENEFITS PAYABLE	15,239	514	2	15,755	2,534
DUE TO OTHER FUNDS (NOTE 6)	14,317	1,837	131	16,285	2,907
DUE TO OTHER GOVERNMENTS	-	5,483	95	5,578	16
INTEREST PAYABLE	9,662	-	168	9,830	-
ADVANCES FROM OTHERS (NOTE 10)	-	831	1,041	1,872	155
COMPENSATED ABSENCES PAYABLE (NOTE 11)	10,625	517	-	11,142	2,501
TERMINATION BENEFITS PAYABLE (NOTE 11)	15	-	-	15	-
BONDS AND NOTES PAYABLE (NOTE 11)	20,225	-	270	20,495	-
CAPITAL LEASE OBLIGATIONS (NOTE 11 & 12)	2,795	-	-	2,795	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	4,759	-	4,759	-
ESTIMATED LIABILITY FOR CLOSURES/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	4,727	-	4,727	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	-	-	-	-	47,287
TOTAL CURRENT LIABILITIES	140,797	22,019	3,232	166,048	63,595
NONCURRENT LIABILITIES:					
INTERFUND PAYABLE (NOTE 6)	-	-	570	570	-
COMPENSATED ABSENCES PAYABLE (NOTE 11)	6,867	406	-	7,273	3,100
BONDS AND NOTES PAYABLE (NOTE 11)	423,754	-	2,208	425,962	-
CAPITAL LEASE OBLIGATIONS (NOTE 11 & 12)	5,639	-	-	5,639	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	53,529	-	53,529	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE (NOTE 11 & 13)	-	96,795	-	96,795	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTE 11 & 14)	-	-	-	-	192,336
TOTAL NONCURRENT LIABILITIES	436,260	150,730	2,778	589,768	195,436
TOTAL LIABILITIES	577,057	172,749	6,010	755,816	259,031
NET POSITION					
NET INVESTMENT IN CAPITAL ASSETS	(23,752)	81,002	52,905	110,155	43,705
RESTRICTED FOR:					
DEBT SERVICE	40,859	-	-	40,859	-
LANDFILL CLOSURE COSTS	-	21,427	-	21,427	-
UNRESTRICTED	43,298	(29,316)	37,476	51,458	33,818
TOTAL NET POSITION	\$ 60,405	\$ 73,113	\$ 90,381	\$ 223,899	\$ 77,523

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, 2014 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES -			GOVERNMENTAL	
	ENTERPRISE FUNDS			ACTIVITIES	
	MEDICAL CENTER	WASTE SYSTEM DIVISION	TOTAL NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
OPERATING REVENUES:					
NET PATIENT CARE AND SERVICE	\$ 398,628	\$ -	\$ -	\$ 398,628	\$ -
CHARGES FOR CURRENT SERVICES	-	50,665	14,791	65,456	173,093
OTHER	9,227	11,109	-	20,336	-
TOTAL OPERATING REVENUES	407,855	61,774	14,791	484,420	173,093
OPERATING EXPENSES:					
PROFESSIONAL SERVICES	57,253	35,500	2,546	95,299	20,537
SALARIES AND EMPLOYEE BENEFITS	239,030	6,849	5,254	251,133	38,266
SELF-INSURANCE CLAIMS	-	-	-	-	67,554
SERVICES AND SUPPLIES	164,154	17,651	4,527	186,332	50,848
DEPRECIATION AND AMORTIZATION	21,990	1,883	2,678	26,551	10,890
OTHER	3,961	-	96	4,057	901
TOTAL OPERATING EXPENSES	486,388	61,883	15,101	563,372	188,996
OPERATING INCOME (LOSS)	(78,533)	(109)	(310)	(78,952)	(15,903)
NONOPERATING REVENUES (EXPENSES)					
INTEREST REVENUE	1,488	608	114	2,210	938
INTEREST EXPENSE	(26,158)	-	(172)	(26,330)	-
TAX REVENUE	-	-	2,786	2,786	-
GRANT REVENUE	36,843	671	101	37,615	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	-	50	-	50	1,321
OTHER NONOPERATING REVENUES	-	50,964	2,106	53,070	6,893
OTHER NONOPERATING EXPENSES	(1,063)	-	-	(1,063)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	11,110	52,293	4,935	68,338	9,152
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	(67,423)	52,184	4,625	(10,614)	(6,751)
CAPITAL CONTRIBUTIONS	21,247	-	-	21,247	-
TRANSFERS OUT (NOTE 6)	(9,154)	(296)	(36)	(9,486)	(1,672)
TRANSFERS IN (NOTE 6)	46,738	-	42	46,780	978
CHANGE IN NET POSITION	(8,592)	51,888	4,631	47,927	(7,445)
TOTAL NET POSITION, JULY 1, 2013 , AS RESTATED	68,997	21,225	85,750	175,972	84,968
TOTAL NET POSITION, JUNE 30, 2014	\$ 60,405	\$ 73,113	\$ 90,381	\$ 223,899	\$ 77,523

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, 2014 (IN THOUSANDS)**

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	TOTAL NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:					
CASH RECEIVED FROM PATIENT CARE AND SERVICES	\$ 388,679	\$ 69,342	\$ 17,170	\$ 475,191	\$ 176,853
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(269,845)	(52,350)	(6,732)	(328,927)	(108,822)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(233,684)	(6,710)	(5,253)	(245,647)	(37,567)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(114,850)	10,282	5,185	(99,383)	30,464
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
TAXES RECEIVED	-	-	2,691	2,691	-
GRANTS RECEIVED	36,843	671	101	37,615	-
TRANSFERS RECEIVED	56,552	237	48	56,837	2,055
TRANSFERS PAID	(9,154)	(296)	(83)	(9,533)	(62,970)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	84,241	612	2,757	87,610	(60,915)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(5,368)	(5,529)	(4,205)	(15,102)	(12,493)
CAPITAL CONTRIBUTION	21,247	-	-	21,247	-
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	(1,945)	-	-	(1,945)	-
PRINCIPAL PAID ON BONDS AND NOTES	(19,101)	-	(218)	(19,319)	-
INTEREST PAID ON BONDS AND NOTES	(23,979)	-	(212)	(24,191)	-
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	88	-	88	1,130
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(29,146)	(5,441)	(4,635)	(39,222)	(11,363)
CASH FLOWS FROM INVESTING ACTIVITIES:					
INTEREST ON INVESTMENTS	1,453	608	114	2,175	938
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,453	608	114	2,175	938
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(58,302)	6,061	3,421	(48,820)	(40,876)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	129,056	111,396	34,207	274,659	318,240
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 70,754	\$ 117,457	\$ 37,628	\$ 225,839	\$ 277,364
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
OPERATING INCOME (LOSS)	\$ (78,533)	\$ (109)	\$ (310)	\$ (78,952)	\$ (15,903)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
DEPRECIATION AND AMORTIZATION	21,990	1,883	2,678	26,551	10,890
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	(1,063)	15,416	2,106	16,459	5,408
CHANGES IN ASSETS AND LIABILITIES:					
ACCOUNTS RECEIVABLE	(7,816)	(2,431)	(885)	(11,132)	(43)
DUE FROM OTHER FUNDS	(13,477)	(95)	-	(13,572)	(1,680)
DUE FROM OTHER GOVERNMENTS	18,838	1,815	152	20,805	138
OTHER RECEIVABLES	(16,721)	121	-	(16,600)	(196)
INVENTORIES	(276)	-	(11)	(287)	383
PREPAID ITEMS	(77)	50	-	(27)	1,596
ACCOUNTS PAYABLE AND OTHER LIABILITIES	(45,736)	(1,391)	472	(46,655)	5,346
SALARIES AND BENEFITS PAYABLE	4,965	198	1	5,164	957
DUE TO OTHER FUNDS	2,675	(297)	-	2,378	-
DUE TO OTHER GOVERNMENTS	-	513	(24)	489	(150)
ADVANCES FROM OTHERS	-	831	1,006	1,837	105
COMPENSATED ABSENCES PAYABLE	483	(53)	-	430	(196)
TERMINATION BENEFITS PAYABLE	(102)	(6)	-	(108)	(62)
POLLUTION REMEDIATION OBLIGATIONS	-	(8,017)	-	(8,017)	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS	-	1,854	-	1,854	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	-	-	-	23,871
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (114,850)	\$ 10,282	\$ 5,185	\$ (99,383)	\$ 30,464

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

The capital lease obligation of \$4,288 was incurred when the Medical Center entered into an equipment lease agreement.

BREAKDOWN OF CASH AND CASH EQUIVALENTS					
CASH AND CASH EQUIVALENTS	\$ 20,540	\$ 56,363	\$ 37,628	\$ 114,531	\$ 277,364
RESTRICTED CASH AND INVESTMENTS	50,214	61,094	-	111,308	-
TOTAL	\$ 70,754	\$ 117,457	\$ 37,628	\$ 225,839	\$ 277,364

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, 2014 (IN THOUSANDS)**

	INVESTMENT TRUST FUND	PRIVATE- PURPOSE TRUST FUND	AGENCY
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS:			
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 2,343,143	\$ 30,680	\$ 265,388
ACCOUNTS RECEIVABLE - NET	21	-	20,296
TAXES RECEIVABLE	-	-	166,891
DUE FROM OTHER GOVERNMENTS	91	1	18,968
LAND HELD FOR RESALE	-	23,396	-
PREPAID ITEMS	371	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	-	6,934	-
EQUIPMENT	-	16	-
ACCUMULATED DEPRECIATION EQUIPMENT	-	(16)	-
TOTAL ASSETS	2,343,626	61,011	471,543
DEFERRED OUTFLOWS OF RESOURCES	-	108	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2,343,626	61,119	\$ 471,543
LIABILITIES			
DUE TO OTHER GOVERNMENTS	-	89	\$ 471,543
INTEREST PAYABLE	-	1,986	-
BONDS AND NOTES PAYABLE:			
DUE IN ONE YEAR	-	1,639	-
DUE AFTER ONE YEAR	-	93,814	-
TOTAL LIABILITIES	-	97,528	\$ 471,543
NET POSITION			
NET POSITION (DEFICIT) HELD IN TRUST	\$ 2,343,626	\$ (36,409)	

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, 2014 (IN THOUSANDS)**

	<u>INVESTMENT TRUST FUND</u>	<u>PRIVATE- PURPOSE TRUST FUND</u>
ADDITIONS		
CONTRIBUTIONS:		
CONTRIBUTIONS ON POOLED INVESTMENTS	\$ 9,250,421	\$ -
REDEVELOPMENT AGENCY PROPERTY TAX TRUST FUND	-	5,297
OTHER REVENUES	-	500
TOTAL CONTRIBUTIONS	<u>9,250,421</u>	<u>5,797</u>
INTEREST AND INVESTMENT REVENUE:		
NET INCREASE IN FAIR VALUE OF INVESTMENTS	4,560	95
INTEREST INCOME ON CASH AND SECURITIES	7,838	125
TOTAL INTEREST AND INVESTMENT REVENUES	<u>12,398</u>	<u>220</u>
TOTAL ADDITIONS	<u>9,262,819</u>	<u>6,017</u>
DEDUCTIONS		
DISTRIBUTION FROM POOLED INVESTMENTS	9,230,504	-
DISTRIBUTION AND OBLIGATION RETIREMENTS	-	11,117
ADMINISTRATIVE EXPENSES	-	442
TOTAL DEDUCTIONS	<u>9,230,504</u>	<u>11,559</u>
CHANGE IN NET POSITION BEFORE EXTRAORDINARY ITEMS	32,315	(5,542)
EXTRAORDINARY ITEMS:		
REINSTATEMENT OF LOAN PAYABLE TO COUNTY OF SAN BERNARDINO	-	(10,639)
TRANSFER OF HOUSING ASSET HELD FOR RESALE TO SUCCESSOR AGENCY	-	1,864
TOTAL EXTRAORDINARY ITEMS	<u>-</u>	<u>(8,775)</u>
CHANGE IN NET POSITION	32,315	(14,317)
NET POSITION (DEFICIT) HELD IN TRUST - BEGINNING, AS RESTATED	2,311,311	(22,092)
NET POSITION (DEFICIT) HELD IN TRUST - ENDING	<u>\$ 2,343,626</u>	<u>\$ (36,409)</u>

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



NOTES TO THE BASIC FINANCIAL STATEMENTS



COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(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, 2014
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Discretely Presented Component Unit

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

Related Organization

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and fund financial statements

The basic financial statements consist of the following:

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

The County reports the following major governmental funds:

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County reports the following major enterprise funds:

- *County Medical Center* accounts for the operation of Arrowhead Regional Medical Center inpatient and outpatient care operations, including emergency room services and indigent care to County residents. The fund is financed primarily by patient care services. Separately issued financial statements for the County Medical Center can be obtained from the Auditor-Controller/Treasurer/Tax Collector's Office at 222 W. Hospitality Lane, San Bernardino, CA 92415-0018.
- *Waste Systems Division* accounts for refuse disposal services provided to the public by six landfill sites. The waste disposal program is financed by funds derived from gate fees at the San Bernardino Valley landfill sites and from land use fees charged to property owners in both the mountain and desert areas.

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(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, 2014
(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 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 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 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. Deferred outflows of resources have a positive effect on net position, similar to assets, and deferred inflows of resources have 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, 2014
(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, 2014
(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) 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.

(l) 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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

At June 30, 2014, the County reported restricted net position of \$776,259 in the Governmental Activities restricted for the following purposes:

Restricted for:	Amount
Grants and Other County Programs:	
State Realignment Funds	\$ 295,476
Teeter Plan	12,392
Other Grants and Programs	466,691
Perpetual Care - Nonexpendable	1,700
	\$ 776,259

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

- 1) *Nonspendable Fund Balance*: Amounts cannot be spent because they are: (a) not in spendable form or (b) legally or contractually required to be maintained intact. Due to the nature or form of the resources, they generally cannot be expected to be converted into cash or a spendable form.
- 2) *Restricted Fund Balance*: Amounts are restricted by external parties, i.e., creditors, grantors, contributors, or laws/regulations of other governments or restricted by law through constitutional provisions or enabling legislation.
- 3) *Committed Fund Balance*: Amounts can only be used for a specific purpose pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the Board of Supervisors). The formal action must occur prior to the end of the reporting period, however, the amount may be determined in the subsequent period. These are self-imposed limitations on available resources. These committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same level of action it employed to previously commit those amounts. These committed amounts would be approved and adopted by formal action of the Board.
- 4) *Assigned Fund Balance*: Amounts are constrained by the government's intent to be used for specific purposes that are neither restricted nor committed. The intent will be expressed by the body or official to which the governing body has delegated the authority, i.e. the County Administrative Office. The County Administrative Office will assign fund balance for specific departmental projects through the use of the respective department's general fund savings. Such projects would not normally be feasible for the department without reserving funding over a multiple year period. Residual amounts in all other governmental funds are reflected as assigned.
- 5) *Unassigned Fund Balance*: The General Fund, as the principal operating fund, often has net resources in excess of what can properly be classified in one of the four categories already described. Therefore, in order to calculate unassigned fund balance, total fund balance less nonspendable, restricted, committed, or assigned equals unassigned fund balance. This amount is available for any purpose and will be placed in either the General Purpose Reserve, General Fund – Mandatory Contingencies or the General Fund - Uncertainties Contingencies until allocated for a specific purpose by the Board, by a four-fifths vote. Negative equity in all other governmental funds is reflected as unassigned.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(m) Fund Balance Policy

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

General Purpose Reserve and Mandatory Contingencies Reserve

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

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

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

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

Fund Balance Spend Down and Replenish Procedure

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2014, the County's General Purposes Reserve is \$82,441 which is included in the Unassigned Fund Balance as determined by the Fund Balance Policy.

(n) 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 2013-14 taxable assessed valuation of the County of San Bernardino was \$171,925,914.

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.

(o) Use of Estimates

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Implemented Accounting Pronouncements

During fiscal year 2014, the County adopted the following Governmental Accounting Standards Board (GASB) Statements:

GASB 65 – Items Previously Reported as Assets and Liabilities

In March 2012, GASB issued Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The County implemented this Statement as of July 1, 2013.

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

In March 2012, GASB issued Statement No. 66 – *Technical Corrections – 2012 - an Amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to resolve conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The adoption of this Statement had no impact to the financial statements.

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

In June 2012, GASB issued Statement No. 67 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 25*. This Statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. This Statement and Statement No. 68 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement - determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The scope of this Statement addresses accounting and financial reporting for the activities of pension plans that are administered through trusts. The adoption of this Statement had no impact to the financial statements.

GASB 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This Statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. The adoption of this Statement had no impact to the financial statements.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(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 43)	Eliminations	Statement of Net Position Totals (Page 36)
Assets and Deferred Outflows of Resources					
Assets:					
Cash and Cash Equivalents	\$ 1,265,402	\$ -	\$ 277,364	\$ -	\$ 1,542,766
Investments	2,154	-	-	-	2,154
Accounts Receivable - Net	5,806	-	832	-	6,638
Taxes Receivable	47,125	-	-	-	47,125
Interest Receivable	16,684	-	-	-	16,684
Loans Receivable	57,978	-	-	-	57,978
Other Receivables	9,854	-	196	-	10,050
Due from Other Funds	62,746	-	5,924	(68,670)	-
Due from Other Governments	432,821	-	813	-	433,634
Internal Balances	-	-	-	(3,943)	(3,943)
Land Held for Resale	2,211	-	-	-	2,211
Inventories	1,311	-	4,143	-	5,454
Prepaid Items	2,826	-	3,577	(155)	6,248
Interfund Receivable	5,016	-	-	(5,016)	-
Restricted Cash and Investments	8,749	-	-	-	8,749
Prepaid Pension Asset	-	652,232	-	-	652,232
Land	-	124,859	396	-	125,255
Land Use Rights - Not Amortized	-	21,509	-	-	21,509
Development In Progress	-	160,242	780	-	161,022
Land Use Rights - Amortized	-	123	-	-	123
Structures, Improvements, and Infrastructure Equipment and Software	-	2,532,846	11,068	-	2,543,914
Accumulated Depreciation and Amortization	-	(1,287,623)	(76,882)	-	(1,364,505)
Total Assets	1,920,683	2,449,475	336,554	(77,784)	4,628,928
Deferred Outflows of Resources	-	4,405	-	-	4,405
Total Assets and Deferred Outflows of Resources	\$ 1,920,683	\$ 2,453,880	\$ 336,554	\$ (77,784)	\$ 4,633,333
Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ 63,763	\$ -	\$ 8,195	\$ -	\$ 71,958
Salaries and Benefits Payable	85,628	-	2,534	-	88,162
Due to Other Funds	70,276	-	2,907	(73,183)	-
Due to Other Governments	56,753	-	16	-	56,769
Interest Payable	-	10,437	-	-	10,437
Advances from Others	14,859	-	155	(155)	14,859
Interfund Payable	4,446	-	-	(4,446)	-
Compensated Absences Payable	-	158,701	5,601	-	164,302
Termination Benefits Payable	-	172	-	-	172
Bonds and Notes Payable	-	1,051,918	-	-	1,051,918
Capital Lease Obligations	-	314	-	-	314
Other Long-Term Liabilities	-	3,000	-	-	3,000
Estimated Liability for Litigation and Self-Insured Claims	-	-	239,623	-	239,623
Premium	-	1,248	-	-	1,248
Discount	-	(114,011)	-	-	(114,011)
Total Liabilities	295,725	1,111,779	259,031	(77,784)	1,588,751
Deferred Inflows of Resources	99,779	(99,779)	-	-	-
Fund Balance/Net Position	1,525,179	1,441,880	77,523	-	3,044,582
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position	\$ 1,920,683	\$ 2,453,880	\$ 336,554	\$ (77,784)	\$ 4,633,333

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(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	\$	124,859
	Land Use Rights - not being amortized		21,509
	Development in Progress		160,242
	Land Use Rights - being amortized		123
	Structures, Improvements, and Infrastructure		2,532,846
	Equipment and Software		245,287
	Accumulated Depreciation and Amortization		<u>(1,287,623)</u>
			<u>\$ 1,797,243</u>
(1)	Receivables that are not available to pay for current-period expenditures and are therefore deferred in the governmental funds.		
			<u>99,779</u>
			<u>\$ 99,779</u>
(1)	Prepaid Pension Asset		
			<u>\$ 652,232</u>
(1)	Interest Payable		
			<u>\$ (10,437)</u>
(1)	Long-term liabilities, including bonds payable and deferred charges on refundings, that are not due and payable in the current period and therefore are not reported in the funds.		
	Compensated Absences Payable	\$	(158,701)
	Termination Benefits Payable		(172)
	Bonds and Notes Payable		(1,051,918)
	Capital Lease Obligations		(314)
	Other Long Term Liabilities		(3,000)
	Premium		(1,248)
	Discount		114,011
	Deferred Charges on Refunding		<u>4,405</u>
			<u>\$ (1,096,937)</u>
(2)	Internal service funds that are used by management to charge the costs of general services, telecommunication services, computer operations, vehicle services, risk management, and flood control equipment to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		
			<u>\$ 77,523</u>
(1)	GASB 34 Conversion Entries		
(2)	Internal Service Funds reported as part of Governmental Activities		

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

(a) Budgetary Information

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(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, 2014, there were no instances in which actual expenditures exceed appropriations.

(c) Reconciliation of Budgetary Basis to GAAP Basis

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

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

	General Fund
Fund balance - budgetary basis	\$ 788,461
Outstanding encumbrances for budgeted funds	28,331
Fund balance - GAAP basis	\$ 816,792

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 authorities and cash held by various trustee financial institutions in accordance with the California Government Code.

State law requires that all operating monies of the County, school districts, and board-governed special districts be held by the County Treasurer. The net position value associated with legally mandated external participants in the asset pool was \$2,132,343 at June 30, 2014.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2014, the fair value of the County pool was \$4.2 billion. Approximately 13% of the County pool is attributable to the County General Fund, with the remainder of the balance comprised of other county funds, school districts and special districts. Additionally, as of June 30, 2014, \$211,283 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, 2014. 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 2013-14 was 0.41%.

On June 30, 2014, the County purchased Negotiable Certificates of Deposit, which were settled on July 1, 2014 for \$50,000. The County has recorded this purchase based on the trade date. As a result, cash in bank at June 30, 2014 was reduced.

A summary of the investments held by the County Treasurer as of June 30, 2014 is as follows:

Investment Type	Cost	Fair Value	Interest Rate Range	Maturity Range	Average Maturity (Days)
U.S. Treasury Securities	\$ 970,141	\$ 970,983	0.19% - 1.09%	07/31/14 - 12/31/17	769
U.S. Government Agencies	1,623,686	1,624,538	0.14% - 1.81%	07/01/14 - 11/19/18	592
Negotiable Certificates of Deposit	938,002	937,863	0.11% - 0.35%	07/01/14 - 07/01/15	89
Commercial Paper	449,915	449,961	0.05% - 0.23%	07/01/14 - 12/23/14	27
Medium Term Notes	56,359	56,334	0.39% - 1.01%	10/25/15 - 04/21/17	644
Money Market Mutual Funds	171,000	171,000	0.01%	07/01/14	1
Total Treasurer's Pooled Investments	4,209,103	4,210,679			
Investments Held by Fiscal Agents:					
U.S. Government Agencies	26,548	26,632			
Guaranteed Investment Contracts	4,751	4,751			
State and Local Municipal Bonds	42,671	42,793			
Money Market Mutual Funds	49,426	49,426			
U.S. Treasury Securities	14,711	20,384			
Total Investments Held by Fiscal Agents	138,107	143,986			
Total Investments	\$ 4,347,210	\$ 4,354,665			
Cash in Banks:					
Non-Interest Bearing Deposits		159,021			
Total Cash and Investments		\$ 4,513,686			

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

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

Investment Type	Maximum Maturity		Maximum % of Pool		Maximum % per issuer		Minimum Rating (1) (2)	
	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%	A-1/A	A-1/A
Collateralized Certificates of Deposit	5 Years	1 Year	None	10%	None	None	A-1/A	A-1/A
Bankers Acceptances	180 days	180 days	40%	30%	30%	100MM/5%	A-1/A	A-1/A
Commercial Paper	270 days	270 days	40%	40%	10%	5%	A-1	A-1
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	AAA	AAA
Medium-Term Corporate Notes	5 Years	3 Years	30%	10%	None	100MM/5%	A-1/A	A-1/A
Insured Placement Service Accounts	5 Years	Daily Liquidity	30%	5%	10%	100MM/50MM	None	None
JPA Investment Pools	N/A	Daily Liquidity	None	5%	None	200MM	None	AAA
Money Market Mutual Funds	N/A	Daily Liquidity	20%	15%	10%	10%	AAAm	AAAm

Footnote:

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

(2) 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". 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
June 30, 2014
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2014, all investments held by the County Pool were within policy limits.

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Moody's Rating</u>	<u>Fitch Rating</u>	<u>Maximum Allowed % of Portfolio</u>	<u>Individual Issuer Limitations</u>	<u>Weighted % of Pool 6/30/2014</u>
U.S. Treasury Securities	AA+	Aaa	AAA	100%	None	23.06%
U.S. Government Agencies	AA+	Aaa	AAA	100%	None	36.33%
U.S. Government Agencies	AA+	Aaa	N/R	100%	None	1.66%
U.S. Government Agencies	A-1+	P1	F1+	100%	None	0.59%
Negotiable Certificates of Deposit	A1+	P1	F1+	30%	5%	15.44%
Negotiable Certificates of Deposit	A1	P1	F1+	30%	5%	4.75%
Negotiable Certificates of Deposit	AA-	Aa1	AA-	30%	5%	2.09%
Commercial Paper	A1	P1	F1	40%	5%	3.56%
Commercial Paper	A1	P1	F1+	40%	5%	1.19%
Commercial Paper	A1+	P1	F1	40%	5%	1.19%
Commercial Paper	A1+	P1	F1+	40%	5%	2.38%
Commercial Paper	A1+	P1	N/R	40%	5%	2.37%
Medium Term Notes	AA	Aa2	AA	10%	5%	0.13%
Medium Term Notes	AA+	A1	N/R	10%	5%	1.20%
Money Market Mutual Funds	AAAm	Aaa	AAA	15%	10%	2.04%
Money Market Mutual Funds	AAAm	Aaa	N/R	15%	10%	2.02%

The County's investments held by fiscal agents were rated as of June 30, 2014 as follows:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Moody's Rating</u>	<u>Fitch Rating</u>	<u>Weighted % of Investments 6/30/2014</u>
Guaranteed Investment Contracts	A-	Ba1	N/R	3.30%
Municipal Bonds	AAA	Aaa	AAA	9.02%
Municipal Bonds	AAA	Aaa	N/R	1.39%
Municipal Bonds	AAA	Aa1	AAA	2.85%
Municipal Bonds	AAA	N/R	AAA	2.92%
Municipal Bonds	AA+	Aaa	AAA	1.61%
Municipal Bonds	AA+	Aa1	AA+	2.82%
Municipal Bonds	AA	Aa2	AA	2.97%
Municipal Bonds	AA	Aa3	AA	3.14%
Municipal Bonds	AA-	Aa3	AA-	2.99%
Mutual Funds	AAA	Aaa	N/R	10.57%
Mutual Funds	AAA	Aaa	AAA	4.82%
Mutual Funds	AAA	N/R	N/R	18.94%
U.S. Government Agencies	AA+	Aaa	AAA	18.50%
U.S. Treasury Securities	AA+	Aaa	AAA	14.16%

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*.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

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, 2014, the following issuers represented more than five-percent of the Treasurer’s Pooled Investment balance:

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Federal National Mortgage Association (FNMA)	\$ 526,590	12.51%
Federal Home Loan Mortgage Corporation (FHLMC)	732,043	17.39%

As of June 30, 2014, the following issuers represented more than five-percent of the County investments with fiscal agents:

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Investments</u>
BlackRock Liquidity Muni Funds	\$ 27,276	18.94%
Federal National Mortgage Association (FNMA)	20,160	14.00%

Interest rate risk

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

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

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

California Law and where more restrictive, the San Bernardino County Pool Investment Policy, places limitations on the maximum maturity of investments to be purchased by sector (see schedule). As of June 30, 2014, all investments held by the County Pool were within policy limits.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Range (Days)</u>	<u>Maturity Limits</u>	<u>Modified Duration (Years)</u>
U.S. Treasury Securities	\$ 970,983	31 - 1,280	5 Years	2.07
U.S. Government Agencies	1,624,538	30 - 1,603	5 Years	1.59
Negotiable Certificates of Deposit	937,863	1 - 366	1,095 days	0.24
Commercial Paper	449,961	1 - 176	270 days	0.07
Medium Term Notes	56,334	482 - 1,026	3 Years	1.74
Money Market Mutual Funds	171,000	1	Daily Liq.	0.01
Total Treasurer's Pooled Investments	<u>\$ 4,210,679</u>			

Weighted average maturity of the investments held by fiscal agents, as of June 30, 2014 is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Agency Bonds	\$ 26,632	2.14
Guaranteed Investment Contracts	4,751	14.07
Municipal Bonds	42,793	1.47
Mutual Funds	49,426	0.02
U.S. Treasury Securities	20,384	8.38
Total Investments Held by Fiscal Agents	<u>\$ 143,986</u>	

Custodial credit risk

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

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

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

As of June 30, 2014, the carrying amount of the County's deposits was \$159,021 and the corresponding bank balance was \$234,954. The difference of \$75,933 was primarily due to the reduction of cash for the unsettled trade, outstanding warrants, wires and deposits in transit. Of the bank balances, \$500 was insured by FDIC depository insurance and the remainder was collateralized, as required by California Government Code Section 53652.

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2014, 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	\$ 1,544,920	\$ 114,531	\$ 2,639,211	\$ 88,033	\$ 4,386,695
Restricted Cash and Investments	8,749	111,308	6,934	-	126,991
Total Cash and Investments	<u>\$ 1,553,669</u>	<u>\$ 225,839</u>	<u>\$ 2,646,145</u>	<u>\$ 88,033</u>	<u>\$ 4,513,686</u>

The pool issues a separate report, which includes the external pool investment. This separately issued statement can be obtained from the Auditor-Controller/Treasurer/Tax Collector's Office at 222 W. Hospitality Lane, San Bernardino, CA 92415-0018. The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2014:

<u>Statement of Net Position</u>	
Equity of internal pool participants	\$ 1,867,053
Equity of external pool participants:	
Voluntary	211,283
Involuntary	2,132,343
Total Net Position held for pool participants	<u>\$ 4,210,679</u>

<u>Statement of Changes in Net Position</u>	
Net Position at July 1, 2013	\$ 4,202,786
Net change in investments by pool participants	7,893
Net Position at June 30, 2014	<u>\$ 4,210,679</u>

NOTE 5 – RECEIVABLES

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

Governmental Activities:

	Accounts	Taxes	Interest	Loans	Other Receivables	Due From Other Governments	Total Governmental Activities
General Fund	\$ 3,050	\$ 38,837	\$ 15,430	\$ 56,827	\$ 9,664	\$ 368,246	\$ 492,054
Less Allowance for Doubtful Accounts	(72)	-	-	-	-	-	(72)
Capital Improvement Fund	-	-	166	-	-	22,877	23,043
Nonmajor Governmental Funds	2,956	8,288	1,088	1,151	190	41,698	55,371
Less Allowance for Doubtful Accounts	(128)	-	-	-	-	-	(128)
Internal Service Funds	832	-	-	-	196	813	1,841
Total Governmental Activities Receivables	<u>\$ 6,638</u>	<u>\$ 47,125</u>	<u>\$ 16,684</u>	<u>\$ 57,978</u>	<u>\$ 10,050</u>	<u>\$ 433,634</u>	<u>\$ 572,109</u>

Business-Type Activities:

	Accounts	Taxes	Interest	Loans/Notes	Other Receivables	Due From Other Governments	Total Business- Type Activities
Medical Center	\$ 184,253	\$ -	\$ 307	\$ -	\$ 18,214	\$ 46,593	\$ 249,367
Less Allowance for Doubtful Accounts	(137,131)	-	-	-	-	-	(137,131)
Waste Systems Division	9,472	-	-	-	37,168	2,055	48,695
Less Allowance for Doubtful Accounts	(665)	-	-	-	(147)	(748)	(1,560)
Nonmajor Enterprise Funds	2,750	232	-	142	65	10	3,199
Total Business-Type Activities Receivables	<u>\$ 58,679</u>	<u>\$ 232</u>	<u>\$ 307</u>	<u>\$ 142</u>	<u>\$ 55,300</u>	<u>\$ 47,910</u>	<u>\$ 162,570</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 5 – RECEIVABLES (CONTINUED)

Due From Other Governments

At June 30, 2014, the Governmental Funds accrued \$432,821 of receivables from other governments, of which, \$318,573 was due from the State of California. Of the amount owed by the State, \$79,728 was for health care services, \$142,049 was for public social services, \$31,428 was for motor vehicle license fees and sales tax monies, and the remaining \$65,368 was for other services. The remaining amount of \$114,248 was due from the federal government and other governmental agencies. Governmental Activities balance is \$433,634 and Business-Type Activities balance is \$47,910.

Loans Receivable

The loans receivable balance in the Governmental Activities is \$57,978, of this amount, \$33,055 represents the receivable under the Teeter Plan, \$1,151 is due from other various agencies, \$13,357 represents a County loan to the Adelanto Successor Agency, and \$10,415 represents a County loan to the County Redevelopment Successor Agency.

Interest Receivable

The \$16,684 interest receivable in the Governmental Activities column of the statement of net position is accrued. Of this amount, \$14,020 is due from the Adelanto City Redevelopment Successor Agency.

Other Receivables

The \$10,050 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 \$55,300. The majority of the \$37,021 reported in the Waste Systems Division represents insurance recoveries related to the Mid-Valley Landfill Perchlorate pollution remediation activities. During fiscal year 2013-14 the County entered into settlement agreements with the Insurance Company of the State of Pennsylvania and Gulf Underwriters Insurance Company.

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
June 30, 2014
(Amounts in thousands)

NOTE 6 – INTERFUND TRANSACTIONS (CONTINUED)

Due to/from other funds at June 30, 2014 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 20,429
	Capital Improvement Funds	62
	Medical Center	13,898
	Waste Systems	209
	Internal Service Funds	1,204
	Nonmajor Enterprise Funds	3
		<u>35,805</u>
Nonmajor Governmental Funds	General Fund	17,266
	Nonmajor Governmental Funds	6,282
	Capital Improvement Funds	18
	Waste Systems	108
	Internal Service Funds	1,297
	Nonmajor Enterprise Funds	117
	<u>25,088</u>	
Capital Improvement Funds	General Fund	396
	Nonmajor Governmental Funds	1,292
	Internal Service Funds	165
	<u>1,853</u>	
Medical Center	General Fund	20,527
	Nonmajor Governmental Funds	14
	Internal Service Funds	70
	<u>20,611</u>	
Waste Systems	Nonmajor Governmental Funds	12
	Internal Service Funds	89
	<u>101</u>	
Internal Service Funds	General Fund	3,505
	Nonmajor Governmental Funds	373
	Capital Improvement Funds	14
	Medical Center	419
	Waste Systems	1,520
	Internal Service Funds	82
Nonmajor Enterprise Funds	11	
	<u>5,924</u>	
Nonmajor Enterprise Funds	General Fund	65
	Nonmajor Governmental Funds	21
	<u>86</u>	
	Total	<u>\$ 89,468</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 6 – INTERFUND TRANSACTIONS (CONTINUED)

The amount due from Nonmajor Governmental Funds to the General Fund is primarily due to transfers and payments for services provided to Other Governmental Funds. The amount due from the General Fund to the Medical Center primarily represents the Medical Center’s share of realignment funding.

Interfund Receivable/Payable at June 30, 2014 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 4,391
	Nonmajor Enterprise Funds	320
		<u>4,711</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	55
	Nonmajor Enterprise Funds	250
		<u>305</u>
	Total	<u>\$ 5,016</u>

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

Transfers To/From Other Funds for the year ended June 30, 2014 are as follows:

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

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	\$ 46,738
		<u>46,738</u>
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	42
		<u>42</u>
Medical Center	General Fund	186
	Nonmajor Governmental Funds	8,968
		<u>9,154</u>
Waste Systems	Nonmajor Governmental Funds	296
		<u>296</u>
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	36
		<u>36</u>
	Total	<u>\$ 56,266</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	Capital Improvement Funds	\$ 79,131
	Nonmajor Governmental Funds	91,979
	Internal Service Funds	978
		<u>172,088</u>
Nonmajor Governmental Funds	General Fund	27,228
	Capital Improvement Funds	3,731
	Nonmajor Governmental Funds	13,992
		<u>44,951</u>
Capital Improvement Funds	General Fund	54
	Nonmajor Governmental Funds	68
		<u>122</u>
Internal Service Funds	General Fund	27
	Capital Improvement Funds	35
	Nonmajor Governmental Funds	1,610
		<u>1,672</u>
	Total	<u>\$ 218,833</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
June 30, 2014
(Amounts in thousands)

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 and realignment funding.

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

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

NOTE 7 – RESTRICTED CASH AND INVESTMENTS

Cash and cash equivalents of \$120,057 are restricted by legal or contractual requirements at June 30, 2014 and are comprised of the following:

Governmental Activities

General Fund:

Restricted cash and cash equivalents of \$2,316 represent funds held by a trustee, which are restricted for electronic benefits payments.

Non-major Governmental Funds:

Flood Control District:

Restricted cash and cash equivalents of \$5,887 represent funds held by a trustee, which are restricted for debt service payments.

Joint Powers Authorities:

Restricted cash of \$546 represents funds held by a trustee, which are restricted for a special mandatory redemption of the Courthouse revenue bonds to occur on December 1, 2014, pursuant to the Trust Indenture.

Business-Type Activities

Medical Center:

Restricted cash and cash equivalents of \$50,214 represent funds held by a trustee, which are restricted for debt service payments.

Waste System Division:

Restricted cash and cash equivalents of \$61,094 represent funds set aside for groundwater detection, treatment and remediation, and for State mandated site closure and maintenance costs as required by the Department of Resources Recycling and Recovery (CalRecycle) formerly California Integrated Waste Management Board (CIWMB).

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 is as follows:

Primary Government

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Governmental Activities				
Capital assets, non-depreciable/non-amortizable:				
Land	\$ 117,080	\$ 14,056	\$ 5,881	\$ 125,255
Land Use Rights	18,396	3,113	-	21,509
Development in progress	288,532	65,056	192,566	161,022
Total capital assets, non-depreciable/non-amortizable	<u>424,008</u>	<u>82,225</u>	<u>198,447</u>	<u>307,786</u>
Capital Assets, depreciable/amortizable:				
Land Use Rights	77	46	-	123
Improvements other than Buildings	222,058	30,633	94	252,597
Structures and Improvements	844,450	147,965	131	992,284
Equipment and Software	338,539	32,108	17,017	353,630
Infrastructure	1,241,208	57,825	-	1,299,033
Total capital assets, depreciable/amortizable	<u>2,646,332</u>	<u>268,577</u>	<u>17,242</u>	<u>2,897,667</u>
Less accumulated depreciation/amortization for :				
Land Use Rights	40	35	-	75
Improvements other than Buildings	122,603	9,019	45	131,577
Structures and Improvements	263,634	24,051	67	287,618
Equipment and Software	225,603	30,718	15,692	240,629
Infrastructure	677,809	26,797	-	704,606
Total accumulated depreciation/amortization	<u>1,289,689</u>	<u>90,620</u>	<u>15,804</u>	<u>1,364,505</u>
Total capital assets, depreciable/amortizable, net	<u>1,356,643</u>	<u>177,957</u>	<u>1,438</u>	<u>1,533,162</u>
Governmental activities capital assets, net	<u>\$ 1,780,651</u>	<u>\$ 260,182</u>	<u>\$ 199,885</u>	<u>\$ 1,840,948</u>
Business-type Activities				
Capital assets, non-depreciable/non-amortizable:				
Land	\$ 21,377	\$ -	\$ -	\$ 21,377
Land Use Rights	351	-	-	351
Development in progress	13,588	10,239	8,087	15,740
Total capital assets, non-depreciable/non-amortizable	<u>35,316</u>	<u>10,239</u>	<u>8,087</u>	<u>37,468</u>
Capital Assets, depreciable/amortizable:				
Land Use Rights	1,109	-	-	1,109
Improvements other than Buildings	244,164	6,989	38	251,115
Structures and Improvements	563,189	1,287	-	564,476
Equipment and Software	150,082	9,001	378	158,705
Total capital assets, depreciable/amortizable	<u>958,544</u>	<u>17,277</u>	<u>416</u>	<u>975,405</u>
Less accumulated depreciation/amortization for :				
Land Use Rights	105	-	-	105
Improvements other than Buildings	135,707	4,056	-	139,763
Structures and Improvements	192,731	15,358	-	208,089
Equipment and Software	119,726	7,137	339	126,524
Total accumulated depreciation/amortization	<u>448,269</u>	<u>26,551</u>	<u>339</u>	<u>474,481</u>
Total capital assets, depreciable/amortizable, net	<u>510,275</u>	<u>(9,274)</u>	<u>77</u>	<u>500,924</u>
Business-type activities capital assets, net	<u>\$ 545,591</u>	<u>\$ 965</u>	<u>\$ 8,164</u>	<u>\$ 538,392</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 8 – CAPITAL ASSETS (CONTINUED)

Depreciation

Depreciation expense is charged to governmental functions as follows:

General Government	\$ 19,644
Public Protection	36,767
Public Ways and Facilities	23,354
Health and Sanitation	1,620
Public Assistance	3,596
Education	863
Recreation and Cultural Services	4,776
	<hr/>
Total depreciation expense - governmental activities	\$ 90,620
	<hr/> <hr/>

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

Medical Center	\$ 21,990
Waste Systems Division	1,883
Other:	
County Service Areas	2,678
	<hr/>
Total depreciation expense - business type activities	\$ 26,551
	<hr/> <hr/>

Development in Progress

Development in Progress consists of the following projects:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Medical Center Projects	\$ -	\$ 799
Waste Systems Division Projects	-	7,374
Special Districts	-	7,567
Flood Control Projects	64,852	-
800 MHz Replacement Project	4,943	-
Transportation Projects	53,382	-
Other County Projects	37,845	-
	<hr/>	<hr/>
Total	\$ 161,022	\$ 15,740
	<hr/> <hr/>	<hr/> <hr/>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 9 – DEFERRED OUTFLOWS OF RESOURCES

The County recognized a deferred outflow 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 deferred charges on refunding that result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The balances as of June 30, 2014 of deferred outflows of resources are as follows:

	Balance June 30, 2014
<u>Governmental Activities</u>	
Deferred Charges on Refunding	
<u>Certificates of Participation</u>	
Justice Center/Airport Improvement	\$ 372
<u>Other Bonds and Notes</u>	
Flood Control Refunding Bonds (Series 2008)	579
Pension Obligation Refunding Bonds (2008)	1,296
West Valley Detention Center Refinancing Notes (2012)	2,158
Total Governmental Activities	\$ 4,405
 <u>Business Type Activities</u>	
Deferred Charges on Refunding	
<u>Certificates of Participation</u>	
Medical Center Project (Series 1994)	\$ 6,489
Medical Center Project (Series 1995)	161
Medical Center Project (Series 1996)	3,966
Arrowhead Refunding Project (Series 2009A)	12,314
Arrowhead Refunding Project (Series 2009B)	3,724
Total Business-Type Activities	\$ 26,654

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
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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 grantor 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, 2014 of advances from others are as follows:

Governmental Funds	
General Fund	
Developer Deposits	\$ 4,183
Advances from Governmental Agencies	5,101
Advances from Other Agencies	1,828
Nonmajor Governmental Funds	
Advances from Governmental Agencies	3,023
Advances from Other Agencies	724
Total Governmental Funds	14,859
Internal Service Funds	
Advances from Other County Departments	155
Total Internal Service Funds	155
Government-Wide Eliminations	
Risk Management	(155)
Total Governmental Activities	\$ 14,859
Business-Type Funds	
Waste Systems Division	
Customer Deposits	\$ 820
Advances from Other Agencies	11
Nonmajor Enterprise Funds	
Advances from Other Agencies	1,041
Total Business-Type Activities	\$ 1,872

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, 2014:

	Beginning Balance July 1, 2013	Additions	Reductions	Ending Balance June 30, 2014	Due Within One Year
<u>Governmental Activities</u>					
Certificates of Participation *	\$ 23,603	\$ -	\$ 5,597	\$ 18,006	\$ 5,585
Revenue Bonds, net	401,404	-	21,285	380,119	50,980
Other Bonds and Notes *	569,798	-	28,768	541,030	32,097
Compensated Absences	165,084	103,455	104,237	164,302	108,448
Termination Benefits Payable	1,394	-	1,222	172	45
Capital Lease Obligations	743	-	429	314	314
Estimated Liability for Litigation and Self -Insured Claims	215,752	67,554	43,683	239,623	47,287
Other Long-Term Liabilities	4,000	-	1,000	3,000	3,000
Total Governmental Activities - Long-term Liabilities	<u>\$ 1,381,778</u>	<u>\$ 171,009</u>	<u>\$ 206,221</u>	<u>\$ 1,346,566</u>	<u>\$ 247,756</u>
<u>Business Type Activities</u>					
Certificates of Participation, net *	\$ 462,857	\$ -	\$ 18,878	\$ 443,979	\$ 20,225
General Obligation Bonds	1,005	-	160	845	210
Notes	1,691	-	58	1,633	60
Compensated Absences	17,985	14,217	13,787	18,415	11,142
Termination Benefits Payable	123	-	108	15	15
Capital Lease Obligations	6,091	4,288	1,945	8,434	2,795
Pollution Remediation Obligations	66,305	2,445	10,462	58,288	4,759
Estimated Liability for Closure/ Postclosure Care Costs	99,668	3,367	1,513	101,522	4,727
Total Business-type Activities - Long-term Liabilities	<u>\$ 655,725</u>	<u>\$ 24,317</u>	<u>\$ 46,911</u>	<u>\$ 633,131</u>	<u>\$ 43,933</u>

* Beginning balance restated to reflect the reclassification of deferred charges on refunding to deferred outflows of resources in accordance with GASB 65

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

Termination Benefits Payable

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

Approximately 304 employees accepted the incentive and retired during the eligible period. The county-wide termination benefit payable at June 30, 2014 is \$187. 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, 2014. The remaining installment payments for these 8 employees will be deferred until their employment with the County ends.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

Pollution Remediation Obligations

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

Solid Waste Management Division

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

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

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

Further, as the current owner of land on which the former Broco Treatment, Storage, and Disposal Facility (TSDF) operated until 1987, currently identified as the Unit 5 Area of the Mid-Valley Sanitary Landfill, the County became legally obligated to complete the closure that the former Broco owner/operator had failed to do in the late 1980s when the Broco TSDF was closed and relocated. The 1998 Environmental Impact Report for the Mid-Valley Expansion mentioned the need to investigate the soils due to some then-recently discovered groundwater impacts; but SWMD was unaware of the unclosed TSDF at the time of purchase of the land in 1993-1994.

SWMD was advised in a letter from the Department of Toxic Substances Control (DTSC) in September 2002 that the County would need to formally close this regulated facility. The closure plan was first submitted to the DTSC in 2005, and has been amended in 2007 and 2009 pursuant to DTSC review and request for changes. The DTSC completed its environmental review of the closure plan in October 2010 and approved the closure plan. During FY 2009-10 SWMD was able to reasonably estimate the cost to close the facility, and the cost has been added to the pollution remediation obligations. In addition, SWMD disclosed in FY 2010-11 an occurrence of a pollution event at the inactive Yucaipa Disposal Site. A VOC plume had been detected in the groundwater, which had migrated beyond the landfill boundary. SWMD continues to work closely with the RWQCB to ensure its pollution remediation measures adequately address the contamination.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

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

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

On July 19, 2011, the RWQCB issued a Notice of Violation for this event. SWMD submitted a 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.

In FY 2013-14 the estimated total pollution remediation liability decreased from \$66,305 at June 30, 2013 to \$58,288 at June 30, 2014. The effect of any changes in the estimated total current cost of pollution remediation is reported primarily in the period of change. The major contributing factors that caused the pollution remediation liability to decrease by \$8,017 are listed below:

- The Mid-Valley net liability decreased by a net \$7,633 primarily due to current expenses incurred, new lower cost contracts and the removal of liability components completed less than original planned cost. No new scope of work was enacted in FY 2013-14 for this site.
- The Yucaipa net liability increased by a net \$193 primarily due to new higher cost contracts. No other major cost estimate change, and no new scope of work, was enacted in FY 2013-14 for this site.
- The Heaps Peak net liability decreased by a net \$577 primarily due to current expenses incurred and new lower cost contracts. No new scope of work was enacted in FY 2013-14 for this site.

Current and future estimated remediation costs are based on actual component costs adjusted for inflation in the post FY 2013-14 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 2013-14 SWMD expensed \$2,104 in performing pollution remediation activities at Mid-Valley Landfill, Yucaipa Disposal Site and Heaps Peak Disposal Site. Outlays are expected to be incurred in FY 2014-15 totaling \$4,759. The presence of perchlorate, VOC and leachate will continue to be remediated and monitored with an expected estimated outlay of \$53,529 from FY 2015-16 through FY 2040-41.

Department of Airports

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

Other Long-Term Liabilities

At June 30, 2014 \$3,000 is owed to the United States Army Corp of Engineers for the construction of the San Timoteo Creek Project. The Flood Control District has agreed to pay back the loan and accrued interest upon completion of the project over a twenty year payment plan. It is anticipated that the project will be completed in 2016.

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, 2014 approximately \$61,070 of outstanding debt was considered defeased.

San Bernardino County Financing Authority

In November 1995, San Bernardino County Financing Authority (Authority) issued Revenue Bonds for the purpose of enabling the County to finance its share of unfunded pension indebtedness. The Authority has deep-discounts associated with the pension obligation bonds, which is being amortized based on the accreted value of the bonds at year-end. The Authority records the amortization of deep-discount as accretion of interest expense. As of June 30, 2014, the accumulated accretion of interest expense was \$91,404.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

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 \$1,279. The total surcharge revenues received during the fiscal year totaled \$1,819. 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, 2014, which is the next scheduled interest payment date. Total principal and interest remaining on the bonds is \$28,942. 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 17, 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) in respective aggregate principal amounts of \$189,070, \$149,825, and \$125,000.

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

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

<u>Certificates of Participation</u>	<u>Interest Rates (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue Amount</u>	<u>Outstanding as of 6/30/2014</u>
Justice Center/Airport Improvement	3.00 to 5.00	3/1/2002	7/1/2016	\$ 68,100	\$ 17,740
Premium (Discounts):					
Justice Center/Airport Improvement					266
Net Certificates of Participation					<u>18,006</u>
Revenue Bonds					
<hr/>					
Pension Obligation Bonds (1995)	5.68 to 7.72	11/22/1995	8/1/2021	386,266	477,670
Courthouse Project Bonds (2007)	5.10 to 5.50	6/29/2007	6/30/2037	18,370	16,460
Subtotal					<u>494,130</u>
Premium/(Discounts):					
Pension Obligation Bonds (1995)					(114,011)
Net Revenue Bonds					<u>380,119</u>
Other Bonds and Notes					
<hr/>					
County Library Note	3.41	7/18/2001	2/1/2031	1,982	1,386
CSA 70 Zone G Wrightwood Loan	6.38	12/30/2006	12/30/2016	725	227
Flood Control District:					
Judgment Obligation Bonds (Series A)	4.50 to 5.00	5/30/2007	8/1/2029	58,355	47,425
Refunding Bonds (Series 2007)	4.25 to 5.00	5/29/2007	8/1/2021	23,845	16,320
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	242,650
Pension Obligation Refunding Bonds (2008)	6.02	4/16/2008	6/30/2024	160,900	156,910
West Valley Detention Center Refinancing Notes (2012)	2.59	3/29/2012	11/1/2018	51,585	37,835
Subtotal					<u>540,048</u>
Premium/(Discounts):					
Flood Control District:					
Judgment Obligation Bonds (Series A)					290
Refunding Bonds (Series 2007)					692
Net Other Bonds and Notes					<u>541,030</u>
Total Governmental Activities					<u>\$ 939,155</u>

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.

County Service Area

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

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

<u>Certificates of Participation:</u>	<u>Interest Rates (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue Amount</u>	<u>Outstanding as of 6/30/2014</u>
Medical Center Project (Series 1994)	4.60 to 7.00	2/1/1994	8/1/2028	\$ 283,245	\$ 112,175
Medical Center Project (Series 1995)	4.80 to 7.00	6/1/1995	8/1/2022	363,265	17,500
Medical Center Project (Series 1996)	5.00 to 5.25	1/1/1996	8/1/2028	65,070	63,205
Arrowhead Refunding Project (Series 2009A)	3.00 to 5.50	12/17/2009	8/1/2026	243,980	210,820
Arrowhead Refunding Project (Series 2009B)	3.00 to 5.25	12/17/2009	8/1/2026	44,750	43,880
					<u>447,580</u>
Premium (Discounts):					
Medical Center Project (Series 1994)					(4,401)
Medical Center Project (Series 1995)					(140)
Medical Center Project (Series 1996)					(2,040)
Arrowhead Refunding Project (Series 2009A)					3,087
Arrowhead Refunding Project (Series 2009B)					(107)
Net Certificates of Participation					<u>443,979</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	350
Series B	5.00	3/1/1978	3/1/2018	275	40
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	405
Oak Hills Water Distribution Facilities	7.00	9/1/1974	9/1/1994	750	5
General Obligation Bonds					<u>845</u>
Notes Payable					
Oak Hills Water (Loan)		11/25/2003	8/25/2033	2,150	1,633
Notes Payable					<u>1,633</u>
Total Business Type Activities					<u>\$ 446,457</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, 2014
(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, 2014 for COPs, bonds and notes payable in the governmental activities:

Years Ending June 30	Certificates of Participation	Revenue Bonds	Other Long-Term Debt	Total
2015	\$ 5,585	\$ 50,980	\$ 32,097	\$ 88,662
2016	5,950	53,050	35,965	94,965
2017	6,205	55,800	40,014	102,019
2018	-	58,675	44,408	103,083
2019	-	61,705	48,876	110,581
2020 - 2024	-	202,695	280,339	483,034
2025 - 2029	-	3,425	19,095	22,520
2030 - 2034	-	4,475	20,113	24,588
2035 - 2039	-	3,325	19,141	22,466
Total Principal	17,740	494,130	540,048	1,051,918
Plus: Premium	266	-	982	1,248
Less: Discount	-	(114,011)	-	(114,011)
Total Bonds and Notes Payable	<u>\$ 18,006</u>	<u>\$ 380,119</u>	<u>\$ 541,030</u>	<u>\$ 939,155</u>

The following is a schedule of interest expense requirements to maturity as of June 30, 2014 for COPs, bonds and notes payable in the governmental activities:

Years Ending June 30	Certificates of Participation	Revenue Bonds	Other Long-Term Debt	Total
2015	\$ 747	\$ 886	\$ 21,690	\$ 23,323
2016	459	851	20,044	21,354
2017	155	831	18,156	19,142
2018	-	810	16,031	16,841
2019	-	786	13,617	14,403
2020 - 2024	-	3,536	40,780	44,316
2025 - 2029	-	2,731	11,945	14,676
2030 - 2034	-	1,679	6,856	8,535
2035 - 2039	-	372	1,597	1,969
Total Interest	<u>\$ 1,361</u>	<u>\$ 12,482</u>	<u>\$ 150,716</u>	<u>\$ 164,559</u>

The following is a schedule of principal debt service requirements to maturity as of June 30, 2014 for COPs, bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Total
2015	\$ 20,225	\$ 210	\$ 60	\$ 20,495
2016	21,270	170	62	21,502
2017	22,380	180	64	22,624
2018	23,630	190	66	23,886
2019	24,920	95	68	25,083
2020 - 2024	147,600	-	373	147,973
2025 - 2029	187,555	-	434	187,989
2030 - 2034	-	-	506	506
Total Principal	447,580	845	1,633	450,058
Plus: Premium	3,087	-	-	3,087
Less: Discount	(6,688)	-	-	(6,688)
Total Bonds and Notes Payable	<u>\$ 443,979</u>	<u>\$ 845</u>	<u>\$ 1,633</u>	<u>\$ 446,457</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

The following is a schedule of interest expense requirements to maturity as of June 30, 2014 for COPs, bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Total
2015	\$ 22,813	\$ 65	\$ 49	\$ 22,927
2016	21,711	32	48	21,791
2017	20,540	23	46	20,609
2018	19,299	14	44	19,357
2019	18,037	5	42	18,084
2020 - 2024	67,820	-	175	67,995
2025 - 2029	23,917	-	112	24,029
2030 - 2034	-	-	40	40
Total Interest	<u>\$ 194,137</u>	<u>\$ 139</u>	<u>\$ 556</u>	<u>\$ 194,832</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, 2014 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, 2014
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

As of June 30, 2014, 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, 2014 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
2015	\$ 10,600	\$ 2,704	\$ 13,304
2016	10,600	1,895	12,495
2017	10,700	990	11,690
2018	5,395	154	5,549
	\$ 37,295	\$ 5,743	\$ 43,038

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 \$1,517 and Multi-Family Mortgage Revenue Bonds of \$68,738 at June 30, 2014 do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

School District General Obligation Bonds

The County of San Bernardino issued General Obligation Bonds (GOB) on behalf of certain Schools within the San Bernardino School District. The GOBs are payable solely by ad valorem taxes to be levied within the District. The General Obligation Bonds of \$11,900 at June 30, 2014 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 \$24,632 at June 30, 2014 do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 11 – LONG TERM OBLIGATIONS (CONTINUED)

Discretely Presented Component Units

Long-term liability transactions for FIRST 5 of San Bernardino for the year ended June 30, 2014, are as follows:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 161	\$ 164	\$ 148	\$ 177	\$ 16

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, 2014 for capital leases are as follows:

Asset:	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Equipment	\$ 1,708	\$ 24,046
Less: Accumulated depreciation	1,409	13,824
Total	<u>\$ 299</u>	<u>\$ 10,222</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014, are as follows:

Year Ending June 30:	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2015	\$ 324	\$ 2,896
2016	-	2,528
2017	-	1,590
2018	-	907
2019	-	806
Total Minimum Lease Payments	<u>324</u>	<u>8,727</u>
Less: Amount Representing Interest	<u>(10)</u>	<u>(293)</u>
Present Value of Minimum Lease Payments	<u>\$ 314</u>	<u>\$ 8,434</u>

Operating Leases

The County leases building and office facilities and other equipment under non-cancelable operating leases. Total costs for such leases were \$43,515 for the year ended June 30, 2014. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30,</u>	
2015	\$ 74,429
2016	68,535
2017	42,289
2018	31,679
2019	28,185
2020-2024	92,170
Total Minimum Payments	<u>\$ 337,287</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

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:

Landfill	Capacity Used	Years Remaining	Landfill	Capacity Used	Years Remaining
Apple Valley	100%	Inactive	Milliken	100%	Inactive
Baker	100%	Inactive	Morongo Valley	100%	Inactive
Barstow	5%	649	Needles	100%	Inactive
Big Bear	100%	Inactive	Newberry Springs	100%	Inactive
Colton	99%	5	Phelan	100%	Inactive
Hesperia	100%	Inactive	San Timoteo	35%	39
Landers	89%	4	Trona-Argus	100%	Inactive
Lenwood-Hinkley	100%	Inactive	Twentynine Palms	100%	Inactive
Lucerne Valley	100%	Inactive	Victorville	17%	179
Mid-Valley	33%	64	Yermo	100%	Inactive

The annually inflated landfill closure and post-closure care cost estimates of \$215,408 and \$131,417 respectively for a total of \$346,825, are based upon the most recently submitted Closure/Post-Closure Maintenance Plan documents filed with the State and Federal permitting agencies. If, at some future date, these closure cost estimates are adjusted (due to changes in inflation, technology, regulations, etc.), the County is required to make corresponding changes in the amount of funds deposited for closure.

Each year a portion of each landfill's estimated closure and post-closure cost is recognized as an expense and liability based upon the amount of capacity used during the fiscal year. The increase in the estimated useful lives of Barstow, Colton and Victorville landfills in FY 2013-14 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, 2014, the cumulative liability recorded by the County based upon individual landfill capacity usage was \$206,175 (\$128,265 closure costs and \$77,910 post-closure costs). The remaining \$140,650 of estimated closure and post-closure costs will be recorded and funded as landfill capacities are used.

Closure and post-closure related expenses of \$90,196 and \$14,457 have been incurred through June 30, 2014, which reduced the landfill closure and post-closure liabilities reported in the Waste System Division enterprise fund to \$38,069 and \$63,453 respectively. In accordance with GASB 18, "Accounting for Municipal Solid Waste Landfill (MSWLF) Closure and Postclosure Care Costs", the effect of any changes in the estimated total current cost of closure and postclosure care is reported primarily in the period of change.

COUNTY OF SAN BERNARDINO
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NOTE 13 – CLOSURE AND POSTCLOSURE CARE COST (CONTINUED)

The estimated closure and post-closure activity for the year ended June 30, 2014 includes the following:

	Beginning Balance	Increase (Decrease)	Ending Balance
Estimated Liability for Closure Care Costs	\$ 36,476	\$ 1,593	\$ 38,069
Estimated Liability for Postclosure Care Costs	63,192	261	63,453
Total	<u>\$ 99,668</u>	<u>\$ 1,854</u>	<u>\$ 101,522</u>

In accordance with a Pledge of Revenue Mechanism adopted by the County of San Bernardino Board of Supervisors on July 28, 2009, the County has pledged tipping fees and interest revenue to fund the post-closure maintenance costs as needed. Total tipping fees received in the current fiscal year were \$50,665 and post-closure expenses were \$1,854. 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 \$61,094 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 \$3.5 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 \$7 million excess of \$3.5 million self-insured retention with Lloyd's (Brit Syndicated 2987 – 100%) and Gemini Insurance Co.; Excess Liability coverage for \$10 million, excess of \$7 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.

The Workers' Compensation program was restructured to include a cash flow SIR that applies per accident/ per payment year as follows: \$2 million 1st year; \$1.25 million 2nd year; \$600 thousand 3rd year and each year thereafter, with coverage provided by Star Insurance Co. for up to \$3 million for employer's liability, and up to \$150 million limits for workers' compensation per occurrence. Property damage claims are insured on an occurrence basis over a \$25 thousand deductible, and insured with several insurers like Affiliated FM, Alterra Excess Ins. Co., and Lloyd's of London, among others.

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

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

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NOTE 14 - SELF-INSURANCE (CONTINUED)

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 0.324% 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 \$239.62 million reported at June 30, 2014 is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

Changes in the claims liability amount in fiscal years 2013 and 2014 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2012-13	\$166,949	\$88,771	(\$39,968)	\$215,752
2013-14	\$215,752	\$67,554	(\$43,683)	\$239,623

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>\$ -</u>	<u>\$ 782,642</u>

These facilities remain pledged as collateral until the associated County financing transactions become paid in full. The Hall of Records (Old) facility was pledged as part of the 1997 Lease/Leaseback lease agreement (see Note 20). The respective sublease is scheduled to terminate on July 1, 2014 (and the termination did occur as of that date).

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NOTE 16 – DEFERRED INFLOWS OF RESOURCES

The County recognized deferred inflows of resources in the 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, 2014 of deferred inflows of resources are as follows:

Governmental Funds

Unavailable Revenues:

General Fund

Property Tax Receivable	\$ 14,668
Interest Receivable	20,711
Due from Governmental Agencies	51,568
Sub-Total	<u>86,947</u>

Capital Improvement Fund

Interest Receivable	166
Due from Governmental Agencies	959
Sub-Total	<u>1,125</u>

Nonmajor Governmental Funds

Property Tax Receivable	6,626
Interest Receivable	644
Due from Governmental Agencies	3,132
Due from Other Agencies	1,305
Sub-Total	<u>11,707</u>

Total Governmental Funds	<u>\$ 99,779</u>
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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	\$ 56,827	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,827
Noncurrent Interfund Receivable	3,929	-	-	-	-	-	3,929
Prepaid Items and Inventories	2,899	-	1,238	-	-	-	4,137
Land Held for Resale	549	-	-	-	-	-	549
Endowments	-	-	-	-	-	1,700	1,700
Total Nonspendable Fund Balance	64,204	-	1,238	-	-	1,700	67,142
Restricted for:							
Social Services Realignment	81,960	-	-	-	-	-	81,960
Health Services Realignment	69,601	-	-	-	-	-	69,601
Behavioral Health Realignment	48,935	-	-	-	-	-	48,935
Law and Justice Realignment	32,948	-	-	-	-	-	32,948
Family Support Realignment	30,184	-	-	-	-	-	30,184
Support Services Realignment	16,956	-	-	-	-	-	16,956
CalWORKS Maintenance of Effort Realignment	14,892	-	-	-	-	-	14,892
Teeter Plan	12,392	-	-	-	-	-	12,392
Aging Programs	989	-	-	-	-	-	989
Mental Health Outreach Services	141	-	-	-	-	-	141
Social Services Programs	69	-	-	-	-	-	69
Debt Service	-	-	-	37,147	-	-	37,147
Central Courthouse Project	-	-	2,230	-	-	-	2,230
Redemption Restitution Maintenance	-	-	1,199	-	-	-	1,199
Courthouse and Criminal Justice Construction	-	-	15	-	-	-	15
Redevelopment Housing	-	-	3,288	-	11,490	-	14,778
Capital Improvement Projects	-	6,774	-	-	-	-	6,774
Public Protection and Safety - Other	-	-	143	-	-	-	143
Flood Control	-	-	93,262	-	-	-	93,262
Domestic Violence Programs	-	-	827	-	-	-	827
Crime Prosecution	-	-	4,457	-	-	-	4,457
Probation Programs	-	-	10,212	-	-	-	10,212
Alternate Dispute Resolutions	-	-	97	-	-	-	97
Recorder's Micrographics	-	-	11,743	-	-	-	11,743
Local Law Enforcement Block Grant	-	-	3,403	-	-	-	3,403
Sheriff Special Projects	-	-	20,140	-	-	-	20,140
Fire Protection	-	-	61,634	-	471	-	62,105
Chino Agriculture Preserve	-	-	15,693	-	-	-	15,693
Road Operations	-	-	24,205	-	-	-	24,205
Measure I	-	-	22,352	-	-	-	22,352
Regional Development Mitigation Plan	-	-	6,872	-	-	-	6,872
Facilities Development Plans	-	-	5,910	-	-	-	5,910
Airport Operations	-	-	2,107	-	-	-	2,107
Mental Health Services Act	-	-	93,067	-	-	-	93,067
Block Grant Carryover Prg	-	-	7,319	-	-	-	7,319
Vector Control Assessments	-	-	2,879	-	-	-	2,879
Public Health - Other	-	-	854	-	-	-	854
Mental Health - Other	-	-	857	-	-	-	857
Inland Counties Emergency Medical Agencies	-	-	768	-	-	-	768
Preschool Services	-	-	12	-	-	-	12
Aging and Adult Services - Other	-	-	1,439	-	-	-	1,439
Job and Employment Services	-	-	10	-	-	-	10
Economic and Community Development	-	-	19,990	-	-	-	19,990
Wraparound Reinvestment	-	-	7,737	-	-	-	7,737
Regional Parks	-	-	1,609	-	-	-	1,609
Park and Recreation Districts	-	-	1,375	-	6,471	-	7,846
County Free Library	-	-	6,707	-	-	-	6,707
County Service Area	-	-	22,403	-	1,465	-	23,868
Total Restricted Fund Balance	309,067	6,774	456,815	37,147	19,897	-	829,700

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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	10,603	-	-	-	-	-	10,603
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	5,400	-	-	-	-	-	5,400
Glen Helen Grade Separation Project	5,328	-	-	-	-	-	5,328
Cal Fresh Waiver Discontinuance	5,000	-	-	-	-	-	5,000
County Buildings and Acquisition Retrofit Project	4,000	-	-	-	-	-	4,000
303 Building Upgrades Project	4,000	-	-	-	-	-	4,000
Redevelopment Agency Overpayment	3,800	-	-	-	-	-	3,800
Insurance	3,000	-	-	-	-	-	3,000
Permit Systems Upgrade	2,000	-	-	-	-	-	2,000
Restitution	1,545	-	-	-	-	-	1,545
Revolving Loan Program	2,000	-	-	-	-	-	2,000
Total Committed Fund Balance	175,620	-	-	-	-	-	175,620
Assigned to:							
Workers Compensation Rebate	16,742	-	-	-	-	-	16,742
Automated Systems Development	11,938	-	-	-	-	-	11,938
Redemption Restitution Maintenance	-	-	190	-	-	-	190
Industrial Development Authority	-	-	56	-	-	-	56
800 MHZ Upgrade Project	-	45,394	-	-	-	-	45,394
Sheriff's Crime Lab	-	15,074	-	-	-	-	15,074
Needles Fire Station	-	2,350	-	-	-	-	2,350
5th Street Seismic Retrofit and Improvements	-	12,820	-	-	-	-	12,820
3rd Street Seismic Retrofit and Improvements	-	6,500	-	-	-	-	6,500
County Buildings and Retrofit	-	5,175	-	-	-	-	5,175
Maintenance, Upgrades and Other Capital Outlay	-	43,645	-	-	-	-	43,645
High Desert Animal Shelter	-	1,235	-	-	-	-	1,235
Indigent Defense Program	-	-	164	-	-	-	164
Disaster Recovery	-	-	202	-	-	-	202
Flood Control	-	-	1,397	-	-	-	1,397
Sheriff Special Projects	-	-	2,753	-	-	-	2,753
Road Operations	-	-	19,004	-	-	-	19,004
Airport Operations	-	-	1,696	-	-	-	1,696
Master Settlement Agreement	-	-	21,457	-	-	-	21,457
Mental Health	-	-	1,315	-	-	-	1,315
Human Resources	-	-	1,860	-	-	-	1,860
Economic and Community Development	-	-	212	-	-	-	212
Regional Parks	-	-	1,744	-	-	-	1,744
San Manuel Amphitheater	-	-	573	-	-	-	573
Total Assigned Fund Balance	28,680	132,193	52,623	-	-	-	213,496
Unassigned Fund Balance	239,221	-	-	-	-	-	239,221
Total Fund Balances	\$ 816,792	\$ 138,967	\$ 510,676	\$ 37,147	\$ 19,897	\$ 1,700	\$ 1,525,179

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, 2014 and 2013, the Medi-Cal program represented approximately 50% and 46%, and the Medicare program represented approximately 26% and 25%, respectively, of the Medical Center's net patient service revenues. Medi-Cal inpatient services are reimbursed at contractually agreed upon per diem rates and outpatient services are reimbursed under a schedule of maximum allowances. Medicare inpatient services are reimbursed based upon pre-established rates for diagnostic-related groups. Outpatient services are reimbursed based on prospectively determined payments per procedure under a system called Ambulatory Payment Classifications. Certain defined capital and the medical education costs related to Medicare beneficiaries are paid based on a cost-reimbursement methodology. Final reimbursement is determined as a result of audits by

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

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 222 W. Hospitality Lane, San Bernardino, CA 92415-0018.

NOTE 19 – RETIREMENT PLAN

Plan Description

The San Bernardino County Employees' Retirement Association (SBCERA) administers the SBCERA pension plan – a cost-sharing multiple-employer defined benefit pension plan (the Plan). SBCERA was established in 1945 and operates under the provisions of the California County Employees' Retirement Law of 1937 (CERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA) and the regulations, procedures and policies adopted by SBCERA's Board of Retirement (Board). The Plan's provisions 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 provides retirement, disability, death and survivor benefits to its members, who are employed by 17 active plan sponsors (employers) and 3 withdrawn employers which include: The County of San Bernardino, Barstow Fire Protection District, California Electronic Recording Transaction Network Authority, California State Association of Counties, City of Big Bear Lake, City of Chino Hills, Crestline Sanitation District, Department of Water and Power for the City of Big Bear Lake, Hesperia Recreation and Park District, Inland Library System, Inland Valley Development Agency (withdrew June 30, 2012), Law Library for San Bernardino County, Local Agency Formation Commission, Mojave Desert Air Quality Management District, Rim of the World Recreation and Park District (withdrew May 4, 2013), San Bernardino Associated Governments, San Bernardino International Airport Authority (withdrew June 30, 2012), SBCERA, South Coast Air Quality Management District (SCAQMD), and Superior Court of California County of San Bernardino.

Fiduciary Responsibility

Fiduciary oversight of SBCERA is vested with the SBCERA Board, which consists of nine voting members and two alternate members. Four members are appointed by the County of San Bernardino's Board of Supervisors, six members (including two alternates) are elected by the members of SBCERA (General members elect two members, Safety members elect one member and one alternate, and retired members elect one member and one alternate) and the County of San Bernardino Treasurer (County Treasurer) is an ex-officio member. Board members serve three-year terms, with the exception of the County Treasurer, who serves during his tenure in office. The Board meets monthly. Appointed and retired members of the Board receive compensation (a stipend for meeting attendance), and all members are reimbursed for necessary expenses pursuant to Government Code section 31521. SBCERA's Chief Executive Officer is appointed by the Board, and implements the policy and direction set by the Board.

SBCERA publishes its own Comprehensive Annual Financial Report (CAFR) and receives its own independent audit. SBCERA is a legally separate entity from the County of San Bernardino, not a component unit, and there is no financial interdependency with the County of San Bernardino. For these reasons, the County of San Bernardino's Comprehensive Annual Financial Report excludes the SBCERA pension trust fund as of June 30, 2014. An electronic copy of SBCERA's CAFR is available on SBCERA's website at www.SBCERA.org.

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NOTE 19 – RETIREMENT PLAN (CONTINUED)

Funding Policy

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 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, conducted by an independent actuary, that considers the mortality, service (including age at entry into the Plan, if applicable, and tier), and compensation experience of the members and beneficiaries, and also includes an evaluation of the Plan's assets and liabilities. Participating employers may pay a portion of the active members contributions through negotiations and bargaining agreements.

The County's annual pension cost and net pension asset, computed in accordance with GASB 27, *Accounting for Pensions by State and Local Governmental Employers*, for the year ended June 30, 2014, were as follows:

Annual Required Contribution (County fiscal year basis)	\$	267,953
Interest On Net Pension Asset		(52,601)
Adjustment To The Annual Required Contribution		79,093
Annual Pension Cost		294,445
Annual Contributions Made		267,953
Increase/(Decrease) in Net Pension Asset		(26,492)
Net Pension Asset, Beginning of Year		678,724
Net Pension Asset, End of Year	\$	652,232

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

Year Ended June 30	SBCERA* Actuarially Determined Contribution	County* Actuarially Determined Contribution	County Annual Required Contribution	Percentage Contributed	County Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2012	\$ 210,000	\$ 172,705	\$ 229,169	100%	\$ 246,522	93%	\$ 701,781
2013	248,841	207,372	250,086	100%	273,143	92%	678,724
2014	278,352	235,045	267,953	100%	294,445	91%	652,232

* Includes survivor benefit but does not include employer paid member contributions, UAAL prepayments, golden handshake payments, withdrawn employer payments, and employee paid employer contributions.

Participating members are required by statute (Section 31621.6 and 31639.25 of the California Government Code) to contribute a percentage of covered salary based on certain actuarial assumptions and their age at entry into the Plan. Employee contribution rates vary according to age and classification (general and safety). Members are required to contribute 7.42 percent to 12.96 percent of their annual covered salary, of which the County pays approximately 7.00 percent. Employers are required to contribute 12.32 percent to 26.82 percent of the current year covered payroll. The County's annual required contribution is greater than the County's actuarially determined contribution due to the inclusion of 7.00 percent employee contribution paid by the County.

The County, along with the SCAQMD, issued Pension Refunding Bonds (Bonds) in November 1995 with an aggregate amount of \$420,527. These Bonds were issued to allow the County and the SCAQMD to refinance each of their respective unfunded accrued actuarial liabilities with respect to retirement benefits for their respective employees. The Bonds are the obligations of the employers participating in the Plan and the assets of the Plan do not secure the Bonds. The County's portion of the bond issuance was \$386,266. The outstanding liability at June 30, 2014 is \$363,659 (Note 11).

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NOTE 19 – RETIREMENT PLAN (CONTINUED)

On June 24, 2004, the County issued its County of San Bernardino Pension Obligation Bonds, Series 2004 A (Fixed Rate Bonds), its County of San Bernardino Pension Obligation Bonds, Series 2004 B (Auction Rate Bonds), and its County of San Bernardino Pension Obligation Bonds, Series 2004 C (Index Bonds) in a respective aggregate principal amounts of \$189,070, \$149,825, and \$125,000. The Bonds were issued to finance the County's share of the unfunded accrued actuarial liability of the SBCERA. In April 2008, the County refunded all of the 2004 Series B. The outstanding liability at June 30, 2014 is \$242,650 (Note 11).

In April 2008, the County of San Bernardino issued its \$160,900 in Pension Obligation Refunding Bonds (POB), Series 2008 (Series 2008 Bonds). The outstanding liability at June 30, 2014 is \$156,910 (Note 11).

NOTE 20 – 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, is scheduled to terminate on July 1, 2014 (and the termination did occur as of that date), 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 \$21.4 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 \$173.5 million over the next 7 years.

COUNTY OF SAN BERNARDINO
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(Amounts in thousands)

NOTE 20 – LEASE/LEASEBACK (CONTINUED)

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

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

NOTE 21 – 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.

During compliance examinations of reimbursement requests and its underlying accounting records for the Adelanto Detention Center Expansion Project, it was discovered that certain ineligible costs were requested for reimbursement and subsequently adjusted on the final invoice against other unbilled eligible costs. The final claim for reimbursement was submitted and approved by the State in early September 2014. This claim resulted in a final identification of the appropriate County expenditures that qualified for the County match for the full \$100 million in State funds.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 21 – COMMITMENTS, CONTINGENCIES, AND CERTAIN SUBSEQUENT EVENTS (CONTINUED)

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	\$ 28,331
Capital Improvement Fund	4,789
Total Major Governmental Funds	33,120
Nonmajor Governmental Funds	35,330
Total Governmental Funds	\$ 68,450

Agreements

(a) El Mirage Off-Highway Vehicle Park

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

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

The County entered into a loan agreement between 2005 and 2006 with the former County of San Bernardino Redevelopment Agency (the "Successor") in the amount of \$10,415 which was subsequently assumed by the Successor Agency. The loans, with interest at 1% over the County investment pool rate, were to be repaid over ten years. The California Department of Finance (the "DOF") alleges that \$9,365 of the amount of the loan held by the Successor Agency should be distributed to taxing entities, even though the funds are sourced from the County's General Fund monies and not property tax increment allocated to the former Redevelopment Agency. The County and the Successor Agency have sued the DOF in order to maintain the funds to be able to continue with necessary projects. The County and Successor Agency lost at the trial level and the matter has been taken up on appeal. During the current fiscal year, the Successor Agency paid the entire amount of the liability but is still litigating the DOF's decision. The matter will continue on appeal. Counsel for the County is unable to predict the outcome of the appellate decision.

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 21 – COMMITMENTS, CONTINGENCIES, AND CERTAIN SUBSEQUENT EVENTS (CONTINUED)

(c) Economic and Community Development

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

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

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, 2014 is \$83,387. 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. The operations and maintenance costs over the life of the agreement have averaged about \$291 per year. The agreement does not state a specified number of years over which these annual costs may be incurred; therefore, a reasonable estimate of the contingent liability cannot be determined.

On September 16, 2013, SGVWC orally advised the County that it had been sued by several water purveyors in the Rialto-Colton Basin and that it considered this new lawsuit to be within the defense and indemnity obligations of the 1998 settlement agreement. Between September 12, 2013 and October 11, 2013, SGVWC, Fontana Union Water Company (FUWC) and Cucamonga Valley Water District (CVWD) formally tendered the defense and indemnity of the lawsuit, all of which the County timely rejected. The County's rejection of all tenders was based on the apparent purpose of the new lawsuit to challenge the use of water and water rights by SGVWC and FUWC, not on the existence of leachate contamination in groundwater. On April 17, 2014, San Gabriel Valley

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 21 – COMMITMENTS, CONTINGENCIES, AND CERTAIN SUBSEQUENT EVENTS (CONTINUED)

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. At this time, it is not possible to predict the next actions of SGVWC, FUWC and/or CVWD.

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

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

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

The settlement with the Emhart Parties and Department of Defense (DoD) provided that the County would pay \$2,000 towards groundwater remediation, would release its claims against settling parties and would receive a covenant not to sue from USEPA, and the Emhart Parties and DoD would dismiss their appeals of the Order. The fully executed settlement agreement was lodged with the federal court in early December 2012. On March 26, 2013, the settlement agreement among Goodrich and USEPA, and including the County and certain other PRPs, was lodged with the federal court. These settlement agreements, involving Emhart and Goodrich, were approved by the federal court on July 3, 2013.

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 21 – COMMITMENTS, CONTINGENCIES, AND CERTAIN SUBSEQUENT EVENTS (CONTINUED)

County Settlement with Insurance Company of the State of Pennsylvania (“ICSOP”) for Investigation Costs Associated with the Inactive Yucaipa Disposal Site (“YDS”): In early 2012, the County filed a lawsuit against ICSOP to obtain recoupment of the costs of investigating and remediating the Chino Airport Plume. During negotiations between the County and ICSOP it was determined that under the same policies and the same legal theory of recovery of investigation costs, that ICSOP would also be responsible to pay the County for its costs of investigation incurred at the YDS. As of June 30, 2014, the amount that ICSOP has reimbursed the County totaled \$595.

County Litigation Against County’s Insurers: County of San Bernardino v. Pacific Indemnity Company; The Insurance Company of the State of Pennsylvania (ICSOP), Gulf Underwriters Insurance Company; and United National Insurance Company (UNIC), U.S. District Court, Central District of CA, Case No. EDCV13-1137 was filed on June 26, 2013. This is insurance coverage litigation arising out of the insurance companies’ unreasonable refusal to defend and indemnify the County against the various claims, complaints, cross-complaints and counter-claims in connection with the federal perchlorate litigation.

The County seeks a judicial declaration that the defendant insurers are obligated to pay, among other things, all of the County’s defense costs, including costs of investigation of the perchlorate contamination and any and all response costs to be incurred by the County pursuant to the Consent Decrees (settlements) entered in the federal perchlorate litigation. The County also claims that other damages and attorney’s fees and costs may be recoverable under the lawsuit.

An early mediation was held among the County and the insurers in December 2013. This resulted in a proposal from the mediator to resolve the dispute. Although this proposal was not immediately accepted by the insurers, since that time, the County has entered into settlements with three of the four insurers, as described below. As of June 30, 2014, the County had received \$6.65 million in settlement from one insurer and the County had reached a settlement with another insurer as described below. As of November 7, 2014, the County has received a total of \$14,800 in cash as settlement proceeds and will receive \$27,500 in future payments from ICSOP. The total value of all settlements to date in this case is \$42,300.

Settlement with UNIC: The settlement with UNIC was in the amount of \$6,650 and the entire settlement proceeds were received on May 29, 2014. On July 23, 2014, the federal court issued the bar order as requested by the County and UNIC, finding that such orders are consistent with public policy favoring settlement. That order has been appealed by Pacific.

Settlement with ICSOP: On June 25, 2014, AIG communicated through counsel its intention to agree in concept to pay to the County \$400 as its prorated share of the \$2,000 settlement paid by the County to USEPA pursuant to the Emhart Consent Decree and the sum of \$28,600 payable in twenty-six equal installments of \$1,100 per year, payable no later than December 1st, for the ensuing 26 years. On July 25, 2014, ICSOP executed the settlement agreement and on July 28, 2014, the County executed the settlement agreement. On August 28, 2014, the County received the payment of \$400 from AIG. The first installment payment of \$1,100 was received on November 7, 2014.

Settlement with Gulf: The settlement with Gulf was in the amount of \$6,650 and the entire settlement proceeds were received by the County on September 8, 2014.

The County is set to proceed to trial in February 2015 against Pacific Indemnity/Chubb. The amount the County claims as damages amount to approximately \$22-27 million.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 21 – COMMITMENTS, CONTINGENCIES, AND CERTAIN SUBSEQUENT EVENTS (CONTINUED)

(b) Chino Airport

On June 27, 2008, the Regional Board issued a Clean-up and Abatement Order (Order No. R8-2008-0064). The order requires the County to conduct an investigation of Volatile Organic Compounds (VOC) located in groundwater off-site of the Chino Airport and develop a remedial action plan. Trichloroethylene, (TCE) which is a VOC, was originally found in wells down gradient of Chino Airport in the 1980s. The County is continuing to comply with the Regional Board's Order through various investigatory plans and processes. The County installed monitoring wells during fiscal year 2012-13 to allow better characterization of the groundwater at different depths south of Chino Airport. In June 2013 the County submitted to the Regional Board a Work Plan for Additional Site Characterization and that work commenced in late 2013 and has continued through calendar year 2014. This work is anticipated to be completed in early 2015. The ultimate remediation plan for the Chino Airport will be subject to review and approval by the Regional Board in order to satisfy the County's obligation under the Order. The County expects to receive reimbursements for investigatory costs incurred as of June 30, 2014.

City of San Bernardino Bankruptcy Filing

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

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

In January 2013, the City and County reached an agreement whereby the City would pay all receivables due to the County subsequent to the filing of the City's bankruptcy petition on August 1, 2012. The receivables from August 2, 2012 through the end of the agreement in question, December 2012, totaled \$1,807 plus interest. On August 9, 2013, the Solid Waste Division reported that all amounts agreed to be paid were paid. Amounts owed pre-bankruptcy petition are \$748 with interest of approximately \$296. It is not certain if or when these amounts will be paid.

Change in Structure of the Housing Authority of the County of San Bernardino

On May 6, 2014, the Board of Supervisors adopted Resolution No. 2014-60 which resulted in the Board of Supervisors becoming the Board of Governors of the Housing Authority effective July 1, 2014. The Board of Supervisors becoming the governing body of Housing Authority is vital to the implementation of the new model; particularly since the Housing Authority is the largest provider of affordable housing in the County and its 2013-2014 budget (October to September fiscal year) is in excess of \$107 million dollars.

Contemplated in the Board's action of May 6, 2014, was the creation of a Housing Commission and the delegation of certain responsibilities from the Housing Authority Board of Governors to the newly created Housing Commission. The Housing Commission would consist of seven members who would be appointed by the Housing Authority Board of Governors; five non-tenant members and two tenant members who reside in Housing Authority public housing. The Housing Commissioners will serve at the will of the Housing Authority Board of Governors, which will allow the Housing Authority to continue as a separate legal entity.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 21 – COMMITMENTS, CONTINGENCIES, AND CERTAIN SUBSEQUENT EVENTS (CONTINUED)

The Housing Commission would provide the guidance on day to day operations and management. The Housing Authority staff would remain autonomous from the County and the Executive Director would report directly to the Chief Executive Officer of the County. The Housing Authority governing board would set policy and approve commitments of major resources. The County has not determined its effect on the financial statements.

Loan Receivable from the Adelanto Successor Agency

The Adelanto Successor Agency (Adelanto) received a letter from the Department of Finance (DOF) dated November 10, 2014 stating that its County of San Bernardino Tax Increment Loan submitted on the Recognized Obligation Payment Schedule (ROPS) is not allowed due to insufficient documentation to support the amount claimed. If Adelanto provides suitable documentation to support the outstanding obligation as a loan, it may be allowed on a future ROPS. The County reports a loan receivable of \$13,357 and interest receivable of \$14,020 from Adelanto and still considers the loan a valid receivable at June 30, 2014.

NOTE 22 – SHORT-TERM DEBT

A. Tax and Revenue Anticipation Notes

In July 2013, the County issued Tax and Revenue Anticipation Notes (TRANS) totaling \$150,000 which were repaid June 30, 2014. This issue followed the prior year issued TRANS of \$190,000 which was repaid on June 28, 2013. The proceeds of the TRANS were intended to provide financing for 2013-14 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	Additions	Reductions	Ending Balance
July 1, 2013	June 30, 2013	June 30, 2013	June 30, 2014
\$ -	\$ 150,000	\$ 150,000	\$ -

NOTE 23 – SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANS)

In July 2014 the County issued \$130,000 of Tax and Revenue Anticipation Notes in the form of Series A Bonds (Bonds) due June 30, 2015. The stated interest for the Bonds is set at 2.00% per annum with a yield of 0.12%. 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 2014-15 and legally available for payment thereof. Proceeds from the Bonds will be used for fiscal year 2014-15 General Fund expenditures, including current expenditures, capital expenditures, and the discharge of other obligations or indebtedness of the County.

Change in Custodial Banking Services

On October 1, 2014, as result of a regular review of custodial banking services rendered to the County and in accordance with CGC Section 53649, the County of San Bernardino Treasurer’s Office replaced Bank of New York/Mellon with Wells Fargo Bank as its custody bank. The custody bank acts as a third party depository for securities purchased by the Treasurer’s Office from approved broker/dealers doing business with the County.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 24 – RESTATEMENT OF NET POSITION

Restatement to the Government-Wide Financial Statements

In accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the County no longer amortizes debt issuance costs. Issuance costs are considered an outflow of resources and should be expensed in the period in which the costs are incurred. As a result, beginning net position for Governmental Activities and Business-Type Activities has been decreased by \$5,345 and \$4,234, respectively, to reflect the change. The effect of the change is shown below:

Government-Wide Financial Statements			
	2013 Previously Presented	Restatement	2013 Restated
Governmental Activities			
Statement of Net Position:			
Deferred charges	\$ 5,345	\$ (5,345)	\$ -
Statement of Activities:			
General government expenses	195,972	(525)	195,447
Change in net position	182,124	525	182,649
Net position end of year	2,760,998	<u>\$ (5,345)</u>	2,755,653
Business-Type Activities			
Statement of Net Position:			
Deferred charges	\$ 4,234	\$ (4,234)	\$ -
Statement of Activities:			
Medical Center expenses	488,005	(427)	487,578
Change in net position	23,054	427	23,481
Net position end of year	180,206	<u>\$ (4,234)</u>	175,972

Restatement to the Fund Financial Statements

As a result of GASB Statement No. 65 implementation, beginning net position for Medical Center and Private-Purpose Trust Fund has been decreased by \$4,234 and \$2,204, respectively, to reflect the change. The effect of the change is shown below:

Proprietary Funds Financial Statements			
	2013 Previously Presented	Restatement	2013 Restated
Medical Center			
Statement of Net Position:			
Deferred charges	\$ 4,234	\$ (4,234)	\$ -
Statement of Revenues, Expenses and Changes in Fund Net Position:			
Depreciation and amortization	20,917	(427)	20,490
Change in net position	697	427	1,124
Net position end of year	73,231	<u>\$ (4,234)</u>	68,997
Fiduciary Funds Financial Statements			
Private-Purpose Trust Fund			
Statement of Fiduciary Net Position:			
Deferred charges	\$ 2,204	\$ (2,204)	\$ -
Statement of Changes Net Position:			
Distribution and obligation retirements	11,886	(92)	11,794
Change in net position	(20,884)	92	(20,792)
Net position end of year	(19,888)	<u>\$ (2,204)</u>	(22,092)

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 25 – EXTRAORDINARY ITEM

The reinstatement of loan receivable from the County Redevelopment Successor Agency in the amount of \$10,415 was reported as an extraordinary item in the governmental fund and the government-wide financial statements.

In fiscal year 2012-13, the County recorded an allowance for doubtful accounts of \$10,415 for this loan when the Department of Finance (DOF) indicated that the repayment of the debt was not an enforceable obligation because all of the following four conditions had not been met:

Conditions

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

In May 2014, the DOF indicated that the County loan repayment was now an enforceable obligation because all four conditions mentioned above had now been met. As a result, the County reinstated the loan receivable from the Successor Agency based on the provisions of the California Health and Safety Code section 34191.4 (b) per the letter from the DOF dated May 16, 2014.

NOTE 26 – NEW ACCOUNTING PRONOUNCEMENTS

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

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

GASB 69 – Government Combinations and Disposals of Government Operations

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014
(Amounts in thousands)

NOTE 26 – NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

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

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

REQUIRED SUPPLEMENTARY INFORMATION



**REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)**

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

Actuarial Valuation Date	Actuarial Value of Assets ⁽¹⁾ (a)	Actuarial Accrued Liability ("AAL") ⁽²⁾ (b)	Unfunded/ (Overfunded) AAL ("UAAL") (b) - (a)	Funded Ratio (a) / (b)	Projected Total Compensation (c)	UAAL as a Percentage of Projected Total Compensation [(b) - (a)] / (c)
6/30/2009	6,383,388	7,013,534	630,146	91.02%	1,226,431	51.38%
6/30/2010 ⁽³⁾	6,367,232	7,444,986	1,077,754	85.52%	1,250,193	86.21%
6/30/2011	6,484,507	8,189,646	1,705,139	79.18%	1,244,555	137.01%
6/30/2012	6,789,492	8,606,577	1,817,085	78.89%	1,260,309	144.18%
6/30/2013 ⁽⁴⁾	7,204,918	9,088,636	1,883,718	79.27%	1,262,752	149.18%
6/30/2014 ⁽⁵⁾	7,751,308	9,694,825	1,943,517	79.95%	1,267,667	153.31%

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

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

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

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

⁽⁵⁾ Does not reflect \$5.9 million that represents the present value of additional future contributions payable from the County to SBCERA related to the Crest Forest Fire District transfer.



SUPPLEMENTAL INFORMATION



COMBINED FINANCIAL STATEMENTS NONMAJOR GOVERNMENTAL FUNDS





**COUNTY OF SAN BERNARDINO
 COMBINED BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014 (IN THOUSANDS)**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 509,786	\$ 34,978	\$ 18,662	\$ 1,700	\$ 565,126
INVESTMENTS	-	2,154	-	-	2,154
ACCOUNTS RECEIVABLE - NET	2,828	-	-	-	2,828
TAXES RECEIVABLE	8,288	-	-	-	8,288
INTEREST RECEIVABLE	1,016	46	26	-	1,088
LOAN RECEIVABLE	1,151	-	-	-	1,151
OTHER RECEIVABLES	190	-	-	-	190
DUE FROM OTHER FUNDS	25,070	-	18	-	25,088
DUE FROM OTHER GOVERNMENTS	41,698	-	-	-	41,698
LAND HELD FOR RESALE	361	-	1,301	-	1,662
INVENTORIES	173	-	-	-	173
PREPAID ITEMS	1,065	-	-	-	1,065
INTERFUND RECEIVABLE	305	-	-	-	305
RESTRICTED CASH AND INVESTMENTS	6,433	-	-	-	6,433
TOTAL ASSETS	<u>\$ 598,364</u>	<u>\$ 37,178</u>	<u>\$ 20,007</u>	<u>\$ 1,700</u>	<u>\$ 657,249</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE	\$ 21,291	\$ -	\$ 75	\$ -	\$ 21,366
SALARIES AND BENEFITS PAYABLE	11,949	-	-	-	11,949
DUE TO OTHER FUNDS	28,414	-	9	-	28,423
DUE TO OTHER GOVERNMENTS	6,191	-	-	-	6,191
ADVANCES FROM OTHERS	3,747	-	-	-	3,747
INTERFUND PAYABLE	4,446	-	-	-	4,446
TOTAL LIABILITIES	<u>76,038</u>	<u>-</u>	<u>84</u>	<u>-</u>	<u>76,122</u>
DEFERRED INFLOWS OF RESOURCES	<u>11,650</u>	<u>31</u>	<u>26</u>	<u>-</u>	<u>11,707</u>
FUND BALANCES:					
NONSPENDABLE	1,238	-	-	1,700	2,938
RESTRICTED	456,815	37,147	19,897	-	513,859
ASSIGNED	52,623	-	-	-	52,623
TOTAL FUND BALANCES	<u>510,676</u>	<u>37,147</u>	<u>19,897</u>	<u>1,700</u>	<u>569,420</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 598,364</u>	<u>\$ 37,178</u>	<u>\$ 20,007</u>	<u>\$ 1,700</u>	<u>\$ 657,249</u>

**COUNTY OF SAN BERNARDINO
 COMBINED - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2014 (IN THOUSANDS)**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
REVENUES					
TAXES	\$ 102,628	\$ -	\$ -	\$ -	\$ 102,628
LICENSES, PERMITS, AND FRANCHISES	954	-	-	-	954
FINES, FORFEITURES, AND PENALTIES	6,622	-	-	-	6,622
REVENUES FROM USE OF MONEY AND PROPERTY	6,978	136	99	9	7,222
AID FROM OTHER GOVERNMENTAL AGENCIES	290,547	-	-	-	290,547
CHARGES FOR CURRENT SERVICES	97,239	-	1	-	97,240
OTHER REVENUES	40,258	1,676	-	-	41,934
TOTAL REVENUES	545,226	1,812	100	9	547,147
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT	3,655	3	163	-	3,821
PUBLIC PROTECTION	165,118	-	-	-	165,118
PUBLIC WAYS AND FACILITIES	100,577	-	-	-	100,577
HEALTH AND SANITATION	126,030	-	-	-	126,030
PUBLIC ASSISTANCE	85,103	-	-	-	85,103
EDUCATION	14,204	-	-	-	14,204
RECREATION AND CULTURAL SERVICES	6,947	-	338	-	7,285
DEBT SERVICE:					
PRINCIPAL	5,424	70,870	-	-	76,294
INTEREST AND FISCAL CHARGES	4,486	18,138	-	-	22,624
CAPITAL OUTLAY	32,362	-	1,549	-	33,911
TOTAL EXPENDITURES	543,906	89,011	2,050	-	634,967
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,320	(87,199)	(1,950)	9	(87,820)
OTHER FINANCING SOURCES (USES)					
TRANSFERS OUT	(44,327)	-	(660)	(6)	(44,993)
TRANSFERS IN	29,984	85,145	1,820	-	116,949
SALE OF CAPITAL ASSETS	7,675	-	-	-	7,675
TOTAL OTHER FINANCING SOURCES AND (USES)	(6,668)	85,145	1,160	(6)	79,631
NET CHANGE IN FUND BALANCES	(5,348)	(2,054)	(790)	3	(8,189)
FUND BALANCES, JULY 1, 2013	516,024	39,201	20,687	1,697	577,609
FUND BALANCES, JUNE 30, 2014	<u>\$ 510,676</u>	<u>\$ 37,147</u>	<u>\$ 19,897</u>	<u>\$ 1,700</u>	<u>\$ 569,420</u>



COMBINING FINANCIAL STATEMENTS NONMAJOR GOVERNMENTAL FUNDS



NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS

SPECIAL REVENUE FUNDS DESCRIPTIONS

TRANSPORTATION

The Transportation fund accounts for the administration, planning, design, construction, traffic operations, maintenance, and improvements of approximately 2,554 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 CAS 70 OS-1, uses all interest earned for operating activities for the North Etiwanda Preserve.

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2014 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>TRANSPORTATION</u>	<u>SPECIAL TRANSPORTATION</u>	<u>SPECIAL AVIATION</u>
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 509,786	\$ 38,613	\$ 33,922	\$ 3,443
ACCOUNTS RECEIVABLE - NET	2,828	1,294	-	-
TAXES RECEIVABLE	8,288	-	-	-
INTEREST RECEIVABLE	1,016	53	47	5
LOANS RECEIVABLE	1,151	-	-	-
OTHER RECEIVABLES	190	-	-	-
DUE FROM OTHER FUNDS	25,070	4,844	-	388
DUE FROM OTHER GOVERNMENTS	41,698	11,261	5,500	-
LAND HELD FOR RESALE	361	-	-	-
INVENTORIES	173	173	-	-
PREPAID ITEMS	1,065	100	-	-
INTERFUND RECEIVABLE	305	55	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	6,433	-	-	-
TOTAL ASSETS	<u>\$ 598,364</u>	<u>\$ 56,393</u>	<u>\$ 39,469</u>	<u>\$ 3,836</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 21,291	\$ 4,915	\$ 225	\$ 24
SALARIES AND BENEFITS PAYABLE	11,949	1,905	-	-
DUE TO OTHER FUNDS	28,414	1,875	3,889	4
DUE TO OTHER GOVERNMENTS	6,191	2,814	119	-
ADVANCES FROM OTHERS	3,747	-	-	-
INTERFUND PAYABLE	4,446	-	55	-
TOTAL LIABILITIES	<u>76,038</u>	<u>11,509</u>	<u>4,288</u>	<u>28</u>
DEFERRED INFLOWS OF RESOURCES	<u>11,650</u>	<u>1,402</u>	<u>47</u>	<u>5</u>
FUND BALANCES:				
NONSPENDABLE	1,238	273	-	-
RESTRICTED	456,815	24,205	35,134	2,107
ASSIGNED	52,623	19,004	-	1,696
TOTAL FUND BALANCES	<u>510,676</u>	<u>43,482</u>	<u>35,134</u>	<u>3,803</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 598,364</u>	<u>\$ 56,393</u>	<u>\$ 39,469</u>	<u>\$ 3,836</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2014 (IN THOUSANDS)

	<u>MENTAL HEALTH SERVICES ACT</u>	<u>PRESCHOOL SERVICES</u>	<u>AGING AND ADULT SERVICES</u>	<u>JOBS AND EMPLOYMENT SERVICES</u>
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 100,846	\$ 951	\$ 282	\$ 763
INTEREST RECEIVABLE	139	1	-	1
DUE FROM OTHER FUNDS	9,708	215	-	24
DUE FROM OTHER GOVERNMENTS	2,966	1,930	1,710	2,200
TOTAL ASSETS	<u>\$ 113,659</u>	<u>\$ 3,097</u>	<u>\$ 1,992</u>	<u>\$ 2,988</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 7,151	\$ 1,609	\$ -	\$ 1,339
SALARIES AND BENEFITS PAYABLE	1,967	112	66	472
DUE TO OTHER FUNDS	11,335	147	5	60
DUE TO OTHER GOVERNMENTS	-	507	-	302
ADVANCES FROM OTHERS	-	-	482	738
INTERFUND PAYABLE	-	700	-	-
TOTAL LIABILITIES	<u>20,453</u>	<u>3,075</u>	<u>553</u>	<u>2,911</u>
DEFERRED INFLOWS OF RESOURCES	<u>139</u>	<u>10</u>	<u>-</u>	<u>67</u>
FUND BALANCES:				
RESTRICTED	93,067	12	1,439	10
ASSIGNED	-	-	-	-
TOTAL FUND BALANCES	<u>93,067</u>	<u>12</u>	<u>1,439</u>	<u>10</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 113,659</u>	<u>\$ 3,097</u>	<u>\$ 1,992</u>	<u>\$ 2,988</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2014 (IN THOUSANDS)

	COURTHOUSE TEMPORARY CONSTRUCTION	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	CENTRAL COURTHOUSE SURCHARGE	MICROGRAPHICS FEES
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 4	\$ 4	\$ -	\$ 10,740
ACCOUNTS RECEIVABLE - NET	-	-	-	44
INTEREST RECEIVABLE	-	-	-	15
LOANS RECEIVABLE	-	-	-	1,151
DUE FROM OTHER FUNDS	-	-	-	1
DUE FROM OTHER GOVERNMENTS	3	4	-	-
TOTAL ASSETS	<u>\$ 7</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 11,951</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ -	\$ -	\$ -	\$ 131
SALARIES AND BENEFITS PAYABLE	-	-	-	61
DUE TO OTHER FUNDS	-	-	-	1
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>193</u>
DEFERRED INFLOWS OF RESOURCES	-	-	-	15
FUND BALANCES:				
RESTRICTED	7	8	-	11,743
TOTAL FUND BALANCES	<u>7</u>	<u>8</u>	<u>-</u>	<u>11,743</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 7</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 11,951</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2014 (IN THOUSANDS)

	LOCAL LAW ENFORCEMENT BLOCK GRANT	SHERIFF SPECIAL PROJECTS	FIRE PROTECTION DISTRICTS	ECONOMIC AND COMMUNITY DEVELOPMENT
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 3,433	\$ 24,403	\$ 63,935	\$ 20,173
ACCOUNTS RECEIVABLE - NET	-	-	654	-
TAXES RECEIVABLE	-	-	3,127	-
INTEREST RECEIVABLE	5	34	-	28
OTHER RECEIVABLES	-	-	75	-
DUE FROM OTHER FUNDS	-	95	1,462	71
DUE FROM OTHER GOVERNMENTS	-	938	1,936	822
PREPAID ITEMS	-	957	-	-
TOTAL ASSETS	<u>\$ 3,438</u>	<u>\$ 26,427</u>	<u>\$ 71,189</u>	<u>\$ 21,094</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ -	\$ 895	\$ 413	\$ 50
SALARIES AND BENEFITS PAYABLE	-	-	4,974	127
DUE TO OTHER FUNDS	30	1,422	1,006	536
DUE TO OTHER GOVERNMENTS	-	226	583	151
ADVANCES FROM OTHERS	-	-	26	-
TOTAL LIABILITIES	<u>30</u>	<u>2,543</u>	<u>7,002</u>	<u>864</u>
DEFERRED INFLOWS OF RESOURCES	<u>5</u>	<u>34</u>	<u>2,553</u>	<u>28</u>
FUND BALANCES:				
NONSPENDABLE	-	957	-	-
RESTRICTED	3,403	20,140	61,634	19,990
ASSIGNED	-	2,753	-	212
TOTAL FUND BALANCES	<u>3,403</u>	<u>23,850</u>	<u>61,634</u>	<u>20,202</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,438</u>	<u>\$ 26,427</u>	<u>\$ 71,189</u>	<u>\$ 21,094</u>

**COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2014 (IN THOUSANDS)**

	FLOOD CONTROL DISTRICT	COUNTY SERVICE AREAS	PARK AND RECREATION DISTRICTS	COUNTY FREE LIBRARY
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 89,333	\$ 25,913	\$ 1,429	\$ 7,328
ACCOUNTS RECEIVABLE - NET	609	65	24	138
TAXES RECEIVABLE	3,650	269	180	1,062
INTEREST RECEIVABLE	566	1	-	10
OTHER RECEIVABLE	32	83	-	-
DUE FROM OTHER FUNDS	2,025	545	35	181
DUE FROM OTHER GOVERNMENTS	3,064	-	-	1
PREPAID ITEMS	8	-	-	-
INTERFUND RECEIVABLE	-	250	-	-
RESTRICTED CASH AND INVESTMENTS	5,887	-	-	-
TOTAL ASSETS	\$ 105,174	\$ 27,126	\$ 1,668	\$ 8,720
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 1,487	\$ 199	\$ 64	\$ 530
SALARIES AND BENEFITS PAYABLE	1,024	358	81	508
DUE TO OTHER FUNDS	400	251	1	92
DUE TO OTHER GOVERNMENTS	1,386	5	-	22
ADVANCES FROM OTHERS	203	-	-	-
INTERFUND PAYABLE	-	3,691	-	-
TOTAL LIABILITIES	4,500	4,504	146	1,152
DEFERRED INFLOWS OF RESOURCES	6,007	219	147	861
FUND BALANCES:				
NONSPENDABLE	8	-	-	-
RESTRICTED	93,262	22,403	1,375	6,707
ASSIGNED	1,397	-	-	-
TOTAL FUND BALANCES	94,667	22,403	1,375	6,707
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 105,174	\$ 27,126	\$ 1,668	\$ 8,720

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2014 (IN THOUSANDS)

	REDEVELOPMENT SUCCESSOR HOUSING	JOINT POWERS AUTHORITIES	OTHER SPECIAL REVENUE
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 2,949	\$ 1,684	\$ 79,638
INTEREST RECEIVABLE	4	-	107
DUE FROM OTHER FUNDS	-	-	5,476
DUE FROM OTHER GOVERNMENTS	-	-	9,363
LAND HELD FOR RESALE	361	-	-
RESTRICTED CASH AND INVESTMENTS	-	546	-
TOTAL ASSETS	<u>\$ 3,314</u>	<u>\$ 2,230</u>	<u>\$ 94,584</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ 22	\$ -	\$ 2,237
SALARIES AND BENEFITS PAYABLE	-	-	294
DUE TO OTHER FUNDS	-	-	7,360
DUE TO OTHER GOVERNMENTS	-	-	76
ADVANCES FROM OTHERS	-	-	2,298
TOTAL LIABILITIES	<u>22</u>	<u>-</u>	<u>12,265</u>
DEFERRED INFLOWS OF RESOURCES	<u>4</u>	<u>-</u>	<u>107</u>
FUND BALANCES:			
RESTRICTED	3,288	2,230	54,651
ASSIGNED	-	-	27,561
TOTAL FUND BALANCES	<u>3,288</u>	<u>2,230</u>	<u>82,212</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,314</u>	<u>\$ 2,230</u>	<u>\$ 94,584</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>TRANSPORTATION</u>	<u>SPECIAL TRANSPORTATION</u>	<u>SPECIAL AVIATION</u>
REVENUES				
TAXES	\$ 102,628	\$ -	\$ 6,446	\$ -
LICENSES, PERMITS AND FRANCHISES	954	418	-	2
FINES, FORFEITURES AND PENALTIES	6,622	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	6,978	227	151	486
AID FROM OTHER GOVERNMENTAL AGENCIES	290,547	71,195	4,344	-
CHARGES FOR CURRENT SERVICES	97,239	4,681	4,250	5
OTHER REVENUES	40,258	421	37	1,198
TOTAL REVENUES	<u>545,226</u>	<u>76,942</u>	<u>15,228</u>	<u>1,691</u>
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT	3,655	-	-	-
PUBLIC PROTECTION	165,118	-	-	-
PUBLIC WAYS AND FACILITIES	100,577	87,736	9,507	1,218
HEALTH AND SANITATION	126,030	-	-	-
PUBLIC ASSISTANCE	85,103	-	-	-
EDUCATION	14,204	-	-	-
RECREATION AND CULTURAL SERVICES	6,947	-	-	-
DEBT SERVICE:				
PRINCIPAL	5,424	-	-	-
INTEREST AND FISCAL CHARGES	4,486	-	-	-
CAPITAL OUTLAY	32,362	4,023	-	516
TOTAL EXPENDITURES	<u>543,906</u>	<u>91,759</u>	<u>9,507</u>	<u>1,734</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,320</u>	<u>(14,817)</u>	<u>5,721</u>	<u>(43)</u>
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT	(44,327)	(1,330)	-	(44)
TRANSFERS IN	29,984	4,660	-	220
SALE OF CAPITAL ASSETS	7,675	256	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,668)</u>	<u>3,586</u>	<u>-</u>	<u>176</u>
NET CHANGE IN FUND BALANCES	<u>(5,348)</u>	<u>(11,231)</u>	<u>5,721</u>	<u>133</u>
FUND BALANCES, JULY 1, 2013	<u>516,024</u>	<u>54,713</u>	<u>29,413</u>	<u>3,670</u>
FUND BALANCES, JUNE 30, 2014	<u>\$ 510,676</u>	<u>\$ 43,482</u>	<u>\$ 35,134</u>	<u>\$ 3,803</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2014 (IN THOUSANDS)**

	MENTAL HEALTH SERVICES ACT	PRESCHOOL SERVICES	AGING AND ADULT SERVICES	JOBS AND EMPLOYMENT SERVICES
REVENUES				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 627	\$ 5	\$ 4	\$ 639
AID FROM OTHER GOVERNMENTAL AGENCIES	83,563	45,576	5,532	15,023
CHARGES FOR CURRENT SERVICES	-	62	-	-
OTHER REVENUES	4,411	1	-	615
TOTAL REVENUES	88,601	45,644	5,536	16,277
EXPENDITURES				
CURRENT:				
HEALTH AND SANITATION	104,433	-	-	-
PUBLIC ASSISTANCE	-	44,687	5,442	16,758
DEBT SERVICE:				
INTEREST AND FISCAL CHARGES	-	1	-	-
CAPITAL OUTLAY	1,984	20	-	-
TOTAL EXPENDITURES	106,417	44,708	5,442	16,758
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(17,816)	936	94	(481)
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT	(1,211)	(1,369)	(58)	(297)
TRANSFERS IN	-	41	-	-
SALE OF CAPITAL ASSETS	-	11	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,211)	(1,317)	(58)	(297)
NET CHANGE IN FUND BALANCES	(19,027)	(381)	36	(778)
FUND BALANCES, JULY 1, 2013	112,094	393	1,403	788
FUND BALANCES, JUNE 30, 2014	\$ 93,067	\$ 12	\$ 1,439	\$ 10

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 SPECIAL REVENUE FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2014 (IN THOUSANDS)**

	COURTHOUSE TEMPORARY CONSTRUCTION	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	CENTRAL COURTHOUSE SURCHARGE	MICROGRAPHICS FEES
REVENUES				
FINES, FORFEITURES AND PENALTIES	\$ 1,855	\$ 2,288	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	6	7	-	28
CHARGES FOR CURRENT SERVICES	-	-	1,819	3,589
TOTAL REVENUES	1,861	2,295	1,819	3,617
EXPENDITURES				
CURRENT:				
PUBLIC PROTECTION	-	-	-	2,135
CAPITAL OUTLAY	-	-	-	40
TOTAL EXPENDITURES	-	-	-	2,175
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,861	2,295	1,819	1,442
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT	(1,857)	(2,291)	(1,819)	(47)
TOTAL OTHER FINANCING SOURCES (USES)	(1,857)	(2,291)	(1,819)	(47)
NET CHANGE IN FUND BALANCES	4	4	-	1,395
FUND BALANCES, JULY 1, 2013	3	4	-	10,348
FUND BALANCES, JUNE 30, 2014	\$ 7	\$ 8	\$ -	\$ 11,743

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 SPECIAL REVENUE FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2014 (IN THOUSANDS)**

	LOCAL LAW ENFORCEMENT BLOCK GRANT	SHERIFF SPECIAL PROJECTS	FIRE PROTECTION DISTRICTS	ECONOMIC AND COMMUNITY DEVELOPMENT
REVENUES				
TAXES	\$ -	\$ -	\$ 35,890	\$ 23
FINES, FORFEITURES AND PENALTIES	-	-	18	-
REVENUES FROM USE OF MONEY AND PROPERTY	23	134	366	225
AID FROM OTHER GOVERNMENTAL AGENCIES	714	12,498	7,775	11,948
CHARGES FOR CURRENT SERVICES	-	-	67,106	32
OTHER REVENUES	-	2,263	2,692	1,586
TOTAL REVENUES	737	14,895	113,847	13,814
EXPENDITURES				
CURRENT:				
PUBLIC PROTECTION	1,617	9,842	113,776	-
PUBLIC ASSISTANCE	-	-	-	13,072
DEBT SERVICE:				
PRINCIPAL	-	-	259	-
INTEREST AND FISCAL CHARGES	-	-	61	-
CAPITAL OUTLAY	250	3,946	3,778	-
TOTAL EXPENDITURES	1,867	13,788	117,874	13,072
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,130)	1,107	(4,027)	742
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT	-	(686)	(5,741)	(1,422)
TRANSFERS IN	-	-	18,837	824
SALE OF CAPITAL ASSETS	-	-	209	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(686)	13,305	(598)
NET CHANGE IN FUND BALANCES	(1,130)	421	9,278	144
FUND BALANCES, JULY 1, 2013	4,533	23,429	52,356	20,058
FUND BALANCES, JUNE 30, 2014	\$ 3,403	\$ 23,850	\$ 61,634	\$ 20,202

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 SPECIAL REVENUE FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2014 (IN THOUSANDS)**

	FLOOD CONTROL DISTRICT	COUNTY SERVICE AREAS	PARK AND RECREATION DISTRICTS	COUNTY FREE LIBRARY
REVENUES				
TAXES	\$ 41,190	\$ 3,014	\$ 2,058	\$ 13,970
LICENSES, PERMITS AND FRANCHISES	175	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	1,231	297	76	-
AID FROM OTHER GOVERNMENTAL AGENCIES	5,026	44	45	248
CHARGES FOR CURRENT SERVICES	411	4,442	1,052	1,046
OTHER REVENUES	430	213	27	593
TOTAL REVENUES	48,463	8,010	3,258	15,857
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT	-	3,540	-	-
PUBLIC PROTECTION	22,410	766	-	-
PUBLIC WAYS AND FACILITIES	-	1,797	-	-
HEALTH AND SANITATION	-	75	-	-
EDUCATION	-	-	-	14,204
RECREATION AND CULTURAL SERVICES	-	1,220	3,290	-
DEBT SERVICE:				
PRINCIPAL	4,665	81	-	59
INTEREST AND FISCAL CHARGES	3,432	19	-	54
CAPITAL OUTLAY	17,419	283	52	24
TOTAL EXPENDITURES	47,926	7,781	3,342	14,341
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	537	229	(84)	1,516
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT	(566)	(2,546)	(87)	(283)
TRANSFERS IN	1,308	1,719	196	88
SALE OF CAPITAL ASSETS	790	27	60	-
TOTAL OTHER FINANCING SOURCES (USES)	1,532	(800)	169	(195)
NET CHANGE IN FUND BALANCES	2,069	(571)	85	1,321
FUND BALANCES, JULY 1, 2013	92,598	22,974	1,290	5,386
FUND BALANCES, JUNE 30, 2014	\$ 94,667	\$ 22,403	\$ 1,375	\$ 6,707

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 SPECIAL REVENUE FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2014 (IN THOUSANDS)**

	REDEVELOPMENT SUCCESSOR HOUSING	JOINT POWERS AUTHORITIES	OTHER SPECIAL REVENUE
REVENUES			
TAXES	\$ -	\$ -	\$ 37
LICENSES, PERMITS AND FRANCHISES	-	-	359
FINES, FORFEITURES AND PENALTIES	-	-	2,461
REVENUES FROM USE OF MONEY AND PROPERTY	26	1	2,419
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	27,016
CHARGES FOR CURRENT SERVICES	-	-	8,744
OTHER REVENUES	-	-	25,771
TOTAL REVENUES	26	1	66,807
EXPENDITURES			
CURRENT:			
GENERAL GOVERNMENT	-	20	95
PUBLIC PROTECTION	-	-	14,572
PUBLIC WAYS AND FACILITIES	-	-	319
HEALTH AND SANITATION	-	-	21,522
PUBLIC ASSISTANCE	2,252	-	2,892
RECREATION AND CULTURAL SERVICES	-	-	2,437
DEBT SERVICE:			
PRINCIPAL	-	360	-
INTEREST AND FISCAL CHARGES	-	919	-
CAPITAL OUTLAY	-	-	27
TOTAL EXPENDITURES	2,252	1,299	41,864
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,226)	(1,298)	24,943
OTHER FINANCING SOURCES (USES)			
TRANSFERS OUT	-	(18)	(22,655)
TRANSFERS IN	-	1,819	272
SALE OF CAPITAL ASSETS	-	-	6,322
TOTAL OTHER FINANCING SOURCES (USES)	-	1,801	(16,061)
NET CHANGE IN FUND BALANCES	(2,226)	503	8,882
FUND BALANCES, JULY 1, 2013	5,514	1,727	73,330
FUND BALANCES, JUNE 30, 2014	\$ 3,288	\$ 2,230	\$ 82,212

**COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 JUNE 30, 2014 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>PENSION OBLIGATION BONDS</u>
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 34,978	\$ 12,625	\$ 22,353
INVESTMENTS	2,154	-	2,154
INTEREST RECEIVABLE	46	15	31
TOTAL ASSETS	<u>\$ 37,178</u>	<u>\$ 12,640</u>	<u>\$ 24,538</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
DEFERRED INFLOWS OF RESOURCES	\$ 31	-	\$ 31
FUND BALANCES:			
RESTRICTED	37,147	12,640	24,507
TOTAL FUND BALANCES	<u>37,147</u>	<u>12,640</u>	<u>24,507</u>
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 37,178</u>	<u>\$ 12,640</u>	<u>\$ 24,538</u>

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2014 (IN THOUSANDS)

	<u>TOTAL</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>PENSION OBLIGATION BONDS</u>
REVENUES			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 136	\$ 65	\$ 71
OTHER REVENUES	1,676	-	1,676
TOTAL REVENUES	<u>1,812</u>	<u>65</u>	<u>1,747</u>
EXPENDITURES			
CURRENT:			
GENERAL GOVERNMENT	3	-	3
DEBT SERVICE:			
PRINCIPAL	70,870	5,475	65,395
INTEREST AND FISCAL CHARGES	18,138	996	17,142
TOTAL EXPENDITURES	<u>89,011</u>	<u>6,471</u>	<u>82,540</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(87,199)</u>	<u>(6,406)</u>	<u>(80,793)</u>
OTHER FINANCING SOURCES (USES)			
TRANSFERS IN	85,145	6,437	78,708
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>85,145</u>	<u>6,437</u>	<u>78,708</u>
NET CHANGE IN FUND BALANCES	<u>(2,054)</u>	<u>31</u>	<u>(2,085)</u>
FUND BALANCES JULY 1, 2013	39,201	12,609	26,592
FUND BALANCES, JUNE 30, 2014	<u>\$ 37,147</u>	<u>\$ 12,640</u>	<u>\$ 24,507</u>

**COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2014 (IN THOUSANDS)**

	TOTAL	REDEVELOPMENT SUCCESSOR HOUSING	FIRE PROTECTION DISTRICTS	PARK AND RECREATION DISTRICTS	COUNTY SERVICE AREAS
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 18,662	\$ 10,189	\$ 471	\$ 6,476	\$ 1,526
INTEREST RECEIVABLE	26	14	1	9	2
DUE FROM OTHER FUNDS	18	-	-	-	18
LAND HELD FOR RESALE	1,301	1,301	-	-	-
TOTAL ASSETS	\$ 20,007	\$ 11,504	\$ 472	\$ 6,485	\$ 1,546
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE	\$ 75	\$ -	\$ -	\$ -	\$ 75
DUE TO OTHER FUNDS	9	-	-	5	4
TOTAL LIABILITIES	84	-	-	5	79
DEFERRED INFLOWS OF RESOURCES	26	14	1	9	2
FUND BALANCES:					
RESTRICTED	19,897	11,490	471	6,471	1,465
TOTAL FUND BALANCES	19,897	11,490	471	6,471	1,465
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 20,007	\$ 11,504	\$ 472	\$ 6,485	\$ 1,546

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2014 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>REDEVELOPMENT SUCCESSOR HOUSING</u>	<u>FIRE PROTECTION DISTRICTS</u>	<u>PARK AND RECREATION DISTRICTS</u>	<u>COUNTY SERVICE AREAS</u>
REVENUES					
REVENUES FROM USE OF MONEY AND PROPERTY CHARGES FOR CURRENT SERVICES	\$ 99 1	\$ 55 -	\$ 2 -	\$ 37 -	\$ 5 1
TOTAL REVENUES	<u>100</u>	<u>55</u>	<u>2</u>	<u>37</u>	<u>6</u>
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT	163	6	-	-	157
RECREATION AND CULTURAL SERVICES	338	-	-	338	-
CAPITAL OUTLAY	1,549	44	-	573	932
TOTAL EXPENDITURES	<u>2,050</u>	<u>50</u>	<u>-</u>	<u>911</u>	<u>1,089</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,950)</u>	<u>5</u>	<u>2</u>	<u>(874)</u>	<u>(1,083)</u>
OTHER FINANCING SOURCES (USES)					
TRANSFERS OUT	(660)	-	-	(486)	(174)
TRANSFERS IN	1,820	-	-	50	1,770
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>1,160</u>	<u>-</u>	<u>-</u>	<u>(436)</u>	<u>1,596</u>
NET CHANGE IN FUND BALANCES	<u>(790)</u>	<u>5</u>	<u>2</u>	<u>(1,310)</u>	<u>513</u>
FUND BALANCES, JULY 1, 2013	<u>20,687</u>	<u>11,485</u>	<u>469</u>	<u>7,781</u>	<u>952</u>
FUND BALANCES, JUNE 30, 2014	<u>\$ 19,897</u>	<u>\$ 11,490</u>	<u>\$ 471</u>	<u>\$ 6,471</u>	<u>\$ 1,465</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 PERMANENT FUNDS
 JUNE 30, 2014 (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	\$ 1,700	\$ 92	\$ 1,608
TOTAL ASSETS	<u>\$ 1,700</u>	<u>\$ 92</u>	<u>\$ 1,608</u>
FUND BALANCES			
NONSPENDABLE	\$ 1,700	\$ 92	\$ 1,608
TOTAL FUND BALANCES	<u>\$ 1,700</u>	<u>\$ 92</u>	<u>\$ 1,608</u>

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 PERMANENT FUNDS
 YEAR ENDED JUNE 30, 2014 (IN THOUSANDS)

	TOTAL	LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND	ETIWANDA CSA 120 ENDOWMENT CARE FUND
REVENUES			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 9	\$ -	\$ 9
TOTAL REVENUES	9	-	9
OTHER FINANCING SOURCES (USES)			
TRANSFERS OUT	(6)	-	(6)
TOTAL OTHER FINANCING SOURCES AND (USES)	(6)	-	(6)
NET CHANGE IN FUND BALANCES	3	-	3
FUND BALANCES JULY 1, 2013	1,697	92	1,605
FUND BALANCES, JUNE 30, 2014	<u>\$ 1,700</u>	<u>\$ 92</u>	<u>\$ 1,608</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, 2014 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>COUNTY SERVICE AREAS</u>	<u>OTHER ENTERPRISE</u>
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 37,628	\$ 37,505	\$ 123
ACCOUNTS RECEIVABLE	2,750	2,745	5
TAXES RECEIVABLE	232	232	-
OTHER RECEIVABLES	65	65	-
DUE FROM OTHER FUNDS	86	86	-
DUE FROM OTHER GOVERNMENTS	10	10	-
INVENTORIES	95	-	95
TOTAL CURRENT ASSETS	<u>40,866</u>	<u>40,643</u>	<u>223</u>
NONCURRENT ASSETS:			
NOTES RECEIVABLE	142	142	-
CAPITAL ASSETS NOT BEING DEPRECIATED OR AMORTIZED:			
LAND	3,641	3,641	-
LAND USE RIGHTS	258	258	-
DEVELOPMENT IN PROGRESS	7,567	7,567	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
LAND USE RIGHTS	1,004	1,004	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE	79,662	79,662	-
EQUIPMENT AND SOFTWARE	1,578	1,578	-
ACCUMULATED DEPRECIATION AND AMORTIZATION	(38,327)	(38,327)	-
TOTAL NONCURRENT ASSETS	<u>55,525</u>	<u>55,525</u>	<u>-</u>
TOTAL ASSETS	<u>96,391</u>	<u>96,168</u>	<u>223</u>
LIABILITIES			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	1,525	1,525	-
SALARIES AND BENEFITS PAYABLE	2	-	2
DUE TO OTHER FUNDS	131	131	-
DUE TO OTHER GOVERNMENTS	95	95	-
INTEREST PAYABLE	168	168	-
ADVANCES FROM OTHERS	1,041	1,041	-
BONDS AND NOTES PAYABLE	270	270	-
TOTAL CURRENT LIABILITIES	<u>3,232</u>	<u>3,230</u>	<u>2</u>
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE	570	570	-
BONDS AND NOTES PAYABLE	2,208	2,208	-
TOTAL NONCURRENT LIABILITIES	<u>2,778</u>	<u>2,778</u>	<u>-</u>
TOTAL LIABILITIES	<u>6,010</u>	<u>6,008</u>	<u>2</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	52,905	52,905	-
UNRESTRICTED	37,476	37,255	221
TOTAL NET POSITION	<u>\$ 90,381</u>	<u>\$ 90,160</u>	<u>\$ 221</u>

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2014 (IN THOUSANDS)

	<u>TOTAL</u>	<u>COUNTY SERVICE AREAS</u>	<u>OTHER ENTERPRISE</u>
OPERATING REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 14,791	\$ 14,696	\$ 95
TOTAL OPERATING REVENUES	<u>14,791</u>	<u>14,696</u>	<u>95</u>
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	2,546	2,546	-
SALARIES AND EMPLOYEES BENEFITS	5,254	5,223	31
SERVICES AND SUPPLIES	4,527	4,489	38
DEPRECIATION AND AMORTIZATION	2,678	2,678	-
OTHER	96	96	-
TOTAL OPERATING EXPENSES	<u>15,101</u>	<u>15,032</u>	<u>69</u>
OPERATING INCOME (LOSS)	<u>(310)</u>	<u>(336)</u>	<u>26</u>
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUES	114	114	-
INTEREST EXPENSE	(172)	(172)	-
TAX REVENUE	2,786	2,786	-
GRANT REVENUE	101	101	-
OTHER NONOPERATING REVENUES	2,106	2,106	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>4,935</u>	<u>4,935</u>	<u>-</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	4,625	4,599	26
TRANSFERS OUT	(36)	(25)	(11)
TRANSFERS IN	42	-	42
CHANGE IN NET POSITION	4,631	4,574	57
TOTAL NET POSITION, JULY 1, 2013	<u>85,750</u>	<u>85,586</u>	<u>164</u>
TOTAL NET POSITION, JUNE 30, 2014	<u>\$ 90,381</u>	<u>\$ 90,160</u>	<u>\$ 221</u>

**COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2014 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>COUNTY SERVICE AREAS</u>	<u>OTHER NONMAJOR ENTERPRISE</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH RECEIVED FROM SERVICES	\$ 17,170	\$ 17,080	\$ 90
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(6,732)	(6,683)	(49)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(5,253)	(5,223)	(30)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>5,185</u>	<u>5,174</u>	<u>11</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
TAXES RECEIVED	2,691	2,691	-
GRANTS RECEIVED	101	101	-
TRANSFERS RECEIVED	48	2	46
TRANSFERS PAID	(83)	(72)	(11)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>2,757</u>	<u>2,722</u>	<u>35</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(4,205)	(4,205)	-
PRINCIPAL PAID ON BONDS AND NOTES	(218)	(218)	-
INTEREST PAID ON BONDS AND NOTES	(212)	(212)	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(4,635)</u>	<u>(4,635)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
INTEREST ON INVESTMENTS	114	114	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>114</u>	<u>114</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,421	3,375	46
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>34,207</u>	<u>34,130</u>	<u>77</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 37,628</u>	<u>\$ 37,505</u>	<u>\$ 123</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
OPERATING INCOME (LOSS)	\$ (310)	\$ (336)	\$ 26
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION	2,678	2,678	-
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	2,106	2,106	-
CHANGES IN ASSETS AND LIABILITIES:			
ACCOUNTS RECEIVABLE	(885)	(880)	(5)
DUE FROM OTHER GOVERNMENTS	152	152	-
INVENTORIES	(11)	-	(11)
ACCOUNTS PAYABLE AND OTHER LIABILITIES	472	472	-
SALARIES AND BENEFITS PAYABLE	1	-	1
DUE TO OTHER GOVERNMENTS	(24)	(24)	-
ADVANCES FROM OTHERS	1,006	1,006	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 5,185</u>	<u>\$ 5,174</u>	<u>\$ 11</u>
BREAKDOWN OF CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS	<u>\$ 37,628</u>	<u>\$ 37,505</u>	<u>\$ 123</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 and distributed data processing with technical support.

VEHICLE SERVICES

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

RISK MANAGEMENT

The Risk Management Fund accounts for the County's self-insured worker's compensation, public liability, property conservation and safety programs which are provided to all County departments and special districts.

FLOOD CONTROL EQUIPMENT

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

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2014 (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	\$ 277,364	\$ 3,703	\$ 13,414	\$ 9,463
ACCOUNTS RECEIVABLE	832	4	42	9
OTHER RECEIVABLES	196	-	-	-
DUE FROM OTHER FUNDS	5,924	837	1,066	1,672
DUE FROM OTHER GOVERNMENTS	813	89	501	5
INVENTORIES	4,143	66	2,310	-
PREPAID ITEMS	3,577	179	2,111	-
TOTAL CURRENT ASSETS	<u>292,849</u>	<u>4,878</u>	<u>19,444</u>	<u>11,149</u>
NONCURRENT ASSETS:				
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:				
LAND	396	-	-	-
DEVELOPMENT IN PROGRESS	780	-	681	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
STRUCTURES AND IMPROVEMENTS	11,068	19	3,527	522
EQUIPMENT AND SOFTWARE	108,343	1,116	44,565	15,490
ACCUMULATED DEPRECIATION AND AMORTIZATION	(76,882)	(867)	(30,741)	(9,902)
TOTAL NONCURRENT ASSETS	<u>43,705</u>	<u>268</u>	<u>18,032</u>	<u>6,110</u>
TOTAL ASSETS	<u>336,554</u>	<u>5,146</u>	<u>37,476</u>	<u>17,259</u>
LIABILITIES				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE	8,195	408	1,408	1,590
SALARIES AND BENEFITS PAYABLE	2,534	201	647	820
DUE TO OTHER FUNDS	2,907	25	63	219
DUE TO OTHER GOVERNMENTS	16	-	-	-
ADVANCES FROM OTHERS	155	-	-	-
COMPENSATED ABSENCES PAYABLE	2,501	169	828	612
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	47,287	-	-	-
TOTAL CURRENT LIABILITIES	<u>63,595</u>	<u>803</u>	<u>2,946</u>	<u>3,241</u>
NONCURRENT LIABILITIES:				
COMPENSATED ABSENCES PAYABLE	3,100	100	559	1,403
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	192,336	-	-	-
TOTAL NONCURRENT LIABILITIES	<u>195,436</u>	<u>100</u>	<u>559</u>	<u>1,403</u>
TOTAL LIABILITIES	<u>259,031</u>	<u>903</u>	<u>3,505</u>	<u>4,644</u>
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	43,705	268	18,032	6,110
UNRESTRICTED	33,818	3,975	15,939	6,505
TOTAL NET POSITION	<u>\$ 77,523</u>	<u>\$ 4,243</u>	<u>\$ 33,971</u>	<u>\$ 12,615</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)
JUNE 30, 2014 (IN THOUSANDS)**

	VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 13,944	\$ 230,414	\$ 6,426
ACCOUNTS RECEIVABLE	777	-	-
OTHER RECEIVABLES	-	196	-
DUE FROM OTHER FUNDS	65	2,241	43
DUE FROM OTHER GOVERNMENTS	140	78	-
INVENTORIES	1,767	-	-
PREPAID ITEMS	-	1,287	-
TOTAL CURRENT ASSETS	<u>16,693</u>	<u>234,216</u>	<u>6,469</u>
NONCURRENT ASSETS:			
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:			
LAND	396	-	-
DEVELOPMENT IN PROGRESS	99	-	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
STRUCTURES AND IMPROVEMENTS	7,000	-	-
EQUIPMENT AND SOFTWARE	31,163	685	15,324
ACCUMULATED DEPRECIATION AND AMORTIZATION	<u>(24,326)</u>	<u>(417)</u>	<u>(10,629)</u>
TOTAL NONCURRENT ASSETS	<u>14,332</u>	<u>268</u>	<u>4,695</u>
TOTAL ASSETS	<u>31,025</u>	<u>234,484</u>	<u>11,164</u>
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	1,553	3,236	-
SALARIES AND BENEFITS PAYABLE	517	349	-
DUE TO OTHER FUNDS	714	1,886	-
DUE TO OTHER GOVERNMENTS	14	2	-
ADVANCES FROM OTHERS	-	155	-
COMPENSATED ABSENCES PAYABLE	509	383	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	47,287	-
TOTAL CURRENT LIABILITIES	<u>3,307</u>	<u>53,298</u>	<u>-</u>
NONCURRENT LIABILITIES:			
COMPENSATED ABSENCES PAYABLE	719	319	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	192,336	-
TOTAL NONCURRENT LIABILITIES	<u>719</u>	<u>192,655</u>	<u>-</u>
TOTAL LIABILITIES	<u>4,026</u>	<u>245,953</u>	<u>-</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	14,332	268	4,695
UNRESTRICTED	12,667	(11,737)	6,469
TOTAL NET POSITION	<u>\$ 26,999</u>	<u>\$ (11,469)</u>	<u>\$ 11,164</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2014 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>GENERAL SERVICES GROUP</u>	<u>TELECOMMUNICATION SERVICES</u>	<u>COMPUTER OPERATIONS</u>
OPERATING REVENUES:				
CHARGES FOR CURRENT SERVICES	\$ 173,093	\$ 10,974	\$ 25,920	\$ 21,402
TOTAL OPERATING REVENUES	<u>173,093</u>	<u>10,974</u>	<u>25,920</u>	<u>21,402</u>
OPERATING EXPENSES:				
PROFESSIONAL SERVICES	20,537	742	1,370	4,408
SALARIES AND EMPLOYEES BENEFITS	38,266	2,650	9,926	11,212
SELF-INSURED CLAIMS	67,554	-	-	-
SERVICES AND SUPPLIES	50,848	6,929	11,934	3,874
DEPRECIATION AND AMORTIZATION	10,890	37	3,788	2,809
OTHER	901	-	-	-
TOTAL OPERATING EXPENSES	<u>188,996</u>	<u>10,358</u>	<u>27,018</u>	<u>22,303</u>
OPERATING INCOME (LOSS)	<u>(15,903)</u>	<u>616</u>	<u>(1,098)</u>	<u>(901)</u>
NONOPERATING REVENUES (EXPENSES):				
INTEREST REVENUES	938	11	48	31
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	1,321	(3)	(16)	19
OTHER NONOPERATING REVENUES	6,893	5	69	19
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>9,152</u>	<u>13</u>	<u>101</u>	<u>69</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	<u>(6,751)</u>	<u>629</u>	<u>(997)</u>	<u>(832)</u>
TRANSFERS OUT	(1,672)	(104)	(411)	(604)
TRANSFERS IN	978	-	978	-
CHANGE IN NET POSITION	<u>(7,445)</u>	<u>525</u>	<u>(430)</u>	<u>(1,436)</u>
TOTAL NET POSITION, JULY 1, 2013	<u>84,968</u>	<u>3,718</u>	<u>34,401</u>	<u>14,051</u>
TOTAL NET POSITION, JUNE 30, 2014	<u>\$ 77,523</u>	<u>\$ 4,243</u>	<u>\$ 33,971</u>	<u>\$ 12,615</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2014 (IN THOUSANDS)**

	VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
OPERATING REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 28,662	\$ 84,280	\$ 1,855
TOTAL OPERATING REVENUES	<u>28,662</u>	<u>84,280</u>	<u>1,855</u>
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	2,887	11,126	4
SALARIES AND EMPLOYEES BENEFITS	9,369	5,109	-
SELF-INSURED CLAIMS	-	67,554	-
SERVICES AND SUPPLIES	14,910	11,625	1,576
DEPRECIATION AND AMORTIZATION	3,590	73	593
OTHER	-	901	-
TOTAL OPERATING EXPENSES	<u>30,756</u>	<u>96,388</u>	<u>2,173</u>
OPERATING INCOME (LOSS)	<u>(2,094)</u>	<u>(12,108)</u>	<u>(318)</u>
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUES	43	784	21
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	1,310	-	11
OTHER NONOPERATING REVENUES	3,778	3,010	12
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>5,131</u>	<u>3,794</u>	<u>44</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	3,037	(8,314)	(274)
TRANSFERS OUT	<u>(292)</u>	<u>(261)</u>	<u>-</u>
CHANGE IN NET POSITION	2,745	(8,575)	(274)
TOTAL NET POSITION, JULY 1, 2013	<u>24,254</u>	<u>(2,894)</u>	<u>11,438</u>
TOTAL NET POSITION, JUNE 30, 2014	<u>\$ 26,999</u>	<u>\$ (11,469)</u>	<u>\$ 11,164</u>

**COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2014 (IN THOUSANDS)**

	TOTAL	GENERAL SERVICES GROUP	TELE-COMMUNICATION SERVICES	COMPUTER OPERATIONS	VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
CASH FLOWS FROM OPERATING ACTIVITIES:							
CASH RECEIVED FROM SERVICES	\$ 176,853	\$ 10,899	\$ 26,137	\$ 20,434	\$ 32,557	\$ 84,930	\$ 1,896
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(108,822)	(7,445)	(14,522)	(7,781)	(17,149)	(60,271)	(1,654)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(37,567)	(2,574)	(9,703)	(11,047)	(9,286)	(4,957)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	30,464	880	1,912	1,606	6,122	19,702	242
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
TRANSFERS RECEIVED	2,055	60	1,209	133	650	1	2
TRANSFERS PAID	(62,970)	(761)	(411)	(604)	(292)	(60,902)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(60,915)	(701)	798	(471)	358	(60,901)	2
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(12,493)	(95)	(5,127)	(2,370)	(4,344)	-	(557)
PROCEEDS FROM SALE OF CAPITAL ASSETS	1,130	-	11	-	1,099	-	20
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(11,363)	(95)	(5,116)	(2,370)	(3,245)	-	(537)
CASH FLOWS FROM INVESTING ACTIVITIES:							
INTEREST ON INVESTMENTS	938	11	48	31	43	784	21
NET CASH PROVIDED BY INVESTING ACTIVITIES	938	11	48	31	43	784	21
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(40,876)	95	(2,358)	(1,204)	3,278	(40,415)	(272)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	318,240	3,608	15,772	10,667	10,666	270,829	6,698
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 277,364	\$ 3,703	\$ 13,414	\$ 9,463	\$ 13,944	\$ 230,414	\$ 6,426
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
OPERATING INCOME (LOSS)	\$ (15,903)	\$ 616	\$ (1,098)	\$ (901)	\$ (2,094)	\$ (12,108)	\$ (318)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
DEPRECIATION AND AMORTIZATION	10,890	37	3,788	2,809	3,590	73	593
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	5,408	5	69	19	3,778	1,525	12
CHANGES IN ASSETS AND LIABILITIES:							
ACCOUNTS RECEIVABLE	(43)	-	24	(7)	(60)	-	-
DUE FROM OTHER FUNDS	(1,680)	(100)	65	(980)	20	(714)	29
DUE FROM OTHER GOVERNMENTS	138	20	67	-	129	(78)	-
OTHER RECEIVABLES	(196)	-	-	-	-	(196)	-
INVENTORIES	383	1	371	-	11	-	-
PREPAID ITEMS	1,596	43	(2,111)	-	18	3,646	-
ACCOUNTS PAYABLE AND OTHER LIABILITIES	5,346	187	522	501	659	3,551	(74)
SALARIES AND BENEFITS PAYABLE	957	105	241	270	211	130	-
DUE TO OTHER GOVERNMENTS	(150)	(5)	-	-	(12)	(133)	-
ADVANCES FROM OTHERS	105	-	(8)	-	-	113	-
COMPENSATED ABSENCES PAYABLE	(196)	(22)	6	(92)	(121)	33	-
TERMINATION BENEFITS PAYABLE	(62)	(7)	(24)	(13)	(7)	(11)	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	23,871	-	-	-	-	23,871	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 30,464	\$ 880	\$ 1,912	\$ 1,606	\$ 6,122	\$ 19,702	\$ 242
BREAKDOWN OF CASH AND CASH EQUIVALENTS							
CASH AND CASH EQUIVALENTS	\$ 277,364	\$ 3,703	\$ 13,414	\$ 9,463	\$ 13,944	\$ 230,414	\$ 6,426

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, 2014 (IN THOUSANDS)**

<u>TOTAL AGENCY FUNDS</u>	<u>BALANCE JULY 1, 2013</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2014</u>
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 386,132	\$ 11,896,040	\$ 12,016,784	\$ 265,388
ACCOUNTS RECEIVABLE	21,835	20,496	22,035	20,296
TAXES RECEIVABLE	105,736	242,983	181,828	166,891
DUE FROM OTHER GOVERNMENTS	24,070	31,296	36,398	18,968
TOTAL ASSETS	<u>\$ 537,773</u>	<u>\$ 12,190,815</u>	<u>\$ 12,257,045</u>	<u>\$ 471,543</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	\$ 537,773	\$ 477,628	\$ 543,858	\$ 471,543
TOTAL LIABILITIES	<u>\$ 537,773</u>	<u>\$ 477,628</u>	<u>\$ 543,858</u>	<u>\$ 471,543</u>
 SPECIAL ASSESSMENT FUNDS				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1,440	\$ 223	\$ 130	\$ 1,533
DUE FROM OTHER GOVERNMENTS	1	-	1	-
TOTAL ASSETS	<u>\$ 1,441</u>	<u>\$ 223</u>	<u>\$ 131</u>	<u>\$ 1,533</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	\$ 1,441	\$ 92	\$ -	\$ 1,533
TOTAL LIABILITIES	<u>\$ 1,441</u>	<u>\$ 92</u>	<u>\$ -</u>	<u>\$ 1,533</u>
 OTHER AGENCY FUNDS				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 384,692	\$ 11,895,817	\$ 12,016,654	\$ 263,855
ACCOUNTS RECEIVABLE	21,835	20,496	22,035	20,296
TAXES RECEIVABLE	105,736	242,983	181,828	166,891
DUE FROM OTHER GOVERNMENTS	24,069	31,296	36,397	18,968
TOTAL ASSETS	<u>\$ 536,332</u>	<u>\$ 12,190,592</u>	<u>\$ 12,256,914</u>	<u>\$ 470,010</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	\$ 536,332	\$ 477,536	\$ 543,858	\$ 470,010
TOTAL LIABILITIES	<u>\$ 536,332</u>	<u>\$ 477,536</u>	<u>\$ 543,858</u>	<u>\$ 470,010</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, 2014 (IN THOUSANDS)

	<u>TOTAL</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 98,487	\$ 102,628	\$ 4,141
LICENSES, PERMITS AND FRANCHISES	1,094	954	(140)
FINES, FORFEITURES AND PENALTIES	8,317	6,622	(1,695)
REVENUES FROM USE OF MONEY AND PROPERTY	5,927	6,977	1,050
AID FROM OTHER GOVERNMENTAL AGENCIES	323,981	290,547	(33,434)
CHARGES FOR CURRENT SERVICES	104,974	97,239	(7,735)
OTHER REVENUES	37,508	40,258	2,750
TOTAL REVENUES	<u>580,288</u>	<u>545,225</u>	<u>(35,063)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	17,051	3,618	13,433
PUBLIC PROTECTION	342,769	181,648	161,121
PUBLIC WAYS AND FACILITIES	170,341	83,688	86,653
HEALTH AND SANITATION	226,512	132,313	94,199
PUBLIC ASSISTANCE	122,279	85,135	37,144
EDUCATION	18,425	14,235	4,190
RECREATION AND CULTURAL SERVICES	13,321	6,912	6,409
DEBT SERVICE:			
PRINCIPAL	5,321	5,064	257
INTEREST AND FISCAL CHARGES	4,105	3,567	538
CAPITAL OUTLAY	63,279	19,684	43,595
TOTAL EXPENDITURES	<u>983,403</u>	<u>535,864</u>	<u>447,539</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(403,115)</u>	<u>9,361</u>	<u>412,476</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(96,271)	(44,309)	51,962
TRANSFERS IN	54,530	28,165	(26,365)
LONG-TERM DEBT ISSUED	625	-	(625)
SALE OF CAPITAL ASSETS	11,463	7,675	(3,788)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(29,653)</u>	<u>(8,469)</u>	<u>21,184</u>
NET CHANGE IN FUND BALANCES	(432,768)	892	433,660
FUND BALANCES, JULY 1, 2013	472,330	472,330	-
FUND BALANCES, JUNE 30, 2014	<u>\$ 39,562</u>	<u>\$ 473,222</u>	<u>\$ 433,660</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, 2014 (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	\$ 375	\$ 418	\$ 43
REVENUES FROM USE OF MONEY AND PROPERTY	203	227	24
AID FROM OTHER GOVERNMENTAL AGENCIES	73,618	71,195	(2,423)
CHARGES FOR CURRENT SERVICES	12,544	4,681	(7,863)
OTHER REVENUES	159	421	262
TOTAL REVENUES	<u>86,899</u>	<u>76,942</u>	<u>(9,957)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	113,172	71,306	41,866
CAPITAL OUTLAY	6,707	4,656	2,051
TOTAL EXPENDITURES	<u>119,879</u>	<u>75,962</u>	<u>43,917</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(32,980)</u>	<u>980</u>	<u>33,960</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(2,199)	(1,330)	869
TRANSFERS IN	5,213	4,660	(553)
SALE OF CAPITAL ASSETS	45	256	211
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>3,059</u>	<u>3,586</u>	<u>527</u>
NET CHANGE IN FUND BALANCES	(29,921)	4,566	34,487
FUND BALANCES, JULY 1, 2013	28,960	28,960	-
FUND BALANCES (DEFICIT), JUNE 30, 2014	<u>\$ (961)</u>	<u>\$ 33,526</u>	<u>\$ 34,487</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, 2014 (IN THOUSANDS)

	<u>SPECIAL TRANSPORTATION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 6,581	\$ 6,446	\$ (135)
REVENUES FROM USE OF MONEY AND PROPERTY	103	151	48
AID FROM OTHER GOVERNMENTAL AGENCIES	5,998	4,344	(1,654)
CHARGES FOR CURRENT SERVICES	1,076	4,250	3,174
OTHER REVENUES	-	37	37
TOTAL REVENUES	<u>13,758</u>	<u>15,228</u>	<u>1,470</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	40,961	9,023	31,938
CAPITAL OUTLAY	81	-	81
TOTAL EXPENDITURES	<u>41,042</u>	<u>9,023</u>	<u>32,019</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(27,284)</u>	<u>6,205</u>	<u>33,489</u>
NET CHANGE IN FUND BALANCES	(27,284)	6,205	33,489
FUND BALANCES, JULY 1, 2013	28,007	28,007	-
FUND BALANCES, JUNE 30, 2014	<u>\$ 723</u>	<u>\$ 34,212</u>	<u>\$ 33,489</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, 2014 (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	518	486	(32)
AID FROM OTHER GOVERNMENTAL AGENCIES	1,058	-	(1,058)
CHARGES FOR CURRENT SERVICES	-	5	5
OTHER REVENUES	<u>725</u>	<u>1,198</u>	<u>473</u>
TOTAL REVENUES	<u>2,301</u>	<u>1,691</u>	<u>(610)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	2,084	1,213	871
CAPITAL OUTLAY	<u>2,010</u>	<u>914</u>	<u>1,096</u>
TOTAL EXPENDITURES	<u>4,094</u>	<u>2,127</u>	<u>1,967</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,793)</u>	<u>(436)</u>	<u>1,357</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(2,779)	(44)	2,735
TRANSFERS IN	<u>1,185</u>	<u>220</u>	<u>(965)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,594)</u>	<u>176</u>	<u>1,770</u>
NET CHANGE IN FUND BALANCES	(3,387)	(260)	3,127
FUND BALANCES, JULY 1, 2013	<u>3,381</u>	<u>3,381</u>	<u>-</u>
FUND BALANCES (DEFICIT), JUNE 30, 2014	<u>\$ (6)</u>	<u>\$ 3,121</u>	<u>\$ 3,127</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, 2014 (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	\$ 541	\$ 627	\$ 86
AID FROM OTHER GOVERNMENTAL AGENCIES	87,942	83,563	(4,379)
OTHER REVENUES	<u>3,519</u>	<u>4,411</u>	<u>892</u>
TOTAL REVENUES	<u>92,002</u>	<u>88,601</u>	<u>(3,401)</u>
EXPENDITURES:			
CURRENT:			
HEALTH AND SANITATION	166,775	110,829	55,946
CAPITAL OUTLAY	<u>2,870</u>	<u>1,993</u>	<u>877</u>
TOTAL EXPENDITURES	<u>169,645</u>	<u>112,822</u>	<u>56,823</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(77,643)</u>	<u>(24,221)</u>	<u>53,422</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(1,212)</u>	<u>(1,211)</u>	<u>1</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,212)</u>	<u>(1,211)</u>	<u>1</u>
NET CHANGE IN FUND BALANCES	(78,855)	(25,432)	53,423
FUND BALANCES, JULY 1, 2013	<u>108,321</u>	<u>108,321</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2014	<u>\$ 29,466</u>	<u>\$ 82,889</u>	<u>\$ 53,423</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, 2014 (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	\$ -	\$ 5	\$ 5
AID FROM OTHER GOVERNMENTAL AGENCIES	48,808	45,576	(3,232)
CHARGES FOR CURRENT SERVICES	80	62	(18)
OTHER REVENUES	38	1	(37)
TOTAL REVENUES	<u>48,926</u>	<u>45,644</u>	<u>(3,282)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	44,879	44,408	471
DEBT SERVICE:			
INTEREST AND FISCAL CHARGES	1	1	-
CAPITAL OUTLAY	116	44	72
TOTAL EXPENDITURES	<u>44,996</u>	<u>44,453</u>	<u>543</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,930</u>	<u>1,191</u>	<u>(2,739)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(3,980)	(1,369)	2,611
TRANSFERS IN	-	41	41
SALE OF CAPITAL ASSETS	-	11	11
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(3,980)</u>	<u>(1,317)</u>	<u>2,663</u>
NET CHANGE IN FUND BALANCES	(50)	(126)	(76)
FUND BALANCES, JULY 1, 2013	59	59	-
FUND BALANCES (DEFICIT), JUNE 30, 2014	<u>\$ 9</u>	<u>\$ (67)</u>	<u>\$ (76)</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2014 (IN THOUSANDS)

AGING AND ADULT 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	\$ 2	\$ 4	\$ 2
AID FROM OTHER GOVERNMENTAL AGENCIES	<u>6,612</u>	<u>5,532</u>	<u>(1,080)</u>
TOTAL REVENUES	<u>6,614</u>	<u>5,536</u>	<u>(1,078)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	<u>7,013</u>	<u>5,442</u>	<u>1,571</u>
TOTAL EXPENDITURES	<u>7,013</u>	<u>5,442</u>	<u>1,571</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(399)</u>	<u>94</u>	<u>493</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(1,033)</u>	<u>(58)</u>	<u>975</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,033)</u>	<u>(58)</u>	<u>975</u>
NET CHANGE IN FUND BALANCES	(1,432)	36	1,468
FUND BALANCES, JULY 1, 2013	<u>1,403</u>	<u>1,403</u>	<u>-</u>
FUND BALANCES (DEFICIT), JUNE 30, 2014	<u>\$ (29)</u>	<u>\$ 1,439</u>	<u>\$ 1,468</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, 2014 (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	\$ 600	\$ 639	\$ 39
AID FROM OTHER GOVERNMENTAL AGENCIES	22,098	15,023	(7,075)
OTHER REVENUES	577	615	38
TOTAL REVENUES	<u>23,275</u>	<u>16,277</u>	<u>(6,998)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	23,399	16,735	6,664
TOTAL EXPENDITURES	<u>23,399</u>	<u>16,735</u>	<u>6,664</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(124)</u>	<u>(458)</u>	<u>(334)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(297)	(297)	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(297)</u>	<u>(297)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(421)	(755)	(334)
FUND BALANCES, JULY 1, 2013	610	610	-
FUND BALANCES (DEFICIT), JUNE 30, 2014	<u>\$ 189</u>	<u>\$ (145)</u>	<u>\$ (334)</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, 2014 (IN THOUSANDS)

	<u>COURTHOUSE TEMPORARY CONSTRUCTION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ 3,000	\$ 1,855	\$ (1,145)
REVENUES FROM USE OF MONEY AND PROPERTY	<u>80</u>	<u>6</u>	<u>(74)</u>
TOTAL REVENUES	<u>3,080</u>	<u>1,861</u>	<u>(1,219)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(3,100)</u>	<u>(1,857)</u>	<u>1,243</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(3,100)</u>	<u>(1,857)</u>	<u>1,243</u>
NET CHANGE IN FUND BALANCES	(20)	4	24
FUND BALANCES, JULY 1, 2013	<u>3</u>	<u>3</u>	<u>-</u>
FUND BALANCES (DEFICIT), JUNE 30, 2014	<u>\$ (17)</u>	<u>\$ 7</u>	<u>\$ 24</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, 2014 (IN THOUSANDS)

	<u>CRIMINAL JUSTICE TEMPORARY CONSTRUCTION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ 2,890	\$ 2,288	\$ (602)
REVENUES FROM USE OF MONEY AND PROPERTY	<u>110</u>	<u>7</u>	<u>(103)</u>
TOTAL REVENUES	<u>3,000</u>	<u>2,295</u>	<u>(705)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(3,114)</u>	<u>(2,291)</u>	<u>823</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(3,114)</u>	<u>(2,291)</u>	<u>823</u>
NET CHANGE IN FUND BALANCES	(114)	4	118
FUND BALANCES, JULY 1, 2013	<u>4</u>	<u>4</u>	<u>-</u>
FUND BALANCES (DEFICIT), JUNE 30, 2014	<u>\$ (110)</u>	<u>\$ 8</u>	<u>\$ 118</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, 2014 (IN THOUSANDS)

	<u>CENTRAL COURTHOUSE SURCHARGE</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 2,100	\$ 1,819	\$ (281)
TOTAL REVENUES	<u>2,100</u>	<u>1,819</u>	<u>(281)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(2,100)</u>	<u>(1,819)</u>	<u>281</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(2,100)</u>	<u>(1,819)</u>	<u>281</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES, JULY 1, 2013	-	-	-
FUND BALANCES, JUNE 30, 2014	<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, 2014 (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	\$ 15	\$ 28	\$ 13
CHARGES FOR CURRENT SERVICES	4,400	3,589	(811)
OTHER REVENUES	75	-	(75)
TOTAL REVENUES	<u>4,490</u>	<u>3,617</u>	<u>(873)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	12,324	2,755	9,569
CAPITAL OUTLAY	280	135	145
TOTAL EXPENDITURES	<u>12,604</u>	<u>2,890</u>	<u>9,714</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(8,114)</u>	<u>727</u>	<u>8,841</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(47)</u>	<u>(47)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(47)</u>	<u>(47)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(8,161)	680	8,841
FUND BALANCES, JULY 1, 2013	9,383	9,383	-
FUND BALANCES, JUNE 30, 2014	<u>\$ 1,222</u>	<u>\$ 10,063</u>	<u>\$ 8,841</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, 2014 (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	\$ -	\$ 23	\$ 23
AID FROM OTHER GOVERNMENTAL AGENCIES	886	714	(172)
TOTAL REVENUES	<u>886</u>	<u>737</u>	<u>(149)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	4,815	1,617	3,198
CAPITAL OUTLAY	611	250	361
TOTAL EXPENDITURES	<u>5,426</u>	<u>1,867</u>	<u>3,559</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,540)</u>	<u>(1,130)</u>	<u>3,410</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(72)	-	72
TRANSFERS IN	72	-	(72)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(4,540)	(1,130)	3,410
FUND BALANCES, JULY 1, 2013	4,533	4,533	-
FUND BALANCES (DEFICIT), JUNE 30, 2014	<u>\$ (7)</u>	<u>\$ 3,403</u>	<u>\$ 3,410</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, 2014 (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	85	134	49
AID FROM OTHER GOVERNMENTAL AGENCIES	13,282	12,498	(784)
OTHER REVENUES	<u>2,260</u>	<u>2,263</u>	<u>3</u>
TOTAL REVENUES	<u>15,632</u>	<u>14,895</u>	<u>(737)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	21,682	9,956	11,726
CAPITAL OUTLAY	<u>7,983</u>	<u>4,246</u>	<u>3,737</u>
TOTAL EXPENDITURES	<u>29,665</u>	<u>14,202</u>	<u>15,463</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(14,033)</u>	<u>693</u>	<u>14,726</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(9,035)</u>	<u>(686)</u>	<u>8,349</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(9,035)</u>	<u>(686)</u>	<u>8,349</u>
NET CHANGE IN FUND BALANCES	(23,068)	7	23,075
FUND BALANCES, JULY 1, 2013	<u>23,053</u>	<u>23,053</u>	<u>-</u>
FUND BALANCES (DEFICIT), JUNE 30, 2014	<u>\$ (15)</u>	<u>\$ 23,060</u>	<u>\$ 23,075</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, 2014 (IN THOUSANDS)

FIRE PROTECTION DISTRICTS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 34,276	\$ 35,890	\$ 1,614
FINES, FORFEITURES AND PENALTIES	-	18	18
REVENUES FROM USE OF MONEY AND PROPERTY	281	366	85
AID FROM OTHER GOVERNMENTAL AGENCIES	11,538	7,775	(3,763)
CHARGES FOR CURRENT SERVICES	65,702	67,106	1,404
OTHER REVENUES	784	2,692	1,908
TOTAL REVENUES	<u>112,581</u>	<u>113,847</u>	<u>1,266</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	141,640	113,473	28,167
DEBT SERVICE:			
PRINCIPAL	259	259	-
INTEREST AND FISCAL CHARGES	99	61	38
CAPITAL OUTLAY	30,683	5,146	25,537
TOTAL EXPENDITURES	<u>172,681</u>	<u>118,939</u>	<u>53,742</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(60,100)</u>	<u>(5,092)</u>	<u>55,008</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(13,903)	(5,741)	8,162
TRANSFERS IN	25,111	18,837	(6,274)
SALE OF CAPITAL ASSETS	28	209	181
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>11,236</u>	<u>13,305</u>	<u>2,069</u>
NET CHANGE IN FUND BALANCES	(48,864)	8,213	57,077
FUND BALANCES, JULY 1, 2013	50,941	50,941	-
FUND BALANCES, JUNE 30, 2014	<u>\$ 2,077</u>	<u>\$ 59,154</u>	<u>\$ 57,077</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, 2014 (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:			
TAXES	\$ -	\$ 23	\$ 23
REVENUES FROM USE OF MONEY AND PROPERTY	136	225	89
AID FROM OTHER GOVERNMENTAL AGENCIES	16,898	11,948	(4,950)
CHARGES FOR CURRENT SERVICES	-	32	32
OTHER REVENUES	<u>1,767</u>	<u>1,586</u>	<u>(181)</u>
TOTAL REVENUES	<u>18,801</u>	<u>13,814</u>	<u>(4,987)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	<u>37,152</u>	<u>13,386</u>	<u>23,766</u>
TOTAL EXPENDITURES	<u>37,152</u>	<u>13,386</u>	<u>23,766</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(18,351)</u>	<u>428</u>	<u>18,779</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(2,420)	(1,422)	998
TRANSFERS IN	<u>824</u>	<u>824</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,596)</u>	<u>(598)</u>	<u>998</u>
NET CHANGE IN FUND BALANCES	(19,947)	(170)	19,777
FUND BALANCES, JULY 1, 2013	19,914	19,914	-
FUND BALANCES (DEFICIT), JUNE 30, 2014	<u>\$ (33)</u>	<u>\$ 19,744</u>	<u>\$ 19,777</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, 2014 (IN THOUSANDS)

FLOOD CONTROL DISTRICT

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 40,216	\$ 41,190	\$ 974
LICENSES, PERMITS AND FRANCHISES	240	175	(65)
REVENUES FROM USE OF MONEY AND PROPERTY	721	1,231	510
AID FROM OTHER GOVERNMENTAL AGENCIES	4,428	5,026	598
CHARGES FOR CURRENT SERVICES	234	411	177
OTHER REVENUES	114	430	316
TOTAL REVENUES	<u>45,953</u>	<u>48,463</u>	<u>2,510</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	128,496	38,509	89,987
DEBT SERVICE:			
PRINCIPAL	4,810	4,665	145
INTEREST AND FISCAL CHARGES	3,917	3,432	485
CAPITAL OUTLAY	3,195	1,482	1,713
TOTAL EXPENDITURES	<u>140,418</u>	<u>48,088</u>	<u>92,330</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(94,465)</u>	<u>375</u>	<u>94,840</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(13,716)	(566)	13,150
TRANSFERS IN	14,450	1,308	(13,142)
SALE OF CAPITAL ASSETS	11,390	790	(10,600)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>12,124</u>	<u>1,532</u>	<u>(10,592)</u>
NET CHANGE IN FUND BALANCES	(82,341)	1,907	84,248
FUND BALANCES, JULY 1, 2013	85,694	85,694	-
FUND BALANCES, JUNE 30, 2014	<u>\$ 3,353</u>	<u>\$ 87,601</u>	<u>\$ 84,248</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, 2014 (IN THOUSANDS)

COUNTY SERVICE AREAS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 3,003	\$ 3,014	\$ 11
REVENUES FROM USE OF MONEY AND PROPERTY	173	297	124
AID FROM OTHER GOVERNMENTAL AGENCIES	362	44	(318)
CHARGES FOR CURRENT SERVICES	7,057	4,442	(2,615)
OTHER REVENUES	304	213	(91)
TOTAL REVENUES	<u>10,899</u>	<u>8,010</u>	<u>(2,889)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	15,564	3,523	12,041
PUBLIC PROTECTION	1,127	766	361
PUBLIC WAYS AND FACILITIES	4,453	1,820	2,633
HEALTH AND SANITATION	442	75	367
RECREATION AND CULTURAL SERVICES	2,903	1,209	1,694
DEBT SERVICE:			
PRINCIPAL	193	81	112
INTEREST AND FISCAL CHARGES	34	19	15
CAPITAL OUTLAY	8,434	704	7,730
TOTAL EXPENDITURES	<u>33,150</u>	<u>8,197</u>	<u>24,953</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(22,251)</u>	<u>(187)</u>	<u>22,064</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(7,475)	(2,546)	4,929
TRANSFERS IN	6,804	1,719	(5,085)
LONG-TERM DEBT ISSUED	625	-	(625)
SALE OF CAPITAL ASSETS	-	27	27
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(46)</u>	<u>(800)</u>	<u>(754)</u>
NET CHANGE IN FUND BALANCES	(22,297)	(987)	21,310
FUND BALANCES, JULY 1, 2013	22,707	22,707	-
FUND BALANCES, JUNE 30, 2014	<u>\$ 410</u>	<u>\$ 21,720</u>	<u>\$ 21,310</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, 2014 (IN THOUSANDS)

PARK AND RECREATION DISTRICTS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 1,909	\$ 2,058	\$ 149
REVENUES FROM USE OF MONEY AND PROPERTY	105	76	(29)
AID FROM OTHER GOVERNMENTAL AGENCIES	124	45	(79)
CHARGES FOR CURRENT SERVICES	1,015	1,052	37
OTHER REVENUES	7	27	20
TOTAL REVENUES	<u>3,160</u>	<u>3,258</u>	<u>98</u>
EXPENDITURES:			
CURRENT:			
RECREATION AND CULTURAL SERVICES	4,284	3,301	983
CAPITAL OUTLAY	67	40	27
TOTAL EXPENDITURES	<u>4,351</u>	<u>3,341</u>	<u>1,010</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,191)</u>	<u>(83)</u>	<u>1,108</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(427)	(87)	340
TRANSFERS IN	489	196	(293)
SALE OF CAPITAL ASSETS	-	60	60
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>62</u>	<u>169</u>	<u>107</u>
NET CHANGE IN FUND BALANCES	(1,129)	86	1,215
FUND BALANCES, JULY 1, 2013	1,271	1,271	-
FUND BALANCES, JUNE 30, 2014	<u>\$ 142</u>	<u>\$ 1,357</u>	<u>\$ 1,215</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, 2014 (IN THOUSANDS)

COUNTY FREE LIBRARY

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 12,473	\$ 13,970	\$ 1,497
AID FROM OTHER GOVERNMENTAL AGENCIES	255	248	(7)
CHARGES FOR CURRENT SERVICES	1,049	1,046	(3)
OTHER REVENUES	336	593	257
TOTAL REVENUES	<u>14,113</u>	<u>15,857</u>	<u>1,744</u>
EXPENDITURES:			
CURRENT:			
EDUCATION	18,425	14,235	4,190
DEBT SERVICE:			
PRINCIPAL	59	59	-
INTEREST AND FISCAL CHARGES	54	54	-
CAPITAL OUTLAY	30	24	6
TOTAL EXPENDITURES	<u>18,568</u>	<u>14,372</u>	<u>4,196</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,455)</u>	<u>1,485</u>	<u>5,940</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(299)	(283)	16
TRANSFERS IN	88	88	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(211)</u>	<u>(195)</u>	<u>16</u>
NET CHANGE IN FUND BALANCES	(4,666)	1,290	5,956
FUND BALANCES, JULY 1, 2013	5,361	5,361	-
FUND BALANCES, JUNE 30, 2014	<u>\$ 695</u>	<u>\$ 6,651</u>	<u>\$ 5,956</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, 2014 (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	\$ 6	\$ 26	\$ 20
TOTAL REVENUES	<u>6</u>	<u>26</u>	<u>20</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	<u>3,306</u>	<u>2,252</u>	<u>1,054</u>
TOTAL EXPENDITURES	<u>3,306</u>	<u>2,252</u>	<u>1,054</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,300)</u>	<u>(2,226)</u>	<u>1,074</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(4)</u>	<u>-</u>	<u>4</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(4)</u>	<u>-</u>	<u>4</u>
NET CHANGE IN FUND BALANCES	(3,304)	(2,226)	1,078
FUND BALANCES, JULY 1, 2013	<u>5,514</u>	<u>5,514</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2014	<u>\$ 2,210</u>	<u>\$ 3,288</u>	<u>\$ 1,078</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, 2014 (IN THOUSANDS)

OTHER SPECIAL REVENUE

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 29	\$ 37	\$ 8
LICENSES, PERMITS AND FRANCHISES	479	359	(120)
FINES, FORFEITURES AND PENALTIES	2,422	2,461	39
REVENUES FROM USE OF MONEY AND PROPERTY	2,248	2,419	171
AID FROM OTHER GOVERNMENTAL AGENCIES	30,074	27,016	(3,058)
CHARGES FOR CURRENT SERVICES	9,717	8,744	(973)
OTHER REVENUES	26,843	25,771	(1,072)
TOTAL REVENUES	71,812	66,807	(5,005)
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	1,487	95	1,392
PUBLIC PROTECTION	32,685	14,572	18,113
PUBLIC WAYS AND FACILITIES	9,671	326	9,345
HEALTH AND SANITATION	59,295	21,409	37,886
PUBLIC ASSISTANCE	6,530	2,912	3,618
RECREATION AND CULTURAL SERVICES	6,134	2,402	3,732
CAPITAL OUTLAY	212	50	162
TOTAL EXPENDITURES	116,014	41,766	74,248
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(44,202)	25,041	69,243
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(29,059)	(22,655)	6,404
TRANSFERS IN	294	272	(22)
SALE OF CAPITAL ASSETS	-	6,322	6,322
TOTAL OTHER FINANCING SOURCES AND (USES)	(28,765)	(16,061)	12,704
NET CHANGE IN FUND BALANCES	(72,967)	8,980	81,947
FUND BALANCES, JULY 1, 2013	73,211	73,211	-
FUND BALANCES, JUNE 30, 2014	\$ 244	\$ 82,191	\$ 81,947

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, 2014 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ -	\$ 6	\$ 6
AID FROM OTHER GOVERNMENTAL AGENCIES	24,092	25,942	23,332	(2,610)
CHARGES FOR CURRENT SERVICES	62	487	252	(235)
OTHER REVENUES	4,114	4,404	140	(4,264)
TOTAL REVENUES	28,268	30,833	23,730	(7,103)
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	113	435	363	72
CAPITAL OUTLAY	174,017	195,325	44,433	150,892
TOTAL EXPENDITURES	174,130	195,760	44,796	150,964
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(145,862)	(164,927)	(21,066)	143,861
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(5,254)	(41,037)	(122)	40,915
TRANSFERS IN	79,360	134,211	82,897	(51,314)
SALE OF CAPITAL ASSETS	-	-	5	5
TOTAL OTHER FINANCING SOURCES AND (USES)	74,106	93,174	82,780	(10,394)
NET CHANGE IN FUND BALANCES	(71,756)	(71,753)	61,714	133,467
FUND BALANCES, JULY 1, 2013	72,464	72,464	72,464	-
FUND BALANCES, JUNE 30, 2014	\$ 708	\$ 711	\$ 134,178	\$ 133,467

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2014 (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	\$ 45	\$ 99	\$ 54
CHARGES FOR CURRENT SERVICES	-	1	1
OTHER REVENUES	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
TOTAL REVENUES	<u>4,045</u>	<u>100</u>	<u>(3,945)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	8,022	165	7,857
RECREATION AND CULTURAL SERVICES	345	338	7
CAPITAL OUTLAY	<u>20,642</u>	<u>1,600</u>	<u>19,042</u>
TOTAL EXPENDITURES	<u>29,009</u>	<u>2,103</u>	<u>26,906</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(24,964)</u>	<u>(2,003)</u>	<u>22,961</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(523)	(660)	(137)
TRANSFERS IN	<u>4,819</u>	<u>1,820</u>	<u>(2,999)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>4,296</u>	<u>1,160</u>	<u>(3,136)</u>
NET CHANGE IN FUND BALANCES	(20,668)	(843)	19,825
FUND BALANCE, JULY 1, 2013	<u>20,634</u>	<u>20,634</u>	<u>-</u>
FUND BALANCES (DEFICIT), JUNE 30, 2014	<u>\$ (34)</u>	<u>\$ 19,791</u>	<u>\$ 19,825</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2014 (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	\$ -	\$ 55	\$ 55
TOTAL REVENUES	<u>-</u>	<u>55</u>	<u>55</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	7,079	6	7,073
CAPITAL OUTLAY	4,410	89	4,321
TOTAL EXPENDITURES	<u>11,489</u>	<u>95</u>	<u>11,394</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(11,489)</u>	<u>(40)</u>	<u>11,449</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(13)</u>	<u>-</u>	<u>13</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(13)</u>	<u>-</u>	<u>13</u>
NET CHANGE IN FUND BALANCES	(11,502)	(40)	11,462
FUND BALANCES, JULY 1, 2013	<u>11,485</u>	<u>11,485</u>	<u>-</u>
FUND BALANCES (DEFICIT), JUNE 30, 2014	<u>\$ (17)</u>	<u>\$ 11,445</u>	<u>\$ 11,462</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2014 (IN THOUSANDS)

	<u>FIRE PROTECTION DISTRICTS</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ -</u>
TOTAL REVENUES	<u> 2</u>	<u> 2</u>	<u> -</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u> 472</u>	<u> -</u>	<u> 472</u>
TOTAL EXPENDITURES	<u> 472</u>	<u> -</u>	<u> 472</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u> (470)</u>	<u> 2</u>	<u> 472</u>
NET CHANGE IN FUND BALANCES	<u> (470)</u>	<u> 2</u>	<u> 472</u>
FUND BALANCES, JULY 1, 2013	<u> 469</u>	<u> 469</u>	<u> -</u>
FUND BALANCES (DEFICIT), JUNE 30, 2014	<u>\$ (1)</u>	<u>\$ 471</u>	<u>\$ 472</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2014 (IN THOUSANDS)

PARK AND RECREATION DISTRICTS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 43	\$ 37	\$ (6)
TOTAL REVENUES	<u>43</u>	<u>37</u>	<u>(6)</u>
EXPENDITURES:			
CURRENT:			
RECREATION AND CULTURAL SERVICES	345	338	7
CAPITAL OUTLAY	<u>7,432</u>	<u>566</u>	<u>6,866</u>
TOTAL EXPENDITURES	<u>7,777</u>	<u>904</u>	<u>6,873</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,734)</u>	<u>(867)</u>	<u>6,867</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(403)	(486)	(83)
TRANSFERS IN	<u>360</u>	<u>50</u>	<u>(310)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(43)</u>	<u>(436)</u>	<u>(393)</u>
NET CHANGE IN FUND BALANCES	(7,777)	(1,303)	6,474
FUND BALANCES, JULY 1, 2013	<u>7,763</u>	<u>7,763</u>	<u>-</u>
FUND BALANCES (DEFICIT), JUNE 30, 2014	<u>\$ (14)</u>	<u>\$ 6,460</u>	<u>\$ 6,474</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2014 (IN THOUSANDS)

COUNTY SERVICE AREAS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 5	\$ 5
CHARGES FOR CURRENT SERVICES	-	1	1
OTHER REVENUES	4,000	-	(4,000)
TOTAL REVENUES	4,000	6	(3,994)
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	943	159	784
CAPITAL OUTLAY	8,328	945	7,383
TOTAL EXPENDITURES	9,271	1,104	8,167
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,271)	(1,098)	4,173
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(107)	(174)	(67)
TRANSFERS IN	4,459	1,770	(2,689)
TOTAL OTHER FINANCING SOURCES AND (USES)	4,352	1,596	(2,756)
NET CHANGE IN FUND BALANCES	(919)	498	1,417
FUND BALANCES, JULY 1, 2013	917	917	-
FUND BALANCES (DEFICIT), JUNE 30, 2014	\$ (2)	\$ 1,415	\$ 1,417

STATISTICAL SECTION



STATISTICAL SECTION

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

CONTENTS

FINANCIAL TRENDS

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

REVENUE CAPACITY

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

DEBT CAPACITY

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

ECONOMIC AND DEMOGRAPHIC INFORMATION

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

OPERATION INFORMATION

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

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



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

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
		<i>as restated</i>	<i>as restated</i>	<i>as restated</i>	<i>as restated</i>	<i>as restated</i>			<i>as restated</i>	
GOVERNMENTAL ACTIVITIES										
NET INVESTMENT IN CAPITAL ASSETS	\$ 919,051	\$ 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
RESTRICTED	465,540	541,483	674,368	688,298	794,489	716,035	783,306	714,879	740,232	776,259
UNRESTRICTED	149,702	44,373	108,424	222,623	150,272	268,299	230,522	265,813	344,912	519,085
SUBTOTAL GOVERNMENTAL ACTIVITIES NET POSITION	1,534,293	1,572,579	1,878,456	2,058,792	2,163,055	2,302,927	2,449,990	2,578,874	2,755,653	3,044,582
BUSINESS-TYPE ACTIVITIES										
NET INVESTMENT IN CAPITAL ASSETS	(45,032)	(50,023)	(17,138)	(20,021)	35,887	26,837	44,737	57,487	102,982	110,155
RESTRICTED	47,908	46,444	47,023	48,814	37,283	93,399	108,461	67,968	63,781	62,286
UNRESTRICTED	96,577	181,381	121,734	110,023	82,871	34,055	780	31,697	9,209	51,458
SUBTOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	99,453	177,802	151,619	138,816	156,041	154,291	153,978	157,152	175,972	223,899
PRIMARY GOVERNMENT										
NET INVESTMENT IN CAPITAL ASSETS	874,019	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
RESTRICTED	513,448	587,927	721,391	737,112	831,772	809,434	891,767	782,847	804,013	838,545
UNRESTRICTED	246,279	225,754	230,158	332,646	233,143	302,354	231,302	297,510	354,121	570,543
TOTAL PRIMARY GOVERNMENT NET POSITION	\$ 1,633,746	\$ 1,750,381	\$ 2,030,075	\$ 2,197,608	\$ 2,319,096	\$ 2,457,218	\$ 2,603,968	\$ 2,736,026	\$ 2,931,625	\$ 3,268,481

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)

	2004-05	2005-06 as restated	2006-07 as restated	2007-08 as restated	2008-09 as restated	2009-10 as restated	2010-11	2011-12	2012-13 as restated	2013-14
Expenses										
Governmental Activities:										
General Government	\$ 125,760	\$ 137,092	\$ 153,460	\$ 179,638	\$ 177,438	\$ 177,506	\$ 165,754	\$ 156,960	\$ 195,447	\$ 178,980
Public Protection	702,624	764,154	844,036	888,798	921,218	897,257	913,522	957,600	985,004	1,007,434
Public Ways and Facilities	61,786	73,014	67,254	85,271	75,704	73,251	72,482	80,200	80,002	91,744
Health and Sanitation	329,669	241,795	273,143	303,533	336,662	326,590	282,684	291,415	311,856	331,551
Public Assistance	827,800	817,924	802,043	854,721	882,975	935,205	1,007,153	991,174	1,014,443	1,046,447
Education	16,243	17,612	18,106	20,788	21,941	19,693	18,692	16,905	16,469	20,923
Recreation and Cultural Services	21,185	19,355	24,899	24,086	24,697	22,677	23,788	26,701	26,672	25,290
Interest on Long Term Debt	72,041	75,350	83,260	77,444	83,770	65,144	64,994	58,449	53,484	50,189
Total Governmental Activities	<u>2,157,108</u>	<u>2,146,296</u>	<u>2,266,201</u>	<u>2,434,279</u>	<u>2,524,405</u>	<u>2,517,323</u>	<u>2,549,069</u>	<u>2,579,404</u>	<u>2,683,377</u>	<u>2,752,558</u>
Business-type Activities:										
Medical Center	496,437	430,459	477,814	421,531	466,933	441,722	445,874	475,957	487,578	513,609
Waste Systems	53,835	69,320	53,320	83,543	56,389	56,688	95,408	66,571	53,748	61,883
Other	19,446	21,463	31,503	53,305	21,479	-	-	-	-	-
Water, Sewer and Sanitation	-	-	-	-	-	32,536	14,316	14,679	15,448	15,204
Paramedic and Emergency	-	-	-	-	-	240	546	527	-	-
Miscellaneous	-	-	-	-	-	341	186	71	87	69
Total Business-type Activities	<u>569,718</u>	<u>521,242</u>	<u>562,637</u>	<u>558,379</u>	<u>544,801</u>	<u>531,527</u>	<u>556,330</u>	<u>557,805</u>	<u>556,861</u>	<u>590,765</u>
Total Primary Government Expenses	<u>\$ 2,726,826</u>	<u>\$ 2,667,538</u>	<u>\$ 2,828,838</u>	<u>\$ 2,992,658</u>	<u>\$ 3,069,206</u>	<u>\$ 3,048,850</u>	<u>\$ 3,105,399</u>	<u>\$ 3,137,209</u>	<u>\$ 3,240,238</u>	<u>\$ 3,343,323</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 93,122	\$ 99,452	\$ 103,993	\$ 105,052	\$ 110,817	\$ 115,911	\$ 122,048	\$ 152,268	\$ 143,236	\$ 143,368
Public Protection	160,169	168,524	198,803	214,252	249,714	231,718	243,283	220,028	228,319	235,102
Public Ways and Facilities	3,416	4,933	6,772	9,005	7,183	5,518	6,610	7,206	10,751	12,856
Health and Sanitation	141,471	42,713	49,020	42,820	56,732	63,613	20,911	23,298	24,075	23,261
Public Assistance	2,356	3,296	2,827	3,646	2,656	2,720	2,993	1,000	984	2,833
Education	1,008	1,105	1,170	1,100	1,240	1,202	1,075	979	1,027	1,046
Recreation and Cultural Services	7,342	7,030	7,695	8,391	8,882	8,992	8,729	9,070	8,446	8,632
Operating Grants/Contributions:										
General Government	8,646	9,438	19,275	16,687	11,752	8,404	19,262	29,249	7,705	20,832
Public Protection	151,158	168,369	198,710	149,313	140,036	160,938	169,002	190,394	244,678	240,781
Public Ways and Facilities	41,539	58,946	69,247	59,600	48,876	70,501	60,518	61,721	53,063	75,682
Health and Sanitation	246,782	247,842	315,857	300,174	319,212	330,099	303,449	268,409	343,019	372,615
Public Assistance	785,408	780,819	732,626	816,090	826,639	886,533	958,859	951,801	935,079	1,026,267
Education	762	987	1,219	1,215	907	998	1,290	457	253	249
Recreation and Cultural Services	4,368	4,262	6,800	1,920	2,652	3,035	3,726	1,117	772	430
Capital Grants/Contributions:										
General Government	-	-	-	-	4,728	-	-	-	-	-
Public Protection	-	-	57	20	-	72	-	14	-	-
Public Ways and Facilities	6,129	2,440	475	3,052	3,919	4,796	9,221	59,054	17,755	25,971
Health and Sanitation	-	-	-	-	-	-	1,699	-	-	-
Recreation and Cultural Services	-	-	124	277	20	1,708	75	-	-	-
Subtotal Governmental Activities	<u>1,653,676</u>	<u>1,600,156</u>	<u>1,714,670</u>	<u>1,732,614</u>	<u>1,795,965</u>	<u>1,896,758</u>	<u>1,932,750</u>	<u>1,976,065</u>	<u>2,019,162</u>	<u>2,189,925</u>
Business-type Activities:										
Charges for Services:										
Medical Center	427,102	345,923	375,973	335,749	370,464	380,954	380,357	376,004	365,169	398,628
Waste System	63,240	65,616	63,419	67,898	60,755	56,964	57,281	56,014	58,044	59,784
Other	21,026	20,206	20,253	19,852	14,814	-	-	-	-	-
Water, Sewer and Sanitation	-	-	-	-	-	12,910	10,696	11,590	11,711	14,696
Paramedic and Emergency	-	-	-	-	-	3,117	3,516	-	-	-
Others (1)	-	-	-	-	-	146	206	118	58	95
Operating Grants & Contributions:										
Medical Center	13,443	13,147	13,527	12,579	8,012	6,968	68,148	46,904	50,132	46,070
Waste System	-	-	-	-	-	-	33	928	1,751	2,661
Other (1)	2,318	2,825	833	14	156	-	-	-	-	-
Water, Sewer and Sanitation (1)	-	-	-	-	-	46	53	147	70	101
Paramedic and Emergency (1)	-	-	-	-	-	-	-	-	-	-
Others (1)	-	-	-	-	-	-	-	-	-	-
Capital Grants & Contributions:										
Medical Center	20,259	21,521	26,976	24,142	19,554	19,045	19,500	18,820	18,901	21,247
Water, Sewer and Sanitation	-	-	-	-	-	70	-	167	-	-
Subtotal Business-type Activities	<u>547,388</u>	<u>469,238</u>	<u>500,981</u>	<u>460,234</u>	<u>473,755</u>	<u>480,220</u>	<u>539,790</u>	<u>510,692</u>	<u>505,836</u>	<u>543,282</u>
Total Primary Government Program Revenues	<u>\$ 2,201,064</u>	<u>\$ 2,069,394</u>	<u>\$ 2,215,651</u>	<u>\$ 2,192,848</u>	<u>\$ 2,269,720</u>	<u>\$ 2,376,978</u>	<u>\$ 2,472,540</u>	<u>\$ 2,486,757</u>	<u>\$ 2,524,998</u>	<u>\$ 2,733,207</u>
Net (Expense) / Revenue										
Governmental Activities	\$ (503,432)	\$ (546,140)	\$ (551,531)	\$ (701,665)	\$ (728,440)	\$ (620,565)	\$ (616,319)	\$ (603,339)	\$ (664,215)	\$ (562,633)
Business-type Activities	(22,330)	(52,004)	(61,656)	(98,145)	(71,046)	(51,307)	(16,540)	(47,113)	(51,025)	(47,483)
Total Primary Government Net Expenses	<u>\$ (525,762)</u>	<u>\$ (598,144)</u>	<u>\$ (613,187)</u>	<u>\$ (799,810)</u>	<u>\$ (799,486)</u>	<u>\$ (671,872)</u>	<u>\$ (632,859)</u>	<u>\$ (650,452)</u>	<u>\$ (715,240)</u>	<u>\$ (610,116)</u>

(Continued)

Note:

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

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

	2004-05	2005-06 as restated	2006-07 as restated	2007-08 as restated	2008-09 as restated	2009-10 as restated	2010-11	2011-12	2012-13 as restated	2013-14
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 213,644	\$ 418,703	\$ 477,973	\$ 538,962	\$ 562,625	\$ 524,857	\$ 491,396	\$ 499,002	\$ 523,190	\$ 553,303
Property Taxes, Levied for Debt Service	3,557	8,375	10,907	15,620	18,528	15,608	14,724	6,324	-	-
Public Safety Tax	125,222	140,855	150,903	147,794	126,083	116,963	121,623	133,581	145,097	156,352
Sales Taxes	26,683	30,875	31,846	26,316	21,992	17,894	19,184	24,555	30,158	29,103
Other Taxes	37,453	54,221	58,261	44,381	21,847	12,810	12,086	10,070	11,791	16,099
Motor Vehicle In-Lieu Taxes	175,266	-	-	-	-	-	-	-	-	-
Unrestricted Revenues from Use of Money and Property	43,762	61,590	76,046	88,878	74,567	52,445	49,081	39,797	46,383	43,603
Miscellaneous	63,545	51,784	74,695	67,409	67,055	52,154	57,878	61,989	71,998	74,416
Gains on Sale of Capital Assets	4,857	5,523	4,182	2,055	1,655	2,968	3,739	1,708	4,998	5,565
Special Item - Litigation Settlement	-	(102,000)	28,000	-	-	-	-	-	-	-
Extraordinary Item- RDA Dissolution	-	-	-	-	-	-	-	(3,841)	63,969	10,415
Transfers	(26,618)	(85,500)	(55,405)	(49,414)	(61,649)	(35,262)	(6,329)	(40,962)	(50,720)	(37,294)
Subtotal Governmental Activities	667,371	584,426	857,408	882,001	832,703	760,437	763,382	732,223	846,864	851,562
Business-type Activities:										
Property Taxes, Levied for General Purposes	5,432	4,768	6,453	5,972	4,500	3,641	2,360	2,674	2,627	2,786
Unrestricted Revenues from Use of Money and Property	9,695	5,994	14,628	16,630	10,182	8,803	3,381	4,753	1,674	2,210
Miscellaneous	6,687	5,704	8,063	14,101	13,519	1,840	4,155	1,898	19,264	53,070
Gains on Sale of Capital Assets	20	157	(83)	-	56	11	2	-	-	50
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	26,618	85,500	55,405	49,414	61,649	35,262	6,329	40,962	50,720	37,294
Subtotal Business-type Activities	48,452	130,353	83,642	85,342	88,271	49,557	16,227	50,287	74,506	95,410
Total Primary Government	\$ 715,823	\$ 714,779	\$ 941,050	\$ 967,343	\$ 920,974	\$ 809,994	\$ 779,609	\$ 782,510	\$ 921,370	\$ 946,972
Changes in Net Position										
Governmental Activities	\$ 163,939	\$ 38,286	\$ 305,877	\$ 180,336	\$ 104,263	\$ 139,872	\$ 147,063	\$ 128,884	\$ 182,649	\$ 288,929
Business-type Activities	26,122	78,349	21,986	(12,803)	17,225	(1,750)	(313)	3,174	23,481	47,927
Total Primary Government	\$ 190,061	\$ 116,635	\$ 327,863	\$ 167,533	\$ 121,488	\$ 138,122	\$ 146,750	\$ 132,058	\$ 206,130	\$ 336,856

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

	2004-05	2005-06 as restated	2006-07	2007-08 as restated	2008-09 as restated	2009-10	2010-11	2011-12	2012-13	2013-14
General Fund										
Reserved for:										
Encumbrances	\$ 33,021	\$ 15,267	\$ 18,605	\$ 23,355	\$ 18,803	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid Items	7	7	1,278	2,310	4,145	-	-	-	-	-
Noncurrent Interfund Receivables	-	2,000	20,765	18,511	18,461	-	-	-	-	-
Inventories	295	296	435	424	350	-	-	-	-	-
Loans Receivable	1,817	16,745	35	42,532	54,396	-	-	-	-	-
Teeter	9,827	13,672	17,720	15,942	22,904	-	-	-	-	-
Unreserved:										
Designated	112,900	127,727	176,451	228,753	183,227	-	-	-	-	-
Undesignated	290,869	237,331	254,437	213,857	183,971	-	-	-	-	-
Nonspendable	-	-	-	-	-	73,667	75,191	72,307	56,256	64,204
Restricted	-	-	-	-	-	156,619	196,178	240,833	238,552	309,067
Committed	-	-	-	-	-	146,600	76,999	99,991	106,635	175,620
Assigned	-	-	-	-	-	-	-	14,200	11,975	28,680
Unassigned	-	-	-	-	-	133,718	149,981	122,523	302,616	239,221
Subtotal General Fund	<u>448,736</u>	<u>413,045</u>	<u>489,726</u>	<u>545,684</u>	<u>486,257</u>	<u>510,604</u>	<u>498,349</u>	<u>549,854</u>	<u>716,034</u>	<u>816,792</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
Committed	-	-	-	-	-	-	27,820	22,879	22,879	-
Assigned	-	-	-	-	-	81,477	77,922	109,701	69,685	132,193
Unassigned	-	-	-	-	-	-	-	-	-	-
Subtotal Capital Improvement Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,295</u>	<u>98,314</u>	<u>105,742</u>	<u>132,580</u>	<u>94,059</u>	<u>138,967</u>
All Other Governmental Funds										
Reserved for:										
Encumbrances	51,536	68,059	62,569	61,612	40,964	-	-	-	-	-
Prepaid items	23	-	89	100	140	-	-	-	-	-
Noncurrent Interfund Receivables	400	400	400	400	-	-	-	-	-	-
Land Held for Resale	-	2,754	9,896	14,657	16,984	-	-	-	-	-
Inventories	214	185	80	131	126	-	-	-	-	-
Loans Receivable	-	-	-	-	1,470	-	-	-	-	-
Debt Service	30,719	26,260	28,444	33,323	41,985	-	-	-	-	-
Endowments	-	-	-	-	1,594	-	-	-	-	-
Unreserved:										
Designated	-	-	-	-	11,990	-	-	-	-	-
Undesignated, Reported in:										
Special Revenue Funds	204,808	241,105	326,420	326,216	335,589	-	-	-	-	-
Capital Projects Funds	53,357	94,529	88,841	105,197	51,848	-	-	-	-	-
Permanent Funds	482	517	583	631	561	-	-	-	-	-
Nonspendable (2)	-	-	-	-	-	3,793	3,302	1,833	2,383	2,938
Restricted (2)	-	-	-	-	-	540,378	585,435	472,342	525,080	513,859
Committed (2)	-	-	-	-	-	-	-	-	-	-
Assigned (2)	-	-	-	-	-	15,807	16,553	30,582	50,146	52,623
Subtotal All Other Governmental Funds	<u>341,539</u>	<u>433,809</u>	<u>517,322</u>	<u>542,267</u>	<u>503,251</u>	<u>559,978</u>	<u>605,290</u>	<u>504,757</u>	<u>577,609</u>	<u>569,420</u>
Total Governmental Fund Balance	<u>\$ 790,275</u>	<u>\$ 846,854</u>	<u>\$ 1,007,048</u>	<u>\$ 1,087,951</u>	<u>\$ 1,139,803</u>	<u>\$ 1,168,896</u>	<u>\$ 1,209,381</u>	<u>\$ 1,187,191</u>	<u>\$ 1,387,702</u>	<u>\$ 1,525,179</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)

	2004-05	2005-06 as restated	2006-07	2007-08 restated	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Revenues (by Source)										
Taxes	\$ 400,646	\$ 644,390	\$ 733,833	\$ 778,973	\$ 753,320	\$ 684,669	\$ 664,377	\$ 676,218	\$ 713,528	\$ 749,232
Licenses, Permits, and Franchises	20,964	22,462	25,077	16,641	24,779	16,959	19,208	22,282	22,635	24,919
Fines, Forfeitures, and Penalties	18,744	18,656	19,224	23,051	22,373	23,877	17,810	17,970	16,743	14,865
Rev from Use of Money and Property	44,205	62,919	76,046	82,791	69,902	51,635	45,762	33,644	47,841	41,658
Aid from Other Governments	1,425,832	1,273,869	1,344,390	1,464,970	1,358,743	1,464,999	1,525,476	1,560,692	1,600,825	1,705,488
Charges for Current Services	369,176	285,935	325,979	336,310	385,423	385,102	365,721	369,715	373,821	382,716
Other Revenues	64,227	51,988	73,956	123,781	66,665	58,864	57,023	61,862	70,078	67,629
Total Revenues	\$ 2,343,794	\$ 2,360,219	\$ 2,598,505	\$ 2,826,517	\$ 2,681,205	\$ 2,686,105	\$ 2,695,377	\$ 2,742,383	\$ 2,845,471	\$ 2,986,507
Expenditures (by Function)										
General Government	\$ 123,212	\$ 137,547	\$ 152,991	\$ 187,146	\$ 161,448	\$ 164,880	\$ 153,991	\$ 145,634	\$ 172,922	\$ 160,755
Public Protection	686,855	749,900	851,946	919,110	892,497	876,602	883,637	905,548	927,819	957,832
Public Ways and Facilities	47,364	75,416	61,659	67,169	61,814	66,084	83,923	75,144	77,609	103,267
Health and Sanitation	329,595	245,187	277,677	331,793	334,305	324,942	278,157	284,652	303,006	331,830
Public Assistance	826,829	827,230	820,617	945,016	877,345	930,093	994,193	966,485	985,940	1,037,741
Education	15,912	17,469	18,149	19,247	20,983	18,858	17,827	15,824	15,304	17,295
Recreation and Cultural Services	18,490	16,443	22,086	19,836	20,726	18,697	19,091	21,082	20,941	20,466
Debt Service										
Principal	31,887	37,596	41,445	25,098	49,041	61,637	105,309	124,338	76,938	83,495
Interest	44,078	54,968	62,191	11,509	58,313	40,973	38,614	33,504	25,861	24,156
Bond Issuance Costs	-	2,297	2,230	-	-	-	625	135	-	-
Advance Refunding Escrow	-	1,622	-	-	-	-	-	-	-	-
Capital Outlay	53,914	107,057	97,056	110,040	95,185	116,427	113,428	116,050	120,294	94,354
Total Expenditures	\$ 2,178,136	\$ 2,272,732	\$ 2,428,047	\$ 2,635,964	\$ 2,571,657	\$ 2,619,193	\$ 2,688,695	\$ 2,688,396	\$ 2,726,634	\$ 2,831,191
Excess (Deficiency) of Revenues Over (Under) Expenditures	165,658	87,487	170,458	190,553	109,548	66,912	6,682	53,987	118,837	155,316
Other Financing Sources (Uses)										
Transfer to Other Funds	(198,539)	(296,777)	(300,797)	(285,876)	(444,888)	(316,758)	(276,144)	(319,341)	(274,470)	(263,941)
Transfer from Other Funds	172,054	216,806	253,304	246,897	382,918	275,554	269,759	279,257	287,177	227,341
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	940	2,118	132,851	-	-	-	36,300	-	-	-
Discount on Debt	-	-	-	-	-	-	(1,141)	-	-	-
Inception Of Capital Leases Obligations	796	823	1,675	1,446	2,619	418	1,290	-	-	-
Sale of Capital Assets	4,856	5,339	4,182	2,968	1,655	2,968	3,739	1,708	4,998	8,346
Total Other Financing Sources and (Uses)	\$ (19,893)	\$ (30,908)	\$ 91,736	\$ (34,565)	\$ (57,696)	\$ (37,818)	\$ 33,803	\$ 13,209	\$ 17,705	\$ (28,254)
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	\$ 145,765	\$ 56,579	\$ 160,194	\$ 155,988	\$ 51,852	\$ 29,094	\$ 40,485	\$ (22,190)	\$ 200,511	\$ 137,477
Debt Service as a Percentage of Noncapital Expenditures:	3.58%	4.27%	4.45%	1.45%	4.33%	4.10%	5.69%	6.17%	3.94%	3.99%

Note:

Starting as of fiscal year 2010-11, noncapital expenditures used in calculating the debt service ratio equal total governmental fund expenditures less:

- a- The amount reported separately in the changes in fund balances schedule as capital expenditures (to extent capitalized for the government-wide statement of net position), and
- b- Any expenditures for capitalized assets contained within the functional expenditure categories.

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

FISCAL YEAR	(1) SECURED	(2) UNSECURED	(3) UNITARY	(4) EXEMPT	TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT TAX RATE
2004-2005	\$ 104,412,156	\$ 6,754,932	\$ 3,198,469	\$ (1,779,075)	\$ 112,586,482	1.00%
2005-2006	119,954,789	7,405,467	3,313,150	(1,777,529)	128,895,877	1.00%
2006-2007	142,703,331	7,590,432	3,538,535	(1,790,813)	152,041,485	1.00%
2007-2008	165,009,379	8,910,772	3,779,487	(1,803,535)	175,896,103	1.00%
2008-2009	172,978,860	9,766,061	4,156,938	(1,831,986)	185,069,873	1.00%
2009-2010	160,789,645	10,313,477	4,087,163	(1,842,083)	173,348,202	1.00%
2010-2011	153,693,818	10,073,682	4,346,267	(1,859,053)	166,254,714	1.00%
2011-2012	152,756,444	9,533,571	5,034,449	(1,842,311)	165,482,153	1.00%
2012-2013	153,740,135	9,765,041	5,062,258	(1,806,750)	166,760,684	1.00%
2013-2014	158,228,018	10,042,150	5,426,075	(1,770,329)	171,925,914	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>
2004-05	1.0000	0.1105	0.1400	1.2505
2005-06	1.0000	0.0954	0.1600	1.2554
2006-07	1.0000	0.0902	0.1550	1.2452
2007-08	1.0000	0.0788	0.1650	1.2438
2008-09	1.0000	0.1071	0.1650	1.2721
2009-10	1.0000	0.1027	0.1650	1.2677
2010-11	1.0000	0.1351	0.1650	1.3001
2011-12 (2)	1.0000	0.1351	0.1650	1.3001
2012-13	1.0000	0.1457	0.1625	1.3082
2013-14	1.0000	0.1769	0.1625	1.3394

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 2014		FISCAL YEAR 2005	
		ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE	ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE
SOUTHERN CALIFORNIA EDISON CO	UTILITY	\$ 3,397,266,601	1.98%	\$ 1,076,949,700	0.96%
RARE EARTH ACQUISITIONS LLC	INVESTOR	878,294,652	0.51%	32,161,185	0.03%
PROLOGIS	REAL ESTATE	756,686,731	0.44%	226,353,330	0.20%
MAJESTIC REALTY CO	REAL ESTATE	525,609,522	0.31%	244,769,200	0.22%
VERIZON CALIFORNIA, INC	COMMUNICATIONS	461,653,842	0.27%	534,738,300	0.47%
CATELLUS	REAL ESTATE	439,675,395	0.26%	180,249,256	0.16%
TARGET CORPORATION	RETAIL	408,250,989	0.24%	100,865,493	0.09%
CALIFORNIA STEEL INDUSTRIES	MANUFACTURING	390,000,000	0.23%	403,809,200	0.36%
WAL-MART	RETAIL	382,112,170	0.22%	124,669,623	0.11%
STATER BROS MARKETS	RETAIL	325,079,342	0.19%	49,355,933	0.04%
TOTAL		<u>\$ 7,964,629,244</u>	<u>4.65%</u>	<u>\$ 2,973,921,220</u>	<u>2.64%</u>

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

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

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

FISCAL YEAR	(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
2014	\$ 2,222,023	\$ 2,151,777	96.84%	\$ -	\$ 2,151,777	96.84%
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%
2005	1,430,975	1,379,658	96.40%	34,145	1,413,803	98.80%

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, 2014

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			
2004-05	925,993	(17,353)	908,640	1.80%	0.81%	465.73
2005-06	964,644	(9,835)	954,809	1.80%	0.74%	479.32
2006-07	1,107,915	(27,363)	1,080,552	1.96%	0.71%	532.82
2007-08	1,092,710	(32,746)	1,059,964	1.90%	0.60%	515.80
2008-09	1,087,894	(34,825)	1,053,069	1.87%	0.57%	510.95
2009-10	1,068,643	(50,548)	1,018,095	1.62%	0.59%	500.29
2010-11	1,079,393	(52,063)	1,027,330	1.69%	0.62%	500.65
2011-12	1,009,684	(41,443)	968,241	1.58%	0.59%	469.11
2012-13 (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

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, 2014

2013-14 ASSESSED VALUATION: \$ 171,925,914,000 (includes unitary utility valuation)

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>PERCENT APPLICABLE</u>	<u>DEBT 06/30/14</u>
METROPOLITAN WATER DISTRICT	3.827 %	\$ 5,062,164
CHAFFEY COMMUNITY COLLEGE DISTRICT	100.000	161,660,905
SAN BERNARDINO VALLEY JOINT COMMUNITY COLLEGE DISTRICT	98.827	437,770,986
OTHER COMMUNITY COLLEGE DISTRICTS	VARIOUS	156,416,409
APPLE VALLEY UNIFIED SCHOOL DISTRICT	100.000	29,618,758
CHINO VALLEY UNIFIED SCHOOL DISTRICT	100.000	132,919,999
COLTON JOINT UNIFIED SCHOOL DISTRICT	98.700	175,263,873
FONTANA UNIFIED SCHOOL DISTRICT	100.000	222,064,729
REDLANDS UNIFIED SCHOOL DISTRICT	100.000	99,044,784
RIALTO UNIFIED SCHOOL DISTRICT	100.000	72,043,172
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT	100.000	194,823,488
UPLAND UNIFIED SCHOOL DISTRICT	100.000	86,907,967
OTHER UNIFIED SCHOOL DISTRICTS	VARIOUS	106,896,281
UNION HIGH SCHOOL DISTRICTS	100.000	298,259,517
ELEMENTARY SCHOOL DISTRICTS	100.000	162,567,747
COUNTY SERVICE AREAS	100.000	390,000
MOJAVE WATER AGENCY	100.000	13,155,000
MOJAVE WATER AGENCY, I.D. M	100.000	22,525,000
COUNTY WATER DISTRICTS	100.000	436,000
ETIWANDA SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS	100.000	96,275,000
CITY OF CHINO COMMUNITY FACILITIES DISTRICTS	100.000	127,490,000
CITY OF CHINO HILLS COMMUNITY FACILITIES DISTRICTS	100.000	44,725,000
CITY OF FONTANA COMMUNITY FACILITIES DISTRICTS	100.000	112,210,000
CITY OF RANCHO CUCAMONGA COMMUNITY FACILITIES DISTRICTS	100.000	88,544,000
CITY OF UPLAND COMMUNITY FACILITIES DISTRICTS	100.000	41,195,000
OTHER COMMUNITY FACILITIES DISTRICTS	49.775-100	249,320,103
CITY, COUNTY AND SPECIAL DISTRICT 1915 ACT BONDS (Estimate)	100.000	23,597,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 3,161,182,882</u>

RATIO TO 2013-14 ASSESSED VALUATION:
 TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT.....1.84%

COUNTY OF SAN BERNARDINO
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (CONTINUED)
 AS OF JUNE 30, 2014

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:	PERCENT APPLICABLE	DEBT 6/30/14
SAN BERNARDINO COUNTY GENERAL OBLIGATIONS	100.000 %	\$ 73,648,000 (2)
SAN BERNARDINO COUNTY PENSION OBLIGATIONS	100.000	877,230,000
SAN BERNARDINO COUNTY FLOOD DISTRICT GENERAL FUND OBLIGATIONS	100.000	101,040,000
COMMUNITY COLLEGE DISTRICT CERTIFICATES OF PARTICIPATION	Various	21,348,171
CHINO VALLEY UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	18,605,000
FONTANA UNIFIED SCHOOL DISTRICT	100.000	47,380,000
HESPERIA UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	104,225,000
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	47,750,000
SNOWLINE JOINT UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	98.005	58,577,589
OTHER UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	Various	42,993,179
UNION HIGH SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	4,895,000
CUCAMONGA SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	9,810,000
ORO GRANDE SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	41,100,000
OTHER SCHOOL DISTRICT GENERAL FUND OBLIGATIONS	100.000	18,310,000
CITY OF COLTON GENERAL FUND OBLIGATIONS AND PENSION OBLIGATION BONDS	100.000	38,269,400
CITY OF FONTANA CERTIFICATES OF PARTICIPATION	100.000	52,490,000
CITY OF HESPERIA GENERAL FUND OBLIGATIONS	100.000	38,745,000
CITY OF MONTCLAIR GENERAL FUND OBLIGATIONS	100.000	26,265,000
CITY OF ONTARIO GENERAL FUND OBLIGATIONS	100.000	72,035,000
CITY OF SAN BERNARDINO GENERAL FUND OBLIGATIONS	100.000	60,479,442
CITY OF VICTORVILLE GENERAL FUND OBLIGATIONS	100.000	81,820,000
OTHER CITY GENERAL FUND OBLIGATIONS	100.000	60,642,877
WATER DISTRICT CERTIFICATES OF PARTICIPATION	100.000	4,825,000
WEST VALLEY VECTOR CONTROL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	3,215,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 1,905,698,658</u>
TOTAL DIRECT DEBT		\$ 1,051,918,000
TOTAL OVERLAPPING DEBT (1)		\$ 4,014,963,540
COMBINED DEBT		\$ 5,066,881,540 (3)

RATIOS TO 2013-14 ASSESSED VALUATION

TOTAL DIRECT DEBT (\$1,051,918,000)	0.61%
COMBINED TOTAL DEBT	2.95%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/14: \$ -

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.

Source:

California Municipal Statistics.

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

FISCAL YEAR	(1) ASSESSED VALUE	(2) LEGAL DEBT LIMIT	(3) BONDED DEBT	(4) LEGAL DEBT MARGIN	RATIO OF BONDED DEBT TO DEBT LIMIT
2004-05	112,586,482	1,407,331	2,045	1,405,286	0.15%
2005-06	128,895,877	1,611,198	1,930	1,609,268	0.12%
2006-07	152,041,485	1,900,519	1,815	1,898,704	0.10%
2007-08	175,896,103	2,198,701	1,695	2,197,006	0.08%
2008-09	185,069,873	2,313,373	1,570	2,311,803	0.07%
2009-10	173,348,202	2,166,853	1,440	2,165,413	0.07%
2010-11	166,254,714	2,078,184	1,300	2,076,884	0.06%
2011-12	165,482,153	2,068,527	1,155	2,067,372	0.06%
2012-13	166,760,684	2,084,509	1,005	2,083,504	0.05%
2013-14	171,925,914	2,149,074	845	2,148,229	0.04%

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, 2014

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				
2004-05	212,704	439,539	484,409	4,457	29,900	645,146	2,045	4,435	1,305	1,823,940	1.62%	3.59%	952
2005-06	200,528	439,879	522,835	3,889	25,227	618,099	1,930	6,905	2,438	1,821,730	1.41%	3.44%	916
2006-07	186,959	457,038	649,062	4,010	9,290	589,367	1,815	6,399	4,136	1,908,076	1.25%	3.47%	942
2007-08	172,024	451,137	639,878	1,627	8,554	563,741	1,695	2,971	2,751	1,844,378	1.05%	3.31%	898
2008-09	155,801	448,874	637,450	3,231	5,230	530,325	1,570	2,823	1,359	1,786,663	0.97%	3.20%	869
2009-10	140,708	441,447	625,756	2,591	4,549	537,969	1,440	1,872	530	1,756,862	1.01%	2.80%	847
2010-11	91,343	431,526	646,567	2,696	4,000	516,672	1,300	1,811	1,449	1,697,364	1.02%	2.79%	827
2011-12	28,120	418,810	589,719	1,615	4,000	494,830	1,155	1,748	4,709	1,544,706	0.93%	2.53%	748
2012-13	23,047	401,404	565,143	743	4,000	433,822	1,005	1,691	6,091	1,436,946	0.86%	2.31%	692
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

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, 2014

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

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

AREA OF COUNTY: Approximately 20,160 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

FISCAL YEAR: July 1 - June 30

REGISTERED VOTERS: 851,487 as of June 30, 2014

CALENDAR YEAR	(1), (2) POPULATION	(2) PERSONAL INCOME	(2), (6) PER CAPITA PERSONAL INCOME	(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT RATE
2005	1,951	50,567,000	25.92	423	5.40%
2006	1,992	52,988,000	26.60	425	4.70%
2007	2,028	55,020,000	27.13	428	5.70%
2008	2,055 (5)	55,752,000	27.13	428	8.50%
2009	2,061 (5)	56,203,000	27.27	420	13.90%
2010	2,035 (5)	62,790,000	30.86	416	14.80%
2011	2,052 (6)	60,739,000	29.60	417	12.90%
2012	2,064 (6)	61,094,000	29.60	414	12.60%
2013	2,076 (6)	62,259,000	29.99	412	10.30%
2014	2,086 (6)	66,902,000	32.07	412	8.40%

ESTIMATED POPULATION OF THE COUNTY OF SAN BERNARDINO AS OF JANUARY 1, 2014 (whole numbers):

INCORPORATED CITIES

Adelanto	32,511	Montclair	37,374
Apple Valley	70,755	Needles	4,908
Barstow	23,292	Ontario	167,382
Big Bear Lake	5,121	Rancho Cucamonga	172,299
Chino	81,747	Redlands	69,882
Chino Hills	76,131	Rialto	101,429
Colton	53,057	San Bernardino	212,721
Fontana	202,177	Twentynine Palms	26,576
Grand Terrace	12,285	Upland	75,147
Hesperia	91,506	Victorville	120,590
Highland	54,033	Yucaipa	52,654
Loma Linda	23,614	Yucca Valley	21,053
		Total	1,788,244
		Unincorporated Areas:	297,425
		Total Population	2,085,669

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 2014-15 Final Budget

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

2014 (4)				2005			
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	19,299	1	2.22%
Stater Bros. Market	18,221	2	1.92%	U.S. Marine Corps Air Ground Task Force Training Command	12,346	2	1.42%
U.S. Army, Fort Irwin & National Training Center	13,805	3	1.45%	Loma Linda University Adventist Health Sciences Center	12,000	3	1.38%
Loma Linda University	13,805	4	1.45%	Kaiser Foundation Hospitals	8,600	4	0.99%
U.S. Marine Corps Air Ground Combat Center	12,486	5	1.31%	Stater Bros. Market	7,200	5	0.83%
United Parcel Service	8,600	6	0.91%	Loma Linda University Medical Center	6,569	6	0.76%
San Bernardino City Unified School District	8,574	7	0.90%	Ontario International Airport Terminal Building	6,000	7	0.69%
Ontario International Airport	7,695	8	0.81%	San Bernardino City Unified School District	5,600	8	0.64%
Loma Linda University Medical Center	6,147	9	0.65%	Wal-Mart Stores, Inc.	5,300	9	0.61%
Kaiser Permanente (Fontana only)	6,000	10	0.63%	Chino Valley Unified School District	4,816	10	0.55%
Total	114,333		12.03%	Total	87,730		10.09%

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) Starting fiscal year 2011, data is derived from new source (Book of Lists).
- (4) Due to the unavailability of fiscal year 2014 data, fiscal year 2013 data was used instead.

Sources:

The Book of Lists 2005 & 2013 editions (2014 edition not yet available)
www.factfinder2.census.gov

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

FUNCTION/PROGRAM	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General	1,639	1,691	1,699	1,790	1,728	1,612	1,550	1,432	1,332	1,417
Public Protection	7,069	7,480	7,777	7,672	6,679	6,501	6,175	6,147	6,186	6,355
Public Ways & Facilities	384	384	465	501	522	486	450	433	429	412
Health and Sanitation	3,840	3,922	4,139	4,339	4,285	4,086	3,919	4,163	4,302	4,407
Public Assistance	3,753	3,735	3,799	4,214	4,163	4,744	4,920	4,898	4,946	5,051
Education	218	226	235	261	246	229	191	149	155	144
Recreation & Cultural	333	335	268	386	347	337	317	317	292	270
Total	17,236	17,773	18,382	19,163	17,970	17,995	17,522	17,539	17,642	18,056

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	2004-05	2005-06 (1)	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
General Government										
Legal Documents Recorded (W)	968,961 *	945,500	838,333	628,866	564,379	556,429	556,196	547,996	583,461	503,126
Percentage of payments process within 10 days (P)		80%	86%	93%	86%	92%	60%	66%	62%	73%
Public Protection										
Criminal Felonies Filed - District Attorney (W)	20,193	21,950	20,511	24,099	22,409	21,712	21,090	20,551	19,687	20,556
Criminal Misdemeanor Filed - District Attorney (W)	38,863	38,963	44,035	49,223	45,700	44,208	43,680	40,250	37,222	35,926
Average Cases Supervised-Probation (W)	*	23,400	25,690	29,205	25,120	24,570	24,130	23,961	24,155	27,722
Percentage of new adults cases assessed with a valid risk instrument- Probation (P)	*	59%	77%	79%	78%	87%	90%	87%	95%	95%
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
Number of inmate-on-inmate assaults per 1,000 per month. (P)	*	12%	7%	7%	6%	4%	4%	8%	0%	0%
Percent of autopsies performed per reportable deaths - Coroner (P)	*	6%	19%	9%	17%	13%	19%	15%	17%	19%
Fire Protection - No. of Fire calls (W)	91,324	99,235	86,915	89,106	89,061	95,635	93,540	154,953	153,975	156,864
Public Way & Facilities										
Solid Waste										
Total Tonnage Landfilled (W)	1,794,126	1,852,124	1,757,436	1,665,566	1,267,447	1,162,672	1,156,231	1,130,770	1,094,433	1,257,365
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	1,259	1,348
Maintained Road Miles (W)	2,822	2,830	2,780	2,774	2,775	2,765	2,769	2,770	2,769	2,554
Average Pavement Condition Index (PCI) of county maintained roads (P) (2)	*	75	76	77	78	77	76	76	Good	Good
Health and Sanitation										
Direct Billable hours: Clinic - Behavioral Health (W)	226,811	293,542	201,247	236,285	267,560	261,014	242,862	230,201	233,673	237,996
Patient Visits - Public Health (W)	110,519	112,037	130,073	76,786	89,110	69,474	75,572	75,664	72,920	61,831
Arrowhead Regional Medical Center - Emergency Room Visits (W)	81,712	97,790	106,298	113,537	124,186	130,640	125,710	117,616	113,307	106,335
Public Assistance										
Annual Paid Cases - CalWORKS-All Other Families (W)	351,902	345,072	307,742	333,096	384,946	425,331	460,817	464,196	465,804	471,285
Percentage of successful placements of people in Work Participation Rate (P)	*	56%	19%	23%	23%	32%	40%	47%	49%	45%
Annual Paid Cases - CalWORKS-2 Parent Families (W)	23,147	24,155	18,748	26,322	42,284	48,652	56,435	56,296	57,402	60,122
Average child support collections per month (W)	12,607,140	12,000,000	12,619,615	12,792,980	12,809,690	12,740,128	13,538,777	14,396,490	13,939,034	14,158,216
Percentage of current support collected - Child Support (W)	*	46%	49%	51%	51%	51%	55%	59%	61%	64%
Education										
County Library										
Circulation (W)	2,482,274	2,600,000	2,520,000	2,638,000	3,033,418	3,112,735	2,906,315	2,515,202	2,425,711	3,026,943
Total Patron Visits (W)	3,183,479	3,120,000	3,374,000	3,846,000	4,597,787	4,728,093	4,246,432	3,579,262	4,091,200	3,375,816
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
Recreation and Cultural Services										
County Museum										
Total Paid Attendance (W)	57,971	71,500	71,000	90,810	64,708	63,838	49,955	69,348	34,110	28,299
Collected Lots, Objects, and Specimens (W)	1,600,000	1,601,000	1,601,000	1,800,000	2,300,000	2,300,000	2,300,410	2,400,125	2,400,125	2,409,050
Regional Parks										
Total Attendance (W)	2,280,000	2,160,000	2,200,000	2,200,205	1,898,960	2,012,647	2,121,921	1,915,278	1,867,264	1,594,916
Number of miles of open and usable trails maintained by Regional Parks (P)	*	13	17	18	24	46	46	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.

Key:

(W) Work Indicator

(P) Performance Measures

(*)Information not available

Sources:

SB County and Special Districts Final Budget

SB County Departments

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

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

Function/Program	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
General Government										
Recorder's Data Processing Equipment	53	63	60	58	59	65	63	42	47	52
Public Protection										
Major Correction & Detention Facilities	6	7	7	7	7	7	7	7	7	7
Sheriff Stations	10	10	10	10	9	9	9	9	9	9
Sheriff Vehicles	1,684	1,618	1,809	1,658	1,658	1,764	1,788	1,698	1,687	1787
Fire Department Equipment	323	373	361	432	429	461	497	457	495	503
Public Way & Facilities										
Solid Waste Heavy Equipment	24	18	18	16	12	11	10	10	10	3
Transportation: Trucks, Trailers, and Other Vehicles	268	276	274	264	274	288	283	281	277	277
Airports	6	6	6	6	6	6	6	6	6	6
Bridges	318	318	318	318	318	318	318	318	318	318
Traffic Signal (1)	212	220	252	265	329	334	358	365	381	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	46	51	99	134	140	157	158	162	163
Medical Center: Number of Hospitals	1	1	1	1	1	1	1	1	1	1
Public Assistance										
Administrative & Office Equipment	508	549	452	441	495	515	571	631	640	657
Education										
Library Branches	29	29	30	30	30	31	31	31	32	32
Bookmobiles	2	2	2	2	2	2	2	2	1	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:

SB County Budget
 SB County Special Districts Final Budget
 SB County Departments
 Auditor-Controller/Treasurer/Tax Collector, County of San Bernardino



SAN BERNARDINO
COUNTY



Janice Rutherford, Chair, Second District Supervisor | Robert A. Lovingood, First District Supervisor
James C. Ramos, Third District Supervisor | Curt Hagman, Fourth District Supervisor | Josie Gonzales, Fifth District Supervisor
Gregory C. Devereaux, Chief Executive Officer

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