



SAN BERNARDINO
COUNTY

San Bernardino County
State of California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2019
ENSEN MASON CPA, CFA
Auditor-Controller/Treasurer/Tax Collector

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019**

**SAN BERNARDINO COUNTY
CALIFORNIA
1853**



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

Gary McBride – Chief Executive Officer

*Prepared by the Office of the Auditor-Controller/Treasurer/Tax Collector
Ensen Mason, Auditor-Controller/Treasurer/Tax Collector*

**COUNTY OF SAN BERNARDINO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 JUNE 30, 2019**

TABLE OF CONTENTS

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL..... 1

DIRECTORY OF ELECTED COUNTY OFFICES 8

DIRECTORY OF APPOINTED COUNTY OFFICIALS..... 9

ORGANIZATION CHART 10

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING 11

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT 14

MANAGEMENT'S DISCUSSION AND ANALYSIS 17

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

Statement of Net Position 36

Statement of Activities 37

Fund Financial Statements:

Balance Sheet – Governmental Funds 40

Statement of Revenues, Expenditures and Changes in
 Fund Balances – Governmental Funds..... 41

Statement of Revenues, Expenditures and Changes in Fund Balances
 – Budget and Actual on Budgetary Basis – General Fund 42

Statement of Net Position – Proprietary Funds 44

Statement of Revenues, Expenses and Changes in
 Fund Net Position – Proprietary Funds 46

Statement of Cash Flows – Proprietary Funds 48

Statement of Fiduciary Net Position – Fiduciary Funds 50

Statement of Changes in Fiduciary
 Net Position – Investment Trust Fund and Private-Purpose Trust Fund 51

TABLE OF CONTENTS

Notes to the Basic Financial Statements:

Note 1 – Summary of Significant Accounting Policies.....	53
Note 2 – Reconciliation of Government-Wide and Fund Financial Statements	66
Note 3 – Stewardship, Compliance and Accountability	67
Note 4 – Cash and Investments.....	68
Note 5 – Receivables	77
Note 6 – Interfund Transactions.....	78
Note 7 – Restricted Cash and Investments	81
Note 8 – Capital Assets.....	82
Note 9 – Deferred Outflows of Resources.....	84
Note 10 – Advances From Others	84
Note 11 – Long-term Obligations	85
Note 12 – Leases.....	98
Note 13 – Closure and Postclosure Care Costs	99
Note 14 – Self-Insurance.....	100
Note 15 – Collateralized Facilities	101
Note 16 – Deferred Inflows of Resources.....	102
Note 17 – Fund Balances Detail.....	103
Note 18 – Medicare and Medi-Cal Programs	105
Note 19 – Retirement Plan	105
Note 20 – Other Post-Employment Benefits (OPEB) - HACSB	118
Note 21 – Lease/Leaseback	123
Note 22 – Commitments, Contingencies, and Certain Subsequent Events	124
Note 23 – Restatement of Fund Balance/Net Position	129
Note 24 – New Accounting Pronouncements	130

REQUIRED SUPPLEMENTARY INFORMATION:

Schedule of the County's Proportionate Share of the Net Pension Liability.....	133
Schedule of the County's Contributions	134
Schedule of Changes in the Housing Authority's Net Pension Liability and Related Ratios.....	135
Schedule of the Housing Authority's Retirement Contributions	136
Schedule of Changes in the Housing Authority's Net OPEB Liability and Related Ratios	137
Schedule of the Housing Authority's OPEB Contributions.....	138

SUPPLEMENTAL INFORMATION:

Individual Nonmajor Fund Financial Statements and Other Supplementary Information:

Combined Financial Statements – Nonmajor Governmental Funds:

Combined Balance Sheet – Nonmajor Governmental Funds	140
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	141

Combining Financial Statements – Nonmajor Governmental Funds:

Nonmajor Governmental Funds Descriptions	143
Combining Balance Sheet – Special Revenue Funds	148

TABLE OF CONTENTS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds	154
Combining Balance Sheet – Debt Service Funds	160
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Debt Service Funds	161
Combining Balance Sheet – Capital Projects Funds	162
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Funds	163
Combining Balance Sheet – Permanent Funds	164
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Permanent Funds	165
Combining Financial Statements – Nonmajor Enterprise Funds:	
Nonmajor Enterprise Funds Descriptions	167
Combining Statement of Net Position – Nonmajor Enterprise Funds	168
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Enterprise Funds	169
Statement of Cash Flows – Nonmajor Enterprise Funds	170
Combining Financial Statements – Internal Service Funds:	
Internal Service Funds Descriptions	171
Combining Statement of Net Position – Internal Service Funds	172
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds	174
Statement of Cash Flows – Internal Service Funds	176
Combining Financial Statements – Trust & Agency Funds:	
Trust and Agency Funds Descriptions	178
Combining Statement of Changes in Assets and Liabilities – Agency Funds	179
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficit) – Budget and Actual on Budgetary Basis:	
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual on Budgetary Basis – Certain Special Revenue Funds	181

TABLE OF CONTENTS

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual on Budgetary Basis – Capital Improvement Fund	203
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual on Budgetary Basis – Certain Capital Projects Funds	204

STATISTICAL SECTION

Statistical Section Descriptions	209
Net Position by Component	211
Changes in Net Position.....	212
Funds Balances – Governmental Funds	214
Changes in Fund Balances – Governmental Funds	215
Assessed Value and Actual Value of Taxable Property.....	216
Property Tax Rates – Direct and Overlapping Governments – Tax Rate Area 7000.....	217
Principal Property Taxpayers – Current Year and Nine Years Ago	218
Property Tax Levies and Collections – Last Ten Fiscal Years.....	219
Ratios of General Bonded Debt Outstanding	220
Estimated Direct and Overlapping Bonded Debt.....	221
Computation of Legal Debt Margin	223
Ratios of Outstanding Debt by Type	224
Demographic and Economic Statistics – Last Ten Fiscal Years	225
Principal Employers – Current Year and Nine Years Ago.....	226
County Employees by Function/Program	227
Operating Indicators by Function/Program.....	228
Capital Asset Statistics by Function/Program.....	229





SAN BERNARDINO
COUNTY



**INTRODUCTORY
SECTION**



Auditor–Controller/Treasurer/Tax Collector

Ensen Mason CPA, CFA

Auditor–Controller/Treasurer/Tax Collector

Douglas R. Boyd Sr., ESQ.

Assistant Auditor–Controller/Treasurer/Tax Collector

Tori Roberts CPA

Assistant Auditor–Controller/Treasurer/Tax Collector

December 20, 2019

Honorable Board of Supervisors
County of San Bernardino
County Government Center
385 North Arrowhead Avenue
San Bernardino, CA 92415-0110

Honorable Board Members:

The Comprehensive Annual Financial Report of the County of San Bernardino, California for the fiscal year ended June 30, 2019, is submitted herewith in compliance with Section 25253 of the California Government Code and Article V, Section 8, of the County of San Bernardino Charter.

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

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

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget 2 CFR Part 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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, 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 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, is limited to reporting, as Investment and Private-Purpose Trust Funds, the total amount of cash, investments, and other assets collected for, disbursed by, and held for these entities.

INTERNAL AND BUDGETARY CONTROLS

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

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

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

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

MAJOR INITIATIVES

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

- The Department of Economic Development's budget focuses on economic development, job creation and tourism activities. Services include business retention and expansion, developing strong local, regional, and national business relationships, thereby supporting the local economy through maximizing job creation and tourism opportunities.
- Implementation of the County's EZ-Online Permitting (EZOP or Accela) System upgrade began in 2017-18. Phase I of this upgrade streamlined the permitting processes across various departments in the County and offered customers and the public access to a web portal to manage and monitor applications, make online payments, as well as research permits and development-related information online. It also provided a framework for business processes evaluation, allowing staff to more easily identify and implement improvements in permitting processes that will result in long-term benefits to the public. The centralized management of trust accounts and electronic payments for permits and development services, and improvement in the customer experience and access to information continued with the launch of Phase II in 2018-19, which included building permit and development related activities for Planning, Code Enforcement, and Surveyor. Implementation of Phase III includes activities for the San Bernardino County Fire Protection District, Economic Development, Code Enforcement, and Public Works, and is scheduled to be completed in 2020.
- The Information Services Department received \$1.6 million in ongoing Discretionary General Funding for an ESRI GIS system licensing and support costs enterprise agreement in an effort to better understand the public's needs and to improve communication between County departments and the public. This agreement will eliminate the need for individual departments to execute individual GIS software agreements.
- The County Museum's budget of \$3.9 million demonstrates the County's commitment to support the Museum's operations and activities. The County Museum continues to partner with the San Bernardino County Museum Association to increase grant funding and individual donations. With these resources, the County Museum continues to implement improvements in programming, operations, and facilities, which has led to a 5-year increase in general public and school group attendance.
- The Public Works - Transportation budget includes approximately \$27.5 million for pavement preservation projects on approximately 175 miles of County maintained roads. Some projects are funded in part with ongoing Discretionary General Funding, to preserve the County's roadways by investing enough to maintain the system.
- The Office of Homeless Services (OHS) received \$9.4 million in Homeless Emergency Aid Program (HEAP) grant funding in 2018-19. Of this amount, \$1.1 million has been allocated to fiscal year 2019-20 to collaborate with 22 entities that will provide services to an estimated 4,600 homeless individuals and families that are at imminent risk of homelessness throughout the County.
- The District Attorney's Office – Bureau of Victim Services received grant funding for a Mass Victimization Advocate (MVA) to further develop a comprehensive crisis response/mass victimization assistance plan. The plan will be structured to identify and respond to victim needs such as safety, food, shelter and immediate services in the aftermath of a mass victimization/terrorism incident. The MVA will also develop and implement mutual aid memoranda of understanding with the Victim Witness Centers from the Southern California counties to facilitate a regional response to mass victimization.

ECONOMIC CONDITION AND OUTLOOK

Overview

The economy of the County continues moving into a record breaking expansion. In 2019, the U.S. Bureau of Labor Statistics finds its major sectors are again experiencing strong growth. This has reduced the county's poverty rate from 20.4% in 2012 to 14.9% in 2018. The Riverside-San Bernardino metro area of which the County is the major employer has California's fastest job growth with jobs now 19.1% above their pre-recession peak (California 12.8% higher; U.S. 16.8%). Additionally, major taxable revenue streams are exceeding their former records on an inflation adjusted basis.

Industry and Employment

The County is experiencing strong employment growth. During the Great Recession (2008-2011), the County lost 68,000 jobs. However from 2012-2019, it added 174,400 positions. The County thus had 781,900 jobs in early 2019, 122,500 more than in its 2007 pre-recession peak of 675,300. Its 2019 growth was 11,600 positions (1.5%). The unemployment rate is down from a high of 13.5% in 2010 to 3.3% in September 2019. In comparison, the state-wide unadjusted rate is 3.5%; the U.S. is at 3.3%.

Among economic base sectors driving the County's economy, logistics activity led the County's job growth. In 2018, the sector is up 8,400 new jobs following a gain of 12,000 the prior year. In 2018, it created 43% of the County's 19,400 new jobs as companies like Amazon underwent major expansions. This sector is being driven by the strong growth of Southern California's economy, record setting port activity and e-commerce that is expanding nationally at a rate of 15.0% compounded each year. In Southern California, nearly all the fulfillment centers are located in the County. The sector's 2019 median pay was \$49,106.

Health Care and social services growth added to the County's economic base in 2018. The increase of 4,800 new jobs reflects a 24.7% share of employment growth. Its 2019 median pay was \$65,757. The County's population growth (121,565 people) and a decline in uninsured people from 21% in 2012 to 8.9% in 2018 drove this expansion.

Construction was the County's other major expanding economic base sector. In 2018, the group added 2,400 workers, a 12.4% share of growth. Infrastructure as well as, industrial and residential construction drove the sector, with a median pay of \$53,000 in 2019.

Assessed Valuation

In second quarter 2019, the median priced existing home in the County sold for \$333,500, up 0.2% from the prior year. This followed an increase of 6.4% in 2018. New homes sold for \$477,750, a reduction of 1.9% after a 9.9% gain in 2018. Homebuyers are finding San Bernardino County very affordable compared to other Southern California regions. 2019 data showed that 50% of its families could afford the prices of its bottom 50% of homes, making the County Southern California's most affordable county compared to Riverside (39%), Orange (24%) and Los Angeles (29%) counties. With most residential prices rising, along with industrial prices that are 38.2% above their pre-recession peak, the county's assessed valuation has reached 30.3% above its July 1, 2008 high. Since 2008-2019 prices are up 21.8%, the purchasing power of the County's property taxes are at a record level.

Retail Sales

Also important to the funding of local governments, the County's retail sales increased 7.2% in 2018 with total taxable sales reaching a record \$40.9 billion. That was 30.5% above the prior high in 2006 (\$31.3 billion) and above the 26.4% rise in prices from 2006-2018. The purchasing power of the County's sales taxes are thus also above their 2006 record level. As a result, employment within the retail, food service and accommodation sectors that impact taxable sales was up 1,200 jobs in 2018 representing 20.2% of the County's job gain. The modest increase reflects the downward pressure from ecommerce on brick and mortar retail sales.

LONG-TERM FINANCIAL PLANNING

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

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

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

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

In recent years, the County cash funded major capital projects detailed below:

- County Buildings and Acquisition and Retrofit Project (formerly named the Downtown Building Project).
- Valley Dispatch Center.
- 800 MHz Upgrade Project.
- Information Services Department building and improvements.
- Arrowhead Regional Medical Center parking structure.

Construction of the projects listed above are currently in progress.

RELEVANT FINANCIAL POLICIES

Fund Balance and Reserve Policy

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

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

RELEVANT FINANCIAL POLICIES - Continued

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

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

Ongoing Set-Aside Contingencies represent ongoing sources of financing that have been targeted for future ongoing program needs. The County has no Ongoing Set-Aside Contingencies in the 2019-20 Adopted Budget.

Investment Policy

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

The County's investment policy prohibits investment in inverse floaters, range notes, interest only strips that are derived from a pool of mortgages, private placement notes or bonds, funding agreements, master notes, loan participation instruments or in any other instrument that could result in zero interest if held to maturity. Additionally, investments in mutual bond funds that do not maintain a constant Net Asset Value (NAV) are also prohibited.

The County believes that the Treasury Pool is prudently invested and that investments therein are scheduled to mature at the times and in the amounts that are necessary to meet the County's expenditures and other schedule withdrawals. The Treasury Pool does not include investments of the Deferred Compensation program or the San Bernardino County Employees' Retirement Association, which are separately managed. The County utilizes a Countywide banking program with two major banks, referred to as "Consolidated Banking", which accelerates the collection and deposit of monies by participating departments into the County Treasury, making them readily available for investment.

Debt Management Policy

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

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

INDEPENDENT AUDIT

The County's financial statements have been audited by independent auditors Eide Bailly LLP, Certified Public Accountants. The independent auditors have issued an unmodified (clean) opinion on the County's basic financial statements for the year ending June 30, 2019. The Independent Auditor's 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 for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the thirty-first consecutive year that the County received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which must conform to certificate program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Popular Financial Reporting Award: The County 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, 2018. This was the thirteenth 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, 2018. 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, Eide Bailly 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,

A handwritten signature in black ink, appearing to read 'Ensen Mason', enclosed within a large, hand-drawn oval shape.

Ensen Mason CPA, CFA
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 JANICE RUTHERFORD

COUNTY SUPERVISOR, THIRD DISTRICT DAWN ROWE

COUNTY SUPERVISOR, FOURTH DISTRICT (CHAIR) CURT HAGMAN

COUNTY SUPERVISOR, FIFTH DISTRICT (VICE CHAIR) JOSIE GONZALES

ASSESSOR/RECORDER/COUNTY CLERK BOB DUTTON

AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR ENSEN MASON

DISTRICT ATTORNEY JASON ANDERSON

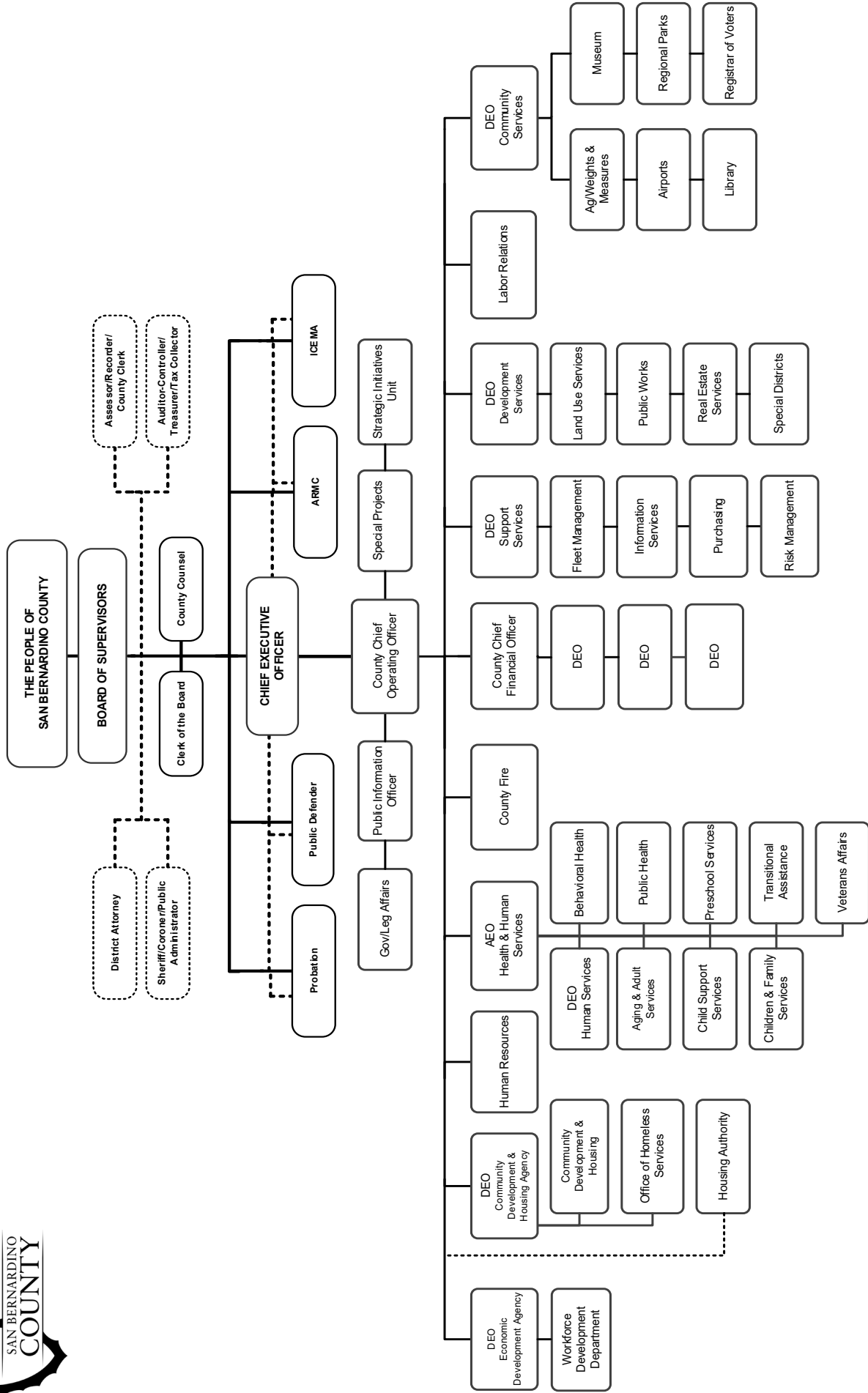
SHERIFF/CORONER/PUBLIC ADMINISTRATOR JOHN McMAHON

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

APPOINTED

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

COUNTY OF SAN BERNARDINO
ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of San Bernardino
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO





SAN BERNARDINO
COUNTY



**FINANCIAL
SECTION**





Independent Auditor’s Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Bernardino, California (County), as of and for the year ended June 30, 2019, 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.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the County of San Bernardino Consolidated Fire Districts, the County of San Bernardino Redevelopment Successor Agency Private-Purpose Trust Fund, and the Housing Authority of the County of San Bernardino, which represent the following percentages of assets, net position/fund balances and revenues of the opinion units listed below as of and for the fiscal year ended June 30, 2019:

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

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Rancho Cucamonga, California
December 20, 2019



SAN BERNARDINO
COUNTY



**MANAGEMENT'S DISCUSSION
AND ANALYSIS**



MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2019

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, 2019. 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 \$535,632. The net increase is attributable to the \$423,515 increase in governmental activities net position and the \$112,117 increase in business-type activities net position.
- As of June 30, 2019, the County governmental funds reported combined fund balances of \$2,452,801, an increase of \$228,951 in comparison with the prior year. Amounts available for spending include restricted, committed, assigned, and unassigned fund balances; these totaled \$2,408,532 or 98.2% of the ending fund balance. Of this amount, \$1,370,784 is restricted by law or externally imposed requirements, and \$224,504 is committed for specific purposes.
- At the end of the fiscal year, amounts available for spending for the General Fund totaled \$1,163,691 or 43.4% of total General Fund expenditures. This is an increase of \$105,682 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 \$92,047 and 3.56% in comparison with the prior year. (See further detail on page 31.)
- At the end of the fiscal year, the County's total long-term obligations decreased by \$105,972 and 9.56% in comparison with the prior year. (See further detail on page 32.)

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

Management's Discussion and Analysis (Amounts in thousands)

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund financial statements. The notes can be found on pages 53-131 of this report.

Management's Discussion and Analysis (Amounts in thousands)

Required Supplementary Information and Supplemental Information

The Required Supplementary Information provides the County's proportionate share of the net pension liabilities and related ratios, employer contributions to the pension plans, and funding progress in post-employment benefits other than pensions. Required supplementary information can be found on pages 133-138 of this report. The Supplemental Information section of this report contains the combining statements and budgetary comparison schedules. This section provides additional information to the users of these financial statements. The Supplemental Information section can be found on pages 140-208 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$3,225,109 at the close of the most recent fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018*	2019	2018
Current and other assets	\$ 3,225,253	\$ 2,928,735	\$ 914,943	\$ 805,532	\$ 4,140,196	\$ 3,734,267
Capital assets	2,072,848	2,001,389	601,925	581,337	2,674,773	2,582,726
Total assets	<u>5,298,101</u>	<u>4,930,124</u>	<u>1,516,868</u>	<u>1,386,869</u>	<u>6,814,969</u>	<u>6,316,993</u>
Deferred outflows of resources	<u>758,277</u>	<u>899,926</u>	<u>110,685</u>	<u>127,157</u>	<u>868,962</u>	<u>1,027,083</u>
Current and other liabilities	315,976	296,099	84,238	73,676	400,214	369,775
Long-term liabilities	2,858,407	3,038,788	949,924	953,570	3,808,331	3,992,358
Total liabilities	<u>3,174,383</u>	<u>3,334,887</u>	<u>1,034,162</u>	<u>1,027,246</u>	<u>4,208,545</u>	<u>4,362,133</u>
Deferred inflows of resources	<u>223,379</u>	<u>260,062</u>	<u>26,898</u>	<u>32,404</u>	<u>250,277</u>	<u>292,466</u>
Net Position:						
Net investment in capital assets	2,050,846	1,969,174	255,966	209,059	2,306,812	2,178,233
Restricted	1,322,967	1,153,493	70,922	72,006	1,393,889	1,225,499
Unrestricted	(715,197)	(887,566)	239,605	173,311	(475,592)	(714,255)
Total Net Position	<u>\$ 2,658,616</u>	<u>\$ 2,235,101</u>	<u>\$ 566,493</u>	<u>\$ 454,376</u>	<u>\$ 3,225,109</u>	<u>\$ 2,689,477</u>

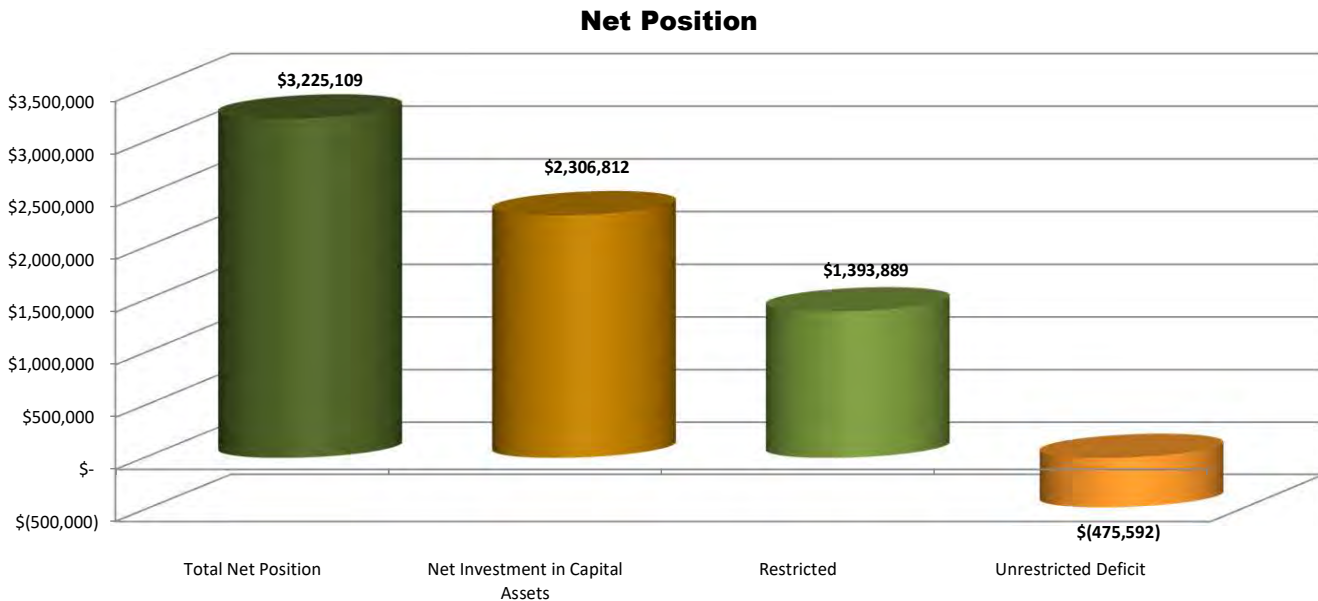
*As restated, see note 23

The largest portion of the County's net position of \$2,306,812 reflects investment in capital assets (e.g. land, land use rights, structures and improvements, equipment and software, and infrastructure); as well as capital-related deferred outflows of resources less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

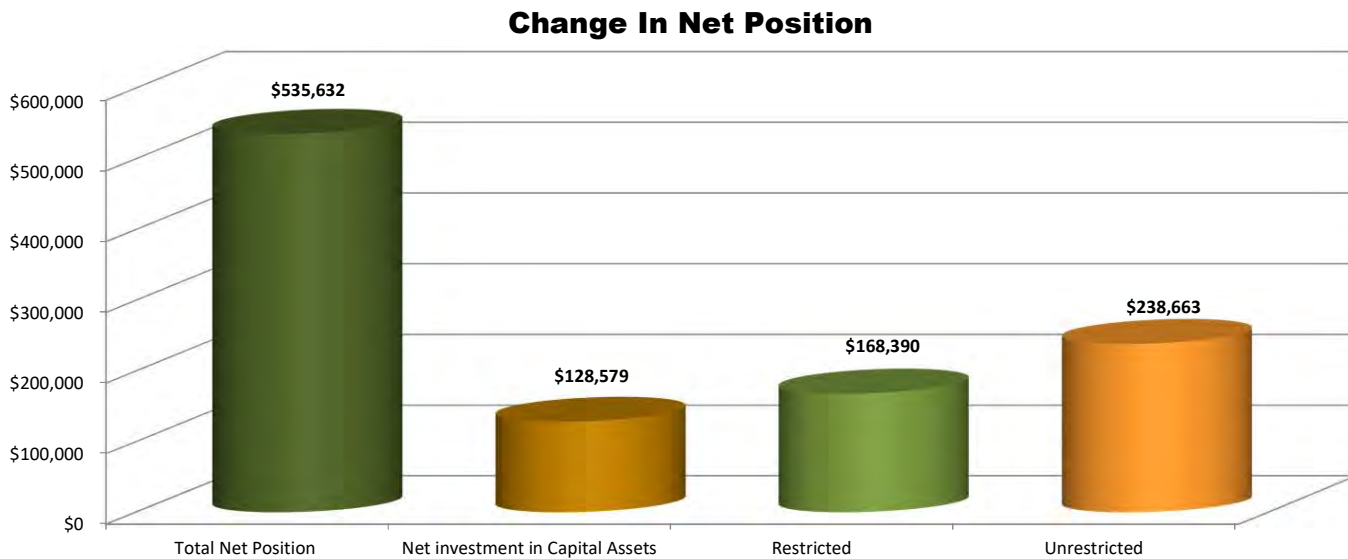
Restricted net position of \$1,393,889 represents another significant portion of County net position. This amount contains external restrictions imposed by creditors, grantors, contributors, laws and regulation of other governments, and restrictions imposed by law through constitutional provisions and 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 \$238,663 primarily as the result of an overall increase in current assets.



The County's total net position increased by \$535,632 (\$423,515 increase in governmental activities plus \$112,117 increase in business-type activities) indicating that the County generated revenue sufficient to cover the cost of operations during the current fiscal year.



Management's Discussion and Analysis (Amounts in thousands)

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018*	2019	2018
Revenues:						
Program Revenues						
Charges for Services	\$ 513,155	\$ 518,274	\$ 500,453	\$ 460,633	\$ 1,013,608	\$ 978,907
Operating Grants/Contributions	2,095,115	1,876,494	338,080	330,989	2,433,195	2,207,483
Capital Grants/Contributions	262	3,745	23,074	24,739	23,336	28,484
General Revenue						
Property Taxes, Levied for General Purposes	785,169	704,316	3,424	3,198	788,593	707,514
Public Safety Tax	197,665	188,194	-	-	197,665	188,194
Sales Taxes	31,758	29,886	-	-	31,758	29,886
Other Taxes	27,465	25,257	-	-	27,465	25,257
Revenues from Use of Money and Property	88,199	36,935	11,336	2,835	99,535	39,770
Miscellaneous	82,549	78,121	18,076	6,561	100,625	84,682
Gains on Sale of Capital Assets	4,073	4,750	4,499	201	8,572	4,951
Total Revenues	3,825,410	3,465,972	898,942	829,156	4,724,352	4,295,128
Expenses:						
General Government	193,206	176,594	-	-	193,206	176,594
Public Protection	1,301,638	1,225,387	-	-	1,301,638	1,225,387
Public Ways and Facilities	89,908	87,993	-	-	89,908	87,993
Health and Sanitation	491,059	433,482	-	-	491,059	433,482
Public Assistance	1,232,193	1,196,683	-	-	1,232,193	1,196,683
Education	22,375	21,182	-	-	22,375	21,182
Recreation and Cultural Services	26,583	24,563	-	-	26,583	24,563
Interest on Long Term Debt	28,131	30,563	-	-	28,131	30,563
Medical Center	-	-	572,061	542,185	572,061	542,185
Waste Systems	-	-	82,267	92,211	82,267	92,211
Housing Authority	-	-	129,967	125,392	129,967	125,392
Water, Sewer, and Sanitation	-	-	19,263	16,454	19,263	16,454
Others	-	-	69	24	69	24
Total Expenses	3,385,093	3,196,447	803,627	776,266	4,188,720	3,972,713
Excess (Deficiency) before Transfers	440,317	269,525	95,315	52,890	535,632	322,415
Transfers	(16,802)	4,453	16,802	(4,453)	-	-
Change in Net Position	423,515	273,978	112,117	48,437	535,632	322,415
Net Position -- Beginning of Year, as restated *	2,235,101	1,961,123	454,376	411,080	2,689,477	2,372,203
Net Position -- End of Year	<u>\$ 2,658,616</u>	<u>\$ 2,235,101</u>	<u>\$ 566,493</u>	<u>\$ 459,517</u>	<u>\$ 3,225,109</u>	<u>\$ 2,694,618</u>

* Note 23 - Restatement of Fund Balances/Net Position explains the change in Fiscal Year 2019 Beginning of Year Business-Type Activities Net Position

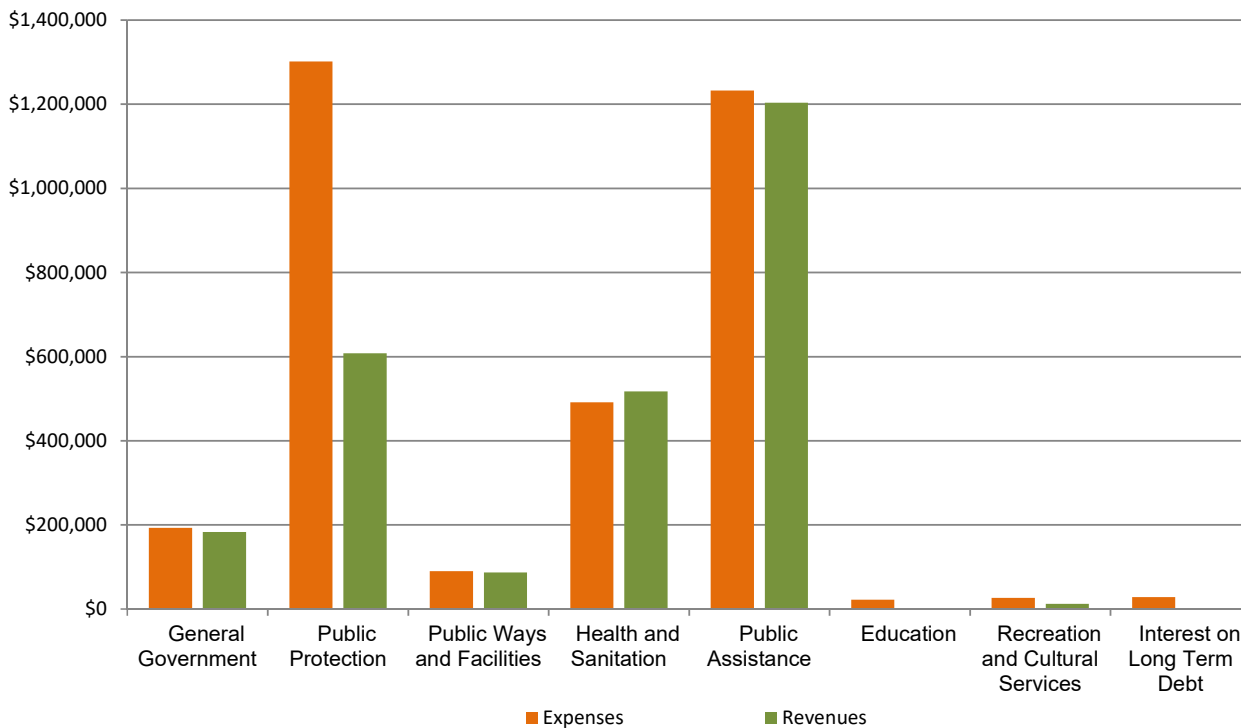
Governmental Activities increased the County's net position from \$2,235,101 to \$2,658,616. The overall increase in net position is due to one-time and ongoing revenues exceeding related expenses.

Total revenues of County governmental activities increased primarily due to increases in Unrestricted Revenues from Use of Money and Property, Operating Grants/Contributions and Property Taxes, Levied for General Purposes.

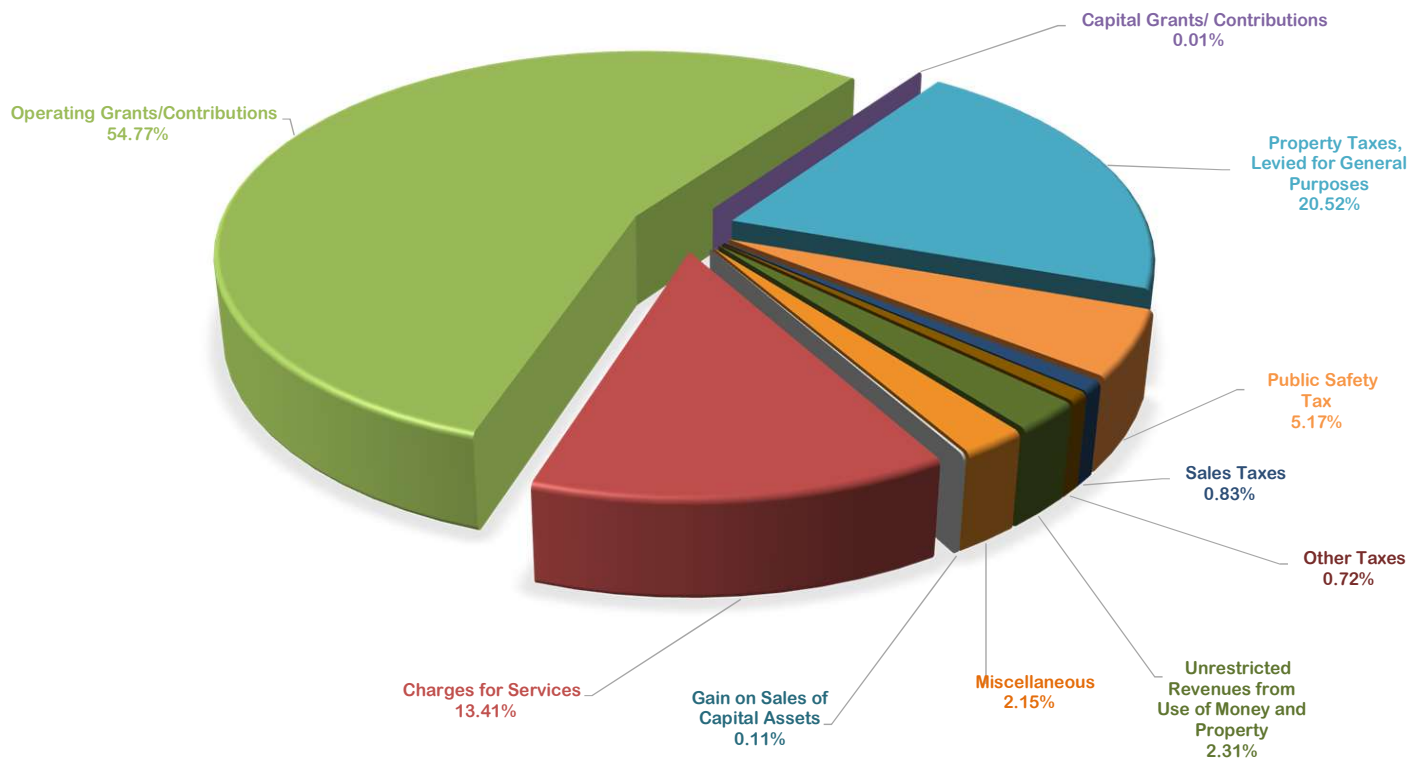
Program expenses for County governmental activities increased as a result of increases in Public Protection, Public Assistance and Health and Sanitation expenses. All of these program expenses had increases in staffing expenses. The Sheriff's Department, Human Service Administrative Claim and Behavioral Health had an addition of positions, negotiated salary increases and retirement cost increases. Operating Expenses had an increase due to the Public Assistance program having increases in subsistence payments, while Behavioral Health and Substance Abuse Disorder and Recovery Services had an increase in contracted and specialized services.

Management's Discussion and Analysis (Amounts in thousands)

Expenses and Program Revenues-Governmental Activities



REVENUES BY SOURCE-GOVERNMENTAL ACTIVITIES



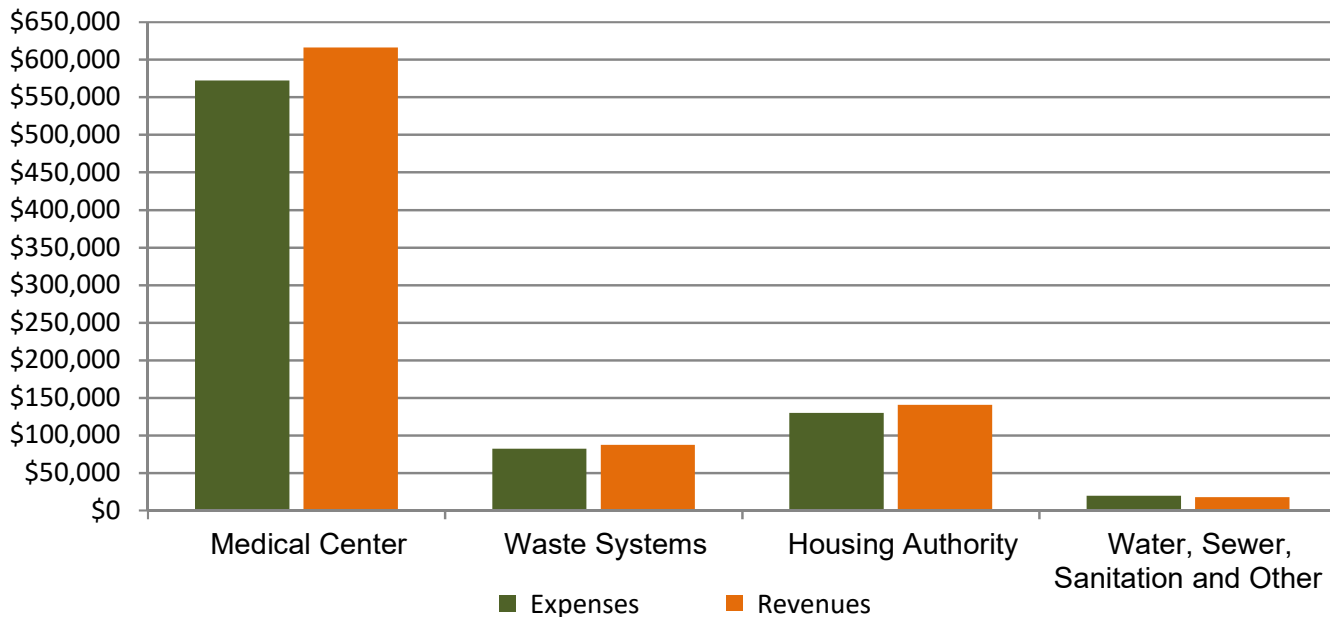
Management's Discussion and Analysis (Amounts in thousands)

Business-type Activities increased the County's net position from \$454,376 to \$566,493. This is primarily due to the Medical Center receiving increasingly higher patient service revenue and operating transfers.

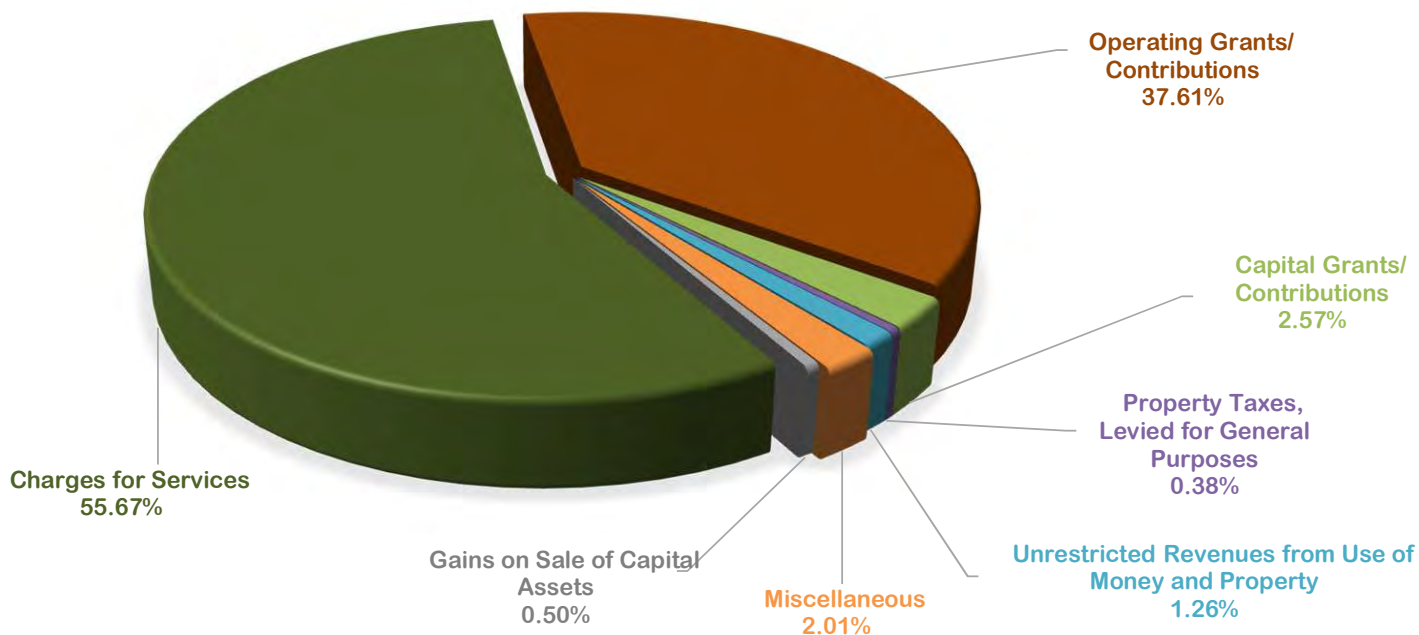
Business-Type Activities expenses increased mainly due to the Medical Center increased staffing cost.

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

Expenses and Program Revenues-Business-Type Activities



REVENUES BY SOURCE-BUSINESS-TYPE ACTIVITIES



Management's Discussion and Analysis (Amounts in thousands)

FINANCIAL ANALYSIS OF COUNTY FUNDS

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

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

On June 30, 2019, the County's governmental funds reported a total fund balance of \$2,452,801, an increase of \$228,951 in comparison with the prior year. Approximately 55.9% of the total fund balance, \$1,370,784, constitutes restricted fund balance, which is restricted by external parties. The remaining fund balance is comprised of a nonspendable amounts of \$44,269; committed amounts of \$224,504, which are committed for specific purposes; assigned amounts of \$335,330 set-aside for specific purposes; and an unassigned amounts of \$477,914, representing the residual net resources of the General Fund available for spending.

The most significant restricted amounts in the governmental funds include \$208,066 for the Mental Health Services Act, \$146,247 for Flood Control, \$130,800 for Health Services Realignment, \$111,797 for Social Services Realignment, \$93,153 for Behavioral Health Realignment, and \$77,913 Fire Protection (See Note 17).

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, 2019, the total fund balance was \$1,200,197, an increase of \$97,839 in comparison with the prior year. Approximately 38.1% or \$457,807 of the total fund balance constitutes restricted fund balance. The remaining fund balance is made up of \$36,506 of nonspendable amounts; \$224,504 of committed amounts, including \$32,075 for debt service, \$36,843 for the Valley Dispatch Center Reserve, \$26,093 for asset replacement, \$17,151 for retirement, and \$16,630 for litigation expenses; \$3,466 of assigned amounts primarily for automated systems development; and \$477,914 in unassigned amount available for spending.

As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total General Fund expenditures. Unrestricted fund balance represents 26.3% of total fund expenditures; while total fund balance represents 44.7%.

Capital Improvement Fund: The Capital Improvement Fund accounts for the County's major capital acquisition and construction projects. On June 30, 2019, the total fund balance of the Capital Improvement Fund was \$345,277. The capital improvement fund had an increase of \$31,330, primarily as the result of significantly increased contributions for maintenance and upgrades of County facilities.

Revenues for total governmental funds totaled \$3,806,622 in fiscal year 2019, representing a \$340,520 increase from the prior year.

Management's Discussion and Analysis (Amounts in thousands)

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

Revenues	Fiscal Year 2019		Over (Under) Fiscal Year 2018	
	Amount	Percent of Total	Amount Changed	Percent
Taxes	\$ 1,042,036	27%	\$ 89,581	9%
Licenses, Permits and Franchises	27,421	1%	1,572	6%
Fines, Forfeitures and Penalties	12,683	0%	898	8%
Revenues From Use of Money and Property	111,750	3%	61,106	121%
Aid From Other Governmental Agencies	2,071,634	54%	191,490	10%
Charges for Current Services	468,459	13%	(9,415)	-2%
Other Revenues	72,639	2%	5,288	8%
Total Revenues	<u>\$ 3,806,622</u>	<u>100%</u>	<u>\$ 340,520</u>	

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

Tax revenues increased by \$89,581 mainly due to: continued increase in both assessed valuation of properties within the County and Proposition 172 half-cent sales tax, and increase in taxes for the Fire Protection District.

Aid From Other Government Agencies increased by \$191,490 due to increase in law enforcement services revenue, increase in other service revenue, and increase in contract fire protection services revenue.

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

Expenditures	Fiscal Year 2019		Over (Under) Fiscal Year 2018	
	Amount	Percent of Total	Amount Changed	Percent
Current:				
General Government	\$ 178,915	5%	\$ 17,481	11%
Public Protection	1,256,078	35%	89,632	8%
Public Ways and Facilities	70,253	2%	4,832	7%
Health and Sanitation	493,272	14%	64,785	15%
Public Assistance	1,243,632	35%	52,999	4%
Education	21,567	1%	1,319	7%
Recreation and Cultural Services	22,010	1%	1,737	9%
Debt Service:				
Principal	111,562	3%	7,102	7%
Interest and Fiscal Charges	14,984	0%	(994)	-6%
Capital Outlay	154,843	4%	29,929	24%
Total Expenditures	<u>\$ 3,567,116</u>	<u>100%</u>	<u>\$ 268,822</u>	

Total County governmental funds expenditures increased by \$268,822 from the prior year.

Public Protection expenditures increased by \$89,632 primarily due to increase in staff expenses related to addition of positions to meet growing need for augmented health and mental health correctional services and negotiated salary increases.

Public Assistance expenditures increased by \$52,999 primarily due to increase in direct payments of benefits to clients, increase in payments to service providers that provide vital, necessary services to children in Adoptions, Foster Care and Kinship Assistance programs and increase in staff to support the implementation of Head Start Extended Duration.

Management's Discussion and Analysis
(Amounts in thousands)

Health and Sanitation expenditures increased by \$64,785 primarily due to increase in staff expenses related to the Mental Health Services Act programs and increase in costs related to providing therapeutic services.

General Government expenditures increased by \$17,481 primarily due to an increase in staffing expenses as a result of negotiated MOU increases and increases in retirement costs, as well as an increase in rent and lease payments to landlords.

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

Other Financing Sources (Uses) Governmental Funds	Fiscal Year 2019	Over (Under) Fiscal Year 2018	
	Amount	Amount Changed	Percent
Transfers Out	\$ (332,559)	\$ 19,611	-6%
Transfers In	316,888	(41,859)	-12%
Inception of Capital Lease Obligation (Note 12)	1,043	1,043	100%
Sale of Capital Assets	4,073	(677)	-14%
Total Other Financing Sources and (Uses)	<u>\$ (10,555)</u>	<u>\$ (21,882)</u>	

Transfers in decreased by \$41,859 primarily due to lower transfers related to capital projects.

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	\$ 3,006,867	\$ 860	\$ 798,895	\$ 3,806,622
Expenditures	(2,683,209)	(51,112)	(832,795)	(3,567,116)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>323,658</u>	<u>(50,252)</u>	<u>(33,900)</u>	<u>239,506</u>
Total Other Financing Sources and (Uses)	<u>(225,819)</u>	<u>81,582</u>	<u>133,682</u>	<u>(10,555)</u>
Net Changes In Fund Balance	97,839	31,330	99,782	228,951
Fund Balance, Beginning	<u>1,102,358</u>	<u>313,947</u>	<u>807,545</u>	<u>2,223,850</u>
Fund Balance, Ending	<u>\$ 1,200,197</u>	<u>\$ 345,277</u>	<u>\$ 907,327</u>	<u>\$ 2,452,801</u>

In fiscal year 2019, the fund balance of total governmental funds increased by \$228,951. This increase is the result of a continued trend of revenues exceeding associated expenditures, with notable increases seen in tax revenue, aid from other governments, and charges for current services.

Management's Discussion and Analysis
(Amounts in thousands)

Proprietary funds: County proprietary funds include two types of funds, enterprise and internal service, which provide the same type of information found in the government wide financial statements, but in more detail.

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

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds
	Medical Center	Waste Systems Division	Housing Authority (9/30/2018)	Total Nonmajor Enterprise Funds	
Operating Revenues					
Net Patient Care and Services	\$ 376,232	\$ -	\$ -	\$ -	\$ 376,232
Charges for Current Services	-	73,655	22,813	13,403	109,871
Other	177,431	13,619	115,878	731	307,659
Total Operating Revenues	<u>553,663</u>	<u>87,274</u>	<u>138,691</u>	<u>14,134</u>	<u>793,762</u>
Operating Expenses					
Professional Services	67,902	30,210	-	3,450	101,562
Salaries and Employee Benefits	286,123	7,299	15,820	5,086	314,328
Services and Supplies	159,949	42,243	105,130	6,232	313,554
Depreciation and Amortization	24,200	2,515	5,917	3,882	36,514
Other	13,201	-	1,470	634	15,305
Total Operating Expenses	<u>551,375</u>	<u>82,267</u>	<u>128,337</u>	<u>19,284</u>	<u>781,263</u>
Operating Income (Loss)	<u>2,288</u>	<u>5,007</u>	<u>10,354</u>	<u>(5,150)</u>	<u>12,499</u>
Nonoperating Revenues (Expenses)					
Interest Revenue	1,740	7,149	453	1,994	11,336
Interest Expense	(19,802)	-	(1,630)	(48)	(21,480)
Tax Revenue	-	-	-	3,424	3,424
Grant Revenue	40,935	77	-	3,759	44,771
Gain (Loss) on Sale of Capital Assets	-	4,107	392	-	4,499
Other Nonoperating Revenues	-	17,483	-	593	18,076
Other Nonoperating Expenses	(884)	-	-	-	(884)
Total Nonoperating Revenues (Expenses)	<u>21,989</u>	<u>28,816</u>	<u>(785)</u>	<u>9,722</u>	<u>59,742</u>
Change in Net Position Before Contributions and Transfers	<u>24,277</u>	<u>33,823</u>	<u>9,569</u>	<u>4,572</u>	<u>72,241</u>
Capital Contributions	21,351	-	1,723	-	23,074
Transfers Out	(11,529)	(2,169)	-	(87)	(13,785)
Transfers In	<u>30,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,587</u>
Change in Net Position	64,686	31,654	11,292	4,485	112,117
Net Position, Beginning, as restated *	154,825	120,515	81,564	97,472	454,376
Net Position, Ending	<u>\$ 219,511</u>	<u>\$ 152,169</u>	<u>\$ 92,856</u>	<u>\$ 101,957</u>	<u>\$ 566,493</u>

*As restated, see note 23

The net increase of \$112,117 in net position was primarily due to the Medical Center receiving increasingly higher supplemental revenues during the current fiscal year including AB 85 Realignment and Managed Care Rate Range Supplemental, Quality Incentive Program, and PRIME funding.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final expenditure budget differs from the original budget by approximately 3.1%. A net increase in appropriations of \$95,014 was approved during the fiscal year. The significant components of this net increase are summarized below:

General

- On September 11, 2018, the Board approved to increase the Human Resources Department's budget by \$2,400 to fund the third year of the upgrade of the Oracle PeopleSoft Human Capital Management system, also known as EMACS (Employee Management and Compensation System) for efficient management of employee processes and data.
- On January 8, 2019, the Board adopted a budget amendment which increased the Auditor-Controller/Treasurer/Tax Collector's budget by \$2,554 primarily to fund the approved agreements with The Peloton Group, LLC and LSI Consulting to provide professional SAP Enterprise Support Services. In addition, the Board adopted a budget amendment which increased the Registrar of Voters' budget by \$1,517 primarily to fund one-time election and operational expenses, including increased temporary help, expansion of Early Vote, change in the ordinance for Poll Worker pay, and increased overtime related to the November General Election.
- On March 19, 2019, the Board adopted a budget amendment which increased the Countywide Discretionary budget unit's budget by \$7,205 primarily to fund design costs for the Information Service Department (ISD) building located on Colley Drive in Colton funded by the ISD building acquisition reserve.

Health and Sanitation

- On January 8, 2019, the Board adopted a budget amendment which increased the Department of Behavioral Health's budget by \$2,046 primarily to fund costs associated with the enhancement of services across various programs, including: additional staff for psychiatric and fiscal services; reorganization of positions assigned to adult residential, homeless, and employment services; and the purchase of fixed assets to support the implementation of the new Behavioral Health Management Information System and Telemedicine program. Additionally, the Board adopted a budget amendment which increased the Department of Public Health's budget by \$2,073 to fund foster child health care and health center operations primarily due to increased costs associated with the Health Care Program for Children in Foster Care.
- On March 19, 2019, the Board adopted a budget amendment to increase the Health Administration budget unit's budget by \$12,600 to provide for the Intergovernmental Transfers required to draw down the federal share of funding for various health care programs, including Public Hospital Redesign and Incentives in Medi-Cal, Global Payment Program, and Whole Person Care.

Public Assistance

- On January 8, 2019, the Board adopted a budget amendment which increased the Department of Aging and Adult Services' budget by \$1,481 primarily to fund costs associated with the Older Americans Act and the State Health Insurance Assistance Programs due to increased costs to provide senior services such as meals, senior center activities, and respite care, as well as provide outreach services to seniors.

Management's Discussion and Analysis (Amounts in thousands)

- On March 19, 2019 and September 10, 2019, the Board adopted budget amendments which increased the Human Services Subsistence Payments budget unit's budget by a total of \$38,500 to fund Foster Care costs associated with an effort known as the Continuum of Care Reform (CCR). The implementation of CCR has resulted primarily in increases to the rate the providers are paid (34% to 75% increases) and an increase in the number of families receiving foster care payment.

Public Protection

- On January 8, 2019, March 19, 2019, and September 10, 2019, the Board adopted quarterly budget amendments which increased the Sheriff's Operations unit's budget by a total of \$8,685 primarily for one-time expenditures which includes transcription services, the purchase of two prisoner buses, the New Hope project, repairs to the Emergency Vehicle Operations Center, a report writing system upgrade, and costs associated with the 2018 High Intensity Drug Trafficking Areas program and the countywide crime suppression efforts.
- On January 8, 2019, March 19, 2019, and September 10, 2019, the Board adopted quarterly budget amendments which increased the Sheriff's Detentions unit's budget by a total of \$6,831 primarily to fund significant increases in expenses for temporary staffing and food costs due to increased services associated with the United States Marshals Service for housing, medical care and transportation of federal detainees, as well as Camera Upgrade, Security Software Upgrade, and Glen Helen Rehabilitation Center Panels and Intercoms Projects.
- On January 8, 2019, the Board adopted a budget amendment which increased the Probation Department's budget by \$2,528 primarily to fund the creation of the Pre-Trial Program to comply with the new rules and regulations promulgated by Senate Bill No. 10, which reformed bail procedures in the State of California.

During the current fiscal year, the Health and Sanitation, General Government, Public Protection, and Public Assistance functions accounted for the largest expenditure variances of \$201,243, \$172,439, \$45,008, and \$44,983 respectively between the final budget and actual expenditures. The Health and Sanitation variance is primarily the result of the matching reimbursement received by the Health Administration budget unit for intergovernmental transfers to cover the required local match for various healthcare programs from the State on behalf of the Medical Center and the actual Intergovernmental Transfers that were less than final budgeted amounts. The General Government variance is primarily the result of the establishment of contingency accounts and the actual salary expenditures and contracted services that were less than final budgeted amounts. The Public Protection variance is primarily the result of the actual salary expenditures and contracted services that were less than final budgeted amounts. The Public Assistance variance is primarily due to the County taking a conservative approach in budgeting for the highest potential expenditures in the Human Services Department's budget across many social services programs.

The total difference of \$221,917 between estimated revenues and actual revenues was caused by the receipts of aid from other governments, revenues from use of money and property, and taxes exceeding estimates; offset by a negative variance in charges for current services primarily due to the reclassification of the matching reimbursement received by the Health Administration budget unit for intergovernmental transfers to cover the required local match for various healthcare programs from the State on behalf of the Medical Center. The differences of the receipts are primarily due to increases in the following: 1991 and 2011 Realignment revenues, property taxes, and interest revenue.

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, 2019, amounted to \$2,674,773, and \$15,389, respectively. The County's total related debt used to acquire those assets as of June 30, 2019, amounted to \$383,350. This investment in capital assets less any related debt includes land, land use rights, improvements to land, structures and improvements, equipment and software, development-in-progress, and infrastructure, less bonds and capital leases payable related to those assets.

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

- Structures and Improvements increased approximately \$75,024, due to the addition of 6 crisis residential facilities in the amount of \$40,615, ISD building acquisition in the amount of \$10,405, completion of the High Desert Fleet Service building in the amount of \$6,778, and completion of an ISD warehouse for \$2,599.
- Development in Progress (DIP) increased approximately \$69,444 due to an increase related to the following significant projects: \$32,074 related to the following Flood Control projects (West Fontana Channel, Desert Knolls Wash, Cactus Basin #4, and the Sand Creek confluence); and \$24,294 increase in DIP related to Solid Waste in the following major projects (\$10,404 to install landfill liner at the Mid-Valley landfill and \$6,553 to expand the liner at the Victorville landfill).
- Equipment and Software increased approximately \$47,741. The primary increase consists of licensed vehicles totaling \$20,773, medical equipment totaling \$12,274 and an overall increase of \$11,841 in Public Protection equipment.

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)
	2019	2018	2019	2018	2019	2018	Percent of Change
Land	\$ 142,410	\$ 137,614	\$ 32,482	\$ 32,459	\$ 174,892	\$ 170,073	2.83%
Land Use Rights (non-amortizable)	25,460	24,250	351	351	25,811	24,601	4.92%
Land Use Rights (amortizable)	-	123	1,109	1,109	1,109	1,232	-9.98%
Development in Progress	319,878	283,706	46,476	13,204	366,354	296,910	23.39%
Improvements other than Buildings	292,416	277,745	277,341	275,859	569,757	553,604	2.92%
Structures and Improvements	1,158,987	1,088,934	772,051	767,080	1,931,038	1,856,014	4.04%
Infrastructure	1,434,608	1,434,440	-	-	1,434,608	1,434,440	0.01%
Equipment and Software	472,234	436,876	200,538	188,155	672,772	625,031	7.64%
Accumulated Depreciation/Amortization	(1,773,145)	(1,682,299)	(728,423)	(696,880)	(2,501,568)	(2,379,179)	5.14%
Total	<u>\$ 2,072,848</u>	<u>\$ 2,001,389</u>	<u>\$ 601,925</u>	<u>\$ 581,337</u>	<u>\$ 2,674,773</u>	<u>\$ 2,582,726</u>	3.56%

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

Management's Discussion and Analysis (Amounts in thousands)

Long-term Debt and Obligations

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

	Governmental Activities		Business-Type Activities		Total		Increase/ (decrease) Percent of Change
	2019	2018	2019	2018	2019	2018	
Certificates of Participation, Net	\$ -	\$ -	\$ 332,598	\$ 357,336	\$ 332,598	\$ 357,336	-6.92%
General Obligation Bonds	-	-	50	145	50	145	-65.52%
Revenue Bonds, Net	184,576	232,111	-	-	184,576	232,111	-20.48%
Revenue Bonds from Direct Placements	12,770	13,180	-	-	12,770	13,180	
Other Bonds and Notes	302,532	348,806	26,158	30,127	328,690	378,933	-13.26%
Other Bonds and Notes from Direct Borrowings and Direct Placements	20,030	23,617	1,313	1,381	21,343	24,998	
Capital Lease Obligations from Direct Financing	903	-	2,593	2,256	3,496	2,256	54.96%
Other Long-Term Liabilities	-	-	118,885	99,421	118,885	99,421	19.58%
Total	<u>\$ 520,811</u>	<u>\$ 617,714</u>	<u>\$ 481,597</u>	<u>\$ 490,666</u>	<u>\$ 1,002,408</u>	<u>\$ 1,108,380</u>	-9.56%

Additional information on the County's long-term debt can be found in Note 11 on pages 85-97 of this report.

The County's major long-term obligations activity during the fiscal year is as follows: reduction in long-term debt of certificates of participation, bonds and notes, and capital leases, net pension liabilities totaling \$237,898, offset by an increase in pollution remediation obligation of \$5,486, liability for closure/postclosure care cost of \$10,763, increase in self-insurance claims of \$12,022, and increase in other long-term liabilities of \$19,464.

A significant portion of the revenue bonds are the Pension Obligation Bonds (1995) totaling \$184,576 with an AA rating from Standard & Poor's that were issued by the San Bernardino Financing Authority. Included in long-term debt are also the Pension Obligation Bonds (2004) totaling \$125,000 with an AA+ rating from Standard & Poor's and the Pension Obligation Refunding Bonds (2008) totaling \$132,775 with an AA+ rating from Standard & Poor's.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Supervisors adopted the County's fiscal year 2019 final budget on June 11, 2019. The budget plan does not use reserves to fund ongoing costs and there is limited use of one-time sources to fund operating costs. It is the policy of the County that one-time sources will not be used to fund ongoing operational costs, except within the context of a larger plan to balance ongoing revenues and costs over a multi-year period. Such a plan could involve short-term use of one-time funds to preserve essential public services where longer-term financial forecasts demonstrate the near-term future potential for ongoing revenues to fund those services.

The General Fund spending authority totals \$3.7 billion and is funded by departmental revenues, Countywide discretionary revenues, and other financing sources.

As of June 30, 2019, the County's General Fund projects a cumulative structural surplus of \$19.3 million over the next five fiscal years. Because the County has a depreciating surplus through the term of the forecast, from \$62.0 million available in 2019-20 to \$19.3 million available in 2024-25, it is anticipated that most of the remaining available funding will be spent on one-time costs. These one-time costs range from investment in technology and systems (\$83.3 million) to County building improvements (\$93.1 million) to setting aside funds in reserves (\$59.5 million). This approach will enable the County to invest in its future while maintaining financial stability for years to come.

Management's Discussion and Analysis (Amounts in thousands)

In addition, the County's fiscal planning efforts are presented with major challenges in fiscal year 2020 and beyond. These challenges include fiscal uncertainty inherent in the State budget process, sales tax volatility and projected increases in retirement costs.

The County continues to monitor other outstanding issues including:

- Potential of a recession – In June 2019, the current economic expansion reached ten years, making it the longest expansion in the history of the United States post World War II. While the current multi-year forecast does not explicitly build in a recession, revenue growth is projected conservatively in order to account for the potential impact of a weakening economy.
- Criminal Justice Fines and Fees – Pending legislation at the State level may eliminate fees charged to individuals who come in contact with the criminal justice system, including fees for public defenders, booking, mandatory drug testing, and costs related to incarceration and probation supervision, such as electronic monitoring. These administrative fees were established to help counties recoup costs.
- Unfunded state mandates – Legislative action at the State level can impose fiscal pressures that expand or place additional demands on local government, such as the new requirements on voter registration, voter roll maintenance, and the expedited required replacement of the voting system.
- Bail Reform – There is pending legislation to eliminate California's money-based bail system and replace it with a risk-based system that includes pretrial assessment services provided through the courts or public agencies, such as county probation departments.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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





SAN BERNARDINO
COUNTY



**BASIC FINANCIAL
STATEMENTS**



SAN BERNARDINO
COUNTY



**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**



**COUNTY OF SAN BERNARDINO
STATEMENT OF NET POSITION
JUNE 30, 2019 (IN THOUSANDS)**

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 SAN BERNARDINO
ASSETS				
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 2,626,206	\$ 586,001	\$ 3,212,207	\$ 90,937
INVESTMENTS (NOTE 4)	1,211	-	1,211	-
ACCOUNTS RECEIVABLE, NET (NOTE 5)	6,048	44,205	50,253	-
DUE FROM OTHER GOVERNMENTS, NET (NOTE 5)	385,754	115,487	501,241	4,831
TAXES RECEIVABLE (NOTE 5)	34,315	167	34,482	-
INTEREST RECEIVABLE (NOTE 5)	40,033	879	40,912	511
LOANS RECEIVABLE (NOTE 5)	33,146	8,886	42,032	-
OTHER RECEIVABLES, NET (NOTE 5)	22,293	31,329	53,622	-
INTERNAL BALANCES (NOTE 6)	(2,479)	1,985	(494)	-
LAND HELD FOR RESALE	50,038	-	50,038	-
INVENTORIES	5,981	3,534	9,515	-
PREPAID ITEMS	8,756	8,235	16,991	3
RESTRICTED CASH AND INVESTMENTS (NOTES 4 & 7)	13,951	114,235	128,186	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:				
LAND (NOTE 8)	142,410	32,482	174,892	-
LAND USE RIGHTS (NOTE 8)	25,460	351	25,811	-
DEVELOPMENT IN PROGRESS (NOTE 8)	319,878	46,476	366,354	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
LAND USE RIGHTS (NOTE 8)	-	1,109	1,109	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 8)	2,886,011	1,049,392	3,935,403	130
EQUIPMENT AND SOFTWARE (NOTE 8)	472,234	200,538	672,772	14
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 8)	(1,773,145)	(728,423)	(2,501,568)	(86)
TOTAL ASSETS	5,298,101	1,516,868	6,814,969	96,340
DEFERRED OUTFLOWS OF RESOURCES (NOTE 9)	758,277	110,685	868,962	753
LIABILITIES				
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	143,967	45,956	189,923	13
SALARIES AND BENEFITS PAYABLE	112,378	19,807	132,185	147
DUE TO OTHER GOVERNMENTS	33,011	4,280	37,291	5,326
INTEREST PAYABLE	7,376	10,457	17,833	-
ADVANCES FROM OTHERS (NOTE 10)	19,244	3,738	22,982	-
NONCURRENT LIABILITIES:				
PORTION DUE PAYABLE IN ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	119,574	14,034	133,608	6
TERMINATION BENEFITS PAYABLE (NOTE 11)	23	15	38	-
COPS, BONDS AND NOTES PAYABLE (NOTE 11)	111,478	26,989	138,467	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	181	1,071	1,252	-
OTHER LONG TERM LIABILITIES (NOTE 11)	-	109,358	109,358	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	5,612	5,612	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	5,105	5,105	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	64,490	-	64,490	-
PORTION DUE OR PAYABLE AFTER ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	75,515	10,621	86,136	170
TERMINATION BENEFITS PAYABLE (NOTE 11)	9	-	9	-
COPS, BONDS AND NOTES PAYABLE, NET (NOTE 11)	408,430	333,130	741,560	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	722	1,522	2,244	-
OTHER LONG TERM LIABILITIES (NOTE 11)	-	9,527	9,527	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	64,682	64,682	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	131,490	131,490	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	223,168	-	223,168	-
NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY FOR HOUSING AUTHORITY (NOTE 20)	-	10,635	10,635	-
NET PENSION LIABILITY (NOTE 19)	1,854,817	226,133	2,080,950	1,741
TOTAL LIABILITIES	3,174,383	1,034,162	4,208,545	7,403
DEFERRED INFLOWS OF RESOURCES (NOTE 16)	223,379	26,898	250,277	471
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	2,050,846	255,966	2,306,812	59
RESTRICTED FOR:				
GRANTS AND OTHER COUNTY PROGRAMS (NOTE 1)	1,321,193	-	1,321,193	-
PERPETUAL CARE - NONEXPENDABLE	1,774	-	1,774	-
DEBT SERVICE	-	40,256	40,256	-
LANDFILL CLOSURE	-	26,730	26,730	-
HOUSING PROGRAMS	-	3,936	3,936	-
UNRESTRICTED	(715,197)	239,605	(475,592)	89,160
TOTAL NET POSITION	\$ 2,658,616	\$ 566,493	\$ 3,225,109	\$ 89,219

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

**COUNTY OF SAN BERNARDINO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			PRIMARY GOVERNMENT			COMPONENT UNIT
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
PRIMARY GOVERNMENT:							
GENERAL GOVERNMENT	\$ 193,206	\$ 167,121	\$ 40,837	\$ -	\$ 14,752	\$ -	\$ 14,752
PUBLIC PROTECTION	1,301,638	299,488	304,698	167	(697,285)	-	(697,285)
PUBLIC WAYS AND FACILITIES	89,908	8,308	85,258	95	3,753	-	3,753
HEALTH AND SANITATION	491,059	24,101	493,278	-	26,320	-	26,320
PUBLIC ASSISTANCE	1,232,193	3,315	1,199,953	-	(28,925)	-	(28,925)
EDUCATION	22,375	1,328	332	-	(20,715)	-	(20,715)
RECREATION AND CULTURAL SERVICES	26,583	9,494	2,517	-	(14,572)	-	(14,572)
INTEREST ON LONG TERM DEBT	28,131	-	-	-	(28,131)	-	(28,131)
TOTAL GOVERNMENTAL ACTIVITIES	3,385,093	513,155	2,126,873	262	(744,803)	-	(744,803)
BUSINESS-TYPE ACTIVITIES:							
MEDICAL CENTER	572,061	376,232	218,366	21,351	-	43,888	43,888
WASTE SYSTEMS	82,267	87,274	77	-	-	5,084	5,084
HOUSING AUTHORITY	129,967	22,813	115,878	1,723	-	10,447	10,447
WATER, SEWER, AND SANITATION	19,263	14,073	3,759	-	-	(1,431)	(1,431)
OTHERS	69	61	-	-	-	(8)	(8)
TOTAL BUSINESS-TYPE ACTIVITIES	803,627	500,453	338,080	23,074	-	57,980	57,980
TOTAL PRIMARY GOVERNMENT	4,188,720	1,013,608	2,464,953	23,336	(744,803)	57,980	(686,823)
COMPONENT UNIT							
FIRST 5 SAN BERNARDINO	\$ 19,203	\$ -	\$ 21,144	\$ -	\$ -	\$ -	\$ 1,941
GENERAL REVENUES:							
PROPERTY TAXES, LEVIED FOR GENERAL PURPOSES					785,169	3,424	788,593
PUBLIC SAFETY TAX					197,665	-	197,665
OTHER TAXES					27,465	-	27,465
REVENUES FROM USE OF MONEY AND PROPERTY					88,199	11,336	99,535
MISCELLANEOUS					82,549	18,076	100,625
GAIN ON SALE OF CAPITAL ASSETS					4,073	4,499	8,572
TRANSFERS (NOTE 6)					(16,802)	16,802	-
TOTAL GENERAL REVENUES AND TRANSFERS					1,168,318	54,137	1,222,455
CHANGE IN NET POSITION					423,515	112,117	535,632
NET POSITION - BEGINNING, AS RESTATED (NOTE 23)					2,235,101	454,376	2,689,477
NET POSITION - ENDING					\$ 2,658,616	\$ 566,493	\$ 3,225,109

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





SAN BERNARDINO
COUNTY



**FUND FINANCIAL
STATEMENTS**



**COUNTY OF SAN BERNARDINO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019 (IN THOUSANDS)**

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 1,044,233	\$ 297,974	\$ 890,233	\$ 2,232,440
INVESTMENTS (NOTE 4)	-	-	1,211	1,211
ACCOUNTS RECEIVABLE, NET (NOTE 5)	2,594	-	2,002	4,596
TAXES RECEIVABLE (NOTE 5)	25,423	-	8,892	34,315
INTEREST RECEIVABLE (NOTE 5)	35,879	1,071	3,083	40,033
LOANS RECEIVABLE (NOTE 5)	32,326	-	820	33,146
OTHER RECEIVABLES (NOTE 5)	3,942	-	701	4,643
DUE FROM OTHER FUNDS (NOTE 6)	43,939	8,547	32,204	84,690
DUE FROM OTHER GOVERNMENTS (NOTE 5)	303,325	296	80,815	384,436
LAND HELD FOR RESALE	549	47,827	1,662	50,038
INVENTORIES	1,450	-	119	1,569
PREPAID ITEMS	2,027	-	5,870	7,897
INTERFUND RECEIVABLE (NOTE 6)	6,144	-	18,935	25,079
RESTRICTED CASH AND INVESTMENTS (NOTES 4 & 7)	2,981	-	10,970	13,951
TOTAL ASSETS	<u>\$ 1,504,812</u>	<u>\$ 355,715</u>	<u>\$ 1,057,517</u>	<u>\$ 2,918,044</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 66,727	\$ 8,140	\$ 60,893	\$ 135,760
SALARIES AND BENEFITS PAYABLE	89,693	-	19,274	108,967
DUE TO OTHER FUNDS (NOTE 6)	42,072	994	48,091	91,157
DUE TO OTHER GOVERNMENTS	30,193	-	2,587	32,780
INTEREST PAYABLE	-	-	29	29
ADVANCES FROM OTHERS (NOTE 10)	12,443	233	6,568	19,244
INTERFUND PAYABLE (NOTE 6)	-	-	2,099	2,099
TOTAL LIABILITIES	<u>241,128</u>	<u>9,367</u>	<u>139,541</u>	<u>390,036</u>
DEFERRED INFLOWS OF RESOURCES (NOTE 16)	<u>63,487</u>	<u>1,071</u>	<u>10,649</u>	<u>75,207</u>
FUND BALANCES (NOTE 17):				
NONSPENDABLE	36,506	-	7,763	44,269
RESTRICTED	457,807	86,459	826,518	1,370,784
COMMITTED	224,504	-	-	224,504
ASSIGNED	3,466	258,818	73,046	335,330
UNASSIGNED	477,914	-	-	477,914
TOTAL FUND BALANCES	<u>1,200,197</u>	<u>345,277</u>	<u>907,327</u>	<u>2,452,801</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,504,812</u>	<u>\$ 355,715</u>	<u>\$ 1,057,517</u>	
Amounts reported for governmental activities in the statement of net position are different due to the following (Note 2):				
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.				2,009,153
Receivables that are not available to pay for current-period expenditures are deferred in the governmental funds.				75,207
Internal service funds are used by management to charge the costs of general services, telecommunication services, computer operations, fleet management, risk management, and flood control equipment to individual funds. The assets, deferred outflows of resources, liabilities and deferred inflows of resources of the internal service funds are included in the governmental activities in the statement of net position.				128,665
Interest payable on long-term debt				(7,347)
Deferred outflows and inflows of resources related to pensions and deferred amounts on refunding are applicable to future periods and therefore are not reported in the funds.				519,747
Long-term liabilities, including net pension liability, bonds payables, and related items, are not due and payable in the current period and, therefore not reported in the funds.				(2,519,610)
Net position of governmental activities (page 36)				<u>\$ 2,658,616</u>

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, 2019 (IN THOUSANDS)

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
TAXES	\$ 860,107	\$ -	\$ 181,929	\$ 1,042,036
LICENSES, PERMITS, AND FRANCHISES	26,157	-	1,264	27,421
FINES, FORFEITURES, AND PENALTIES	6,504	-	6,179	12,683
REVENUE FROM USE OF MONEY AND PROPERTY	82,755	82	28,913	111,750
AID FROM OTHER GOVERNMENTAL AGENCIES	1,663,207	582	407,845	2,071,634
CHARGES FOR CURRENT SERVICES	350,042	-	118,417	468,459
OTHER REVENUES	18,095	196	54,348	72,639
TOTAL REVENUES	3,006,867	860	798,895	3,806,622
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT	173,717	-	5,192	178,909
PUBLIC PROTECTION	995,995	-	260,083	1,256,078
PUBLIC WAYS AND FACILITIES	3,899	-	66,354	70,253
HEALTH AND SANITATION	304,459	-	188,813	493,272
PUBLIC ASSISTANCE	1,150,480	-	93,152	1,243,632
EDUCATION	3,157	-	18,410	21,567
RECREATION AND CULTURAL SERVICES	13,386	-	8,624	22,010
DEBT SERVICE:				
PRINCIPAL	7,940	-	103,622	111,562
INTEREST AND FISCAL CHARGES	103	-	14,881	14,984
CAPITAL OUTLAY	30,073	51,112	73,664	154,849
TOTAL EXPENDITURES	2,683,209	51,112	832,795	3,567,116
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	323,658	(50,252)	(33,900)	239,506
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT (NOTE 6)	(259,363)	(2,045)	(71,151)	(332,559)
TRANSFERS IN (NOTE 6)	30,044	83,627	203,217	316,888
INCEPTION OF CAPITAL LEASE OBLIGATION (NOTE 12)	-	-	1,043	1,043
SALE OF CAPITAL ASSETS	3,500	-	573	4,073
TOTAL OTHER FINANCING SOURCES AND (USES)	(225,819)	81,582	133,682	(10,555)
NET CHANGES IN FUND BALANCE	97,839	31,330	99,782	228,951
FUND BALANCES, BEGINNING	1,102,358	313,947	807,545	2,223,850
FUND BALANCES, ENDING	\$ 1,200,197	\$ 345,277	\$ 907,327	\$ 2,452,801

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL

\$ 228,951

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

Expenditures for general capital assets, infrastructure and other related capital asset adjustments

\$ 156,284

Less current year depreciation/amortization expense.

(100,488)

Less current year program expenses related to capital assets adjustments.

(3,779)

52,017

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

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

39,814

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

13,676

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

(19,357)

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

Expenditures for pension contributions

321,526

Less current year pension expense.

(324,278)

(2,752)

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.

111,166

Changes in net position of governmental activities (page 37)

\$ 423,515

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

COUNTY OF SAN BERNARDINO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL ON A BUDGETARY BASIS
YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
TAXES	\$ 812,742	\$ 840,175	\$ 860,107	\$ 19,932
LICENSES, PERMITS AND FRANCHISES	25,175	26,097	26,157	60
FINES, FORFEITURES AND PENALTIES	5,228	5,239	6,504	1,265
REVENUES FROM USE OF MONEY AND PROPERTY	41,652	48,208	82,755	34,547
AID FROM OTHER GOVERNMENTAL AGENCIES	1,261,170	1,315,804	1,663,207	347,403
CHARGES FOR CURRENT SERVICES	517,220	531,811	350,042	(181,769)
OTHER REVENUES	16,515	17,616	18,095	479
TOTAL REVENUES	2,679,702	2,784,950	3,006,867	221,917
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT	332,698	346,226	173,787	172,439
PUBLIC PROTECTION	1,015,153	1,033,538	988,530	45,008
PUBLIC WAYS AND FACILITIES	4,105	3,904	3,984	(80)
HEALTH AND SANITATION	485,366	501,640	300,397	201,243
PUBLIC ASSISTANCE	1,159,495	1,199,625	1,154,642	44,983
EDUCATION	3,152	3,157	3,157	-
RECREATION AND CULTURAL SERVICES	12,904	13,181	13,059	122
DEBT SERVICE:				
PRINCIPAL	7,940	7,940	7,940	-
INTEREST AND FISCAL CHARGES	103	103	103	-
CAPITAL OUTLAY	30,014	36,630	33,854	2,776
TOTAL EXPENDITURES	3,050,930	3,145,944	2,679,453	466,491
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(371,228)	(360,994)	327,414	688,408
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT (NOTE 6)	(238,278)	(274,707)	(259,363)	15,344
TRANSFERS IN (NOTE 6)	38,493	40,236	30,044	(10,192)
SALE OF CAPITAL ASSETS	500	500	3,500	3,000
TOTAL OTHER FINANCING SOURCES AND (USES)	(199,285)	(233,971)	(225,819)	8,152
NET CHANGE IN FUND BALANCES	(570,513)	(594,965)	101,595	696,560
FUND BALANCES, BEGINNING	1,031,613	1,031,613	1,031,613	-
FUND BALANCES, ENDING	\$ 461,100	\$ 436,648	\$ 1,133,208	\$ 696,560

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



**COUNTY OF SAN BERNARDINO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019 (IN THOUSANDS)**

BUSINESS-TYPE ACTIVITIES -

	ENTERPRISE FUNDS		
	MEDICAL CENTER 6/30/2019	WASTE SYSTEMS DIVISION 6/30/2019	HOUSING AUTHORITY 9/30/2018
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 329,674	\$ 155,113	\$ 50,464
ACCOUNTS RECEIVABLE, NET (NOTE 5)	28,866	11,057	2,148
INTEREST RECEIVABLE (NOTE 5)	61	-	818
LOANS RECEIVABLE (NOTE 5)	-	-	4
OTHER RECEIVABLES, NET (NOTE 5)	1,028	1,978	-
DUE FROM OTHER FUNDS (NOTE 6)	6,878	18,751	-
DUE FROM OTHER GOVERNMENTS (NOTE 5)	109,637	1,501	689
INVENTORIES	3,171	-	330
PREPAID ITEMS	4,895	117	229
RESTRICTED CASH AND CASH EQUIVALENTS (NOTES 4 & 7)	47,402	61,305	5,528
TOTAL CURRENT ASSETS	531,612	249,822	60,210
NONCURRENT ASSETS:			
LOANS RECEIVABLE (NOTE 5)	-	-	8,882
OTHER RECEIVABLES (NOTE 5)	-	25,287	2,887
PREPAID ITEMS	-	17	2,977
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:			
LAND (NOTE 8)	-	17,352	11,269
LAND USE RIGHTS (NOTE 8)	-	93	-
DEVELOPMENT IN PROGRESS (NOTE 8)	7,194	26,674	3,336
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
LAND USE RIGHTS (NOTE 8)	-	105	-
STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 8)	575,944	181,937	200,935
EQUIPMENT AND SOFTWARE (NOTE 8)	194,337	917	3,808
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 8)	(437,401)	(122,723)	(116,271)
TOTAL NONCURRENT ASSETS	340,074	129,659	117,823
TOTAL ASSETS	871,686	379,481	178,033
DEFERRED OUTFLOWS OF RESOURCES (NOTE 9)	103,124	2,608	4,953
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	31,646	8,721	4,120
SALARIES AND BENEFITS PAYABLE	19,276	527	-
DUE TO OTHER FUNDS (NOTE 6)	29	347	-
DUE TO OTHER GOVERNMENTS	-	4,061	-
INTEREST PAYABLE	7,207	-	3,192
ADVANCES FROM OTHERS (NOTE 10)	-	879	2,755
COMPENSATED ABSENCES PAYABLE (NOTE 11)	12,969	631	434
TERMINATION BENEFITS PAYABLE (NOTE 11)	15	-	-
BONDS AND NOTES PAYABLE (NOTE 11)	26,230	-	639
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	1,071	-	-
OTHER LONG TERM LIABILITIES, DUE IN ONE YEAR (NOTE 11)	109,358	-	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	5,612	-
ESTIMATED LIABILITY FOR CLOSURES/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	5,105	-
TOTAL CURRENT LIABILITIES	207,801	25,883	11,140
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE (NOTE 6)	-	-	17,130
COMPENSATED ABSENCES PAYABLE (NOTE 11)	9,531	531	559
BONDS AND NOTES PAYABLE (NOTE 11)	306,368	-	25,519
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	1,522	-	-
OTHER LONG TERM LIABILITIES (NOTE 11)	6,952	-	2,575
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	64,682	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	131,490	-
NET OTHER POSTEMPLOYMENT BENEFITS OBLIGATION FOR HOUSING AUTHORITY (NOTE 20)	-	-	10,635
NET PENSION LIABILITY (NOTE 19)	198,603	6,134	21,396
TOTAL NONCURRENT LIABILITIES	522,976	202,837	77,814
TOTAL LIABILITIES	730,777	228,720	88,954
DEFERRED INFLOWS OF RESOURCES (NOTE 16)	24,522	1,200	1,176
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	20,272	104,356	76,919
RESTRICTED FOR:			
DEBT SERVICE	40,256	-	-
LANDFILL CLOSURE COSTS	-	26,730	-
HOUSING PROGRAMS	-	-	3,936
UNRESTRICTED	158,983	21,083	12,001
TOTAL NET POSITION	\$ 219,511	\$ 152,169	\$ 92,856

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

**COUNTY OF SAN BERNARDINO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
JUNE 30, 2019 (IN THOUSANDS)**

	BUSINESS- TYPE ACTIVITIES		GOVERNMENTAL
	ENTERPRISE FUNDS		ACTIVITIES
	TOTAL NONMAJOR ENTERPRISE FUNDS 6/30/2019	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS 6/30/2019
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 50,750	\$ 586,001	\$ 393,766
ACCOUNTS RECEIVABLE, NET (NOTE 5)	2,134	44,205	1,452
TAXES RECEIVABLE (NOTE 5)	167	167	-
INTEREST RECEIVABLE (NOTE 5)	-	879	-
LOANS RECEIVABLE (NOTE 5)	-	4	-
OTHER RECEIVABLES, NET (NOTE 5)	149	3,155	17,650
DUE FROM OTHER FUNDS (NOTE 6)	70	25,699	822
DUE FROM OTHER GOVERNMENTS (NOTE 5)	3,660	115,487	1,318
INVENTORIES	33	3,534	4,412
PREPAID ITEMS	-	5,241	1,619
RESTRICTED CASH AND CASH EQUIVALENTS (NOTES 4 & 7)	-	114,235	-
TOTAL CURRENT ASSETS	56,963	898,607	421,039
NONCURRENT ASSETS:			
LOANS RECEIVABLE (NOTE 5)	-	8,882	-
OTHER RECEIVABLES (NOTE 5)	-	28,174	-
PREPAID ITEMS	-	2,994	-
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:			
LAND (NOTE 8)	3,861	32,482	894
LAND USE RIGHTS (NOTE 8)	258	351	-
DEVELOPMENT IN PROGRESS (NOTE 8)	9,272	46,476	10,381
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
LAND USE RIGHTS (NOTE 8)	1,004	1,109	-
STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 8)	90,576	1,049,392	27,433
EQUIPMENT AND SOFTWARE (NOTE 8)	1,476	200,538	124,645
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 8)	(52,028)	(728,423)	(99,658)
TOTAL NONCURRENT ASSETS	54,419	641,975	63,695
TOTAL ASSETS	111,382	1,540,582	484,734
DEFERRED OUTFLOWS OF RESOURCES (NOTE 9)	-	110,685	23,402
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE AND CURRENT LIABILITIES	1,469	45,956	8,207
SALARIES AND BENEFITS PAYABLE	4	19,807	3,411
DUE TO OTHER FUNDS (NOTE 6)	358	734	19,814
DUE TO OTHER GOVERNMENTS	219	4,280	231
INTEREST PAYABLE	58	10,457	-
ADVANCES FROM OTHERS (NOTE 10)	104	3,738	760
COMPENSATED ABSENCES PAYABLE (NOTE 11)	-	14,034	3,944
TERMINATION BENEFITS PAYABLE (NOTE 11)	-	15	-
BONDS AND NOTES PAYABLE (NOTE 11)	120	26,989	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	-	1,071	-
OTHER LONG TERM LIABILITIES, DUE IN ONE YEAR (NOTE 11)	-	109,358	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	5,612	-
ESTIMATED LIABILITY FOR CLOSURES/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	5,105	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	-	-	64,490
TOTAL CURRENT LIABILITIES	2,332	247,156	100,857
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE (NOTE 6)	5,850	22,980	-
COMPENSATED ABSENCES PAYABLE (NOTE 11)	-	10,621	3,987
BONDS AND NOTES PAYABLE (NOTE 11)	1,243	333,130	-
CAPITAL LEASE OBLIGATIONS (NOTES 11 & 12)	-	1,522	-
OTHER LONG TERM LIABILITIES (NOTE 11)	-	9,527	-
POLLUTION REMEDIATION OBLIGATIONS (NOTE 11)	-	64,682	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTES 11 & 13)	-	131,490	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTES 11 & 14)	-	-	223,168
NET OTHER POSTEMPLOYMENT BENEFITS OBLIGATION FOR HOUSING AUTHORITY (NOTE 20)	-	10,635	-
NET PENSION LIABILITY (NOTE 19)	-	226,133	43,208
TOTAL NONCURRENT LIABILITIES	7,093	810,720	270,363
TOTAL LIABILITIES	9,425	1,057,876	371,220
DEFERRED INFLOWS OF RESOURCES (NOTE 16)	-	26,898	8,251
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	54,419	255,966	63,695
RESTRICTED FOR:			
DEBT SERVICE	-	40,256	-
LANDFILL CLOSURE COSTS	-	26,730	-
HOUSING PROGRAMS	-	3,936	-
UNRESTRICTED	47,538	239,605	64,970
TOTAL NET POSITION	\$ 101,957	\$ 566,493	\$ 128,665

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, 2019 (IN THOUSANDS)

BUSINESS-TYPE ACTIVITIES -

ENTERPRISE FUNDS

	MEDICAL CENTER 6/30/2019	WASTE SYSTEM DIVISION 6/30/2019	HOUSING AUTHORITY 9/30/2018
OPERATING REVENUES:			
NET PATIENT CARE AND SERVICE	\$ 376,232	\$ -	\$ -
CHARGES FOR CURRENT SERVICES	-	73,655	22,813
OTHER	177,431	13,619	115,878
TOTAL OPERATING REVENUES	553,663	87,274	138,691
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	67,902	30,210	-
SALARIES AND EMPLOYEE BENEFITS	286,123	7,299	15,820
SERVICES AND SUPPLIES	159,949	42,243	105,130
DEPRECIATION AND AMORTIZATION	24,200	2,515	5,917
OTHER	13,201	-	1,470
TOTAL OPERATING EXPENSES	551,375	82,267	128,337
OPERATING INCOME (LOSS)	2,288	5,007	10,354
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUE	1,740	7,149	453
INTEREST EXPENSE	(19,802)	-	(1,630)
GRANT REVENUE	40,935	77	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	-	4,107	392
OTHER NONOPERATING REVENUES	-	17,483	-
OTHER NONOPERATING EXPENSES	(884)	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	21,989	28,816	(785)
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	24,277	33,823	9,569
CAPITAL CONTRIBUTIONS	21,351	-	1,723
TRANSFERS OUT (NOTE 6)	(11,529)	(2,169)	-
TRANSFERS IN (NOTE 6)	30,587	-	-
CHANGE IN NET POSITION	64,686	31,654	11,292
TOTAL NET POSITION, BEGINNING, AS RESTATED (NOTE 23)	154,825	120,515	81,564
TOTAL NET POSITION, ENDING	\$ 219,511	\$ 152,169	\$ 92,856

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 (CONTINUED)
YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES -		GOVERNMENTAL
	ENTERPRISE FUNDS		ACTIVITIES
	TOTAL NONMAJOR ENTERPRISE FUNDS 6/30/2019	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS 6/30/2019
OPERATING REVENUES:			
NET PATIENT CARE AND SERVICE	\$ -	\$ 376,232	\$ -
CHARGES FOR CURRENT SERVICES	13,403	109,871	255,950
OTHER	731	307,659	-
TOTAL OPERATING REVENUES	14,134	793,762	255,950
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	3,450	101,562	31,272
SALARIES AND EMPLOYEE BENEFITS	5,086	314,328	50,821
SELF-INSURED CLAIMS	-	-	90,353
SERVICES AND SUPPLIES	6,232	313,554	68,071
DEPRECIATION AND AMORTIZATION	3,882	36,514	14,043
OTHER	634	15,305	1,448
TOTAL OPERATING EXPENSES	19,284	781,263	256,008
OPERATING INCOME (LOSS)	(5,150)	12,499	(58)
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUE	1,994	11,336	12,267
INTEREST EXPENSE	(48)	(21,480)	-
TAX REVENUE	3,424	3,424	-
GRANT REVENUE	3,759	44,771	23
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	-	4,499	771
OTHER NONOPERATING REVENUES	593	18,076	27,964
OTHER NONOPERATING EXPENSES	-	(884)	(22)
TOTAL NONOPERATING REVENUES (EXPENSES)	9,722	59,742	41,003
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	4,572	72,241	40,945
CAPITAL CONTRIBUTIONS	-	23,074	-
TRANSFERS OUT (NOTE 6)	(87)	(13,785)	(2,406)
TRANSFERS IN (NOTE 6)	-	30,587	1,275
CHANGE IN NET POSITION	4,485	112,117	39,814
TOTAL NET POSITION, BEGINNING, AS RESTATED (NOTE 23)	97,472	454,376	88,851
TOTAL NET POSITION, ENDING	\$ 101,957	\$ 566,493	\$ 128,665

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

**COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MEDICAL CENTER 6/30/2019	WASTE SYSTEMS DIVISION 6/30/2019	HOUSING AUTHORITY 9/30/2018
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH RECEIVED FROM PATIENT CARE AND SERVICES	\$ 498,035	\$ 70,392	\$ 32,324
CASH RECEIVED FROM OPERATING GRANT FOR HOUSING	-	-	105,459
CASH PAYMENTS FOR HOUSING ASSISTANCE	-	-	(88,496)
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(221,569)	(34,862)	(16,146)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(286,550)	(7,446)	(14,938)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(10,084)</u>	<u>28,084</u>	<u>18,203</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
GRANTS RECEIVED	42,566	77	-
TRANSFERS RECEIVED	30,587	-	-
TRANSFERS PAID	(11,529)	(2,169)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>61,624</u>	<u>(2,092)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(17,300)	(23,952)	(4,140)
CAPITAL GRANTS AND CONTRIBUTIONS	21,351	-	532
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	(1,345)	-	-
PRINCIPAL PAID ON BONDS AND NOTES	(22,688)	-	(3,228)
INTEREST PAID ON BONDS AND NOTES	(20,318)	-	(1,217)
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	4,107	859
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(40,300)</u>	<u>(19,845)</u>	<u>(7,194)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
INTEREST ON INVESTMENTS	1,740	7,149	(192)
INVESTMENTS ACTIVITY	246	-	(4,418)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>1,986</u>	<u>7,149</u>	<u>(4,610)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,226	13,296	6,399
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	363,850	203,122	49,593
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 377,076</u>	<u>\$ 216,418</u>	<u>\$ 55,992</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
OPERATING INCOME (LOSS)	\$ 2,288	\$ 5,007	\$ 10,354
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION	24,200	2,515	5,917
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	(884)	17,483	-
CHANGES IN ASSETS, DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS:			
ACCOUNTS RECEIVABLE	32,898	(255)	(1,158)
DUE FROM OTHER FUNDS	(3,512)	(18,593)	-
DUE FROM OTHER GOVERNMENTS	(85,658)	263	(61)
OTHER RECEIVABLES	644	1,848	115
INVENTORIES	(508)	-	(40)
PREPAID ITEMS	(863)	56	509
ACCOUNTS PAYABLE AND OTHER LIABILITIES	23,349	3,295	1,489
SALARIES AND BENEFITS PAYABLE	1,846	22	-
DUE TO OTHER FUNDS	(1,611)	214	-
DUE TO OTHER GOVERNMENTS	-	294	-
ADVANCES FROM OTHERS	-	(145)	196
COMPENSATED ABSENCES PAYABLE	2,111	92	98
OTHER NON-CASH ITEMS	(4,384)	15,988	784
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (10,084)</u>	<u>\$ 28,084</u>	<u>\$ 18,203</u>
NONCASH CAPITAL AND FINANCING ACTIVITIES:			
LEASE PURCHASE OF CAPITAL ASSETS	\$ 1,682	\$ -	\$ -
DECREASE IN NOTES PAYABLE AND ACCRUED INTEREST FOR FORGIVENESS OF DEBT	-	-	5,665
CAPITAL ASSETS ACQUIRED TRANSFERRED FROM UPLAND HOUSING AUTHORITY	-	-	1,500
LONG-TERM LIABILITIES ASSUMED AS OBLIGATION TO THE CITY OF UPLAND	-	-	6,648
		BREAKDOWN OF CASH AND CASH EQUIVALENTS	
CASH AND CASH EQUIVALENTS	\$ 329,674	\$ 155,113	\$ 50,464
RESTRICTED CASH AND INVESTMENTS	47,402	61,305	5,528
TOTAL	<u>\$ 377,076</u>	<u>\$ 216,418</u>	<u>\$ 55,992</u>

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

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

**COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		GOVERNMENTAL ACTIVITIES
	TOTAL NONMAJOR ENTERPRISE FUNDS 6/30/2019	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS 6/30/2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH RECEIVED FROM PATIENT CARE AND SERVICES	\$ 11,555	\$ 612,306	\$ -
CASH RECEIVED FROM OPERATING GRANT FOR HOUSING	-	105,459	-
CASH PAYMENTS FOR HOUSING ASSISTANCE	-	(88,496)	-
CASH RECEIVED FROM OTHER FUNDS FOR INTERNAL SERVICES	-	-	263,092
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(9,473)	(282,050)	(161,963)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(5,083)	(314,017)	(50,391)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(3,001)	33,202	50,738
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
TAXES RECEIVED	3,429	3,429	-
GRANTS RECEIVED	3,759	46,402	23
TRANSFERS RECEIVED	5,489	36,076	1,275
TRANSFERS PAID	(33)	(13,731)	(2,406)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	12,644	72,176	(1,108)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(5,346)	(50,738)	(23,670)
CAPITAL GRANTS AND CONTRIBUTIONS	-	21,883	-
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	-	(1,345)	-
PRINCIPAL PAID ON BONDS AND NOTES	(163)	(26,079)	-
INTEREST PAID ON BONDS AND NOTES	(49)	(21,584)	-
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	4,966	826
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(5,558)	(72,897)	(22,844)
CASH FLOWS FROM INVESTING ACTIVITIES:			
INTEREST ON INVESTMENTS	1,994	10,691	12,267
INVESTMENTS ACTIVITY	-	(4,172)	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	1,994	6,519	12,267
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,079	39,000	39,053
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	44,671	661,236	354,713
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 50,750	\$ 700,236	\$ 393,766
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
OPERATING INCOME (LOSS)	\$ (5,150)	\$ 12,499	\$ (58)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION	3,882	36,514	14,043
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	593	17,192	27,942
CHANGES IN ASSETS, DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS:			
ACCOUNTS RECEIVABLE	454	31,939	5,313
DUE FROM OTHER FUNDS	-	(22,105)	250
DUE FROM OTHER GOVERNMENTS	(3,630)	(89,086)	10
OTHER RECEIVABLES	-	2,607	(17,650)
INVENTORIES	6	(542)	(295)
PREPAID ITEMS	-	(298)	2,096
ACCOUNTS PAYABLE AND OTHER LIABILITIES	746	28,879	15,397
SALARIES AND BENEFITS PAYABLE	3	1,871	391
DUE TO OTHER FUNDS	-	(1,397)	-
DUE TO OTHER GOVERNMENTS	91	385	(17)
ADVANCES FROM OTHERS	4	55	(8,745)
COMPENSATED ABSENCES PAYABLE	-	2,301	365
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	-	12,022
OTHER NON-CASH ITEMS	-	12,388	(326)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (3,001)	\$ 33,202	\$ 50,738
NONCASH CAPITAL AND FINANCING ACTIVITIES:			
LEASE PURCHASE OF CAPITAL ASSETS	\$ -	\$ 1,682	\$ -
DECREASE IN NOTES PAYABLE AND ACCRUED INTEREST FOR FORGIVENESS OF DEBT	-	5,665	-
CAPITAL ASSETS ACQUIRED TRANSFERRED FROM UPLAND HOUSING AUTHORITY	-	1,500	-
LONG-TERM LIABILITIES ASSUMED AS OBLIGATION TO THE CITY OF UPLAND	-	6,648	-

	BREAKDOWN OF CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS	\$ 50,750	\$ 586,001	\$ 393,766
RESTRICTED CASH AND INVESTMENTS	-	114,235	-
TOTAL	\$ 50,750	\$ 700,236	\$ 393,766

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

**COUNTY OF SAN BERNARDINO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019 (IN THOUSANDS)**

	<u>INVESTMENT TRUST FUND</u>	<u>PRIVATE- PURPOSE TRUST FUND</u>	<u>AGENCY FUNDS</u>
ASSETS			
CASH AND CASH EQUIVALENTS (NOTE 4)	\$ 3,462,538	\$ 5,872	\$ 682,424
ACCOUNTS RECEIVABLE - NET	-	-	18,667
TAXES RECEIVABLE	-	-	159,896
INTEREST RECEIVABLE	-	-	6,825
DUE FROM OTHER GOVERNMENTS	-	-	19,216
LAND HELD FOR RESALE	-	13,276	-
PREPAID ITEMS	-	545	-
RESTRICTED CASH AND CASH EQUIVALENTS	-	8,349	-
TOTAL ASSETS	<u>3,462,538</u>	<u>28,042</u>	<u>\$ 887,028</u>
LIABILITIES:			
DUE TO OTHER GOVERNMENTS	\$ -	\$ 89	\$ 887,028
INTEREST PAYABLE	-	1,434	-
BONDS AND NOTES PAYABLE			
DUE IN ONE YEAR	-	2,107	-
DUE AFTER ONE YEAR	-	73,832	-
TOTAL LIABILITIES	<u>-</u>	<u>77,462</u>	<u>\$ 887,028</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>632</u>	
NET POSITION			
NET (DEFICIT) HELD IN TRUST FOR PRIVATE PURPOSE	-	(50,052)	
NET POSITION HELD IN TRUST FOR POOL PARTICIPANTS	<u>3,462,538</u>	<u>-</u>	
NET POSITION (DEFICIT) HELD IN TRUST	<u>\$ 3,462,538</u>	<u>\$ (50,052)</u>	

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

COUNTY OF SAN BERNARDINO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)

	<u>INVESTMENT TRUST FUND</u>	<u>PRIVATE- PURPOSE TRUST FUND</u>
ADDITIONS:		
CONTRIBUTIONS:		
CONTRIBUTIONS ON POOLED INVESTMENTS	\$ 10,034,049	\$ -
REDEVELOPMENT AGENCY PROPERTY TAX TRUST FUND	-	7,925
OTHER REVENUES	-	487
TOTAL CONTRIBUTIONS	<u>10,034,049</u>	<u>8,412</u>
INTEREST AND INVESTMENT REVENUE:		
NET INCREASE IN FAIR VALUE OF INVESTMENTS	38,387	39
INTEREST INCOME ON CASH AND SECURITIES	<u>60,224</u>	<u>277</u>
TOTAL INTEREST AND INVESTMENT REVENUES	<u>98,611</u>	<u>316</u>
TOTAL ADDITIONS	<u>10,132,660</u>	<u>8,728</u>
DEDUCTIONS:		
DISTRIBUTION FROM POOLED INVESTMENTS	10,193,201	-
DISTRIBUTION AND OBLIGATION RETIREMENTS	-	4,330
ADMINISTRATIVE EXPENSES	-	259
TOTAL DEDUCTIONS	<u>10,193,201</u>	<u>4,589</u>
CHANGE IN NET POSITION	(60,541)	4,139
NET POSITION (DEFICIT) HELD IN TRUST, BEGINNING	<u>3,523,079</u>	<u>(54,191)</u>
NET POSITION (DEFICIT) HELD IN TRUST, ENDING	<u>\$ 3,462,538</u>	<u>\$ (50,052)</u>

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





SAN BERNARDINO
COUNTY



**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(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 below are included in the County's reporting entity:

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Inland Empire Public Facilities Corporation (IEPFC)* - A nonprofit public benefit corporation, formed on May 30, 1986, to serve the County by financing, refinancing, acquiring, constructing, improving, leasing and selling buildings, building improvements, equipment, land, land improvements, and any other real or personal property for the benefit of residents of the County. The Corporation is included in the reporting entity because it has the same governing board as the County, and there is a financial benefit or burden relationship with the County.
- *San Bernardino County Financing Authority (SBCFA)* - Created pursuant to a Joint Exercise of Powers Agreement dated May 16, 1966 as amended on July 1, 1982, and May 1, 1983, as amended and restated on March 27, 1989, and as amended on February 15, 1994. SBCFA provides financing for public capital improvements for the County, to acquire such public capital improvements, and to purchase certain underlying obligations issued by or on behalf of the County. The Authority is included in the reporting entity because it has the same governing board as the County, and there is a financial benefit or burden relationship with the County.
- *Housing Authority of the County of San Bernardino (Housing Authority)* – a public agency established in 1941, whose primary goal is to provide decent housing in a suitable living environment for families that cannot afford standard private housing such as economically disadvantaged or elderly individuals. It accomplishes this goal through various federal, state and other funded programs. The Housing Authority is included in the reporting entity because they have the same governing board and management as the County. The Authority has a September 30th year-end and the information incorporated into the County's financial statements is from September 30, 2018. Since it was determined that a common fiscal year-end is impractical, the County incorporates financial statements for the Housing Authority's fiscal year ending during the County's fiscal year in accordance with GASB 14, *Financial Reporting Entity*.

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

Discretely Presented Component Unit

FIRST 5 San Bernardino, formerly known as the Children and Families First Commission, was formed in 1998 under the California Health and Safety Code - Section 130100, Chapter 29 of Title 1 of the San Bernardino County Code, and the California Children and Families First Act of 1998. The Commission was created for the purpose of promoting, supporting and improving the early development of children from the prenatal stage to five years of age and is funded by allocations of California Proposition 10 Tobacco Tax. The FIRST 5 is a discretely presented component unit because its governing body is not substantially the same as the County's governing body, it does not provide services entirely or exclusively to the County, and the County has the ability to impose its will by appointing all of the Commissioners who serve at the pleasure of the San Bernardino County Board of Supervisors.

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and fund financial statements

The basic financial statements consist of the following:

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

The County reports the following major governmental funds:

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County reports the following major enterprise funds:

- *Medical Center* accounts for the operation of Arrowhead Regional Medical Center inpatient and outpatient care operations, including emergency room services and indigent care to County residents. The fund is financed primarily by patient care services. Separately issued financial statements for the County Medical Center can be obtained from the Auditor-Controller/Treasurer/Tax Collector's Office at 268 W. Hospitality Lane, San Bernardino, CA 92415-0018.
- *Waste Systems Division* accounts for refuse disposal services provided to the public by five landfill sites. The waste disposal program is financed by funds derived from gate fees at the San Bernardino Valley landfill sites and from land use fees charged to property owners in both the mountain and desert areas.
- *Housing Authority* accounts for the activities of the Housing Authority of the County of San Bernardino, a blended component unit of the County. Housing Authority provides various types of housing assistance to low and moderate income residents of San Bernardino County. Housing Authority's fiscal year-end was September 30, 2018.

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

- *Internal Service Funds* account for central services group that provides services to other departments or agencies of the County on a cost reimbursement basis. Central services group includes printing services, surplus property, central mail, telecommunication services, computer operations, business solutions development, fleet management, risk management, and flood control equipment operations.
- The *Investment Trust Fund* accounts for the external portion of 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/Treasurer/Tax Collector 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 San Bernardino Countywide Oversight Board comprised of representatives per Health and Safety Code 34179(j) 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 is responsible for continuing to pay and meet the former Redevelopment Agency's enforceable obligations, overseeing completion of redevelopment projects, disposing of assets and properties of the former Redevelopment Agency, as directed and approved by the San Bernardino Countywide Oversight Board. 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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- The *Agency Funds* are custodial in nature and do not involve measurement of results of operations. Such funds primarily account for assets held by the County in an agency capacity pending transfer or distribution to individuals, private organizations, other governmental agencies, or other funds.

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

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable, earned, 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, 2019
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(a) Cash and Cash Equivalents

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

(b) Investments

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

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

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

(c) Land Held for Resale

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

(d) Inventories and Prepaid Items

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred outflows of resources are a consumption of net position that is applicable to a future reporting period and deferred inflows of resources are an acquisition of net position that is applicable to a future reporting period. A deferred outflows of resources has a positive effect on net position, similar to assets, and a deferred inflows of resources has a negative effect on net position, similar to liabilities. The County has certain items, which qualify for reporting as deferred outflows of resources (Note 9, Note 19 and Note 20) and deferred inflows of resources (Note 16, Note 19 and Note 20).

(f) Capital Assets

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

Such assets are recorded at historical cost or estimated historical cost if purchased or developed. Donated capital assets are recorded at acquisition value (an entry price) at the date of donation.

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

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

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

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

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

(g) Employee Compensated Absences

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Termination Benefits

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

(i) Pollution Remediation Obligations

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

(j) Long-term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term liabilities 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, with the exception of prepaid bond insurance. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

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

(k) Pensions

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U.S. generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used for the pension plans:

	<u>County's Pension Plan</u>	<u>Housing Authority's Pension Plan</u>
Actuarial Valuation Date:	June 30, 2018	June 30, 2017
Measurement Date:	June 30, 2018	June 30, 2018
Measurement Period:	July 1, 2017 to June 30, 2018	July 1, 2017 to June 30, 2018
Reporting Date	June 30, 2019	September 30, 2018

(l) Other Post-Employment Benefits

For purposes of measuring the net other post-employment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Housing Authority's OPEB plan, the assets of which are held by Public Agency Retirement Services (PARS), and additions to/deductions from the OPEB plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms, and investments are reported at fair value.

U.S. generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used for the Housing Authority's OPEB plan:

Reporting Date	September 30, 2018
Valuation Date:	October 1, 2016
Measurement Date:	September 30, 2017
Measurement Period:	October 1, 2016 to September 30, 2017

(m) Interfund Transactions

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Net Position/Fund Balances

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

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

At June 30, 2019, the County reported restricted net position of \$1,322,967 in the Governmental Activities restricted for the following purposes:

Restricted for:	Amount
Grants and Other County Programs:	
State Realignment Funds	\$ 439,979
Teeter Plan	15,987
Other Grants and Programs	865,227
Perpetual Care - Nonexpendable	1,774
	\$ 1,322,967

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 4) *Assigned Fund Balance*: Amounts are constrained by the government's intent to be used for specific purposes that are neither restricted nor committed. The intent will be expressed by the body or official to which the governing body has delegated the authority, i.e. the County Administrative Office. The County Administrative Office will assign fund balance for specific departmental projects through the use of the respective department's general fund savings.
- 5) *Unassigned Fund Balance*: The general fund, as the principal operating fund, often has net resources in excess of what can properly be classified in one of the four categories already described. Therefore, in order to calculate unassigned fund balance, total fund balance less nonspendable, restricted, committed, or assigned equals unassigned fund balance. This amount is available for any purpose and will be placed in either the general purpose reserve, general fund – mandatory contingencies or the general fund - uncertainties contingencies until allocated for a specific purpose by the Board, by a four-fifths vote. Negative equity in all other governmental funds is reflected as unassigned.

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

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

(o) Fund Balance and Reserve Policy

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

General Purpose Reserve and Mandatory Contingencies Reserve

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

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The remaining unassigned fund balance amount not allocated to the general purpose reserve or mandatory contingencies reserve will be included in uncertainties contingencies reserve.

Fund Balance Spend Down and Replenishment Procedure

Use of unassigned fund balance will be limited to nonrecurring expenditures, debt reduction, one-time capital costs or emergency situations (such as economic conditions or natural disasters). The County generally will use the uncertainties contingencies reserve first, then the mandatory contingencies and finally the general purpose reserve allocation when using the unassigned fund balance.

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

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

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

As of June 30, 2019, the County's general purposes reserve is \$119,208 which is included in the unassigned fund balance as determined by the fund balance policy.

(p) 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 2018-19 taxable assessed valuation of the County of San Bernardino was \$220,714,465.

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(q) Use of Estimates

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

(r) Implemented Accounting Pronouncements

During fiscal year 2019, the County adopted the following Governmental Accounting Standards Board (GASB) Statements:

GASB 83 – Certain Asset Retirement Obligations

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement is effective for the fiscal year ended June 30, 2019. The County has implemented this Statement as of July 1, 2018. The adoption of this statement did not have a material impact on the financial statements.

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

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The Objective of this Statement is to improve the information that is disclosed in notes to governments financial statements related to debt, including direct borrowings and direct placements. The requirements of this Statement is effective for the fiscal year ended June 30, 2019. The County has implemented this Statement as of July 1, 2018 and the changes have been reflected in the statements.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(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 Deferred Outflows Deferred Inflows and Liabilities (1)	Internal Service Funds (2) (Page 45)	Eliminations	Statement of Net Position Totals (Page 36)
Assets and Deferred Outflows of Resources					
Assets:					
Cash and Cash Equivalents	\$ 2,232,440	\$ -	\$ 393,766	\$ -	\$ 2,626,206
Investments	1,211	-	-	-	1,211
Accounts Receivable - Net	4,596	-	1,452	-	6,048
Taxes Receivable	34,315	-	-	-	34,315
Interest Receivable	40,033	-	-	-	40,033
Loans Receivable	33,146	-	-	-	33,146
Other Receivables	4,643	-	17,650	-	22,293
Due from Other Funds	84,690	-	822	(85,512)	-
Due from Other Governments	384,436	-	1,318	-	385,754
Internal Balances	-	-	-	(2,479)	(2,479)
Land Held for Resale	50,038	-	-	-	50,038
Inventories	1,569	-	4,412	-	5,981
Prepaid Items	7,897	-	1,619	(760)	8,756
Interfund Receivable	25,079	-	-	(25,079)	-
Restricted Cash and Investments	13,951	-	-	-	13,951
Land	-	141,516	894	-	142,410
Land Use Rights - Not Amortized	-	25,460	-	-	25,460
Development In Progress	-	309,497	10,381	-	319,878
Land Use Rights - Amortized	-	-	-	-	-
Structures, Improvements, and Infrastructure	-	2,858,578	27,433	-	2,886,011
Equipment and Software	-	347,589	124,645	-	472,234
Accumulated Depreciation and Amortization	-	(1,673,487)	(99,658)	-	(1,773,145)
Total Assets	2,918,044	2,009,153	484,734	(113,830)	5,298,101
Deferred Outflows of Resources:					
Bond Refunding	-	1,040	-	-	1,040
Pensions	-	733,835	23,402	-	757,237
Total Deferred Outflows of Resources	-	734,875	23,402	-	758,277
Total Assets and Deferred Outflows of Resources	\$ 2,918,044	\$ 2,744,028	\$ 508,136	\$ (113,830)	\$ 6,056,378
Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position					
Liabilities:					
Accounts Payable and Other Current Liabilities	\$ 135,760	\$ -	\$ 8,207	\$ -	\$ 143,967
Salaries and Benefits Payable	108,967	-	3,411	-	112,378
Due to Other Funds	91,157	-	19,814	(110,971)	-
Due to Other Governments	32,780	-	231	-	33,011
Interest Payable	29	7,347	-	-	7,376
Advances from Others	19,244	-	760	(760)	19,244
Interfund Payable	2,099	-	-	(2,099)	-
Compensated Absences Payable	-	187,158	7,931	-	195,089
Termination Benefits Payable	-	32	-	-	32
Bonds and Notes Payable	-	535,200	-	-	535,200
Premium	-	197	-	-	197
Discount	-	(15,489)	-	-	(15,489)
Capital Lease Obligations	-	903	-	-	903
Estimated Liability for Litigation and Self-Insured Claims	-	-	287,658	-	287,658
Net Pension Liability	-	1,811,609	43,208	-	1,854,817
Total Liabilities	390,036	2,526,957	371,220	(113,830)	3,174,383
Deferred Inflows of Resources:					
Unavailable Revenues	75,207	(75,207)	-	-	-
Bond Refunding	-	144	-	-	144
Pensions	-	214,984	8,251	-	223,235
Total Deferred Inflows of Resources	75,207	139,921	8,251	-	223,379
Fund Balance/Net Position	2,452,801	77,150	128,665	-	2,658,616
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position	\$ 2,918,044	\$ 2,744,028	\$ 508,136	\$ (113,830)	\$ 6,056,378

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(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	\$	141,516
Land Use Rights - not being amortized		25,460
Development in Progress		309,497
Land Use Rights - being amortized		-
Structures, Improvements, and Infrastructure		2,858,578
Equipment and Software		347,589
Accumulated Depreciation and Amortization		<u>(1,673,487)</u>
		<u>\$ 2,009,153</u>
(1) Receivables are not available to pay for current-period expenditures and are therefore deferred in the governmental funds.	\$	<u>75,207</u>
		<u>\$ 75,207</u>
(1) Interest Payable		<u>\$ (7,347)</u>
(1) Deferred outflows and inflows of resources are applicable to future periods and therefore are not reported in the funds.		
Deferred Outflows of Resources - Bond Refunding	\$	1,040
Deferred Outflows of Resources - Pensions		733,835
Deferred Inflows of Resources - Bond Refunding		(144)
Deferred Inflows of Resources - Pensions		<u>(214,984)</u>
		<u>\$ 519,747</u>
(1) Long-term liabilities, including bonds payable, that are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences Payable	\$	(187,158)
Termination Benefits Payable		(32)
Bonds and Notes Payable		(535,200)
Premium		(197)
Discount		15,489
Capital Lease Obligations		(903)
Net Pension Liability		<u>(1,811,609)</u>
		<u>\$ (2,519,610)</u>
(2) Internal service funds that are used by management to charge the costs of general services, telecommunication services, computer operations, fleet management, risk management, and flood control equipment to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		<u>\$ 128,665</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, 2019
(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, 2019, expenditures exceeded appropriations in the public ways and facilities of the general fund by \$80 and in the public assistance of other special revenue funds by \$42. These over expenditures were funded by available fund balance.

(c) Reconciliation of Budgetary Basis to GAAP Basis

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

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

	General Fund
Fund balance - budgetary basis	\$ 1,133,208
Outstanding encumbrances for budgeted funds	66,989
Fund balance - GAAP basis	\$ 1,200,197

NOTE 4 – CASH AND INVESTMENTS

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

State law requires that all operating monies of the County, school districts, and certain special districts be held by the County Treasurer. The net position value associated with legally mandated external participants in the investment pool was \$3,219,478 at June 30, 2019.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2019, the fair value of the County investment pool was \$6.9 billion. Approximately 15% of the County pool is attributable to the County General Fund, with the remainder of the balance comprised of other county funds, component units, school districts and special districts. Additionally, as of June 30, 2019, \$243,060 of the amounts deposited in the County pool was attributable to depositors who are not required to, but choose to, invest in the County pool. These include independent special districts, State Trial Court, and other governmental agencies. The deposits held for both involuntary and voluntary external participants are reported in the Investment Trust Fund.

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

The County has not produced or provided any letters of credit or legal binding guarantees as supplemental support of the pool values during the year ended at June 30, 2019. 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 2019 was 2.10%.

A summary of the total cash and investments as of June 30, 2019 is as follows:

Investment Type	Cost	Fair Value	Interest Rate Range	Maturity Range	Average Maturity (days)
U.S. Treasury Securities	\$ 1,806,361	\$ 1,820,810	1.13% - 2.66%	09/15/19 - 08/31/23	653
U.S. Government Agencies	1,786,458	1,802,667	1.05% - 3.21%	07/24/19 - 02/13/24	504
Negotiable Certificates of Deposit	780,000	779,620	1.29% - 3.00%	07/01/19 - 07/01/20	67
Commercial Paper	833,971	838,273	2.30% - 2.97%	07/01/19 - 11/01/19	37
Medium-Term Notes	270,270	272,447	1.14% - 3.50%	08/08/19 - 05/23/22	630
Insured Placement Service Accounts	50,000	50,000	2.37%	07/01/19	1
JPA Investment Pools	200,000	200,000	2.45%	07/01/19	1 ^A
Money Market Mutual Funds	385,000	385,000	2.24% - 2.44%	07/01/19	1 ^B
Supranational Securities	676,648	680,319	0.94% - 3.06%	07/25/19 - 10/04/23	440
Asset-Backed Securities	69,496	70,063	2.52% - 2.92%	09/20/21 - 08/15/23	1,169
Total County's Pooled Investments	6,858,204	6,899,199			
Investments Held Outside County Pool:					
State and Local Municipal Bonds	64,712	63,297	4.00% - 5.00%	07/01/19 - 02/01/35	649
Money Market Mutual Funds	118,122	118,122	N/A	N/A	N/A ^C
Local Agency Investment Fund	10,557	10,557	2.16%	N/A	N/A ^D
Total Investments Held Outside County Pool	193,391	191,976			
Total Investments	\$ 7,051,595	7,091,175			
Cash in Bank:					
Cash Equivalents and Demand Deposits (County)		455,114			
Cash Equivalents and Demand Deposits (Housing Authority)		45,435			
Total Cash in Bank		500,549			
Total Cash and Investments		\$ 7,591,724			

^A Weighted Average Maturity (WAM) of JPA Investment Pools held by the County Pool on 6/30/19 was 54 days.

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

^B WAM of Money Market Mutual Funds held by the County Pool on 6/30/19 was 27 days.

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

^C WAM of Money Market Mutual Funds held outside the County Pool on 6/30/19 was 20 days.

^D Weighted Average Life (WAL) of the Local Agency Investment Fund (LAIF) balances held outside the County Pool (Housing Authority) on 9/30/18 was 193 days (LAIF does not report WAM).

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

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

Investment Type	Maximum Maturity		Maximum % of Pool		Maximum % Per Issuer		Minimum Rating ^{A, B}	
	CGC	Investment Policy	CGC	Investment Policy	CGC	Investment Policy	CGC	Investment Policy ^C
U.S. Treasury Securities	5 years	5 years & 6 months ^D	None	None	None	None	None	None
U.S. Government Agencies	5 years	5 years & 6 months ^D	None	None	None	None	None	None
Negotiable Certificates of Deposit	5 years	3 years	30%	30%	None	5%	None	A-1/P-1/F1/A-/A3
Collateralized Certificates of Deposit	5 years	1 year	None	10%	None	None	None	None
Commercial Paper	270 days	270 days	40%	40%	10%	5%	A-1/A	A-1/P-1/F1
Repurchase Agreements	1 year	180 days	None	40%	None	None	None	None
Reverse Repurchase Agreements	92 Days ^E	92 Days ^E	20%	10%	None	None	None ^F	None ^F
Municipal Debt	5 years	5 years	None	10%	None	None	None	AAA by 2 NRSROs
Medium-Term Corporate Notes	5 years	38 months	30%	10%/20% ^G	None	200MM, 5% ^H	A	A- by 2 NRSROs
Insured Placement Service Accounts	5 years	Immediate liquidity	30%	5%	None	100MM, 100MM ^I	None	Not applicable
JPA Investment Pools	Not applicable	Immediate liquidity	None	5%	None	300MM	None	AAAm
Money Market Mutual Funds	Not applicable	Immediate liquidity	20%	15%	None	10%	AAAm by 2 NRSROs	AAAm by 2 NRSROs
Supranational Securities	5 years	5 years	30%	30%	None	None	AA	AA
Asset-Backed Securities	5 years	5 years	20%	10%	None	200MM, 5% ^H	A/AA	A/AA

Footnote:

- ^A Minimum credit rating categories are without regard to ratings modifiers (+/-). Short-term rating appears before long-term rating.
^B Standard & Poor's Ratings (quoted) or its equivalent nationally recognized statistical rating organization (NRSRO) rating or better.
^C The County uses the credit ratings issued by the following nationally recognized statistical rating organizations: Standard & Poor's Ratings Services, Moody's Investors Service, and Fitch Ratings.
^D California Government Code Section 53601 allows for purchases of Treasury and Agency securities beyond 5 years with approval of the Board of Supervisors.
^E May exceed 92 days if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale and final maturity dates of the same security.
^F Must have held the securities used for the agreements for at least 30 days.
^G Maximum portfolio Medium-Term Corporate Note exposure is 20%, with a limit of 10% on maturities over 13 months.
^H Maximum \$200MM par value of any one issuer, subject to 5% overall corporate issuer limit.
^I FICA accounts balances are fully covered by FDIC insurance. Term deposits are not permitted. Maximum \$100MM per selected depository institution. Maximum \$100MM per placement service.

Fair value measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County has the ability to access.

Level 2 — Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the County's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the County's own data.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by the County's management. County management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to County management's perceived risk of that investment.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Deposits and withdrawals in governmental investment pools, such as LAIF and JPA Investment Pools, guaranteed investment agreements and insured placement service accounts are made on the basis of \$1 and not fair value. Accordingly, the fair value of the County's proportionate share in these types of investments is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

The following is a description of the valuation methods and assumptions used by the County to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at June 30, 2019. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. County management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

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

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

The valuation of 2a7 Money Market Mutual funds held by the pool is at one-dollar net asset value (NAV) per share. The total fair value of these at June 30, 2019 was \$385,000, with \$0 unfunded commitments. The redemption frequency is daily and redemption notice period of intra-daily. This type of investment primarily invests in short term U.S Treasury and government securities (including repurchase agreements collateralized by U.S. Treasury and government agency securities).

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

The valuation of 2a7 Money Market Mutual funds held outside the pool at one-dollar net asset value (NAV) per share was \$59,419 at June 30, 2019. The total fair value of 2a7 Money Market Mutual Funds held outside the pool subject to floating NAV was \$58,703 at June 30, 2019. The total fair value of these at June 30, 2019 was \$118,122, with \$0 unfunded commitments. The redemption frequency is daily and redemption notice period of intra-daily. This type of investment primarily invests in short term U.S Treasury, government securities (including repurchase agreements collateralized by U.S. Treasury and government agency securities), agency mortgage-backed securities, and short term high quality municipal obligations that provide income exempt from federal and California state income tax and federal alternative minimum tax.

As of June 30, 2019, the County has the following recurring fair value measurements:

	Balance at June 30, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
County's Pooled Investment:				
U.S. Treasury Securities	\$ 1,820,810	\$ 1,820,810	\$ -	\$ -
U.S. Government Agencies	1,802,667	-	1,802,667	-
Negotiable Certificates of Deposit	779,620	-	779,620	-
Commercial Paper	838,273	-	838,273	-
Medium-Term Notes	272,447	-	272,447	-
Supranational Securities	680,319	-	630,355	49,964
Asset-Backed Securities	70,063	-	70,063	-
Total County's Pooled Investments by Fair Value Level	6,264,199	\$ 1,820,810	\$ 4,393,425	\$ 49,964
Investments Held Outside County Pool by Fair Value Level:				
State and Local Municipal Bonds	63,297	\$ -	\$ 63,297	\$ -
Total Investments Held Outside County Pool by Fair Value Level	63,297	\$ -	\$ 63,297	\$ -
Uncategorized Investments				
Uncategorized Investments Held in County's Pool:				
Insured Placement Service Accounts	50,000			
JPA Investment Pools	200,000			
Total Uncategorized Investments Held in County's Pool	250,000			
Uncategorized Investments Held Outside County's Pool:				
Local Agency Investment Fund	10,557			
Total Uncategorized Investments Held Outside County's Pool	10,557			
Investments Measured at the Net Asset Value (NAV)				
County's Pooled Investments Measured at the Net Asset Value (NAV):				
Money Market Mutual Funds	385,000			
Investments Held Outside County Pool Measured at the Net Asset Value (NAV):				
Money Market Mutual Funds	118,122			
Total Investments	\$ 7,091,175			

Investments authorized by debt agreements

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

Investment credit risk

Investment credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. Generally accepted accounting principles requires the disclosure of credit quality ratings for investments in debt securities as well as investments in external investment pools, money market funds, and other pooled investments of fixed income securities.

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

As of June 30, 2019, all investments held by the County Pool were within policy limits.

Investment Type	S&P Rating *	Moody's Rating *	Fitch Rating *	Maximum Allowed % of Portfolio	Individual Issuer Limitations	Weighted % of Pool
U.S. Treasury Securities	AA+	Aaa	AAA	None	None	26.40%
U.S. Government Agencies	AA+	Aaa	AAA	None	None	17.73%
U.S. Government Agencies	AA+	Aaa	NR	None	None	8.39%
Negotiable Certificates of Deposit	A+	Aa3	AA-	30%	5%	0.72%
Negotiable Certificates of Deposit	A-1	P-1	F1+	30%	5%	2.46%
Negotiable Certificates of Deposit	A-1+	P-1	F1+	30%	5%	8.12%
Commercial Paper	A-1	P-1	F1	40%	5%	7.82%
Commercial Paper	A-1	P-1	F1+	40%	5%	1.81%
Commercial Paper	A-1+	P-1	F1	40%	5%	1.66%
Commercial Paper	A-1+	P-1	NR	40%	5%	0.87%
Medium-Term Notes	A+	Aa2	AA-	10%/20%	\$200MM, 5%	0.22%
Medium-Term Notes	AA+	Aaa	NR	10%/20%	\$200MM, 5%	0.07%
Medium-Term Notes	AAA	Aaa	AAA	10%/20%	\$200MM, 5%	0.04%
Medium-Term Notes	A	A2	A	10%/20%	\$200MM, 5%	0.22%
Medium-Term Notes	A+	Aa2	AA	10%/20%	\$200MM, 5%	0.29%
Medium-Term Notes	AA	Aa2	AA	10%/20%	\$200MM, 5%	0.50%
Medium-Term Notes	AA-	A1	AA-	10%/20%	\$200MM, 5%	1.20%
Medium-Term Notes	AA-	A1	NR	10%/20%	\$200MM, 5%	0.25%
Medium-Term Notes	AA-	Aa3	A+	10%/20%	\$200MM, 5%	0.29%
Medium-Term Notes	AAA	Aaa	AA+	10%/20%	\$200MM, 5%	0.86%
Insured Placement Service Accounts	NR	NR	NR	5%	\$100MM, \$100MM	0.72%
JPA Investment Pools	AAAm	NR	NR	5%	\$300MM	2.90%
Money Market Mutual Funds	AAAm	Aaa	AAA	15%	10%	0.01%
Money Market Mutual Funds	AAAm	Aaa	NR	15%	10%	5.57%
Supranational Securities	A-1+	P-1	F1+	30%	None	2.28%
Supranational Securities	AAA	Aaa	AAA	30%	None	7.22%
Supranational Securities	AAA	Aaa	NR	30%	None	0.36%
Asset-Backed Securities	AAA	Aaa	NR	10%	\$200MM, 5%	0.42%
Asset-Backed Securities	AAA	NR	AAA	10%	\$200MM, 5%	0.15%
Asset-Backed Securities	NR	Aaa	AAA	10%	\$200MM, 5%	0.45%

* NA = Not Applicable, NR = Not Rated

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

The County's investments held outside County Pool were rated as of June 30, 2019 as follows:

<u>Investment Type</u>	<u>S&P Rating *</u>	<u>Moody's Rating *</u>	<u>Fitch Rating *</u>	<u>Weighted % of Investments</u>
Local Agency Investment Fund (Housing Authority)	NR	NR	NR	5.50%
Municipal Bonds	A	A1	A+	2.14%
Municipal Bonds	A+	Aa3	AA-	2.10%
Municipal Bonds	AA	Aa1	AA+	0.89%
Municipal Bonds	AA	Aa1	NR	1.09%
Municipal Bonds	AA	Aa2	AA+	2.13%
Municipal Bonds	AA-	Aa3	AA-	2.14%
Municipal Bonds	AA+	Aa1	AA	2.11%
Municipal Bonds	AA+	Aa1	NR	1.96%
Municipal Bonds	AA+	Aaa	AA+	1.90%
Municipal Bonds	AAA	Aa1	AAA	2.11%
Municipal Bonds	AAA	Aaa	NR	2.10%
Municipal Bonds	NR	Aa3	NR	1.57%
Municipal Bonds	AA+	Aa1	AA+	3.73%
Municipal Bonds	AAA	Aaa	AAA	7.00%
Mutual Funds	AAA	Aaa	NR	26.59%
Mutual Funds	AAA	Aaa	AAA	4.36%
Mutual Funds	NR	NR	NR	30.58%

* NR = Not Rated

Concentration of credit risk

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

Generally accepted accounting principles requires disclosure of investments by amount and issuer that represent five-percent or more of total investments held. This requirement excludes investments issued or explicitly guaranteed by the United States Government, investments in mutual funds, external investment pools, and other pooled investments.

As of June 30, 2019, the following issuers represented more than five-percent of the County's Pooled Investment balance:

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Federal National Mortgage Assoc (FNMA)	\$ 631,986	8.88%
Federal Home Loan Bank (FHLB)	579,168	8.13%
International Bank of Reconstruction and Development	502,848	7.06%

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.

Generally accepted accounting principles requires that *interest rate risk* be disclosed using a minimum of one of five approved methods, which are: *segmented time distribution, specific identification, weighted average maturity, duration, and simulated model*.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

The County manages its exposure to interest rate risk by carefully matching cash flows and maturing positions to meet expenditures, limiting 40% of the County Pool to maturities of one year or less, and by maintaining an overall Duration-to-Maturity of 2.0 or less. Modified Duration, which the County uses, is a measure of a fixed income's cash flow using present values, weighted for cash flows as a percentage of the investments full price. The modified duration of the total pooled investment at June 30, 2019 is 1.12. Effective Duration makes assumptions based on current market conditions regarding the most likely timing and amounts of variable cash flows arising from such investments as callable bonds. Duration-to-Maturity assumes that all securities in the portfolio, including callable and floating rate notes, are held to final maturity.

California Law and where more restrictive, the San Bernardino County Pool Investment Policy, place limitations on the maximum maturity of investments to be purchased by sector (see schedule). As of June 30, 2019, all investments held by the County Pool were within policy limits.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Range (days)</u>	<u>Maturity Limits</u>	<u>Modified Duration</u>
U.S. Treasury Securities	\$ 1,820,810	77 - 1,523	2,007 days	2.03
U.S. Government Agencies	1,802,667	24 - 1,689	2,007 days	1.51
Negotiable Certificates of Deposit	779,620	1 - 367	1,095 days	0.20
Commercial Paper	838,273	1 - 124	270 days	0.08
Medium-Term Corporate Notes	272,447	39 - 1,058	1,156 days	1.52
Insured Placement Service Accounts	50,000	1	Immediate liquidity	0.01
JPA Investment Pools	200,000	1	Immediate liquidity	0.01
Money Market Mutual Funds	385,000	1	Immediate liquidity	0.01
Supranational Securities	680,319	25 - 1,557	1,825 days	1.07
Asset-Backed Securities	70,063	813 - 1,507	1,825 days	1.53
Total County's Pooled Investments	<u><u>\$ 6,899,199</u></u>			

Weighted average maturity of the investments held outside the County Pool, as of June 30, 2019 is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
State and Local Municipal Bonds	\$ 63,297	1.78
Money Market Mutual Funds	118,122	0.01
Local Agency Investment Fund	10,557	0.00
Total Investments Held Outside County Pool	<u><u>\$ 191,976</u></u>	

Custodial credit risk

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 4 – CASH AND INVESTMENTS (CONTINUED)

California Law requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure County deposits by pledging a letter of credit from the Federal Home Loan Bank of San Francisco having a value of 105% of the secured public deposits, as per CGC Sections 53651(p), 53651.6 & 53652(c).

As of June 30, 2019, the carrying amount of the County's deposits was \$500,549 and the corresponding bank balance was \$390,288, of which both balances include \$225,481 in a certain negotiable order of withdrawal account. The difference of \$110,261 was primarily due to outstanding warrants, wires and deposits in transit. Of the bank balances, \$1,750 was insured by FDIC depository insurance and the remainder was collateralized, as required by California Government Code Section 53652.

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

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

As of June 30, 2019, Cash and Investments are classified in the accompanying financial statements as follows:

	Total Governmental Activities	Total Business-type Activities	Total Fiduciary Funds	Discretely Presented Component Unit	Total
Cash and Investments	\$ 2,627,417	\$ 586,001	\$ 4,150,834	\$ 90,937	\$ 7,455,189
Restricted Cash and Investments	13,951	114,235	8,349	-	136,535
Total Cash and Investments	\$ 2,641,368	\$ 700,236	\$ 4,159,183	\$ 90,937	\$ 7,591,724

The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2019:

Statement of Net Position	
Equity of internal pool participants	\$ 3,436,661
Equity of external pool participants:	
Voluntary	243,060
Involuntary	3,219,478
Total Net Position held for pool participants	\$ 6,899,199
Statement of Changes in Net Position	
Net Position at July 1, 2018	\$ 6,782,885
Net change in investments by pool participants	116,314
Net Position at June 30, 2019	\$ 6,899,199

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 5 – RECEIVABLES

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

Governmental Activities:

	Accounts	Taxes	Interest	Loans	Other Receivables	Due From Other Governments	Total Governmental Activities
General Fund	\$ 2,629	\$ 25,423	\$ 35,879	\$ 32,326	\$ 3,942	303,325	\$ 403,524
Less Allowance for Doubtful Accounts	(35)	-	-	-	-	-	(35)
Capital Improvement Fund	-	-	1,071	-	-	296	1,367
Nonmajor Governmental Funds	2,538	8,892	3,083	820	701	80,815	96,849
Less Allowance for Doubtful Accounts	(536)	-	-	-	-	-	(536)
Internal Service Funds	1,452	-	-	-	17,650	1,318	20,420
Total Governmental Activities Receivables	\$ 6,048	\$ 34,315	\$ 40,033	\$ 33,146	\$ 22,293	\$ 385,754	\$ 521,589

Business-Type Activities:

	Accounts	Taxes	Interest	Loans	Other Receivables	Due From Other Governments	Total Business- Type Activities
Medical Center	\$ 207,577	\$ -	\$ 61	\$ -	\$ 1,028	\$ 109,637	\$ 318,303
Less Allowance for Doubtful Accounts	(178,711)	-	-	-	-	-	(178,711)
Waste Systems Division	11,617	-	-	-	27,415	1,501	40,533
Less Allowance for Doubtful Accounts	(560)	-	-	-	(150)	-	(710)
Housing Authority	2,398	-	818	8,886	2,887	689	15,678
Less Allowance for Doubtful Accounts	(250)	-	-	-	-	-	(250)
Nonmajor Enterprise Funds	2,134	167	-	-	149	3,660	6,110
Total Business-Type Activities Receivables	\$ 44,205	\$ 167	\$ 879	\$ 8,886	\$ 31,329	\$ 115,487	\$ 200,953

Due From Other Governments

At June 30, 2019, the Governmental Funds accrued \$384,436 of receivables from other governments, of which, \$257,543 was due from the State of California. Of the amount owed by the State, \$98,539 was for health care services, \$41,357 was for public social services, \$36,820 was for motor vehicle license fees and sales tax monies, and the remaining \$76,343 was for other services. The remaining amount of \$126,893 was due from the federal government and other governmental agencies.

Loans Receivable

The loans receivable balance in the Governmental Activities is \$33,146, of this amount, \$15,316 represents the receivable under the Teeter Plan, \$820 is due from other various agencies, \$13,357 represents a County loan to the Adelanto Successor Agency, and \$3,653 represents a County loan to the County Redevelopment Successor Agency. The loans receivable balance in the Business-Type Activities is \$8,886, this amount represents various loans and note agreements with related parties of the Housing Authority.

Interest Receivable

Of the \$40,033 interest receivable reported in the Governmental Activities column of the statement of net position, \$24,788 is due from the Adelanto City Redevelopment Successor Agency.

Other Receivables

The \$22,293 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, insurance recoveries and redemption interest related to receivable under the Teeter Plan. The other receivables in the Business-Type Activities total \$31,329. The majority of the \$27,265 reported in the Waste Systems Division represents insurance recoveries related to the Mid-Valley Landfill Perchlorate pollution remediation activities.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 6 – INTERFUND TRANSACTIONS

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

Due To/From Other Funds at June 30, 2019 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 42,062
	Capital Improvement Funds	959
	Medical Center	11
	Waste Systems	68
	Internal Service Funds	798
	Nonmajor Enterprise Funds	41
		<u>43,939</u>
Capital Improvement Fund	General Fund	4,760
	Nonmajor Governmental Funds	3,481
	Internal Service Funds	252
	Nonmajor Enterprise Funds	54
	<u>8,547</u>	
Nonmajor Governmental Funds	General Fund	29,464
	Nonmajor Governmental Funds	2,055
	Medical Center	2
	Waste Systems	279
	Internal Service Funds	64
	Housing Authority*	104
	Nonmajor Enterprise Funds	236
	<u>32,204</u>	
Medical Center	General Fund	6,808
	Nonmajor Governmental Funds	70
	<u>6,878</u>	
Waste Systems	General Fund	17
	Nonmajor Governmental Funds	18
	Capital Improvement Funds	22
	Internal Service Funds	18,694
	<u>18,751</u>	
Housing Authority *	General Fund	598
		<u>598</u>
Nonmajor Enterprise Funds	General Fund	70
		<u>70</u>
Internal Service Funds	General Fund	355
	Nonmajor Governmental Funds	405
	Capital Improvement Funds	13
	Medical Center	16
	Internal Service Funds	6
	Nonmajor Enterprise Funds	27
	<u>822</u>	
	<u>Total</u>	<u>\$ 111,809</u>

* This transaction occurred in May 2019. As such, this amount was not included in the HACS Statement of Net Position due to its fiscal year ended September 30, 2018.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 6 – INTERFUND TRANSACTIONS (CONTINUED)

The Due To/From Other Funds balances primarily result from a time lag between the dates that goods and services are provided or reimbursable expenditures occur and payments between funds are made or transfers post in the system.

Interfund Receivable/Payable at June 30, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 544
	Nonmajor Enterprise Funds	5,600
		<u>6,144</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,555
	Housing Authority	17,130
	Nonmajor Enterprise Funds	250
		<u>18,935</u>
	Total	<u>\$ 25,079</u>

These amounts represent noncurrent interfund loans (advances) between funds and blended component units of the County for the purpose of financing cash flow needs. Interfund loans are expected to be repaid within a reasonable period of time. The \$5,600 is an amount loan from the general fund to County Service Area 70 Zone W-4 to provide cash flow for the water pipeline project. The \$17,130 is an amount loaned from the Economic and Community Development to the Housing Authority for a variety of housing related projects.

Transfers To/From Other Funds for the year ended June 30, 2019 reflect funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following schedule briefly summarizes the County's transfer activity:

Transfers In/Out

(a) Between Governmental and Business-type Activities:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Medical Center	\$ 30,587
		<u>30,587</u>
Medical Center	Nonmajor Governmental Funds	11,529
		<u>11,529</u>
Waste Systems	Nonmajor Governmental Funds	2,169
		<u>2,169</u>
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	27
	Capital Improvement Funds	60
		<u>87</u>
	Total	<u>\$ 44,372</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 6 – INTERFUND TRANSACTIONS (CONTINUED)

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

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 160,768
	Capital Improvement Funds	67,208
	Internal Service Funds	800
		<u>228,776</u>
Nonmajor Governmental Funds	General Fund	28,474
	Nonmajor Governmental Funds	26,318
	Capital Improvement Funds	16,359
		<u>71,151</u>
Capital Improvement Funds	General Fund	1,570
	Internal Service Funds	475
		<u>2,045</u>
Internal Service Funds	Nonmajor Governmental Funds	2,406
		<u>2,406</u>
	Total	<u>\$ 304,378</u>

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

Amounts transferred from the Nonmajor Governmental Funds to the General Fund are primarily the result of \$17,000 of the tobacco settlement agreement for debt service of the Medical Center.

Amounts transferred from the Nonmajor Governmental Funds to the Capital Improvement Fund are primarily the result of \$10,000 for a new Department of Public Works building of which portions were funded by Flood Control District and Transportation as well as the Waste System Division.

Amounts transferred from the General Fund to the Medical Center are the result of \$11,587 for year-end budgeted transfers for the Medical Center's debt service payments and \$19,000 for a Parking Structure - Construction Improvement Project.

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

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 7 – RESTRICTED CASH AND INVESTMENTS

Cash and cash equivalents of \$128,186 are restricted by legal or contractual requirements at June 30, 2019 and are comprised of the following:

Governmental Activities

General Fund:

Restricted cash and cash equivalents of \$2,981 represent funds held by a trustee, which are restricted for electronic benefits payments.

Nonmajor Governmental Funds:

Flood Control District:

Restricted cash and cash equivalents of \$10,970 consists of \$6,795 being restricted for debt service payments and \$4,175 for construction of Cactus Basin 4 and 5.

Business-Type Activities

Medical Center:

Restricted cash and cash equivalents of \$47,402 represent funds held by a trustee, which are restricted for debt service payments.

Waste System Division:

Restricted cash and cash equivalents of \$61,305 consists of \$59,751 set aside for groundwater detection, treatment and remediation, and for State mandated site closure, maintenance costs, and corrective action as required by the Department of Resources Recycling and Recovery (CalRecycle) formerly California Integrated Waste Management Board (CIWMB), \$830 represents customer deposits, and the remaining \$724 represents site clean up.

Housing Authority:

Restricted cash and cash equivalents of \$5,528 represent deposits to lender required replacement reserve and impound accounts, insurance reserve, security deposit and residual receipt accounts.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is as follows:

Primary Government

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets, non-depreciable/non-amortizable:				
Land	\$ 137,614	\$ 4,810	\$ 14	\$ 142,410
Land Use Rights	24,250	1,210	-	25,460
Development in progress	283,706	97,917	61,745	319,878
Total capital assets, non-depreciable/non-amortizable	<u>445,570</u>	<u>103,937</u>	<u>61,759</u>	<u>487,748</u>
Capital Assets, depreciable/amortizable:				
Land Use Rights	123	-	123	-
Improvements other than Buildings	277,745	15,198	527	292,416
Structures and Improvements	1,088,934	70,637	584	1,158,987
Infrastructure	1,434,440	168	-	1,434,608
Equipment and Software	436,876	59,139	23,781	472,234
Total capital assets, depreciable/amortizable	<u>3,238,118</u>	<u>145,142</u>	<u>25,015</u>	<u>3,358,245</u>
Less accumulated depreciation/amortization for :				
Land Use Rights	123	-	123	-
Improvements other than Buildings	166,992	10,370	10	177,352
Structures and Improvements	393,975	32,128	301	425,802
Infrastructure	827,560	31,079	-	858,639
Equipment and Software	293,649	40,954	23,251	311,352
Total accumulated depreciation/amortization	<u>1,682,299</u>	<u>114,531</u>	<u>23,685</u>	<u>1,773,145</u>
Total capital assets, depreciable/amortizable, net	<u>1,555,819</u>	<u>30,611</u>	<u>1,330</u>	<u>1,585,100</u>
Governmental activities capital assets, net	<u>\$ 2,001,389</u>	<u>\$ 134,548</u>	<u>\$ 63,089</u>	<u>\$ 2,072,848</u>
Business-type Activities				
Capital assets, non-depreciable/non-amortizable:				
Land	\$ 32,459	\$ 703	\$ 680	\$ 32,482
Land Use Rights	351	-	-	351
Development in progress	13,204	36,402	3,130	46,476
Total capital assets, non-depreciable/non-amortizable	<u>46,014</u>	<u>37,105</u>	<u>3,810</u>	<u>79,309</u>
Capital Assets, depreciable/amortizable:				
Land Use Rights	1,109	-	-	1,109
Improvements other than Buildings	275,859	1,482	-	277,341
Structures and Improvements	767,080	9,267	4,296	772,051
Equipment and Software	188,155	13,922	1,539	200,538
Total capital assets, depreciable/amortizable	<u>1,232,203</u>	<u>24,671</u>	<u>5,835</u>	<u>1,251,039</u>
Less accumulated depreciation/amortization for :				
Land Use Rights	105	-	-	105
Improvements other than Buildings	156,527	5,975	-	162,502
Structures and Improvements	380,465	21,289	3,788	397,966
Equipment and Software	159,783	9,250	1,183	167,850
Total accumulated depreciation/amortization	<u>696,880</u>	<u>36,514</u>	<u>4,971</u>	<u>728,423</u>
Total capital assets, depreciable/amortizable, net	<u>535,323</u>	<u>(11,843)</u>	<u>864</u>	<u>522,616</u>
Business-type activities capital assets, net	<u>\$ 581,337</u>	<u>\$ 25,262</u>	<u>\$ 4,674</u>	<u>\$ 601,925</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 8 – CAPITAL ASSETS (CONTINUED)

Depreciation

Depreciation expense is charged to governmental functions as follows:

General Government	\$	24,244
Public Protection		52,879
Public Ways and Facilities		27,165
Health and Sanitation		2,727
Public Assistance		2,197
Education		865
Recreation and Cultural Services		4,454
		<u>4,454</u>
Total depreciation expense - governmental activities	\$	<u>114,531</u>

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

Medical Center	\$	24,200
Waste Systems Division		2,515
Housing Authority *		5,917
Special Districts		3,882
		<u>3,882</u>
Total depreciation and related expense - business type activities	\$	<u>36,514</u>

Development in Progress

Development in Progress consists of the following projects:

	Governmental Activities	Business-Type Activities
Medical Center Projects	\$ -	\$ 7,194
Waste Systems Division Projects	-	26,675
Housing Authority	-	3,336
Special Districts	-	9,271
800 MHz Replacement Project	67,812	-
Transportation Projects	44,332	-
Flood Control Projects	61,851	-
Space Programming	9,281	-
HVAC Control Systems	2,545	-
New Probation Bldg	4,505	-
Purchase of Court Street Bldg	2,341	-
Relocate Training Center	5,535	-
Remodel Hospitality Lane	10,201	-
Remodel 303 Bldg	2,098	-
Campus Improvements	7,543	-
Apple Valley Library	6,032	-
Construct New Zoo	10,156	-
Dam Restabilization	16,784	-
Other County Projects	68,862	-
	<u>68,862</u>	<u>-</u>
Total	\$ 319,878	\$ 46,476

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 9 – DEFERRED OUTFLOWS OF RESOURCES

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

The balances as of June 30, 2019 of deferred outflows of resources are as follows:

	Governmental Activities	Business-Type Activities	Primary Government Total	Discretely Presented Component Unit
Deferred Outflows Related to Pensions	\$ 757,237	\$ 93,547	\$ 850,784	\$ 753
Deferred Outflows Related to OPEB	-	1,749	1,749	-
Deferred Outflows Related to Bond Refunding:				
<u>Certificates of Participation</u>				
Medical Center Project (Series 1994)	-	4,182	4,182	-
Medical Center Project (Series 1996)	-	2,560	2,560	-
Arrowhead Refunding Project (Series 2009A)	-	6,753	6,753	-
Arrowhead Refunding Project (Series 2009B)	-	1,894	1,894	-
Total Certificates of Participation	-	15,389	15,389	-
<u>Other Bonds and Notes</u>				
Flood Control Refunding Bonds (Series 2008)	459	-	459	-
Pension Obligation Refunding Bonds (2008)	581	-	581	-
Total Other Bonds and Notes	1,040	-	1,040	-
Total Deferred Outflows Related to Bond Refunding	1,040	15,389	16,429	-
Total Deferred Outflows of Resources	<u>\$ 758,277</u>	<u>\$ 110,685</u>	<u>\$ 868,962</u>	<u>\$ 753</u>

Refer to Note 19 Retirement Plan and Note 20 Other Postemployment Benefits (OPEB), for additional details on Deferred Outflows of Resources information related to pensions and OPEB.

NOTE 10 – ADVANCES FROM OTHERS

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 10 – ADVANCES FROM OTHERS (CONTINUED)

The balances as of June 30, 2019 of advances from others are as follows:

Governmental Activities:	Developer Deposits	Customer Deposits	Advances from Governmental Agencies	Advances from Other Agencies	Advances from Other County Departments	Government-Wide Eliminations	Total Governmental Activities
General Fund	\$ 5,936	\$ -	\$ 3,641	\$ 2,478	\$ 388	\$ -	\$ 12,443
Capital Improvement Fund	-	6	-	-	227	-	233
Nonmajor Governmental Funds	-	894	86	5,141	447	-	6,568
Internal Service Funds	-	-	-	-	760	(760)	-
Total Governmental Activities	<u>\$ 5,936</u>	<u>\$ 900</u>	<u>\$ 3,727</u>	<u>\$ 7,619</u>	<u>\$ 1,822</u>	<u>\$ (760)</u>	<u>\$ 19,244</u>

Business-Type Activities:	Customer Deposits	Advances from Other Agencies	Total Business-Type Activities
Waste Systems Division	\$ 832	\$ 47	\$ 879
Housing Authority	2,755	-	2,755
Nonmajor Enterprise Funds	41	63	104
Total Business-Type Activities	<u>\$ 3,628</u>	<u>\$ 110</u>	<u>\$ 3,738</u>

NOTE 11 – LONG TERM LIABILITIES

Primary Government

The following is a summary of long-term liability transactions for the year ended June 30, 2019:

	Beginning Balance as restated	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Revenue Bonds, net	\$ 232,111	\$ -	\$ 47,535	\$ 184,576	\$ 64,420
Revenue Bonds from Direct Placements	13,180	-	410	12,770	435
Other Bonds and Notes	348,806	-	46,274	302,532	42,975
Other Bonds and Notes from Direct Borrowings and Direct Placements	23,617	-	3,587	20,030	3,648
Total COP, Conds an Notes Payable	<u>617,714</u>	<u>-</u>	<u>97,806</u>	<u>519,908</u>	<u>111,478</u>
Compensated Absences	188,502	128,814	122,227	195,089	119,574
Termination Benefits Payable	48	-	16	32	23
Capital Lease Obligations from Direct Financing	-	1,043	140	903	181
Estimated Liability for Litigation and Self -Insured Claims	275,636	90,353	78,331	287,658	64,490
Net Pension Liability	1,956,888	-	102,071	1,854,817	-
Total Governmental Activities - Long-term Liabilities	<u>\$ 3,038,788</u>	<u>\$ 220,210</u>	<u>\$ 400,591</u>	<u>\$ 2,858,407</u>	<u>\$ 295,746</u>
<u>Business-Type Activities</u>					
Certificates of Participation, net	\$ 357,336	\$ -	\$ 24,738	\$ 332,598	\$ 26,230
General Obligation Bonds	145	-	95	50	50
Notes	30,127	-	3,969	26,158	639
Notes from Direct Borrowings	1,381	-	68	1,313	70
Total COP, Conds an Notes Payable	<u>388,989</u>	<u>-</u>	<u>28,870</u>	<u>360,119</u>	<u>26,989</u>
Compensated Absences	22,354	19,045	16,744	24,655	14,034
Termination Benefits Payable	15	-	-	15	15
Capital Lease Obligations from Direct Financing	2,256	1,682	1,345	2,593	1,071
Other Long-Term Liabilities	99,421	23,084	3,620	118,885	109,358
Pollution Remediation Obligations	64,808	5,486	-	70,294	5,612
Estimated Liability for Closure/Postclosure Care Costs	125,832	12,896	2,133	136,595	5,105
Net Other Postemployment Benefits Liability for Housing Authority	10,546	89	-	10,635	-
Net Pension Liability	239,349	-	13,216	226,133	-
Total Business-type Activities -Long-term Liabilities	<u>\$ 953,570</u>	<u>\$ 62,282</u>	<u>\$ 65,928</u>	<u>\$ 949,924</u>	<u>\$ 162,184</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 11 – LONG TERM LIABILITIES (CONTINUED)

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

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

Termination Benefits Payable

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

Approximately 304 employees accepted the incentive and retired during the eligible period. The county-wide termination benefit payable at June 30, 2019 is \$47. 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, 4 remain employed by the County as of June 30, 2019. The remaining installment payments for these 4 employees will be deferred until their employment with the County ends.

Pollution Remediation Obligations

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

Waste Systems Division

Mid-Valley Sanitary Landfill

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 11 – LONG TERM LIABILITIES (CONTINUED)

Waste Systems investigated impacts to groundwater from VOCs on the west side of the MVSL that resulted in the construction of a pump and treat system. This was converted to include a soil vapor extraction optional system on County-owned land to capture as much VOC contamination as possible. The on-site system continues to be operated by Waste Systems as of June 30, 2019. The remediation plan also included the settlement with San Gabriel Valley Water Company DBA Fontana Water Company whereby the water company would pump and treat VOCs that escaped the County-run system and the County pays the water company for the treatment of VOCs at the company's groundwater production wells. It is not currently possible to determine when the County's obligation to San Gabriel Valley Water Company will end.

Waste Systems, following RWQCB protocol, later conducted a variety of additional tests and analysis for perchlorate and VOCs in the portion of the Rialto-Colton Basin down gradient of the MVSL, including the expansion property on the east side. The result was the preparation and implementation of a remediation plan approved by the RWQCB. That remediation system has continued to be operated as of June 30, 2019.

Yucaipa Disposal Site

Waste Systems disclosed the occurrence of a pollution event at the inactive Yucaipa Disposal Site. A VOC plume had been detected in the groundwater, which had migrated beyond the landfill boundary. Waste Systems continues to work closely with the RWQCB to ensure its pollution remediation measures adequately address the contamination.

On August 1, 2018, RWQCB approved the County's Work Plan to expand the in-situ remedial design to full scale. The Yucaipa Corrective Action Program (CAP) was expanded to 26 injection wells by October 2019 and electron-donor media to stimulate in-situ bioactivity that consumes pollution was completed by the end of the month. In January 2019, additional bacteria colonies that perform the in-situ consumption of pollution were added to the system. Groundwater monitoring to assess CAP performance is conducted quarterly at bioremediation monitoring wells Y-9A, Y-9B, Y-15, Y-16, Y-19R and Y-20 as required by RWQCB Order No. R8-2013-0029-037. As described in the In-Situ Bioremediation Corrective Action Report prepared by Geo-Logic Associates in July 2019, the County has proposed to re-dose polluted groundwater using the injection wells when concentrations of PCE or TCE exceed the MCL of 5 ug/L for three consecutive quarters at either well Y-15 (western pollution plume) or well Y-16 (southern pollution plume).

Heaps Peak Disposal Site

Waste Systems disclosed, to the State of California, the occurrence of a pollution event at the inactive Heaps Peak Disposal Site (HPDS). A landfill leachate discharge occurred that threatened the groundwater. Waste Systems prepared and submitted a Report of Waste Discharge (ROWD) to the RWQCB and received approval to contain and treat the leachate. The leachate treatment system was installed within the HPDS maintenance building. The leachate treatment system has been periodically improved and upgraded and now functions well. Waste Systems continues to work very closely with the RWQCB to ensure its pollution control and remediation measures are successful.

Lenwood Hinkley Sanitary Landfill

The RWQCB notified Waste Systems regarding the violation of the Waste Discharge Requirements based upon a 2013 Groundwater Monitoring Reports submitted by Waste Systems, which showed VOCs and other contaminants above set regulatory standards at the Lenwood Hinkley Sanitary Landfill (LHSL).

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 11 – LONG TERM LIABILITIES (CONTINUED)

Waste Systems initiated a bioenhanced in-situ remedial Pilot Study consisting of an initial injection of carbon donor media near compliance well LHSL and monthly sampling and analyses to track the chemical response in groundwater. The velocity of groundwater north of the landfill is relatively slow, however, and quarterly monitoring activities were later resumed and soon set regulatory standards were met. Analytical results for the Pilot Study obtained since 2016 have been positive and suggest conditions in the aquifer are capable of promoting and sustaining anaerobic biogenic reductive dechlorination.

With approval from the RWQCB, the County injected a second dose of electron-donor media. Board staff also approved injecting additional colonies of bacteria capable of consuming polluted groundwater and this inoculation occurred in February 2019.

Milliken Landfill (Pilot Study)

In 2015, the RWQCB sent a letter to Waste Systems concerning the inactive Milliken Landfill. The RWQCB letter requested Waste Systems perform gas samples from existing landfill gas probes and evaluate the potential for impacts to off-site structures; to update reports for the landfill due to lack of groundwater to run the pump and treat program and to evaluate the need for additional downgradient monitoring. Waste Systems engaged a consultant to complete a workplan pursuant to the RWQCB letter and to implement the workplan. Waste Systems later received a draft evaluation report prepared as part of the workplan. The workplan concluded that sufficient landfill gas may be present along the downgradient border of the landfill to support soil vapor extraction (SVE) as an additional mitigation measure.

A short, two-day pilot study at two extraction wells along the south perimeter of the Milliken site was conducted in September 2018. As requested by Waste Systems, a longer SVE pilot study will begin on October 18, 2019 and will be concluded in November 2019. This month-long study will include: engineering, design, permitting, Southern California Edison (SCE) temporary power, and construction of a block wall enclosure to house the rental SCE equipment (blower, granular activated carbon vessel, piping and instrumentation). SVE blower and GAC data collected from this month long study will assess the viability for a full-scale SVE system at Milliken. At the conclusion of the pilot study, a report will be generated on the performance of the SVE Milliken Pilot Study, which will be submitted to the RWQCB for concurrence. After approval, permanent SVE equipment will be designed, procured and installed. Subsequent operation and maintenance on the system is anticipated to begin in the 2019-20 fiscal year.

In fiscal year 2019, the estimated total pollution remediation liability increased from \$64,808 at June 30, 2018 to \$70,294 at June 30, 2019. The effect of any changes in the estimated total current cost of pollution remediation is reported primarily in the period of change. The major contributing factors that caused the pollution remediation liability to increase by a net amount of \$5,486 are listed below:

- The Mid-Valley net liability increased by a net of \$4,340 primarily due to new well installations and an increase in monitoring costs for the Rialto treatment plant. The outstanding liability as of June 30, 2019 is \$57,525.
- The Yucaipa net liability decreased by a net of \$471 primarily due to the completion of a full scale groundwater treatment system to treat the VOCs in the surrounding groundwater. The outstanding liability as of June 30, 2019 is \$1,914.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 11 – LONG TERM LIABILITIES (CONTINUED)

- The Heaps Peak net liability increased by a net of \$1,404 primarily due to an increase for additional years of offsite leachate disposal/treatment. The outstanding liability as of June 30, 2019 is \$8,947.
- The Lenwood-Hinkley net liability increased by a net of \$213 primarily due to an increase in plume cleanup permit fees. The outstanding liability as of June 30, 2019 is \$1,908.

Current and future estimated remediation costs are based on actual component costs adjusted for inflation in future fiscal years. Future estimates may be revised to reflect changes to equipment and service costs as well as any changes in technology and regulations. In fiscal year 2019, Waste Systems expended \$8,406 in performing pollution remediation activities at Mid-Valley Landfill, Yucaipa Disposal Site, Heaps Peak Disposal Site and Lenwood-Hinkley Disposal Site. Outlays are expected to be incurred in fiscal year 2020 totaling \$5,612. The presence of perchlorate, VOC and leachate will continue to be remediated and monitored with an expected estimated outlay of \$64,682 from fiscal year 2021 through fiscal year 2043.

Bonds and Notes Payable

San Bernardino County Financing Authority -- Pension Obligation Bonds (1995)

In November 1995, San Bernardino County Financing Authority (SBCFA) issued Revenue Bonds for the purpose of enabling the County to finance its share of unfunded pension indebtedness. SBCFA has discounts associated with the pension obligation bonds, which is being amortized based on the accreted value of the bonds at year-end. SBCFA records the amortization of the discount as accretion of interest expense. As of June 30, 2019, the amount of accretion of interest expense remaining is \$15,489. The bonds contain a provision that, in the event of default, the outstanding principal balance and accrued interest are due and payable immediately.

San Bernardino County Financing Authority – Courthouse Project Bonds (2007)

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

The debt service schedule for the current fiscal year required principal and interest payments totaling \$1,135. The total surcharge revenues received during the fiscal year totaled \$2,064. The bonds are subject to a special mandatory redemption prior to maturity, if the debt service coverage ratio for the immediately prior bond year is less than 150 percent. The current coverage ratio was 1.815. Total principal and interest remaining on the bonds is \$20,430. Interest is payable semi-annually at interest rates from 5.10 percent to 5.50 percent starting December 1, 2007. \$15,270 is expected to mature on June 1, 2037. The bonds are not subject to optional redemption prior to maturity. The bonds contain a provision that, in the event of default, the outstanding principal balance and accrued interest are due and payable immediately.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 11 – LONG TERM LIABILITIES (CONTINUED)

San Bernardino County Flood Control District – Refunding Bonds (Series 2007, 2008 and 2016)

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

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

In February 2016, Flood Control entered into a direct placement agreement with Wells Fargo, National Association to issue Refunding Judgment Obligation Bonds, series A, in the amount of \$27,870 to pay in full the outstanding principal balance of the 2007 Judgment Obligation Bonds, series A.

The Flood Control bonds contain a provision that in the event principal and interest are not paid when due, Flood Control is in default and all outstanding principal and interest accrued thereon are immediately due. All amounts held in the bonds' debt service reserve account are for collateral for the bond holders.

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

Pension Obligation Bonds (Series 2004 and 2008)

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). In June 2004, the County issued County of San Bernardino Pension Obligation Bonds, Series 2004 A (Fixed Rate Bonds), County of San Bernardino Pension Obligation Bonds, Series 2004 B (Auction Rate Bonds), and County of San Bernardino Pension Obligation Bonds, Series 2004 C (Index Bonds – based on LIBOR) in respective aggregate principal amounts of \$189,070, \$149,825, and \$125,000.

The Bonds have various maturity dates ranging from: 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 6.02%.

The 2004 and 2008 Series bonds contain a provision that, in the event of default, the outstanding principal balance and accrued interest are due and payable immediately.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 11 – LONG TERM LIABILITIES (CONTINUED)

San Bernardino County Fire Protection District (SBCFPD) – 2010 Installment Loan

In August 2010, Crest Forest Fire Protection District (dissolved and annexed into SBCFPD effective July 2015) entered into a direct borrowing lease/leaseback agreement with Municipal Finance Corporation (MFC) in the amount of \$2,286. The agreement contains (1) a provision that, in the event of default, SBCFPD shall remain liable until the amount in default has been fully paid with interest at a rate of 8% per annum (2) a provision that, in the event of default, MFC may terminate the lease and re-lease all or any portion of the leased property. SBCFPD agrees to pay to MFC all costs, loss or damages occurring payable at the same time and in the same manner of the lease payments. There shall be no right, under any circumstances, to accelerate the lease payments to be immediately due and payable.

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

<u>Revenue Bonds</u>	<u>Interest Rates (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue Amount</u>	<u>Outstanding as of 6/30/2019</u>
Pension Obligation Bonds (1995)	5.68 to 7.72	11/22/1995	8/1/2021	\$ 386,266	\$ 200,065
Courthouse Project Bonds (2007) (Direct Placement)	5.10 to 5.50	6/29/2007	6/30/2037	18,370	12,770
Subtotal					212,835
<u>Premium/(Discounts):</u>					
* Pension Obligation Bonds (1995)					(15,489)
Total Revenue Bonds					197,346
<u>Other Bonds and Notes</u>					
Flood Control District:					
Refunding Bonds (Series 2007)	4.25 to 5.00	5/29/2007	8/1/2021	23,845	7,265
Refunding Bonds (Series 2008)	0.66 to 4.86	4/16/2008	8/1/2037	37,295	37,295
Refunding Bonds (Series 2016) (Direct Placement)	1.54	2/25/2016	8/1/2023	27,870	18,260
Pension Obligation Bonds (2004)	0.54 to 5.86	6/24/2004	8/1/2023	463,895	125,000
Pension Obligation Refunding Bonds (2008)	6.02	4/16/2008	6/30/2024	160,900	132,775
Fire Protection District 2010 Installment Loan (Direct Borrowing)	5.4	8/2/2010	8/1/2030	2,286	1,770
Subtotal					322,365
<u>Premium/(Discounts):</u>					
Flood Control District:					
Refunding Bonds (Series 2007)					197
Total Other Bonds and Notes					322,562
Total Governmental Activities					\$ 519,908

* Updated per accretion table.

Arrowhead Regional Medical Center (Certificates of Participation Series 1994, 1996, 2009A and 2009B)

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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 11 – LONG TERM LIABILITIES (CONTINUED)

The COPs 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 COPs 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, 2019 approximately \$61,070 of outstanding debt was considered defeased.

The COPs contain a provision that, should the County default under the lease agreement, the Trustee may terminate the lease agreement and hold the County liable for all lease payments on an annual basis. According to the lease agreement, lease payments may not be accelerated upon default. The COPs are secured with collateral of the Arrowhead Regional Medical Center.

County Service Area (General Obligation Bonds and Notes Payable)

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. The bonds are matured but not redeemed and thus debt provisions are not presented.

CSA issued \$2,150 in direct borrowing notes with California Infrastructure and Economic Development Bank. The notes contain a provision that, in the event of default, the outstanding principal balance and accrued interest are due and payable immediately.

Housing Authority of the County of San Bernardino (Housing Authority)

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 11 – LONG TERM LIABILITIES (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 6/30/2019</u>
Medical Center Project (Series 1994)	4.60 to 7.00	2/1/1994	8/1/2028	\$ 283,245	\$ 92,836
Medical Center Project (Series 1996)	5.00 to 5.25	1/1/1996	8/1/2028	65,070	60,870
Arrowhead Refunding Project (Series 2009A)	3.00 to 5.50	12/17/2009	8/1/2026	243,980	144,980
Arrowhead Refunding Project (Series 2009B)	3.00 to 5.25	12/17/2009	8/1/2026	44,750	36,470
					335,156
<u>Premium / (Discounts):</u>					
Medical Center Project (Series 1994)					(2,839)
Medical Center Project (Series 1996)					(1,316)
Arrowhead Refunding Project (Series 2009A)					1,650
Arrowhead Refunding Project (Series 2009B)					(53)
Total Certificates of Participation					332,598
<u>General Obligation Bonds</u>					
Spring Valley Lake Sewer Facilities:					
Series A	6.50 to 6.75	2/15/1972	2/15/2002	1,300	15
Series B	6.10 to 6.15	4/1/1974	4/1/2004	1,000	15
Helendale Sewer Facilities:					
Series A	5.00	6/1/1978	6/1/1998	1,550	5
Helendale Water Facilities:					
Series B	7.00	9/1/1982	6/1/1997	1,450	5
Series C	9.00 to 11.00	11/1/1984	3/1/2005	1,518	5
Oak Hills Water Distribution Facilities	7.00	9/1/1974	9/1/1994	750	5
Total General Obligation Bonds					50
<u>Notes Payable</u>					
Oak Hills Water (Loan) (Direct Borrowing)	3.09	11/25/2003	8/25/2033	2,150	1,313
Notes Payable - Housing Authority	0 to 11.50	Various	Various	82,963	26,158
Total Notes Payable					27,471
Total Business-Type Activities					\$ 360,119

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

The following is a schedule of principal debt service requirements to maturity as of June 30, 2019 for bonds and notes payable in the governmental activities:

<u>Years Ending</u>	<u>Revenue Bonds</u>	<u>Revenue Bonds from Direct Placements</u>	<u>Other Bonds and Notes</u>	<u>Other Bonds & Notes from Direct Borrowings and Direct Placements</u>	<u>Total</u>
2020	\$ 64,420	\$ 435	\$ 42,975	\$ 3,648	\$ 111,478
2021	67,735	455	48,110	3,674	119,974
2022	67,910	480	54,120	3,779	126,289
2023	-	505	56,875	3,845	61,225
2024	-	540	62,960	3,905	67,405
2025 - 2029	-	3,185	-	858	4,043
2030 - 2034	-	4,125	18,155	321	22,601
2035 - 2038	-	3,045	19,140	-	22,185
Total Principal	200,065	12,770	302,335	20,030	535,200
Plus: Premium	-	-	197	-	197
Less: Discount	(15,489)	-	-	-	(15,489)
Total Bonds and Notes Payable	\$ 184,576	\$ 12,770	\$ 302,532	\$ 20,030	\$ 519,908

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 11 – LONG TERM LIABILITIES (CONTINUED)

The following is a schedule of interest expense requirements to maturity as of June 30, 2019 for bonds and notes payable in the governmental activities:

Years Ending	Revenue Bonds from Direct Placements	Other Bonds and Notes	Other Bonds & Notes from Direct Borrowings and Direct Placements	Total
2020	\$ 702	\$ 12,380	\$ 373	\$ 13,455
2021	678	10,509	313	11,500
2022	653	8,301	252	9,206
2023	627	5,823	189	6,639
2024	599	3,063	124	3,786
2025 - 2029	2,517	9,046	202	11,765
2030 - 2034	1,542	7,589	10	9,141
2035 - 2038	341	2,465	-	2,806
Total Interest	<u>\$ 7,659</u>	<u>\$ 59,176</u>	<u>\$ 1,463</u>	<u>\$ 68,298</u>

The following is a schedule of principal debt service requirements to maturity as of June 30, 2019 for COPs, bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Notes From Direct Borrowings	Total
2020	\$ 26,230	\$ 50	\$ 639	\$ 70	\$ 26,989
2021	27,765	-	681	72	28,518
2022	29,500	-	9,212	75	38,787
2023	31,085	-	481	77	31,643
2024	33,020	-	366	79	33,465
2025 - 2029	187,556	-	12,267	434	200,257
2030 - 2034	-	-	-	506	506
2035 - 2039	-	-	1,012	-	1,012
2040 - 2044	-	-	-	-	-
2045 - 2049	-	-	-	-	-
2050	-	-	1,500	-	1,500
Total Principal	335,156	50	26,158	1,313	362,677
Plus: Premium	1,650	-	-	-	1,650
Less: Discount	(4,208)	-	-	-	(4,208)
Total Bonds and Notes Payable	<u>\$ 332,598</u>	<u>\$ 50</u>	<u>\$ 26,158</u>	<u>\$ 1,313</u>	<u>\$ 360,119</u>

The following is a schedule of interest expense requirements to maturity as of June 30, 2019 for COPs, bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	Notes Payable	Notes From Direct Borrowings	Total
2020	\$ 16,749	\$ 1,089	\$ 39	\$ 17,877
2021	15,231	1,059	37	16,327
2022	13,579	643	35	14,257
2023	11,962	584	33	12,579
2024	10,298	559	30	10,887
2025 - 2029	23,916	672	112	24,700
2030 - 2034	-	-	40	40
2035 - 2039	-	129	-	129
2040 - 2044	-	-	-	-
2045 - 2049	-	-	-	-
2050	-	298	-	298
Total Interest	<u>\$ 91,735</u>	<u>\$ 5,033</u>	<u>\$ 326</u>	<u>\$ 97,094</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 11 – LONG TERM LIABILITIES (CONTINUED)

Agreement with Liquidity Facilities

Flood Control Refunding Bonds (Series 2008): In April 2008, Flood Control issued Refunding Bonds, Series 2008, in the amount of \$37,295. Interest on the Refunding Bonds, Series 2008 is paid at a Weekly Rate Mode interest rate payable on the first Business Day of each calendar month commencing on May 1, 2008. Principal payments are due annually in various amounts commencing August 1, 2029 through 2037. The outstanding balance at June 30, 2019 was \$37,295.

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

The Bonds have an optional tender provision that gives the bondholder the option of selling their Bonds back to Flood Control, at par, upon seven days' notice. Flood Control has obtained a direct pay, irrevocable letter of credit (LC) from Bank of America ("Bank") to provide credit support, and cash for such tenders, in the event tendered Bonds cannot be immediately remarketed to another investor. Flood Control entered into a Reimbursement Agreement and Fee Letter with the Bank in July of 2011 to document the terms related to the issuance of the LC. Flood Control did not pay any upfront commitment fee to the Bank for this LC; however it pays a facility fee at agreed upon rates on the Available Amount of the LC (as defined in the LC agreement). This LC is an irrevocable direct pay letter of credit with a current stated expiration date of July 5, 2022.

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

As of June 30, 2019, there were no outstanding 2008 Judgment Obligation Bonds that have been tendered but failed to be remarketed. In accordance with the agreement, in the event any Bonds are optionally tendered and cannot be remarketed, interest on tendered Bonds for the first ninety days is paid to the Bank at the highest of a) Prime Rate in effect for such day plus 1.5%, b) overnight effective federal funds rate for such day as quoted in the "Composition Closing Quotations for U.S. Government Securities" published by the Federal Reserve Bank of New York plus 3%, c) 7.5% or d) the maximum rate of interest borne by Bonds that are still held by investors. If a Liquidity Advance remains outstanding after ninety days, and if conditions precedent to a Term Loan is satisfied by Flood Control, the rate paid to the Bank on the Term Loan is the highest of a) through d) above, plus 1%.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 11 – LONG TERM LIABILITIES (CONTINUED)

The following schedule represents a debt service scenario in which all the bonds are tendered by investors on July 1, 2019 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
2020	\$ 10,600	\$ 2,823	\$ 13,423
2021	10,600	1,746	12,346
2022	10,700	835	11,535
2023	5,395	77	5,472
Total	<u>\$ 37,295</u>	<u>\$ 5,481</u>	<u>\$ 42,776</u>

If Flood Control does not make punctual payment and performance, conform to the extension of payment of the bonds provisions of the indenture, conform to the additional obligations provision of the indenture, debt service coverage ratio of the indenture, other replacement proceeds provision of the indenture, budgets provision of the indenture, tax covenant provisions of the indenture, or further assurances provisions of the indenture, Flood Control will be considered in default. In the event of default, upon written direction of the owners or not less than a majority in aggregate principal amount of the outstanding bonds, may declare immediately due and payable the unpaid principal and accrued interest thereon of all the outstanding bonds. In addition, an acceleration fee shall become immediately due and payable provided however that the Trustee shall not declare an acceleration until least seven days after the occurrence of an event default.

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 \$663 and Multi-Family Mortgage Revenue Bonds of \$49,444 at June 30, 2019 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, 2019
(Amounts in thousands)

NOTE 11 – LONG TERM LIABILITIES (CONTINUED)

Housing Authority has issued multifamily housing revenue bonds to provide funds to developers of multifamily housing projects. The bonds are payable solely from the revenues collected by the developers of these projects. Housing Authority is not obligated in any manner for repayment of the indebtedness. Accordingly, the liabilities are not reported in Housing Authority’s basic financial statements. Housing Authority participated as a conduit debt issuer for a number of housing development projects. These issues are typically used in multi-family housing acquisition and construction. Housing Authority usually assigns the financing agreement (including all rights of issuer, except for reserved rights) together with other property to the Trustees. As of September 30, 2018, the outstanding balances of these Revenue Bonds are \$10,276.

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, 2019 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 \$87,206 at June 30, 2019 do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

Discretely Presented Component Units

Long-term liability transactions for FIRST 5 San Bernardino for the year ended June 30, 2019, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 170	\$ 162	\$ 156	\$ 176	\$ 6
Net Pension Liability	2,032	-	291	1,741	-
Total Long-Term Liabilities	<u>\$ 2,202</u>	<u>\$ 162</u>	<u>\$ 447</u>	<u>\$ 1,917</u>	<u>\$ 6</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

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, 2019 for capital leases are as follows:

	<u>Governmental-type Activities</u>	<u>Business-type Activities</u>
Asset:		
Equipment	\$ 1,043	\$ 29,627
Less: Accumulated depreciation	51	26,494
Total	<u>\$ 992</u>	<u>\$ 3,133</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, are as follows:

<u>Year Ending June 30</u>	<u>Governmental-type Activities</u>	<u>Business-type Activities</u>
2020	181	\$ 1,110
2021*	180	779
2022	181	361
2023*	180	334
2024	181	84
Total Minimum Lease Payments	<u>903</u>	<u>2,668</u>
Less: Amount Representing Interest	-	(75)
Present Value of Minimum Lease Payments	<u>\$ 903</u>	<u>\$ 2,593</u>
Less: Current Portion, Net of Interest	(181)	(1,071)
Capital Lease Obligation, excluding current portion	<u>\$ 722</u>	<u>\$ 1,522</u>

* Adjusted for Rounding

Operating Leases

The County leases building and office facilities and other equipment under non-cancelable operating leases. Total costs for such leases for governmental-type activities were \$55,841, and business-type activities were \$5,858, respectively for the year ended June 30, 2019. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30</u>	<u>Governmental-type Activities</u>	<u>Business-type Activities</u>
2020	\$ 52,861	\$ 757
2021	42,217	769
2022	39,378	781
2023	36,933	793
2024	31,383	805
2025-2029	62,211	3,410
Total Minimum Payments	<u>\$ 264,983</u>	<u>\$ 7,315</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(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:

<u>Landfill</u>	<u>Capacity Used</u>	<u>Years Remaining</u>	<u>Landfill</u>	<u>Capacity Used</u>	<u>Years Remaining</u>
Apple Valley	100%	Inactive	Milliken	100%	Inactive
Baker	100%	Inactive	Morongo Valley	100%	Inactive
Barstow	6%	598	Needles	100%	Inactive
Big Bear	100%	Inactive	Newberry Springs	100%	Inactive
Colton	100%	Inactive	Phelan	100%	Inactive
Hesperia	100%	Inactive	San Timoteo	46%	25
Landers	23%	102	Trona-Argus	100%	Inactive
Lenwood-Hinkley	100%	Inactive	Twentynine Palms	100%	Inactive
Lucerne Valley	100%	Inactive	Victorville	18%	163
Mid-Valley	40%	34	Yermo	100%	Inactive

The annually inflated landfill closure and post-closure care cost estimates of \$210,915 and \$190,754 respectively for a total of \$401,669, are based upon the most recently submitted Closure/Post-Closure Maintenance Plan documents filed with the State and Federal permitting agencies. If, at some future date, these closure cost estimates are adjusted (due to changes in inflation, technology, regulations, etc.), the County is required to make corresponding changes in the amount of funds deposited for closure.

As of June 30, 2019, the cumulative liability recorded by the County based upon individual landfill capacity usage was \$247,691 (\$120,825 closure costs and \$126,866 post-closure costs). The remaining \$153,978 of estimated closure and post-closure costs will be recorded and funded as landfill capacities are used.

Cumulative closure and post-closure related outlays of \$87,804 and \$23,291 have been incurred through June 30, 2019. Landfill closure liabilities increased to \$33,021 and post-closure liabilities also increased to \$103,574. 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 13 – CLOSURE AND POSTCLOSURE CARE COST (CONTINUED)

The estimated closure and post-closure activity for the year ended June 30, 2019 includes the following:

	Beginning Balance	Increase (Decrease)	Ending Balance
Estimated Liability for Closure Care Costs	\$ 31,187	\$ 1,834	\$ 33,021
Estimated Liability for Postclosure Care Costs	94,645	8,929	103,574
Total	\$ 125,832	\$ 10,763	\$ 136,595

In accordance with a pledge of revenue funding 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 \$73,655 and post-closure expenses were \$2,132. 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 \$61,305 in the Waste System Division enterprise fund, of this amount, \$59,751 is to provide financial assurance for landfill closure costs as required by CalRecycle. The term for each landfill 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, environmental liability, and workers' compensation claims. Public liability claims are self-insured for up to \$3.0 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$50 million is provided through a combination of insurance policies as recommended by Alliant Insurance Services Inc., Insurance Broker through CSAC-EIA (California State Association of Counties – Excess Insurance Authority), as follows: Primary Liability coverage \$10 million excess of \$3 million self-insured retention with QBE Insurance and Chubb. Excess Liability coverage for \$5 million, excess of \$10 million with Great American Ins. Company and Brit Global Specialty USA and \$10 million excess of \$15 million provided by Safety National Casualty Corporation. Brit, Great American Excess & Surplus Company and ATL (a Lloyd's Syndicate) provide excess liability coverage of \$10 million, excess of \$25 million and Allied World Assurance Company (AWAC) provides \$15 million excess of \$35 million. In addition, the actuary has recommended that the County maintains a \$24 million reserve to cover SIR exposure for auto and general liability programs. No settlements related to these programs have exceeded insurance coverage in the last three years.

The Workers' Compensation program continued under CSAC-EIA Excess Workers' Compensation Program with a policy of \$2 million SIR and statutory limits with Great American Insurance Co., ACE American Insurance Co., and Liberty Insurance Corporation. Property damage claims are insured on an occurrence basis over a \$25 thousand deductible, and insured through CSAC-EIA and reinsured with Lexington Insurance Co. and with several insurers/reinsurers like AWAC, Ironshore, Partner RE, and Lloyd's of London, among others.

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 14 – SELF-INSURANCE (CONTINUED)

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

The activities related to such programs are accounted for in the Risk Management Department's internal service funds ("Funds"), except for unemployment insurance, and employee dental insurance, which are accounted for in the General Fund. The liabilities recorded in these Funds are based on the results of actuarial studies and include amounts for allocated and unallocated loss adjustment expenses. The liabilities for these claims are reported using a discounted rate of 2.25% 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 \$287.66 million reported at June 30, 2019 is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

Changes in the claims liability amounts in fiscal years 2018 and 2019 were:

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Year End</u>
2017-18	\$246,495	\$77,625	(\$48,484)	\$275,636
2018-19	\$275,636	\$90,353	(\$78,331)	\$287,658

NOTE 15 – COLLATERALIZED FACILITIES

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

<u>Facilities</u>	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
West Valley Detention Center	\$ 146,327	\$ -	\$ 146,327	\$ -
Courthouse & Annex	9,450	-	9,450	-
West Valley Juvenile Detention Center	5,077	-	-	5,077
Arrowhead Regional Medical Center	490,481	-	-	490,481
Hall of Records (New)	12,666	-	-	12,666
Glen Helen Pavilion Amphitheater	26,174	-	-	26,174
Sheriff's Admin Bldg	13,416	-	-	13,416
County Government Center	25,711	-	-	25,711
	<u>\$ 729,302</u>	<u>\$ -</u>	<u>\$ 155,777</u>	<u>\$ 573,525</u>

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 16 – DEFERRED INFLOWS OF RESOURCES

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

The balances as of June 30, 2019 of deferred inflows of resources in the government-wide financial statements are as follows:

Government-Wide and Component Unit Activities				
	Governmental Activities	Business-Type Activities	Primary Government Total	Discretely Presented Component Unit
Deferred Inflows Related to Pensions	\$ 223,235	\$ 26,571	\$ 249,806	\$ 471
Deferred Inflows Related to OPEB	-	327	327	-
Deferred Inflows Related to Bond Refunding: Flood Control Refunding Bonds (Series 2008)	144	-	144	-
Total Government-Wide and Component Unit Activities	<u>\$ 223,379</u>	<u>\$ 26,898</u>	<u>\$ 250,277</u>	<u>\$ 471</u>

Refer to Note 19 Retirement Plans and Note 20 Other Postemployment Benefits (OPEB), for additional Deferred Inflows of Resources information related to pensions and OPEB.

The balances as of June 30, 2019 of deferred inflows of resources in the fund financial statements are as follows:

Governmental Funds:

Unavailable Revenues

	Property Tax Receivable	Interest Receivable	Other Receivable	Due from Governmental Agencies	Due from Other Agencies	Total Governmental Funds
General Fund	\$ 11,213	\$ 28,322	\$ 1,266	\$ 22,686	\$ -	\$ 63,487
Capital Improvement Fund	-	1,071	-	-	-	1,071
Nonmajor Governmental Funds	6,019	2,696	-	189	1,745	10,649
Total Unavailable Revenues	<u>\$ 17,232</u>	<u>\$ 32,089</u>	<u>\$ 1,266</u>	<u>\$ 22,875</u>	<u>\$ 1,745</u>	<u>\$ 75,207</u>

Proprietary Funds:

	Pensions		OPEB		
	San Bernardino County Employees' Retirement Association (SBCERA)	California Public Employees Retirement System (CalPERS-HACSB)	Public Agency Retirement Services (PARS-HACSB)	Total Proprietary Funds	
Medical Center	\$ 24,522	\$ -	\$ -	\$ 24,522	
Waste Systems Division	1,200	-	-	1,200	
Housing Authority	-	849	327	1,176	
Total Proprietary Funds	<u>\$ 25,722</u>	<u>\$ 849</u>	<u>\$ 327</u>	<u>\$ 26,898</u>	
Internal Service Fund	\$ 8,251	\$ -	\$ -	\$ 8,251	
Total Internal Service Funds	<u>\$ 8,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,251</u>	

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 17 – FUND BALANCES DETAIL

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

	General Fund	Capital Improvement Fund	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	Nonmajor Permanent Funds	Total
Nonspendable:							
Loan Receivable	\$ 32,326	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,326
Noncurrent Interfund Receivable	154	-	-	-	-	-	154
Prepaid Items and Inventories	3,477	-	5,989	-	-	-	9,466
Land Held for Resale	549	-	-	-	-	-	549
Endowments	-	-	-	-	-	1,774	1,774
Total Nonspendable Fund Balance	36,506	-	5,989	-	-	1,774	44,269
Restricted for:							
Social Services Realignment	111,797	-	-	-	-	-	111,797
Health Services Realignment	130,800	-	-	-	-	-	130,800
Behavioral Health Realignment	93,153	-	-	-	-	-	93,153
Law and Justice Realignment	79,687	-	-	-	-	-	79,687
Family Support Realignment	10,542	-	-	-	-	-	10,542
CalWORKs Maintenance of Effort Realignment	14,000	-	-	-	-	-	14,000
Teeter Plan	15,987	-	-	-	-	-	15,987
Aging Programs	1,841	-	-	-	-	-	1,841
Debt Service	-	-	-	20,322	-	-	20,322
Central Courthouse Project	-	-	2,068	-	-	-	2,068
Redemption Restitution Maintenance	-	-	2,247	-	-	-	2,247
Redevelopment Housing	-	-	1,773	-	20,307	-	22,080
Capital Improvement Projects	-	86,459	-	-	-	-	86,459
Flood Control	-	-	146,247	-	-	-	146,247
Domestic Violence Programs	-	-	994	-	-	-	994
Crime Prosecution	-	-	7,261	-	-	-	7,261
Probation Programs	-	-	26,751	-	-	-	26,751
Recorder's Micrographics	-	-	22,214	-	-	-	22,214
Local Law Enforcement Block Grant	-	-	1,939	-	-	-	1,939
Sheriff Special Projects	-	-	11,662	-	-	-	11,662
Fire Protection	-	-	77,913	-	8,500	-	86,413
Chino Agriculture Preserve	-	-	30,449	-	-	-	30,449
Road Operations	-	-	55,502	-	-	-	55,502
Measure I	-	-	25,216	-	-	-	25,216
Regional Development Mitigation Plan	-	-	26,752	-	-	-	26,752
Facilities Development Plans	-	-	3,862	-	-	-	3,862
Airport Operations	-	-	7,138	-	-	-	7,138
Mental Health Services Act	-	-	208,066	-	-	-	208,066
Block Grant Carryover Program	-	-	8,068	-	-	-	8,068
Vector Control Assessments	-	-	4,088	-	-	-	4,088
Public Health - Other	-	-	2,724	-	-	-	2,724
Inland Counties Emergency Medical Agencies	-	-	1,827	-	-	-	1,827
Aging and Adult Services - Other	-	-	1,851	-	-	-	1,851
Job and Employment Services	-	-	1,217	-	-	-	1,217
Economic and Community Development	-	-	44,296	-	-	-	44,296
Wraparound Reinvestment	-	-	6,426	-	-	-	6,426
Regional Parks	-	-	1,608	-	-	-	1,608
Park and Recreation Districts	-	-	1,533	-	164	-	1,697
County Free Library	-	-	12,106	-	-	-	12,106
County Assessors Program	-	-	959	-	-	-	959
County Service Area	-	-	29,164	-	1,424	-	30,588
Other Restricted Programs	-	-	1,880	-	-	-	1,880
Total Restricted Fund Balance	457,807	86,459	775,801	20,322	30,395	-	1,370,784

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 17 – FUND BALANCES DETAIL (CONTINUED)

	General Fund	Capital Improvement Fund	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	Nonmajor Permanent Funds	Total
Committed to:							
Medical Center Debt Service	\$ 32,075	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,075
Glen Helen Rehabilitation Center Jail Upgrade	75	-	-	-	-	-	75
New Property Tax System	3,000	-	-	-	-	-	3,000
New Financial Accounting System	176	-	-	-	-	-	176
Earned Leave	11,750	-	-	-	-	-	11,750
Animal Shelter Capital Project	9,900	-	-	-	-	-	9,900
Adelanto Detention Center Jail Upgrade	4,781	-	-	-	-	-	4,781
Retirement	17,151	-	-	-	-	-	17,151
West Valley Detention Center Jail Upgrade	6,597	-	-	-	-	-	6,597
Rim Forest Drainage Project	2,776	-	-	-	-	-	2,776
Land Use Services Plan and Amendments	1,400	-	-	-	-	-	1,400
Glen Helen Parkway Bridge	1,666	-	-	-	-	-	1,666
Permit Systems Upgrade	80	-	-	-	-	-	80
National Trails Highway	3,920	-	-	-	-	-	3,920
Labor	5,604	-	-	-	-	-	5,604
Rock Springs Bridge Project	2,037	-	-	-	-	-	2,037
Asset Replacement	26,093	-	-	-	-	-	26,093
Strategic Initiatives Reserve	308	-	-	-	-	-	308
Big Bear Apline Zoo	1,700	-	-	-	-	-	1,700
Valley Dispatch Reserve	36,843	-	-	-	-	-	36,843
Cedar Avenue Interchange	6,723	-	-	-	-	-	6,723
Litigation Expenses	16,630	-	-	-	-	-	16,630
County Fire - Fire Training Center	820	-	-	-	-	-	820
Stanfield Cutoff Road Repair and Bridge Replacement	405	-	-	-	-	-	405
Chino Airport Development Plan Reserve	250	-	-	-	-	-	250
ISD Building Acquisition	1,300	-	-	-	-	-	1,300
MOU - California University of Science and Medicine	4,000	-	-	-	-	-	4,000
Archives Acquisition	4,300	-	-	-	-	-	4,300
Assessor SCA	750	-	-	-	-	-	750
Enterprise Financial System Post Implementation Costs	10,000	-	-	-	-	-	10,000
IHSS MOE Discontinuance	2,617	-	-	-	-	-	2,617
Agenda Management Systems	1,603	-	-	-	-	-	1,603
Juvenile Dependency Court Building	1,650	-	-	-	-	-	1,650
CGC Board Chambers	1,250	-	-	-	-	-	1,250
December 2nd Memorial	787	-	-	-	-	-	787
Indigent Defence Costs	500	-	-	-	-	-	500
Public Guardian Lease Space Reserve	195	-	-	-	-	-	195
Countywide Crime Sweep	114	-	-	-	-	-	114
Countywide Crime Suppression and Pilot Program	678	-	-	-	-	-	678
Revolving Loan Program	2,000	-	-	-	-	-	2,000
Total Committed Fund Balance	224,504	-	-	-	-	-	224,504
Assigned to:							
Automated Systems Development	3,164	-	-	-	-	-	3,164
800 MHZ Upgrade Project	-	53,212	-	-	-	-	53,212
Rancho Court Remodel	-	1,452	-	-	-	-	1,452
County Buildings Retrofit and Improvements	-	88,704	-	-	-	-	88,704
Maintenance, Upgrades and Other Capital Outlay	-	108,357	-	-	-	-	108,357
High Desert Animal Shelter	-	1,128	-	-	-	-	1,128
Disaster Recovery	-	-	4,564	-	-	-	4,564
Flood Control	-	-	5,529	-	-	-	5,529
Sheriff Special Projects	-	5,956	-	-	-	-	5,956
Road Operations	-	-	36,750	-	-	-	36,750
Master Settlement Agreement	-	-	12,878	-	-	-	12,878
Mental Health	-	-	3,421	-	-	-	3,421
Human Resources	-	-	2,824	-	-	-	2,824
Economic and Community Development	-	-	960	-	-	-	960
Regional Parks	-	-	4,256	-	-	-	4,256
San Manuel Amphitheater	-	-	1,153	-	-	-	1,153
Other Assigned Programs	302	9	556	-	155	-	1,022
Total Assigned Fund Balance	3,466	258,818	72,891	-	155	-	335,330
Unassigned Fund Balance	477,914	-	-	-	-	-	477,914
Total Fund Balances	\$ 1,200,197	\$ 345,277	\$ 854,681	\$ 20,322	\$ 30,550	\$ 1,774	\$ 2,452,801

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 18 – MEDICARE AND MEDI-CAL PROGRAMS

The Medical Center provides services to eligible patients under Medi-Cal and Medicare programs. For the years ended June 30, 2019 and 2018, the Medi-Cal program represented approximately 56% and 54%, and the Medicare program represented approximately 27% and 27%, respectively, of the Medical Center's net patient service revenues. Medi-Cal inpatient services are reimbursed at contractually agreed upon per diem rates and outpatient services are reimbursed under a schedule of maximum allowances. Medicare inpatient services are reimbursed based upon pre-established rates for diagnostic-related groups. Outpatient services are reimbursed based on prospectively determined payments per procedure under a system called Ambulatory Payment Classifications. Certain defined capital and the medical education costs related to Medicare beneficiaries are paid based on a cost-reimbursement methodology. Final reimbursement is determined as a result of audits by the fiscal intermediary of annual cost reports submitted by the Medical Center. Reports on the results of such audits have been received through June 30, 2011 for Medicare and June 30, 2015 for Medi-Cal. Adjustments as a result of such audits are recorded in the year the amounts can be determined.

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

NOTE 19 – RETIREMENT PLANS

The County recognized net pension liabilities, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expenses from the following retirement plans in the government-wide financial statements. The balances as of June 30, 2019 of net pension liabilities are as follows:

	Governmental Activities	Business-Type Activities	Primary Government Total	Discretely Presented Component Unit
<u>Net Pension Liabilities</u>				
San Bernardino County Employees' Retirement Association	\$ 1,854,817	\$ 204,737	\$ 2,059,554	\$ 1,741
California Public Employees Retirement System - HACSB	-	21,396	21,396	-
Total	<u>\$ 1,854,817</u>	<u>\$ 226,133</u>	<u>\$ 2,080,950</u>	<u>\$ 1,741</u>
<u>Deferred Outflows of Resources Related to Pensions</u>				
San Bernardino County Employees' Retirement Association	\$ 757,237	\$ 90,343	\$ 847,580	\$ 753
California Public Employees Retirement System - HACSB	-	3,204	3,204	-
Total	<u>\$ 757,237</u>	<u>\$ 93,547</u>	<u>\$ 850,784</u>	<u>\$ 753</u>
<u>Deferred Inflows of Resources Related to Pensions</u>				
San Bernardino County Employees' Retirement Association	\$ 223,235	\$ 25,722	\$ 248,957	\$ 471
California Public Employees Retirement System - HACSB	-	849	849	-
Total	<u>\$ 223,235</u>	<u>\$ 26,571</u>	<u>\$ 249,806</u>	<u>\$ 471</u>
<u>Pension Expenses</u>				
San Bernardino County Employees' Retirement Association	\$ 332,330	\$ 36,351	\$ 368,681	\$ 256
California Public Employees Retirement System - HACSB	-	2,530	2,530	-
Total	<u>\$ 332,330</u>	<u>\$ 38,881</u>	<u>\$ 371,211</u>	<u>\$ 256</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 19 – RETIREMENT PLANS (CONTINUED)

A. San Bernardino County Employees' Retirement Association

General Information about the Pension Plan

Plan Description

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

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

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

Benefits Provided

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 19 – RETIREMENT PLANS (CONTINUED)

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

	<u>General - Tier 1</u>	<u>General - Tier 2</u>	<u>Safety - Tier 1</u>	<u>Safety - Tier 2</u>
Final Average Compensation	Highest 12 consecutive months	Highest 36 consecutive months	Highest 12 consecutive months	Highest 36 consecutive months
Normal Retirement Age	The later of age 55 or the age at which the member vests in his/her benefits under the CERL, but not later than age 70	The later of age 55 or the age at which the member vests in his/her benefits under the CERL, but not later than age 70	The later of age 50 or the age at which the member vests in his/her benefits under the CERL, but not later than age 70	The later of age 50 or the age at which the member vests in his/her benefits under the CERL, but not later than age 70
Early Retirement: Years of service required and /or age eligible for	Age 70 any years 10 years age 50 30 years any age	Age 70 any years 5 years age 52 N/A	Age 70 any years 10 years age 50 20 years any age	Age 70 any years 5 years age 50 N/A
Benefit	At normal retirement age, 2.00% per year of final average compensation for every year of service credit	At age 67, 2.50% per year of final average compensation for every year of service credit	At normal retirement age, 3.00% per year of final average compensation for every year of service credit	At age 57, 2.70% per year of final average compensation for every year of service credit
Benefit Adjustments	Reduced before age 55, increased after 55 up to age 65	Reduced before age 67	Reduced before age 50	Reduced before age 57
Final Average Compensation Limitation	Internal Revenue Code section 401(a)(17)	Government Code section 7522.10	Internal Revenue Code section 401(a)(17)	Government Code section 7522.10

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 19 – RETIREMENT PLANS (CONTINUED)

Contributions

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

Employee and employer contribution rates for the fiscal year ended June 30, 2019 are as follows:

	<u>General - Tier 1</u>	<u>General - Tier 2</u>	<u>Safety - Tier 1</u>	<u>Safety - Tier 2</u>
Employee contribution rates	8.61% to 15.50%	9.16%	11.56% to 17.98%	16.54%
Employer contribution rates	25.27%	22.73%	55.57%	50.30%

For the year ended June 30, 2019, the County’s employer contributions to the Plan were equal to the actuarially determined required employer contributions as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Primary Government Total</u>	<u>Discretely Presented Component Unit</u>
Employer Contributions				
General Members	\$ 196,661	\$ 40,996	\$ 237,657	\$ 339
Safety Members	133,245	-	133,245	-
Total	<u>\$ 329,906</u>	<u>\$ 40,996</u>	<u>\$ 370,902</u>	<u>\$ 339</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 19 – RETIREMENT PLANS (CONTINUED)

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

As of June 30, 2019, the County reported net pension liabilities for its proportionate share of the Plan's net pension liability as follows:

	Governmental Activities	Business-Type Activities	Primary Government Total	Discretely Presented Component Unit
General Members	\$ 1,010,008	\$ 204,737	\$ 1,214,745	\$ 1,741
Safety Members	844,809	-	844,809	-
Total	<u>\$ 1,854,817</u>	<u>\$ 204,737</u>	<u>\$ 2,059,554</u>	<u>\$ 1,741</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's fiscal year 2018 actual contributions to the Plan relative to the total employer contributions of all SBCERA's participating employers. The County's proportion in the Plan was 81.36%, including 81.29% for the primary government and 0.07% for the discretely presented component unit. This proportion excludes the Consolidated Fire Agencies of the East Valley as it is not part of the County's reporting entity. There was a decrease of 1.21%, including 1.19% for primary government and 0.02% for discretely presented component unit, from its proportion measured as of June 30, 2017.

The allocation of the County's proportion of the net pension liability to governmental activities, business-type activities, and a discretely presented component unit was based on each fund group's fiscal year 2018 actual contributions to the County's pension plan relative to the total contributions of the County. The allocation of the County's proportion and its change from its proportion measured as of June 30, 2017 are as follows:

	Governmental Activities	Business-Type Activities	Primary Government Total	Discretely Presented Component Unit
Proportion - June 30, 2018				
General Members	49.01%	9.93%	58.94%	0.08%
Safety Members	40.98%	-	40.98%	-
Total	<u>89.99%</u>	<u>9.93%</u>	<u>99.92%</u>	<u>0.08%</u>
Change - Increase (Decrease)				
General Members	-1.34%	-0.05%	-1.39%	-0.01%
Safety Members	1.40%	-	1.40%	-
Total	<u>0.06%</u>	<u>-0.05%</u>	<u>0.01%</u>	<u>-0.01%</u>

For the year ended June 30, 2019, the County recognized pension expense of \$368,937 as follows:

	Governmental Activities	Business-Type Activities	Primary Government Total	Discretely Presented Component Unit
Pension Expense	\$ 332,330	\$ 36,351	\$ 368,681	\$ 256

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 19 – RETIREMENT PLANS (CONTINUED)

At June 30, 2019, the County reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	Deferred Outflows of Resources			
	Governmental Activities	Business-Type Activities	Primary Government Total	Discretely Presented Component Unit
Changes of assumptions	\$ 376,180	\$ 41,523	\$ 417,703	\$ 353
Differences between actual and expected experience	12,121	1,338	13,459	11
Changes in proportion and differences between County contributions and proportionate share of contributions	39,030	6,486	45,516	50
Pension contributions subsequent to the measurement date	<u>329,906</u>	<u>40,996</u>	<u>370,902</u>	<u>339</u>
Total	<u>\$ 757,237</u>	<u>\$ 90,343</u>	<u>\$ 847,580</u>	<u>\$ 753</u>
	Deferred Inflows of Resources			
	Governmental Activities	Business-Type Activities	Primary Government Total	Discretely Presented Component Unit
Differences between actual and expected experience	\$ 131,471	\$ 14,512	\$ 145,983	\$ 123
Net differences between projected and actual earnings on pension plan investments	33,769	3,728	37,497	32
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>57,995</u>	<u>7,482</u>	<u>65,477</u>	<u>316</u>
Total	<u>\$ 223,235</u>	<u>\$ 25,722</u>	<u>\$ 248,957</u>	<u>\$ 471</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 19 – RETIREMENT PLANS (CONTINUED)

The total amount of \$371,241 reported as deferred outflows of resources related to contributions to the Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Governmental Activities	Business-Type Activities	Primary Government Total	Discretely Presented Component Unit
2020	\$ 109,419	\$ 11,666	\$ 121,085	\$ 46
2021	61,356	7,172	68,528	1
2022	(35,733)	(3,016)	(38,749)	(82)
2023	54,024	5,938	59,962	(4)
2024	15,079	1,834	16,913	(15)
Thereafter	(49)	31	(18)	(3)
Total	<u>\$ 204,096</u>	<u>\$ 23,625</u>	<u>\$ 227,721</u>	<u>\$ (57)</u>

Actuarial Assumptions

The County's proportion of the Plan's total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Investment Rate of Return	7.25%
Inflation	3.00%
Projected Salary Increases	General: 4.50% to 14.50%; Safety: 4.70% to 14.50%
Cost of Living Adjustments	Consumer price index with a 2.00% maximum
Administrative Expenses	0.70% of payroll

The actuarial assumptions used to determine the total pension liability as of June 30, 2018 were based on the results of the June 30, 2017 Actuarial Experience Study, which covered the period from July 1, 2013 through June 30, 2016. They are the same assumptions used in the June 30, 2018 actuarial valuation.

Mortality rates used in the June 30, 2018 actuarial valuation are based on the Headcount-Weighted RP 2014 Healthy Annuitant Mortality Table projected generationally using the two-dimensional mortality improvement scale MP-2016. For healthy General male members, the ages are set forward one year. No adjustment is made for healthy General female members. For all healthy and disabled Safety members, the ages are set back one year. For all General members that are disabled, the ages are set forward seven years. Beneficiaries are assumed to have the same mortality as a General member of the opposite sex who is receiving a service (non-disability) retirement.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 19 – RETIREMENT PLANS (CONTINUED)

The long-term expected rate of return on the Plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin. The June 30, 2018 target allocation (approved by the SBCERA Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the table as follows:

Asset Class	Investment Classification	Target Allocation ⁽¹⁾	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	Domestic Common and Preferred Stock	8.00%	5.61%
Small Cap U.S. Equity	Domestic Common and Preferred Stock	2.00%	6.37%
Developed International Equity	Foreign Common and Preferred Stock	6.00%	6.96%
Emerging Market Equity	Foreign Common and Preferred Stock	6.00%	9.28%
U.S. Core Fixed Income	U.S. Government and Municipals/Corporate Bonds	2.00%	1.06%
High Yield/Credit Strategies	Corporate Bonds/Foreign Bonds	13.00%	3.65%
Global Core Fixed Income	Foreign Bonds	1.00%	0.07%
Emerging Market Debt	Emergng Market Debt	6.00%	3.85%
Real Estate	Real Estate	9.00%	4.37%
International Credit	Foreign Alternatives	11.00%	6.75%
Absolute Return	Domestic Alternatives/Foreign Alternatives	13.00%	3.56%
Real Assets	Domestic Alternatives/Foreign Alternatives	5.00%	6.35%
Private Equity	Domestic Alternatives/Foreign Alternatives	16.00%	8.47%
Cash and Equivalents	Short-Term Cash Investment Funds	2.00%	-0.17%
Total		100.00%	

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

Discount Rate

The discount rate used to measure the Plan's total pension liability was 7.25% for the year ended June 30, 2018. The projection of cash flows used to determine the discount rate assumed employer and member contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan investments of 7.25% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 19 – RETIREMENT PLANS (CONTINUED)

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

The following table presents the County’s proportionate share of the net pension liability, calculated using the discount rate of 7.25%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	Governmental Activities	Business-Type Activities	Primary Government Total	Discretely Presented Component Unit
County's proportionate share of the net pension liability				
1.00% Decrease (6.25%)	\$ 3,149,903	\$ 376,831	\$ 3,526,734	\$ 3,463
Current Discount Rate (7.25%)	1,854,817	204,737	2,059,554	1,741
1.00% Increase (8.25%)	792,530	63,578	856,108	329

Pension Plan Fiduciary Net Position

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

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

General Information about the Pension Plan

Plan Description

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 19 – RETIREMENT PLANS (CONTINUED)

Benefits Provided

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

The provisions and benefits in effect as of September 30, 2018 are summarized as follows:

Benefit Formula	2.00% at age 55
Benefit Vesting Schedule	5 years of service
Benefit Payments	Monthly for life
Retirement Age	Age 50 to 55
Monthly Benefits, as percentage of eligible compensation	2.00% to 2.50%
Required Employee Contribution Rate	8.00%
Required Employer Contribution Rate	24.47%

Employees Covered

At September 30, 2018, SBCHAMP had 340 employees covered, including 205 active employees and 135 inactive employees or beneficiaries currently receiving benefits.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2018, the employee contribution rate is 8.00% of annual pay. The Housing Authority makes the contributions required of Housing Authority employees on their behalf and for their account via payroll deductions. The employer's contribution rate is 24.47% of annual payroll. The Housing Authority's contribution to the SBCHAMP was \$1,904 for the year ended September 30, 2018.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 19 – RETIREMENT PLANS (CONTINUED)

Net Pension Liability

The Housing Authority’s net pension liability was measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. At September 30, 2018, the Housing Authority reported a net pension liability of \$21,396 as business-type activities in the government-wide financial statements.

Actuarial Assumptions

The June 30, 2017 valuation was rolled forward to determine the June 30, 2018 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 19 – RETIREMENT PLANS (CONTINUED)

The table below reflects the expected real rates of return by asset class:

Asset Class ⁽¹⁾	Assumed Asset Allocation	Real Return Years 1-10 ⁽²⁾	Real Return Years 11+ ⁽³⁾
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

⁽¹⁾ In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

⁽²⁾ An expected inflation of 2.00% used for this period

⁽³⁾ An expected inflation of 2.92% used for this period

Discount Rate

The discount rate used to measure the total pension liability was 7.15%, which is the same as fiscal year 2017. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the SBCHAMP's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Change in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balances at June 30, 2017	\$ 61,298	\$ 39,136	\$ 22,162
Changes recognized for the measurement period:			
Service cost	1,188	-	1,188
Interest on total pension liability	4,243	-	4,243
Changes of assumptions	(518)	-	(518)
Differences between expected and actual experience	(293)	-	(293)
Contributions from employer	-	1,709	(1,709)
Contributions from employees	-	526	(526)
Net investment income	-	3,328	(3,328)
Benefit payments, including refunds of employee contributions	(3,480)	(3,480)	-
Administrative expense	-	(61)	61
Other miscellaneous income/(expense)	-	(116)	116
Net Changes	<u>1,140</u>	<u>1,906</u>	<u>(766)</u>
Balances at June 30, 2018	<u>\$ 62,438</u>	<u>\$ 41,042</u>	<u>\$ 21,396</u>

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 19 – RETIREMENT PLANS (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in Discount Rate

The following presents the net pension liability of the Housing Authority in business-type activities as of the June 30, 2018 measurement date, calculated using the discount rate of 7.15%, as well as what the Housing Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate:

Changes in Discount Rate	Net Pension Liability
1.00% Decrease (6.15%)	\$ 29,496
Current Discount Rate (7.15%)	21,396
1.00% Increase (8.15%)	14,714

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2018, the Housing Authority recognized a pension expense of \$2,530 in business-type activities. At September 30, 2018, the Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions in business-type activities from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,531	\$ 382
Difference between expected and actual experiences	4	467
Net differences between projected and actual earnings on pension plan investments	98	-
Pension contributions subsequent to the measurement date	1,571	-
Total	\$ 3,204	\$ 849

The \$1,571 reported as deferred outflows of resources related to contributions to the SBCHAMP subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions in business-type activities will be recognized as pension expense as follows:

Year Ended September 30	Pension Expense
2019	\$ 1,060
2020	427
2021	(586)
2022	(117)
Total	\$ 784

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 20 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) - HOUSING AUTHORITY

Plan Description

In addition to providing pension benefits, the Housing Authority provides lifetime retiree medical benefits and participates in the CalPERS medical program, an agent multiple employer defined benefit healthcare plan administered by CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). Medical coverage requires the employee to satisfy the requirements for retirement under CalPERS: either (a) attainment of age 50 (age 52, if a miscellaneous employee new to PERS on or after January 1, 2013) with 5 years of State or public agency service or (b) an approved disability retirement. The employee may retire prior to his or her normal retirement age and still be eligible for retiree medical coverage and benefits.

Generally, an employee must begin his or her retirement warrant (pension benefit) within 120 days of terminating employment with the Housing Authority to be eligible to continue medical coverage through the Housing Authority and be entitled to the employer subsidy. If an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement or during any future open enrollment period. Coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage.

In order to fund retiree health benefits, the Housing Authority established an irrevocable trust with Public Agency Retirement Services (PARS), an agent multiple-employer defined benefit OPEB plan. PARS issues a separate annual financial report, and copies of the report may be obtained by writing to its headquarters at 4350 Von Karman Ave., Suite 100, Newport Beach, CA 92660.

Benefits Provided

As a condition of participation in the CalPERS medical program, the Housing Authority is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. A surviving spouse and other eligible dependents may also be entitled to a Housing Authority contribution.

The Housing Authority currently maintains two different types of resolutions with CalPERS defining the level of the Housing Authority's contribution. The resolutions apply to those eligible for coverage based on an employee's hire date as follows:

Retirees hired before May 14, 2008 (Tier 1 retirees): For any Tier 1 retiree who meets the medical coverage requirements, the Housing Authority contributes 85% of the medical premiums for the retiree and any eligible dependents and/or survivors for the plan selected.

Retirees hired on or after May 14, 2008 (Tier 2 retirees): Tier 2 retirees are covered by a PEMHCA Vesting resolution. This resolution provides that the Housing Authority will pay 85% of the monthly medical premium for the retiree and any dependents, but not less than the vested percent of maximum benefits (caps) which vary by coverage level (single, two-party or family).

- The maximum benefits are set annually and often referred to as the "100/90 formula" caps. The monthly caps for 2018 are \$707 (single), \$1,349 (two-party) and \$1,727 (family).
- Each retiree's vested percent is based on his or her total years of CalPERS service, though a minimum of 5 years of Housing Authority service is required to be eligible for any premium subsidy from the Housing Authority. The vesting percentage is 50% after 10 years of CalPERS membership, increasing by 5% for each additional year, reaching 100% after 20 years of CalPERS service.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

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

Employees Covered

As of the October 1, 2016 actuarial valuation, there were 219 employees covered by the benefit terms, including 120 active employees and 99 inactive employees or beneficiaries currently receiving benefits.

Contributions

The contribution requirements of plan members and the Housing Authority are established and may be amended by the Housing Authority's Board of Governors. Housing Authority contributions occur as benefits are paid to retirees and/or to the OPEB trust. Benefit payments may occur in the form of direct payments for premiums and taxes (explicit subsidies) and/or indirect payments to retirees in the form of higher premiums for active employees (implicit subsidies). The annual contribution is based on the actuarially determined contribution. The Housing Authority contributes 100% or more of the Actuarially Determined Contribution each year. For the fiscal year ended September 30, 2018, the Housing Authority made contributions of \$1,749. Of this amount, \$1,583 was paid for healthcare benefits for retired employees and \$166 was an implicit rate subsidy.

Net OPEB Liability

The Housing Authority's net OPEB liability was measured as of September 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated October 1, 2016 that was rolled forward to determine the September 30, 2017 total OPEB liability, based on the following actuarial methods and assumptions:

Valuation Date	October 1, 2016
Measurement Date	September 30, 2017
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	6.00%, net of plan investment expenses and including inflation
Discount Rate	6.00%
Participants Valued	Current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.25% per year; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years
Assumed Wage Inflation	3.00% per year; used to determine amortization payments if developed on a level percent of pay basis
General Inflation Rate	2.75% per year
Mortality	CalPERS 2014 experience study using data from 1997 to 2011, except for a different basis used to project future mortality improvements. Mortality rates used were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008 and then projected.
Mortality Improvement	MacLeod Watts Scale 2017 applied generationally
Healthcare Trend	7.50% for 2019, decreasing 0.50% per year to an ultimate rate of 5.00% for 2024 and later years

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

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

Discount Rate

The discount rate used to measure the total OPEB liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that the Housing Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates or geometric real rates of return for each major asset class are summarized in the following table:

<u>Portfolio (Investment Strategy)</u>	<u>Moderate</u>	
<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Equity		
Large Cap Core	6.70%	26.50%
Mid Cap Core	7.00%	5.00%
Small Cap Core	7.90%	7.50%
Real Estate	5.70%	1.75%
International	7.30%	6.00%
Emerging Markets	9.70%	3.25%
		<u>50.00%</u>
Fixed Income		
Short Term Bond	3.80%	10.00%
Intermediate Term Bond	4.60%	33.50%
High Yield	6.00%	1.50%
		<u>45.00%</u>
Cash	2.10%	5.00%
Total		<u>100.00%</u>

The expected return above was reduced by 40 basis points for expected investment-related expenses. The net expected return of 6.08% was rounded down to 6.00% as the assumed long-term return on trust assets used in the valuation.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

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

Changes in the OPEB Liability

The changes in the net OPEB liability of the Housing Authority for the OPEB Plan measured as of September 30, 2017 are as follows::

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at September 30, 2017	\$ 20,575	\$ 10,029	\$ 10,546
Changes recognized for the measurement period:			
Service cost	736	-	736
Interest	1,279	-	1,279
Net difference between projected and actual earnings on investments	-	327	(327)
Net investment income	-	713	(713)
Contributions from employer	-	916	(916)
Benefit payments	(916)	(916)	-
Administrative expenses	-	(30)	30
Net Changes during the year	1,099	1,010	89
Balance at September 30, 2018	\$ 21,674	\$ 11,039	\$ 10,635

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Housing Authority if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate, for measurement period ended September 30, 2017:

Changes in Discount Rate	Net OPEB Liability
1% Decrease (5.00%)	\$ 13,965
Current Discount Rate (6.00%)	10,635
1% Increase (7.00%)	7,924

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Housing Authority if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates, for measurement period ended September 30, 2017:

Changes in Healthcare Cost Trend Rates	Net OPEB Liability
1% Decrease (6.50% decreasing to 4.00%)	\$ 7,664
Current Healthcare Cost Trend Rates (7.50% decreasing to 5.00%)	10,635
1% Increase (8.50% decreasing to 6.00%)	14,653

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

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

OPEB Plan Fiduciary Net Position

PARS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the Public Agency Retirement Services, 4350 Von Karman Ave., Suite 100, Newport Beach, California 92660.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position of the Housing Authority are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

- Net difference between projected and actual earnings on OPEB plan investments are recognized over a 5-year period using the straight-line method.
- All other amounts are recognized over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the measurement period. The EARSL period is 5.85 years at September 30, 2017.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended September 30, 2018, the Housing Authority recognized OPEB expense of \$527. As of September 30, 2018, the Housing Authority reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions made subsequent to the measurement date	\$ 1,749	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	327
Total	\$ 1,749	\$ 327

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

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

The \$1,749 reported as deferred outflows of resources related to contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability during the Housing Authority's next fiscal year ending September 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended September 30		
2019	\$	82
2020		82
2021		82
2022		81
Total	<u>\$</u>	<u>327</u>

NOTE 21 – LEASE/LEASEBACK

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

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

The County's 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).

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 21 – LEASE/LEASEBACK (CONTINUED)

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, 2019, 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 \$7.3 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 \$125.1 million over the next 2 years.

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

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

NOTE 22 – COMMITMENTS, CONTINGENCIES, AND CERTAIN SUBSEQUENT EVENTS

Lawsuits and Other Claims

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

Grants

The County recognizes as revenue, grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Although the County's grant programs are being audited through June 30, 2019 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.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 22 – 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	\$ 66,989
Capital Improvement Fund	14,637
Total Major Governmental Funds	81,626
Nonmajor Governmental Funds	135,696
Total Governmental Funds	\$ 217,322

Agreements/Certain Claims

(a) El Mirage Off-Highway Vehicle Park

The County entered into an Interagency Agreement (Agreement) with the California Off-Highway Motor Vehicle Recreation Commission, the California Department of Parks and Recreation (Parks), the County of Los Angeles, and the Bureau of Land Management (BLM) to create an off-road vehicle park and camping area on November 14, 1988. The County, BLM, and Parks entered into a MOU to further define the roles of each agency in the development of the El Mirage Off-Highway Vehicle Park (Park) in 1990. In accordance with the Agreement and the MOU, Parks provided the funding, the County is to appraise and acquire land in the Park as an acquisition agent initially taking title in trust for the BLM, and then, convey the land to the BLM to operate and manage the Park. Approximately 1,306 parcels have been acquired and approximately 306 have been transferred to the BLM. There are 136 parcels remaining to be acquired. The El Mirage Trust Fund balance is \$2,062,662.

(b) Economic and Community Development

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

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

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, 2019 is \$64,070. The estimated amount that will probably be collected in future years is substantially lower due to the nature of the funding source of these loans. Due to this contingent nature of the loans, they are not currently recognized in the financial statements.

Pollution Remediation

(a) Sanitary Landfills

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

As security for each annual payment, the County must annually post a letter of credit for 125% of the year's operations and maintenance costs, based upon an estimated budget submitted by the SGVWC. When the agreement was approved, the then-current estimate for the annual operations and maintenance costs was \$500 per year. The operations and maintenance costs over the life of the agreement have averaged about \$291 per year. In addition to these costs, the County pays \$224 per year for water rights used to run the PCE remediation systems. The agreement does not state a specified number of years over which these annual operations and maintenance costs may be incurred; therefore, a reasonable estimate of the contingent liability cannot be determined.

On September 16, 2013, SGVWC orally advised the County that it had been sued by several water purveyors in the Rialto-Colton Basin on September 12, 2013, and that it considered this new lawsuit to be within the defense and indemnity obligations of the 1998 settlement agreement. By letter dated September 20, 2013, SGVWC formally tendered the defense and indemnity of the lawsuit. By letter dated October 4, 2013, the County timely rejected SGVWC's tender. On September 24, 2013, the County received from Fontana Union Water Company (FUWC) its tender of the same lawsuit, and on October 8, 2013, the County timely rejected that tender. Lastly, on October 11, 2013, the County received from Cucamonga Valley Water District (CVWD) its tender of the same lawsuit. The County timely rejected that tender on October 25, 2013. In general, the County's rejection of all tenders was based on the apparent purpose of the new lawsuit to challenge the use of water and water rights by SGVWC and FUWC, not on the existence of leachate contamination in groundwater. On April 17, 2014, San Gabriel Valley Water Company DBA Fontana Water Company and Fontana Union Water Company each filed with the County individual claims asserting that each has been damaged by the County's denial of the tenders and Fontana Water Company also claims property damage from contamination from the landfill. No further communications have been received by the County concerning these claims as of the date of this report. As of February, 2019, the lawsuit filed by water purveyors against SGVWC was resolved. No further communication has been received by SGVWC, FUWC or CVWD regarding this action.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

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

Perchlorate Contamination of Ground Water: Commencing in about 2004, numerous lawsuits were filed naming the County concerning perchlorate groundwater contamination in the Rialto-Colton Basin alleged to be emanating from or near the Mid-Valley Sanitary Landfill (“MVSL”) operated by the Solid Waste Management Division. As of June 30, 2019, these lawsuits were substantially resolved as to the County, and the other litigants, through various settlements. The County remains obligated to continue remediation of groundwater contamination in compliance with the settlements, court orders and agency orders.

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

USEPA-Emhart settlement: Subsequent global settlement discussions amongst all parties, including the County and the United States Environmental Protection Agency (USEPA) resulted in additional settlements that were approved by the federal court in July and August of 2013. Since that time, additional settlements among all other litigants and the USEPA have been finalized. Implementation of the various settlements remains under the continuing jurisdiction of the federal court.

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

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

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

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

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

(b) Chino Airport

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

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

On January 11, 2017, the Regional Board issued Order No. R8-2017-0011 to supersede Order No. R8-2008-0064. The County is now complying with the new Order and is preparing a final remediation plan for review and approval by the Regional Board. In December 2017, the County submitted to the Regional Board a Draft Interim Remedial Action Plan (IRAP) which identifies the proposed remedial plan to contain and treat the contaminated groundwater. The proposed remedial action set forth in the IRAP contemplates a long term settlement and operations agreement with the Chino Desalter Authority (CDA). The settlement agreement between the County and CDA was approved by their respective boards in September-October 2019. The Regional Board has not yet issued its final approval of the IRAP but it is expected to be issued within 3-6 months.

The County expects to receive from one of its insurers reimbursements for investigatory costs incurred as of June 30, 2019. An estimate of future costs of remediation and potential liability related to the cleanup of the contamination remains difficult to determine since the IRAP is not yet final. However, the County has estimated costs for the Remediation Plan including operations and maintenance over 30-50 years to possibly range between \$32-52 million.

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

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

Subsequent Events

On July 2, 2019, the County issued Arrowhead Refunding Project Series 2019 A & 2019 B certificates of participation in the amount of \$224,045 and \$35,635, respectively. The certificates were executed and delivered to provide funds to pay and repay the following:

- Certificates of Participation Series 1994 (Medical Center Financing Project)
- Certificates of Participation Series 1996 (Medical Center Financing Project)
- Certificates of Participation Series 2009A (Arrowhead Refunding Project)
- Certificates of Participation Series 2009B (Arrowhead Refunding Project)

NOTE 23 – RESTATEMENT OF FUND BALANCE/NET POSITION

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Housing Authority reports a net OPEB liability along with the related deferred outflows of resources and deferred inflows of resources due to its fiscal year beginning October 1, 2017. As a result, beginning net position for Business-Type Activities has been decreased by \$5,141 to reflect the change.

The restatement of beginning net position is summarized as follows:

Restatement to the Government-Wide:

	Business-Type Activities
Beginning Net Position, as previously reported	\$ 459,517
Prior Period Adjustments - OPEB for HACSB	(5,141)
Beginning Net Position, as restated	\$ 454,376

Restatement to the Fund Financials:

	Proprietary Fund
	Housing Authority
Beginning Fund Balance/Net Position, as previously reported	\$ 86,705
Prior Period Adjustments - OPEB	(5,141)
Beginning Net Position, as restated	\$ 81,564

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 23 – RESTATEMENT OF FUND BALANCE/NET POSITION (CONTINUED)

Pro Forma Basis Restatement to the Government-Wide Financial Statements

Following is the pro-forma effect of the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*:

Government-Wide Financial Statements			
Business-Type Activities	2018 Previously Presented	Restatement	2018 Restated
Statement of Net Position:			
Net Other Postemployment Benefits Liability *	\$ -	\$ (10,546)	\$ (10,546)
Deferred Outflows of Resources - OPEB	-	916	916
Net Other Postemployment Benefits Obligation *	(4,489)	4,489	-
Statement of Activities:			
Expenses:			
Housing Authority expenses	15,873	95	15,968
Change in net position	4,959	(95)	4,864
Net position end of year	86,705	<u>\$ (5,141)</u>	81,564

* Negative amounts represent credit balances.

Pro Forma Basis Restatement to the Fund Financial Statements

Proprietary Funds Financial Statements			
Housing Authority	2018 Previously Presented	Restatement	2018 Restated
Statement of Net Position:			
Net Pension Liability	\$ -	\$ (10,546)	\$ (10,546)
Deferred Outflows of Resources	-	916	916
Net Other Postemployment Benefits Obligation	(4,489)	4,489	-
Statement of Revenues, Expenses and Changes in Fund Net Position:			
Salaries and Benefits Expense	15,873	95	15,968
Change in net position	4,959	(95)	4,864
Net position end of year	86,705	<u>\$ (5,141)</u>	81,564

NOTE 24 – NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 84 – Fiduciary Activities

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

GASB Statement No. 87 – Leases

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

COUNTY OF SAN BERNARDINO
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019
(Amounts in thousands)

NOTE 24 – NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

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

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

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

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

GASB Statement No. 91 - Conduit Debt Obligations

In May, 2019, GASB issued Statement No. 91 *Conduit Debt Obligations* - The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement is effective for fiscal year ending June 30, 2022. The County has not determined the effect of this Statement.





SAN BERNARDINO
COUNTY



**REQUIRED SUPPLEMENTARY
INFORMATION**

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

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Costing Sharing Retirement Plan - San Bernardino County Employees' Retirement Association**

Last 10 Fiscal Years ⁽¹⁾
(Amounts in thousands)

County Total	2019	2018	2017	2016	2015
County's proportion of the net pension liability ⁽²⁾	81.36%	82.57%	82.92%	83.37%	84.40%
County's proportionate share of the net pension liability	\$ 2,061,295	\$ 2,176,107	\$ 2,046,702	\$ 1,619,806	\$ 1,434,500
County's covered payroll	\$ 1,163,251	\$ 1,116,557	\$ 1,061,307	\$ 1,048,550	\$ 1,028,958
County's proportionate share of the net pension liability as a percentage of its covered payroll	177.20%	194.89%	192.85%	154.48%	139.41%
Plan fiduciary net position as a percentage of the total pension liability	79.89%	77.90%	76.86%	80.98%	82.47%
Measurement date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Primary Government					
Primary Government's portion of the net pension liability	81.29%	82.48%	82.81%	83.27%	84.29%
Primary Government's proportionate share of the net pension liability	\$ 2,059,554	\$ 2,174,075	\$ 2,044,518	\$ 1,618,134	\$ 1,432,929
Primary Government's covered payroll	\$ 1,161,950	\$ 1,115,185	\$ 1,059,874	\$ 1,047,144	\$ 1,027,569
Primary Government's proportionate share of the net pension liability as a percentage of its covered payroll	177.25%	194.95%	192.90%	154.53%	139.45%
Plan fiduciary net position as a percentage of the total pension liability	79.89%	77.90%	76.86%	80.98%	82.47%
Measurement date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Discretely Presented Component Unit					
Component Unit's proportion of the net pension liability	0.07%	0.09%	0.11%	0.10%	0.11%
Component Unit's proportionate share of the net pension liability	\$ 1,741	\$ 2,032	\$ 2,184	\$ 1,672	\$ 1,571
Component Unit's covered payroll	\$ 1,301	\$ 1,372	\$ 1,433	\$ 1,406	\$ 1,389
Component Unit's proportionate share of the net pension liability as a percentage of its covered payroll	133.89%	148.15%	152.40%	118.99%	113.13%
Plan fiduciary net position as a percentage of the total pension liability	79.89%	77.90%	76.86%	80.98%	82.47%
Measurement date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note to Schedule:

In 2019, there were no changes of assumptions. In 2018, the actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the three year period of July 1, 2013 through June 30, 2016. Amounts reported in 2018 primarily reflect a decrease of 0.25% for both the investment rate of return and inflation rate, an increase of 0.1% of payroll for administrative expenses, and adjustments of projected salary increases and mortality rates to more closely reflect actual experience. Mortality rates used in the June 30, 2017 actuarial valuation are based on the Headcount-Weighted RP 2014 Healthy Annuitant Mortality Table rather than on the RP-2000 Combined Healthy Mortality Table, which was used to determine amounts reported prior to 2018.

⁽¹⁾ Fiscal year 2015 was the first year of implementation, therefore, only five years are shown.

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

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

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

<u>County Total</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 371,241	\$ 315,907	\$ 303,138	\$ 286,271	\$ 255,377
Contributions in relation to the actuarially determined contribution	371,241	315,907	303,138	286,271	255,377
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 1,222,101	\$ 1,163,251	\$ 1,116,557	\$ 1,033,349	\$ 1,048,550
Contributions as a percentage of covered payroll	30.38%	27.16%	27.15%	27.70%	24.36%
<u>Primary Government</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 370,902	\$ 315,618	\$ 302,836	\$ 285,943	\$ 255,080
Contributions in relation to the actuarially determined contribution	370,902	315,618	302,836	285,943	255,080
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 1,220,711	\$ 1,161,950	\$ 1,115,185	\$ 1,059,864	\$ 1,047,144
Contributions as a percentage of covered payroll	30.38%	27.16%	27.16%	26.98%	24.36%
<u>Discretely Presented Component Unit</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 339	\$ 289	\$ 302	\$ 328	\$ 297
Contributions in relation to the actuarially determined contribution	339	289	302	328	297
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 1,390	\$ 1,301	\$ 1,372	\$ 1,443	\$ 1,406
Contributions as a percentage of covered payroll	24.42%	22.19%	21.98%	22.91%	21.18%

Note to Schedule:

⁽¹⁾ Fiscal year 2015 was the first year of implementation, therefore, only five years are shown.

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

**SCHEDULE OF CHANGES IN THE HOUSING AUTHORITY'S NET PENSION LIABILITY AND RELATED RATIOS
Agent Multiple-Employer Defined Benefit Plan - California Public Employees Retirement System
Miscellaneous Plan of the San Bernardino County Housing Authority
Last 10 Fiscal Years ⁽¹⁾
(Amounts in thousands)**

	September 30, 2018 ⁽²⁾	September 30, 2017	September 30, 2016	September 30, 2015
Total pension liability				
Service cost	\$ 1,188	\$ 1,229	\$ 1,141	\$ 1,087
Interest on total pension liability	4,243	4,160	4,091	3,956
Changes of assumptions	(518)	3,333	-	(927)
Differences between expected and actual experience	(293)	(547)	17	111
Benefit payments, including refunds of employee contributions	(3,480)	(3,318)	(3,396)	(3,235)
Net change in total pension liability	1,140	4,857	1,853	992
Total pension liability - beginning	61,298	56,441	54,588	53,596
Total pension liability - ending (a)	<u>\$ 62,438</u>	<u>\$ 61,298</u>	<u>\$ 56,441</u>	<u>\$ 54,588</u>
Plan fiduciary net position				
Contributions from employer	\$ 1,709	\$ 1,534	\$ 1,358	\$ 1,201
Contributions from employees	526	522	542	518
Net investment income	3,328	4,035	181	853
Benefit payments, including refunds of employee contributions	(3,480)	(3,318)	(3,396)	(3,235)
Administrative expense	(61)	(54)	(23)	(43)
Other miscellaneous income/(expense)	(116)	-	-	-
Net change in fiduciary net position	1,906	2,719	(1,338)	(706)
Plan fiduciary net position - beginning	39,136	36,417	37,755	38,461
Plan fiduciary net position - ending (b)	<u>\$ 41,042</u>	<u>\$ 39,136</u>	<u>\$ 36,417</u>	<u>\$ 37,755</u>
Plan net pension liability - ending (a) - (b)	<u>\$ 21,396</u>	<u>\$ 22,162</u>	<u>\$ 20,024</u>	<u>\$ 16,833</u>
Plan fiduciary net position as a percentage of total pension liability	65.73%	63.85%	64.52%	69.16%
Housing Authority's covered payroll	\$ 6,983	\$ 6,997	\$ 7,110	\$ 6,759
Plan net pension liability as a percentage of covered payroll	306.39%	316.71%	281.62%	249.03%
Measurement date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

Note to Schedule:

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

⁽²⁾ The Housing Authority has a September 30 year-end. As such, the most recent fiscal year for the Housing Authority was September 30, 2018.

⁽³⁾ Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

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

**SCHEDULE OF THE HOUSING AUTHORITY'S RETIREMENT CONTRIBUTIONS
Agent Multiple-Employer Defined Benefit Plan - California Public Employees Retirement System
Miscellaneous Plan of the San Bernardino County Housing Authority
Last 10 Fiscal Years ⁽¹⁾
(Amounts in thousands)**

	September 30, 2018 ⁽²⁾	September 30, 2017	September 30, 2016	September 30, 2015
Actuarially determined contribution	\$ 1,709	\$ 1,534	\$ 1,358	\$ 1,449
Contributions in relation to the actuarially determined contribution	1,904	1,891	1,358	1,449
Contributions deficiency (excess)	<u>\$ (195)</u>	<u>\$ (357)</u>	<u>\$ -</u>	<u>\$ -</u>
Housing Authority's covered payroll ⁽³⁾	\$ 6,983	\$ 6,997	\$ 7,110	\$ 6,759
Contributions as a percentage of covered payroll ⁽³⁾	27.27%	27.03%	19.10%	21.43%

Note to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal years 2018 contribution rates are as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method/Period	For details see CalPERS June 30, 2015 Funding Valuation Report
Asset Valuation Method	Market value of assets. For details see CalPERS June 30, 2015 Funding Valuation Report
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% net of administration expenses; includes inflation
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of Mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvements using Scale BB published by the Society of Actuaries.

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

⁽²⁾ The Housing Authority has a September 30 year-end. As such, the most recent fiscal year for the Housing Authority was September 30, 2018.

⁽³⁾ The Housing Authority has a September 30 year-end. Therefore, the covered payroll in this schedule of employer contributions during the fiscal year is considered the same amount in the schedule of funding progress based on the annual covered payroll during the year that ends on the measurement date of the pension liability at June 30 since the variance is trivial.

⁽⁴⁾ Changes of Assumptions: Amount reported in 2018 primarily reflect a decrease of 0.25% for both inflation rate and payroll growth.

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

**SCHEDULE OF CHANGES IN THE HOUSING AUTHORITY'S NET OPEB LIABILITY AND RELATED RATIOS
Agent Multiple-Employer Defined Benefit OPEB Plan - Public Agency Retirement Services
Last 10 Fiscal Years ⁽¹⁾
(Amounts in thousands)**

	<u>September 30, 2018 ⁽²⁾</u>
Total OPEB liability	
Service cost	\$ 736
Interest on total OPEB liability	1,279
Benefit payments	<u>(916)</u>
Net change in total OPEB liability	1,099
Total OPEB liability - beginning	20,575
Total OPEB liability - ending (a)	<u>\$ 21,674</u>
Plan fiduciary net position	
Contributions from employer	\$ 916
Net difference between projected and actual earnings on OPEB plan investments	327
Net investment income	713
Benefit payments	(916)
Investment expense	<u>(30)</u>
Net change in fiduciary net position	1,010
Plan fiduciary net position - beginning	10,029
Plan fiduciary net position - ending (b)	<u>\$ 11,039</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 10,635</u>
Plan fiduciary net position as a percentage of total OPEB liability	50.93%
Housing Authority's covered-employee payroll	\$ 7,386
Net OPEB liability as a percentage of covered-employee payroll	143.99%
Measurement date	September 30, 2017

Note to Schedule:

⁽¹⁾ Fiscal year 2018 is the first year of implementation of GASB 75 for the Housing Authority due to its fiscal year beginning October 1, 2017, therefore, only one year is shown.

⁽²⁾ The Housing Authority has a September 30 year-end. As such, the most recent fiscal year for the Housing Authority was September 30, 2018.

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

**SCHEDULE OF THE HOUSING AUTHORITY'S OPEB CONTRIBUTIONS
Agent Multiple-Employer Defined Benefit OPEB Plan - Public Agency Retirement Services
Last 10 Fiscal Years ⁽¹⁾
(Amounts in thousands)**

	September 30, 2018 ⁽²⁾
Actuarially determined contribution	\$ 1,744
Contributions in relation to the actuarially determined contribution	1,749
Contributions deficiency (excess)	\$ (5)
Housing Authority's covered-employee payroll	\$ 7,579
Contributions as a percentage of covered-employee payroll	23.08%

Note to Schedule:

⁽¹⁾ Fiscal year 2018 is the first year of implementation of GASB 75 for the Housing Authority due to its fiscal year beginning October 1, 2017, therefore, only one year is shown.

⁽²⁾ The Housing Authority has a September 30 year-end. As such, the most recent fiscal year for the Housing Authority was September 30, 2018.



SAN BERNARDINO
COUNTY



**SUPPLEMENTAL
INFORMATION**



SAN BERNARDINO
COUNTY



**COMBINED FINANCIAL
STATEMENTS NONMAJOR
GOVERNMENTAL FUNDS**



**COUNTY OF SAN BERNARDINO
 COMBINED BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019 (IN THOUSANDS)**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 838,950	\$ 17,665	\$ 31,844	\$ 1,774	\$ 890,233
INVESTMENTS	-	1,211	-	-	1,211
ACCOUNTS RECEIVABLE - NET	2,002	-	-	-	2,002
TAXES RECEIVABLE	8,892	-	-	-	8,892
INTEREST RECEIVABLE	2,907	64	112	-	3,083
LOAN RECEIVABLE	820	-	-	-	820
OTHER RECEIVABLES	701	-	-	-	701
DUE FROM OTHER FUNDS	30,758	1,446	-	-	32,204
DUE FROM OTHER GOVERNMENTS	80,772	-	43	-	80,815
LAND HELD FOR RESALE	361	-	1,301	-	1,662
INVENTORIES	119	-	-	-	119
PREPAID ITEMS	5,870	-	-	-	5,870
INTERFUND RECEIVABLE	18,935	-	-	-	18,935
RESTRICTED CASH AND INVESTMENTS	10,970	-	-	-	10,970
TOTAL ASSETS	\$ 1,002,057	\$ 20,386	\$ 33,300	\$ 1,774	\$ 1,057,517
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE	\$ 58,811	\$ -	\$ 2,082	\$ -	\$ 60,893
SALARIES AND BENEFITS PAYABLE	19,274	-	-	-	19,274
DUE TO OTHER FUNDS	47,688	-	403	-	48,091
DUE TO OTHER GOVERNMENTS	2,587	-	-	-	2,587
INTEREST PAYABLE	29	-	-	-	29
ADVANCES FROM OTHERS	6,568	-	-	-	6,568
INTERFUND PAYABLE	1,945	-	154	-	2,099
TOTAL LIABILITIES	136,902	-	2,639	-	139,541
DEFERRED INFLOWS OF RESOURCES	10,474	64	111	-	10,649
FUND BALANCES:					
NONSPENDABLE	5,989	-	-	1,774	7,763
RESTRICTED	775,801	20,322	30,395	-	826,518
ASSIGNED	72,891	-	155	-	73,046
TOTAL FUND BALANCES	854,681	20,322	30,550	1,774	907,327
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,002,057	\$ 20,386	\$ 33,300	\$ 1,774	\$ 1,057,517

**COUNTY OF SAN BERNARDINO
 COMBINED - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
REVENUES					
TAXES	\$ 181,929	\$ -	\$ -	\$ -	\$ 181,929
LICENSES, PERMITS, AND FRANCHISES	1,264	-	-	-	1,264
FINES, FORFEITURES, AND PENALTIES	6,179	-	-	-	6,179
REVENUES FROM USE OF MONEY AND PROPERTY	27,973	107	778	55	28,913
AID FROM OTHER GOVERNMENTAL AGENCIES	407,654	-	191	-	407,845
CHARGES FOR CURRENT SERVICES	118,417	-	-	-	118,417
OTHER REVENUES	52,327	2,013	7	1	54,348
TOTAL REVENUES	795,743	2,120	976	56	798,895
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT	4,851	3	338	-	5,192
PUBLIC PROTECTION	260,083	-	-	-	260,083
PUBLIC WAYS AND FACILITIES	66,354	-	-	-	66,354
HEALTH AND SANITATION	188,813	-	-	-	188,813
PUBLIC ASSISTANCE	93,152	-	-	-	93,152
EDUCATION	18,410	-	-	-	18,410
RECREATION AND CULTURAL SERVICES	8,624	-	-	-	8,624
DEBT SERVICE:					
PRINCIPAL	6,147	97,475	-	-	103,622
INTEREST AND FISCAL CHARGES	2,578	12,302	1	-	14,881
CAPITAL OUTLAY	61,369	-	12,295	-	73,664
TOTAL EXPENDITURES	710,381	109,780	12,634	-	832,795
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	85,362	(107,660)	(11,658)	56	(33,900)
OTHER FINANCING SOURCES (USES):					
TRANSFERS OUT	(70,572)	-	(579)	-	(71,151)
TRANSFERS IN	85,521	104,752	12,939	5	203,217
INCEPTION OF CAPITAL LEASE OBLIGATIONS	1,043	-	-	-	1,043
SALE OF CAPITAL ASSETS	573	-	-	-	573
TOTAL OTHER FINANCING SOURCES AND (USES)	16,565	104,752	12,360	5	133,682
NET CHANGE IN FUND BALANCES	101,927	(2,908)	702	61	99,782
FUND BALANCES, BEGINNING	752,754	23,230	29,848	1,713	807,545
FUND BALANCES, ENDING	<u>\$ 854,681</u>	<u>\$ 20,322</u>	<u>\$ 30,550</u>	<u>\$ 1,774</u>	<u>\$ 907,327</u>





SAN BERNARDINO
COUNTY



**COMBINING FINANCIAL
STATEMENTS NONMAJOR
GOVERNMENTAL FUNDS**

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS

SPECIAL REVENUE FUNDS DESCRIPTIONS

TRANSPORTATION

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

SPECIAL TRANSPORTATION

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

SPECIAL AVIATION

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

MENTAL HEALTH SERVICES ACT

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

PRESCHOOL SERVICES DEPARTMENT

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

AGING AND ADULT SERVICES

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

JOBS AND EMPLOYMENT SERVICES

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

COURTHOUSE TEMPORARY CONSTRUCTION

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

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued

CRIMINAL JUSTICE TEMPORARY CONSTRUCTION

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

CENTRAL COURTHOUSE SURCHARGE

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

MICROGRAPHICS FEES

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

LOCAL LAW ENFORCEMENT BLOCK GRANT

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

SHERIFF SPECIAL PROJECTS

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

FIRE PROTECTION DISTRICTS

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

ECONOMIC AND COMMUNITY DEVELOPMENT

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

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued

FLOOD CONTROL DISTRICT

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

COUNTY SERVICE AREAS

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

PARK AND RECREATION DISTRICTS

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

COUNTY FREE LIBRARY

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

REDEVELOPMENT SUCCESSOR HOUSING

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

JOINT POWERS AUTHORITIES

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

OTHER SPECIAL REVENUE

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

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued

DEBT SERVICE FUNDS DESCRIPTIONS

PENSION OBLIGATION BONDS

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

CAPITAL PROJECTS FUNDS DESCRIPTIONS

REDEVELOPMENT SUCCESSOR HOUSING

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

FIRE PROTECTION DISTRICTS

The Fire Protection Districts Capital Projects funds account for the financial resources used to acquire and construct fire protection facilities within certain geographical areas of the County. These funds are primarily financed by transfers from the Fire Protection Districts' special revenue funds, and interest income.

PARK AND RECREATION DISTRICTS

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

COUNTY SERVICE AREAS

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

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS – Continued

PERMANENT FUNDS DESCRIPTIONS

LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND

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

ETIWANDA CSA 120 ENDOWMENT CARE FUND

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

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2019 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>TRANSPORTATION</u>	<u>SPECIAL TRANSPORTATION</u>	<u>SPECIAL AVIATION</u>
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 838,950	\$ 91,438	\$ 54,324	\$ 8,100
ACCOUNTS RECEIVABLE - NET	2,002	-	-	-
TAXES RECEIVABLE	8,892	-	-	-
INTEREST RECEIVABLE	2,907	322	193	29
LOANS RECEIVABLE	820	-	-	-
OTHER RECEIVABLES	701	-	-	-
DUE FROM OTHER FUNDS	30,758	899	-	669
DUE FROM OTHER GOVERNMENTS	80,772	10,546	2,184	-
LAND HELD FOR RESALE	361	-	-	-
INVENTORIES	119	61	-	-
PREPAID ITEMS	5,870	23	-	-
INTERFUND RECEIVABLE	18,935	55	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	10,970	-	-	-
TOTAL ASSETS	<u>\$ 1,002,057</u>	<u>\$ 103,344</u>	<u>\$ 56,701</u>	<u>\$ 8,798</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 58,811	\$ 8,117	\$ 162	\$ 16
SALARIES AND BENEFITS PAYABLE	19,274	1,674	-	-
DUE TO OTHER FUNDS	47,688	63	79	1,615
DUE TO OTHER GOVERNMENTS	2,587	29	382	-
INTEREST PAYABLE	29	-	-	-
ADVANCES FROM OTHERS	6,568	802	-	-
INTERFUND PAYABLE	1,945	-	55	-
TOTAL LIABILITIES	<u>136,902</u>	<u>10,685</u>	<u>678</u>	<u>1,631</u>
DEFERRED INFLOWS OF RESOURCES	<u>10,474</u>	<u>323</u>	<u>193</u>	<u>29</u>
FUND BALANCES:				
NONSPENDABLE	5,989	84	-	-
RESTRICTED	775,801	55,502	55,830	7,138
ASSIGNED	72,891	36,750	-	-
TOTAL FUND BALANCES	<u>854,681</u>	<u>92,336</u>	<u>55,830</u>	<u>7,138</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,002,057</u>	<u>\$ 103,344</u>	<u>\$ 56,701</u>	<u>\$ 8,798</u>

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2019 (IN THOUSANDS)**

	MENTAL HEALTH SERVICES ACT	PRESCHOOL SERVICES	AGING AND ADULT SERVICES	JOBS AND EMPLOYMENT SERVICES
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 177,154	\$ 1,018	\$ 1,614	\$ 797
ACCOUNTS RECEIVABLE - NET	212	-	-	47
INTEREST RECEIVABLE	630	4	6	3
DUE FROM OTHER FUNDS	24,810	196	55	147
DUE FROM OTHER GOVERNMENTS	40,629	3,726	1,086	2,918
TOTAL ASSETS	<u>\$ 243,435</u>	<u>\$ 4,944</u>	<u>\$ 2,761</u>	<u>\$ 3,912</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 25,450	\$ 1,955	\$ 28	\$ 1,601
SALARIES AND BENEFITS PAYABLE	2,736	1,725	140	529
DUE TO OTHER FUNDS	6,070	304	736	20
DUE TO OTHER GOVERNMENTS	483	350	-	495
TOTAL LIABILITIES	<u>34,739</u>	<u>4,334</u>	<u>904</u>	<u>2,645</u>
DEFERRED INFLOWS OF RESOURCES	<u>630</u>	<u>4</u>	<u>6</u>	<u>50</u>
FUND BALANCES:				
RESTRICTED	<u>208,066</u>	<u>606</u>	<u>1,851</u>	<u>1,217</u>
TOTAL FUND BALANCES	<u>208,066</u>	<u>606</u>	<u>1,851</u>	<u>1,217</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 243,435</u>	<u>\$ 4,944</u>	<u>\$ 2,761</u>	<u>\$ 3,912</u>

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2019 (IN THOUSANDS)**

	COURTHOUSE TEMPORARY CONSTRUCTION	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	CENTRAL COURTHOUSE SURCHARGE	MICROGRAPHICS FEES
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 6,135	\$ 7,029	\$ 1	\$ 21,508
ACCOUNTS RECEIVABLE - NET	-	-	-	25
INTEREST RECEIVABLE	-	-	-	77
LOANS RECEIVABLE	-	-	-	820
DUE FROM OTHER GOVERNMENTS	2	3	-	-
TOTAL ASSETS	\$ 6,137	\$ 7,032	\$ 1	\$ 22,430
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ -	\$ -	\$ -	\$ 121
SALARIES AND BENEFITS PAYABLE	-	-	-	18
DUE TO OTHER FUNDS	6,135	7,029	-	-
TOTAL LIABILITIES	6,135	7,029	-	139
DEFERRED INFLOWS OF RESOURCES	-	-	-	77
FUND BALANCES:				
RESTRICTED	2	3	1	22,214
TOTAL FUND BALANCES	2	3	1	22,214
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,137	\$ 7,032	\$ 1	\$ 22,430

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2019 (IN THOUSANDS)**

	LOCAL LAW ENFORCEMENT BLOCK GRANT	SHERIFF SPECIAL PROJECTS	FIRE PROTECTION DISTRICTS	ECONOMIC AND COMMUNITY DEVELOPMENT
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 2,314	\$ 11,769	\$ 92,486	\$ 28,778
ACCOUNTS RECEIVABLE - NET	-	-	827	-
TAXES RECEIVABLE	-	-	4,722	-
INTEREST RECEIVABLE	8	42	-	102
OTHER RECEIVABLES	-	-	607	-
DUE FROM OTHER FUNDS	-	8	1,452	288
DUE FROM OTHER GOVERNMENTS	-	927	2,932	1,069
PREPAID ITEMS	-	-	4,901	549
INTERFUND RECEIVABLE	-	-	-	17,130
TOTAL ASSETS	\$ 2,322	\$ 12,746	\$ 107,927	\$ 47,916
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ -	\$ 10	\$ 9,412	\$ 702
SALARIES AND BENEFITS PAYABLE	-	-	9,834	174
DUE TO OTHER FUNDS	375	845	2,500	304
DUE TO OTHER GOVERNMENTS	-	187	135	402
ADVANCES FROM OTHERS	-	-	11	425
TOTAL LIABILITIES	375	1,042	21,892	2,007
DEFERRED INFLOWS OF RESOURCES	8	42	3,221	104
FUND BALANCES:				
NONSPENDABLE	-	-	4,901	549
RESTRICTED	1,939	11,662	77,913	44,296
ASSIGNED	-	-	-	960
TOTAL FUND BALANCES	1,939	11,662	82,814	45,805
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,322	\$ 12,746	\$ 107,927	\$ 47,916

**COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2019 (IN THOUSANDS)**

	FLOOD CONTROL DISTRICT	COUNTY SERVICE AREAS	PARK AND RECREATION DISTRICTS	COUNTY FREE LIBRARY
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 154,596	\$ 27,782	\$ 3,176	\$ 12,477
ACCOUNTS RECEIVABLE - NET	524	25	32	118
TAXES RECEIVABLE	2,918	185	130	937
INTEREST RECEIVABLE	953	15	-	44
OTHER RECEIVABLE	-	94	-	-
DUE FROM OTHER FUNDS	568	922	34	176
DUE FROM OTHER GOVERNMENTS	2,500	69	-	4
INVENTORIES	-	-	58	-
PREPAID ITEMS	397	-	-	-
INTERFUND RECEIVABLE	-	1,750	-	-
RESTRICTED CASH AND INVESTMENTS	10,970	-	-	-
TOTAL ASSETS	<u>\$ 173,426</u>	<u>\$ 30,842</u>	<u>\$ 3,430</u>	<u>\$ 13,756</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 9,706	\$ 491	\$ 57	\$ 368
SALARIES AND BENEFITS PAYABLE	1,071	501	119	507
DUE TO OTHER FUNDS	838	57	41	22
DUE TO OTHER GOVERNMENTS	39	3	7	74
INTEREST PAYABLE	-	8	21	-
ADVANCES FROM OTHERS	5,310	13	-	-
INTERFUND PAYABLE	-	390	1,500	-
TOTAL LIABILITIES	<u>16,964</u>	<u>1,463</u>	<u>1,745</u>	<u>971</u>
DEFERRED INFLOWS OF RESOURCES	<u>4,289</u>	<u>215</u>	<u>94</u>	<u>679</u>
FUND BALANCES:				
NONSPENDABLE	397	-	58	-
RESTRICTED	146,247	29,164	1,533	12,106
ASSIGNED	5,529	-	-	-
TOTAL FUND BALANCES	<u>152,173</u>	<u>29,164</u>	<u>1,591</u>	<u>12,106</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 173,426</u>	<u>\$ 30,842</u>	<u>\$ 3,430</u>	<u>\$ 13,756</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2019 (IN THOUSANDS)

	REDEVELOPMENT SUCCESSOR HOUSING	JOINT POWERS AUTHORITIES	OTHER SPECIAL REVENUE
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 1,412	\$ 2,710	\$ 132,332
ACCOUNTS RECEIVABLE - NET	-	-	192
INTEREST RECEIVABLE	5	5	469
DUE FROM OTHER FUNDS	-	-	534
DUE FROM OTHER GOVERNMENTS	-	-	12,177
LAND HELD FOR RESALE	361	-	-
TOTAL ASSETS	<u>\$ 1,778</u>	<u>\$ 2,715</u>	<u>\$ 145,704</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ -	\$ -	\$ 615
SALARIES AND BENEFITS PAYABLE	-	-	246
DUE TO OTHER FUNDS	-	646	20,009
DUE TO OTHER GOVERNMENTS	-	-	1
ADVANCES FROM OTHERS	-	-	7
TOTAL LIABILITIES	<u>-</u>	<u>646</u>	<u>20,878</u>
DEFERRED INFLOWS OF RESOURCES	<u>5</u>	<u>1</u>	<u>504</u>
FUND BALANCES:			
RESTRICTED	1,773	2,068	94,670
ASSIGNED	-	-	29,652
TOTAL FUND BALANCES	<u>1,773</u>	<u>2,068</u>	<u>124,322</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,778</u>	<u>\$ 2,715</u>	<u>\$ 145,704</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>TRANSPORTATION</u>	<u>SPECIAL TRANSPORTATION</u>	<u>SPECIAL AVIATION</u>
REVENUES:				
TAXES	\$ 181,929	\$ -	\$ 6,667	\$ -
LICENSES, PERMITS AND FRANCHISES	1,264	379	-	-
FINES, FORFEITURES AND PENALTIES	6,179	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	27,973	2,266	1,603	183
AID FROM OTHER GOVERNMENTAL AGENCIES	407,654	74,070	550	-
CHARGES FOR CURRENT SERVICES	118,417	1,589	4,104	-
OTHER REVENUES	52,327	130	-	972
TOTAL REVENUES	<u>795,743</u>	<u>78,434</u>	<u>12,924</u>	<u>1,155</u>
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	4,851	-	-	129
PUBLIC PROTECTION	260,083	-	-	-
PUBLIC WAYS AND FACILITIES	66,354	60,926	3,120	-
HEALTH AND SANITATION	188,813	-	-	-
PUBLIC ASSISTANCE	93,152	-	-	-
EDUCATION	18,410	-	-	-
RECREATION AND CULTURAL SERVICES	8,624	-	-	-
DEBT SERVICE:				
PRINCIPAL	6,147	-	-	-
INTEREST AND FISCAL CHARGES	2,578	-	-	-
CAPITAL OUTLAY	61,369	7,519	-	958
TOTAL EXPENDITURES	<u>710,381</u>	<u>68,445</u>	<u>3,120</u>	<u>1,087</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>85,362</u>	<u>9,989</u>	<u>9,804</u>	<u>68</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(70,572)	(11,551)	(200)	(534)
TRANSFERS IN	85,521	19,011	125	669
INCEPTION OF CAPITAL LEASE OBLIGATIONS	1,043	-	-	-
SALE OF CAPITAL ASSETS	573	114	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>16,565</u>	<u>7,574</u>	<u>(75)</u>	<u>135</u>
NET CHANGE IN FUND BALANCES	101,927	17,563	9,729	203
FUND BALANCES, BEGINNING	<u>752,754</u>	<u>74,773</u>	<u>46,101</u>	<u>6,935</u>
FUND BALANCES, ENDING	<u>\$ 854,681</u>	<u>\$ 92,336</u>	<u>\$ 55,830</u>	<u>\$ 7,138</u>

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	MENTAL HEALTH SERVICES ACT	PRESCHOOL SERVICES	AGING AND ADULT SERVICES	JOBS AND EMPLOYMENT SERVICES
REVENUES:				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 7,438	\$ 32	\$ 61	\$ 569
AID FROM OTHER GOVERNMENTAL AGENCIES	169,205	58,963	5,068	21,452
CHARGES FOR CURRENT SERVICES	32	-	470	-
OTHER REVENUES	4,776	151	493	163
TOTAL REVENUES	<u>181,451</u>	<u>59,146</u>	<u>6,092</u>	<u>22,184</u>
EXPENDITURES:				
CURRENT:				
HEALTH AND SANITATION	170,444	-	-	-
PUBLIC ASSISTANCE	-	56,015	6,463	20,838
DEBT SERVICE:				
INTEREST AND FISCAL CHARGES	-	6	-	-
CAPITAL OUTLAY	635	780	-	-
TOTAL EXPENDITURES	<u>171,079</u>	<u>56,801</u>	<u>6,463</u>	<u>20,838</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,372</u>	<u>2,345</u>	<u>(371)</u>	<u>1,346</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(5,449)	(2,318)	(504)	(411)
TRANSFERS IN	25,568	-	784	202
SALE OF CAPITAL ASSETS	-	4	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,119</u>	<u>(2,314)</u>	<u>280</u>	<u>(209)</u>
NET CHANGE IN FUND BALANCES	30,491	31	(91)	1,137
FUND BALANCES, BEGINNING	177,575	575	1,942	80
FUND BALANCES, ENDING	<u>\$ 208,066</u>	<u>\$ 606</u>	<u>\$ 1,851</u>	<u>\$ 1,217</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	<u>COURTHOUSE TEMPORARY CONSTRUCTION</u>	<u>CRIMINAL JUSTICE TEMPORARY CONSTRUCTION</u>	<u>CENTRAL COURTHOUSE SURCHARGE</u>	<u>MICROGRAPHICS FEES</u>
REVENUES:				
FINES, FORFEITURES AND PENALTIES	\$ 1,461	\$ 1,736	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	149	170	2	233
CHARGES FOR CURRENT SERVICES	-	-	2,063	2,598
OTHER REVENUES	-	-	-	2
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	1,610	1,906	2,065	2,833
EXPENDITURES:				
CURRENT:				
PUBLIC PROTECTION	-	-	-	2,118
CAPITAL OUTLAY	-	-	-	1,094
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	-	-	-	3,212
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<hr/>	<hr/>	<hr/>	<hr/>
	1,610	1,906	2,065	(379)
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(1,611)	(1,906)	(2,064)	(11)
TRANSFERS IN	-	-	-	4,875
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(1,611)	(1,906)	(2,064)	4,864
NET CHANGE IN FUND BALANCES	(1)	-	1	4,485
FUND BALANCES, BEGINNING	<hr/>	<hr/>	<hr/>	<hr/>
	3	3	-	17,729
FUND BALANCES, ENDING	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 2	\$ 3	\$ 1	\$ 22,214

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	LOCAL LAW ENFORCEMENT BLOCK GRANT	SHERIFF SPECIAL PROJECTS	FIRE PROTECTION DISTRICTS	ECONOMIC AND COMMUNITY DEVELOPMENT
REVENUES:				
TAXES	\$ -	\$ -	\$ 93,086	\$ -
FINES, FORFEITURES AND PENALTIES	-	66	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	72	426	3,199	1,777
AID FROM OTHER GOVERNMENTAL AGENCIES	-	11,110	11,359	15,811
CHARGES FOR CURRENT SERVICES	-	962	87,511	5
OTHER REVENUES	-	5	5,481	4,139
TOTAL REVENUES	72	12,569	200,636	21,732
EXPENDITURES:				
CURRENT:				
PUBLIC PROTECTION	46	10,950	197,402	-
PUBLIC ASSISTANCE	-	-	-	8,190
DEBT SERVICE:				
PRINCIPAL	-	-	232	-
INTEREST AND FISCAL CHARGES	-	-	547	-
CAPITAL OUTLAY	-	2,457	14,099	6
TOTAL EXPENDITURES	46	13,407	212,280	8,196
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	26	(838)	(11,644)	13,536
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(375)	(270)	(8,887)	(1,613)
TRANSFERS IN	-	-	28,315	100
INCEPTION OF CAPITAL LEASE OBLIGATIONS	-	-	1,043	-
SALE OF CAPITAL ASSETS	-	-	253	-
TOTAL OTHER FINANCING SOURCES (USES)	(375)	(270)	20,724	(1,513)
NET CHANGE IN FUND BALANCES	(349)	(1,108)	9,080	12,023
FUND BALANCES, BEGINNING	2,288	12,770	73,734	33,782
FUND BALANCES, ENDING	\$ 1,939	\$ 11,662	\$ 82,814	\$ 45,805

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS (CONTINUED)
 YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	FLOOD CONTROL DISTRICT	COUNTY SERVICE AREAS	PARK AND RECREATION DISTRICTS	COUNTY FREE LIBRARY
REVENUES:				
TAXES	\$ 57,028	\$ 3,819	\$ 2,798	\$ 18,502
LICENSES, PERMITS AND FRANCHISES	299	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	2,689	883	102	10
AID FROM OTHER GOVERNMENTAL AGENCIES	5,533	79	89	321
CHARGES FOR CURRENT SERVICES	739	5,201	1,480	1,328
OTHER REVENUES	4,629	101	539	213
TOTAL REVENUES	70,917	10,083	5,008	20,374
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	4,372	-	-
PUBLIC PROTECTION	24,156	-	-	-
PUBLIC WAYS AND FACILITIES	-	2,308	-	-
EDUCATION	-	-	-	18,410
RECREATION AND CULTURAL SERVICES	-	1,894	4,011	-
DEBT SERVICE:				
PRINCIPAL	5,505	-	-	-
INTEREST AND FISCAL CHARGES	1,272	8	20	-
CAPITAL OUTLAY	32,474	991	46	168
TOTAL EXPENDITURES	63,407	9,573	4,077	18,578
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,510	510	931	1,796
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(4,224)	(1,469)	(2,113)	(327)
TRANSFERS IN	1,700	1,341	-	-
SALE OF CAPITAL ASSETS	191	11	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,333)	(117)	(2,113)	(327)
NET CHANGE IN FUND BALANCES	5,177	393	(1,182)	1,469
FUND BALANCES, BEGINNING	146,996	28,771	2,773	10,637
FUND BALANCES, ENDING	\$ 152,173	\$ 29,164	\$ 1,591	\$ 12,106

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	REDEVELOPMENT SUCCESSOR HOUSING	JOINT POWERS AUTHORITIES	OTHER SPECIAL REVENUE
REVENUES:			
TAXES	\$ -	\$ -	\$ 29
LICENSES, PERMITS AND FRANCHISES	-	-	586
FINES, FORFEITURES AND PENALTIES	-	-	2,916
REVENUES FROM USE OF MONEY AND PROPERTY	30	55	6,024
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	34,044
CHARGES FOR CURRENT SERVICES	-	-	10,335
OTHER REVENUES	462	-	30,071
TOTAL REVENUES	492	55	84,005
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	2	348
PUBLIC PROTECTION	-	-	25,411
HEALTH AND SANITATION	-	-	18,369
PUBLIC ASSISTANCE	20	-	1,626
RECREATION AND CULTURAL SERVICES	-	-	2,719
DEBT SERVICE:			
PRINCIPAL	-	410	-
INTEREST AND FISCAL CHARGES	-	725	-
CAPITAL OUTLAY	-	-	142
TOTAL EXPENDITURES	20	1,137	48,615
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	472	(1,082)	35,390
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	-	(646)	(24,089)
TRANSFERS IN	-	2,065	766
TOTAL OTHER FINANCING SOURCES (USES)	-	1,419	(23,323)
NET CHANGE IN FUND BALANCES	472	337	12,067
FUND BALANCES, BEGINNING	1,301	1,731	112,255
FUND BALANCES, ENDING	\$ 1,773	\$ 2,068	\$ 124,322

**COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 JUNE 30, 2019 (IN THOUSANDS)**

	PENSION OBLIGATION BONDS
ASSETS	
CASH AND CASH EQUIVALENTS	\$ 17,665
INVESTMENTS	1,211
INTEREST RECEIVABLE	64
DUE FROM OTHER FUNDS	1,446
TOTAL ASSETS	<u>\$ 20,386</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
DEFERRED INFLOWS OF RESOURCES	<u>\$ 64</u>
FUND BALANCES:	
RESTRICTED	<u>20,322</u>
TOTAL FUND BALANCES	<u>20,322</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 20,386</u>

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	PENSION OBLIGATION BONDS
REVENUES	
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 107
OTHER REVENUES	2,013
TOTAL REVENUES	<u>2,120</u>
EXPENDITURES	
CURRENT:	
GENERAL GOVERNMENT	3
DEBT SERVICE:	
PRINCIPAL	97,475
INTEREST AND FISCAL CHARGES	12,302
TOTAL EXPENDITURES	<u>109,780</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(107,660)</u>
OTHER FINANCING SOURCES (USES):	
TRANSFERS IN	104,752
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>104,752</u>
NET CHANGE IN FUND BALANCES	(2,908)
FUND BALANCES, BEGINNING	23,230
FUND BALANCES, ENDING	<u>\$ 20,322</u>

**COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2019 (IN THOUSANDS)**

	TOTAL	REDEVELOPMENT SUCCESSOR HOUSING	FIRE PROTECTION DISTRICTS	PARK AND RECREATION DISTRICTS	COUNTY SERVICE AREAS
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 31,844	\$ 19,005	\$ 8,500	\$ 747	\$ 3,592
INTEREST RECEIVABLE	112	69	31	1	11
DUE FROM OTHER GOVERNMENTS	43	-	-	-	43
LAND HELD FOR RESALE	1,301	1,301	-	-	-
TOTAL ASSETS	\$ 33,300	\$ 20,375	\$ 8,531	\$ 748	\$ 3,646
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE	\$ 2,082	\$ -	\$ -	\$ 394	\$ 1,688
DUE TO OTHER FUNDS	403	-	-	189	214
INTERFUND PAYABLE	154	-	-	-	154
TOTAL LIABILITIES	2,639	-	-	583	2,056
DEFERRED INFLOWS OF RESOURCES	111	68	31	1	11
FUND BALANCES:					
RESTRICTED	30,395	20,307	8,500	164	1,424
ASSIGNED	155	-	-	-	155
TOTAL FUND BALANCES	30,550	20,307	8,500	164	1,579
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 33,300	\$ 20,375	\$ 8,531	\$ 748	\$ 3,646

**COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2019 (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	\$ 778	\$ 594	\$ -	\$ 20	\$ 164
AID FROM OTHER GOVERNMENTAL AGENCIES	191	-	-	-	191
OTHER REVENUES	7	-	-	-	7
TOTAL REVENUES	<u>976</u>	<u>594</u>	<u>-</u>	<u>20</u>	<u>362</u>
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT	338	195	-	-	143
INTEREST AND FISCAL CHARGES	1	-	-	-	1
CAPITAL OUTLAY	12,295	-	-	1,971	10,324
TOTAL EXPENDITURES	<u>12,634</u>	<u>195</u>	<u>-</u>	<u>1,971</u>	<u>10,468</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(11,658)</u>	<u>399</u>	<u>-</u>	<u>(1,951)</u>	<u>(10,106)</u>
OTHER FINANCING SOURCES (USES):					
TRANSFERS OUT	(579)	-	-	(180)	(399)
TRANSFERS IN	12,939	-	-	2,230	10,709
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>12,360</u>	<u>-</u>	<u>-</u>	<u>2,050</u>	<u>10,310</u>
NET CHANGE IN FUND BALANCES	<u>702</u>	<u>399</u>	<u>-</u>	<u>99</u>	<u>204</u>
FUND BALANCES, BEGINNING	29,848	19,908	8,500	65	1,375
FUND BALANCES, ENDING	<u>\$ 30,550</u>	<u>\$ 20,307</u>	<u>\$ 8,500</u>	<u>\$ 164</u>	<u>\$ 1,579</u>

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 PERMANENT FUNDS
 JUNE 30, 2019 (IN THOUSANDS)

	TOTAL	LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND	ETIWANDA CSA 120 ENDOWMENT CARE FUND
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 1,774	\$ 103	\$ 1,671
TOTAL ASSETS	<u>\$ 1,774</u>	<u>\$ 103</u>	<u>\$ 1,671</u>
FUND BALANCES			
NONSPENDABLE	\$ 1,774	\$ 103	\$ 1,671
TOTAL FUND BALANCES	<u>\$ 1,774</u>	<u>\$ 103</u>	<u>\$ 1,671</u>

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 PERMANENT FUNDS
 YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)

	TOTAL	LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND	ETIWANDA CSA 120 ENDOWMENT CARE FUND
REVENUES			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 55	\$ 3	\$ 52
OTHER REVENUES	1	1	-
TOTAL REVENUES	<u>56</u>	<u>4</u>	<u>52</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	5	-	5
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>5</u>	<u>-</u>	<u>5</u>
NET CHANGE IN FUND BALANCES	61	4	57
FUND BALANCES, BEGINNING	1,713	99	1,614
FUND BALANCES, ENDING	<u>\$ 1,774</u>	<u>\$ 103</u>	<u>\$ 1,671</u>





SAN BERNARDINO
COUNTY



**COMBINING FINANCIAL
STATEMENTS NONMAJOR
ENTERPRISE FUNDS**

NONMAJOR ENTERPRISE FUNDS DESCRIPTIONS

COUNTY SERVICE AREAS

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

OTHER ENTERPRISE

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

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2019 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>COUNTY SERVICE AREAS</u>	<u>OTHER ENTERPRISE</u>
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 50,750	\$ 50,527	\$ 223
ACCOUNTS RECEIVABLE, NET	2,134	2,134	-
TAXES RECEIVABLE	167	167	-
OTHER RECEIVABLES	149	149	-
DUE FROM OTHER FUNDS	70	41	29
DUE FROM OTHER GOVERNMENTS	3,660	3,660	-
INVENTORIES	33	-	33
TOTAL CURRENT ASSETS	<u>56,963</u>	<u>56,678</u>	<u>285</u>
NONCURRENT ASSETS:			
CAPITAL ASSETS NOT BEING DEPRECIATED OR AMORTIZED:			
LAND	3,861	3,861	-
LAND USE RIGHTS	258	258	-
DEVELOPMENT IN PROGRESS	9,272	9,272	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
LAND USE RIGHTS	1,004	1,004	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE	90,576	90,576	-
EQUIPMENT AND SOFTWARE	1,476	1,476	-
ACCUMULATED DEPRECIATION AND AMORTIZATION	(52,028)	(52,028)	-
TOTAL NONCURRENT ASSETS	<u>54,419</u>	<u>54,419</u>	<u>-</u>
TOTAL ASSETS	<u>111,382</u>	<u>111,097</u>	<u>285</u>
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	1,469	1,469	-
SALARIES AND BENEFITS PAYABLE	4	-	4
DUE TO OTHER FUNDS	358	304	54
DUE TO OTHER GOVERNMENTS	219	219	-
INTEREST PAYABLE	58	58	-
ADVANCES FROM OTHERS	104	104	-
BONDS AND NOTES PAYABLE	120	120	-
TOTAL CURRENT LIABILITIES	<u>2,332</u>	<u>2,274</u>	<u>58</u>
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE	5,850	5,850	-
BONDS AND NOTES PAYABLE	1,243	1,243	-
TOTAL NONCURRENT LIABILITIES	<u>7,093</u>	<u>7,093</u>	<u>-</u>
TOTAL LIABILITIES	<u>9,425</u>	<u>9,367</u>	<u>58</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	54,419	54,419	-
UNRESTRICTED	47,538	47,311	227
TOTAL NET POSITION	<u>\$ 101,957</u>	<u>\$ 101,730</u>	<u>\$ 227</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>COUNTY SERVICE AREAS</u>	<u>OTHER ENTERPRISE</u>
OPERATING REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 13,403	\$ 13,342	\$ 61
OTHER OPERATING REVENUES	731	731	-
TOTAL OPERATING REVENUES	<u>14,134</u>	<u>14,073</u>	<u>61</u>
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	3,450	3,449	1
SALARIES AND EMPLOYEES BENEFITS	5,086	5,056	30
SERVICES AND SUPPLIES	6,232	6,194	38
DEPRECIATION AND AMORTIZATION	3,882	3,882	-
OTHER	634	634	-
TOTAL OPERATING EXPENSES	<u>19,284</u>	<u>19,215</u>	<u>69</u>
OPERATING INCOME (LOSS)	<u>(5,150)</u>	<u>(5,142)</u>	<u>(8)</u>
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUES	1,994	1,994	-
INTEREST EXPENSE	(48)	(48)	-
TAX REVENUE	3,424	3,424	-
GRANT REVENUE	3,759	3,759	-
OTHER NONOPERATING REVENUES	593	580	13
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>9,722</u>	<u>9,709</u>	<u>13</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	4,572	4,567	5
TRANSFERS OUT	<u>(87)</u>	<u>(27)</u>	<u>(60)</u>
CHANGE IN NET POSITION	4,485	4,540	(55)
TOTAL NET POSITION, BEGINNING	<u>97,472</u>	<u>97,190</u>	<u>282</u>
TOTAL NET POSITION, ENDING	<u>\$ 101,957</u>	<u>\$ 101,730</u>	<u>\$ 227</u>

**COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	TOTAL	COUNTY SERVICE AREAS	OTHER ENTERPRISE
CASH FLOWS FROM OPERATING ACTIVITIES:			
CASH RECEIVED FROM SERVICES	\$ 11,555	\$ 11,475	\$ 80
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(9,473)	(9,440)	(33)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(5,083)	(5,056)	(27)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(3,001)	(3,021)	20
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
TAXES RECEIVED	3,429	3,429	-
GRANTS RECEIVED	3,759	3,759	-
TRANSFERS RECEIVED	5,489	5,489	-
TRANSFERS PAID	(33)	(27)	(6)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	12,644	12,650	(6)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(5,346)	(5,346)	-
PRINCIPAL PAID ON BONDS AND NOTES	(163)	(163)	-
INTEREST PAID ON BONDS AND NOTES	(49)	(49)	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(5,558)	(5,558)	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
INTEREST ON INVESTMENTS	1,994	1,994	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,994	1,994	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,079	6,065	14
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	44,671	44,462	209
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 50,750</u>	<u>\$ 50,527</u>	<u>\$ 223</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
OPERATING INCOME (LOSS)	\$ (5,150)	\$ (5,142)	\$ (8)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION	3,882	3,882	-
BAD DEBT EXPENSE	-	-	-
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	593	580	13
AMORTIZATION RELATED TO DEBT	-	-	-
CHANGES IN ASSETS, DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS:			
ACCOUNTS RECEIVABLE	454	448	6
TAX RECEIVABLE	-	-	-
DUE FROM OTHER GOVERNMENTS	(3,630)	(3,630)	-
INVENTORIES	6	-	6
PREPAID ITEMS	-	-	-
DEFERRED CHARGES	-	-	-
ACCOUNTS PAYABLE AND OTHER LIABILITIES	746	746	-
SALARIES AND BENEFITS PAYABLE	3	-	3
DUE TO OTHER GOVERNMENTS	91	91	-
DUE TO OTHER GOVERNMENTS	-	-	-
ADVANCES FROM OTHERS	4	4	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (3,001)</u>	<u>\$ (3,021)</u>	<u>\$ 20</u>
BREAKDOWN OF CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS	<u>\$ 50,750</u>	<u>\$ 50,527</u>	<u>\$ 223</u>



SAN BERNARDINO
COUNTY



**COMBINING FINANCIAL
STATEMENTS INTERNAL
SERVICE FUNDS**

INTERNAL SERVICE FUNDS DESCRIPTIONS

GENERAL SERVICES GROUP

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

TELECOMMUNICATION SERVICES

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

COMPUTER OPERATIONS

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

FLEET MANAGEMENT

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

RISK MANAGEMENT

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

FLOOD CONTROL EQUIPMENT

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

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>GENERAL SERVICES GROUP</u>	<u>TELECOMMUNICATION SERVICES</u>	<u>COMPUTER OPERATIONS</u>
ASSETS				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 393,766	\$ 4,459	\$ 26,828	\$ 27,703
ACCOUNTS RECEIVABLE - NET	1,452	-	140	-
OTHER RECEIVABLES	17,650	-	-	-
DUE FROM OTHER FUNDS	822	123	73	171
DUE FROM OTHER GOVERNMENTS	1,318	8	998	60
INVENTORIES	4,412	14	2,382	-
PREPAID ITEMS	1,619	414	742	11
TOTAL CURRENT ASSETS	<u>421,039</u>	<u>5,018</u>	<u>31,163</u>	<u>27,945</u>
NONCURRENT ASSETS:				
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:				
LAND	894	-	-	-
DEVELOPMENT IN PROGRESS	10,381	99	5,539	4,486
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:				
STRUCTURES AND IMPROVEMENTS	27,433	221	7,349	1,683
EQUIPMENT AND SOFTWARE	124,645	1,776	42,227	21,913
ACCUMULATED DEPRECIATION AND AMORTIZATION	(99,658)	(846)	(38,132)	(16,230)
TOTAL NONCURRENT ASSETS	<u>63,695</u>	<u>1,250</u>	<u>16,983</u>	<u>11,852</u>
TOTAL ASSETS	<u>484,734</u>	<u>6,268</u>	<u>48,146</u>	<u>39,797</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>23,402</u>	<u>824</u>	<u>3,414</u>	<u>14,453</u>
LIABILITIES				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE	8,207	222	2,075	1,115
SALARIES AND BENEFITS PAYABLE	3,411	149	663	1,677
DUE TO OTHER FUNDS	19,814	38	11	133
DUE TO OTHER GOVERNMENTS	231	2	66	132
ADVANCES FROM OTHERS	760	-	-	-
COMPENSATED ABSENCES PAYABLE	3,944	149	682	2,363
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	64,490	-	-	-
TOTAL CURRENT LIABILITIES	<u>100,857</u>	<u>560</u>	<u>3,497</u>	<u>5,420</u>
NONCURRENT LIABILITIES:				
COMPENSATED ABSENCES PAYABLE	3,987	138	877	1,954
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	223,168	-	-	-
NET PENSION LIABILITY	43,208	1,935	8,104	22,280
TOTAL NONCURRENT LIABILITIES	<u>270,363</u>	<u>2,073</u>	<u>8,981</u>	<u>24,234</u>
TOTAL LIABILITIES	<u>371,220</u>	<u>2,633</u>	<u>12,478</u>	<u>29,654</u>
DEFERRED INFLOWS OF RESOURCES	<u>8,251</u>	<u>461</u>	<u>1,705</u>	<u>4,316</u>
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	63,695	1,250	16,983	11,852
UNRESTRICTED	64,970	2,748	20,394	8,428
TOTAL NET POSITION	<u>\$ 128,665</u>	<u>\$ 3,998</u>	<u>\$ 37,377</u>	<u>\$ 20,280</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)
JUNE 30, 2019 (IN THOUSANDS)**

	FLEET MANAGEMENT SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 13,338	\$ 316,808	\$ 4,630
ACCOUNTS RECEIVABLE - NET	-	1,312	-
OTHER RECEIVABLES	-	17,650	-
DUE FROM OTHER FUNDS	56	399	-
DUE FROM OTHER GOVERNMENTS	188	48	16
INVENTORIES	2,016	-	-
PREPAID ITEMS	-	452	-
TOTAL CURRENT ASSETS	<u>15,598</u>	<u>336,669</u>	<u>4,646</u>
NONCURRENT ASSETS:			
CAPITAL ASSETS NOT BEING DEPRECIATED AND AMORTIZED:			
LAND	894	-	-
DEVELOPMENT IN PROGRESS	257	-	-
CAPITAL ASSETS BEING DEPRECIATED AND AMORTIZED:			
STRUCTURES AND IMPROVEMENTS	18,180	-	-
EQUIPMENT AND SOFTWARE	40,495	663	17,571
ACCUMULATED DEPRECIATION AND AMORTIZATION	<u>(32,686)</u>	<u>(656)</u>	<u>(11,108)</u>
TOTAL NONCURRENT ASSETS	<u>27,140</u>	<u>7</u>	<u>6,463</u>
TOTAL ASSETS	<u>42,738</u>	<u>336,676</u>	<u>11,109</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,649</u>	<u>2,062</u>	<u>-</u>
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	1,155	3,639	1
SALARIES AND BENEFITS PAYABLE	571	351	-
DUE TO OTHER FUNDS	311	19,321	-
DUE TO OTHER GOVERNMENTS	31	-	-
ADVANCES FROM OTHERS	-	760	-
COMPENSATED ABSENCES PAYABLE	473	277	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	64,490	-
TOTAL CURRENT LIABILITIES	<u>2,541</u>	<u>88,838</u>	<u>1</u>
NONCURRENT LIABILITIES:			
COMPENSATED ABSENCES PAYABLE	586	432	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	223,168	-
NET PENSION LIABILITY	6,106	4,783	-
TOTAL NONCURRENT LIABILITIES	<u>6,692</u>	<u>228,383</u>	<u>-</u>
TOTAL LIABILITIES	<u>9,233</u>	<u>317,221</u>	<u>1</u>
DEFERRED INFLOWS OF RESOURCES	<u>973</u>	<u>796</u>	<u>-</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	27,140	7	6,463
UNRESTRICTED	8,041	20,714	4,645
TOTAL NET POSITION	<u>\$ 35,181</u>	<u>\$ 20,721</u>	<u>\$ 11,108</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>GENERAL SERVICES GROUP</u>	<u>TELECOMMUNICATION SERVICES</u>	<u>COMPUTER OPERATIONS</u>
OPERATING REVENUES:				
CHARGES FOR CURRENT SERVICES	\$ 255,950	\$ 9,185	\$ 34,930	\$ 56,292
TOTAL OPERATING REVENUES	<u>255,950</u>	<u>9,185</u>	<u>34,930</u>	<u>56,292</u>
OPERATING EXPENSES:				
PROFESSIONAL SERVICES	31,272	919	1,484	10,341
SALARIES AND EMPLOYEES BENEFITS	50,821	2,579	10,025	24,921
SELF-INSURED CLAIMS	90,353	-	-	-
SERVICES AND SUPPLIES	68,071	5,563	14,920	9,863
DEPRECIATION AND AMORTIZATION	14,043	131	3,929	4,336
OTHER	1,448	-	-	-
TOTAL OPERATING EXPENSES	<u>256,008</u>	<u>9,192</u>	<u>30,358</u>	<u>49,461</u>
OPERATING INCOME (LOSS)	<u>(58)</u>	<u>(7)</u>	<u>4,572</u>	<u>6,831</u>
NONOPERATING REVENUES (EXPENSES):				
INTEREST REVENUES	12,267	130	759	709
GRANT REVENUE	23	-	-	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	771	-	(5)	(50)
OTHER NONOPERATING REVENUES	27,964	3	-	-
OTHER NONOPERATING EXPENSES	(22)	-	(8)	(14)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>41,003</u>	<u>133</u>	<u>746</u>	<u>645</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	40,945	126	5,318	7,476
TRANSFERS OUT	(2,406)	(101)	(451)	(1,244)
TRANSFERS IN	1,275	-	-	1,037
CHANGE IN NET POSITION	39,814	25	4,867	7,269
TOTAL NET POSITION, BEGINNING	<u>88,851</u>	<u>3,973</u>	<u>32,510</u>	<u>13,011</u>
TOTAL NET POSITION, ENDING	<u>\$ 128,665</u>	<u>\$ 3,998</u>	<u>\$ 37,377</u>	<u>\$ 20,280</u>

**COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	<u>FLEET MANAGEMENT</u>	<u>RISK MANAGEMENT</u>	<u>FLOOD CONTROL EQUIPMENT</u>
OPERATING REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 31,970	\$ 122,128	\$ 1,445
TOTAL OPERATING REVENUES	<u>31,970</u>	<u>122,128</u>	<u>1,445</u>
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	2,726	15,792	10
SALARIES AND EMPLOYEES BENEFITS	8,117	5,179	-
SELF-INSURED CLAIMS	-	90,353	-
SERVICES AND SUPPLIES	17,826	18,437	1,462
DEPRECIATION AND AMORTIZATION	5,105	2	540
OTHER	-	1,448	-
TOTAL OPERATING EXPENSES	<u>33,774</u>	<u>131,211</u>	<u>2,012</u>
OPERATING INCOME (LOSS)	<u>(1,804)</u>	<u>(9,083)</u>	<u>(567)</u>
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUES	563	9,938	168
GRANT REVENUE	23	-	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	782	-	44
OTHER NONOPERATING REVENUES	3	27,910	48
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,371</u>	<u>37,848</u>	<u>260</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	(433)	28,765	(307)
TRANSFERS OUT	(349)	(261)	-
TRANSFERS IN	238	-	-
CHANGE IN NET POSITION	(544)	28,504	(307)
TOTAL NET POSITION, BEGINNING	<u>35,725</u>	<u>(7,783)</u>	<u>11,415</u>
TOTAL NET POSITION, ENDING	<u>\$ 35,181</u>	<u>\$ 20,721</u>	<u>\$ 11,108</u>

**COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	TOTAL	GENERAL SERVICES GROUP	TELE- COMMUNICATION SERVICES	COMPUTER OPERATIONS	FLEET MANAGEMENT	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
CASH FLOWS FROM OPERATING ACTIVITIES:							
CASH RECEIVED FROM INTERFUND SERVICES	\$ 263,092	\$ 9,220	\$ 35,148	\$ 56,244	\$ 32,191	\$ 128,812	\$ 1,477
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(161,963)	(6,174)	(14,962)	(22,573)	(21,993)	(94,782)	(1,479)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(50,391)	(2,669)	(10,267)	(23,883)	(8,240)	(5,332)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	50,738	377	9,919	9,788	1,958	28,698	(2)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
GRANTS RECEIVED	23	-	-	-	23	-	-
TRANSFERS RECEIVED	1,275	-	-	1,037	238	-	-
TRANSFERS PAID	(2,406)	(101)	(451)	(1,244)	(349)	(261)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(1,108)	(101)	(451)	(207)	(88)	(261)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(23,670)	(406)	(6,225)	(6,017)	(10,088)	-	(934)
PROCEEDS FROM SALE OF CAPITAL ASSETS	826	-	-	-	782	-	44
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(22,844)	(406)	(6,225)	(6,017)	(9,306)	-	(890)
CASH FLOWS FROM INVESTING ACTIVITIES:							
INTEREST ON INVESTMENTS	12,267	130	759	709	563	9,938	168
NET CASH PROVIDED BY INVESTING ACTIVITIES	12,267	130	759	709	563	9,938	168
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	39,053	-	4,002	4,273	(6,873)	38,375	(724)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	354,713	4,459	22,826	23,430	20,211	278,433	5,354
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 393,766	\$ 4,459	\$ 26,828	\$ 27,703	\$ 13,338	\$ 316,808	\$ 4,630

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

OPERATING INCOME (LOSS)	\$ (58)	\$ (7)	\$ 4,572	\$ 6,831	\$ (1,804)	\$ (9,083)	\$ (567)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
DEPRECIATION AND AMORTIZATION	14,043	131	3,929	4,336	5,105	2	540
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	27,942	3	(8)	(14)	3	27,910	48
CHANGES IN ASSETS, DEFERRED OUTFLOWS, LIABILITIES AND DEFERRED INFLOWS:							
ACCOUNTS RECEIVABLE	5,313	-	(54)	-	110	5,257	-
DUE FROM OTHER FUNDS	250	-	261	(63)	140	(88)	-
DUE FROM OTHER GOVERNMENTS	10	32	11	15	(32)	-	(16)
OTHER RECEIVABLES	(17,650)	-	-	-	-	(17,650)	-
INVENTORIES	(295)	(9)	(95)	-	(191)	-	-
PREPAID ITEMS	2,096	186	1,484	14	-	412	-
ACCOUNTS PAYABLE AND OTHER LIABILITIES	15,397	129	3	(2,371)	(1,271)	18,914	(7)
SALARIES AND BENEFITS PAYABLE	391	16	96	175	80	24	-
DUE TO OTHER GOVERNMENTS	(17)	2	58	2	21	(100)	-
ADVANCES FROM OTHERS	(8,745)	-	-	-	-	(8,745)	-
COMPENSATED ABSENCES PAYABLE	365	11	114	122	66	52	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	12,022	-	-	-	-	12,022	-
OTHER NON-CASH ITEMS	(326)	(117)	(452)	741	(269)	(229)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 50,738	\$ 377	\$ 9,919	\$ 9,788	\$ 1,958	\$ 28,698	\$ (2)
BREAKDOWN OF CASH AND CASH EQUIVALENTS							
CASH AND CASH EQUIVALENTS	\$ 393,766	\$ 4,459	\$ 26,828	\$ 27,703	\$ 13,338	\$ 316,808	\$ 4,630



SAN BERNARDINO
COUNTY



**COMBINING FINANCIAL
STATEMENTS TRUST
AND 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, 2019 (IN THOUSANDS)

<u>TOTAL AGENCY FUNDS</u>	BEGINNING BALANCE	ADDITIONS	DEDUCTIONS	ENDING BALANCE
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 623,489	\$ 252,829,483	\$ 252,770,548	\$ 682,424
ACCOUNTS RECEIVABLE	17,648	18,667	17,648	18,667
TAXES RECEIVABLE	156,600	227,853	224,557	159,896
INTEREST RECEIVABLE	1,615	12,545	7,335	6,825
DUE FROM OTHER GOVERNMENTS	17,801	35,705	34,290	19,216
TOTAL ASSETS	<u>\$ 817,153</u>	<u>\$ 253,124,253</u>	<u>\$ 253,054,378</u>	<u>\$ 887,028</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	\$ 817,153	\$ 1,904,372	\$ 1,834,497	\$ 887,028
TOTAL LIABILITIES	<u>\$ 817,153</u>	<u>\$ 1,904,372</u>	<u>\$ 1,834,497</u>	<u>\$ 887,028</u>
<u>SPECIAL ASSESSMENT FUNDS</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 1,775	\$ 376	\$ 148	\$ 2,003
DUE FROM OTHER GOVERNMENTS	4	11	6	9
TOTAL ASSETS	<u>\$ 1,779</u>	<u>\$ 387</u>	<u>\$ 154</u>	<u>\$ 2,012</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	\$ 1,779	\$ 233	\$ -	\$ 2,012
TOTAL LIABILITIES	<u>\$ 1,779</u>	<u>\$ 233</u>	<u>\$ -</u>	<u>\$ 2,012</u>
<u>OTHER AGENCY FUNDS</u>				
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 621,714	\$ 252,829,107	\$ 252,770,400	\$ 680,421
ACCOUNTS RECEIVABLE	17,648	18,667	17,648	18,667
TAXES RECEIVABLE	156,600	227,853	224,557	159,896
INTEREST RECEIVABLE	1,615	12,545	7,335	6,825
DUE FROM OTHER GOVERNMENTS	17,797	35,694	34,284	19,207
TOTAL ASSETS	<u>\$ 815,374</u>	<u>\$ 253,123,866</u>	<u>\$ 253,054,224</u>	<u>\$ 885,016</u>
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	\$ 815,374	\$ 1,904,139	\$ 1,834,497	\$ 885,016
TOTAL LIABILITIES	<u>\$ 815,374</u>	<u>\$ 1,904,139</u>	<u>\$ 1,834,497</u>	<u>\$ 885,016</u>





SAN BERNARDINO
COUNTY



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

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)

	<u>TOTAL</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 163,036	\$ 181,929	\$ 18,893
LICENSES, PERMITS AND FRANCHISES	1,585	1,264	(321)
FINES, FORFEITURES AND PENALTIES	2,271	6,179	3,908
REVENUES FROM USE OF MONEY AND PROPERTY	10,615	27,918	17,303
AID FROM OTHER GOVERNMENTAL AGENCIES	446,410	407,654	(38,756)
CHARGES FOR CURRENT SERVICES	126,924	118,417	(8,507)
OTHER REVENUES	48,879	52,327	3,448
TOTAL REVENUES	<u>799,720</u>	<u>795,688</u>	<u>(4,032)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	8,266	4,969	3,297
PUBLIC PROTECTION	363,592	307,810	55,782
PUBLIC WAYS AND FACILITIES	153,927	68,367	85,560
HEALTH AND SANITATION	237,543	197,434	40,109
PUBLIC ASSISTANCE	133,431	103,413	30,018
EDUCATION	19,427	18,602	825
RECREATION AND CULTURAL SERVICES	10,470	8,506	1,964
DEBT SERVICE:			
PRINCIPAL	5,932	5,737	195
INTEREST AND FISCAL CHARGES	3,082	1,853	1,229
CAPITAL OUTLAY	72,413	28,193	44,220
TOTAL EXPENDITURES	<u>1,008,083</u>	<u>744,884</u>	<u>263,199</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(208,363)</u>	<u>50,804</u>	<u>259,167</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(141,463)	(69,926)	71,537
TRANSFERS IN	140,538	83,456	(57,082)
LONG-TERM DEBT ISSUED	685	-	(685)
INCEPTION OF CAPITAL LEASE OBLIGATIONS	-	1,043	1,043
SALE OF CAPITAL ASSETS	625	573	(52)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>385</u>	<u>15,146</u>	<u>14,761</u>
NET CHANGE IN FUND BALANCES	(207,978)	65,950	273,928
FUND BALANCES, BEGINNING	651,198	651,198	-
FUND BALANCES, ENDING	<u>\$ 443,220</u>	<u>\$ 717,148</u>	<u>\$ 273,928</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, 2019 (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	\$ 538	\$ 379	\$ (159)
REVENUES FROM USE OF MONEY AND PROPERTY	518	2,266	1,748
AID FROM OTHER GOVERNMENTAL AGENCIES	88,245	74,070	(14,175)
CHARGES FOR CURRENT SERVICES	1,973	1,589	(384)
OTHER REVENUES	<u>55</u>	<u>130</u>	<u>75</u>
TOTAL REVENUES	<u>91,329</u>	<u>78,434</u>	<u>(12,895)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	128,284	63,626	64,658
CAPITAL OUTLAY	<u>14,378</u>	<u>5,473</u>	<u>8,905</u>
TOTAL EXPENDITURES	<u>142,662</u>	<u>69,099</u>	<u>73,563</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(51,333)</u>	<u>9,335</u>	<u>60,668</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(14,303)	(11,551)	2,752
TRANSFERS IN	28,356	19,011	(9,345)
SALE OF CAPITAL ASSETS	<u>345</u>	<u>114</u>	<u>(231)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>14,398</u>	<u>7,574</u>	<u>(6,824)</u>
NET CHANGE IN FUND BALANCES	(36,935)	16,909	53,844
FUND BALANCES, BEGINNING	<u>67,958</u>	<u>67,958</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 31,023</u>	<u>\$ 84,867</u>	<u>\$ 53,844</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, 2019 (IN THOUSANDS)

SPECIAL TRANSPORTATION

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 5,322	\$ 6,667	\$ 1,345
REVENUES FROM USE OF MONEY AND PROPERTY	357	1,603	1,246
AID FROM OTHER GOVERNMENTAL AGENCIES	3,164	550	(2,614)
CHARGES FOR CURRENT SERVICES	2,011	4,104	2,093
TOTAL REVENUES	<u>10,854</u>	<u>12,924</u>	<u>2,070</u>
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	<u>22,204</u>	<u>2,438</u>	<u>19,766</u>
TOTAL EXPENDITURES	<u>22,204</u>	<u>2,438</u>	<u>19,766</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(11,350)</u>	<u>10,486</u>	<u>21,836</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(3,856)	(200)	3,656
TRANSFERS IN	79	125	46
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(3,777)</u>	<u>(75)</u>	<u>3,702</u>
NET CHANGE IN FUND BALANCES	(15,127)	10,411	25,538
FUND BALANCES, BEGINNING	<u>44,607</u>	<u>44,607</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 29,480</u>	<u>\$ 55,018</u>	<u>\$ 25,538</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, 2019 (IN THOUSANDS)

SPECIAL AVIATION

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 30	\$ 183	\$ 153
AID FROM OTHER GOVERNMENTAL AGENCIES	4,203	-	(4,203)
OTHER REVENUES	<u>1,390</u>	<u>972</u>	<u>(418)</u>
TOTAL REVENUES	<u>5,623</u>	<u>1,155</u>	<u>(4,468)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	344	158	186
CAPITAL OUTLAY	<u>958</u>	<u>958</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,302</u>	<u>1,116</u>	<u>186</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,321</u>	<u>39</u>	<u>(4,282)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(11,197)	(534)	10,663
TRANSFERS IN	<u>3,031</u>	<u>669</u>	<u>(2,362)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(8,166)</u>	<u>135</u>	<u>8,301</u>
NET CHANGE IN FUND BALANCES	(3,845)	174	4,019
FUND BALANCES, BEGINNING	<u>6,597</u>	<u>6,597</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 2,752</u>	<u>\$ 6,771</u>	<u>\$ 4,019</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, 2019 (IN THOUSANDS)

MENTAL HEALTH SERVICES ACT

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 3,417	\$ 7,438	\$ 4,021
AID FROM OTHER GOVERNMENTAL AGENCIES	166,455	169,205	2,750
CHARGES FOR CURRENT SERVICES	-	32	32
OTHER REVENUES	5,150	4,776	(374)
TOTAL REVENUES	<u>175,022</u>	<u>181,451</u>	<u>6,429</u>
EXPENDITURES:			
CURRENT:			
HEALTH AND SANITATION	213,577	179,044	34,533
CAPITAL OUTLAY	2,743	576	2,167
TOTAL EXPENDITURES	<u>216,320</u>	<u>179,620</u>	<u>36,700</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(41,298)</u>	<u>1,831</u>	<u>43,129</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(12,772)	(5,449)	7,323
TRANSFERS IN	28,530	25,568	(2,962)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>15,758</u>	<u>20,119</u>	<u>4,361</u>
NET CHANGE IN FUND BALANCES	(25,540)	21,950	47,490
FUND BALANCES, BEGINNING	<u>110,382</u>	<u>110,382</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 84,842</u>	<u>\$ 132,332</u>	<u>\$ 47,490</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, 2019 (IN THOUSANDS)

	<u>PRESCHOOL 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	\$ -	\$ 32	\$ 32
AID FROM OTHER GOVERNMENTAL AGENCIES	61,384	58,963	(2,421)
OTHER REVENUES	-	151	151
TOTAL REVENUES	<u>61,384</u>	<u>59,146</u>	<u>(2,238)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	56,224	55,205	1,019
DEBT SERVICE:			
INTEREST AND FISCAL CHARGES	6	6	-
CAPITAL OUTLAY	954	788	166
TOTAL EXPENDITURES	<u>57,184</u>	<u>55,999</u>	<u>1,185</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>4,200</u>	<u>3,147</u>	<u>(1,053)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(2,649)	(2,318)	331
SALE OF CAPITAL ASSETS	6	4	(2)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(2,643)</u>	<u>(2,314)</u>	<u>329</u>
NET CHANGE IN FUND BALANCES	1,557	833	(724)
FUND BALANCES (DEFICIT), BEGINNING	<u>(1,554)</u>	<u>(1,554)</u>	<u>-</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ 3</u>	<u>\$ (721)</u>	<u>\$ (724)</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, 2019 (IN THOUSANDS)

AGING AND ADULT SERVICES

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 8	\$ 61	\$ 53
AID FROM OTHER GOVERNMENTAL AGENCIES	5,258	5,068	(190)
CHARGES FOR CURRENT SERVICES	533	470	(63)
OTHER REVENUES	(14)	493	507
TOTAL REVENUES	<u>5,785</u>	<u>6,092</u>	<u>307</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	<u>6,785</u>	<u>6,460</u>	<u>325</u>
TOTAL EXPENDITURES	<u>6,785</u>	<u>6,460</u>	<u>325</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,000)</u>	<u>(368)</u>	<u>632</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(104)	(504)	(400)
TRANSFERS IN	<u>1,104</u>	<u>784</u>	<u>(320)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>1,000</u>	<u>280</u>	<u>(720)</u>
NET CHANGE IN FUND BALANCES	-	(88)	(88)
FUND BALANCES, BEGINNING	<u>1,935</u>	<u>1,935</u>	<u>-</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ 1,935</u>	<u>\$ 1,847</u>	<u>\$ (88)</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, 2019 (IN THOUSANDS)

JOBS AND EMPLOYMENT SERVICES

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 610	\$ 569	\$ (41)
AID FROM OTHER GOVERNMENTAL AGENCIES	29,107	21,452	(7,655)
OTHER REVENUES	246	163	(83)
TOTAL REVENUES	<u>29,963</u>	<u>22,184</u>	<u>(7,779)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	28,640	22,637	6,003
CAPITAL OUTLAY	50	-	50
TOTAL EXPENDITURES	<u>28,690</u>	<u>22,637</u>	<u>6,053</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,273</u>	<u>(453)</u>	<u>(1,726)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(411)	(411)	-
TRANSFERS IN	260	202	(58)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(151)</u>	<u>(209)</u>	<u>(58)</u>
NET CHANGE IN FUND BALANCES	1,122	(662)	(1,784)
FUND BALANCES (DEFICIT), BEGINNING	<u>(249)</u>	<u>(249)</u>	<u>-</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ 873</u>	<u>\$ (911)</u>	<u>\$ (1,784)</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, 2019 (IN THOUSANDS)

	<u>COURTHOUSE TEMPORARY CONSTRUCTION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ -	\$ 1,461	\$ 1,461
REVENUES FROM USE OF MONEY AND PROPERTY	-	149	149
TOTAL REVENUES	<u>-</u>	<u>1,610</u>	<u>1,610</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>-</u>	<u>(1,611)</u>	<u>(1,611)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>-</u>	<u>(1,611)</u>	<u>(1,611)</u>
NET CHANGE IN FUND BALANCES	-	(1)	(1)
FUND BALANCES, BEGINNING	<u>3</u>	<u>3</u>	<u>-</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ (1)</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, 2019 (IN THOUSANDS)

	<u>CRIMINAL JUSTICE TEMPORARY CONSTRUCTION</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ -	\$ 1,736	\$ 1,736
REVENUES FROM USE OF MONEY AND PROPERTY	-	170	170
TOTAL REVENUES	<u>-</u>	<u>1,906</u>	<u>1,906</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	-	(1,906)	(1,906)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>-</u>	<u>(1,906)</u>	<u>(1,906)</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES, BEGINNING	<u>3</u>	<u>3</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 3</u>	<u>\$ 3</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, 2019 (IN THOUSANDS)

	<u>CENTRAL COURTHOUSE SURCHARGE</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	\$ 1	\$ 2	\$ 1
CHARGES FOR CURRENT SERVICES	<u>2,484</u>	<u>2,063</u>	<u>(421)</u>
TOTAL REVENUES	<u>2,485</u>	<u>2,065</u>	<u>(420)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(2,485)</u>	<u>(2,064)</u>	<u>421</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(2,485)</u>	<u>(2,064)</u>	<u>421</u>
NET CHANGE IN FUND BALANCES	-	1	1
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</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, 2019 (IN THOUSANDS)

MICROGRAPHICS FEES

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 78	\$ 233	\$ 155
CHARGES FOR CURRENT SERVICES	3,060	2,598	(462)
OTHER REVENUES	75	2	(73)
TOTAL REVENUES	<u>3,213</u>	<u>2,833</u>	<u>(380)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	7,258	4,292	2,966
CAPITAL OUTLAY	1,875	1,862	13
TOTAL EXPENDITURES	<u>9,133</u>	<u>6,154</u>	<u>2,979</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,920)</u>	<u>(3,321)</u>	<u>2,599</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(11)	(11)	-
TRANSFERS IN	4,875	4,875	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>4,864</u>	<u>4,864</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,056)	1,543	2,599
FUND BALANCES, BEGINNING	<u>17,547</u>	<u>17,547</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 16,491</u>	<u>\$ 19,090</u>	<u>\$ 2,599</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, 2019 (IN THOUSANDS)

LOCAL LAW ENFORCEMENT BLOCK GRANT

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 72	\$ 72
AID FROM OTHER GOVERNMENTAL AGENCIES	612	-	(612)
TOTAL REVENUES	<u>612</u>	<u>72</u>	<u>(540)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	<u>737</u>	<u>46</u>	<u>691</u>
TOTAL EXPENDITURES	<u>737</u>	<u>46</u>	<u>691</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(125)</u>	<u>26</u>	<u>151</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	<u>(375)</u>	<u>(375)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(375)</u>	<u>(375)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(500)	(349)	151
FUND BALANCES, BEGINNING	<u>2,288</u>	<u>2,288</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,788</u>	<u>\$ 1,939</u>	<u>\$ 151</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, 2019 (IN THOUSANDS)

SHERIFF SPECIAL PROJECTS

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
FINES, FORFEITURES AND PENALTIES	\$ 75	\$ 66	\$ (9)
REVENUES FROM USE OF MONEY AND PROPERTY	92	426	334
AID FROM OTHER GOVERNMENTAL AGENCIES	11,804	11,110	(694)
CHARGES FOR CURRENT SERVICES	1,000	962	(38)
OTHER REVENUES	11	5	(6)
TOTAL REVENUES	<u>12,982</u>	<u>12,569</u>	<u>(413)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	17,086	10,856	6,230
CAPITAL OUTLAY	6,053	3,622	2,431
TOTAL EXPENDITURES	<u>23,139</u>	<u>14,478</u>	<u>8,661</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,157)</u>	<u>(1,909)</u>	<u>8,248</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(293)	(270)	23
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(293)</u>	<u>(270)</u>	<u>23</u>
NET CHANGE IN FUND BALANCES	(10,450)	(2,179)	8,271
FUND BALANCES, BEGINNING	<u>12,381</u>	<u>12,381</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,931</u>	<u>\$ 10,202</u>	<u>\$ 8,271</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, 2019 (IN THOUSANDS)

FIRE PROTECTION DISTRICTS

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 84,772	\$ 93,086	\$ 8,314
REVENUES FROM USE OF MONEY AND PROPERTY	1,107	3,199	2,092
AID FROM OTHER GOVERNMENTAL AGENCIES	12,770	11,359	(1,411)
CHARGES FOR CURRENT SERVICES	95,056	87,511	(7,545)
OTHER REVENUES	<u>10,622</u>	<u>5,481</u>	<u>(5,141)</u>
TOTAL REVENUES	<u>204,327</u>	<u>200,636</u>	<u>(3,691)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	208,069	193,645	14,424
DEBT SERVICE:			
PRINCIPAL	232	232	-
INTEREST AND FISCAL CHARGES	595	547	48
CAPITAL OUTLAY	<u>31,688</u>	<u>13,185</u>	<u>18,503</u>
TOTAL EXPENDITURES	<u>240,584</u>	<u>207,609</u>	<u>32,975</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(36,257)</u>	<u>(6,973)</u>	<u>29,284</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(35,615)	(8,887)	26,728
TRANSFERS IN	53,505	28,315	(25,190)
INCEPTION OF CAPITAL LEASE OBLIGATIONS	-	1,043	1,043
SALE OF CAPITAL ASSETS	<u>-</u>	<u>253</u>	<u>253</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>17,890</u>	<u>20,724</u>	<u>2,834</u>
NET CHANGE IN FUND BALANCES	(18,367)	13,751	32,118
FUND BALANCES, BEGINNING	<u>65,120</u>	<u>65,120</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 46,753</u>	<u>\$ 78,871</u>	<u>\$ 32,118</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, 2019 (IN THOUSANDS)

	<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 349	\$ 1,777	\$ 1,428
AID FROM OTHER GOVERNMENTAL AGENCIES	21,316	15,811	(5,505)
CHARGES FOR CURRENT SERVICES	109	5	(104)
OTHER REVENUES	1,301	4,139	2,838
TOTAL REVENUES	<u>23,075</u>	<u>21,732</u>	<u>(1,343)</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	38,539	17,549	20,990
CAPITAL OUTLAY	6	6	-
TOTAL EXPENDITURES	<u>38,545</u>	<u>17,555</u>	<u>20,990</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(15,470)</u>	<u>4,177</u>	<u>19,647</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(2,670)	(1,613)	1,057
TRANSFERS IN	800	100	(700)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,870)</u>	<u>(1,513)</u>	<u>357</u>
NET CHANGE IN FUND BALANCES	(17,340)	2,664	20,004
FUND BALANCES, BEGINNING	<u>32,648</u>	<u>32,648</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 15,308</u>	<u>\$ 35,312</u>	<u>\$ 20,004</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, 2019 (IN THOUSANDS)

	<u>FLOOD CONTROL DISTRICT</u>		
	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 51,045	\$ 57,028	\$ 5,983
LICENSES, PERMITS AND FRANCHISES	451	299	(152)
REVENUES FROM USE OF MONEY AND PROPERTY	648	2,689	2,041
AID FROM OTHER GOVERNMENTAL AGENCIES	2,798	5,533	2,735
CHARGES FOR CURRENT SERVICES	316	739	423
OTHER REVENUES	<u>4,021</u>	<u>4,629</u>	<u>608</u>
TOTAL REVENUES	<u>59,279</u>	<u>70,917</u>	<u>11,638</u>
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	101,595	73,498	28,097
DEBT SERVICE:			
PRINCIPAL	5,665	5,505	160
INTEREST AND FISCAL CHARGES	2,453	1,272	1,181
CAPITAL OUTLAY	<u>5,773</u>	<u>418</u>	<u>5,355</u>
TOTAL EXPENDITURES	<u>115,486</u>	<u>80,693</u>	<u>34,793</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(56,207)</u>	<u>(9,776)</u>	<u>46,431</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(17,519)	(4,224)	13,295
TRANSFERS IN	14,858	1,700	(13,158)
SALE OF CAPITAL ASSETS	<u>174</u>	<u>191</u>	<u>17</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(2,487)</u>	<u>(2,333)</u>	<u>154</u>
NET CHANGE IN FUND BALANCES	(58,694)	(12,109)	46,585
FUND BALANCES, BEGINNING	<u>136,861</u>	<u>136,861</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 78,167</u>	<u>\$ 124,752</u>	<u>\$ 46,585</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, 2019 (IN THOUSANDS)

	COUNTY SERVICE AREAS		
	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 3,334	\$ 3,819	\$ 485
REVENUES FROM USE OF MONEY AND PROPERTY	398	883	485
AID FROM OTHER GOVERNMENTAL AGENCIES	30	79	49
CHARGES FOR CURRENT SERVICES	6,429	5,201	(1,228)
OTHER REVENUES	287	101	(186)
TOTAL REVENUES	<u>10,478</u>	<u>10,083</u>	<u>(395)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	6,244	4,236	2,008
PUBLIC WAYS AND FACILITIES	3,439	2,303	1,136
RECREATION AND CULTURAL SERVICES	2,082	1,875	207
DEBT SERVICE:			
PRINCIPAL	35	-	35
INTEREST AND FISCAL CHARGES	8	8	-
CAPITAL OUTLAY	2,444	1,133	1,311
TOTAL EXPENDITURES	<u>14,252</u>	<u>9,555</u>	<u>4,697</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,774)</u>	<u>528</u>	<u>4,302</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(5,511)	(1,469)	4,042
TRANSFERS IN	3,528	1,341	(2,187)
LONG-TERM DEBT ISSUED	685	-	(685)
SALE OF CAPITAL ASSETS	100	11	(89)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,198)</u>	<u>(117)</u>	<u>1,081</u>
NET CHANGE IN FUND BALANCES	(4,972)	411	5,383
FUND BALANCES, BEGINNING	<u>28,492</u>	<u>28,492</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 23,520</u>	<u>\$ 28,903</u>	<u>\$ 5,383</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, 2019 (IN THOUSANDS)

PARK AND RECREATION DISTRICTS

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
TAXES	\$ 2,468	\$ 2,798	\$ 330
REVENUES FROM USE OF MONEY AND PROPERTY	90	102	12
AID FROM OTHER GOVERNMENTAL AGENCIES	98	89	(9)
CHARGES FOR CURRENT SERVICES	1,625	1,480	(145)
OTHER REVENUES	3	539	536
TOTAL REVENUES	<u>4,284</u>	<u>5,008</u>	<u>724</u>
EXPENDITURES:			
CURRENT:			
RECREATION AND CULTURAL SERVICES	4,661	4,034	627
DEBT SERVICE:			
INTEREST AND FISCAL CHARGES	20	20	-
CAPITAL OUTLAY	75	30	45
TOTAL EXPENDITURES	<u>4,756</u>	<u>4,084</u>	<u>672</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(472)</u>	<u>924</u>	<u>1,396</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(2,413)	(2,113)	300
TRANSFERS IN	300	-	(300)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(2,113)</u>	<u>(2,113)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(2,585)	(1,189)	1,396
FUND BALANCES, BEGINNING	<u>2,742</u>	<u>2,742</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 157</u>	<u>\$ 1,553</u>	<u>\$ 1,396</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, 2019 (IN THOUSANDS)

COUNTY FREE LIBRARY

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 16,059	\$ 18,502	\$ 2,443
REVENUES FROM USE OF MONEY AND PROPERTY	3	10	7
AID FROM OTHER GOVERNMENTAL AGENCIES	231	321	90
CHARGES FOR CURRENT SERVICES	1,147	1,328	181
OTHER REVENUES	193	213	20
TOTAL REVENUES	<u>17,633</u>	<u>20,374</u>	<u>2,741</u>
EXPENDITURES:			
CURRENT:			
EDUCATION	19,427	18,602	825
CAPITAL OUTLAY	161	-	161
TOTAL EXPENDITURES	<u>19,588</u>	<u>18,602</u>	<u>986</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,955)</u>	<u>1,772</u>	<u>3,727</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(443)	(327)	116
TRANSFERS IN	100	-	(100)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(343)</u>	<u>(327)</u>	<u>16</u>
NET CHANGE IN FUND BALANCES	(2,298)	1,445	3,743
FUND BALANCES, BEGINNING	<u>10,218</u>	<u>10,218</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 7,920</u>	<u>\$ 11,663</u>	<u>\$ 3,743</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, 2019 (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	\$ 4	\$ 30	\$ 26
OTHER REVENUES	<u>432</u>	<u>462</u>	<u>30</u>
TOTAL REVENUES	<u>436</u>	<u>492</u>	<u>56</u>
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	<u>1,743</u>	<u>20</u>	<u>1,723</u>
TOTAL EXPENDITURES	<u>1,743</u>	<u>20</u>	<u>1,723</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,307)</u>	<u>472</u>	<u>1,779</u>
NET CHANGE IN FUND BALANCES	(1,307)	472	1,779
FUND BALANCES, BEGINNING	<u>1,301</u>	<u>1,301</u>	<u>-</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ (6)</u>	<u>\$ 1,773</u>	<u>\$ 1,779</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, 2019 (IN THOUSANDS)

OTHER SPECIAL REVENUE

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
TAXES	\$ 36	\$ 29	\$ (7)
LICENSES, PERMITS AND FRANCHISES	596	586	(10)
FINES, FORFEITURES AND PENALTIES	2,196	2,916	720
REVENUES FROM USE OF MONEY AND PROPERTY	2,905	6,024	3,119
AID FROM OTHER GOVERNMENTAL AGENCIES	38,935	34,044	(4,891)
CHARGES FOR CURRENT SERVICES	11,181	10,335	(846)
OTHER REVENUES	25,107	30,071	4,964
TOTAL REVENUES	<u>80,956</u>	<u>84,005</u>	<u>3,049</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	1,678	575	1,103
PUBLIC PROTECTION	28,847	25,473	3,374
HEALTH AND SANITATION	23,966	18,390	5,576
PUBLIC ASSISTANCE	1,500	1,542	(42)
RECREATION AND CULTURAL SERVICES	3,727	2,597	1,130
CAPITAL OUTLAY	5,255	142	5,113
TOTAL EXPENDITURES	<u>64,973</u>	<u>48,719</u>	<u>16,254</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>15,983</u>	<u>35,286</u>	<u>19,303</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(28,836)	(24,089)	4,747
TRANSFERS IN	1,212	766	(446)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(27,624)</u>	<u>(23,323)</u>	<u>4,301</u>
NET CHANGE IN FUND BALANCES	(11,641)	11,963	23,604
FUND BALANCES, BEGINNING	<u>111,918</u>	<u>111,918</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 100,277</u>	<u>\$ 123,881</u>	<u>\$ 23,604</u>

COUNTY OF SAN BERNARDINO
 CAPITAL IMPROVEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON A BUDGETARY BASIS
 YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ -	\$ 82	\$ 82
AID FROM OTHER GOVERNMENTAL AGENCIES	2,898	2,990	582	(2,408)
OTHER REVENUES	-	108	196	88
TOTAL REVENUES	2,898	3,098	860	(2,238)
EXPENDITURES:				
CAPITAL OUTLAY	314,291	354,537	41,556	312,981
TOTAL EXPENDITURES	314,291	354,537	41,556	312,981
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(311,393)	(351,439)	(40,696)	310,743
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT	(17,875)	(86,544)	(2,045)	84,499
TRANSFERS IN	87,335	196,050	83,627	(112,423)
TOTAL OTHER FINANCING SOURCES AND (USES)	69,460	109,506	81,582	(27,924)
NET CHANGE IN FUND BALANCES	(241,933)	(241,933)	40,886	282,819
FUND BALANCES, BEGINNING	289,754	289,754	289,754	-
FUND BALANCES, ENDING	\$ 47,821	\$ 47,821	\$ 330,640	\$ 282,819

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, 2019 (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	\$ 279	\$ 778	\$ 499
AID FROM OTHER GOVERNMENTAL AGENCIES	548	191	(357)
OTHER REVENUES	970	6	(964)
TOTAL REVENUES	<u>1,797</u>	<u>975</u>	<u>(822)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	21,358	341	21,017
DEBT SERVICE:			
INTEREST AND FISCAL CHARGES	1	1	-
CAPITAL OUTLAY	36,107	11,436	24,671
TOTAL EXPENDITURES	<u>57,466</u>	<u>11,778</u>	<u>45,688</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(55,669)</u>	<u>(10,803)</u>	<u>44,866</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(413)	(579)	(166)
TRANSFERS IN	11,965	12,939	974
LONG-TERM DEBT ISSUED	6,710	-	(6,710)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>18,262</u>	<u>12,360</u>	<u>(5,902)</u>
NET CHANGE IN FUND BALANCES	(37,407)	1,557	38,964
FUND BALANCES, BEGINNING	<u>28,762</u>	<u>28,762</u>	<u>-</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ (8,645)</u>	<u>\$ 30,319</u>	<u>\$ 38,964</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, 2019 (IN THOUSANDS)

REDEVELOPMENT SUCCESSOR HOUSING

	<u>FINAL BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 198	\$ 594	\$ 396
TOTAL REVENUES	<u>198</u>	<u>594</u>	<u>396</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	20,216	195	20,021
TOTAL EXPENDITURES	<u>20,216</u>	<u>195</u>	<u>20,021</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(20,018)</u>	<u>399</u>	<u>20,417</u>
NET CHANGE IN FUND BALANCES	(20,018)	399	20,417
FUND BALANCES, BEGINNING	<u>19,908</u>	<u>19,908</u>	<u>-</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ (110)</u>	<u>\$ 20,307</u>	<u>\$ 20,417</u>

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)

FIRE PROTECTION DISTRICTS

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

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)

PARK AND RECREATION DISTRICTS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ -	\$ 20	\$ 20
OTHER REVENUES	795	-	(795)
TOTAL REVENUES	<u>795</u>	<u>20</u>	<u>(775)</u>
EXPENDITURES:			
CAPITAL OUTLAY	4,384	1,992	2,392
TOTAL EXPENDITURES	<u>4,384</u>	<u>1,992</u>	<u>2,392</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,589)</u>	<u>(1,972)</u>	<u>1,617</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(180)	(180)	-
TRANSFERS IN	3,700	2,230	(1,470)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>3,520</u>	<u>2,050</u>	<u>(1,470)</u>
NET CHANGE IN FUND BALANCES	(69)	78	147
FUND BALANCES, BEGINNING	<u>58</u>	<u>58</u>	<u>-</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ (11)</u>	<u>\$ 136</u>	<u>\$ 147</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, 2019 (IN THOUSANDS)

COUNTY SERVICE AREAS

	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	\$ 81	\$ 164	\$ 83
AID FROM OTHER GOVERNMENTAL AGENCIES	548	191	(357)
OTHER REVENUES	175	6	(169)
TOTAL REVENUES	<u>804</u>	<u>361</u>	<u>(443)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	1,142	146	996
DEBT SERVICE:			
INTEREST AND FISCAL CHARGES	1	1	-
CAPITAL OUTLAY	23,223	9,444	13,779
TOTAL EXPENDITURES	<u>24,366</u>	<u>9,591</u>	<u>14,775</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(23,562)</u>	<u>(9,230)</u>	<u>14,332</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS OUT	(233)	(399)	(166)
TRANSFERS IN	8,265	10,709	2,444
LONG-TERM DEBT ISSUED	6,710	-	(6,710)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>14,742</u>	<u>10,310</u>	<u>(4,432)</u>
NET CHANGE IN FUND BALANCES	(8,820)	1,080	9,900
FUND BALANCES, BEGINNING	<u>296</u>	<u>296</u>	<u>-</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ (8,524)</u>	<u>\$ 1,376</u>	<u>\$ 9,900</u>



SAN BERNARDINO
COUNTY



**STATISTICAL
SECTION**

STATISTICAL SECTION

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

CONTENTS

FINANCIAL TRENDS

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

REVENUE CAPACITY

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

DEBT CAPACITY

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

ECONOMIC AND DEMOGRAPHIC INFORMATION

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

OPERATION INFORMATION

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

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



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

	2009-10			2012-13					2017-18	
	as restated	2010-11	2011-12	as restated	2013-14	2014-15	2015-16	2016-17	as restated	2018-19
GOVERNMENTAL ACTIVITIES										
NET INVESTMENT IN CAPITAL ASSETS	\$1,318,593	\$1,436,162	\$1,598,182	\$1,670,509	\$1,749,238	\$1,809,961	\$1,843,897	\$1,919,224	\$1,969,174	\$2,050,846
RESTRICTED	716,035	783,306	714,879	740,232	776,259	947,882	942,150	1,046,820	1,153,493	1,322,967
UNRESTRICTED	268,299	230,522	265,813	344,912	519,085	(1,508,357)	(1,147,159)	(1,004,921)	(887,566)	(715,197)
SUBTOTAL GOVERNMENTAL ACTIVITIES NET POSITION	<u>2,302,927</u>	<u>2,449,990</u>	<u>2,578,874</u>	<u>2,755,653</u>	<u>3,044,582</u>	<u>1,249,486</u>	<u>1,638,888</u>	<u>1,961,123</u>	<u>2,235,101</u>	<u>2,658,616</u>
BUSINESS-TYPE ACTIVITIES										
NET INVESTMENT IN CAPITAL ASSETS	26,837	44,737	57,487	102,982	110,155	180,714	202,941	205,158	209,059	255,966
RESTRICTED	93,399	108,461	67,968	63,781	62,286	73,040	74,990	80,983	72,006	70,922
UNRESTRICTED	34,055	780	31,697	9,209	51,458	(12,512)	39,906	124,939	173,311	239,605
SUBTOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	<u>154,291</u>	<u>153,978</u>	<u>157,152</u>	<u>175,972</u>	<u>223,899</u>	<u>241,242</u>	<u>317,837</u>	<u>411,080</u>	<u>454,376</u>	<u>566,493</u>
PRIMARY GOVERNMENT										
NET INVESTMENT IN CAPITAL ASSETS	1,345,430	1,480,899	1,655,669	1,773,491	1,859,393	1,990,675	2,046,838	2,124,382	2,178,233	2,306,812
RESTRICTED	809,434	891,767	782,847	804,013	838,545	1,020,922	1,017,140	1,127,803	1,225,499	1,393,889
UNRESTRICTED	302,354	231,302	297,510	354,121	570,543	(1,520,869)	(1,107,253)	(879,982)	(714,255)	(475,592)
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$2,457,218</u>	<u>\$2,603,968</u>	<u>\$2,736,026</u>	<u>\$2,931,625</u>	<u>\$3,268,481</u>	<u>\$1,490,728</u>	<u>\$1,956,725</u>	<u>\$2,372,203</u>	<u>\$2,689,477</u>	<u>\$3,225,109</u>

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

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

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

	2009-10 as restated	2010-11	2011-12	2012-13 as restated	2013-14	2014-15	2015-16	2016-17	2017-18 as restated	2018-19
Expenses										
<u>Governmental Activities:</u>										
General Government	\$ 177,506	\$ 165,754	\$ 156,960	\$ 195,447	\$ 178,980	\$ 162,261	\$ 158,981	\$ 169,368	\$ 176,594	\$ 193,206
Public Protection	897,257	913,522	957,600	985,004	1,007,434	979,458	1,054,075	1,164,533	1,225,387	1,301,638
Public Ways and Facilities	73,251	72,482	80,200	80,002	91,744	71,614	81,902	86,017	87,993	89,908
Health and Sanitation	326,590	282,684	291,415	311,856	331,551	325,261	338,910	390,442	433,482	491,059
Public Assistance	935,205	1,007,153	991,174	1,014,443	1,046,447	1,008,353	1,079,575	1,138,660	1,196,683	1,232,193
Education	19,693	18,692	16,905	16,469	20,923	16,718	19,424	20,010	21,182	22,375
Recreation and Cultural Services	22,677	23,788	26,701	26,672	25,290	24,103	24,505	24,984	24,563	26,583
Interest on Long Term Debt	65,144	64,994	58,449	53,484	50,189	45,233	42,744	39,447	30,563	28,131
Total Governmental Activities	<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>	<u>2,633,001</u>	<u>2,800,116</u>	<u>3,033,461</u>	<u>3,196,447</u>	<u>3,385,093</u>
<u>Business-type Activities:</u>										
Medical Center	441,722	445,874	475,957	487,578	513,609	488,239	507,668	535,515	542,185	572,061
Waste Systems	56,688	95,408	66,571	53,748	61,883	76,160	60,717	62,075	92,211	82,267
Housing Authority (2)	-	-	-	-	-	104,759	105,876	114,722	130,533	129,967
Water, Sewer, and Sanitation (1)	32,536	14,316	14,679	15,448	15,204	18,154	20,804	16,745	16,454	19,263
Paramedic and Emergency (1)	240	546	527	-	-	-	-	-	-	-
Others (1)	341	186	71	87	69	131	67	47	24	69
Total Business-type Activities	<u>531,527</u>	<u>556,330</u>	<u>557,805</u>	<u>556,861</u>	<u>590,765</u>	<u>687,443</u>	<u>695,132</u>	<u>729,104</u>	<u>781,407</u>	<u>803,627</u>
Total Primary Government Expenses	<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>	<u>\$3,320,444</u>	<u>\$3,495,248</u>	<u>\$3,762,565</u>	<u>\$3,977,854</u>	<u>\$4,188,720</u>
Program Revenues										
<u>Governmental Activities:</u>										
Charges for Services:										
General Government	\$ 115,911	\$ 122,048	\$ 152,268	\$ 143,236	\$ 143,368	\$ 138,561	\$ 150,204	\$ 155,023	\$ 167,377	\$ 167,121
Public Protection	231,718	243,283	220,028	228,319	235,102	246,438	251,153	278,441	304,073	299,488
Public Ways and Facilities	5,518	6,610	7,206	10,751	12,856	9,258	9,047	6,209	8,433	8,308
Health and Sanitation	63,613	20,911	23,298	24,075	23,261	23,999	22,304	23,516	24,201	24,101
Public Assistance	2,720	2,993	1,000	984	2,833	3,441	3,034	2,891	3,778	3,315
Education	1,202	1,075	979	1,027	1,046	1,053	1,011	1,114	1,312	1,328
Recreation and Cultural Services	8,992	8,729	9,070	8,446	8,632	8,715	8,773	8,805	9,100	9,494
Operating Grants/Contributions:										
General Government	8,404	19,262	29,249	7,705	20,832	42,644	7,822	10,117	31,099	40,837
Public Protection	160,938	169,002	190,394	244,678	240,781	227,133	279,206	267,910	271,012	304,698
Public Ways and Facilities	70,501	60,518	61,721	53,063	75,682	62,369	46,838	42,414	50,998	85,258
Health and Sanitation	330,099	303,449	268,409	343,019	372,615	383,128	376,831	442,958	405,087	493,278
Public Assistance	886,533	958,859	951,801	935,079	1,026,267	997,915	1,080,108	1,102,910	1,115,919	1,199,953
Education	998	1,290	457	253	249	247	254	234	269	332
Recreation and Cultural Services	3,035	3,726	1,117	772	430	481	686	415	2,110	2,517
Capital Grants/Contributions:										
General Government	-	-	-	-	-	23,766	182	996	20	-
Public Protection	72	-	14	-	-	-	2	-	-	167
Public Ways and Facilities	4,796	9,221	59,054	17,755	25,971	1,237	250	7,051	3,725	95
Health and Sanitation	-	1,699	-	-	-	-	-	-	-	-
Recreation and Cultural Services	1,708	75	-	-	-	-	50	-	-	-
Subtotal Governmental Activities	<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>	<u>2,170,385</u>	<u>2,237,755</u>	<u>2,351,004</u>	<u>2,398,513</u>	<u>2,640,290</u>
<u>Business-type Activities:</u>										
Charges for Services:										
Medical Center	380,954	380,357	376,004	365,169	398,628	431,606	448,135	473,065	342,236	376,232
Waste System	56,964	57,281	56,014	58,044	59,784	76,303	76,869	77,671	83,612	87,274
Housing Authority (2)	-	-	-	-	-	18,396	16,300	17,354	20,553	22,813
Water, Sewer, and Sanitation	12,910	10,696	11,590	11,711	14,696	14,222	13,459	12,778	14,163	14,073
Paramedic and Emergency	3,117	3,516	-	-	-	-	-	-	-	-
Others (1)	146	206	118	58	95	89	74	84	69	61
Operating Grants & Contributions:										
Medical Center	6,968	68,148	46,904	50,132	46,070	120,742	95,250	105,475	221,142	218,366
Waste System	-	33	928	1,751	2,661	79	79	78	77	77
Housing Authority (2)	-	-	-	-	-	87,965	91,044	96,883	109,603	115,878
Water, Sewer, and Sanitation (1)	46	53	147	70	101	584	72	34	167	3,759
Capital Grants & Contributions:										
Medical Center	19,045	19,500	18,820	18,901	21,247	16,501	18,855	18,826	24,637	21,351
Housing Authority (2)	-	-	-	-	-	541	161	462	102	1,723
Water, Sewer, and Sanitation (1)	70	-	167	-	-	60	170	28	-	-
Subtotal Business-type Activities	<u>480,220</u>	<u>539,790</u>	<u>510,692</u>	<u>505,836</u>	<u>543,282</u>	<u>767,088</u>	<u>760,468</u>	<u>802,738</u>	<u>816,361</u>	<u>861,607</u>
Total Primary Government Program Revenues	<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>	<u>\$2,937,473</u>	<u>\$2,998,223</u>	<u>\$3,153,742</u>	<u>\$3,214,874</u>	<u>\$3,501,897</u>
Net (Expense) / Revenue										
Governmental Activities	\$ (620,565)	\$ (616,319)	\$ (603,339)	\$ (664,215)	\$ (562,633)	\$ (462,616)	\$ (562,361)	\$ (682,457)	\$ (797,934)	\$ (744,803)
Business-type Activities	(51,307)	(16,540)	(47,113)	(51,025)	(47,483)	79,645	65,336	73,634	34,954	57,980
Total Primary Government Net Expenses	<u>\$ (671,872)</u>	<u>\$ (632,859)</u>	<u>\$ (650,452)</u>	<u>\$ (715,240)</u>	<u>\$ (610,116)</u>	<u>\$ (382,971)</u>	<u>\$ (497,025)</u>	<u>\$ (608,823)</u>	<u>\$ (762,980)</u>	<u>\$ (686,823)</u>

(Continued)

Notes:

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

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

	2009-10 as restated	2010-11	2011-12	2012-13 as restated	2013-14	2014-15	2015-16	2016-17	2017-18 as restated	2018-19
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 524,857	\$ 491,396	\$ 499,002	\$ 523,190	\$ 553,303	\$ 573,482	\$ 617,923	\$ 664,059	\$ 704,316	\$ 785,169
Property Taxes, Levied for Debt Service	15,608	14,724	6,324	-	-	-	-	-	-	-
Public Safety Tax	116,963	121,623	133,581	145,097	156,352	160,337	164,993	174,648	188,194	197,665
Sales Taxes	17,894	19,184	24,555	30,158	29,103	28,437	43,595	28,019	29,886	-
Other Taxes	12,810	12,086	10,070	11,791	16,099	18,767	20,743	20,125	25,257	27,465
Unrestricted Revenues from Use of Money and Property	52,445	49,081	39,797	46,383	43,603	44,616	42,739	48,663	36,935	88,199
Miscellaneous	52,154	57,878	61,989	71,998	74,416	74,480	69,822	70,077	78,121	82,549
Gains on Sale of Capital Assets	2,968	3,739	1,708	4,998	5,565	3,335	11,676	3,781	4,750	4,073
Extraordinary Item - RDA Dissolution	-	-	(3,841)	63,969	10,415	-	-	-	-	-
Transfers	(35,262)	(6,329)	(40,962)	(50,720)	(37,294)	(12,428)	(19,728)	(4,680)	4,453	(16,802)
Subtotal Governmental Activities	760,437	763,382	732,223	846,864	851,562	891,026	951,763	1,004,692	1,071,912	1,168,318
Business-type Activities:										
Property Taxes, Levied for General Purposes	3,641	2,360	2,674	2,627	2,786	2,850	2,981	3,105	3,198	3,424
Unrestricted Revenues from Use of Money and Property	8,803	3,381	4,753	1,674	2,210	2,569	3,155	1,263	2,835	11,336
Miscellaneous	1,840	4,155	1,898	19,264	53,070	13,361	4,536	10,132	6,561	18,076
Gains on Sale of Capital Assets	11	2	-	-	50	774	671	329	201	4,499
Special Item - Litigation Settlement	-	-	-	-	-	-	-	-	-	-
Extraordinary Item - RDA Dissolution	-	-	-	221	-	-	-	-	-	-
Transfers	35,262	6,329	40,962	50,720	37,294	12,428	19,628	4,780	(4,453)	16,802
Subtotal Business-type Activities	49,557	16,227	50,287	74,506	95,410	31,982	30,971	19,609	8,342	54,137
Total Primary Government	\$ 809,994	\$ 779,609	\$ 782,510	\$ 921,370	\$ 946,972	\$ 923,008	\$ 982,734	\$ 1,024,301	\$ 1,080,254	\$ 1,222,455
Changes in Net Position										
Governmental Activities	\$ 139,872	\$ 147,063	\$ 128,884	\$ 182,649	\$ 288,929	\$ 428,410	\$ 389,402	\$ 322,235	\$ 273,978	\$ 423,515
Business-type Activities	(1,750)	(313)	3,174	23,481	47,927	111,627	96,307	93,243	43,296	112,117
Total Primary Government	\$ 138,122	\$ 146,750	\$ 132,058	\$ 206,130	\$ 336,856	\$ 540,037	\$ 485,709	\$ 415,478	\$ 317,274	\$ 535,632

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

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
General Fund										
Nonspendable	\$ 73,667	\$ 75,191	\$ 72,307	\$ 56,256	\$ 64,204	\$ 55,918	\$ 49,048	\$ 43,943	\$ 44,349	\$ 36,506
Restricted	156,619	196,178	240,833	238,552	309,067	352,444	397,574	435,337	436,740	457,807
Committed	146,600	76,999	99,991	106,635	175,620	187,123	306,216	295,051	283,268	224,504
Assigned	-	-	14,200	11,975	28,680	11,809	8,862	4,391	4,086	3,466
Unassigned	133,718	149,981	122,523	302,616	239,221	322,130	294,958	271,914	333,915	477,914
Subtotal General Fund	<u>510,604</u>	<u>498,349</u>	<u>549,854</u>	<u>716,034</u>	<u>816,792</u>	<u>929,424</u>	<u>1,056,658</u>	<u>1,050,636</u>	<u>1,102,358</u>	<u>1,200,197</u>
Capital Improvement Fund										
Restricted	16,837	-	-	1,495	6,774	29,875	35,760	42,891	101,627	86,459
Committed	-	27,820	22,879	22,879	-	-	-	-	-	-
Assigned	81,477	77,922	109,701	69,685	132,193	82,415	99,575	198,281	212,320	258,818
Subtotal Capital Improvement Fund	<u>98,314</u>	<u>105,742</u>	<u>132,580</u>	<u>94,059</u>	<u>138,967</u>	<u>112,290</u>	<u>135,335</u>	<u>241,172</u>	<u>313,947</u>	<u>345,277</u>
All Other Governmental Funds										
Nonspendable (1)	3,793	3,302	1,833	2,383	2,938	1,958	1,902	2,122	3,450	7,763
Restricted (1)	540,378	585,435	472,342	525,080	513,859	629,918	649,637	704,127	738,023	826,518
Assigned (1)	15,807	16,553	30,582	50,146	52,623	48,255	43,386	46,658	66,072	73,046
Subtotal All Other Governmental Funds	<u>559,978</u>	<u>605,290</u>	<u>504,757</u>	<u>577,609</u>	<u>569,420</u>	<u>680,131</u>	<u>694,925</u>	<u>752,907</u>	<u>807,545</u>	<u>907,327</u>
Total Governmental Fund Balance	<u>\$ 1,168,896</u>	<u>\$ 1,209,381</u>	<u>\$ 1,187,191</u>	<u>\$ 1,387,702</u>	<u>\$ 1,525,179</u>	<u>\$ 1,721,845</u>	<u>\$1,886,918</u>	<u>\$2,044,715</u>	<u>\$2,223,850</u>	<u>\$2,452,801</u>

Notes:

(1) 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)

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Revenues (by Source)										
Taxes	\$ 684,669	\$ 664,377	\$ 676,218	\$ 713,528	\$ 749,232	\$ 788,712	\$ 849,399	\$ 891,168	\$ 952,455	\$ 1,042,036
Licenses, Permits, and Franchises	16,959	19,208	22,282	22,635	24,919	25,587	25,159	26,731	25,849	27,421
Fines, Forfeitures, and Penalties	23,877	17,810	17,970	16,743	14,865	15,704	11,996	14,326	11,785	12,683
Rev from Use of Money and Property	51,635	45,762	33,644	47,841	41,658	42,129	47,632	44,417	50,644	111,750
Aid from Other Governments	1,464,999	1,525,476	1,560,692	1,600,825	1,705,488	1,755,929	1,787,474	1,871,165	1,880,144	2,071,634
Charges for Current Services	385,102	365,721	369,715	373,821	382,716	388,092	403,193	434,218	477,874	468,459
Other Revenues	58,864	57,023	61,862	70,078	67,629	61,155	61,320	62,571	67,351	72,639
Total Revenues	2,686,105	2,695,377	2,742,383	2,845,471	2,986,507	3,077,308	3,186,173	3,344,596	3,466,102	3,806,622
Expenditures (by Function)										
General Government	164,880	153,991	145,634	172,922	160,755	145,589	149,160	151,379	161,434	178,915
Public Protection	876,602	883,637	905,548	927,819	957,832	990,078	1,052,371	1,121,754	1,166,446	1,256,078
Public Ways and Facilities	66,084	83,923	75,144	77,609	103,267	75,559	62,292	72,848	65,421	70,253
Health and Sanitation	324,942	278,157	284,652	303,006	331,830	343,769	352,781	392,447	428,487	493,272
Public Assistance	930,093	994,193	966,485	985,940	1,037,741	1,068,461	1,130,864	1,148,941	1,190,633	1,243,632
Education	18,858	17,827	15,824	15,304	17,295	16,967	18,240	19,388	20,248	21,567
Recreation and Cultural Services	18,697	19,091	21,082	20,941	20,466	20,753	19,720	20,475	20,273	22,010
Debt Service										
Principal	61,637	105,309	124,338	76,938	83,495	91,977	111,752	102,499	104,460	111,562
Interest	40,973	38,614	33,504	25,861	24,156	22,034	20,443	17,247	15,978	14,984
Bond Issuance Costs	-	525	135	-	-	-	187	-	-	-
Capital Outlay	116,427	113,428	116,050	120,294	94,354	132,041	120,909	140,905	124,914	154,843
Total Expenditures	2,619,193	2,688,695	2,688,396	2,726,634	2,831,191	2,907,228	3,038,719	3,187,883	3,298,294	3,567,116
Excess (Deficiency) of Revenues Over (Under) Expenditures	66,912	6,682	53,987	118,837	155,316	170,080	147,454	156,713	167,808	239,506
Other Financing Sources (Uses)										
Transfer to Other Funds	(316,758)	(276,144)	(319,341)	(274,470)	(263,941)	(249,063)	(302,893)	(395,117)	(352,170)	(332,559)
Transfer from Other Funds	275,554	269,759	279,257	287,177	227,341	238,802	301,385	391,807	358,747	316,888
Refunding Bonds Issued	-	-	51,585	-	-	-	27,870	-	-	-
Payment To Refunded Bond Escrow Agent	-	-	-	-	-	-	(27,870)	-	-	-
Long-Term Debt Issued	-	36,300	-	-	-	-	-	-	-	-
Discount on Debt	-	(1,141)	-	-	-	-	-	-	-	-
Inception Of Capital Leases Obligations	418	1,290	-	-	-	-	-	-	-	1,043
Insurance Recoveries	-	-	-	-	-	14,000	3,916	-	-	-
Sale of Capital Assets	2,968	3,739	1,708	4,998	8,346	3,148	15,211	4,394	4,750	4,073
Total Other Financing Sources and (Uses)	(37,818)	33,803	13,209	17,705	(28,254)	6,867	17,619	1,064	11,327	(10,555)
Extraordinary Item	-	-	(89,386)	63,969	10,415	-	-	-	-	-
Net Change in Fund Balance	\$ 29,094	\$ 40,485	\$ (22,190)	\$ 200,511	\$ 137,477	\$ 176,967	\$ 165,073	\$ 157,797	\$ 179,135	\$ 228,951
Debt Service as a Percentage of Noncapital Expenditures:	4.10%	5.69%	6.17%	3.94%	3.99%	4.11%	4.53%	3.93%	3.65%	3.71%

Notes:

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

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

FISCAL YEAR	(1) SECURED	(2) UNSECURED	(3) UNITARY	(4) EXEMPT	TOTAL ASSESSED	TOTAL TAX RATE
2009-2010	\$ 160,789,645	\$ 10,313,477	\$ 4,087,163	\$ (1,842,083)	\$ 173,348,202	1.00%
2010-2011	153,693,818	10,073,682	4,346,267	(1,859,053)	166,254,714	1.00%
2011-2012	152,756,444	9,533,571	5,034,449	(1,842,311)	165,482,153	1.00%
2012-2013	153,740,135	9,765,041	5,062,258	(1,806,750)	166,760,684	1.00%
2013-2014	158,228,018	10,042,150	5,426,075	(1,770,329)	171,925,914	1.00%
2014-2015	168,228,346	10,389,487	5,625,640	(1,734,191)	182,509,282	1.00%
2015-2016	176,866,857	10,805,367	6,132,273	(1,704,541)	192,099,956	1.00%
2016-2017	185,232,143	10,295,276	6,615,389	(1,782,634)	200,360,174	1.00%
2017-2018	190,354,962	10,496,638	6,441,374	(1,760,914)	205,532,060	1.00%
2018-2019	204,399,952	11,065,053	6,979,903	(1,730,443)	220,714,465	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>
2009-10	1.0000	0.1027	0.1650	1.2677
2010-11	1.0000	0.1351	0.1650	1.3001
2011-12 (2)	1.0000	0.1351	0.1650	1.3001
2012-13	1.0000	0.1457	0.1625	1.3082
2013-14	1.0000	0.1769	0.1625	1.3394
2014-15	1.0000	0.1474	0.1625	1.3099
2015-16	1.0000	0.1585	0.1625	1.3210
2016-17	1.0000	0.1145	0.1625	1.2770
2017-18	1.0000	0.1383	0.1525	1.2908
2018-19	1.0000	0.1533	0.1525	1.3058

Notes:

- (1) The tax rate for Tax Rate Area 7000, which applies to most of the property within the City of San Bernardino, is used to illustrate the breakdown of a tax rate within the County.
- (2) Fiscal year 2011-12 rates for Schools and San Bernardino Municipal Water were restated due to a recording error.

Source:

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

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

TAXPAYERS	TYPE OF BUSINESS	FISCAL YEAR 2019		FISCAL YEAR 2010	
		TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE
SOUTHERN CALIFORNIA EDISON CO	UTILITY	\$ 4,490,892,022	2.03%	\$ 1,670,631,645	0.96%
PROLOGIS	LOGISTICS/REAL ESTATE	1,795,455,761	0.81%	922,003,224	0.53%
SOUTHERN CALIFORNIA GAS COMPANY	UTILITY	636,775,519	0.29%	298,354,299	0.17%
TEACHERS INSURANCE & ANNUITY ASSN	FINANCIAL SERVICES	635,554,253	0.29%	219,200,590	0.13%
WATSON LAND COMPANY	REAL ESTATE	616,966,200	0.28%	233,864,672	0.13%
TARGET CORPORATION	RETAIL	595,757,415	0.27%	309,883,869	0.18%
CATELLUS DEVELOPMENT CORPORATION	REAL ESTATE	455,861,747	0.21%	637,243,032	0.37%
MAJESTIC REALTY CO	REAL ESTATE	450,862,265	0.20%	267,657,230	0.15%
HOMECOMING AT TERRA VISTA LLC	REAL ESTATE	443,295,270	0.20%	108,810,584	0.06%
WAL MART	RETAIL	438,121,371	0.20%	334,194,355	0.19%
TOTAL		<u>\$ 10,559,541,823</u>	<u>4.78%</u>	<u>\$ 5,001,843,500</u>	<u>2.87%</u>

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

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

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

FISCAL YEAR	(2) COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY			TOTAL COLLECTIONS TO DATE		
	(1) TAXES LEVIED	AMOUNT	PERCENTAGE OF LEVY	COLLECTIONS IN SUBSEQUENT YEARS	AMOUNT	PERCENTAGE OF LEVY
2019	\$ 2,974,194	\$ 2,916,381	98.06%		\$ 2,916,381	98.06%
2018 (3)	2,758,323	2,727,028	98.87%	75,579	2,802,607	101.61%
2017 (3)	2,598,465	2,555,888	98.36%	64,987	2,620,875	100.86%
2016 (3)	2,473,896	2,413,149	97.54%	63,660	2,476,809	100.12%
2015 (3)	2,337,923	2,277,885	97.43%	60,440	2,338,325	100.02%
2014	2,222,023	2,151,777	96.84%	63,180	2,214,957	99.68%
2013	2,146,261	2,038,622	94.98%	65,476	2,104,098	98.04%
2012	2,132,085	1,954,521	91.67%	73,210	2,027,731	95.11%
2011	2,134,012	2,029,684	95.11%	76,553	2,106,237	98.70%
2010	2,189,390	2,070,936	94.59%	91,131	2,162,067	98.75%

Notes:

- (1) Secured and Unitary tax levy for the County itself, school districts, cities and special districts under the supervision of their own governing boards.
- (2) Included are amounts collected by the County on behalf of itself, school districts, cities and special districts under the supervision of their own governing boards. Includes Assessor corrections and supplemental collections.
- (3) Total collections to date exceed taxes levied due to subsequent levied amounts that apply to the previous fiscal year.

Source:

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

COUNTY OF SAN BERNARDINO
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS (IN THOUSANDS, EXCEPT PER CAPITA)
JUNE 30, 2019

GENERAL BONDED DEBT OUTSTANDING							
FISCAL YEAR	GENERAL BONDED DEBT	LESS: AMOUNTS RESTRICTED FOR DEBT SERVICE	TOTAL	PERCENTAGE OF PERSONAL INCOME (1)	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY (2)	PER CAPITA (1)	
2009-10	\$ 1,068,643	\$ (50,548)	\$ 1,018,095	1.62%	0.59%	\$ 500.29	
2010-11	1,079,393	(52,063)	1,027,330	1.69%	0.62%	500.65	
2011-12	1,009,684	(41,443)	968,241	1.58%	0.59%	469.11	
2012-13 (3)	967,552	(34,179)	933,373	1.50%	0.56%	449.60	
2013-14	917,961	(32,624)	885,337	1.32%	0.51%	424.42	
2014-15	860,067	(32,286)	827,781	1.20%	0.45%	393.25	
2015-16 (4)	781,907	(27,847)	754,060	1.07%	0.39%	352.36	
2016-17	708,004	(28,382)	679,622	0.89%	0.34%	314.64	
2017-18	617,859	(39,687)	578,172	0.72%	0.28%	265.83	
2018-19	519,958	(29,173)	490,785	0.58%	0.22%	223.90	

Notes:

- (1) See the "Demographic and Economic Statistics" table for the personal income and the population figures.
- (2) See the "Assessed Value and Actual Value of Taxable Property" table for total taxable assessed value. Assessed value does not include tax exempt property.
- (3) Fiscal year 2012-13 Amounts Restricted for Debt Service was restated due to a calculation error.
- (4) As of fiscal year 2015-16 Deferred Inflows of Resources and Deferred Outflows of Resources are excluded from the General Bonded Debt.

Source:

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

COUNTY OF SAN BERNARDINO
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
AS OF JUNE 30, 2019

2018-19 ASSESSED VALUATION: \$ 220,714,465,000 (includes unitary utility valuation)

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>PERCENT APPLICABLE</u>	<u>DEBT 06/30/19</u>
METROPOLITAN WATER DISTRICT	3.878 %	\$ 1,863,379
CHAFFEY COMMUNITY COLLEGE DISTRICT	100.000	132,540,000
SAN BERNARDINO COMMUNITY COLLEGE DISTRICT	98.788	424,802,178
OTHER COMMUNITY COLLEGE DISTRICTS	VARIOUS	154,678,879
APPLE VALLEY UNIFIED SCHOOL DISTRICT	100.000	23,413,758
CHINO VALLEY UNIFIED SCHOOL DISTRICT	100.000	318,985,000
COLTON JOINT UNIFIED SCHOOL DISTRICT	98.870	185,591,648
FONTANA UNIFIED SCHOOL DISTRICT	100.000	179,940,349
REDLANDS UNIFIED SCHOOL DISTRICT	100.000	71,523,512
RIALTO UNIFIED SCHOOL DISTRICT	100.000	83,953,902
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT	100.000	241,159,446
UPLAND UNIFIED SCHOOL DISTRICT	100.000	99,507,400
OTHER UNIFIED SCHOOL DISTRICTS	VARIOUS	122,232,722
UNION HIGH SCHOOL DISTRICTS	100.000	601,005,137
ELEMENTARY SCHOOL DISTRICTS	100.000	330,458,257
MOJAVE WATER AGENCY	100.000	6,310,000
MOJAVE WATER AGENCY, I.D. M	100.000	10,010,000
COUNTY WATER DISTRICTS	100.000	72,000
ETIWANDA SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS	100.000	71,405,000
CITY OF CHINO COMMUNITY FACILITIES DISTRICTS	100.000	152,600,000
CITY OF CHINO HILLS COMMUNITY FACILITIES DISTRICTS	100.000	33,775,000
CITY OF FONTANA COMMUNITY FACILITIES DISTRICTS	100.000	99,375,000
CITY OF RANCHO CUCAMONGA COMMUNITY FACILITIES DISTRICTS	100.000	66,475,000
CITY OF UPLAND COMMUNITY FACILITIES DISTRICTS	100.000	44,560,000
OTHER COMMUNITY FACILITIES DISTRICTS	VARIOUS	345,109,263
CITY, COUNTY AND SPECIAL DISTRICT 1915 ACT BONDS (Estimate)	100.000	8,860,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 3,810,206,830</u>

RATIO TO 2018-19 ASSESSED VALUATION:

TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT.....1.73%

COUNTY OF SAN BERNARDINO
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (CONTINUED)
 AS OF JUNE 30, 2019

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:	PERCENT APPLICABLE	DEBT 6/30/19
SAN BERNARDINO COUNTY GENERAL OBLIGATIONS	100.000 %	\$ 14,540,000 (2)
SAN BERNARDINO COUNTY PENSION OBLIGATIONS	100.000	457,840,000
SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT GENERAL FUND OBLIGATIONS	100.000	62,820,000
COMMUNITY COLLEGE DISTRICT CERTIFICATES OF PARTICIPATION	VARIOUS	34,764,413
CHINO VALLEY UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	7,705,000
FONTANA UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	30,035,000
HESPERIA UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	120,165,000
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	104,995,000
SNOWLINE JOINT UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	98.159	62,276,978
OTHER UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	VARIOUS	39,059,150
UNION HIGH SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	23,125,000
CUCAMONGA SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	5,686,000
ORO GRANDE SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	37,250,000
OTHER ELEMENTARY SCHOOL DISTRICT GENERAL FUND OBLIGATIONS	100.000	12,085,000
CITY OF COLTON GENERAL FUND OBLIGATIONS AND PENSION OBLIGATION BONDS	100.000	29,034,400
CITY OF FONTANA CERTIFICATES OF PARTICIPATION	100.000	38,580,000
CITY OF HESPERIA CERTIFICATES OF PARTICIPATION	100.000	34,505,000
CITY OF MONTCLAIR GENERAL FUND OBLIGATIONS	100.000	41,890,000
CITY OF ONTARIO GENERAL FUND OBLIGATIONS	100.000	60,035,000
CITY OF SAN BERNARDINO GENERAL FUND OBLIGATIONS AND PENSION OBLIGATION BONDS	100.000	52,744,561
OTHER CITY GENERAL FUND AND PENSION OBLIGATION BONDS	100.000	43,933,781
SAN BERNARDINO MOUNTAINS COMMUNITY HOSPITAL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	3,121,800
WATER DISTRICT CERTIFICATES OF PARTICIPATION	100.000	3,100,000
WEST VALLEY VECTOR CONTROL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	2,391,448
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$ 1,321,682,531
TOTAL DIRECT DEBT		\$ 535,200,000
TOTAL OVERLAPPING DEBT (1)		\$ 4,596,689,361
COMBINED DEBT		\$ 5,131,889,361 (3)

RATIOS TO 2018-19 ASSESSED VALUATION

TOTAL DIRECT DEBT (\$535,200,000)	0.24%
COMBINED TOTAL DEBT	2.33%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/19: \$ -

Notes:

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

Source:

California Municipal Statistics

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

<u>FISCAL YEAR</u>	<u>(1) ASSESSED VALUE</u>	<u>(2) LEGAL DEBT LIMIT</u>	<u>(3) BONDED DEBT</u>	<u>(4) LEGAL DEBT MARGIN</u>	<u>RATIO OF BONDED DEBT TO DEBT LIMIT</u>
2009-10	\$ 173,348,202	\$ 2,166,853	1,440	\$ 2,165,413	0.07%
2010-11	166,254,714	2,078,184	1,300	2,076,884	0.06%
2011-12	165,482,153	2,068,527	1,155	2,067,372	0.06%
2012-13	166,760,684	2,084,509	1,005	2,083,504	0.05%
2013-14	171,925,914	2,149,074	845	2,148,229	0.04%
2014-15	182,509,282	2,281,366	685	2,280,681	0.03%
2015-16	192,099,956	2,401,249	515	2,400,734	0.02%
2016-17	200,360,174	2,504,502	335	2,504,167	0.01%
2017-18	205,532,060	2,569,151	145	2,569,006	0.01%
2018-19	220,714,465	2,758,931	50	2,758,881	0.00%

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, 2019

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					
2009-10	140,708	441,447	625,756	2,591	4,549	537,969	1,440	1,872	530	1,756,862	1.01%	2.80%	847	
2010-11	91,343	431,526	646,567	2,696	4,000	516,672	1,300	1,811	1,449	1,697,364	1.02%	2.79%	827	
2011-12	28,120	418,810	589,719	1,615	4,000	494,830	1,155	1,748	4,709	1,544,706	0.93%	2.53%	748	
2012-13	23,047	401,404	565,143	743	4,000	433,822	1,005	1,691	6,091	1,436,946	0.86%	2.31%	692	
2013-14	18,006	380,119	541,030	314	3,000	443,979	845	1,633	8,434	1,397,360	0.81%	2.09%	670	
2014-15	12,299	353,978	508,815	-	-	423,980	685	38,605	5,292	1,343,654	0.74%	1.95%	638	
2015-16	6,205	323,169	458,223	-	-	402,936	515	35,131	4,192	1,230,371	0.64%	1.75%	575	
2016-17	-	289,805	417,864	-	-	380,782	335	32,338	3,962	1,125,086	0.56%	1.47%	521	
2017-18	-	245,291	372,423	-	-	357,336	145	31,508	2,256	1,008,959	0.49%	1.26%	464	
2018-19	-	197,346	322,562	903	-	332,598	50	27,471	2,593	883,523	0.40%	1.04%	403	

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, 2019

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

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

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

COUNTY SEAT: San Bernardino, California

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

DATE CHARTER ADOPTED: April 7, 1913

REGISTERED VOTERS: 986,368 (Not Rounded) as of June 30, 2019

CALENDAR YEAR	(1), (2) POPULATION	(2) PERSONAL INCOME	(2), (6) PER CAPITA PERSONAL INCOME	(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT RATE
2010	2,035 (5)	\$ 62,790,000	\$ 30.86	416	14.80%
2011	2,052	60,739,000	29.60	417	12.90%
2012	2,064	61,094,000	29.60	414	12.60%
2013	2,076	62,259,000	29.99	412	10.30%
2014	2,086	66,902,000	32.07	412	8.40%
2015	2,105	68,939,000	32.75	411	6.90%
2016	2,140	70,385,000	32.89	409	6.70%
2017	2,160	76,529,000	35.43	407	5.90%
2018	2,175	80,127,000	36.84	403	4.40%
2019	2,192 (6)	85,093,000	38.82	406	4.50%

ESTIMATED POPULATION OF THE COUNTY OF SAN BERNARDINO AS OF JANUARY 1, 2019 (whole numbers):

INCORPORATED CITIES

Adelanto	35,136	Montclair	39,563
Apple Valley	73,464	Needles	5,085
Barstow	24,150	Ontario	178,268
Big Bear Lake	5,461	Rancho Cucamonga	179,412
Chino	89,829	Redlands	71,839
Chino Hills	84,364	Rialto	107,271
Colton	54,391	San Bernardino	219,233
Fontana	212,078	Twentynine Palms	28,958
Grand Terrace	12,654	Upland	78,481
Hesperia	96,362	Victorville	126,543
Highland	55,778	Yucaipa	54,844
Loma Linda	24,335	Yucca Valley	22,050
		Total	1,879,549
		Unincorporated Areas:	312,654
		Total Population	2,192,203

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) 2010 data was from the 2010 Census
- (6) County of San Bernardino 2019-20 Adopted Budget

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

Employer	2018-2019 (2)			Employer	2009-2010		
	Employees (1)	Rank	Percentage of Total Employment		Employees (1)	Rank	Percentage of Total Employment
County of San Bernardino	>10,000	1	1.31%	County of San Bernardino	18,000	1	2.10%
Amazon	>10,000	2	1.31%	U.S. Marine Corps Air Ground Combat Center	12,486	2	1.46%
Loma Linda University Medical Center	>10,000	3	1.31%	U.S. Army, Fort Irwin & National Training Center	10,000	3	1.17%
Kaiser Permanente	>10,000	4	1.31%	San Bernardino City Unified School District	7,722	4	0.90%
State of California	>10,000	5	1.31%	Stater Brothers	6,900	5	0.81%
Wal-Mart	5,000 - 9,999	6	0.66% - 1.31%	Wal-Mart	6,125	6	0.71%
United Parcel Service	5,000 - 9,999	7	0.66% - 1.31%	Kaiser Permanente	5,808	7	0.68%
Stater Brothers	5,000 - 9,999	8	0.66% - 1.31%	UPS	4,990	8	0.58%
Federal Express	2,500 - 4,999	9	0.33% - 0.66%	Fontana Unified School District	4,808	9	0.56%
San Manuel Tribe & Casino	2,500 - 4,999	10	0.33% - 0.66%	Target Corporation	4,800	10	0.56%
				Total	<u>81,639</u>		<u>9.53%</u>

Notes:

- (1) Data represents estimated number of employees.
- (2) Due to the confidentiality of reporting number of employees, ranges have been provided.

Sources:

County of San Bernardino, Economic Development Agency
The U.S. Bureau of Labor Statistics
State of California Employment Development Department
D&B Hoovers

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

FUNCTION/PROGRAM	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General	1,612	1,550	1,432	1,332	1,417	1,456	1,491	1,496	1,560	1,628
Public Protection	6,501	6,175	6,147	6,186	6,355	6,362	6,526	6,825	7,024	6,961
Public Ways & Facilities	486	450	433	429	412	411	407	418	365	354
Health and Sanitation	4,086	3,919	4,163	4,302	4,407	4,431	4,594	4,686	4,813	4,869
Public Assistance	4,744	4,920	4,898	4,946	5,051	5,132	5,249	5,190	4,946	5,098
Education	229	191	149	155	144	130	150	152	169	171
Recreation & Cultural	337	317	317	292	270	261	216	211	136	127
Total	17,995	17,522	17,539	17,642	18,056	18,183	18,633	18,978	19,013	19,208

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 FISCAL YEARS**

Function/Program	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
General Government										
Legal documents recorded (W)	556,429	556,196	547,996	583,461	503,126	540,287	554,691	581,372	525,566	458,496
Percentage of payments processed within 10 days (P) (2)	92%	60%	66%	62%	73%					
Public Protection										
Criminal felonies filed - District Attorney (W)	21,712	21,090	20,551	19,687	20,556	16,476	12,246	14,193	13,084	11,360
Criminal misdemeanors filed - District Attorney (W)	44,208	43,680	40,260	37,222	35,826	37,835	35,467	42,727	40,610	37,795
Average cases supervised - Probation (W)	24,570	24,130	23,961	24,155	27,722	25,574	25,295	24,149	22,985	22,179
Percentage of new adults cases assessed with a valid risk instrument - Probation (P)	87%	90%	87%	95%	95%	96%	99%	99%	98%	99%
Sheriff's calls for service (W)	1,102,208	1,023,360	1,009,040	1,076,383	1,066,770	1,103,136	1,117,717	1,109,862	1,132,708	1,089,603
Number of inmate-on-inmate assaults per 1,000 per month (P)	4%	4%	8%	0%	0%	0%	0%	0%	0%	0%
Percent of autopsies performed per reportable deaths - Coroner (P)	13%	19%	15%	17%	19%	17%	17%	21%	21%	22%
Fire Protection - Number of fire calls (W)	95,635	93,540	154,953	153,975	156,864	180,125	186,021	128,150	138,547	149,332
Public Works & Facilities										
Solid Waste										
Total tonnage landfilled (W)	1,162,672	1,156,231	1,130,770	1,094,433	1,257,365	1,655,332	1,689,413	1,758,574	1,768,447	1,870,778
Pounds of trash per cubic yard of capacity - High Volume Sites (P)	1,356	1,287	1,250	1,259	1,348	1,522	1,328	1,390	1,342	1,398
Maintained road miles (W)	2,765	2,769	2,770	2,769	2,554	2,550	2,550	2,550	2,552	2,551
Average Pavement Condition Index (PCI) of county maintained roads (P) (1)	77	76	76	Good	Good	Good	Good	Good	Good	Good
Health and Sanitation										
Direct billable hours: Clinic - Behavioral Health (W)	261,014	242,862	230,201	233,673	237,996	243,731	264,769	284,747	275,375	262,852
Patient visits - Public Health (W)	69,474	75,572	75,664	72,920	61,831	50,832	67,393	62,012	58,161	56,699
Arrowhead Regional Medical Center - Emergency room visits (W)	130,640	125,710	117,616	113,307	106,335	97,108	92,028	92,021	86,256	83,280
Public Assistance										
Annual paid cases - CalWORKS-All Other Families (W)	425,331	460,817	464,196	465,804	471,285	469,097	441,741	405,256	383,094	350,802
Percentage of successful placements of people in Work Participation Rate (P)	32%	40%	47%	49%	45%	60%	45%	53%	55%	41%
Annual paid cases - CalWORKS-2 Parent Families (W)	48,652	56,435	58,296	57,402	60,122	65,022	61,519	53,484	47,973	42,130
Average child support collections per month (W)	12,740,128	13,538,777	14,396,490	13,939,034	14,158,216	14,516,145	14,969,848	15,541,421	15,821,837	16,076,175
Percentage of current support collected - Child Support (W)	51%	55%	59%	61%	64%	65%	66%	64%	64%	64%
Education										
County Library										
Circulation (W)	3,112,735	2,906,315	2,515,202	2,425,711	3,026,943	3,825,935	4,490,819	5,389,994	5,567,102	6,024,761
Total patron visits (W)	4,728,093	4,246,432	3,579,262	4,091,200	3,375,816	3,366,474	3,008,349	2,850,066	2,890,624	2,547,954
Total feet of space available at branch libraries (P)	379,511	379,511	379,511	383,511	383,511	383,511	388,511	388,511	388,511	388,511
Recreation and Cultural Services										
County Museum										
Total paid attendance (W)	63,838	49,955	69,348	34,110	28,299	30,682	34,398	34,423	40,217	58,205
Collected lots, objects, and specimens (W)	2,300,000	2,300,410	2,400,125	2,400,125	2,409,050	2,410,000	2,410,200	2,410,046	2,409,813	1,784,599
Regional Parks										
Total attendance (W)	2,012,647	2,121,921	1,915,278	1,867,264	1,594,916	1,364,500	1,364,500	969,702	1,030,103	999,257
Number of miles of open and usable trails maintained by Regional Parks (P)	46	46	28	28	28	28	28	28	52	52

Notes:
(1) As of fiscal year 12-13, PCI numbers are no longer used for measurement, instead the pavement condition is rated as failed, poor, fair, good or excellent.
(2) As of fiscal year 14-15, this performance measure is no longer available.

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

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

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

Function/Program	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
General Government										
Recorder's Data Processing Equipment	65	63	42	47	52	46	51	59	54	71
Public Protection										
Major Correction & Detention Facilities	7	7	7	7	7	7	8	8	8	8
Sheriff Stations	9	9	9	9	9	9	10	10	10	10
Sheriff Vehicles	1,764	1,788	1,698	1,687	1,787	1,747	1,769	1,743	1,877	2,020
Fire Department Equipment	461	497	457	495	503	558	598	566	554	657
Public Ways & Facilities										
Solid Waste Heavy Equipment	11	10	10	10	3	3	3	4	4	4
Transportation: Trucks, Trailers, and Other Vehicles	288	283	281	277	277	281	291	296	299	331
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)	334	358	365	381	83	83	90	90	90	90
Health and Sanitation										
Major Health Administration Buildings	2	2	2	2	2	2	2	2	2	2
Animal Shelter and Insecticide Buildings	2	2	2	2	2	2	2	2	2	2
Public Health Laboratory/Science/Engineering Equipment	140	157	158	162	163	163	182	181	184	185
Medical Center: Number of Hospitals	1	1	1	1	1	1	1	1	1	1
Public Assistance										
Administrative & Office Equipment	515	571	631	640	657	668	678	642	651	606
Education										
Library Branches	31	31	31	32	32	32	32	32	32	32
Bookmobiles	2	2	2	1	0	0	0	0	0	1
Recreation and Cultural Services										
County Museum: Main Facility	1	1	1	1	1	1	1	1	1	1
County Regional Parks	9	9	9	9	9	9	9	9	9	9

Notes:

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

Source:

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



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Fourth District Supervisor

JOSIE GONZALES
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Fifth District Supervisor

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Third District Supervisor



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Single Audit Report

For the Fiscal Year Ended June 30, 2019

County of San Bernardino, California

County of San Bernardino, California

Single Audit Report

For the Fiscal Year Ended June 30, 2019

Table of Contents

	PAGE
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance; and Supplemental Schedule of Office of California State Department of Aging Grants	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	10
Schedule of Findings and Questioned Costs	
I. Summary of Auditor’s Results	12
II. Financial Statement Findings	13
III. Federal Awards Findings and Questioned Costs	14
Summary Schedule of Prior Audit Findings	22
Supplemental Schedule of Office of California State Department of Aging Grants	23



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Bernardino, California (County), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 20, 2019. Our report also included a reference to other auditors who audited the financial statements of the County of San Bernardino Consolidated Fire Districts, the County of San Bernardino Redevelopment Successor Agency Private-Purpose Trust Fund, and the Housing Authority of the County of San Bernardino as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 20, 2019



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance; and the Supplemental Schedule of Office of California State Department of Aging Grants

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

Report on Compliance for Each Major Federal Program

We have audited the County of San Bernardino, California’s (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended June 30, 2019. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

The County’s basic financial statements include the operations of the Housing Authority of the County of San Bernardino (Housing Authority), which expended \$107,148,530 in federal awards which is not included in the schedule during the year ended June 30, 2019. Our audit, described below, did not include the operations of the Housing Authority because the Housing Authority engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the County’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County’s compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-001 through 2019-005. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the County's separate corrective action plan. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying

schedule of findings and questioned costs as items 2019-001, 2019-002, 2019-004, and 2019-005, that we consider to be significant deficiencies.

The County's responses to the internal control over compliance findings identified in our audit are described in the County's separate corrective action plan. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and Supplemental Schedule of Office of California State Department of Aging Grants

We have audited the 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 as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 20, 2019, which contained unmodified opinions on those financial statements. Our report included a reference to other auditors who audited the financial statements of the County of San Bernardino Consolidated Fire Districts, the County of San Bernardino Redevelopment Successor Agency Private-Purpose Trust Fund, and the Housing Authority of the County of San Bernardino, as described in our report on the County's financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. The Supplemental Schedule of Office of California State Department of Aging Grants is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the 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. In our opinion, the schedule of expenditures of federal awards and Supplemental Schedule of Office of California State Department of Aging Grants are fairly stated in all material respects in relation to the basic financial statements as a whole.



Rancho Cucamonga, California
March 31, 2020

County of San Bernardino, California
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Identification/ Entity Identification Number	Pass-Through Expenditures	Federal Award Expenditures	Pass-Through Awards to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE					
<u>Pass-Through Programs:</u>					
Child Nutrition Cluster:					
<u>California Department of Education:</u>					
School Breakfast Program	10.553	36-10363-6037469-01		\$ 129,359	\$ -
National School Lunch Program	10.555	36-10363-6037469-01		246,553	-
Total Child Nutrition Cluster				<u>375,912</u>	<u>-</u>
Supplemental Nutrition Assistance Program (SNAP) Cluster:					
<u>California Department of Social Services:</u>					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	1946001347-A7		47,624,891	-
<u>California Department of Public Health:</u>					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Education	10.561	16-10145		2,910,047	1,319,468
Total SNAP Cluster				<u>50,534,938</u>	<u>1,319,468</u>
<u>California Department of Education:</u>					
Child and Adult Care Food Program	10.558	223600		1,944,615	-
<u>California Department of Food and Agriculture:</u>					
Plant and Animal Disease, Pest Control, and Animal Care - Pierce's Disease Control Program	10.025	17-0453-0053-SF		27,512	-
Plant and Animal Disease, Pest Control, and Animal Care - Pest Surveillance Canine Inspection Team	10.025	18-0294-006-SF		189,032	-
Plant and Animal Disease, Pest Control, and Animal Care - Light Brown Apple Moth Detection Trapping	10.025	18-0299-017-SF		33,798	-
				<u>250,342</u>	<u>-</u>
<u>California Department of Public Health:</u>					
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	15-10109		11,444,368	-
Forest Service Schools and Roads Cluster:					
<u>State Controller's Office:</u>					
Schools and Roads - Grants to States	10.665	99003012		266,274	-
TOTAL - U. S. DEPARTMENT OF AGRICULTURE				<u>64,816,449</u>	<u>1,319,468</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
<u>Pass-Through Programs:</u>					
Community Development Block Grant (CDBG) - Entitlement Grants Cluster:					
<u>City of Chino Hills:</u>					
Community Development Block Grants/Entitlement Grants	14.218	0711008883190		10,000	-
<u>Direct Programs:</u>					
Community Development Block Grants/Entitlement Grants - Neighborhood Stabilization	14.218			4,860,652	2,672,374
Program Grant #1	14.218			168,040	-
Community Development Block Grants/Entitlement Grants - Neighborhood Stabilization	14.218			330,182	-
Program Grant #3	14.218			5,368,874	2,672,374
Total CDBG Entitlement Grants Cluster				<u>5,368,874</u>	<u>2,672,374</u>
<u>Pass-Through Programs:</u>					
<u>California Department of Housing and Community Development:</u>					
Emergency Solutions Grant Program	14.231	E16UC060503		304,386	292,292
<u>Direct Programs:</u>					
Emergency Solutions Grant Program	14.231			168,281	149,318
Subtotal				<u>472,667</u>	<u>441,610</u>
Home Investment Partnerships Program	14.239			1,386,813	-
Continuum of Care Program - Homeless Management Information System (HMIS) FY 17-18	14.267			48,116	-
Continuum of Care Program	14.267			344,396	-
Continuum of Care Program - Homeless Management Information System (HMIS) FY 18-19	14.267			187,230	-
Subtotal				<u>579,742</u>	<u>-</u>
TOTAL - U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				<u>7,808,096</u>	<u>3,113,984</u>
U.S. DEPARTMENT OF INTERIOR					
<u>Pass-Through Programs:</u>					
<u>California Department of Parks and Recreation:</u>					
Land and Water Conservation Fund	15.U01	15.C89960004		16,286	-
TOTAL - U.S. DEPARTMENT OF INTERIOR				<u>16,286</u>	<u>-</u>
U.S. DEPARTMENT OF JUSTICE					
<u>Pass-Through Programs:</u>					
<u>California Governor's Office of Emergency Services:</u>					
Crime Victim Assistance - Unserved/Underserved Victim Advocacy and Outreach Program	16.575	071-00000		144,412	-
Crime Victim Assistance - Victim Witness Assistance Program	16.575	071-00000		2,490,001	-
Subtotal				<u>2,634,413</u>	<u>-</u>
Paul Coverdell Forensic Sciences Improvement Grant Program - FY 17-18	16.742	CQ18120360		16,431	-
Paul Coverdell Forensic Sciences Improvement Grant Program - FY 16-17	16.742	CQ17110360		16,400	-
Subtotal				<u>32,831</u>	<u>-</u>
<u>California Victim Compensation Board:</u>					
Antiterrorism Emergency Reserve	16.321	VC-G6042		56,722	-
<u>Direct Programs:</u>					
Edward Byrne Memorial Justice Assistance Grant Program - FY 14-15	16.738			72,719	47,053
Edward Byrne Memorial Justice Assistance Grant Program - FY 15-16	16.738			164,963	146,335
Subtotal				<u>237,682</u>	<u>193,388</u>
DNA Backlog Reduction Program - FY 16-17	16.741			189,820	-
Law Enforcement Assistance Narcotics and Dangerous Drugs Training FY 18-19	16.004			44,713	-
2018 Domestic Cannabis Eradication/Suppression Program	16.U01	16.2018-38		4,868	-
2019 Domestic Cannabis Eradication/Suppression Program	16.U01	16.2019-39		120,092	-
Subtotal				<u>124,960</u>	<u>-</u>
San Bernardino Gang Impact Team (GIT) Safe Streets Task Force FY17-18	16.U02	16.281C-LA-C5638519		14,444	-
San Bernardino Gang Impact Team (GIT) Safe Streets Task Force FY18-19	16.U02	16.281C-LA-C5638519		19,593	-
Subtotal				<u>34,037</u>	<u>-</u>
Southwest Border Prosecution Initiative Program	16.755			376,684	-
Equitable Sharing Program - IRNET	16.922			392,012	-
Equitable Sharing Program - NARCOTICS	16.922			3,902,624	-
Subtotal				<u>4,294,636</u>	<u>-</u>
TOTAL - U.S. DEPARTMENT OF JUSTICE				<u>8,026,498</u>	<u>193,388</u>

See accompanying notes to schedule of expenditures of federal awards.

County of San Bernardino, California
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Identification/ Pass-Through Entity Identification Number	Federal Award Expenditures	Pass-Through Awards to Subrecipients
U.S. DEPARTMENT OF LABOR				
<u>Pass-Through Programs:</u>				
WIOA Cluster:				
<u>California Employment Development Department:</u>				
WIOA Adult Program	17.258	07154900	\$ 7,117,098	\$ -
WIOA Youth Activities	17.259	07154900	7,534,108	4,583,069
WIOA Dislocated Worker Formula Grants	17.278	07154900	5,472,750	-
Total WIOA Cluster			20,123,956	4,583,069
<u>California Department of Aging:</u>				
Senior Community Service Employment Program - Title V (SCSEP)	17.235	TV-1819-20A1	323,177	-
TOTAL - U.S. DEPARTMENT OF LABOR			20,447,133	4,583,069
U.S. DEPARTMENT OF TRANSPORTATION				
<u>Pass-Through Programs:</u>				
Highway Planning and Construction Cluster:				
<u>California Department of Transportation:</u>				
Highway Planning and Construction	20.205	85954	729,888	-
Total Highway Planning and Construction Cluster			729,888	-
Highway Safety Cluster:				
<u>California Office of Traffic Safety:</u>				
State and Community Highway Safety - FY 17-18	20.600	PT18073	73,887	-
State and Community Highway Safety - FY 18-19	20.600	PT19105	115,488	-
Subtotal			189,375	-
National Priority Safety Programs	20.616	N/A	272,467	-
Total Highway Safety Cluster			461,842	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	20.309	347,693	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT19105	161,233	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT18073	111,655	-
Subtotal			620,581	-
<u>Direct Programs:</u>				
Airport Improvement Program - FY14-15	20.106		52,793	-
Airport Improvement Program - FY16-17	20.106		6,314	-
Subtotal			59,107	-
TOTAL - U.S. DEPARTMENT OF TRANSPORTATION			1,871,418	-
U.S. DEPARTMENT OF TREASURY				
<u>Direct Programs:</u>				
Equitable Sharing	21.016		248,271	-
TOTAL - U.S. DEPARTMENT OF TREASURY			248,271	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<u>Pass-Through Programs:</u>				
Medicaid Cluster:				
<u>California Department of Health Care Services:</u>				
Medical Assistance Program - Caseload Relief	93.778	4260-111-0001	33,592	-
Medical Assistance Program - Child Health And Disability Prevention Case Management	93.778	4260-111-0001	464,135	-
Medical Assistance Program - Early Periodic Screening, Diagnosis and Treatment	93.778	4260-111-0001	556,439	-
Medical Assistance Program - Medi-Cal Assistance Program (Alcohol)	93.778	18-11-A-1	14,722,842	12,186,461
Medical Assistance Program - Children's Health Insurance Program (Title XIX)	93.778	4260-111-0001	4,731,239	-
Medical Assistance Program - Medi-Cal Assistance Program - Children & Family Services Portion	93.778	MSO1809-17	11,925,138	-
Medical Assistance Program - Mental Health Administrative Cost	93.778	DMH 11-01	11,591,047	-
Medical Assistance Program - Program 3201 Family Support Services - Health Care				
Program for Children in Foster Care (HCPFCF)	93.778	4260-111-0001	1,313,235	-
Medical Assistance Program - Early Periodic Screening & Treatment - Psychotropic				
Medication Monitoring & Oversight (PMM&O)	93.778	4260-111-0001	164,833	-
Medical Assistance Program - Transitional Assistance Department Portion Only	93.778	MSO1809-17	44,882,509	-
<u>California Department of Aging:</u>				
Medical Assistance Program (Title XIX, MSSP)	93.778	MS-1819-17	570,056	-
<u>California Department of Social Services:</u>				
Medical Assistance Program (Title XIX, IHSS)	93.778	MSO809-17	15,996,730	-
Medical Assistance Program - In-Home Supportive Services-Public Authority-IHSS-PA	93.778	MSO809-17	2,916,411	-
Total Medicaid Cluster			109,868,206	12,186,461
Aging Cluster:				
<u>California Department of Aging:</u>				
Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	AP-1819-20A1	6,864	-
Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	93.042	AP-1819-20A1	51,368	-
Special Programs for the Aging-Title III, Part D Disease Prevention and Health Promotion Services	93.043	AP-1819-20A1	81,542	-
Special Programs for the Aging-Title III, Part B Grants for Supportive Services and Senior Centers	93.044	AP-1819-20A1	1,880,880	732,638
Special Programs for the Aging-Title III, Part C Nutrition Services	93.045	AP-1819-20A1	3,385,365	3,385,365
National Family Caregiver Support, Title III, Part E	93.052	AP-1819-20A1	1,051,679	586,333
Nutrition Services Incentive Program	93.053	AP-1819-20A1	547,741	547,741
Total Aging Cluster			7,005,439	5,252,077
<u>California Department of Public Health:</u>				
Immunization Cooperative Agreements	93.268	63-017191	534,695	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - Zika Response Resources	93.323	0187.1190	5,526	-
TANF Cluster:				
<u>California Department of Social Services:</u>				
Temporary Assistance for Needy Families	93.558	1946001347-A7	132,006,502	1,859,075
Total TANF Cluster			132,006,502	1,859,075

County of San Bernardino, California
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Identification/ Pass-Through Entity Identification Number	Federal Award Expenditures	Pass-Through Awards to Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
<u>California Department of Health Care Services:</u>				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	17-94153	\$ 12,027,635	\$ 8,537,485
<u>California Department of Public Health:</u>				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	NU520S004656	235,847	-
Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	17-10249	70,447	-
HIV Care Formula Grants	93.917	15-692 A-1	953,786	695,714
HIV Prevention Activities-Health Department Based	93.940	15-10946 & 18-10767	547,036	-
HIV Prevention Activities-Health Department Based	93.940	18-10588	53,668	-
Subtotal			<u>600,704</u>	<u>-</u>
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	15-10263	14,280	-
Maternal and Child Health Services Block Grant to the States:				
Maternal and Child Health Services Block Grant to the States (BIH portion)	93.994	201836	386,408	-
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994	201836	377,003	-
Subtotal			<u>763,411</u>	<u>-</u>
Public Health Emergency Preparedness	93.069	17-10186	2,034,521	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)				
Aligned Cooperative Agreements	93.074	17-10157	657,065	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)	93.074	17-10158	78,476	-
Aligned Cooperative Agreements - LEMSAC				
Subtotal			<u>735,541</u>	<u>-</u>
<u>California Department of Health Care Services:</u>				
Children's Health Insurance Program	93.767	4260-111-0001	973,158	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150	N/A	506,438	-
Block Grants for Community Mental Health Services	93.958	N/A	5,632,889	163,838
<u>California Department of Social Services:</u>				
Guardianship Assistance	93.090	1946001347-A7	7,582,837	-
Promoting Safe and Stable Families	93.556	1946001347-A7	2,296,112	1,718,204
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs - Admin.	93.566	1946001347-A7	361	-
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	1946001347-A7	27,060	-
Subtotal			<u>27,421</u>	<u>-</u>
Stephanie Tubbs Jones Child Welfare Services Program	93.645	1946001347-A7	1,544,524	-
Foster Care Title IV-E - Probation	93.658	1946001347-A7	1,885,565	-
Foster Care Title IV-E - Children & Family Services	93.658	1946001347-A7	36,940,399	-
Foster Care Title IV-E - Transitional Assistance Department	93.658	1946001347-A7	48,541,012	-
Subtotal			<u>87,366,976</u>	<u>-</u>
Adoption Assistance -Administration	93.659	1946001347-A7	2,371,673	-
Adoption Assistance	93.659	1946001347-A7	38,702,447	-
Subtotal			<u>41,074,120</u>	<u>-</u>
Social Services Block Grant - Title XX	93.667	1946001347-A7	3,765,514	-
Social Services Block Grant	93.667	1946001347-A7	13,325,808	-
Subtotal			<u>17,091,322</u>	<u>-</u>
Adoption and Legal Guardianship Incentive Payments	93.603	1946001347-A7	1,250,964	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	1946001347-A7	772,891	383,229
<u>California Department of Child Support Services:</u>				
Child Support Enforcement	93.563	1804CACSES	26,132,180	-
Child Support Enforcement Research FY 18-19	93.564	10-0685-21	216,930	-
Child Care Development Fund (CCDF) Cluster:				
<u>California Department of Education:</u>				
Child Care and Development Block Grant	93.575	CSPP7431	139,265	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CSPP-8432	303,216	-
Total CCDF Cluster			<u>442,481</u>	<u>-</u>
<u>California Department of Aging:</u>				
Medicare Enrollment Assistance Program -Medicare Improvements for Patients and Providers Act (MIPPA)	93.071	MI-1718-20, MI- 1819-20	67,606	59,497
State Health Insurance Assistance Program	93.324	HI-1718-20A2	154,342	149,655
Affordable Care Act State Health Insurance Assistance Program (SHIP) and Aging and Disability Resource Center (ADRC) Options Counseling for Medicare-Medicaid Individuals in States with Approved Financial Alignment Models	93.626	FA-1718-20	50,120	45,895
<u>Essential Access Health:</u>				
Family Planning-Services	93.217	454-5320-71219-17-18	223,807	-
<u>Direct Programs:</u>				
Health Center Program Cluster:				
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224		77,445	-
Grants for New and Expanded Services under the Health Center Program	93.527		1,891,811	-
Total Health Center Program Cluster			<u>1,969,256</u>	<u>-</u>
Head Start - Early Head Start Program - Child Care Partnership	93.600		2,012,226	-
Head Start	93.600		49,592,163	4,236,199
Subtotal			<u>51,604,389</u>	<u>4,236,199</u>
HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)	93.914		6,865,317	5,942,076
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease (Ryan White HIV/AIDS Program Part C)	93.918		485,152	-
TOTAL - U.S. DEPARTMENT HEALTH AND HUMAN SERVICES			<u>521,187,772</u>	<u>41,229,405</u>

See accompanying notes to schedule of expenditures of federal awards.

County of San Bernardino, California
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Identification/ Pass-Through Entity Identification Number	Federal Award Expenditures	Pass-Through Awards to Subrecipients
U.S. EXECUTIVE OFFICE OF THE PRESIDENT				
<u>Direct Programs:</u>				
High Intensity Drug Trafficking Areas Program - High Intensity Drug Trafficking Area (Inland Regional Narcotics Enforcement Team (IRNET) and Regional Methamphetamine (RMTF))	95.001		\$ 22,010	\$ -
High Intensity Drug Trafficking Areas Program - High Intensity Drug Trafficking Area (Inland Regional Narcotics Enforcement Team (IRNET), Regional Methamphetamine (RMTF) and Vehicle Interdiction Pipeline Enforcement Resource (VIPER) Program)	95.001		722,526	-
High Intensity Drug Trafficking Areas Program - Southern California Drug Task Force (SCDTF) FY 17-18	95.001		3,698	-
High Intensity Drug Trafficking Areas Program - Southern California Drug Task Force (SCDTF) FY 18-19	95.001		42,837	-
High Intensity Drug Trafficking Areas Program (IRNET, RMTF AND VIPER)	95.001		392,082	-
Subtotal			<u>1,183,153</u>	<u>-</u>
TOTAL - U.S. EXECUTIVE OFFICE OF THE PRESIDENT			<u>1,183,153</u>	<u>-</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
<u>Pass-Through Programs:</u>				
<u>California Governor's Office of Emergency Services:</u>				
Emergency Management Performance Grants:				
Emergency Management Performance Grants (EMPG) FY 17-18	97.042	071-00000	544,509	218,530
Emergency Management Performance Grants (EMPG) FY 16-17	97.042	071-00000	142,115	-
Subtotal			<u>686,624</u>	<u>218,530</u>
Hazard Mitigation Grant	97.039	FEMA-4240-DR-CA; PJ0006; 071-91103	1,993,942	-
Homeland Security Grant Program - FY 14-15	97.067	071-00000	48,524	-
Homeland Security Grant Program - FY 15-16	97.067	071-00000	1,028,472	441,711
Homeland Security Grant Program - FY 16-17	97.067	071-00000	878,298	281,440
<u>City of Riverside Fire Department Office of Emergency Services:</u>				
Homeland Security Grant Program - Riverside Urban Areas Security Initiative (UASI) - FY 15-16	97.067	065-62000	84,964	-
Homeland Security Grant Program - Riverside Urban Areas Security Initiative (UASI) - FY 15-16	97.067	065-62000	23,490	-
Subtotal			<u>2,063,748</u>	<u>723,151</u>
<u>California Department of Parks & Recreation:</u>				
Boating Safety Financial Assistance	97.012	C1570602	19,927	-
Boating Safety Financial Assistance	97.012	C17L0612	166,897	-
Subtotal			<u>186,824</u>	<u>-</u>
<u>Direct Programs:</u>				
Preparing for Emerging Threats and Hazards	97.133		30,327	-
Assistance to Firefighters Grant FY 15-16	97.044		304,348	-
Assistance to Firefighters Grant FY 16-17	97.044		188,125	-
Subtotal			<u>492,473</u>	<u>-</u>
TOTAL - U.S. DEPARTMENT OF HOMELAND SECURITY			<u>5,453,938</u>	<u>941,681</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 631,059,014</u>	<u>\$ 51,380,995</u>

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the County of San Bernardino, California (County) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County. The County's reporting entity is defined in Note 1 to the County's basic financial statements.

The County's basic financial statements include the operations of the Housing Authority of the County of San Bernardino (Housing Authority), which expended \$107,148,530 in federal awards, which is not included in the schedule during the year ended June 30, 2019. Our audit did not include the operations of the Housing Authority because the Housing Authority engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Pass-Through Entities' Identifying Number

When federal awards were received from a pass-through entity, the Schedule shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County has determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

Note 4 – Catalog of Federal Domestic Assistance (CFDA) Numbers

The CFDA numbers included in this report were determined based on the program name, review of grant contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

Note 5 – Aging Cluster

The California Department of Aging considers other closely-related pass through programs by the State to be included with the Aging Cluster, in accordance with 2 *CFR 200.12*.

Note 6 – Medicaid Cluster

Except for Medi-Cal administrative expenditures, Medicaid (Medi-Cal) and Medicare program expenditures are excluded from the Schedule. These expenditures represent fees for services; therefore, neither is considered a federal award program of the County for purposes of the Schedule or in determining major programs. The County assists the State of California (the State) in determining eligibility and provides Medi-Cal and Medicare services through County-owned health facilities.

Medi-Cal administrative expenditures are included in the Schedule as they do not represent fees for services.

Note 7 – Indirect Cost Rate

The County, as a whole, has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Individual departments, or programs, may have a negotiated rate or they may have elected to use the 10-percent de minimis indirect cost rate within their individual grants.

I. Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.218	CDBG-Entitlement Grants Cluster
93.778	Medicaid Cluster
93.041, 93.042, 93.043, 93.044, 93.045, 93.052, 93.053	Aging Cluster
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.667	Social Services Block Grant

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 3,000,000
Auditee qualified as low-risk auditee?	Yes

II. Financial Statement Findings

None reported.

III. Federal Awards Findings and Questioned Costs

Finding 2019-001

Program: Medical Assistance Program (Medicaid Cluster)

CFDA No.: 93.778

Federal Grantor: U.S. Department of Health and Human Services

Passed-through: California Department of Health Services

Award Year: FY 2018-19

Compliance Requirements: Eligibility

Criteria:

Redeterminations of Medicaid Eligibility, §435.916 Periodic renewal of Medicaid eligibility (42 CFR 435.916):

- (a) Renewal of individuals whose Medicaid eligibility is based on modified adjusted gross income methods (MAGI).
 - (1) Except as provided in paragraph (d) of this section, the eligibility of Medicaid beneficiaries whose financial eligibility is determined using MAGI-based income must be renewed once every 12 months, and no more frequently than once every 12 months.
 - (2) Renewal on basis of information available to agency. The agency must make a redetermination of eligibility without requiring information from the individual if able to do so based on reliable information contained in the individual's account or other more current information available to the agency, including but not limited to information accessed through any data bases accessed by the agency under §435.948, §435.949 and §435.956 of this part. If the agency is able to renew eligibility based on such information, the agency must, consistent with the requirements of this subpart and subpart E of part 431 of this chapter, notify the individual -
 - (i) Of the eligibility determination, and basis; and
 - (ii) That the individual must inform the agency, through any of the modes permitted for submission of applications under § 435.907(a) of this subpart, if any of the information contained in such notice is inaccurate, but that the individual is not required to sign and return such notice if all information provided on such notice is accurate.
 - (3) Use of a pre-populated renewal form. If the agency cannot renew eligibility in accordance with paragraph (a)(2) of this section, the agency must -
 - (i) Provide the individual with -
 - (A) A renewal form containing information, as specified by the Secretary, available to the agency that is needed to renew eligibility.
 - (B) At least 30 days from the date of the renewal form to respond and provide any necessary information through any of the modes of submission specified in § 435.907(a) of this part, and to sign the renewal form in a manner consistent with § 435.907(f) of the part;
 - (C) Notice of the agency's decision concerning the renewal of eligibility in accordance with this subpart and subpart E of part 431 of this chapter;

III. Federal Awards Findings and Questioned Costs

Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart D - Post Federal Award Requirements §200.303 Internal controls (2 CFR 200.303):

The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The County’s (Human Services Department) procedures to comply with the Federal requirements are to document in the beneficiary’s case file any information accessed through any data bases if the electronic information is used as the basis for redetermination. If the electronic process does not provide the required information needed to re-establish eligibility for another 12-month period the Human Services Department’s procedures are to contact the beneficiary, and obtain necessary information, that is then retained in the applicant’s case file to support the continued eligibility for program benefits.

Condition:

Significant Deficiency, Instance of Non-Compliance – Out of 60 beneficiaries tested, there were 2 instances of individuals whose eligibility was based on the modified adjusted gross income method where the Income and Eligibility Verification Requirements were not documented in accordance with the Department’s procedures. The verifications were due August 31, 2018 and July 31, 2018, respectively, and documentation of the verification was not maintained in the case file at the time of our audit.

Cause:

The condition is primarily caused by the County (Human Services Department) not consistently adhering to its policies and procedures to ensure that documentation pursuant to redeterminations of program eligibility are securely retained in the case file.

Effect:

Lack of reviewable evidence to support the timely eligibility redeterminations could lead to ineligible individuals receiving benefits.

Questioned Costs:

No questioned costs were identified as a result of our procedures.

III. Federal Awards Findings and Questioned Costs

Context:

A nonstatistical sample of 60 participant case files out of 460,953 participant case files were selected for eligibility testing. As a result of our testwork of specific requirements related to eligibility, the condition noted above was identified in 2 of the 60 participant case files that were selected for eligibility testing.

Recommendation:

We recommend the County (Human Services Department) update its current training and policies and procedures with regard to the safekeeping of documentation associated with the redeterminations of eligibility to ensure that all documentation supporting eligibility redetermination is available for retrieval.

Views of Responsible Officials and Planned Corrective Actions:

See separate corrective action plan.

Finding 2019-002

Program: Medical Assistance Program (Medicaid Cluster)

CFDA No.: 93.778

Federal Grantor: U.S. Department of Health and Human Services

Passed-through: California Department of Health Services

Award Year: FY 2018-19

Compliance Requirements: Eligibility

Criteria:

42 CFR section 435.916(d) states that the agency must redetermine eligibility between regular renewals whenever it receives information about a change in a beneficiary's circumstances that may affect eligibility.

Condition:

Significant Deficiency, Instance of Non-Compliance – As a result of our eligibility testing, we noted 1 case, of the 60 participant case files selected for testing, in which the benefit was not discontinued when the County (Human Services Department) received information about a change in the beneficiary's circumstances (death) and subsequently renewed this individual's benefit for an additional 12 months.

Cause:

The condition was caused by the County (Human Services Department) not adhering to its policies and procedures to ensure that the case was closed when circumstances required them to do so.

III. Federal Awards Findings and Questioned Costs

Effect:

An individual who was no longer eligible remained in eligible status after the period of eligibility for that individual had expired.

Questioned Costs:

No questioned costs were identified as a result of our procedures.

Context:

A nonstatistical sample of 60 participant case files out of 460,953 participant case files were selected for eligibility testing. As a result of our testwork of specific requirements related to eligibility, the condition noted above was identified in 1 of the 60 participant case files that were selected for eligibility testing.

Recommendation:

We recommend the County (Human Services Department) update its current training and policies and procedures with regard to the handling of cases that require the discontinuance of benefits after circumstances indicate the period of eligibility has expired. Additionally, procedures should be performed to identify and discontinue benefits for any existing beneficiaries receiving benefits after the end of their eligibility period.

Views of Responsible Officials and Planned Corrective Actions:

See separate corrective action plan.

Finding 2019-003

Program: Aging Cluster

CFDA No.: 93.041, 93.042, 93.043, 93.044, 93.045, 93.052, 93.053

Federal Grantor: U.S. Department of Health and Human Services (HHS)

Passed-through: California Department of Aging

Award Year: FY 2018-19

Compliance Requirements: Subrecipient Monitoring

Criteria:

2 CFR section 200.331(d), requirements for pass through entities, states that all pass-through entities must monitor the activities of subrecipients as necessary to ensure that the subaward is used for authorized purposes. This monitoring includes following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

III. Federal Awards Findings and Questioned Costs

Condition:

Instance of Non-Compliance – As a result of our subrecipient monitoring testing, we noted 4 of the 4 subrecipient monitoring activities selected for testing had evidence of onsite monitoring being conducted by the County (Department of Aging and Adult Services) prior to the fiscal year ended June 30, 2019 but the monitoring reports were not finalized as of March 2020. As a result, there was no evidence for 3 of the 4 monitoring activities selected for testing that the Department of Aging and Adult Services followed-up and ensured that subrecipients implemented corrective actions to address identified deficiencies within a reasonable amount of time from the date of the monitoring.

Cause:

The County (Department of Aging and Adult Services) did not have a process in place to ensure monitoring was finalized and communicated to subrecipients within the required timeframes, and that subrecipients took timely and appropriate action on all deficiencies pertaining to the Federal programs detected through monitoring and on-site review.

Effect:

There is increased risk of non-compliance by the subrecipient if monitoring is not finalized and steps are not taken to ensure that subrecipients take timely and appropriate action on all deficiencies.

Questioned Costs:

No questioned costs were identified as a result of our procedures.

Context:

For the fiscal year ended June 30, 2019, disbursements to subrecipients of the Special Programs for the Aging totaled \$5,252,077, which represents 75% of the total federal expenditures for the fiscal year ended June 30, 2019. A nonstatistical sample of 4 subrecipients out of 22 total subrecipients were selected for testing.

Recommendation:

We recommend the County (Department of Aging and Adult Services) ensure monitoring is completed according to the requirements in the Federal award and the uniform guidance. Further, the Department of Aging and Adult Services should ensure subrecipient monitoring results are finalized and communicated to subrecipients timely, identified deficiencies are followed-up on, and that subrecipients implement corrective actions.

Views of Responsible Officials and Planned Corrective Actions:

See separate corrective action plan.

III. Federal Awards Findings and Questioned Costs

Finding 2019-004

Program: Aging Cluster

CFDA No.: 93.041, 93.042, 93.043, 93.044, 93.045, 93.052, 93.053

Federal Grantor: U.S. Department of Health and Human Services (HHS)

Passed-through: California Department of Aging

Award Year: FY 2018-19

Compliance Requirements: Subrecipient Monitoring

Criteria:

2 CFR section 200.331(a), requirements for pass through entities, states that all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes certain information at the time of subaward.

Condition:

Significant Deficiency, Instance of Non-Compliance – of the 4 subawards selected for testing, certain required award information and applicable requirements were not provided at the time of the subaward.

The following information was not provided at the time of subaward for four subawards utilized for the aging cluster:

- Subrecipient unique entity identifier
- Federal award identification number (FAIN)
- Federal award date of award to the recipient by the federal agency
- Amount of federal funds obligated by the action by the pass-through entity to the subrecipient
- Total amount of federal funds obligated to the subrecipient by the pass-through entity including the current obligation
- Identification of whether the award is Research and Development

Cause

The County (Department of Aging and Adult Services) did not have a process in place to consistently ensure that the required award information and applicable requirements were communicated to subrecipients.

Effect

The County (Department of Aging and Adult Services) did not identify the required elements of the subaward to the subrecipients at the time of subaward, increasing the risk of noncompliance.

Questioned Costs

No questioned costs were identified as a result of our procedures.

III. Federal Awards Findings and Questioned Costs

Context:

For the fiscal year ended June 30, 2019, disbursements to subrecipients of the Special Programs for the Aging totaled \$5,252,077, which represents 75% of the total federal expenditures for the fiscal year ended June 30, 2019. A nonstatistical sample of 4 subrecipients out of 22 total subrecipients were selected for testing.

Recommendation

We recommend that the County (Department of Aging and Adult Services) modify and/or strengthen its current policies and procedures to ensure that all required award information and applicable requirements are communicated to subrecipients at the time of subaward. Additionally, the Department of Aging and Adult services should communicate the requirements of 2 CFR 200.331 for any existing subawards where these requirements have not been communicated. Records should be maintained demonstrating that such communications occurred.

Views of Responsible Officials and Corrective Action Plan

See separate corrective action plan.

Finding 2019-005

Program: Block Grants for Prevention and Treatment of Substance Abuse

CFDA No.: 93.959

Federal Grantor: U.S. Department of Health and Human Services

Passed-through: California Department of Health Services

Award Year: FY 2018-19

Compliance Requirements: Subrecipient Monitoring

Criteria:

2 CFR section 200.331(a), requirements for pass through entities, states that all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes certain information at the time of subaward.

Condition:

Significant Deficiency, Instance of Non-Compliance – of the 4 subawards selected for testing, certain required award information and applicable requirements were not provided at the time of the subaward.

The following information was not provided at the time of subaward for four subawards:

- Subrecipient's unique entity identifier
- Federal award identification number (FAIN)

III. Federal Awards Findings and Questioned Costs

- Federal award date of award to the recipient by the federal agency
- CFDA number and name
- Amount of federal funds obligated by this action by the pass-through entity to the subrecipient
- Total amount of federal funds obligated to the subrecipient by the pass-through entity including the current obligation
- Identification of whether the award is Research and Development

Cause

The County (Department of Behavioral Health) did not have a process in place to consistently ensure that the required award information and applicable requirements were communicated to subrecipients.

Effect

The County (Department of Behavioral Health) did not identify the required elements of the subaward to the subrecipients at the time of subaward, increasing the risk of noncompliance.

Questioned Costs

No questioned costs were identified as a result of our procedures.

Context:

For the fiscal year ended June 30, 2019, disbursements to subrecipients totaled \$8,537,485, which represents 71% of the total federal expenditures for the fiscal year ended June 30, 2019. A nonstatistical sample of 4 subrecipients out of 12 total subrecipients were selected for testing.

Recommendation

We recommend that the County (Department of Behavioral Health) modify and/or strengthen its current policies and procedures to ensure that all required award information and applicable requirements are communicated to subrecipients at the time of subaward. Additionally, the Department of Behavioral Health should communicate the requirements of 2 CFR 200.331 for any existing subawards where these requirements have not been communicated. Records should be maintained demonstrating that such communications occurred.

Views of Responsible Officials and Corrective Action Plan

See separate corrective action plan.

Summarized below is the status of all audit findings reported in the prior year audit's schedule of audit findings and questioned costs.

Financial Statement Findings:

Finding No.	Category	Status of Corrective Action
2018-001	Cash Reconciliations	Implemented

Federal Award Findings:

Finding No.	Program Name/Description	CFDA No.	Compliance Requirement	Status of Corrective Action
2018-002	Supplemental Nutrition Assistance Program (SNAP) Cluster	10.561	Special Tests and Provisions	Implemented
2018-003	Public Health Emergency Preparedness	93.069	Procurement, Suspension, and Debarment	Implemented

County of San Bernardino, California
 Supplemental Schedule of Office of California
 State Department of Aging Grants
 For the Fiscal Year Ended June 30, 2019

Federal Grantor/Program Title	Federal CFDA Number	Contract Number	Federal Award Expenditures	State Expenditures
Senior Community Service Employment Program - Title V (SCSEP)	17.235	TV-1819-20	\$ 323,177	\$ -
Special Programs for the Aging, Chapter 3, Prevention of Elder Abuse, Neglect, and Exploitation	93.041	AP-1819-20	6,864	-
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	AP-1819-20	51,368	-
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	AP-1819-20	81,542	-
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	AP-1819-20	1,880,880	106,819
Special Programs for the Aging, Title III, Part C1, Nutrition Services	93.045	AP-1819-20	3,385,365	174,125
National Family Caregiver Support, Title III, Part E	93.052	AP-1819-20	1,051,679	-
Nutrition Services Incentive Program (NSIP)	93.053	AP-1819-20	547,741	-
Medicare Enrollment Assistance Program - Medicare Improvements for Patients and Providers Act (MIPPA)	93.071	MI-1718-20, MI-1819-20	67,606	-
State Health Insurance Assistance Program (HICAP)	93.324	HI-1718-20	154,342	149,655
Affordable Care Act State Health Insurance Assistance Program (SHIP) and Aging and Disability Resource Center (ADRC) Options Counseling (FA)	93.626	FA-1718-20	50,120	-
Medi-Cal Assistance Program (Title XIX, MSSP)	93.778	MS-1819-17	570,056	460,386
Ombudsman SHF Citation Penalty Fund (SHFCitPen)	N/A	AP-1819-20	-	66,656
Ombudsman Skilled Nursing Facility Quality & Accountability Fund (SNFQAF)	N/A	AP-1819-20	-	78,551
Ombudsman Public Health L & C Program Fund	N/A	AP-1819-20	-	7,399
Totals			<u>\$ 8,170,740</u>	<u>\$ 1,043,591</u>



County of San Bernardino



Auditor–Controller/Treasurer/Tax Collector

Ensen Mason, MBA, CPA, CFA
Auditor–Controller/Treasurer/Tax Collector

Douglas R. Boyd, Sr., ESQ.
Assistant Auditor–Controller/Treasurer/Tax Collector

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

(Of departments relating to Single Audit findings)

Year ended June 30, 2019

Compiled by

Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section
County of San Bernardino, California

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2019

Finding 2019-001

Program: Medical Assistance Program (Medicaid Cluster)
CFDA No.: 93.778
Federal Grantor: U.S. Department of Health and Human Services
Passed-through: California Department of Health Services
Award Year: FY 2018-19
Compliance Requirements: Eligibility

Departments Response: We concur.

Corrective Action Plan:

In order to remind staff part of the file Re-Evaluation (RE) process is to ensure all required information is sent and received back from the customer and processed timely, The Human Services Department (Department) will create a flyer to be discussed in unit staff meetings to remind staff of the importance of requesting missing information for REs. In addition, the Department has cases that go through Successful Automated MAGI (SAM) to automatically process the RE. Part of that process requires staff to verify information matches within three systems; Medi-Cal Eligibility Data System (MEDS), C-IV and California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS). The Department will create a flyer to be discussed in unit staff meetings to remind staff of the requirement to match the three systems and complete the Quality Assurance (QA) process when scanning items into imaging. The QA process is performed after scanning documents to verify each document meets the image quality standards required in order to store, view and work with documents online.

Utilizing these flyers will help remind staff to follow the process of the RE, determine what actions need to be taken in a timely manner, ensure appropriate cases are processed through SAM and to verify items are properly scanned in imaging.

Name of Responsible Person: Mari Anton, Internal Review Accountant III

Name of Department Contact: Mari Anton, Internal Review Accountant III

Projected Implementation Date: May 31, 2020

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2019

Finding 2019-002

Program: Medical Assistance Program (Medicaid Cluster)
CFDA No.: 93.778
Federal Grantor: U.S. Department of Health and Human Services
Passed-through: California Department of Health Services
Award Year: FY 2018-19
Compliance Requirements: Eligibility

Departments Response: We concur.

Corrective Action Plan:

MEDS Alert 2130 is generated when a deceased person is reported to the State. In order to remind staff of the importance to process these MEDS Alerts, the Human Services Department (Department) will send staff a list of the alerts to be processed monthly. The alert will be discussed in unit staff meetings. The Department will check progress on processing the alerts on a quarterly basis. This will ensure timely action is taken when a deceased person is reported.

Name of Responsible Person: Mari Anton, Internal Review Accountant III

Name of Department Contact: Mari Anton, Internal Review Accountant III

Projected Implementation Date: May 31, 2020

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2019

Finding 2019-003

Program: Aging Cluster
CFDA No.: 93.041, 93.042, 93.043, 93.044, 93.045, 93.052, 93.053
Federal Grantor: U.S. Department of Health and Human Services (HHS)
Passed-through: California Department of Aging
Award Year: FY 2018-19
Compliance Requirements: Subrecipient Monitoring

Departments Response: We concur.

Corrective Action Plan:

The Department of Aging and Adult Services has implemented a subrecipient monitoring schedule tool to ensure that monitoring is completed in a timely fashion according to the Federal award requirements and uniform guidance. Further, it coordinates scheduling of report finalization, follow-up, and corrective action due dates.

Name of Responsible Person: Cesar Bernal, Administrative Supervisor II

Name of Department Contact: Cesar Bernal, Administrative Supervisor II

Projected Implementation Date: Immediately

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2019

Finding 2019-004

Program: Aging Cluster
CFDA No.: 93.041, 93.042, 93.043, 93.044, 93.045, 93.052, 93.053
Federal Grantor: U.S. Department of Health and Human Services (HHS)
Passed-through: California Department of Aging
Award Year: FY 2018-19
Compliance Requirements: Subrecipient Monitoring

Departments Response: We concur.

Corrective Action Plan:

The Department of Aging and Adult Services implemented a new contract format on July 1, 2019 that includes the subrecipient identification information specified in 2 CFR section 200.331. Additionally, a letter will be sent to each subrecipient that includes the applicable identification information for contracts active in the 2018-2019 fiscal year.

Name of Responsible Person: Cesar Bernal, Administrative Supervisor II

Name of Department Contact: Cesar Bernal, Administrative Supervisor II

Projected Implementation Date: Immediately

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2019

Finding 2019-005

Program: Block Grants for Prevention and Treatment of Substance Abuse
CFDA No.: 93.959
Federal Grantor: U.S. Department of Health and Human Services
Passed-through: California Department of Health Services
Award Year: FY 2018-19
Compliance Requirements: Subrecipient Monitoring

Departments Response: We concur.

Corrective Action Plan:

The Department of Behavioral Health has created a grant award notification letter template, processes and procedures to address the required elements of the subrecipient subaward notification that are not already included in the contract as specified in 2 CRF 200.331(a) of the Uniform Grant Guidance. This letter will become a part of the budget template that will be included with all contracts awarded that contain federal awards funding. In addition, a letter will be sent to current subrecipients with a subaward notification containing relevant information.

Name of Responsible Person: Kimberlee E. Van, Administrative Supervisor II, DBH
Fiscal

Name of Department Contact: Kimberlee E. Van, Administrative Supervisor II, DBH
Fiscal

Projected Implementation Date: Immediately



County of San Bernardino



Auditor–Controller/Treasurer/Tax Collector

Ensen Mason, MBA, CPA, CFA
Auditor–Controller/Treasurer/Tax Collector

Douglas R. Boyd, Sr., ESQ.
Assistant Auditor–Controller/Treasurer/Tax Collector

COUNTY OF SAN BERNARDINO, CALIFORNIA

Summary Schedule of Prior Audit Findings

Year ended June 30, 2019

Compiled by: The Internal Audits Section of the Auditor-Controller/Treasurer/Tax Collector's Office

COUNTY OF SAN BERNARDINO, CALIFORNIA

Summary Schedule of Prior Audit Findings

Year ended June 30, 2019

I. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING 2018-001

Cash Reconciliations

Status: Implemented.

FINDING 2018-002

Program: Supplemental Nutrition Assistance Program (SNAP) Cluster
CFDA No.: 10.561
Federal Agency: U. S. Department of Agriculture (USDA)
Passed-Through: California Department of Social Services
Award Year: FY 2017-18
Compliance Requirement: Special Tests and Provisions – ADP System for SNAP

Status: Implemented.

FINDING 2018-003

Program: Public Health Emergency Preparedness
CFDA No.: 93.069
Federal Agency: U.S. Department of Health and Human Services
Passed-Through: California Department of Public Health
Award Year: FY 2017-18
Compliance Requirement: Procurement, Suspension, Debarment

Status: Implemented.