COUNTY OF SAN BERNARDINO, CALIFORNIA

SINGLE AUDIT REPORT

For the Year Ended June 30, 2008

COUNTY OF SAN BERNARDINO, CALIFORNIA

SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2008

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Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS'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*

Board of Supervisors
County of San Bernardino, California

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 of San Bernardino, California (County), as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 26, 2008. Our report was modified to include a reference to 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. Other auditors audited the financial statements of the San Bernardino County Flood Control District, the County of San Bernardino Redevelopment Agency and First Five of San Bernardino County for the year ended June 30, 2008, 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, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County's financial statements are free of 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*.

We noted certain matters that we reported to management of the County in a separate letter dated November 26, 2008.

This report is intended solely for the information and use of the Board of Supervisors, County management, the Audit Committee, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
November 26, 2008

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*, SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND SUPPLEMENTAL SCHEDULE, AND THE SUPPLEMENTAL SCHEDULE OF OFFICE OF CALIFORNIA STATE DEPARTMENT OF AGING GRANTS

Board of Supervisors
County of San Bernardino, California

Compliance

We have audited the compliance of the County of San Bernardino, California (the County), with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's financial statements include the operations of the Child Development Program, which expended $39,760,183 in federal awards, which are not included in the schedule during the year ended June 30, 2008. Our audit described below did not include the grant programs of the Child Development Program because the County engaged other auditors to perform such audit in accordance with OMB Circular A-133.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2008-01, 2008-02, 2008-03, 2008-05, 2008-06 and 2008-07.

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Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2008-02, 2008-03, 2008-04, and 2008-06 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

Schedule of Expenditures of Federal Awards and Supplemental Schedule

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, 2008, and have issued our report thereon dated November 26, 2008. We did not audit the financial statements of the San Bernardino County Flood Control District, the County of San Bernardino Redevelopment Agency and the Children and Families First Commission of San Bernardino County for the year ended June 30, 2008. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for the San Bernardino County Flood Control District, the County of San Bernardino Redevelopment Agency and the Children and Families First Commission of San Bernardino County, are based on the reports of the other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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. The Schedule of Expenditures of Federal Award and Supplemental Schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Supervisors, County management, the Audit Committee, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
March 20, 2009, except for the Schedule of Expenditures of
Federal Awards, as to which the
date is November 26, 2008

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Department of Agriculture:			
Pass-Through Programs:			
Child Nutrition Cluster:			
California Department of Education:			
School Breakfast Program	10.553	36-10363-6037469-01	$ 281,045
National School Lunch Program	10.555	36-10363-6037469-01	433,698
Total Child Nutrition Cluster			714,743
Food Stamps Cluster:			
California Department of Social Services:			
Food Stamps Program	10.551		211,601,836
Food Stamps Administration	10.561		15,458,298
California Department of Health Services:			
Regional Nutrition Network for Healthy Active Families	10.561	19406001347-A7	947,623
Nutrition Network	10.561	19406001347-A7	437,002
California Project LEAN	10.561		20,000
Total Food Stamps Cluster **[1]**			228,464,759
California Department of Education:			
Child and Adult Care Food Program	10.558	3615241J	1,970,824
California Department of Food and Agriculture:			
Inspection, Grading, and Standardization	10.162	04-0573	16,511
Senior Farmers Market Nutrition Program (SFMNP) **	10.576		38,500
Total California Department of Food and Agriculture			55,011
California Department of Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	02-25704	9,971,504
State Controller:			
Schools and Roads - Cluster	10.665		136,560
Total Pass-Through Programs			241,313,401
Direct Programs:			
Forestry Research Grant	10.652		217,083
Cooperative Law Enforcement - FED FY 08	10.06-LE-1105-1360-0		25,195
Cooperative Law Enforcement - FED FY 09	10.06-LE-1105-1360-0		9,049
Urban and Community Forestry Program	10.675		2,532,766
Emergency Watershed Protection Program	10.904		6,583,385
Total Direct Programs			9,367,478
Total Department of Agriculture			250,680,879
Department of Defense:			
Direct Programs:			
U.S. Army Corp. of Engineers San Timeteo Creek Project-Phase 3B	12.000		315,720
Total Department of Defense			315,720

[1] Denotes a major federal financial assistance program.

** Denotes that this program is part of the Aging Cluster at the request of the California Department of Aging.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Department of Housing and Urban Development:			
Pass-Through Programs:			
California Department of Housing and Community Development:			
Disaster Recovery Initiative Grant	14.228		$ 19,843
Community Block Grant Cluster:			
Pass-Through Programs:			
City of Chino Hills:			
Adult Literacy -Chino Hills	14.218		21,000
City of Chino:			
Library Literacy Day- Chino	14.218		1,400
City of Hesperia:			
Adult Literacy Program-Hesperia	14.218		5,000
City of Rialto:			
Adult Literacy Program - Rialto	14.218		7,100
Town of Apple Valley:			
Library Literacy Day - Apple Valley	14.218		5,000
Direct Programs:			
Community Development Block Grant	14.218		11,021,111
Community Development Block Grant - Crestline: Senior Outreach/Nutrition Program	14.218		36,626
Total Community Block Grant Cluster **[1]**			11,097,237
Direct Programs:			
Lead-Based Paint Hazard Control Grant	14.900		378,396
Emergency Shelter Grant Program	14.231		336,656
HOME Investment Partnerships Program **[1]**	14.239		3,577,172
Total Direct Programs			4,292,224
Total Department of Housing and Urban Development			15,409,304
Department of the Interior:			
Pass -Through Programs:			
Southern Nevada Water Authority:			
Las Vegas Wash/Lake Mead Program, Las Vegas Wash Biological Monitoring	15.BCD		37,845
Direct Programs:			
Payment in Lieu of Tax	15.226		1,808,465
Total Department of the Interior			1,846,310
Department of Justice:			
Pass-Through Programs:			
California Department of Corrections and Rehabilitation:			
Juvenile Accountability Incentive Grant	16.523	BDC 137-04	73,503
San Diego St. Univ. Research Foundation:			
California Enforcing Underage Drinking Laws	16.523		20,490
Governor's Office of Emergency Service:			
Elder Abuse Advocacy and Outreach Program	16.575	EA04070360	141,780
Special Emphasis Victim Witness Assistance Program	16.575	SE04140360	116,446
Victim Witness Assistance Program	16.575	VW04230360	444,720
Anti Drug Abuse Enforecement	16.738		1,140,689
Marijuana Suppression Program	16.738		176,770
Grant Program Paul Coverdell Forensic Sciences Improvement - 2005	16.742		26,300
Grant Program Paul Coverdell Forensic Sciences Improvement 200700317	16.742		31,192
Total Governor's Office of Emergency Service			2,077,897

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Continued - Department of Justice:			
Continued - Pass-Through Programs:			
County of Riverside:			
High Intensity Drug Trafficking Area (RMTF)	16.17PLAP540Z		$ 457,234
Total Pass-Through Programs			2,629,124
Direct Programs:			
Digital Dental Human Identificaiton Project	16.580		31,112
2003 BJA Congressionally Mandated Award	16.580		179,664
Grant Program Paul Coverdell Forensic Sciences Improvement	16.742		80,745
2008 Cannabis Eradication Supperssion Program	16.738		22,755
U.S. National Institute of Justice:			
Forensic Casework Backlog Reduction - 2006	16.743		112,436
Forensic DNA Backlog Reduction - 2007	16.743		137,309
2005-2006 DNA Capacity Enhancement Program	16.560		11,424
2006 DNA Capacity Enhanced Program	16.741		77,367
Total U.S. National Institute of Justice:			338,536
Community Oriented Policing Services Office (COPS)			
Technology Grant - 2005	16.710		144,653
Technology Grant - 2006	16.710		450,093
Secure our Schools	16.710		102,515
Total Community Oriented Policing Services Office (COPS)			697,261
Bureau of Justice Assistance:			
Gang Resistance Education and Training Program (GREAT)	16.737		111,806
2005 Justice Assistance Grant	16.738		35,936
2006 Justice Assistance Grant	16.738		16,007
2007 Justice Assistance Grant	16.738		870,163
Southwest Border Prosecution Initiative	16.SBP		1,476,286
Total Bureau of Justice Assistance			2,510,198
Drug Enforcement Administration:			
Cannabis Eradication Suppression Program	16.738		26,170
DEA Riverside Task Force FY 07-08	16.SCSHRA07-635		44,416
Total Drug Enforcement Administration			70,586
Office of Justice Programs:			
Anti -Gang Initiative	16.744		14,187
Department of Treasury:			
Asset Forfeitures	16. CA0360000		661,102
U.S Marshal Service:			
Regional Fugitive Task Force	16.FATF-07-0044		152,046
Office of National Drug Control Policy:			
High Intensity Drug Trafficking Area	16.17PLAP540Z		443,998
Office of Juvenile Justice and Deliquency Prevention:			
IMPACT	16.541		92,839
Federal Bureau of Investigation:			
FBI - Gang Impat Team (GIT)	16.281D-LA-243251		48,708
Total Direct Programs			5,343,737
Total Department of Justice			7,972,861

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Department of Labor:			
Pass-Through Programs:			
Workforce Investment Act Cluster			
Goodwill Southern California			
Round Youth Program	17.259		$ 100,302
California Employment Development Department			
Workforce Investment Act - Adult	17.258	R588747	4,077,914
Workforce Investment Act - Youth	17.259	R588747	3,292,132
Workforce Investment Act - Dislocated Workers	17.260	R588747	3,501,690
Total Workforce Investment Act Cluster **[1]**			10,972,038
California Department on Aging:			
Senior Community Service Employment Program - Title V	17.235	TV-0405-20	321,773
Senior Community Service Employment Program - Title V	17.235	ANPPM-02-SNB	86,612
Total California Department of Aging			408,385
California Employment Development Department:			
Workforce Investment Act - Incentive Grants	17.266	R588747	13,850
Total Pass-Through Programs			11,394,273
Direct Programs:			
Partnership for Pediatric Acute Care	17.261		130,097
Total Department of Labor			11,524,370
Department of Transportation:			
Pass-Through Programs:			
California Department of Transportation:			
Highway Planning and Construction Cluster			
SART Phase III	20.205		5,875
Highway Planning and Construction Grant	20.205	85954	3,470,358
Total Highway Planning and Construction Cluster			3,476,233
California Office of Traffic Safety:			
Underage Drinking and Driving Prevention Program (2005/2006)	20.600	AL0655	27,315
Office of Traffic and Safety	20.600		440,103
Fatal and Injury Reduction Program	20.600		299,761
Traffic Safety for Young Adults and Children	20.600		167,549
Total California Office of Traffic Safety			934,728
Total Pass-Through Programs			4,410,961
Direct Programs:			
Airport Improvement Program	20.106		1,766,709
Total Department of Transportation			6,177,670
General Service Administration:			
Pass-Through Programs:			
Secretary of State			
HAVA (Help America Vote Act) Section 301	90.401		1,179,103
Total General Service Administration			1,179,103

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Department of Education:			
Pass-Through Programs:			
California Department of Alcohol and Drug Program:			
Safe and Drug-Free Schools- Kinship Matter	84.186		$ 28,731
Safe and Drug-Free Schools	84.186	SDF-0311	47,254
Total California Department of Alcohol and Drug Program			75,985
County Office of Education			
Federal Individuals with Disabilities Education (IDEA)	84.027A		1,180,486
Total Department of Education			1,256,471
Department of Health and Human Services:			
Pass-Through Programs:			
Medicaid Cluster:			
California Department of Health Services:			
Medi-Cal Assistance Program (HSS)	93.778		45,603,630
Medical Administrative Activities-PHL (MAA)	93.778		3,065,908
California Department on Aging:			
Medi-Cal Assistance Program (Title XIX, MSSP)	93.778		629,436
California Department of Social Services:			
In-Home Support Services-Public Authority	93.778		1,863,721
California Department of Public Health:			
Information and Education	93.778		414
Male Involvement Program	93.778		656
Teen SMART Outreach Program	93.778		71,926
California Department of Alcohol and Drug Program:			
Medi-Cal Assistance Program	93.778	NNA36	2,018,095
Total Medicaid Cluster			53,253,786
Aging Cluster:			
California Department on Aging:			
Special Programs for the Aging - Title VII-B	93.041	AP-0607-20	23,583
Special Programs for the Aging - Title VII-A	93.042	AP-0607-20	64,062
Special Programs for the Aging - Disease Prevention and Health Promotion Services	93.043	AP-0607-20	193,107
Special Programs for the Aging - Title III, Part B	93.044	AP-0607-20	1,501,661
Special Programs for the Aging - Title III, Parts C1 and C2	93.045	AP-0607-20	2,525,534
National Family Caregiver Support	93.052		498,177
Nutrition Program for the Elderly	93.053	AP-0607-20	523,521
Total Aging Cluster **[1]**			5,329,645
California Department of Alcohol and Drug Program:			
Substance Abuse Prevention and Treatment Block Grant	93.959	NNA36	12,314,978
California Department of Health Services:			
Project Grants for Tuberculosis Control	93.116		141,170
Acquired Immunodeficiency Syndrome	93.118	04-35374	196,364
Childhood Lead Poisoning Prevention	93.197		93,209
Total California Department of Health Services			430,743

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Continued - Department of Health and Human Services:			
Continued - Pass-Through Programs:			
California Department of Public Health:			
HIV Care Formula Grant - Title II	93.917	03-75924	$ 912,473
Immunization Subvention Grant	93.268	68-0317191	406,332
Immunization Registry	93.268		279,137
Public Health Emergency Preparedness- CDC base and laboratory	93.283		1,626,020
Cities Readiness Initiative	93.283		345,028
Pandemic Influenza	93.283		421,990
STD Community Intervention Program (SCIP)	93.977		54,000
California Infertility Prevention Project	93.977		50,305
Maternal and Child Health Services Block Grant (AFLP)	93.994		913,801
Maternal and Child Health Services Block Grant (MCAH)	93.994	200336	829,564
Community Challenge Grant **[1]**	93.558		189,453
National Bioterrorism Hospital Preparedness Program-YR 6	93.889		55,620
National Bioterrorism Hospital Preparedness Program-YR 4	93.889		23,876
National Bioterrorism Hospital Preparedness Program-YR 5	93.889		786,262
Total California Department of Public Health:			6,893,861
California Department of Mental Health:			
Projects for Assistance in Transition from Homelessness	93.150		390,495
Mental Health Services Block Grant **[1]**	93.958		3,105,599
Total California Department of Mental Health			3,496,094
California Department of Social Services:			
Promotiong Safe and Stable Families	93.556		2,292,866
Temporary Assistance to Needy Families **[1]**	93.558		244,812,999
Child Support Enforcement	93.563	AD-2005-CAC-XX3	26,521,584
Refugee and Entrant Assistance	93.566		37,098
Refugee and Entrant Assistance - Admin	93.566		1,598
Child Welfare Services - State Grants	93.645		1,818,532
Adoption Assistance	93.659		15,272,566
Adoption Assistance - Admin	93.659		2,230,341
Social Service Block Grant - Title XX	93.667		454,952
Independent Living Skills	93.674		1,045,154
Foster Care - Title IV - E - TAD	93.658		51,409,029
Foster Care - Title IV - E - PRB	93.658		12,067,429
Total California Department of Social Services			357,964,148
California Department on Aging:			
Health Insurance Counseling and Advocacy Program (HICAP)	93.779		77,952
Total California Department of Aging			77,952
California Family Health Council:			
Family Planning Service - Title X	93.217		511,140
Total Pass-Through Programs			440,272,347

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
Continued - Department of Health and Human Services:			
Direct Programs:			
Health Center Cluster	93.224		$ 285,977
Head Start Program	93.600		33,123,413
Health Care and Other Facilities	93.887		711,997
HIV Emergency Relief Formula Grant Title I **[1]**	93.914		6,448,863
Grants to Provide Outpatient Services for HIV Disease - Title III	93.918		527,407
Total Direct Programs			41,097,657
Total Department of Health and Human Services			481,370,004
Department of Homeland Security:			
Pass-Through Programs:			
California Office of Homeland Security:			
FY 2005 Buffer Zone Protection Program	97.078		52,228
State Homeland Security Grant Cluster			
FY 2007 State Homeland Security Grant Program	97.067		496,998
FY 2006 State Homeland Security Grant Program	97.067		1,640,745
FY 2005 State Homeland Security Grant Program	97.067		509,930
Total State Homeland Security Cluster			2,647,673
Total California Office of Homeland Security			2,699,901
California Department of Boating and Waterways			
Boating Safety and Enforcement Grant - Boat Enginess and Power Equipment	97.012		79,883
Boating Safety and Enforcement Grant - ROV	97.012		7,086
Total California Department of Boating and Waterways			86,969
California Office of Emergency Services:			
FEMA - Disaster Assistance-Transportation **[1]**	97.036		671,433
FEMA - Public Assistance Grants 1731 **[1]**	97.036		7,627,549
FEMA - Public Assistance Grants **[1]**	97.036	FEMA -1498	10,209
FEMA - Public Assistance Grants **[1]**	97.036	FEMA-1585	230,351
FY 2007 Emergency Management Performance Grant	97.042		236,725
Hazard Mitigation	97.039		1,960,638
Fire Management Assistance Grant 2728	97.046		136,908
Total California Office of Emergency Services			10,873,813
Total Department of Homeland Security			13,660,683
Total Expenditures of Federal Awards			**$ 791,393,375**

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the County of San Bernardino, California (the County), except for those programs operated by the Child Development Department, which were audited by other auditors engaged by the County. The aforementioned program is included in the County's financial statements; however, excluded from the Schedule of Expenditures of Federal Awards. A separate single audit report is issued for the Child Development Department. Federal awards received directly from federal agencies, as well as, federal awards, passed through the State of California and various agencies are included in this schedule. The County's reporting entity is defined in Note 1 to the County's financial statements.

B. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting except for programs recorded in the County's enterprise funds, which are presented using the accrual basis of accounting, which is described in Note 2 to the County's basic financial statements.

C. Relationship to Basic Financial Statements

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements.

Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General and Special Revenue Funds.

D. Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, with the amounts reported in the related federal financial reports.

E. Pass-Through Entities' Identifying Number

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards 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 # 2 - OUTSTANDING LOANS OF FEDERAL FUNDS AT JUNE 30, 2008

At June 30, 2008, outstanding loans under the United States Department of the Interior, Bureau of Reclamation - Reclamation and Water Reuse Program and United States Department of Agriculture are $6,000,000 and $1,911,600 respectively.

NOTE # 3 - AMOUNT PROVIDED TO SUBRECIPIENTS

Of the federal expenditures presented in the accompanying Schedule of Expenditures of Federal Awards, the County provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Federal Award Expenditures
Child and Adult Care Food Program	10.558	$ 243,572
Regional Nutrition Network for Healthy Active Families	10.561	352,106
Community Development Block Grant	14.218	6,010,264
Emergency Shelter Grant Program	14.231	319,630
HOME Investment Partnerships Program	14.239	1,921,015
Lead Hazard Control Grant	14.900	151,248
Juvenile Accountability Incentive	16.523	73,503
Developing, Testing & Demonstrating Promising New Programs (IMPACT)	16.541	18,715
Asset Forfeitures	16.CA0360000	55,485
2007 Justice Assistance Grant	16.738	826,999
High Intensity Drug Trafficking Area	16.17PLAP530Z	80,830
High Intensity Drug Trafficking Area-County of Riverside	16.17PLAP540Z	49,667
Workforce Investment Act - Youth	17.259	2,583,425
Federal Individual with Disabilities Education (IDEA)	84.027A	876,665
Supportive Services Program, Title III, Part B	93.044	343,816
Nutrition Programs, Title III, Part C1 & C2	93.045	2,290,271
Family Caregiver	93.052	222,992
Nutrition Program for the Elderly(Nutrition Services Incentive Program)	93.053	522,276
Immunization Subvention Grant	93.268	57,620
Family Preservation and Support Services	93.556	1,730,036
Community Challenge Grant	93.558	78,128
Temporary Assistance for Needy Families (HSS)	93.558	1,329,983
Head Start	93.600	2,994,980
Independent Living Skills	93.674	871,955
Medical Administrative Activities - PHL (MAA)	93.778	2,129,105
Medical Assistance Program (Alcohol)	93.778	1,885,075
Health Insurance Counseling and Advocacy Program (HICAP)	93.779	61,359
National Bioterrorism Hospital Preparedness Program - YR 5	93.889	392,924
HIV Emergency Relief Formula Grant-Title I	93.914	5,043,999
HIV Care Formula Grant-Title II	93.917	695,153
Mental Health Services Block Grant	93.958	1,987,460
Substance Abuse Prevention and Treatment Block Grant	93.959	7,841,583
Maternal and Child Health Services Block Grant (MCAH)	93.994	9,821
Emergency Management Performance Grant (EMPG)	97.042	236,725
FY 2007 State Homeland Security Grant	97.067	381,579
FY 2005 State Homeland Security Grant	97.067	134,903
FY 2006 State Homeland Security Grant	97.067	1,105,274
FY 2005 Buffer Zone Protection Program	97.078	39,714
Total Subrecipients Expenditures		$ 45,949,856

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2008

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	Yes

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.551, 10.561	Food Stamps Cluster
14.218	Community Development Block Grant Cluster
14.239	HOME Investment Partnerships Program
17.258, 17.259, 17.260	Workforce Investment Act Cluster
*10.576, *93.041, *93.042, *93.043, 93.044, 93.045, *93.052, 93.053	Aging Cluster
93.558	Temporary Assistance for Needy Families
93.958	Mental Health Service Block Grant (SAMSHA)
93.914	HIV Emergency Relief Project Grant
97.036	FEMA Public Assistance

Dollar threshold used to distinguish between Type A and Type B programs:	$ 3,000,000
Auditee qualified as low-risk auditee?	Yes

*Program included in cluster at the request of California Department of Aging.

II. FINANCIAL STATEMENT FINDINGS

None reported.

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance including questioned costs that are required to be reported by OMB Circular A-133.

Finding 2008-01

Program: Community Development Block Grant
CFDA No.: 14.218
Federal Agency: Department of Housing and Urban Development (HUD)
Award Year: 2007-08
Compliance Requirement: Reporting

Criteria:

The Federal compliance requirement states that SF-272s, the Federal Cash Transaction Report, must be submitted within 15 working days of the end of each of quarter (i.e. January 22nd, April 21st, July 21st, and October 20th).

Condition Found:

Instance of Non-compliance - It was noted that the first and fourth quarter required SF-272s were not submitted within the required timeline during the fiscal year 2007-08.

Questioned Costs:

None

Context:

The condition noted above was identified during our testing procedures over the reporting compliance requirement.

Cause:

At the time the report was due key personnel were unavailable to complete and submit the required 1st and 4th quarter report in a timely basis

Effect:

The untimely reporting of costs to HUD results in noncompliance with the requirements set forth in the contractual agreement between the County of San Bernardino and HUD.

Recommendation:

We recommend that the County implement procedures to ensure all reports are submitted timely as required by HUD.

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Views of Responsible Officials and Corrective Action:

See separate correction action plan

Finding 2008-02

Program: Community Development Block Grant
CFDA No.: 14.218
Federal Agency: Department of Housing and Urban Development
Award Year: 2007-08
Compliance Requirement: Subrecipient Monitoring

Criteria:

The *March 2008 OMB Circular A-133 Compliance Supplement* requires a pass through entity to be responsible for:

- *Award Identification* – At the time of the award, identifying to the subrecipient the Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements.
- *During-the-Award Monitoring*- Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal Awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Condition Found:

Significant Deficiency - Instance of Non-compliance - As a result of our audit during FY 2007-2008, we noted the following based on our testing performed over subrecipient monitoring:

- The subrecipient agreements do not identify the CFDA title and number
- Of the sample of 15 subrecipients, 11 were for public service grants and of the public services grants 11 did not have evidence in the file of on-site monitoring. In Fiscal year 2008 there were a total of 91 public services projects that received $1,024,340 in funding.

Questioned Costs:

None

Context:

The condition noted above was identified during our testing procedures over subrecipient monitoring.

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Cause:

The *Award Monitoring* did not occur during fiscal year 2007-2008 for public services due to the lack of staffing.

The *Award Identification* within the contract agreement between the County and the subrecipient(s) are not prepared in accordance with *OMB Circular A-133 Compliance Supplement.*

Effect:

The County increases its risk of noncompliance with subrecipient monitoring requirements set forth in *OMB A-I33 Compliance Supplement.* Additionally, subrecipients might not be aware that part of the funding they are receiving is Federal funding, which may require the subrecipient to have a Single Audit performed.

Recommendation:

We recommend that contracts with subrecipients further describe the specific source of funding (e.g., the CFDA title and number) they are receiving in order to comply with subrecipient monitoring compliance. In addition we recommend that subrecipient monitoring is enforced and performed during each fiscal year.

Views of Responsible Officials and Corrective Action:

See separate correction action plan

Finding 2008-03

Program: Community Development Block Grant
CFDA No.: 14.218
Federal Agency: Department of Housing and Urban Development
Passsed through: California Department of Social Services
Award Year: 2007-08
Compliance Requirement: Cash Management/Period of Availability

Criteria:

Per 24 CFR 570.504 "program income in the form of repayments to, or interest earned on, a revolving fund as defined in 570.500(b) shall be substantially disbursed from the fund before additional cash withdrawals are made from the U.S treasury for the same activity. Substantially all other program income shall be disbursed for eligible activities before additional cash withdrawals are made from the U.S Treasury."

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Condition:

Significant Deficiency - Instance of Non-compliance - As a result of our testwork, we noted the County is drawing down entitlement funds prior to depleting the current available resources collected directly by the County. Further, the incorrect reporting of available resources could result in program income funds held in excess of the period of availability. In addition, due to the period of availability compliance issues the possibility exists that grant funds could be disallowed and/or repayment required of Federal resources.

Questioned Costs:

None

Context:

The condition noted above was identified during our testing procedures over cash management.

Cause:

The use of program income is not being utilized prior to the draw down of entitlement funds.

Effect:

The County increases its risk of noncompliance with cash management requirements set forth in *OMB A-133 Compliance Supplement*.

Recommendation:

We recommend that the County develop cash management procedures to ensure that program income is used prior to the request for entitlement funds.

Views of Responsible Officials and Corrective Action:

See separate correction action plan

Finding 2008-04

Program: Temporary Assistance to Needy Families and Food Stamps
CFDA No.: 93.558 and 10.551, 10.561
Federal Agency: Department of Health and Human Services and Department of Agriculture
Passsed through: California Department of Social Services
Award Year: 2007-08
Compliance Requirement: Allowable Costs

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Criteria:

OMB Circular A-133, Sub-part C, Section 300, Part b, states that the auditee is responsible for "Maintaining internal control over Federal programs that provide reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Internal control means a process, developed by the entity's management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (1) Reliability of financial reporting; (2) Compliance with applicable laws and regulations; and (3) Effectiveness and efficiency of operations.

The fiscal year 2008 grant agreement with the State of California requires that the County submit the County Expense Claim (CEC) for program administrative costs to the State of California on a quarterly basis for reimbursement.

Condition:

Significant Deficiency - The County submits the CEC for program administrative costs to the State of California on a quarterly basis for reimbursement. Caseworkers complete time study forms, which are compiled into a time study summary report that is used to allocate the payroll expenditures to the various federal programs in the CEC. Of the 80 employee time study transactions selected from the quarterly time study reports for test work, we noted 14 transactions whereby the employee's Time and Labor Report (TLR) did not agree to the quarterly time study summary reports. The TLR is completed and signed by the employee and reviewed and signed by a supervisor each pay period. We noted instances where the employee's total allocable and nonallocable hours per the time study summary report did not agree to the TLR.

Questioned Costs:

None, as it appears that the County is undercharging hours to the programs based on our test results.

Context:

The condition noted above was identified during our testing procedures over the programs allowable costs.

Cause:

The appropriate level of monitoring was not administered by the department, sufficient to prevent, detect and correct the discrepancies between the time reported for the CEC and the time card prepared by the County employees.

Effect:

As a result of these discrepancies, the ratios used to allocate payroll expenditures to the various federal programs in the CEC, which are derived from the data in the time study summary reports, may be inaccurate.

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Recommendation:

The County has implemented a formal monitoring plan, including sampling time studies throughout the year. We recommend that the County review the current preparation process for the quarterly time summary reports and implement stronger reconciliation and management review procedures of the time card and the time study reports in order to ensure the accuracy of the time study summary reports. This preventive control will help ensure that the amounts claimed for reimbursement for each of the federal programs included in the CEC are accurate. In addition, we recommend the County review the effectiveness of its formal monitoring plan.

Views of Responsible Officials and Corrective Action:

See separate correction action plan

Finding 2008-05

Program: Food Stamps
CFDA No.: 10.551, 10.561
Federal Agency: Department of Agriculture
Passed-Through: California Departments of Social Services
Award Year: 2007/2008
Compliance Requirement: Eligibility

Criteria:

The *Office of Budget and Management (OMB) OMB Circular A-133* requires that the County determine the eligibility of program participants based on several requirements including, but not limited, financial eligibility. To facilitate the eligibility determination the County utilizes the following:

1) A program application, referred to as a SAWS1, which must be signed by the applicant and retained in the participant's file.
2) A statement of facts, referred to as a SAWS2, which must be signed by the applicant and retained in the participant's file.
3) Form DFA 285-A1, used for recertification and required to be retained in the participant's file.
4) QR-7 reports are submitted by the participants on a quarterly basis to report any changes in income, housing, or status. These reports are required to be retained in the participants' file.
5) The County utilizes the Income and Eligibility Verification System (IEVS) to verify eligibility using wage information available from such agencies as the agencies administering State unemployment compensation laws, Social Security Administration, and the Internal Revenue Services to verify income eligibility and the amount of eligible benefits. The State of California has used IEVS since 1987 to verify income information received from applicants and recipients.

Condition:

Instance of Non-compliance - Of the 40 case files selected for testwork, we noted the following:

1) We noted 1 file did not contain the IEVS report.

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Questioned Costs:

Questioned costs of $160 represent the benefit payments for the individual transaction noted above.

Context:

The condition noted above was identified during our examination of the County's participant case files of the Food Stamps program.

Cause:

The County's procedures did not ensure that the proper program document (IEVS) was present in the participant case file.

Effect:

The County increases it risk of non-compliance with eligibility requirements set forth in *OMB A-I33 Compliance Supplement*.

Recommendation:

We recommend that the County implement procedures to ensure that the proper program documentation is obtained and imaged/stored in all of the participants' electronic case files. This will ensure federal compliance as it relates to eligibility requirements.

Views of Responsible Officials and Planned Corrective Actions:

See separate correction action plan

Finding 2008-06

Program: Mental Health Services Block Grant
CFDA No. 93.958
Federal Agency: Department of Health and Human Services
Passed-through: State of California Department of Mental Health
Award No: Not Applicable
Award Year: 2007-2008
Compliance Requirement: Subrecipient Monitoring

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Criteria:

The *March 2008 OMB Circular A-133 Compliance Supplement* requires a pass-through entity to be responsible for:

- *Award Identification* – At the time of the award, identifying to the subrecipient the Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements.
- *During-the-Award Monitoring* - Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- *Subrecipient Audits* - (1) Ensuring that subrecipients expending $500,000 for fiscal years ending or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period, (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report, and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Condition:

Significant Deficiency - Instance of Non-compliance – As a result of our testwork over subrecient monitoring compliance, we noted that the agreements between the County and the providers (subrecipients) did not identify the CFDA title and number as required by *OMB Circular A-133*. In addition, we noted the County is required to perform both program and fiscal monitoring of subrecipients to ensure compliance. As a result of our audit procedures, we noted the County performed programmatic monitoring procedures without exceptions. However, we noted the County did not perform fiscal monitoring procedures for three of the four subrecipients. In addition, it was noted that the County did not obtain single audit reports from three of the four subrecipients.

Questioned Costs:

None

Context

The conditions noted above were identified during our examination of the County's contracts/agreements and monitoring files with subrecipients. The County's fiscal monitoring procedures consist of annual on-site visits and single audit report collection and review.

Cause:

The County did not maintain procedures to ensure that the CFDA title and number, award name and Federal agency were identified in the formalized agreements executed with subrecipients. In addition, the County did not consistently follow its procedures to complete fiscal monitoring procedures in a timely manner.

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Effect:

The subrecipient agreements do not specifically identify the CFDA title and number, award name and Federal agency. Accordingly, subrecipients may not be aware that they have received Federal funding, which might require the subrecipient to have a Single Audit performed.

Recommendation:

We recommend the County strengthen its policies and procedures to ensure that Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements are included in sub-recipient agreements. We also recommend the County strengthen its fiscal monitoring procedures to ensure that the subrecipients administer Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements.

View of Responsible Official and Planned Corrective Actions:

See separate correction action plan

Finding 2008-07

Program: Mental Health Services Block Grant
CFDA No.: 93.958
Federal Agency: Department of Health and Human Services
Passed-through: State of California Department of Mental Health
Award Year: 2007-2008
Compliance Requirement: Allowable Costs

Criteria:

Budgets for each program are submitted to and approved by the State of California Department of Mental Health. These budgets provide a detail of the award, classified by staff position, consultant cost, equipment, supplies, travel, other, and administrative expenses as applicable. The County is responsible for ensuring a sufficient amount of allowable costs are incurred in relation to each approved budget item.

Condition:

Instance of Non-Compliance - Based on the detail of expenditures provided, the County incurred an insufficient amount of expenditures in 2 of the 8 programs. The 2 programs noted had actual costs for 4 positions that were less than the awarded amount. The total of the award for these positions was $230,104 and the actual expense incurred was $98,273. Because these positions were awarded in various Full Time Equivalent percentages, the difference between the amount awarded and the amount eligible to claim was $164,671, which was received and claimed by the County.

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

Questioned Costs:

$164,671 represents the difference between total awarded amounts based on the State approved budgets and actual expenditures incurred based on the supporting documentation provided by the County.

Context

The condition noted above was identified during our examination of the County's compliance with allowable cost provisions.

Cause:

The County did not perform procedures to ensure compliance with certain allowable cost provisions.

Effect:

Support for the costs claimed by the County could not be provided.

Recommendation:

We recommend that the Department properly identify program costs that are charged to the SAMHSA grant and those that are paid for by other sources. A process should be established whereby any costs charged to a grant or multiple grants are properly identified, documented and included in the worksheet in order to properly calculate and monitor allowable costs against the State approved contract. This will help ensure that the quarterly and annual reports submitted to the State are properly supported and the supporting documentation clearly identifies those expenses that are charged to the grant.

View of Responsible Official and Planned Corrective Actions:

See separate correction action plan

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2008

Summarized below is the current status of all audit findings reported in the prior year audit's schedule of audit findings and questioned costs.

Finding No.	Condition/Program	CFDA No.	Compliance Requirement	Status
2007-01	Restatement of Prior Year Financial Statements	N/A	N/A	Implemented
2007-02	Temporary Assistance for Needy Families	93.558	Allowable Costs	Not implemented, see current year finding 2008-04
2007-03	HOME Investment Partnership Program	14.239	Subrecipient Monitoring	Implemented
2007-04	Workforce Investment Act Cluster	17.258, 17,259, 17.260	Eligibility	Implemented

COUNTY OF SAN BERNARDINO, CALIFORNIA

SUPPLEMENTAL SCHEDULE OF CALIFORNIA STATE DEPARTMENT OF AGING GRANTS

YEAR ENDED JUNE 30, 2008

Grantor/Program Name	CFDA No.	Contract Number	Federal Expenditures	State Expenditures
California Department of Aging:				
Senior Farmers' Market Nutrition Program	10.576		$ 38,500	$ -
Senior Community Service Employment Program Title V (NAHE)	17.235	AD-157440660	86,612	-
Senior Community Service Employment Program Title V (CDA)	17.235	TV 0607-20	321,773	87,955
Elder Abuse Program – Title VII-B	93.041	AP 0708-20	23,583	1,050
Ombudsman Program – Title VII-A	93.042	AP 0708-20	64,062	12,375
Disease Prevention and Health Promotion Services	93.043	AP 0708-20	193,107	4,176
Supportive Services Program, Title III, Part B	93.044	AP 0708-20	1,501,661	56,183
Nutrition Program, Title III, Part C1 & C2	93.045	AP 0708-20	2,525,534	155,970
Family Caregiver	93.052	AP 0708-20	498,177	-
Nutrition Program for the Elderly (Nutrition Services Incentive Program)	93.053	AP 0708-20	523,521	-
Medical Assistance Program (MSSP) Title XIX	93.778	MS-0708-17	629,436	655,127
In-Home Support Services-Public Authority	93.778		1,863,721	1,215,455
Health Insurance Counseling and Advocacy Program (HICAP)	93.779	HI-0708-20	77,952	225,167
Totals			$ 8,347,639	$ 2,621,883

COUNTY OF SAN BERNARDINO
CALIFORNIA

Corrective Action Plan

Year ended June 30, 2008

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2008

Finding 2008-01

Program: Community Development Block Grant
CFDA No.: 14.218
Compliance Requirement: Reporting

Department's Response

We Concur.

Corrective Action Plan

The Department of Community Development and Housing (CDH) agrees with the above recommendation. CDH has instituted a new procedure to insure that the SF 272 Report gets submitted on time each quarter. A specific staff member will be responsible to prepare and obtain the Director's signature by the 12th of the month following the end of the quarter. Completing the SF 272 Report in this time frame will allow the department to send the report to the HUD offices before the 15 working day restriction.

Name of Responsible Person: Tom Anderson, Administrative Supervisor

Name of Department Contact: Tom Anderson, Administrative Supervisor

Projected Implementation Date: Implemented

Finding 2008-02

Program: Community Development Block Grant
CFDA No.: 14.218
Compliance Requirement: Subrecipient Monitoring

Department's Response

We Concur.

Corrective Action Plan

The Department of Community Development and Housing (CDH) agrees with the above recommendation. The contract boiler plate for each division has been revised to include the CFDA number and title of each grant. CDH is in the process of developing new, monitoring risk assessment guidelines in accordance with HUD regulations. These guidelines will be put into effect during the 09-10 Fiscal Year.

Name of Responsible Person:	Marcia Hawkins, ECD Analyst
Name of Department Contact:	Marcia Hawkins, ECD Analyst
Projected Implementation Date:	The CFDA Number will be added to any new contracts. The new monitoring program will begin during Fiscal Year 09-10.

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2008

Finding 2008-03

Program: Community Development Block Grant
CFDA No.: 14.218
Compliance Requirement: Cash Management/Period of Availability

Department's Response

We Concur.

Corrective Action Plan

The Department of Community Development and Housing (CDH) agrees with the above recommendation. CDH has instituted procedures that will substantially reduce the amount of Program Income that has been retained by the department. These procedures require the expending of program income before receiving funds from HUD. The department will draw $506,170 of Program Income by April 30, 2009 with this new procedure instituted. This amount is approximately 20% of the total Program Income that we have received.

In past year's, the CDBG program has had certain projects that have been allocated with Program Income instead of Entitlement dollars and the department has not received the claims for those projects. The Department of Community Development and Housing will review each draw and will make drawing Program Income a priority.

Name of Responsible Person:	Mitch Slagerman, Director, Community Development and Housing
Name of Department Contact:	Tom Anderson, Administrative Supervisor
Projected Implementation Date:	5/1/2009

Finding 2008-04

Program: Temporary Assistance to Needy Families and Food Stamps
CFDA No.: 93.558 and 10.551, 10.561
Compliance Requirement: Allowable Costs

Department's Response

We Concur.

Corrective Action Plan

The Transitional Assistance Department (TAD) implemented an automated process for submitting time and labor reports (e-Time) in July 2007. Implementation of this automated system is expected to reduce future mismatch of reported time, with the Time Studies. It was anticipated that with system implementation, and the expected learning curve of e-Time (implemented FY 07/08), the reduction in mismatches might take some time.

The County also previously implemented a formal monitoring plan, including sampling time studies throughout the year. Additionally, TAD implemented corrective actions at the Deputy and Manager level for review of the e-time and Time Study. Staff who have verified errors (mismatched time) in consecutive time study quarters are required to meet with the Director to explain, and provide corrective action steps.

E-Time refresher training to Supervisors in 2009 (starting 3/09), included specific retraining of known issues involving the need to properly code leave time if taken on the last day of the pay period, or known as "AWS issues".

TAD Management will review and reinforce the existing procedures (Beginning in 4/09 with the Director/Management team level) to ensure appropriate level of monitoring occurs and correct/prevent deficiencies in time reported for the CEC and e-Time.

TAD Management will continue to work closely with Human Resources Personnel and Program Development Division (PDD) to ensure timely and accurate instructions for the completion of e-Time and the Time Study Program (used for CEC).

These preventive controls will help ensure the accuracy of the time study summary reports and the amounts claimed for reimbursement for each of the federal programs.

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2008

Name of Responsible Person:	Nancy Swanson, Director
Name of Department Contact:	Theresa Sullivan, Supervising Accountant II
Projected Implementation Date:	April 2009

Finding 2008-05

Program: Food Stamps
CFDA No.: 10.551, 10.561
Compliance Requirement: Eligibility

Department's Response

We Concur.

Corrective Action Plan

San Bernardino County- Transitional Assistance Department is strengthening monitoring procedures to ensure that documentation required to support eligibility are properly maintained in the files. Case data must accurately reflect the eligibility status of TANF recipients thus and avoid the risk of noncompliance with the requirements of the State plan.

IEVS Compliance-
Current Policy Handbook material was released to staff in 11/07 and outlines procedures to follow when reconciling C-IV generated IEVS abstracts. Timeframes for reconciliation are also identified. We are developing additional policy material to remind staff of the expectation of reconciling all IEVS abstracts in a timely manner. The policy material will be released in April 2009.In addition, case reviewers will be reminded to ensure that all IEVS reports are appropriately reconciled prior to the application being processed or that a control Task is set to ensure timely processing upon receipt of the IEVS report, while monthly case reviews are being completed.

Name of Responsible Person: Nancy Swanson, Director

Name of Department Contact: Theresa Sullivan, Supervising Accountant II

Projected Implementation Date: April 2009

Finding 2008-06

Program: Mental Health Services Block Grant
CFDA No. 93.958
Compliance Requirement: Subrecipient Monitoring

Department's Response

We concur.

Corrective Action Plan

Administrative Services will develop policy to ensure as contracts expire, CFDA information will be included in sub-recipient contracts. Additionally, the audits department of DBH is working on auditing all contracts and is expected to complete outstanding FY 07-08 audits by the end of calendar year 2009.

Name of Responsible Person:	Judy Wamack, Administrative Supervisor I Jason Hinkle, Supervising Accountant II
Name of Department Contact:	Jason Hinkle, Supervising Accountant II
Expected Date of Completion:	Ongoing

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2008

Finding 2008-7
Program: Mental Health Services Block Grant
CFDA No. 93.958
Compliance Requirement: Allowable Costs

Department's Response

We Concur.

Corrective Action Plan

The department will instruct appropriate personnel to properly identify and monitor program expenditures in a timely manner. These employees will improve monitoring policies and procedures, coordinate & perform during-the-year fiscal, contract and program monitoring and ensure contractors are in compliance with Subrecipient Monitoring requirements. If budget adjustments are deemed necessary during such reviews, appropriate personnel will be notified and budget revisions will be proposed.

Name of Responsible Person:	Judy Wamack, Administrative Supervisor I Jason Hinkle, Supervising Accountant II
Name of Department Contact:	Jason Hinkle, Supervising Accountant II
Expected Date of Completion:	Ongoing

n • Public Health • Economic Development • Community Development and Housing • Redevelopment • Workforce Development • Assessor
t Attorney • Probation • Public Defender • Sheriff-Coroner • Agriculture/Weights and Measures • Airports • Architecture and Engineering
d of Supervisors • County Administrative Office • County Counsel • Clerk of the Board • Human Resources • Information Services
ent • Assessor • Auditor/Controller-Recorder • Treasurer-Tax Collector/Public Administrator • Transitional Assistance
Engineering • County Library • County Museum • County Fire • Facilities Management • Fleet Management Land Use Services
ation Services • Purchasing • Arrowhead Regional Medical Center • Behavioral Health • Risk Management • Public Health
's Services • Aging and Adult Services • Child Support Services • Preschool Services • Veterans Affairs • District Attorney
d Use Services • Public Works • Real Estate Services • Regional Parks • Registrar of Voters • Special Districts

COMPREHENSIVE ANNUAL FINANCIAL REPORT

COUNTY OF SAN BERNARDINO
STATE OF CALIFORNIA

For the Year Ended June 30, 2008

Larry Walker, Auditor/Controller-Recorder

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2008

COUNTY OF SAN BERNARDINO
STATE OF CALIFORNIA
1853

Supervisor Brad Mitzelfelt, ... First District

Supervisor Paul Biane, Chairman ..... Second District

Supervisor Neil Derry..... Third District

Supervisor Gary Ovitt, Vice Chairman..... Fourth District

Supervisor Josie Gonzales ..... Fifth District

Mark Uffer – County Administrative Officer

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

COUNTY OF SAN BERNARDINO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2008

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COUNTY
OF
SAN BERNARDINO

1853

Arrowhead Regional Medical Center • Behavioral Health • Public Health • Economic Development • Community Development and Housing • Redevelopment • Workforce Development • Assessor
Services • Preschool Services • Veterans Affairs • District Attorney • Probation • Public Defender • Sheriff-Coroner • Agriculture/Weights and Measures • Airports • Architecture and Engineering
Parks • Registrar of Voters • Special Districts • Board of Supervisors • County Administrative Office • County Counsel • Clerk of the Board • Human Resources • Information Services
Housing • Redevelopment • Workforce Development • Assessor • Auditor/Controller-Recorder • Treasurer-Tax Collector/Public Administrator • Transitional Assistance
Weights and Measures • Airports • Architecture and Engineering • County Library • County Museum • County Fire • Facilities Management • Fleet Management Land Use Services
Clerk of the Board • Human Resources • Information Services • Purchasing • Arrowhead Regional Medical Center • Behavioral Health • Risk Management • Public Health
Administrator • Transitional Assistance • Children's Services • Aging and Adult Services • Child Support Services • Preschool Services • Veterans Affairs • District Attorney
Facilities Management • Fleet Management • Land Use Services • Public Works • Real Estate Services • Regional Parks • Registrar of Voters • Special Districts

Introductory Section

Comprehensive Annual Financial Report

AUDITOR/CONTROLLER-RECORDER
COUNTY CLERK

AUDITOR/CONTROLLER • 222 West Hospitality Lane, Fourth Floor
San Bernardino, CA 92415-0018 • (909) 387-8322 • Fax (909) 386-8830
RECORDER • COUNTY CLERK • 222 West Hospitality Lane, First Floor
San Bernardino, CA 92415-0022 • (909) 387-8306 • Fax (909) 386-9050

COUNTY OF SAN BERNARDINO

LARRY WALKER
Auditor/Controller-Recorder
County Clerk

ELIZABETH A. STARBUCK, CGFM
Assistant Auditor/Controller-Recorder
Assistant County Clerk

November 26, 2008

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

Honorable Board Members:

The Comprehensive Annual Financial Report of the County of San Bernardino for the fiscal year ended June 30, 2008 is submitted herewith in compliance with Section 25253 of the Government Code of the State of California and Article V, Section 8 of the Charter of the County of San Bernardino.

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

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

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

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

THE REPORTING ENTITY AND ITS SERVICES

The County of San Bernardino, located in Southern California, was established by an act of the State Legislature on April 26, 1853, forming the County from the eastern part of Los Angeles County. The County is a charter law county divided into five supervisorial districts on the basis of population. The County encompasses an area of over 20,164 square miles and includes twenty-four incorporated cities. In terms of land area, it is the largest county in the contiguous United States. The County is also one of the fastest growing areas in the nation and is the fifth most populous of the 58 counties in California.

The County provides a wide range of services to its residents including police protection, criminal prosecution, medical and health services, education, senior citizen assistance, roads, library services, support for judicial

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

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

INTERNAL CONTROLS

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

As a recipient of federal and state financial awards, the County is also responsible for ensuring that an adequate internal control structure is in place to assure compliance with applicable laws and regulations related to public assistance programs. This internal control structure is subject to periodic evaluation by management and the 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, Debt Service, and Capital Project Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained at the 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 for ordered goods and services. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Unencumbered appropriations expire at year-end and encumbrances outstanding at that time are reported as reservations of fund balance for subsequent year expenditures.

CASH MANAGEMENT

The Pooled Investment Fund of the County ("County Pool" or "Pool") represents monies entrusted to the County Treasurer by the County of San Bernardino, and by school and special districts, and other entities within the County. State law requires that all operating monies of the County, school districts and certain special districts be held by the County Treasurer. In addition, there are approximately $70.1 million in "discretionary deposits." The County Pool does not include investments of the Deferred Compensation program or the County Employees' Retirement Association, which are separately managed.

The County by law pools its cash to facilitate investment opportunities for increasing interest income. The County's pooled cash and investments include U.S. Government and agency securities, commercial paper, money market mutual funds, negotiable certificates of deposits and repurchase agreements. The average rate of return on investments during fiscal year 2007-08 was 4.53%.

CASH MANAGEMENT - Continued

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," the pooled cash and investments held in the County Treasury are reported at their fair value at June 30, 2008, which is $3.7 million more than amortized cost.

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

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

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

The fair value of the Pool will depend upon, among other factors, the maturities and types of investments and general market conditions. The current June 30, 2008 market value analysis indicates an unrealized gain of approximately $3.7 million. Historically, the Pool has held most of its securities to their respective maturity dates.

At June 30, 2008, approximately $70.1 million of the Pool assets are attributable to "discretionary" participants who are not legally required to deposit funds in the Pool. Such participants may withdraw their funds from the Pool upon 30 days' notice to the Treasurer, and only with prior approval of the Treasurer. The liquidity of the Pool will vary depending upon the mix and type of investments therein, and the net cash inflows and outflows at any given time. The Treasurer-Tax Collector manages the Pool to ensure sufficient liquidity exists, given reasonable anticipated cash needs. Current liquidity in the portfolio, consisting of cash, cash equivalents and investments with maturities of less than 60 days, is approximately $1.5 billion. The weighted average maturity of all investments at June 30, 2008 was 341 days, with an effective duration of 0.82 years.

The County believes that the County Pool is prudently invested and that investments therein are scheduled to mature at the times and in the amounts that are necessary to meet the County's expenditures and other scheduled withdrawals. The County has not procured or provided any letters of credit or legal binding guarantees as supplemental support of Pool values during the reporting period.

The County utilizes a Countywide banking program with a major bank, which is referred to as "Consolidated Banking," which accelerates the collection and deposit of monies by participating departments into the County Treasury making them readily available for investment.

DEBT MANAGEMENT

The County maintained the top debt rating for its short-term issues throughout fiscal year 2007-08. In terms of general fund credit, the County's general fund supported Pension Obligation Bonds maintained ratings of A2 from Moody's and A+ from Standard & Poor's. The following is a summary of the County's short-term borrowing highlights of 2007-08.

SHORT-TERM BORROWING

In July 2007, the County issued Tax and Revenue Anticipation Notes totaling $75,000,000. The notes were issued at 4.5% per annum with a yield of 3.62%. Standard & Poor's Rating Service and Moody's assigned ratings of SP-1+ and MIG1 respectively. These notes matured on June 30, 2008. The proceeds of the notes were used to meet the County's cash flow needs including General Fund expenditures (both current and capital expenditures).

RISK MANAGEMENT

The County has self-insurance programs for public liability, unemployment insurance, employee dental insurance, hospital and medical malpractice liability and workers' compensation. Public liability claims are self-insured up to $1,000,000 per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to $35,000,000 is with California State Association of Counties Excess Insurance Authority Liability Program II (CSAC EIA).

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

Workers' compensation claims are self-insured up to $2,000,000 per claim or occurrence. Excess limits up to $10,000,000 for employers' liability and up to $50,000,000 for statutory workers' compensation are provided by CSAC EIA.

Property damage claims are insured on an occurrence basis with the CSAC EIA through the Property Program over a $25,000 deductible.

The activities related to such programs are accounted for in the Risk Management Department's Internal Service Funds ("Funds"), except for unemployment insurance and employee dental insurance, which are accounted for in the General Fund. The liabilities included in these Funds are based on the results of actuarial studies and include amounts for claims incurred but not reported and allocated loss adjustment expenses. It is the County's practice to obtain actuarial studies on an annual basis. Revenues of the Funds together with funds to be provided in the future, via the Security Payment Program or GIC, will provide adequate resources to meet public liability, workers' compensation, property and hospital and medical malpractice liabilities as they come due.

MAJOR INITIATIVES

County Library Expansion

The county library system welcomed three new facilities and a major expansion this year.

The new Mentone Senior Center & Branch Library, the first facility in the system to combine a full-service library with a senior center as an integral part of the library, opened in August 2007. The new 7,400-square-foot building was made possible by combining multiple funding sources, one of which underwrote the senior center area.

In April 2008, the old Fontana branch moved into a new, two-story, 93,000-square-foot facility next to the city's civic center. The Lewis Library & Technology Center boasts the latest in high-tech library tools, as well as increased levels of user-friendly technology for patrons. Among the offerings are over 200 public-access computers, a special video technology lab, Early Learning computer stations for youngsters, unique stock-car-inspired computer carrels in the teen area, and an endlessly entertaining interactive "waterfall" of words and letters at the entry to the Dr. Martin Luther King, Jr. Children's Library. The library also offers free Wi-Fi so patrons can bring their own laptops and surf the Internet from anywhere in the building, including the full-service coffee bar.

The Fontana branch was planned from the beginning as a "green" building, using many recycled materials and energy-saving features. The building will be nominated for a Silver Certificate from the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) program.

The Loma Linda Branch Library was re-opened in May 2008, which grew from 6,000 to 15,000 square feet. An all-new wing with a ground floor and a mezzanine level was added to the front of the building, greatly opening up the space and giving it a much brighter, airier feel.

The end of May saw the dedication of the first-ever library and environmental learning center, the Sam J. Racadio Library & Environmental Learning Center in Highland. This 30,000-square-foot facility hosts an interesting and entertaining collection of creatures of all kinds: snakes, lizards, frogs, turtles, birds, fish, insects and arachnids, and small mammals. Patrons are treated to a number of interactive educational exhibits on solid waste management, conservation and other environmental themes. For example, children have an interactive trash truck exhibit that teaches them how to sort and recycle while they are young, preparing them for more responsible stewardship of their planet as they grow up.

There is an open-air atrium-amphitheater for outside events, the roof itself is a garden with specialized plantings selected for drought-tolerance, along with solar electric panels, and solar-tube lighting that brings natural sunlight down into the library proper, providing big savings in energy costs.

All the building's concrete and steel are recycled. The flooring is almost entirely recycled tires. Even water run-off is set to be captured and allowed to filter back down into the water table. The Highland facility will be nominated for a LEED Gold Certificate.

County Fire Reorganization

In June 2008, the County Fire Special Districts completed the largest special district reorganization in County history when the San Bernardino County Local Agency Formation Commission (LAFCO) approved the creation of the County of San Bernardino Fire Protection District (County Fire) from twenty-eight dissolved fire protection districts. The reorganization provides County Fire the ability to manage delivery of service and all sources of revenues in a regional manner in the near future and will continue to work on the district's long-term solvency to maintain service needs well into the future.

The genesis for the creation of County Fire began in June 2002 when a consulting firm was engaged to review the current financial condition of twenty-eight fire protection districts and to project fiscal solvency based on future service level needs, population, and revenue trends. This study determined that a majority of the districts, especially those located in remote areas of the County, would not be able to sustain operations into the future.

Consequently, in May 2003, County Special Districts - Fire Division recommended to the Board a major reorganization of all 28 districts, including the area commonly referred to as "The Unfunded Area," into one Fire Protection District with established Regional Zones to continue providing the best possible service. This proposal would extend County Fire's ability to remain financially solvent while long-term financial solutions could be explored to meet demands for service and increasing service levels.

In September 2007, requests for reorganization were presented to LAFCO. In January 2008, LAFCO approved the reorganization and provided a list of requirements to County Fire before the official Certificate of Completion could be issued. On June 20, 2008, LAFCO determined all requirements had been met and County Fire's formation was approved.

Green County San Bernardino

The San Bernardino County Board of Supervisors recognizes that prosperity and economic development cannot be achieved at the expense of our environment. The County must strike a balance between development and environmental stewardship to keep our economy strong and, at the same time, protect our environment.

In August 2007, the Board of Supervisors launched Green County San Bernardino to spur the use of "green" technologies and building practices among residents, business owners and developers in the County. Additionally, Green County San Bernardino includes a public awareness component aimed at educating residents about steps they can take in their daily lives to conserve resources and protect the environment.

By supporting "green" building practices, renewable energy, resource conservation and other efforts to safeguard our environment, the Board of Supervisors is setting the course for sustainability and paving the way for responsible growth in the County of San Bernardino.

A prime example of a Green County project is the recently opened Sam J. Racadio Highland Library and Environmental Learning Center. The library was built in the spring of 2008 to LEED Gold Certification standards. The project cost approximately $17 million and was led by the City of Highland with support from the County of San Bernardino, State of California, and the United States Environmental Protection Agency (EPA).

The energy efficient library is 30,000 square feet and has a 15,000-square-foot roof garden that insulates the building. The Sam J. Racadio Library is the first public library to provide and promote environmental education through an Environmental Learning Center. The environmentally friendly library also features a multimedia presentation area, conference room, wet lab, exhibit hall, animal exhibit, exhibit preparation room, and offices for environmental education staff.

Capital Improvement and Infrastructure

Beginning in July 2004, the Board of Supervisors increased their focus on capital improvement and infrastructure projects. The 2005-06 final budget for capital improvements saw an $80.5 million increase in appropriations from the prior year, with an additional $60.4 million in new projects approved in 2006-07 and $33.3 million in new projects approved in 2007-08. This compares to a $3.5 million base level of funding seen in prior year budgets.

Major projects funded in these allocations include the purchase of a Jail Facility in Adelanto, the purchase and remodel of an office building in the City of San Bernardino, the expansion of the Fontana Government Center, the seismic retrofit and remodel of the County Courthouse in San Bernardino, the remodel of the 6th floor of the Arrowhead Regional Medical Center to convert administrative space to a new medical/ surgical wing, and funding for two projects at the County Museum: the Hall of Geologic Wonders and the Hall of Paleontology. Allocations for building maintenance, expansion and modernization, improvements to water systems, improvements to recreation facilities and other deferred maintenance and infrastructure projects have also been funded.

In recent years, the Board of Supervisors has also approved changes to County policy that provide for funding of major capital projects. The amended Reserve Policy provides for the funding of major departmental projects by permitting the establishment of a specific purpose reserve to be augmented annually using the respective department's annual budget savings. The amended Budget Financing Policy allows for the establishment of an annual funding allocation for future debt obligations or planned future projects. This policy change also directs that any portion of such an annual allocation that remains unspent at the end of the year be deposited in a specific purpose reserve to assist in the funding of that project.

The County has used these policies to provide for the following planned capital projects:

- Adelanto Detention Center Expansion
- New Central Juvenile Hall
- New Government Center in the High Desert
- New Government Center in San Bernardino
- Expansion of the County's Crime Lab

Integrated Health Services

Arrowhead Regional Medical Center (ARMC), Public Health and Behavioral Health, the county's three major health departments, are committed to the concept of integration – integrating health care services in community-based, full-service clinics thereby bringing the most efficient, service-oriented health care to the residents of San Bernardino County. With Public Health providing preventive care, ARMC providing primary care, and Behavioral Health providing comprehensive mental health services, the County will be in a position to provide unparalleled access to a full range of health care services to the community. In addition to integration efforts, ARMC has successfully redesigned its Emergency Room Operations in order to better serve its

patients. This redesign has significantly reduced wait times and has improved service delivery overall. Continued funding from the Mental Health Services Act allows Behavioral Health to realize full-service partnerships throughout the community, building a system of care and treatment to target the homeless, incarcerated, and ethnic communities.

Safety

The County is continuing to support the comprehensive crime prevention and neighborhood revitalization program, Operation Phoenix, which began in the City of San Bernardino and was expanded to include unincorporated areas of the County. In the High Desert, resources are being allocated to support gang suppression in a program called Desert HEAT. Funds were also allocated for fire and emergency services. These allocations include funds for the design of a new fire station to be constructed in the Ludlow/Amboy area, for continuation of the Telephone Emergency Notification System (TENS), which is the reverse 911 notification system, and for background checks of citizens wanting to participate in the Citizens Emergency Response Team, which assists communities during disasters.

ECONOMIC CONDITION AND OUTLOOK

San Bernardino County is located, east of Los Angeles County, northeast of Orange County, north of Riverside County and south of Kern County. About 90 percent of the County is desert; the remainder consists of the San Bernardino Mountains and the San Bernardino Valley. Popular natural attractions in the area include the San Bernardino National Forest, Joshua Tree National Park, Death Valley National Park, and the East Mojave Scenic Area.

According to the California State Department of Finance, the County's population grew from 2,026,325 in January 2007 to 2,055,766 in January 2008, a 1.5% increase. The County's population is estimated to grow to 2.3 million within five years and 2.5 million within ten years.

San Bernardino County continues to be one of the fastest growing and most populous counties in the State, ranking fifth after Los Angeles, San Diego, Orange, and Riverside counties. While businesses continue to relocate to San Bernardino County for its available land and an expanding local market, families are drawn by relatively affordable housing, as compared to neighboring Los Angeles and Orange Counties. The geographic location, transportation infrastructure, and large immediate market have also made the County a highly desirable location as a regional distribution center for national and international firms.

The County has seen some of the strongest job growth rates in the State in recent years. However, the housing crisis and general economic slowdown has put a damper on short-term job growth. Between July of 2007 and July of 2008, the County's labor force increased by 12,300 to 898,600 or 1.4%. However, the number of County residents who were employed declined by 9,800 to 821,900; a 1.2% decrease from a year ago. The unemployment rate climbed from 6.2% in July 2007 to 8.5% a year later, the highest rate this decade.

The latest official data available indicates taxable retail sales declined by 4.2% between the third quarters of 2006 and 2007. The biggest drop came from building materials, which fell by 24.7%. Auto sales also declined significantly by 7.5%. Since the third quarter of 2007, the housing market has worsened further, and high fuel costs further depressed auto sales as buyers changed their preferences to less expensive, more fuel efficient vehicles. Home furnishings, building materials, and automotive sales are the sectors hardest hit in FY 2007-2008. A 5% or greater decline in retail sales between 2007 and 2008 is quite likely. This will impact many cities' fiscal positions, as well.

The current economic downturn created by lax lending practices has negatively impacted the residential construction industry. The housing bubble started to deflate in early 2007 underpinning any further economic expansion. After peaking in November 2006 at $380,000, the median home resale price in San Bernardino County has declined to $239,500 by the end of FY 2007-08 representing a 37% decline from the peak of the market. By the end of FY 2007-08, the median home resale price was down to the level of May 2004. There is a bit of encouraging news, the price decline rate has slowed for the first time in a year. There are now more buyers in the residential market, which should help in reducing the number of lender-owned properties.

The construction industry is the sector hardest hit in this current economy. The number of single-family residence (SFR) building permits issued in FY 2005-06 was 15,356. In FY 2006-07, the number of SFR building permits issued was down to 8,895; a 42.1% drop from the previous fiscal year. In FY 2007-08, the number of SFR building permits issued was just 3,142; a 64.7% decline from FY 2006-07. Builders are hesitant to start construction because of the large supply of unsold units already on the market. In addition, some are unable to acquire financing needed due to the worldwide credit crunch.

The news in the multi-family sector, however, was far more encouraging during the past fiscal year. After a 60.5% drop in FY 2005-06 and a 21.8% drop in FY 2006-07, the number of multi-family building permits issued in FY 2007-08 increased by 130.6% over FY 2006-07 to 2,221 units while the total number of residential building permits issued in FY 2007-08 was 5,363; a 45.6% decline from FY 2006-07.

Despite the current challenges, the housing market for the County looks bright in the long run. The County's population is projected to be around 3.1 million in 2035, an approximate increase of 50% from today's level.

With the expansion of many businesses and the influx of new families into San Bernardino County, educational institutions continue to advance the knowledge of the citizenry. Intercollegiate collaboration has created a diverse labor force that is comprised of a wide range of talent and skill levels. The Metrolink commuter rail service links San Bernardino County commuters with other rail and bus lines in the Los Angeles and Orange County areas—thereby allowing most of Southern California to benefit from the County's proficient and diverse workforce.

San Bernardino County's overall economy is sustained through its outstanding transportation network that includes LA/Ontario International Airport, Southern California Logistics Airport, San Bernardino International Airport, two major transcontinental railroads with intermodal facilities and classification yards, and many miles of interstate highways. The region's strategic location allows logistics operations to be positioned within close proximity of the West Coast's two largest ports: Los Angeles and Long Beach. Businesses located within the County effectively and efficiently serve markets throughout California, the Western US, and the Pacific Rim. Securing the County's role as a major transportation center is its desirable Southern California location that allows for the many cargo carriers entering or leaving California to pass through San Bernardino County.

The County's desert area is now engaged in alternative energy development. This emerging industry will help generate jobs and reduce our nation's dependence on foreign sources of energy.

A progressive approach to business and education, an attractive Southern California location, an unprecedented transportation network and one of the last sources of affordable and available land within the greater Los Angeles area assure San Bernardino County's economic viability in the 21st century.

LONG-TERM FINANCIAL PLANNNING

San Bernardino County's assessed valuation for 2009 is up $9.2 billion, or 5.1% increase from 2008. While home construction has slowed, the commercial real estate sector continues to actively work to meet office, retail, and industrial space demand. Property tax projections for 2008-09 are $215.7 million. Of this amount, $194.1 million is secured property tax revenues for the county general fund. Projections for 2008-09 assumed a 4.3% increase in the county assessed valuation, translating into a 4.2% increase in estimated secured property tax revenues for the county general fund.

County policy provides that the County will not use one-time funds to finance ongoing operations of the County, except as part of a multi-year plan to balance expenditures and revenues. County policy also requires, as part of the annual budget process, that the County prepare a multi-year forecast of financial operations for general fund programs based on current service levels and expected future changes to those programs and service levels.

The County has established a number of general fund reserves for a variety of purposes. On January 6, 1998, the Board of Supervisors adopted a County policy to provide guidelines and goals for reserve levels. This includes a general purpose reserve targeted at 10% of locally funded appropriation, and the provision to create special purpose reserves to help meet future needs. The 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 the financial condition of the County. 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. As of June 30, 2008 general fund reserves totaled $228.7million; $59.7 million in the general purpose reserve, and a total of $169.0 million in the specific purpose reserves.

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 been foreseen at the time the budget was prepared. In addition to the mandatory contingency account, the County has two other types of contingencies:

> Ongoing Set-Aside Contingencies which represent ongoing sources of financing that have been targeted for future ongoing program needs; and,
>
> Contingency for Uncertainties which represents unallocated financing available from current year sources (both ongoing and one-time) that has not been set-aside and includes unallocated fund balance carried over from the prior year. Final budget action includes a provision that allocates any difference between estimated and final fund balance to this contingency account.

The County's five year Capital Improvement Plan (CIP) is reviewed annually and revised to reflect current circumstances and opportunities. This review identifies needed capital projects, estimates capital requirements, and coordinates their necessary financing and timing. The following major projects have been approved and funding is in process; Downtown San Bernardino office space needs – $300 million for 500,000 square feet of new construction and reuse of 385,000 square feet; Adelanto Detention Center - $111 million for adding 912 beds; and $63.2 million for Central Juvenile Hall replacement. Other major projects for future financing include Public Safety Operation Center, addition of jail beds, and law & justice space related to new judgeships.

INDEPENDENT AUDIT

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

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of San Bernardino for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. This was the twentieth consecutive year that the County has received this prestigious award.

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

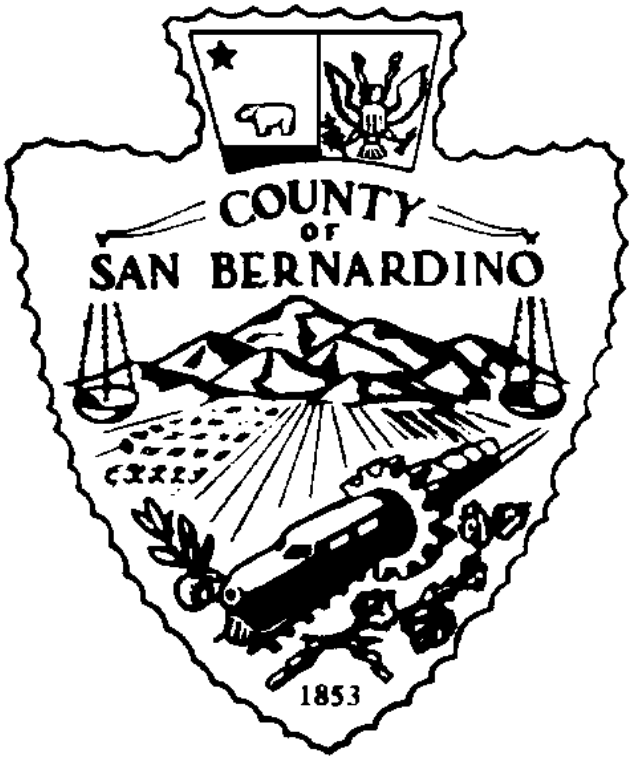
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

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

Respectfully submitted,

LARRY WALKER
AUDITOR/CONTROLLER-RECORDER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COUNTY OF SAN BERNARDINO
DIRECTORY OF COUNTY OFFICIALS

ELECTED

COUNTY SUPERVISOR, FIRST DISTRICT ..... BRAD MITZELFELT

COUNTY SUPERVISOR, SECOND DISTRICT (CHAIRMAN) ..... PAUL BIANE

COUNTY SUPERVISOR, THIRD DISTRICT *Effective as of December 1, 2008* ..... NEIL DERRY

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

COUNTY SUPERVISOR, FIFTH DISTRICT ..... JOSIE GONZALES

ASSESSOR ..... BILL POSTMUS

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

DISTRICT ATTORNEY ..... MICHAEL A. RAMOS

SHERIFF - CORONER ..... GARY PENROD

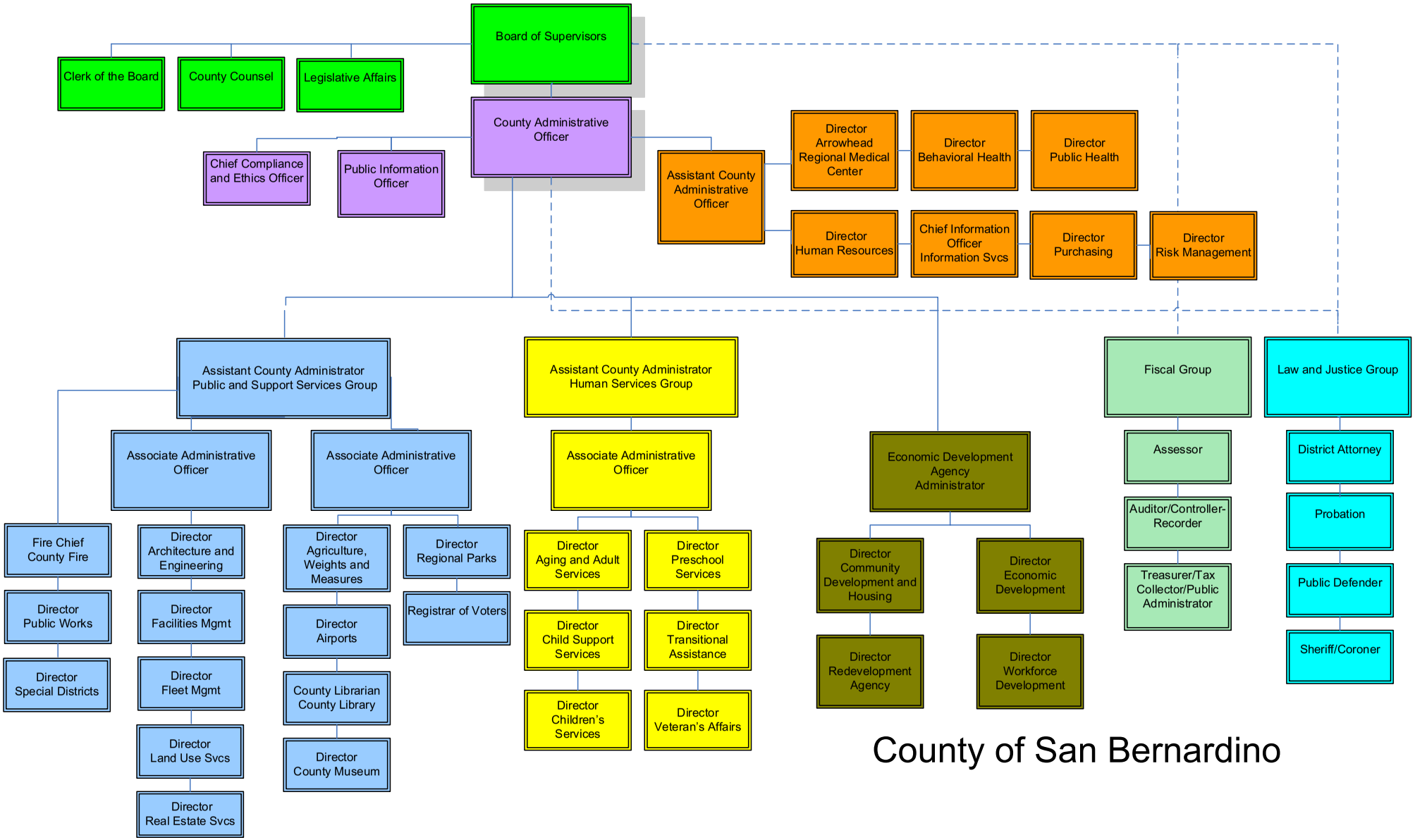
SUPERINTENDENT OF SCHOOLS ..... GARY THOMAS

TREASURER - TAX COLLECTOR - PUBLIC ADMINISTRATOR ..... RICHARD LARSEN

COUNTY OF SAN BERNARDINO
DIRECTORY OF COUNTY OFFICIALS

APPOINTED

AGING AND ADULT SERVICES ..... COLLEEN KRYGIER
AGRICULTURAL COMMISSIONER/SEALER ..... JOHN G. GARDNER
AIRPORTS ..... MICHAEL N. WILLIAMS
ARCHITECTURE AND ENGINEERING ..... CARL ALBAN
ARROWHEAD REGIONAL MEDICAL CENTER ..... PATRICK A. PETRE
BEHAVIORAL HEALTH ..... ALLAN RAWLAND
CHILD SUPPORT SERVICES ..... CONNIE BRUNN
CHILDREN'S SERVICES ..... DeANNA AVEY-MOTIKEIT
CLERK OF THE BOARD OF SUPERVISORS ..... DENA SMITH
ECONOMIC DEVELOPMENT AGENCY ..... MARK DOWLING
COUNTY ADMINISTRATIVE OFFICER ..... MARK UFFER
COUNTY COUNSEL ..... RUTH STRINGER
COUNTY LIBRARIAN ..... ED KIECZYKOWSKI
FACILITIES MANAGEMENT ..... DAVE GIBSON
FIRE DEPARTMENT/FIRE WARDEN ..... PAT DENNEN
FLEET MANAGEMENT ..... ROGER G. WEAVER
HUMAN RESOURCES ..... ANDREW LAMBERTO
HUMAN SERVICES GROUP ..... LINDA HAUGAN
INFORMATION SERVICES ..... STEPHEN HALL
LAND USE SERVICES ..... JULIE RYNERSON ROCK
LEGISLATIVE AFFAIRS ..... LANCE LARSON
MUSEUM ..... ROBERT McKERNAN
PRESCHOOL SERVICES ..... RON GRIFFIN
PROBATION ..... JERRY L. HARPER
PUBLIC DEFENDER ..... DOREEN BOXER
PUBLIC HEALTH ..... JIM LINDLEY
PUBLIC & SUPPORT SERVICES GROUP ..... NORM KANOLD
PUBLIC WORKS ..... VANA R. OLSON
PURCHASING (NTERIM) ..... LAURIE ROZKO
REAL ESTATE SERVICES ..... DAVID H. SLAUGHTER
REDEVELOPMENT AGENCY ..... KATHY THOMAS
REGIONAL PARKS ..... THOMAS POTTER
REGISTRAR OF VOTERS ..... KARI VERJIL
RISK MANAGEMENT ..... LAURIE MILHISER
SPECIAL DISTRICTS ..... JEFFERY O. RIGNEY
TRANSITIONAL ASSISTANCE DEPARTMENT ..... NANCY SWANSON
VETERANS' AFFAIRS ..... BILL J. MOSELEY
WORKFORCE DEVELOPMENT ..... SANDY HARMSEN



County of San Bernardino

Certificate of Achievement for Excellence in Financial Reporting

Presented to

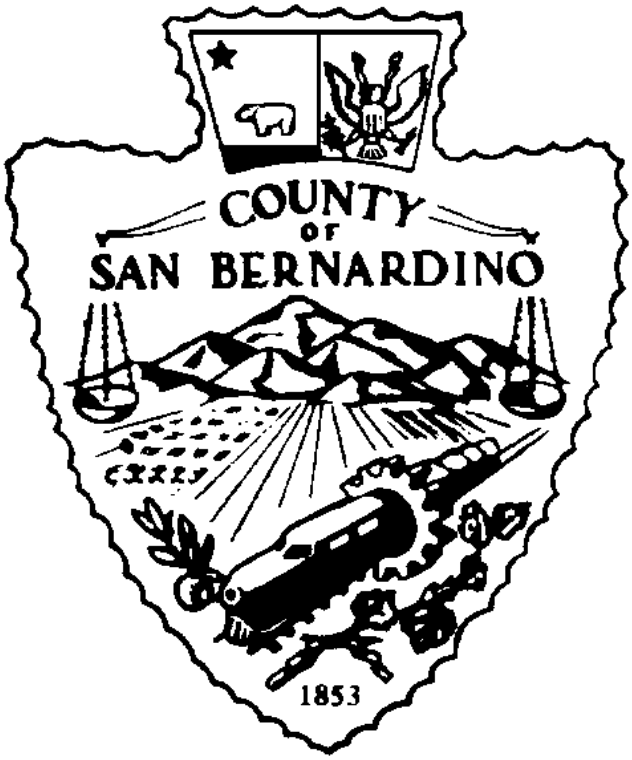
County of San Bernardino California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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

President

Executive Director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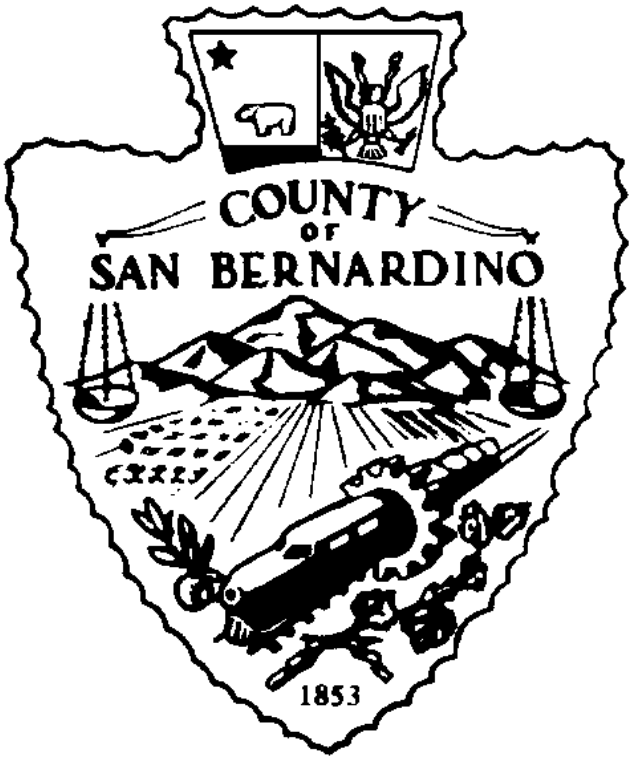
Financial Section

Comprehensive Annual Financial Report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Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
County of San Bernardino, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Bernardino, California (the County), as of and for the fiscal year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the San Bernardino County Flood Control District, the County of San Bernardino Redevelopment Agency and the Children and Families First Commission of San Bernardino County, which collectively represent the following percentages of assets, net assets/fund balances and revenues as of and for the fiscal year ended June 30, 2008:

Opinion Unit	Assets	Net Assets/ Fund Balances	Revenues
Governmental Activities	12%	12%	3%
Aggregate Remaining Fund Information	11%	7%	1%
Discretely Presented Component Unit	100%	100%	100%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based 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 of material misstatement. The financial statements of the San Bernardino County Flood Control District were not audited in accordance with Government Auditing Standards. The financial statements of the San Bernardino County Flood Control District were audited in accordance with auditing standards generally accepted in the United States of America. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

8270 Aspen Street Rancho Cucamonga, CA 91730 Tel: 909.466.4410 Fax: 909.466.4431 www.vtdcpa.com
FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA

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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

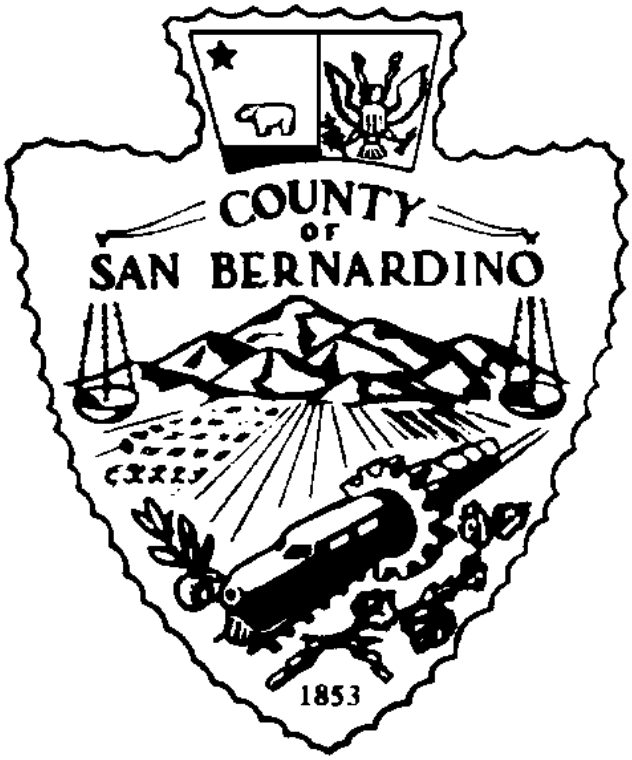
In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2008 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 21 through 39 and the schedule of funding progress on page 109 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual non-major fund statements and schedules, capital assets schedules 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 non-major fund statements and schedules and the capital asset schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
November 26, 2008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Community Development and Housing • Redevelopment • Workforce Development • Assessor
Economic Development • Agriculture/Weights and Measures • Airports • Architecture and Engineering
Public Health • Sheriff-Coroner • Human Resources • Information Services
Behavioral Health • Public Defender • Clerk of the Board • Transitional Assistance
Arrowhead Regional Medical Center • Probation • County Counsel • Land Use Services
District Attorney • County Administrative Office • Treasurer-Tax Collector/Public Administrator • Public Health
Veterans Affairs • Board of Supervisors • Auditor/Controller-Recorder • Facilities Management • Fleet Management
Special Districts • County Museum • County Fire • Risk Management
Registrar of Voters • County Library • Purchasing • Behavioral Health
Preschool Services • Arrowhead Regional Medical Center • Veterans Affairs • District Attorney
Aging and Adult Services • Child Support Services • Special Districts
Children's Services • Regional Parks • Registrar of Voters
Real Estate Services • Public Works • Land Use Services
Fleet Management • Facilities Management

Management's Discussion and Analysis

Comprehensive Annual Financial Report

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2008

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, 2008. 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 assets increased by $144,913. The net increase is attributable to the $157,716 increase in governmental activities net assets and the $12,803 decrease in business-type activities net assets.
- As of June 30, 2008, the County governmental funds reported combined fund balances of $1,073,187, an increase of $66,139 in comparison with the prior year. Approximately 81% of the combined fund balances, $869,574 is available to meet the County's current and future needs *(unreserved fund balance)*.
- At the end of the fiscal year, unreserved fund balance for the general fund was $437,530, or 22% of the total general fund expenditures.
- The County's total capital assets (Net of accumulated depreciation) increased by $18,305 in comparison with the prior year. (See further detail on page 37)
- The County's total long-term debt decreased by $26,548 in comparison with the prior year. (See further detail on page 38).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and cultural services. The business–type activities of the County include the Medical Center, the Crestline Sanitation District, the Water and Sewer Facilities, the Fire Protection Districts – Ambulance, the Waste Systems Division, the Museum Gift Shop, and the Regional Parks Snack Bar Operations.

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

The government-wide financial statements 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 42 - 43 of this report.

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

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

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

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

The governmental fund financial statements can be found on pages 46-48 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Medical Center and Waste Systems Division are considered to be major funds of the County. The County's six internal service 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.

The proprietary fund financial statements can be found on pages 49-51 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 52-53 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 55 - 107 of this report.

Supplemental Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceed liabilities by $2,223,157 at the close of the most recent fiscal year.

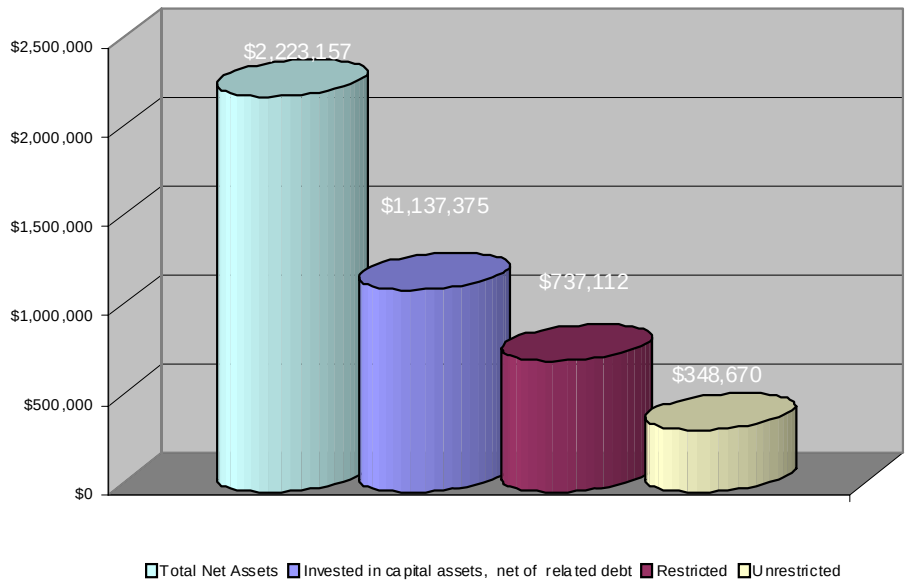
	Governmental Activities		Business-Type Activities		Total	
	2008	As Restated 2007	2008	As Restated 2007	2008	As Restated 2007
Current and other assets	$ 2,443,670	$ 2,245,147	$ 363,565	$ 381,248	$ 2,807,235	$ 2,626,395
Capital assets, as restated	1,430,882	1,398,261	562,431	576,748	1,993,313	1,975,009
Total assets	3,874,552	3,643,408	925,996	957,996	4,800,548	4,601,404
Current and other liabilities	279,184	202,620	56,344	52,129	335,528	254,749
Long-term Liabilities, as restated	1,559,196	1,562,332	682,667	706,079	2,241,863	2,268,411
Total liabilities	1,838,380	1,764,952	739,011	758,208	2,577,391	2,523,160
Net assets:						
Invested in capital assets, net of related debt, as restated	1,146,102	1,095,664	(8,727)	(17,138)	1,137,375	1,078,526
Restricted	688,298	674,368	48,814	47,023	737,112	721,391
Unrestricted	201,772	108,424	146,898	169,903	348,670	278,327
Total Net Assets	$ 2,036,172	$ 1,878,456	$ 186,985	$ 199,788	$ 2,223,157	$ 2,078,244

The largest portion of the County's net assets of $1,137,375 reflects its investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another significant portion of County net assets are restricted net assets of $737,112. This category reflects external restrictions imposed by creditors, grantors, contributors, or laws and regulation of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

The final component of net assets is unrestricted net assets. Unrestricted net assets are resources that the County may use to meet its current and ongoing obligations to citizens and creditors. The unrestricted net assets balance increased by $70,343 during the current year, primarily related to General fund revenue exceeding expenses as a result of continued growth in property taxes.

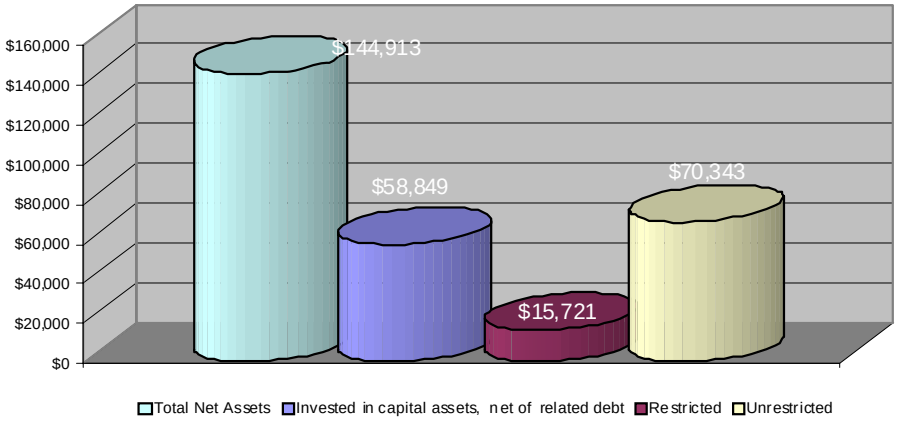
Net Assets



For business-type activities, the County reported a negative balance of $8,727 invested in capital assets, net of related debt – an overall increase of $8,411 from prior year. Although still negative, this balance is primarily due to the Medical Center's capital assets being depreciated faster than the related debt schedule payments.

The County's net assets increased $144,913 ($157,716 increase in governmental activities and $12,803 decrease in business-type activities) during the current fiscal year, indicating that the County generated revenue sufficient to cover the cost of operations.

Increase in Net Assets



Management's Discussion and Analysis
(Amounts in thousands)

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

	Governmental Activities		Business-Type Activities		Total	
	2008	As Restated 2007	2008	As Restated 2007	2008	As Restated 2007
Revenues:						
Program Revenues						
Charges for Services	$ 384,266	$ 370,280	$ 423,499	$ 459,645	$ 807,765	$ 829,925
Operating Grants/Contributions	1,344,999	1,343,734	12,593	14,360	1,357,592	1,358,094
Capital Grants/Contributions	3,349	656	24,142	26,976	27,491	27,632
General Revenue						
Property Taxes, Levied for General Purposes	529,278	477,973	5,972	6,453	535,250	484,426
Property Taxes, Levied for Debt Service	15,620	10,907	-	-	15,620	10,907
Public Safety Tax	147,794	150,903	-	-	147,794	150,903
Sales Taxes	26,316	31,846	-	-	26,316	31,846
Other Taxes	44,381	58,261	-	-	44,381	58,261
Unrestricted Revenues from Use of Money and Property	77,711	76,046	16,630	14,628	94,341	90,674
Miscellaneous	65,640	74,695	14,101	8,063	79,741	82,758
Gains or Loss on Sale of Capital Assets	2,055	4,182	-	(83)	2,055	4,099
Total Revenues	2,641,409	2,599,483	496,937	530,042	3,138,346	3,129,525
						-
Expenses:						-
General Government, as restated	179,638	153,460	-	-	179,638	153,460
Public Protection	888,798	844,036	-	-	888,798	844,036
Public Ways and Facilities	85,271	67,254	-	-	85,271	67,254
Health and Sanitation	303,533	273,143	-	-	303,533	273,143
Public Assistance	854,721	802,043	-	-	854,721	802,043
Education	20,788	18,106	-	-	20,788	18,106
Recreation and Cultural Services	24,086	24,899	-	-	24,086	24,899
Interest on Long Term Debt	77,444	83,260	-	-	77,444	83,260
Medical Center	-	-	421,531	477,814	421,531	477,814
Waste Systems	-	-	83,543	53,320	83,543	53,320
Other	-	-	53,305	31,503	53,305	31,503
Total Expenses	2,434,279	2,266,201	558,379	562,637	2,992,658	2,828,838
Excess (Deficit) before Special Items and Transfers	207,130	333,282	(61,442)	(32,595)	145,688	300,687
Special Item - Eminent Domain Settlement	-	-	-	1,676	-	1,676
Special item - Litigation Settlement, as restated	-	28,000	(775)	(2,500)	(775)	25,500
Transfers, as restated	(49,414)	(55,405)	49,414	55,405	-	-
Increase in Net Assets	157,716	305,877	(12,803)	21,986	144,913	327,863
Net Assets -- Beginning of Year, as restated*	1,878,456	1,572,579	199,788	177,802	2,078,244	1,750,381
Net Assets -- End of Year	$ 2,036,172	$ 1,878,456	$ 186,985	$ 199,788	$ 2,223,157	$ 2,078,244

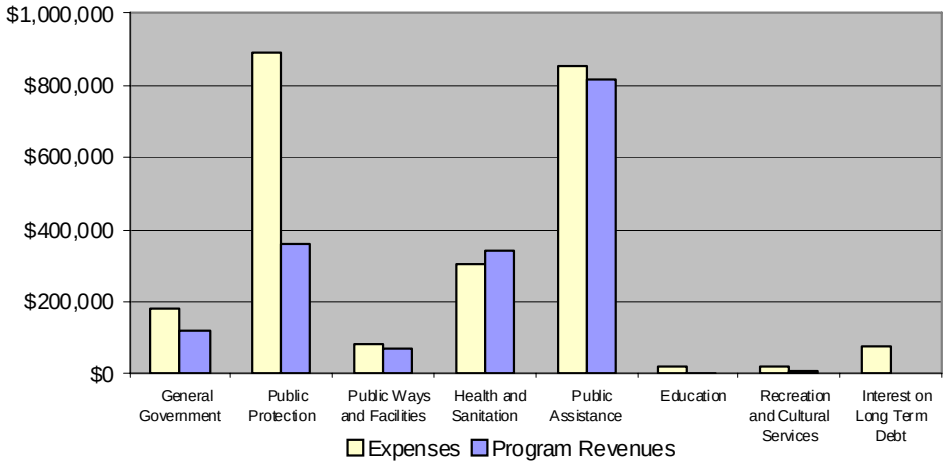
* Beginning net asset balance in Governmental Activities for 2006-07 was restated as non-obligation debt (Note 3).

Governmental Activities increased the County's net assets by $157,716. The overall increase in net assets is the result of ongoing and one-time revenues exceeding ongoing expenditures.

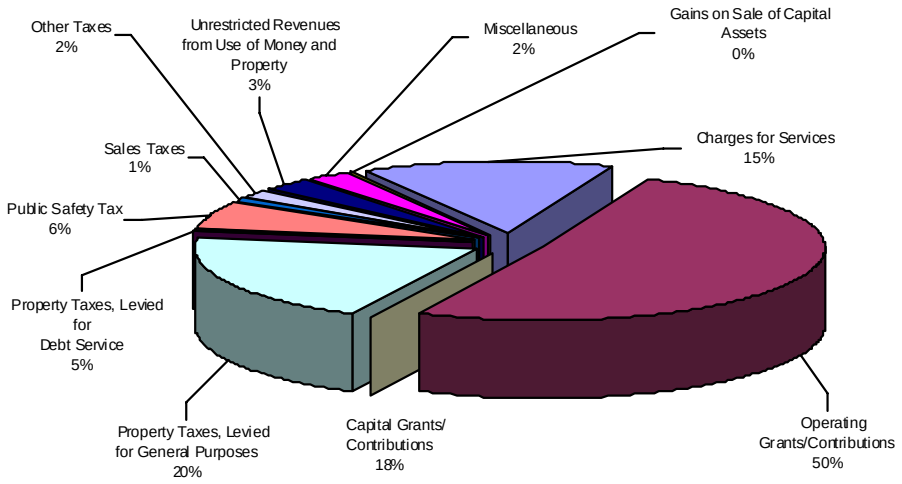
Total revenues for the County's governmental activities increased primarily due to property related tax revenues exceeding the anticipated growth rate; additional funding in various state and federal grants to provide health care services, various public assistance programs; and increased contract law enforcement services as well as election services in 2007-08.

The total increase in program expenses for the County's governmental activities is generally attributed to increases in total salaries and benefits as a result of negotiated labor agreements, required retirement contributions, and the addition of positions.

Expenses and Program Revenues-Governmental Activities

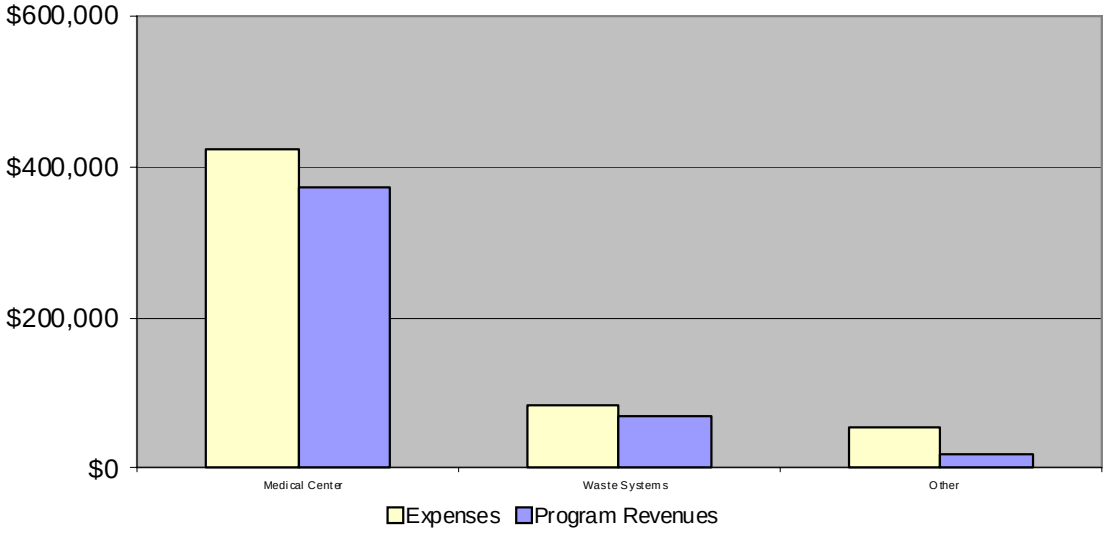


Revenues by Source-Governmental Activities

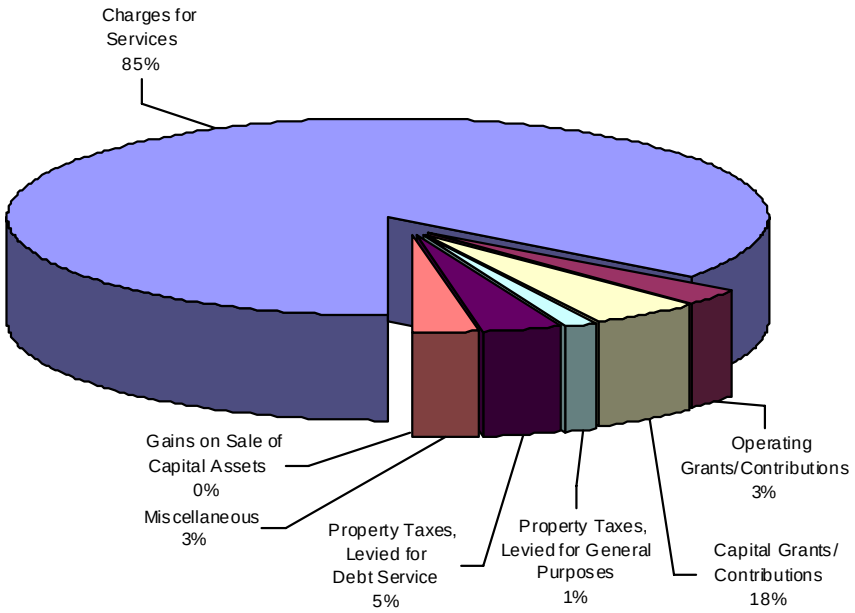


Business-type Activities decreased the County's net assets by $12,803 primarily due to the dissolution of Phelan-Pinon Hills District as part of County Service Areas, which became a self-governed district during 2007-08 in Other Enterprise Funds and increase of $5,549 and $5,651 due to the activities of the Waste Systems Division and the Medical Center respectively.

Expenses and Program Revenues-Business-Type Activities



Revenues by Source-Business Type Activities



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

At June 30, 2008, the County's governmental funds reported a total fund balance of $1,073,187, an increase of $66,139 in comparison with the prior year. Approximately 81% of the total fund balance, $869,574 constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has been committed: 1) to pay debt service of $33,323; 2) to reflect inventories and prepaid assets of $2,965; 3) to reflect land held for resale of $14,657; 4) to reflect amounts due as loans and interfund receivable that are long-term in nature of $32,848 and $18,911, respectively; 5) to liquidate contractual commitments of the period of $84,967; and 6) to reflect the mandated 1% reserve for property tax losses of $15,942.

The General fund is the chief operating fund of the County. At June 30, 2008, unreserved fund balance of the General fund was $437,530 while total fund balance reached $530,920. As a measure of the General fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 22% of total fund expenditures, while total fund balance represents 26.7% of the same amount.

County management also designates unreserved fund balance to a particular function, project or activity. Fund balance may also be designated for purposes beyond the current year; however, designated fund balance is available for appropriation at any time. Of the $437,530 General fund unreserved fund balance, 52.3% is designated. The most significant designations include $59,733 for General Purpose, $32,075 for Medical Center Debt Service, $38,600 for Future Retirement Rate, $1,806 for Teeter Plan (reserve for property tax losses), and $37,713 for Future Space Needs. Unreserved undesignated fund balance at year-end was $208,777.

The total fund balance increased 6.5% or $66,139 with the significant changes in the following funds:

- The total fund balance of the general fund increased 8.4% or $41,194 as a result of revenue exceeding expenditures mainly due to increased tax revenues.
- The total fund balance of Mental Health Service Act increased 58.3% or $13,184 due to its receipt of on-going state funds of $32,387 in 2007-08.
- The total fund balance of Special Transportation increased 20% or $5,308 due to its completion of road projects resulting in decreased expenditures in 2007-08.
- The total fund balance of Special Aviation increased 185% or $5,175 due to additional funding from the FAA to finance capital improvement projects at county airports.

Revenues for governmental functions totaled $2,643,166 in fiscal year 2007-2008, which represents an increase of 1.7% from the prior year.

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

	2007-08		Over (Under) 2006-07	
Revenues	Amount	Percent of Total	Amount	Percent
Taxes	$ 769,289	29%	$ 35,456	5%
Licenses, Permits and Franchises	24,491	1%	(586)	-2%
Fines, Forfeitures and Penalties	22,572	1%	3,348	15%
Revenues From Use of Money and Property	77,711	3%	1,665	2%
Aid From Other Governmental Agencies	1,348,348	51%	3,958	0%
Charges for Current Services	337,203	13%	11,224	3%
Other Revenues	63,552	2%	(10,404)	-16%
Total Revenues	$ 2,643,166	100%	$ 44,661	

The County's three major funding sources; taxes, aid from other governmental agencies, and charges for current services constitute 93% of all revenues.

Taxes increased by $35,456. This increase is primarily due to a 3% growth rate higher than anticipated in secured property tax. This 3% growth in assessed valuation compares to double digit assessed valuation growth in recent years. This downward adjustment is the result of a sharp decline in the housing market and a reduction in the fair market value of residential properties.

Aid from other governmental agencies increased by $3,958. This increase is primarily a result of increased funding under the Mental Health Act and additional federal funding to finance capital improvement projects at county airports.

Revenues from use of money and property increased by $1,665 due to a higher average book value in cash and investments during 2007-08 in comparison with the prior year.

Charges for current services increased by $11,224. The most significant increase is due to increased contract law enforcement services.

Other revenue decreased by $10,404 in the current year. $8,000 of the decrease is attributable to one-time insurance receipt received in fiscal year 2007 related to the settled Colonies Partners land dispute.

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

	2007-08		Over (Under) 2006-07	
Expenditures	**Amount**	**Percent of Total**	**Amount Restated***	**Percent**
Current:				
General Government	$ 159,999	6%	$ 7,008	4%
Public Protection	882,744	35%	30,798	3%
Public Ways and Facilities	75,329	3%	(6,330)	-8%
Health and Sanitation	307,566	12%	29,889	10%
Public Assistance	869,618	34%	49,001	6%
Education	20,713	1%	2,564	12%
Recreation and Cultural Services	19,913	1%	(2,173)	-11%
Debt Service				
Principal as restated*	45,863	2%	4,418	10%
Interest and Fiscal Charges	54,752	2%	(7,439)	-14%
Bond Issuance Costs	3,156	0%	926	29%
Advance Refunding Escrow	9,183	0%	9,183	N/A
Capital Outlay	83,535	3%	(13,521)	-16%
Total Expenditures	$ 2,532,371	100%	$ 104,324	

** Principal for 2006-07 was restated by $24,709 to Payment to Refunded Bonds Escrow Agent in accordance with GASB 7.*

Total County expenditures increased $104,324 or 4.3% from the prior year.

Public Protection expenditures increased by $30,798. Of this amount, approximately $16,000 is due to staffing increases, and salary and benefit adjustments. Of significance, the Sheriff-Coroner added additional staffing for city service contracts, new grants, and specialized task forces while the District Attorney and Probation received new positions as a result of new judgeships and increased workloads.

Public Ways and Facilities decreased by $6,330. This amount is primarily attributed to the Escondido and Wright Mt. road projects coming to completion in 2007-08.

Health and Sanitation expenditures increased by $29,889. Several Mental Health Service Act (MHSA) programs became fully operational this fiscal year, resulting in new positions, which increased salaries and benefits.

Debt service principal payments increased by $4,418, and Interest and Fiscal Charges decreased by $7,439 due to a lower market interest rate, which generated the lower interest payment on the County issued variable rate bonds.

Capital Outlay decreased by $13,521. The significant decrease is attributed to the completion of a number of capital projects (including some multi-year projects) in 2007-08 in comparison with the prior year. The Capital Improvement Projects experienced the largest decrease.

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

Other Financing Sources (Uses)
Governmental Funds

	2007-08	Increase 2006-07	
	Amount	Amount Restated*	Percent
Transfers to Other Funds	$ (289,904)	$ 10,893	-4%
Transfers from Other Funds	238,666	(14,638)	-6%
Refunding Bonds Issued	212,750	188,905	792%
Premium on Refunding Bonds	-	(1,385)	-100%
Discount on Refunding Bonds	(136)	(136)	-
Payment to Refunded Bonds Escrow Agent, as restated*	(208,214)	(183,505)	743%
Long-Term Debt Issued	-	(132,851)	-100%
Inception of Capital Lease Obligations	127	(1,548)	-92%
Sale of Capital Assets	2,055	(2,127)	-51%
Total Other Financing Sources and (Uses)	$ (44,656)	$ (136,392)	

** Payment to Refunded Bonds Escrow Agent for 2006-07 was restated by $24,709 from Principal in accordance with GASB 7.*

Total Other Financing Sources and (Uses) decreased by $136,392.

Transfers to other funds decreased by $10,893 in 2007-08. The key elements of this decrease are as follows:

- Decrease of $10,458 due to one-time transfers to the Central Courthouse Seismic Surcharge Fund from Other Special Revenue Funds in 2006-07.
- Increase of $8,451 in transfers to the 2004 POB Pension Obligation Debt Service Fund from the General Fund.
- Decrease of $4,598 in operating transfers to the General Fund for the local cost offset to record the expense for the managed care fee-for-service psychiatric inpatient program.
- Decrease of $5,114 is primarily due to the decrease for capital projects funded by the General Fund.

Transfers from other funds decreased by $14,638 in 2007-08. The key elements of this decrease are as follows:

- Decrease of $10,458 due to one-time transfers to the Central Courthouse Seismic Surcharge Fund from Other Special Revenue Funds in 2006-07.
- Increase of $8,451 in transfers to the 2004 POB Pension Obligation Debt Service Fund from the General Fund.
- Decrease of $4,598 in operating transfers to the General Fund for the local cost offset to record the expense for the managed care fee-for-service psychiatric inpatient program.
- Decrease of $5,114 is primarily due to the decrease for capital projects funded by the General Fund.
- Decrease of $2,800 in transfers to the General Fund from the Sheriff's Special Projects Fund for proceeds received from the sale of aircraft in 2006-07.

Increases of $188,905 in refunding bonds issued and $183,505 in payment to refunded bonds escrow agent are due to issuance of three refunding bonds in governmental funds during FY 08 as discussed in Note 11.

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

	Governmental Activities		
	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues	$ 2,141,788	$ 501,378	$ 2,643,166
Expenditures	(1,985,467)	(546,904)	(2,532,371)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	156,321	(45,526)	110,795
Total Other Financing Sources and (Uses)	(115,127)	70,471	(44,656)
Net Change In Fund Balance	41,194	24,945	66,139
Fund Balance, July 1, 2007	489,726	517,322	1,007,048
Fund Balance, June 30, 2008	$ 530,920	$ 542,267	$ 1,073,187

In fiscal year 2007-08, the fund balance of total governmental funds increased by $66,139. This increase is the result of ongoing and one-time revenues exceeding ongoing expenditures as discussed in previous pages.

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

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

	Business-Type Activities -- Enterprise Funds			
	Medical Center	Waste Systems Division	Other Enterprise Funds	Total Enterprise Funds
Revenues				
Net Patient Care and Services	$ 335,749	$ -	$ -	$ 335,749
Charges for Current Services	-	67,491	19,852	87,343
Other	12,579	407	-	12,986
Total Operating Revenues	348,328	67,898	19,852	436,078
Operating Expenses				
Professional Services	38,854	42,995	1,912	83,761
Salaries and Employee Benefits	191,835	7,132	9,518	208,485
Self insurance claims	-	-	-	-
Services and Supplies	140,039	20,835	6,527	167,401
Depreciation and Amortization	21,887	7,042	3,393	32,322
Other	1,123	-	482	1,605
Total Operating Expenses	393,738	78,004	21,832	493,574
Operating Income (Loss)	(45,410)	(10,106)	(1,980)	(57,496)
Nonoperating Revenues (Expenses)				
Interest Revenue	5,455	8,709	2,466	16,630
Interest Expense	(27,076)	(3,464)	(503)	(31,043)
Tax Revenue	638	-	5,334	5,972
Grant Revenue	24,142	-	14	24,156
Gain (Loss) on Sale of Capital Assets	-	(112)	(2,075)	(2,187)
Other Nonoperating Revenues	-	8,301	5,800	14,101
Other Nonoperating Expenses	(717)	-	(30,858)	(31,575)
Total Nonoperating Revenues (Expenses)	2,442	13,434	(19,822)	(3,946)
Income (Loss) Before Special Item and Transfers	(42,968)	3,328	(21,802)	(61,442)
Special Item - Litigation Settlement	-	(775)	-	(775)
Transfers to Other Funds	(10,600)	(304)	(3,377)	(14,281)
Transfers from Other Funds	59,219	3,300	1,176	63,695
Change in Net Assets (Deficit)	5,651	5,549	(24,003)	(12,803)
Net Assets, July 1, 2007, as restated	11,799	73,394	114,595	199,788
Net Assets, June 30, 2008	$ 17,450	$ 78,943	$ 90,592	$ 186,985

The net decrease by $12,803 in net assets was primarily due to the following reasons:

- The total net assets of the Medical Center increased $5,651 due to a smaller operating loss and net Transfers to from Other Funds that was consistent with the prior year.
- The total net assets of the Waste System Division increased $5,549 as a result of the decrease in settlement payment (Note 22) and increased revenue from equivalent single family residence fees combined with franchise agreement renewals at higher rates.
- The non-major enterprise fund net assets decreased by $24,003 primarily due to the detachment and dissolution of certain County Service Areas to form the Phelan-Pinon Hills Community Service Districts in accordance with the San Bernardino County Local Agency Formation Commission Resolution No. 2994 during 2007-08.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County's final expenditure budget differs from the original budget by approximately 1.5%. A net increase in appropriations of $34,011 was approved during the fiscal year. The significant components of this net increase are summarized below:

- On December 11, 2007, the Board adopted a budget amendment which increased the budget of the Probation department by $1,835. This increase is due to the receipt of state funding for the Youthful Offender Block Grant.

- On December 11, 2007, the Board adopted a budget amendment which used $3,300 in General Fund contingencies to fund debris removal services for the Slide and Grass Valley fires.

- On December 18, 2007, the Board adopted a budget amendment which increased the budget for the Sheriff's department by $1,671. This salary increase was due to a contract amendment with the Superior Court which calls for providing increased court security services.

- On May 6, 2008, the Board adopted a budget amendment which increased the budget for the Public Assistance Fund by $22,364. This increase was due to increased welfare caseload due to the downturn in the economy.

- On June 17, 2008, the Board adopted a budget amendment which increased the budget for the Department of Behavioral Health by $1,181. This increase is due to additional need for services provided to Medi-Cal eligible clients in the Narcotic Treatment Program and Drug Court programs.

- On June 24, 2008, the Board adopted a budget amendment which increased the budget for the Sheriff's department by $3,133. This increase was a year-end budget adjustment due to greater than expected expenditures related to Operation Phoenix, the Grass Valley Fire, State Criminal Alien Assistance Program, and the U.S. Marshals Service contract.

The County's final Other Financing Sources/Uses budget differs from the original budget by approximately 10%. Supplemental appropriations of $9,116 were approved during the fiscal year. The significant elements of this increase are summarized below:

- On December 11, 2007, the Board adopted a budget amendment to increase the General Administration transfers out budget by $3,300. These funds were transferred to Solid Waste Management as reimbursement for the County's share of the Disaster Debris Management Program costs.

- On December 18, 2007, the Board adopted a budget amendment to increase the Sheriff's transfers in budget by $1,158. These funds were transferred from County Fire due to the acceptance of a Homeland Security grant.

- On June 30, 2008, a budget transfer was approved to increase the Health Care Costs transfers out budget by $4,538. These funds were transferred to the County Hospital for additional debt service expenditures.

The difference between the final budget and actual expenditures resulted in $306,221 of unspent appropriations. Health Administration accounts for the largest variance of $142,728 resulting in the replacement of SB 855 and SB 1255 for Disproportionate Share Hospital Programs with SB 1100, California's Medi-Cal Hospital/Uninsured Care Demonstration Project. The remaining variance is largely due to unexpended appropriations for Salaries and Benefits and Services and Supplies.

The General fund budget to actual statement can be found on page 40 of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The County's equity investment in capital assets for governmental and business-type activities as of June 30, 2008, amounted to $1,137,375 - net of related debt. This investment in capital assets includes land and easements, improvements to land, structures and improvements, equipment and vehicles, construction-in-progress (CIP), and infrastructure less bonds and capital leases payable related to those assets.

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

- The Flood Control funds have various flood control channel facilities under construction with a CIP value of $66,063. The flood control facilities were primarily comprised of the West State Street Drain in the amount of $13,847, the Etiwanda Levees and Creek in the amount of $31,815, and the San Timoteo Channel project with a CIP value of $7,208.
- The Capital Improvement Fund had approximately $30,124 in additions to CIP comprised of the following large projects: 1) 303 Building Improvement project in the amount of $1,649; 2) Registrar of Voters remodel in the amount of $3,700; 3) Security Upgrades to the West Valley Detention Center in the amount of $2,054; 4) Museum Design for the Hall of Paleontology in the amount of $4,133; 5) Central Courthouse Seismic Retrofit in the amount of $4,880; and 6) Design costs for the Adelanto Jail Expansion in the amount of $3,516.
- The Solid Waste Management Division had large increases to Construction in Progress consisting of the following projects: 1) Mid-Valley Perchlorate/VOC Treatment System in the amount of $4,200; 2) San Timeteo Unit 2 Phase 3 Liner in the amount of $5,200; and 3) Victorville Phase 1B State 1 Composite Liner in the amount of $3,800.
- The primary increases in Equipment and Vehicles consisted of the purchase of three prisoner buses by the Sheriff's Department in the amount of $1,490 and a high definition camera system in the amount of $490.

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

	Governmental Activities		Business Activities		Total		Increase/ (decrease)
	2008	2007 as restated	2008	2007 as restated	2008	2007	Percent of Change
Land, as restated	$ 99,145	$ 95,868	$ 21,355	$ 21,603	$ 120,500	$ 117,471	2.58%
Development in progress, as restated	171,011	169,217	40,730	26,789	211,741	196,006	8.03%
Improvement other than Buildings	178,974	163,533	225,059	241,053	404,033	404,586	-0.14%
Structures and Improvements	580,569	560,161	513,858	514,464	1,094,427	1,074,625	1.84%
Equipment	261,437	248,671	111,717	107,066	373,154	355,737	4.90%
Infrastructure	1,114,270	1,081,835	-	-	1,114,270	1,081,835	3.00%
Accumulated Depreciation	(974,524)	(921,024)	(350,288)	(334,228)	(1,324,812)	(1,255,252)	5.54%
Total	$ 2,405,406	$ 1,398,261	$ 912,719	$ 576,747	$ 1,993,313	$ 1,975,008	0.93%

Additional information on the County's capital assets can be found on Note 9 on pages 79-80 of this report.

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

Long-term debt

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

- Issued Refunding Certificates of Participation, 2008 Series A & B totaling $88,945 (Glen Helen Blockbuster, Series 2008 A & B and Solid Waste Financing, Series 2008 B). Outstanding Certificates of Participation totaling $81,275 were defeased with the proceeds from the new 2008 A & B Refunding Certificates.

- Issued Pension Obligation Refunding Bonds, Series 2008 totaling $160,900. Outstanding Pension Obligation Bonds, Series 2004 totaling $154,985 and $2,940 of outstanding Pension Obligation Bonds, Series 1995 were defeased with the proceeds from the new Pension Obligation Refunding Bonds, Series 2008.

- Issued Refunding Bonds, Series 2008 totaling $37,295 (Flood Control District). Outstanding Judgment Obligation Bonds Series B (Flood Control District) totaling $45,000 were defeased with the proceeds from the new Refunding Bonds, Series 2008.

- Principal payments made on Certificates of Participation, Bonds and Notes totaling $75,799.

- Amortization of deferred amount of refunding and discounts totaling $24,618.

- Amortization of premium totaling $545.

- The estimated liability for closure/postclosure care costs increased by $6,170.

- The estimated liability for litigation and self-insured claims increased by $19,638.

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

	Governmental Activities		Business Activities		Total		Increase/ (decrease) Percent
	2008	2007 as restated	2008	2007	2008	2007	of Change
Certificates of Participation	$ 172,024	$ 186,959	$ 563,741	$ 589,367	$ 735,765	$ 776,326	-5.22%
General Obligation Bonds		-	1,695	1,815	1,695	1,815	-6.61%
Revenue Bonds	451,137	457,038	-	-	451,137	457,038	-1.29%
Other Bonds and Notes Payable	639,878	649,062	2,971	6,399	642,849	655,461	-1.92%
Compensated Absences	136,655	126,290	10,920	9,943	147,575	136,233	8.33%
Capital Lease Obligations	1,627	4,010	2,751	4,136	4,378	8,146	-46.26%
Estimated Liability for Litigation and Self-Insured Claims	149,321	129,683	-	-	149,321	129,683	15.14%
Estimated Liability for Closure / Postclosure Care Cost	-	-	100,589	94,419	100,589	94,419	0.00% 6.53%
Other Long-Term Debt, as restated	8,554	9,290	-	-	8,554	9,290	-7.92%
Total	$ 1,559,196	$ 1,562,332	$ 682,667	$ 706,079	$ 2,241,863	$ 2,268,411	-1.17%

Additional information on the County's long-term debt can be found in Note 11 on pages 82-91 of this report.

ECONOMIC FACTORS AND FY08 BUDGETING

1. The County is continuing to support the comprehensive crime prevention and neighborhood revitalization program, Operation Phoenix, which began in the City of San Bernardino and was expanded to include unincorporated areas of the County. In the High Desert, resources are being allocated to support gang suppression in program called Desert HEAT. Funds were also allocated for fire and emergency services.

2. Three major health programs are committed to the concept of integration – integrating health care services in community based, full service clinics thereby bringing the most efficient, service oriented health care to the residents of San Bernardino County.

3. The County had its first full year in 2007-08 with the Mental Health Services Act programs being fully operational providing ongoing services.

4. The County Library continues to expand its physical capacity and its use of computer and electronic resources. Technology plans for the County Library include expansion of the use of radio frequency identification and installation of self-service checkout equipment at the libraries. The County Museum received funding for exhibit fabrication for the new Hall of Geological Wonders.

5. The County encompasses more than 20,000 square miles and the decentralization of facilities is required to serve the needs of each community. Since 2006-07, the County has established an ongoing set-aside reserved fund balance to address building needs.

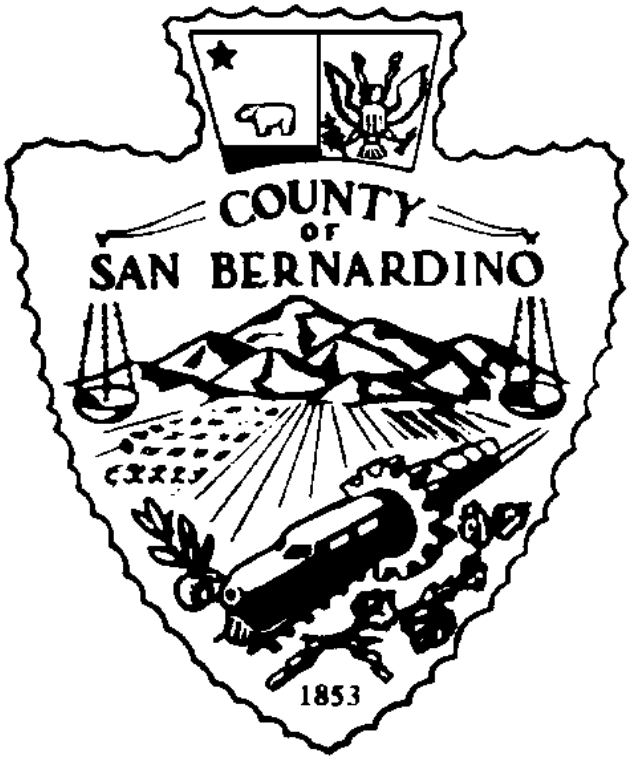
6. Funding increases in the Human Services subsistence programs of Foster Care, CalWORKS, and Aid to Adoptive Children were made to assist residents in need as a result of the slowing economy.

7. As the population of the County continues to increase, the needs of the County continue to grow. Among the County financing issues on the horizon are:

    - Jail Expansion
    - Hospital Expansion
    - State/Federal Financing Issues
    - Building Needs
    - New Judgeships
    - Economic and Redevelopment Needs
    - Economic slowdown
    - Decreases in the taxable values of properties

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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


COUNTY
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Community Development and Housing • Redevelopment • Workforce Development • Assessor
Economic Development • Agriculture/Weights and Measures • Airports • Architecture and Engineering
Public Health • Sheriff-Coroner • Human Resources • Information Services
Behavioral Health • Public Defender • Clerk of the Board • Transitional Assistance
Arrowhead Regional Medical Center • Probation • County Counsel • Land Use Services
Veterans Affairs • District Attorney • County Administrative Office • Treasurer-Tax Collector/Public Administrator • Fleet Management • Public Health
Preschool Services • Special Districts • Board of Supervisors • Auditor/Controller-Recorder • Facilities Management • Risk Management
Registrar of Voters • Workforce Development • Assessor • County Library • County Museum • County Fire • Behavioral Health • District Attorney
Redevelopment • Architecture and Engineering • Information Services • Purchasing • Arrowhead Regional Medical Center • Preschool Services • Veterans Affairs • Special Districts
Airports • Human Resources • Aging and Adult Services • Child Support Services • Regional Parks • Registrar of Voters
Clerk of the Board • Children's Services • Public Works • Real Estate Services
Transitional Assistance • Land Use Services
Fleet Management

Basic Financial Statements

Comprehensive Annual Financial Report

Arrowhead Regional Medical Center • Behavioral Health • Public Health • Economic Development • Community Development and Housing • Redevelopment • Workforce Development • Assessor
Preschool Services • Veterans Affairs • District Attorney • Probation • Public Defender • Sheriff-Coroner • Agriculture/Weights and Measures • Airports • Architecture and Engineering
Special Districts • Board of Supervisors • County Administrative Office • County Counsel • Clerk of the Board • Human Resources • Information Services
Registrar of Voters • Workforce Development • Assessor • Auditor/Controller-Recorder • Treasurer-Tax Collector/Public Administrator • Transitional Assistance
Redevelopment • County Library • County Museum • County Fire • Facilities Management • Fleet Management Land Use Services
Airports • Architecture and Engineering • Information Services • Purchasing • Arrowhead Regional Medical Center • Behavioral Health • Risk Management • Public Health
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Transitional Assistance • Land Use Services • Public Works • Real Estate Services • Regional Parks • Registrar of Voters • Special Districts
Fleet Management

Government-Wide Financial Statements

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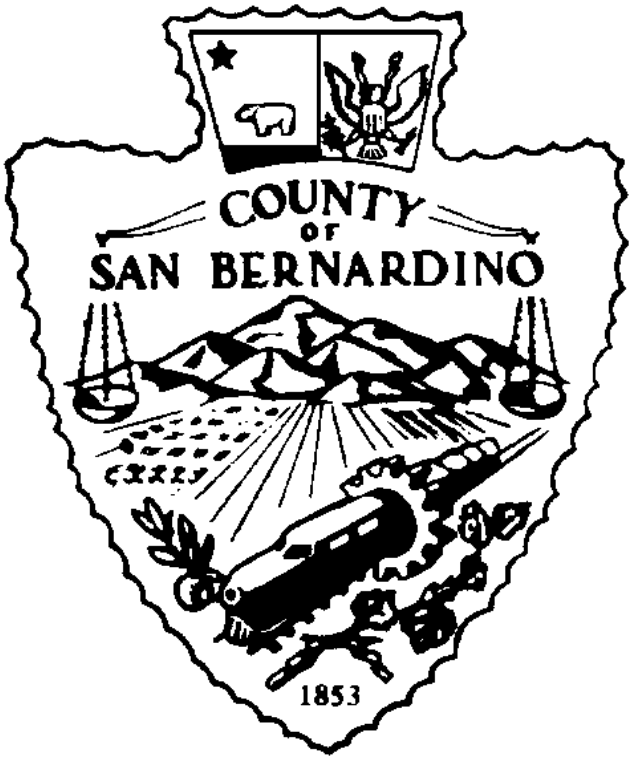
COUNTY
OF
SAN BERNARDINO
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COUNTY OF SAN BERNARDINO
STATEMENT OF NET ASSETS
JUNE 30, 2008 (IN THOUSANDS)

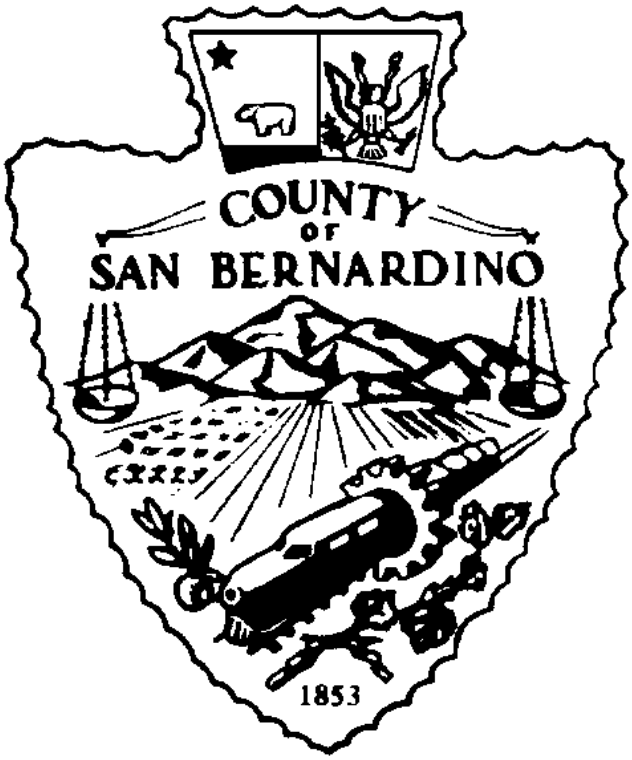
	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 SAN BERNARDINO
ASSETS				
CASH AND CASH EQUIVALENTS (NOTE 6)	$ 1,210,825	$ 118,905	$ 1,329,730	$ 99,597
INVESTMENTS	15,645	-	15,645	-
ACCOUNTS RECEIVABLE - NET (NOTE 2)	7,877	41,261	49,138	-
TAXES RECEIVABLE (NOTE 2)	103,037	1,085	104,122	-
INTEREST RECEIVABLE	4,329	-	4,329	-
LOAN RECEIVABLE (NOTE 2)	35,257	-	35,257	-
OTHER RECEIVABLES	139	497	636	-
DUE FROM OTHER GOVERNMENTS	193,451	22,941	216,392	6,353
INTERNAL BALANCES	17,674	(17,674)	-	-
LAND HELD FOR RESALE (NOTE 2)	14,657	-	14,657	-
INVENTORIES	3,781	1,585	5,366	-
PREPAID ITEMS	8,039	10,301	18,340	-
DEFERRED CHARGES	11,228	507	11,735	-
RESTRICTED CASH AND INVESTMENTS (NOTE 6 & 8)	4,015	176,622	180,637	-
OTHER ASSETS	-	7,535	7,535	-
PREPAID PENSION ASSET (NOTE 17)	813,716	-	813,716	-
LAND (NOTE 9)	99,145	21,355	120,500	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 9)	1,873,813	738,917	2,612,730	-
EQUIPMENT (NOTE 9)	261,437	111,717	373,154	302
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 9)	(974,524)	(350,288)	(1,324,812)	(213)
DEVELOPMENT IN PROGRESS (NOTE 9)	171,011	40,730	211,741	-
TOTAL ASSETS	3,874,552	925,996	4,800,548	106,039
LIABILITIES				
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	51,089	28,500	79,589	5,722
SALARIES AND BENEFITS PAYABLE	86,253	13,839	100,092	121
DUE TO OTHER GOVERNMENTS	94,298	2,220	96,518	850
INTEREST PAYABLE	15,033	11,752	26,785	-
DEFERRED REVENUE	32,511	33	32,544	-
NONCURRENT LIABILITIES (NOTE 11):				
PORTION DUE OR PAYABLE IN ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	79,110	8,333	87,443	-
COP BONDS AND NOTES PAYABLE (NOTE 11)	42,485	36,548	79,033	-
CAPITAL LEASE OBLIGATIONS (NOTE 11&13)	801	1,351	2,152	-
OTHER LONG TERM LIABILITIES (NOTE 11)	740	-	740	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTE 11&16)	-	8,214	8,214	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTE 10&11)	39,640	-	39,640	-
PORTION DUE OR PAYABLE AFTER ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	57,545	2,587	60,132	93
COP BONDS AND NOTES PAYABLE, NET (NOTE 11)	1,220,554	531,859	1,752,413	-
CAPITAL LEASE OBLIGATIONS (NOTE 11&13)	826	1,400	2,226	-
OTHER LONG TERM LIABILITIES (NOTE 11)	7,814	-	7,814	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTE 11&16)	-	92,375	92,375	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTE 10&11)	109,681	-	109,681	-
	1,838,380	739,011	2,577,391	6,786
NET ASSETS:				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	1,146,102	(8,727)	1,137,375	89
RESTRICTED (NOTE 5)				
LEGALLY SEGREGATED SPECIAL REVENUE FUNDS FOR GRANTS AND OTHER PURPOSES	376,379	-	376,379	367
DEBT SERVICE	33,323	48,814	82,137	-
CAPITAL PROJECT FUNDS	131,934	-	131,934	-
PERMANENT FUNDS:				
EXPANDABLE	5	-	5	-
NONEXPENDABLE	626	-	626	-
STATE REALIGNMENT FUNDS	146,031	-	146,031	-
UNRESTRICTED	201,772	146,898	348,670	98,797
TOTAL NET ASSETS	$ 2,036,172	$ 186,985	$ 2,223,157	$ 99,253

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

COUNTY OF SAN BERNARDINO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	PRIMARY GOVERNMENT							COMPONENT UNIT
		PROGRAM REVENUES			NET (EXPENSE)/REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 SAN BERNARDINO
FUNCTIONS/PROGRAMS								
PRIMARY GOVERNMENT:								
GOVERNMENTAL ACTIVITIES:								
GENERAL GOVERNMENT	$ 179,638	$ 105,052	$ 16,687	$ -	$ (57,899)	$ -	$ (57,899)	$ -
PUBLIC PROTECTION	888,798	214,252	149,313	20	(525,213)	-	(525,213)	-
PUBLIC WAYS AND FACILITIES	85,271	9,005	59,600	3,052	(13,614)	-	(13,614)	-
HEALTH AND SANITATION	303,533	42,820	300,174	-	39,461	-	39,461	-
PUBLIC ASSISTANCE	854,721	3,646	816,090	-	(34,985)	-	(34,985)	-
EDUCATION	20,788	1,100	1,215	-	(18,473)	-	(18,473)	-
RECREATION AND CULTURAL SERVICES	24,086	8,391	1,920	277	(13,498)	-	(13,498)	-
INTEREST ON LONG TERM DEBT	77,444	-	-	-	(77,444)	-	(77,444)	-
TOTAL GOVERNMENTAL ACTIVITIES	2,434,279	384,266	1,344,999	3,349	(701,665)	-	(701,665)	-
BUSINESS-TYPE ACTIVITIES:								
MEDICAL CENTER	421,531	335,749	12,579	24,142	-	(49,061)	(49,061)	-
WASTE SYSTEMS	83,543	67,898	-	-	-	(15,645)	(15,645)	-
OTHER	53,305	19,852	14	-	-	(33,439)	(33,439)	-
TOTAL BUSINESS-TYPE ACTIVITIES	558,379	423,499	12,593	24,142	-	(98,145)	(98,145)	-
TOTAL PRIMARY GOVERNMENT	$ 2,992,658	$ 807,765	$ 1,357,592	$ 27,491	(701,665)	(98,145)	(799,810)	-
COMPONENT UNIT								
FIRST 5 SAN BERNARDINO	$ 28,510	$ -	$ 29,205	$ -	-	-	-	695
GENERAL REVENUES:								
PROPERTY TAXES, LEVIED FOR GENERAL PURPOSES					529,278	5,972	535,250	-
PROPERTY TAXES, LEVIED FOR DEBT SERVICE					15,620	-	15,620	-
PUBLIC SAFETY TAX					147,794	-	147,794	-
SALES TAXES					26,316	-	26,316	-
OTHER TAXES					44,381	-	44,381	-
UNRESTRICTED REVENUES FROM USE OF MONEY AND PROPERTY					77,711	16,630	94,341	4,871
MISCELLANEOUS					65,640	14,101	79,741	11
GAINS ON SALE OF CAPITAL ASSETS					2,055	-	2,055	(2)
SPECIAL ITEM - LITIGATION SETTLEMENT (NOTE 22)					-	(775)	(775)	-
TRANSFERS					(49,414)	49,414	-	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS AND TRANSFERS					859,381	85,342	944,723	4,880
CHANGE IN NET ASSETS					157,716	(12,803)	144,913	5,575
NET ASSETS - BEGINNING, AS RESTATED (NOTE 3)					1,878,456	199,788	2,078,244	93,678
NET ASSETS - ENDING					$ 2,036,172	$ 186,985	$ 2,223,157	$ 99,253

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


COUNTY
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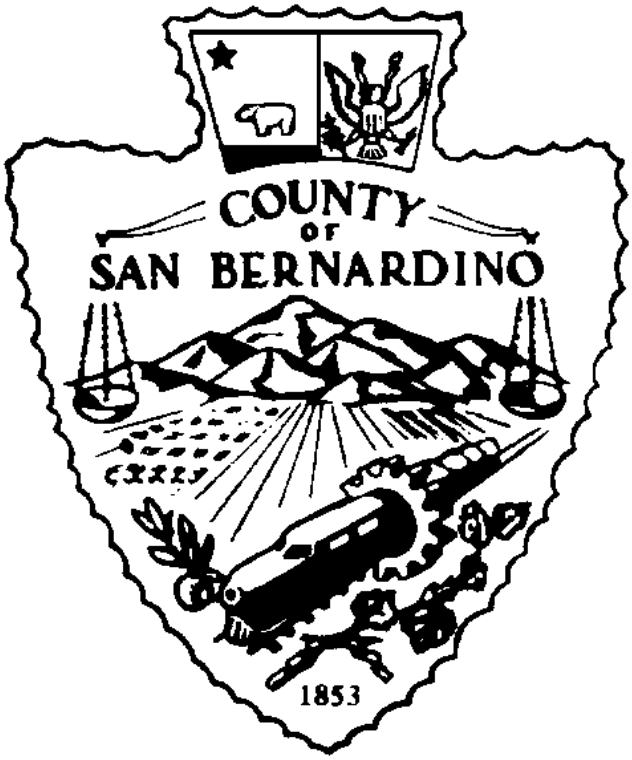
Fund Financial Statements

Comprehensive Annual Financial Report


COUNTY
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COUNTY OF SAN BERNARDINO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008 (IN THOUSANDS)

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
CASH AND CASH EQUIVALENTS (NOTE 6)	$ 394,451	$ 539,492	$ 933,943
INVESTMENTS (NOTE 6)	-	15,645	15,645
ACCOUNTS RECEIVABLES - NET (NOTE 2)	6,574	420	6,994
TAXES RECEIVABLE (NOTE 2)	92,354	10,683	103,037
INTEREST RECEIVABLE	6,023	65	6,088
LOANS RECEIVABLE	31,846	1,500	33,346
OTHER RECEIVABLES	28	111	139
DUE FROM OTHER FUNDS (NOTE 7)	37,571	12,759	50,330
DUE FROM OTHER GOVERNMENTS (NOTE 2)	171,001	21,659	192,660
LAND HELD FOR RESALE (NOTE 2)	-	14,657	14,657
INVENTORIES	424	131	555
PREPAID ITEMS	2,310	100	2,410
INTERFUND RECEIVABLE (NOTE 7)	18,511	400	18,911
RESTRICTED CASH AND INVESTMENTS (NOTES 6 & 8)	-	4,015	4,015
TOTAL ASSETS	$ 761,093	$ 621,637	$ 1,382,730
LIABILITIES AND FUND BALANCES			
ACCOUNTS PAYABLE	$ 31,497	$ 14,651	$ 46,148
SALARIES AND BENEFITS PAYABLE	71,285	12,458	83,743
DUE TO OTHER FUNDS (NOTE 7)	10,090	23,683	33,773
DUE TO OTHER GOVERNMENTS	90,202	4,069	94,271
INTEREST PAYABLE	-	1,759	1,759
DEFERRED REVENUE (NOTE 2)	27,099	6,639	33,738
INTERFUND PAYABLE (NOTE 7)	-	16,111	16,111
TOTAL LIABILITIES	230,173	79,370	309,543
FUND BALANCES (NOTE 5):			
RESERVED FOR:			
ENCUMBRANCES	23,355	61,612	84,967
PREPAID ITEMS	2,310	100	2,410
NONCURRENT INTERFUND RECEIVABLES	18,511	400	18,911
LAND HELD FOR RESALE	-	14,657	14,657
INVENTORIES	424	131	555
LOANS RECEIVABLE	32,848	-	32,848
DEBT SERVICE	-	33,323	33,323
TEETER	15,942	-	15,942
UNRESERVED, REPORTED IN:			
DESIGNATED	228,753	-	228,753
UNDESIGNATED			
GENERAL FUND	208,777	-	208,777
SPECIAL REVENUE FUNDS	-	326,216	326,216
CAPITAL PROJECTS FUNDS	-	105,197	105,197
PERMANENT FUNDS	-	631	631
TOTAL FUND BALANCES	530,920	542,267	1,073,187
TOTAL LIABILITIES AND FUND BALANCES	$ 761,093	$ 621,637	

Amounts reported for governmental activities in the statement of net assets are different due to the following (NOTE 4):	
Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds.	1,403,511
Other long-term assets that are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	16,796
Prepaid Pension Assets	813,716
Internal service funds that are used by management to charge the costs of general services, telephone services, computer operations, vehicle services, risk management, and flood control equipment to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	149,385
Interest Payable	(15,033)
Long-term liabilities, including bonds payable, that are not due and payable in the current period and therefore are not reported in the funds.	(1,405,390)
Net assets of governmental activities (page 42)	$ 2,036,172

The notes to the basic 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, 2008 (IN THOUSANDS)

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
TAXES	$ 634,591	$ 134,698	$ 769,289
LICENSES, PERMITS AND FRANCHISES	23,919	572	24,491
FINES, FORFEITURES AND PENALTIES	12,055	10,517	22,572
REVENUES FROM USE OF MONEY AND PROPERTY	50,928	26,783	77,711
AID FROM OTHER GOVERNMENTAL AGENCIES	1,124,089	224,259	1,348,348
CHARGES FOR CURRENT SERVICES	280,695	56,508	337,203
OTHER REVENUES	15,511	48,041	63,552
TOTAL REVENUES	2,141,788	501,378	2,643,166
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	149,591	10,408	159,999
PUBLIC PROTECTION	702,634	180,110	882,744
PUBLIC WAYS AND FACILITIES	2,646	72,683	75,329
HEALTH AND SANITATION	297,248	10,318	307,566
PUBLIC ASSISTANCE	799,435	70,183	869,618
EDUCATION	2,384	18,329	20,713
RECREATION AND CULTURAL SERVICES	13,542	6,371	19,913
DEBT SERVICE			
PRINCIPAL	280	45,583	45,863
INTEREST AND FISCAL CHARGES	1,883	52,869	54,752
BOND ISSUANCE COSTS	2,786	370	3,156
ADVANCE REFUNDING ESCROW	938	8,245	9,183
CAPITAL OUTLAY	12,100	71,435	83,535
TOTAL EXPENDITURES	1,985,467	546,904	2,532,371
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	156,321	(45,526)	110,795
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS (NOTE 7)	(181,955)	(107,949)	(289,904)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	63,527	175,139	238,666
REFUNDING BONDS ISSUED (NOTE 11)	160,900	51,850	212,750
DISCOUNT ON REFUNDING BONDS (NOTE 11)	-	(136)	(136)
PAYMENT TO REFUNDED BOND ESCROW AGENT (NOTE 11)	(158,091)	(50,123)	(208,214)
INCEPTION OF CAPITAL LEASE OBLIGATIONS (NOTE 11)	127	-	127
SALE OF CAPITAL ASSETS	365	1,690	2,055
TOTAL OTHER FINANCING SOURCES AND (USES)	(115,127)	70,471	(44,656)
NET CHANGE IN FUND BALANCE	41,194	24,945	66,139
FUND BALANCE, JULY 1, 2007	489,726	517,322	1,007,048
FUND BALANCE, JUNE 30, 2008	$ 530,920	$ 542,267	$ 1,073,187

NET CHANGES IN FUND BALANCES -- TOTAL GOVERNMENTAL	$ 66,139
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.	28,671
Internal service funds are used by management to charge the costs of general service group, telephone services, computer operations, vehicle services, risk management, and flood control equipment. The net revenues of the internal service funds is reported within governmental activities.	61,612
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(6,581)
Expenses in the statement of activities that do no require the use of the current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(21,550)
Amortization of the 95 POBs prepaid asset and the amortization of the 04 POB deferred costs.	(15,148)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds, report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	44,573
Changes in net assets of governmental activities (page 43)	$ 157,716

The notes to the basic financial statements are an internal 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, 2008 (IN THOUSANDS)

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE
	ORIGINAL	FINAL	ACTUAL AMOUNTS	(NEGATIVE)
REVENUES				
TAXES	$ 639,946	$ 639,946	$ 634,591	$ (5,355)
LICENSES, PERMITS AND FRANCHISES	26,253	26,253	23,919	(2,334)
FINES, FORFEITURES AND PENALTIES	10,231	10,231	12,055	1,824
REVENUES FROM USE OF MONEY AND PROPERTY	43,349	43,655	50,928	7,273
AID FROM OTHER GOVERNMENTAL AGENCIES	1,021,454	1,055,464	1,124,089	68,625
CHARGES FOR CURRENT SERVICES	393,157	399,894	280,695	(119,199)
OTHER REVENUES	9,527	11,438	15,511	4,073
TOTAL REVENUES	2,143,917	2,186,881	2,141,788	(45,093)
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	232,664	221,914	148,866	73,048
PUBLIC PROTECTION	715,131	733,507	703,309	30,198
PUBLIC WAYS AND FACILITIES	2,666	2,688	2,655	33
HEALTH AND SANITATION	468,810	467,785	301,392	166,393
PUBLIC ASSISTANCE	801,896	826,134	799,564	26,570
EDUCATION	4,309	4,309	2,384	1,925
RECREATION AND CULTURAL SERVICES	13,410	13,595	13,499	96
DEBT SERVICE:				
PRINCIPAL	435	435	280	155
INTEREST AND FISCAL CHARGES	5,672	5,672	1,883	3,789
BOND ISSUANCE COSTS	2,786	2,786	2,786	-
ADVANCE REFUNDING ESCROW	938	938	938	-
CAPITAL OUTLAY	13,710	16,675	12,661	4,014
TOTAL EXPENDITURES	2,262,427	2,296,438	1,990,217	306,221
EXCESS OF REVENUES OVER EXPENDITURES	(118,510)	(109,557)	151,571	261,128
OTHER FINANCING SOURCES (USES):				
TRANSFERS TO OTHER FUNDS (NOTE 7)	(192,237)	(208,766)	(181,955)	26,811
TRANSFERS FROM OTHER FUNDS (NOTE 7)	84,418	91,831	63,527	(28,304)
REFUNDING BONDS ISSUED (NOTE 11)	160,900	160,900	160,900	-
PAYMENT TO REFUNDED BOND ESCROW AGENT (NOTE 11)	(152,861)	(152,861)	(158,091)	(5,230)
INCEPTION OF CAPITAL LEASE OBLIGATIONS (NOTE 11)	127	127	127	-
SALE OF CAPITAL ASSETS	388	388	365	(23)
TOTAL OTHER FINANCING SOURCES AND (USES)	(99,265)	(108,381)	(115,127)	(6,746)
NET CHANGE IN FUND BALANCE	(217,775)	(217,938)	36,444	254,382
FUND BALANCE, JULY 1, 2007	219,584	200,121	471,121	271,000
FUND BALANCE, JUNE 30, 2008	$ 1,809	$ (17,817)	$ 507,565	$ 525,382

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

COUNTY OF SAN BERNARDINO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	
ASSETS					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS (NOTE 6)	$ 31,606	$ 51,754	$ 35,545	$ 118,905	$ 276,882
ACCOUNTS RECEIVABLE - NET (NOTE 2)	30,287	6,988	3,986	41,261	883
TAXES RECEIVABLE	-	1,085	-	1,085	-
OTHER RECEIVABLES	-	-	497	497	-
DUE FROM OTHER FUNDS (NOTE 7)	2,317	24	100	2,441	1,626
DUE FROM OTHER GOVERNMENTS	19,027	3,864	50	22,941	791
INVENTORIES	1,533	-	52	1,585	3,226
PREPAID ITEMS	2,558	7,743	-	10,301	5,629
TOTAL CURRENT ASSETS	87,328	71,458	40,230	199,016	289,037
NONCURRENT ASSETS:					
DEFERRED CHARGES	-	507	-	507	-
RESTRICTED CASH AND INVESTMENTS (NOTE 6 & 8)	61,196	115,426	-	176,622	-
OTHER ASSETS	7,202	333	-	7,535	-
LAND, STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE	514,907	152,218	93,147	760,272	7,872
EQUIPMENT	107,087	1,791	2,839	111,717	68,991
ACCUMULATED DEPRECIATION AND AMORTIZATION	(205,808)	(98,488)	(45,992)	(350,288)	(49,492)
CONSTRUCTION IN PROGRESS	8,345	24,775	7,610	40,730	-
TOTAL NONCURRENT ASSETS	492,929	196,562	57,604	747,095	27,371
TOTAL ASSETS	580,257	268,020	97,834	946,111	316,408
LIABILITIES					
CURRENT LIABILITIES:					
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	14,155	13,432	913	28,500	4,941
SALARIES AND BENEFITS PAYABLE	13,331	501	7	13,839	2,510
DUE TO OTHER FUNDS (NOTE 7)	18,323	728	264	19,315	1,309
DUE TO OTHER GOVERNMENTS	-	1,882	338	2,220	27
INTEREST PAYABLE	11,386	146	220	11,752	-
DEFERRED REVENUE	-	-	33	33	2,430
COMPENSATED ABSENCES PAYABLE (NOTE 11)	8,013	320	-	8,333	1,614
BONDS AND NOTES PAYABLE (NOTE 11)	29,795	6,430	323	36,548	-
CAPITAL LEASE OBLIGATIONS (NOTE 11)	1,351	-	-	1,351	21
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTE 11&16)	-	8,214	-	8,214	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTE 10&11)	-	-	-	-	39,640
TOTAL CURRENT LIABILITIES	96,354	31,653	2,098	130,105	52,492
NONCURRENT LIABILITIES:					
INTERFUND PAYABLE (NOTE 7)	-	-	800	800	2,000
COMPENSATED ABSENCES PAYABLE (NOTE 11)	2,227	360	-	2,587	2,850
BONDS AND NOTES PAYABLE (NOTE 11)	462,826	64,689	4,344	531,859	-
CAPITAL LEASE OBLIGATIONS (NOTE 11)	1,400	-	-	1,400	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTE 11&16)	-	92,375	-	92,375	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTE 10&11)	-	-	-	-	109,681
TOTAL NONCURRENT LIABILITIES	466,453	157,424	5,144	629,021	114,531
TOTAL LIABILITIES	562,807	189,077	7,242	759,126	167,023
NET ASSETS					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	(70,841)	9,177	52,937	(8,727)	27,350
RESTRICTED FOR:					
DEBT SERVICE	48,814	-	-	48,814	-
UNRESTRICTED	39,477	69,766	37,655	146,898	122,035
TOTAL NET ASSETS	$ 17,450	$ 78,943	$ 90,592	$ 186,985	$ 149,385

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

COUNTY OF SAN BERNARDINO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	
OPERATING REVENUES:					
NET PATIENT CARE AND SERVICE	$ 335,749	$ -	$ -	$ 335,749	$ -
CHARGES FOR CURRENT SERVICES	-	67,491	19,852	87,343	201,773
OTHER	12,579	407	-	12,986	-
TOTAL OPERATING REVENUES	348,328	67,898	19,852	436,078	201,773
OPERATING EXPENSES:					
PROFESSIONAL SERVICES	38,854	42,995	1,912	83,761	5,753
SALARIES AND EMPLOYEE BENEFITS	191,835	7,132	9,518	208,485	34,764
SELF-INSURANCE CLAIMS	-	-	-	-	52,344
SERVICES AND SUPPLIES	140,039	20,835	6,527	167,401	57,573
DEPRECIATION AND AMORTIZATION	21,887	7,042	3,393	32,322	7,319
OTHER	1,123	-	482	1,605	449
TOTAL OPERATING EXPENSES	393,738	78,004	21,832	493,574	158,202
OPERATING INCOME (LOSS)	(45,410)	(10,106)	(1,980)	(57,496)	43,571
NONOPERATING REVENUES (EXPENSES)					
INTEREST REVENUE	5,455	8,709	2,466	16,630	10,374
INTEREST EXPENSE	(27,076)	(3,464)	(503)	(31,043)	(1)
TAX REVENUE	638	-	5,334	5,972	-
GRANT REVENUE	24,142	-	14	24,156	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	-	(112)	(2,075)	(2,187)	440
OTHER NONOPERATING REVENUES	-	8,301	5,800	14,101	5,407
OTHER NONOPERATING EXPENSES	(717)	-	(30,858)	(31,575)	(3)
TOTAL NONOPERATING REVENUES (EXPENSES)	2,442	13,434	(19,822)	(3,946)	16,217
CHANGE IN NET ASSETS BEFORE SPECIAL ITEMS AND TRANSFERS	(42,968)	3,328	(21,802)	(61,442)	59,788
SPECIAL ITEM - LITIGATION SETTLEMENT (NOTE 22)	-	(775)	-	(775)	-
TRANSFERS TO OTHER FUNDS (NOTE 7)	(10,600)	(304)	(3,377)	(14,281)	(1,524)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	59,219	3,300	1,176	63,695	3,348
CHANGE IN NET ASSETS	5,651	5,549	(24,003)	(12,803)	61,612
TOTAL NET ASSETS, JULY 1, 2007, AS RESTATED (NOTE 3)	11,799	73,394	114,595	199,788	87,773
TOTAL NET ASSETS, JUNE 30, 2008	$ 17,450	$ 78,943	$ 90,592	$ 186,985	$ 149,385

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

COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	
CASH FLOWS FROM OPERATING ACTIVITIES:					
CASH RECEIVED FROM PATIENT CARE AND SERVICES	$ 352,010	$ 75,052	$ 20,711	$ 447,773	$ 218,017
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(176,073)	(56,097)	(19,208)	(251,378)	(111,766)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(189,073)	(7,039)	(9,539)	(205,651)	(34,040)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(13,136)	11,916	(8,036)	(9,256)	72,211
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
TAXES RECEIVED	638	-	5,334	5,972	-
GRANTS RECEIVED	-	-	14	14	-
TRANSFERS RECEIVED	59,219	3,300	1,176	63,695	3,348
TRANSFERS PAID	(10,600)	(304)	(2,577)	(13,481)	(1,524)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	49,257	2,996	3,947	56,200	1,824
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
STATE DEBT SERVICE FUNDING RECEIVED	23,431	-	-	23,431	-
ACQUISITION OF CAPITAL ASSETS	(10,077)	(15,160)	(7,040)	(32,277)	(9,738)
NET PROCEEDS FROM REFUNDING BONDS	-	6,415	-	6,415	-
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	(1,705)	-	-	(1,705)	(25)
INTEREST PAID ON CAPITAL LEASE OBLIGATIONS	-	-	-	-	(1)
PRINCIPAL PAID ON BONDS AND NOTES	(27,180)	(5,750)	(1,220)	(34,150)	-
INTEREST PAID ON CAPITAL DEBTS	(27,686)	(3,931)	(439)	(32,056)	-
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	26	23	49	472
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(43,217)	(18,400)	(8,676)	(70,293)	(9,292)
CASH FLOWS FROM INVESTING ACTIVITIES:					
PROCEEDS FROM SALE AND MATURITIES OF INVESTMENTS	-	-	(4,348)	(4,348)	-
INTEREST ON INVESTMENTS	5,455	8,503	2,466	16,424	10,375
NET CASH PROVIDED BY INVESTING ACTIVITIES	5,455	8,503	(1,882)	12,076	10,375
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,641)	5,015	(14,647)	(11,273)	75,118
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	94,443	162,165	50,192	306,800	201,764
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 92,802	$ 167,180	$ 35,545	$ 295,527	$ 276,882
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
OPERATING INCOME (LOSS)	$ (45,410)	$ (10,106)	$ (1,980)	$ (57,496)	$ 43,571
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
DEPRECIATION AND AMORTIZATION	21,887	7,042	3,393	32,322	7,319
LITIGATION EXPENSES RELATED TO OPERATING INCOME	-	(3,275)	-	(3,275)	-
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	(5)	9,085	(8,142)	938	3,839
CHANGES IN ASSETS AND LIABILITIES:					
ACCOUNTS RECEIVABLE	11,360	(1,233)	(1,562)	8,565	10,059
DUE FROM OTHER FUNDS	(791)	4	64	(723)	-
DUE FROM OTHER GOVERNMENTS	(7,599)	(1,790)	-	(9,389)	208
INVENTORIES	46	-	(8)	38	(898)
PREPAID ITEMS	218	(319)	-	(101)	(3,649)
DEFERRED CHARGES	-	968	-	968	-
ACCOUNTS PAYABLE AND OTHER LIABILITIES	4,396	5,227	220	9,843	(8,600)
SALARIES AND BENEFITS PAYABLE	1,820	53	(18)	1,855	275
DUE TO OTHER GOVERNMENTS	-	50	-	50	-
ESTIMATED LIABILITIES FOR CLOSURE/POST CARE CLOSURE COSTS	-	6,170	-	6,170	-
ESTIMATED LIABILITIES FOR LITIGATION AND SELF-INSURANCE CLAIMS	-	-	-	-	19,638
COMPENSATED ABSENCES PAYABLE	942	40	(3)	979	449
				-	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (13,136)	$ 11,916	$ (8,036)	$ (9,256)	$ 72,211

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

The Solid Waste Management Division refunded $67,975 of Series 2003B bonds by issung Series 2008B bonds. The net proceeds from that transaction are shown above.

The capital lease obligation of $320 was incurred when the Medical Center entered into an equipment lease agremment for the gastroenterology unit.

	BREAKDOWN OF CASH AND CASH EQUIVALENTS				
CASH AND CASH EQUIVALENTS	$ 31,606	$ 51,754	$ 35,545	$ 118,905	$ 276,882
RESTRICTED CASH AND INVESTMENTS	61,196	115,426	-	176,622	-
	$ 92,802	$ 167,180	$ 35,545	$ 295,527	$ 276,882

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

COUNTY OF SAN BERNARDINO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008 (IN THOUSANDS)

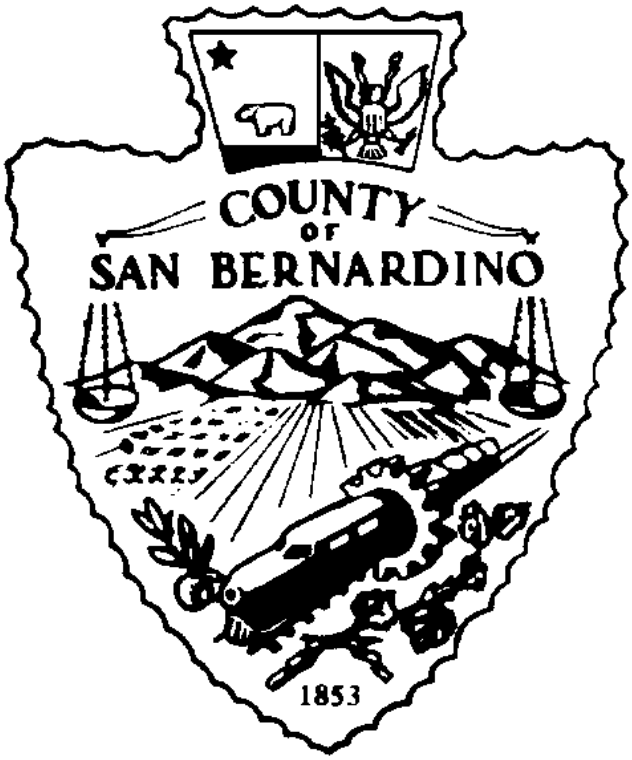
	INVESTMENT TRUST	AGENCY
ASSETS		
CASH AND CASH EQUIVALENTS (NOTE 6)	$ 2,604,156	$ 321,467
ACCOUNTS RECEIVABLE - NET	43	-
TAXES RECEIVABLE	-	110,480
LOANS RECEIVABLE	45	-
DUE FROM OTHER GOVERNMENTS	12,829	70,461
PREPAID ITEMS	39	-
TOTAL ASSETS	$ 2,617,112	$ 502,408
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
DUE TO OTHER GOVERNMENTS	$ -	$ 502,408
TOTAL LIABILITIES	$ -	$ 502,408
NET ASSETS		
NET ASSETS HELD IN TRUST FOR INVESTMENT POOL PARTICIPANTS	$ 2,617,112	

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

COUNTY OF SAN BERNARDINO
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
INVESTMENT TRUST FUND
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	INVESTMENT TRUST FUND
ADDITIONS:	
CONTRIBUTIONS ON POOLED INVESTMENTS	$ 9,655,476
NET DECREASE IN FAIR VALUE OF INVESTMENTS	20
INTEREST INCOME ON CASH AND SECURITIES	93,449
TOTAL ADDITIONS	9,748,945
DEDUCTIONS:	
DISTRIBUTIONS FROM POOLED INVESTMENTS	9,505,363
TOTAL DEDUCTIONS	9,505,363
NET INCREASE IN NET ASSETS	243,582
NET ASSETS HELD IN TRUST, JULY 1, 2007, AS RESTATED (NOTE 3)	2,373,530
NET ASSETS HELD IN TRUST, JUNE 30, 2008	$ 2,617,112

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


COUNTY
OF
SAN BERNARDINO
1853

Notes to the Basic Financial Statements

Comprehensive Annual Financial Report

NOTE 1 – THE FINANCIAL REPORTING ENTITY

(a) Reporting Entity

The County of San Bernardino (the "County"), which was established by an act of the State Legislature on April 26, 1853, is a legal subdivision of the State of California charged with governmental powers. The County's powers are exercised through a five-member Board of Supervisors (the "Board") which, as the governing body of the County, is responsible for the legislative and executive control of the County. As required by generally accepted accounting principles, these basic financial statements present the primary government and its component units, which are, in substance, although legally separate entities, part of the County's operations and so data from these units are blended with the data of the primary government. Each blended component unit has a June 30 year-end.

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

(b) Blended Component Units

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

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

The County is financially accountable for each of the above component units through the County's elected officials and descriptions of these component units are contained in subsequent sections of this Comprehensive Annual Financial Report. Acting as the governing body of the component units, the Board of Supervisors demonstrates financial accountability. Because of their relationship with the County and the nature of their operations, each of the component units is, in substance, part of the County's operations and, accordingly, the activities of these component units are combined (blended) with the activities of the County for purposes of reporting in the accompanying basic financial statements.

(c) Discretely Presented Component Unit

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

In accordance with Governmental Accounting Standards Board Statement (GASB) No. 34 (GASB 34), the basic financial statements consist of the following:

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

Government – Wide Financial Statements

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

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

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary and fiduciary are presented. The emphasis of fund financial

statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The County reports only one major governmental fund:

- *The General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as General Government, Public Protection, Public Ways and Facilities, Health and Sanitation, Public Assistance, Education, and Recreation and Cultural Services.

The County reports the following major enterprise funds.

- *The County Medical Center Fund* accounts for inpatient and outpatient care including emergency room services and indigent care to County residents. The fund is financed primarily by patient care services.

- *The Waste Systems Division Fund* accounts for refuse disposal services provided to the public by twenty landfill sites. The waste disposal program is financed by funds derived from gate fees at the San Bernardino Valley landfill sites and from land use fees charged to property owners in both the mountain and desert areas.

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

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

- The *Investment Trust Fund* accounts for the pooled investments of numerous self-governed school and special districts for which cash and investments are held by the County Treasurer. The financial reporting for these governmental entities, which are independent of the County, is limited to the total amount of cash and investments and other assets, and the related fiduciary responsibility of the County for disbursements of these assets. Activities of the school districts and special districts are administered by their own separate elected boards and are independent of the County Board of Supervisors. The County Auditor/Controller makes disbursements upon the request of the responsible school and self-governed district officers. The County Board of Supervisors has no effective authority to govern, manage, approve budgets, assume financial responsibility, establish revenue limits, or to appropriate surplus funds available in these entities. Therefore, these entities are fiscally independent of the County.

- The *Agency Funds* are custodial in nature and do not involve measurement of results of operations. Such funds are primarily to 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.

(b) Basis of Accounting

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 eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period, and recognized as revenue. The County considers items available if received within 9 months of year end, for voluntary non-exchange transactions such as federal and state grants. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when the payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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

(c) Capital Assets And Long-Term Debt

GASB 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the government-wide Statement of Net Assets.

(d) Due From Other Governments

At June 30, 2008, the General Fund accrued $171,001 of receivables from other governments, of which $151,629 was due from the State of California. Of the amount owed by the State, $24,587 was for Health Care Services, $57,526 was for Public Social Services, $53,503 was for motor vehicle license fees and sales tax monies, and the remaining $16,013 was for other services. The remaining amount of $19,372 was due from the federal government and other governmental agencies.

(e) Taxes, Accounts, and Loans Receivable

The $41,261 accounts receivable balance in the Business-Type Activities column of the statement of net assets at June 30, 2008 is due to the $212,399 accounts receivable of the Medical Center Fund, net of an allowance for doubtful accounts of $182,112, and the $6,988 accounts receivable of the Waste System Division Fund respectively. The $2,166 accounts receivable balance of the Fire Protection Districts – Ambulance Fund at June 30, 2008 is net of an allowance for doubtful accounts of $1,079. The accounts receivable balance of the Crestline Sanitation District Fund is $592 at June 30, 2008. The $4,674 accounts receivable balance of County Service Areas is net of allowance for doubtful accounts of $2,367. These funds are reflected as part of the enterprise funds on the statement of net assets.

The $103,037 taxes receivable balance in the Governmental Activities column of the statement of net assets at June 30, 2008 is net of an allowance of doubtful accounts of $1,088.

The $35,257 loans receivable balance in the Governmental Activities column of the statement is accrued. Of this amount, $31,843 was for Teeter advance receivable.

(f) Deferred Revenue

In the fund financial statements, governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2008, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows.

	Unavailable	Unearned	Total
Governmental Funds			
General Fund			
Developer Deposits	$ -	$ 13,790	$ 13,790
Property Tax Receivable	9,292	-	9,292
Due from governmental agencies	-	4,017	4,017
Nonmajor funds			
Property Tax Receivable	5,010	-	5,010
Due from governmental agencies	-	1,629	1,629
Total Governmental Funds	$ 14,302	$ 19,436	$ 33,738

(g) Cash and Cash Equivalents

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

(h) Investments

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

The County's investments and securities are reported at fair value based upon quoted market prices. Securities having no sales are valued based upon last reported bid prices. The County intends to either hold investments until maturity or until market values equal or exceed cost. The value of the various investments will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions.

(i) Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and the fund financial statements.

(j) Property Taxes

The County levies, collects and apportions property taxes for all taxing jurisdictions within the County, including school and special districts. Property taxes are determined by applying approved rates to the assessed values of properties. The total 2007-08 gross assessed valuation of the County of San Bernardino was $123,798,336 (after deducting $52,097,767 for the redevelopment tax allocation increment and $1,803,535 for the homeowner's exemption value).

Article XIIIA 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. In the fund financial statements, property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year-end. Property taxes are recorded as deferred revenue when not received within sixty days after fiscal year-end. In the government – wide financial statements, property taxes are recorded as revenue when levied regardless of when the cash is collected.

(k) Capital Assets

Capital assets, which include property, plant, equipment, software and infrastructure assets (roadways, bridges, roadway signage, guardrails, drainage systems, traffic lights, dams, and flood control), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or developed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Infrastructure	10 to 100 years
Structure and improvements	Up to 45 years
Equipment	5 to 15 years
Software	5 to 10 years

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

(l) Employee Compensated Absences

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

(m) Interfund Transactions

Interfund transactions are reflected as 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 fund balance reserve account in applicable governmental funds 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.

(n) Land Held for Resale

The Redevelopment Agency has acquired several parcels of land as part of its primary purposes. The Agency records these parcels as land held for resale in its financial records. The properties are being carried in the Capital Project and Special Revenue funds at the lower of cost or estimated net realizable value, until such time as there is an event which would indicate an agreed-upon sales price. At June 30, 2008, the land held for resale is being carried at a cost of $14,657 (Special Revenue Funds at $9,170 and Capital Project Funds at $5,487) and is offset by a reservation of fund balance.

(o) Use of Estimates

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

(p) Implemented Accounting Pronouncements

Governmental Accounting Standards Board Statement No, 48

During fiscal year 2008, the County adopted the provision of Governmental Accounting Standard Board Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues.

Governmental Accounting Standards Board Statement No, 50

During fiscal year 2008, the County adopted the provision of Governmental Accounting Standard Board Statement No. 50, Pension Disclosures.

NOTE 3 – RESTATEMENT OF NET ASSETS

Flood Control District

Net Assets as of July 1, 2007 have been increased by $28,000 to record land received from the Agreement for Settlement and Mutual Release with Colonies Partners, L.P. that had been deeded to the district in the prior year. This also reflected an adjustment to the beginning balance of capital assets, not being depreciated – land as shown in Note 9.

County Service Areas

The beginning net assets of County Service Areas – Enterprise Funds, have been increased to correctly include the CSA 70 S-7 Lenwood Sewer System and its related debt, which had been capitalized and recorded as governmental activities. The limited obligation bonds were issued to provide funds for the sewer system in the prior year. The balance as of June 30, 2008 for the limited obligation bonds is reported properly as non-obligation debt in Note 11.

Fund Reclassification

The County evaluated its fiduciary funds and reclassified other agency funds that are to be accounted as investment trust funds.

Ending Net Asset balance for fiscal year 2007 is being restated by those prior period adjustments.

	Governmetal Funds	Nonmajor Enterprise Funds	Investment Trust
Beginning Fund Balances/Net Assets, as previously reported	$ -	$ 108,096	$ 2,265,988
County Service Areas	-	6,499	-
Investment Trust	-	-	107,542
Beginning Fund Balances/Net Assets, as restated	$ -	$ 114,595	$ 2,373,530

Restatements to the Government-Wide:

	Governmental Activities	Business Activities
Beginning Net Assets, as previously reported	$ 1,854,859	$ 193,289
Flood Control District	28,000	-
County Service Areas	(4,403)	6,499
Beginning Net Assets, as restated	$ 1,878,456	$ 199,788

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

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

	Total Governmental Funds (Page 46)	Long-Term Assets and Liabilities **(1)**	Internal Service Funds **(2)** (Page 49)	Eliminations	Statement of Net Assets Totals (Page 42)
ASSETS					
CASH AND CASH EQUIVALENTS	$ 933,943	$ -	$ 276,882	$ -	$ 1,210,825
INVESTMENTS	15,645	-	-	-	15,645
ACCOUNTS RECEIVABLE - NET	6,994	-	883	-	7,877
TAXES RECEIVABLE	103,037	-	-	-	103,037
INTEREST RECEIVABLE	6,088	-	-	(1,759)	4,329
LOANS RECEIVABLE	33,346	1,911	-	-	35,257
OTHER RECEIVABLES	139	-	-	-	139
DUE FROM OTHER FUNDS	50,330	-	1,626	(51,956)	-
DUE FROM OTHER GOVERNMENTS	192,660	-	791		193,451
INTERNAL BALANCES	-	-	-	17,674	17,674
LAND HELD FOR RESALE	14,657	-	-	-	14,657
INVENTORIES	555	-	3,226	-	3,781
PREPAID ITEMS	2,410	-	5,629	-	8,039
DEFERRED CHARGES	-	11,228	-	-	11,228
INTERFUND RECEIVABLE	18,911	-	-	(18,911)	-
RESTRICTED CASH AND INVESTMENTS	4,015	-	-	-	4,015
PREPAID PENSION ASSET	-	813,716	-	-	813,716
LAND	-	99,145	-	-	99,145
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE	-	1,865,941	7,872	-	1,873,813
EQUIPMENT	-	192,446	68,991	-	261,437
ACCUMULATED DEPRECIATION AND AMORTIZATION	-	(925,032)	(49,492)	-	(974,524)
DEVLEOPMENT IN PROGRESS	-	171,011	-	-	171,011
TOTAL ASSETS	$ 1,382,730	$ 2,230,366	$ 316,408	$ (54,952)	$ 3,874,552
LIABILITIES					
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	$ 46,148		$ 4,941	$ -	$ 51,089
SALARIES AND BENEFITS PAYABLE	83,743	-	2,510	-	86,253
DUE TO OTHER FUNDS	33,773	-	1,309	(35,082)	-
DUE TO OTHER GOVERNMENTS	94,271	-	27		94,298
INTEREST PAYABLE	1,759	15,033	-	(1,759)	15,033
DEFERRED REVENUE	33,738	(3,657)	2,430	-	32,511
INTERFUND PAYABLE	16,111	-	2,000	(18,111)	-
COMPENSATED ABSENCES PAYABLE	-	132,191	4,464	-	136,655
COP BONDS AND NOTES PAYABLE	-	1,541,554	-	-	1,541,554
CAPITAL LEASE OBLIGATIONS	-	1,606	21	-	1,627
OTHER LONG TERM LIABILITIES	-	8,554	-	-	8,554
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	-	149,321	-	149,321
SPECIAL ITEM - LITIGATION SETTLEMENT PAYABLE	-	-	-	-	-
DEFERRED AMOUNT ON REFUNDING	-	(10,926)	-	-	(10,926)
PREMIUM	-	5,629	-	-	5,629
DISCOUNT	-	(273,218)	-	-	(273,218)
TOTAL LIABILITIES	$ 309,543	$ 1,416,766	$ 167,023	$ (54,952)	$ 1,838,380
FUND BALANCE/NET ASSETS	1,073,187	813,600	149,385	-	2,036,172

(1)	Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds.		
	Land	$ 99,145	
	Structures, Improvements, and Infrastructure	1,865,941	
	Equipment	192,446	
	Accumulated Depreciation and Amortization	(925,032)	
	Development in Progress	171,011	
			$ 1,403,511
(1)	Other long-term assets that are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		16,796
(1)	Prepaid Pension Asset		813,716
(1)	Interest Payable		(15,033)
(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	(132,191)	
	COP Bonds and Notes Payable	(1,541,554)	
	Capital Lease Obligations	(1,606)	
	Other Long Term Liabilities	(8,554)	
	Deferred Amount on Refunding	10,926	
	Premium	(5,629)	
	Discount	273,218	
			(1,405,390)
			$ 813,600
(2)	Internal service funds that are used by management to charge the costs of general services, telephone services, computer operations, vehicle services, risk management, and flood control equipment to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.		$ 149,385

(1) GASB 34 Conversion Entries
(2) Internal Service Funds as part of Governemtal Activities

NOTE 5 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

(a) Budgetary Information

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

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

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

(b) Excess of Expenditures Over Appropriations

For fiscal year 2007-08, there were no instances in which expenditures exceed appropriations.

(c) Net Deficits of Individual Funds

For fiscal year 2007-08, there were no instances in which a net deficit incurred.

(d) Reconciliation of Budgetary Basis to GAAP Basis

The annual County Budget is prepared, approved and adopted in accordance with provisions of the County Budget Act. In preparing the budget, the County utilizes a basis of accounting which is different from the basis prescribed by generally accepted accounting principles (“GAAP”).

The accompanying General Fund Statement of Revenues, Expenditures, and Changes in Fund 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	$ 507,565
Outstanding encumbrances for budgeted funds	23,355
Fund balance - GAAP basis	$ 530,920

Net Assets/Fund Balances

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

- *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets as well as any premium or discount paid on debt reduce the balance in this category.

- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulation of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Examples of restricted net assets include federal and state grants that are restricted by grant agreements for specific purposes and restricted cash set aside for debt service payments. At June 30, 2008, the County reported restricted net assets of $737,112 restricted for the following purposes:

Restricted for:	Amount
Legally segregated special revenue funds for grants and other purposes	$ 376,379
Debt Service	82,137
Capital project funds	131,934
Permanent funds	631
State Realignment Funds	146,031
	$ 737,112

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

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

Fund balances which are not available for appropriation at June 30, 2008 are reserved or designated for the following purposes:

Reserved Fund Balance

	Governmental Activities		
	General Fund	Nonmajor Funds	Total
Encumbrances	$ 23,355	$ 61,612	$ 84,967
Prepaid Items	2,310	100	2,410
Noncurrent Interfund Receivables	18,511	400	18,911
Debt Service	-	33,323	33,323
Land Held For Resale	-	14,657	14,657
Inventories	424	131	555
Loans Receivable	32,848	-	32,848
Teeter Plan	15,942	-	15,942
Total	$ 93,390	$ 110,223	$ 203,613

Designated Fund Balance

	General Fund
General Purpose	$ 59,733
Medical Center Debt Service	32,075
Justice Facilites	141
West Valley Maximum Security	17,885
Future Retirement Rate	38,600
Teeter Plan	1,806
Restitution	1,790
Moonridge Zoo Expansion	5,750
Insurance	3,000
Electronic Voter System	370
Capital Projects	4,000
Business Process Improvement	4,390
Jail Expansion	21,500
Future Space Needs	37,713
Total Designated Fund Balance	$ 228,753

NOTE 6 – CASH AND INVESTMENTS

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

State law now requires that all operating monies of the County, school districts, and board-governed special districts be held by the County Treasurer. The net asset value associated with legally mandated participants in the asset pool was $4,125,559 at June 30, 2008.

As of June 30, 2008, the fair value of the County Pool was $4.44 billion. Approximately 8% of the County pool is attributable to the County General Fund, with the remainder of the balance comprised of other County funds, school districts and special districts. Additionally, as of June 30, 2008, $209,520 of the amounts deposited in the County pool was attributable to depositors who are not required to, but choose to, invest in the County pool. These include independent special districts, State Trial Court, and other governmental agencies. The deposits held for both involuntary and voluntary entities are reported in the Investment Trust Fund.

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

The County has not produced or provided any letters of credit or legal binding guarantees as supplemental support of Pool values during the year ended at June 30, 2008.
The Pool provides monthly reporting to both the Board of Supervisors and the County Treasury Oversight Committee who also review and approve 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 2008 was 4.53%.

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

Investment Type	Cost	Fair Value	Interest Rate Range	Maturity Range	Average Maturity
U.S. Treasury Securities	$ 14,984	$ 15,058	3.36%	10/15/08	107
U.S. Government Agencies	2,496,871	2,501,610	2.49% - 5.53%	7/9/08 - 4/18/11	533
Negotiable Certificates of Deposit	781,725	780,075	2.38% - 3.02%	7/1/08 - 2/27/09	66
Commercial Paper	525,246	528,556	2.36% - 2.91%	7/1/08 - 11/28/08	37
Corporate Notes	197,502	194,780	2.72% - 5.69%	8/15/08 - 1/4/09	373
Money Market Mutual Funds	215,000	215,000	2.53%	7/1/08	1
Repurchase Agreements	100,000	100,000	2.57%	7/1/08	1
Total Treasurer's Pooled Investments	4,331,328	4,335,079			
Investments Controlled by Fiscal Agents:					
Money Market Funds	19,403	19,403			
Mutual Funds	17,187	17,187			
Guaranteed Investment Contracts	35,918	35,918			
U.S. Treasury Securities	82,612	82,612			
U.S. Agency Discount Notes	6,581	6,581			
Total Investments Controlled by Fiscal Agents	161,701	161,701			
Total Investments	**$ 4,493,029**	**$ 4,496,780**			
Cash in Banks:					
Non-Interest Bearing Deposits		54,452			
Total Cash and Investments		**$ 4,551,232**			

INVESTMENTS AUTHORIZED BY DEBT AGREEMENT

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 and Revenue Bond indentures specify the types of securities in which proceeds may be invested as well as any related insurance, collateral, or minimum credit rating requirements. Although requirements may vary between debt issues, money market funds are all required to be investment grade. Guaranteed investment contracts are required to be acceptable to the municipal bond insurer. The fair value of investments is based on the valuation provided by trustee banks.

INVESTMENT CREDIT RISK

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

California Law and San Bernardino County Treasury Pool Investment Policy (where more restrictive) place limitations on the purchase of investments in the County Pool. Purchases of

commercial paper and negotiable certificates of deposit are restricted to the top two ratings issued by a minimum of two of three nationally recognized statistical rating organizations (NRSRO's). For an issuer of short-term debt, the rating must be no less than A-1 (S&P), P-1 (Moody's), or F-1 (Fitch) while an issuer of long-term corporate debt must have a minimum letter rating of "AA". Federal Agency notes and bonds, municipal notes and bonds, and money market mutual funds must have a minimum letter rating of "AAA". Limits are also placed on the maximum percentage investment by sector and by individual issuer (see schedule). As of June 30, 2008, all investments held by the County Pool were within policy limits.

CONCENTRATION OF CREDIT RISK

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

GASB Statement No. 40 requires disclosure of investments by amount and issuer that represent five-percent or more of total investments held. This requirement excludes investments issued or explicitly guaranteed by the United States Government, investments in mutual funds, external investment pools, and other pooled investments. As of June 30, 2008, the following issuers represented more than five-percent of the County Pool balance:

Issuer	Fair Value	% of Portfolio
FNMA	$ 764,170	17.63
FHLB	714,683	16.49
FHLMC	576,214	13.28
FFCB	446,543	10.30

INTEREST RATE RISK

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

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

The County manages its exposure to interest rate risk by carefully matching cash flows and maturing positions to meet expenditures, limiting 40% of the County Pool to maturities of one year or less, and by maintaining an overall *effective duration* of 1.5 years or less. *Duration* is a measure of a fixed income's cash flow using present values, weighted for cash flows as a percentage of the investments full price. *Effective duration* makes assumptions regarding the most likely timing and amounts of variable cash flows arising from such investments as callable bonds.

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, 2008, all investments held by the County Pool were within policy limits. A summary of investments for Maturity Range, Limits, and effective duration is as follows:

Investment Type	Fair Value	Maturity Range (Days)	Maturity Limits	Effective Duration
U.S. Treasury Securities	$ 15,058	107	5 Years	0.29
U.S. Government Agencies	2,501,610	9 - 1,022	5 Years	1.28
Negotiable Certificates of Deposit	780,075	1 - 242	365 days	0.18
Commercial Paper	528,556	1 - 151	270 days	0.1
Corporate Notes	194,780	46 - 492	18 months	0.97
Money Market Mutual Funds	215,000	1	Daily Liq.	0.003
Repurchase Agreements	100,000	1	180 days	0.003
Total Securities	$ 4,335,079			

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 are uncollateralized.

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

As of June 30, 2008, the carrying amount of the County's deposits was of $54,452 and the corresponding bank balance was $96,597. The difference of $42,145 was primarily due to outstanding warrants, wires and deposits in transit. Of the bank balance, $200 was insured by the FDIC depository insurance and $96,397 was uncollateralized and not insured by FDIC depository insurance.

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 versus payment basis with a third-party custodian and registered in the County's name. All counterparties to repurchase agreements must sign a TBMA Master Repurchase Agreement

and/or Tri-Party Repurchase Agreement before engaging in repurchase agreement transactions.

Investment Type	S&P Rating	Moody's Rating	Fitch Rating	Maximun Allowed % of Portfolio	Individual Issuer Limitations	% of Pool 06/30/08
U.S. Treasury Securities	AAA	Aaa	AAA	100	None	0.30
U.S. Government Agencies	AAA	Aaa	AAA	75	None	57.70
Negotiable Certificates of Deposit	A1+	P1	F1+	30	$100MM	18.00
Commercial Paper	A1+	P1	F1+	40	10$	12.20
Corporate Notes	AA	Aa1	AA+	10	$50MM	4.50
Money Market Mutual Funds	AAA	Aaa	AAA	15	10%	5.00
Repurchase Agreements	A1	P1	F1+	40	None	2.30

As of June 30, 2008, Cash and Investments are classified in the accompanying financial statements as follows:

	Total Governmental Activities	Total Business-type Activities	Total Fiduciary Funds	Discretely Presented Component Unit	Total
Cash and Investments	$ 1,226,470	$ 118,905	$ 2,925,623	$ 99,597	$ 4,370,595
Restricted Cash and Investments	4,015	176,622	-	-	180,637
Total Cash and Investments	**$ 1,230,485**	**$ 295,527**	**$ 2,925,623**	**$ 99,597**	**$ 4,551,232**

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2008:

Statement of Net Assets	
Equity of internal pool participants	$ 1,717,967
Equity of external pool participants:	
Voluntary	209,520
Involuntary	2,407,592
Total Net Assets held for pool participants	$ 4,335,079

Statement of Changes in Net Assets	
Net Assets at July 1, 2007	$ 3,964,496
Net change in investments by pool participants	370,583
Net Assets at June 30, 2008	$ 4,335,079

NOTE 7 – INTERFUND TRANSACTIONS

Interfund Receivables and Payables have been eliminated in the government-wide financial statements to minimize the grossing-up effect on assets and liabilities within the governmental and business type activities, except for internal balances that are residual amounts due between the governmental and business-type activities.

Due to/from other funds at June 30, 2008 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 18,595
	Medical Center	17,997
	Waste Systems Division	710
	Internal Service Funds	269
		37,571
Nonmajor Governmental Funds	General Fund	7,477
	Nonmajor Governmental Funds	4,754
	Nonmajor Enterprise Funds	264
	Internal Service Funds	50
	Waste System Divison	17
	Medical Center	197
		12,759
Medical Center	General Fund	2,222
	Nonmajor Governmental Funds	95
		2,317
Waste Systems Division	Nonmajor Governmental Funds	24
		24
Nonmajor Enterprise Funds	General Fund	66
	Nonmajor Governmental Funds	34
		100
Internal Service Funds	General Fund	325
	Nonmajor Governmental Funds	181
	Medical Center	129
	Waste Systems Division	1
	Internal Service Funds	990
		1,626
Total		$ 54,397

The amount from the Medical Center to the General Fund is primarily due to repayment of the realignment advance.

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

Interfund Receivable/Payable at June 30, 2008 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Internal Service Funds	$ 2,000
	Nonmajor Governmental Funds	15,711
	Nonmajor Enterprise Funds	800
		18,511
Nonmajor Governmental Funds	Nonmajor Governmental Funds	400
		400
Total		$ 18,911

The payable amount from non-major governmental funds to the General Fund is primarily the result of an interfund advance to County Service Areas and the Redevelopment Agency to fund various capital projects and operations.

Transfers To/From Other Funds for the year ended June 30, 2008 are as follows:

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

(a) Between Governmental and Business-type Activities:

Transfer From	Transfer To	Amount
General Fund	Medical Center	$ 59,219
	Nonmajor Enterprise Funds	66
	Waste System Division	3,300
		62,585
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	1,110
		1,110
Waste Systems Division	Nonmajor Governmental Funds	304
		304
Medical Center	Nonmajor Governmental Funds	6,846
	General Fund	3,754
		10,600
Nonmajor Enterprise Funds	General Fund	15
	Nonmajor Governmental Funds	3,362
		3,377
Total		$ 79,500

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

General Fund	Nonmajor Governmental Funds	$ 116,027
	Internal Service Funds	3,343
		119,370
Internal Service Funds	Nonmajor Governmental Funds	1,524
		1,524
Nonmajor Governmental Funds	General Fund	59,758
	Nonmajor Governmental Funds	47,076
	Internal Service Funds	5
		106,839
Total		$ 226,209

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

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

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

NOTE 8 – RESTRICTED CASH AND INVESTMENTS

Cash and cash equivalents that are restricted by legal or contractual requirements at June 30, 2008 are comprised of the following:

Special Revenue Funds

Flood Control District:

The Flood Control District has set aside a total of $4,015 of which $114 is to be used per loan agreement for the Etiwanda / San Sevaine construction project, and the amount of $3,901 is to be used for debt service payments.

Enterprise Funds

Medical Center:

Restricted cash and cash equivalents of $61,196 represent funds set aside for debt service payments.

Waste System Division:

Restricted cash and cash equivalents of $115,426 represent funds set aside as specified by bond covenants and for groundwater detection, treatment and remediation, and for State mandated site closure and maintenance costs.

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

Primary Government

	Balance July 1, 2007, as restated	Additions	Decreases	Balance June 30, 2008
Governmental Activities				
Capital assets, non-depreciable:				
Land, as restated	$ 95,868	$ 3,433	$ 156	$ 99,145
Development in progress, as restated	169,217	50,716	48,922	171,011
Total assets, non-depreciable	265,085	54,149	49,078	270,156
Capital Assets, depreciable:				
Improvements other than Buildings	163,533	16,193	752	178,974
Structures and Improvements	560,161	20,746	338	580,569
Equipment	248,671	33,618	20,852	261,437
Infrastructure	1,081,835	32,435	-	1,114,270
Total assets-depreciable	2,054,200	102,992	21,942	2,135,250
Less accumulated depreciation for :				
Improvements other than Buildings	74,575	7,075	5	81,645
Structures and Improvements	165,288	13,575	34	178,829
Equipment	153,442	27,979	18,669	162,752
Infrastructure	527,719	23,579	-	551,298
Total accumulated depreciation	921,024	72,208	18,708	974,524
Total capital assets, depreciable, net	1,133,176	30,784	3,234	1,160,726
Governmental activities capital assets, net	$ 1,398,261	$ 84,933	$ 52,312	$ 1,430,882
Business-type Activities				
Capital assets, non-depreciable:				
Land	$ 21,603	$ 93	$ 341	$ 21,355
Development in progress, as restated	26,789	25,744	11,803	40,730
Total assets, non-depreciable	48,392	25,837	12,144	62,085
Capital Assets, depreciable:				
Improvements other than Buildings	241,053	9,590	25,584	225,059
Structures and Improvements	514,464	37	643	513,858
Equipment	107,066	5,218	567	111,717
Total capital assets-depreciable	862,583	14,845	26,794	850,634
Less accumulated depreciation for :				
Improvements other than Buildings	134,798	8,845	11,864	131,779
Structures and Improvements	110,929	12,932	202	123,659
Equipment	88,501	6,885	536	94,850
Total accumulated depreciation	334,228	28,662	12,602	350,288
Total capital assets, depreciable, net	528,355	(13,817)	14,192	500,346
Business-type activities capital assets, net	$ 576,747	$ 12,020	$ 26,336	$ 562,431

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	$ 13,128
Public Protection	29,282
Public Ways and Facilities	22,825
Health and Sanitation	608
Public Assistance	2,458
Education	249
Recreation and Cultural Services	3,658
Total depreciation expense - governmental functions	$ 72,208

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

Medical Center	$ 19,016
Waste Systems Divison	6,662
Crestline Sanitation	548
County Service Areas	2,430
Fire Protection	6
Total depreciation expense - business type functions	$ 28,662

Development in Progress

Development in Progress consists of the following projects	Governmental Activities	Business-Type Activities
Flood Control Projects	66,063	-
Other County Projects	104,948	40,730
Total	$ 171,011	$ 40,730

Discretely Presented Component Unit

Activity for the FIRST 5 of San Bernardino for the year ended June 30, 2008, was as follows:

	Balance July 1, 2007	Additions	Decreases	Balance June 30, 2008
Capital assets, being depreciated:				
Furniture and Computer Equipment	$ 301	$ 9	$ 8	$ 302
Less accumulated depreciation for:				
Furniture and Computer Equipment	192	26	5	213
District capital assets, net	$ 109	$ (17)	$ 3	$ 89

NOTE 10 – SELF INSURANCE

The County has self-insurance programs for public liability, property damage, unemployment insurance, employee dental insurance, hospital and medical malpractice liability and workers' compensation claims. Public liability claims are self-insured for up to $1 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to $35 million is provided through a Risk Pool Agreement with California State Association of Counties (CSAC) Excess Insurance Authority ("EIA") Liability Program II. Workers' compensation claims are self-insured up to $2 million per occurrence and covered by CSAC EIA for up to $10 million for employer's liability and up to $50 million for workers' compensation per occurrence. Property damage claims are insured on an occurrence basis over a $25 thousand deductible, and insured with CSAC EIA Property Program.

The County supplements its self-insurance for medical malpractice claims with CSAC EIA, which provides annual coverage on a claim made form basis with an SIR of $1 million for each claim. Maximum coverage under the policy is $11.5 million per claim with an additional $10 million in limits provided by the CSAC EIA General Liability II Program.

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

The activities related to such programs are accounted for in the Department except for unemployment insurance and employee dental insurance, which are accounted for in the General Fund. The IBNR (Incurred But Not Reported) and IBNS (Incurred But Not Settled) liabilities stated on the Department's balance sheet are based upon the results of actuarial studies, and include amounts for allocated and unallocated loss adjustment expenses. The liabilities for these claims are reported using a discounted rate of 2.75%. It is the Department's practice to obtain actuarial studies on an annual basis.

The total claims liability of $149.3 million reported at June 30, 2008 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. The amounts of insurance settlements have not exceeded insurance coverage for each of the last three years.

Changes in the claims liability amount in fiscal years 2007 and 2008 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-end
2006-07	$127,233	$34,312	($31,862)	$129,683
2007-08	$129,683	$51,702	($32,064)	$149,321

NOTE 11 – LONG TERM DEBT

Primary Government

The following is a summary of long-term liability transactions for the year ended June 30, 2008:

	Balance July 1, 2007 as restated	Additions	Reductions	Ending Balance June 30, 2008	Due Within One Year
Governmental Activities					
Certificates of Participation, net	$ 186,959	$ 12,480	$ 27,415	$ 172,024	$ 13,965
Revenue Bonds, net	457,038	21,549	27,450	451,137	25,495
Other Bonds and Notes	649,062	195,324	204,508	639,878	3,025
Compensated Absences	126,290	91,748	81,383	136,655	79,110
Capital Lease Obligation	4,010	127	2,510	1,627	801
Estimated Liability for Litigation and Self -Insured Claims	129,683	51,702	32,064	149,321	39,640
Other Long-Term Liabilities, as restated	9,290	-	736	8,554	740
Total Governmental Activities - Long-term Liabiliites	$ 1,562,332	$ 372,930	$ 376,066	$ 1,559,196	$ 162,776
Business-type Activities					
Certificates of Participation, net	$ 589,367	$ 75,279	$ 100,905	$ 563,741	$ 36,225
General Obligation Bonds	1,815	-	120	1,695	175
Notes	6,399	-	3,428	2,971	148
Compensated Absences	9,943	10,715	9,738	10,920	8,333
Capital Lease Obligation	4,136	320	1,705	2,751	1,351
Estimated Liability for Closure/ Postclosure Care Costs	94,419	7,583	1,413	100,589	8,214
Total Business-type Activities - Long-term Liabilities	$ 706,079	$ 93,897	$ 117,309	$ 682,667	$ 54,446

In April 2008, the County of San Bernardino issued $160,900 in Pension Obligation Refunding Bonds (POB), Series 2008 (the "Series 2008 Bonds"). The Series 2008 Bonds were issued to refund a portion of the1995 POB ($2,940) and the 2004 POB, Series A ($5,160), and all of the outstanding $149,825 POB, Series 2004 B. Interest on the Series 2008 Bonds will be payable semiannually, commencing on August 1, 2008 with an interest rate at 6.020%. Although the defeasance resulted in the recognition of an accounting loss of $2,154 for the year ended June 30, 2008, the County has potentially reduced its debt requirement by $102,745. This results in an economic gain (difference between the present value of debt service payments in the old and new debt) of $70,770.

In April 2008, the San Bernardino County Flood Control issued Refunding Bonds, Series 2008, in the amount of $37,295 to refund all of the District's outstanding $45,000 Judgment Obligation Bonds, Series B, which were issued to refund a portion of certain obligations of the district under a settlement agreement relating to an inverse condemnation action against the District. Interest on the Refunding Bonds, Series 2008 is paid at a Weekly Rate mode, and is payable on the first Business Day of each calendar month, commencing May 1, 2008. As a result of the advance refunding, the District decreased its overall debt service by approximately $18,564 which resulted in an economic gain (difference between the present value of debt service payments in the old and new debt) of $3,059 although the defeasance resulted in the recognition of an accounting loss of $723 for the year ended June 30, 2008.

In April 2008, the County of San Bernardino issued Refunding Certificates of Participation, Series 2008 A in the amount of $8,860 and Series 2008 B in the amount of $80,085. The Series 2008 A & B Certificates have a final maturity date of May 1, 2024 with interest paid monthly, computed at a weekly variable interest rate. The proceeds of the Series 2008 A and $5,695 of the Series 2008 B Certificates of Participation were used to refund the outstanding principal of $8,100 on the Glen Helen Blockbuster Series A Certificates issued in 2003 and the outstanding principal of $5,200 on the Glen Helen Blockbuster Series B Certificates issued in 2003. The defeasance resulted in an accounting loss of $2,866 which the County will amortize over the period of maturity of the 2008 Series A & B Certificates. As a result of the advance refunding, the County has potentially reduced its debt requirements by $470,253. This results in an economic gain (difference between the present value of debt service payments in the old and new debt) of $296.

From the above mentioned 2008 B Certificates of Participation issued in April 2008, proceeds of $74,390 were used to refund the outstanding principal of $67,975 on the Solid Waste Financing Series B Certificates issued in 2003. The defeasance resulted in an accounting loss of $1,359 which the County will amortize over the period of maturity of the 2008 Series B Certificates. As a result of the advance refunding, the County has potentially increased its debt requirements by $1,173. This results in an economic gain (difference between the present value of debt service payments in the old and new debt) of $628.

Other Long-Term Liabilities include $1,911 for the Day Creek Project; $6,000 relating to the San Timoteo Creek Project; and $643 relating to the Wrightwood Road Paving project.

In October 1986, the Flood Control District entered into a loan agreement with the Federal Government for construction of the Day Creek Project for $13,400. A subsequent agreement between the County (on behalf of the District) and the City of Rancho Cucamonga Redevelopment Agency provides the terms and conditions for repayment of the loan. Payments

are reflected in the Flood Control District as other revenue (from the City of Rancho Cucamonga) and debt service-principal (to the Bureau of Reclamation). This agreement is to be in force approximately 24 years or until the project is complete and the federal loan is repaid. Payments commenced in 1992 and the remaining balance of the loan as of June 30, 2008, is $1,911.

At June 30, 2008, $6,000 is owed to the United States Army Corp of Engineers for the construction of the San Timoteo Creek Project. The $643 is owed to Desert Community Bank that provides for a ten-year revolving loan to finance a road paving project within the boundaries of County Service Area 70, Improvement Zone G (Wrightwood).

In governmental activities, the liability for compensated absences is mostly liquidated by the General fund.

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

Certificates of Participation	Interest Rates (%)	Issue Date	Maturity Date	Original Issue Amount	Outstanding as of 6-30-08
Capital Improvement Refinancing (1996)	Variable	06-21-96	11-01-25	$ 9,200	$ 7,100
County Center Refinancing (1996)	Variable	07-11-96	07-01-15	39,600	20,000
Public Improvement Project (1997)	3.85 to 5.00	10-01-97	10-01-25	17,790	11,930
West Valley Detention Center (2001 A)	4.00 to 4.60	10-25-01	11-01-18	8,365	7,635
West Valley Detention Center (2001 B)	3.50 to 4.00	10-25-01	11-01-12	42,075	25,305
Justice Center/Airport Improvement	3.00 to 5.00	03-01-02	07-01-16	68,100	47,270
West Valley Detention Center (2002 A)	4.50 to 5.25	08-06-02	11-01-18	44,480	43,355
Glen Helen Blockbuster (2008 A)	Variable	04-16-08	03-01-24	8,860	8,860
Glen Helen Blockbuster (2008 B)	Variable	04-16-08	03-01-24	5,695	5,695
Subtotal					177,150
Deferred Amount on Refunding:					
West Valley Detention Center (2001 B)					(1,640)
Justice Center/Airport Improvement					(1,476)
West Valley Detention Center (2002 A)					(1,949)
Glen Helen Blockbuster (2008 A & B)					(2,836)
Premium(Discounts):					
West Valley Detention Center (2001 B)					667
Justice Center/Airport Improvement					978
West Valley Detention Center (2002 A)					1,130
Net Certificates of Participation					172,024
Revenue Bonds					
Pension Obligation Bonds (1995)	5.68 to 7.72	11-22-95	08-01-21	386,266	705,985
Courthouse Project Bonds (2007)	5.10 to 5.50	06-29-07	06-31-37	18,370	18,370
Subtotal					724,355
(Discounts):					
Pension Obligation Bonds (1995)					(273,218)
Net Revenue Bonds					451,137
Other Bonds and Notes					
County Library Note	3.41	07-18-01	02-01-31	1,982	1,714
Pension Obligation Bonds (2004)	Fixed/Variable	06-24-04	08-01-23	463,895	301,595
San Sevaine Redevelopment (2005 A)	4.00 to 5.00	11-30-05	09-01-35	58,275	56,345
Flood Control District:					
Judgment Obligation Bonds (Series A)	4.375 to 5.00	05-30-07	08-01-29	58,355	58,355
Refunding Bonds (Series 2007)	4.00 to 5.00	05-29-07	08-01-21	23,845	23,845
Refunding Bonds (Series 2008)	Variable	04-16-08	08-01-37	37,295	37,295
Pension Obligation Refunding Bonds (2008)	6.02	04-16-08	06-30-24	160,900	160,900
Subtotal					640,049
Deferred Amount on Refunding:					
San Sevaine Redevelopment (2005 A)					(148)
Flood Control - Refunding Bonds (Series 2008)					(723)
Pension Obligation Refunding Bonds (2008)					(2,154)
Premium(Discounts):					
San Sevaine Redevelopment (2005 A)					1,164
Flood Control District:					
Judgment Obligation Bonds (Series A)					404
Refunding Bonds (Series 2007)					1,286
Net Other Bonds and Notes					639,878
Total Bonds And Notes Payable, Governmental Activities					$ 1,263,039

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

Medical Center	Interest Rates (%)	Issue Date	Maturity Date	Original Issue Amount	Outstanding as of 6-30-08
Certificates of Participation:					
Medical Center Project (Series 1994)	4.60 to 7.00	02-01-94	08-01-28	$ 283,245	$ 178,800
Medical Center Project (Series 1995)	4.80 to 7.00	06-01-95	08-01-22	363,265	102,255
Medical Center Project (Series 1996)	5.00 to 5.25	01-01-96	08-01-28	65,070	65,070
Medical Center Project (Series 1997)	4.30 to 5.50	09-01-97	08-01-08	121,095	16,410
Medical Center Project (Series 1998)	4.1895	10-22-98	08-01-26	176,510	176,510
					539,045
Less:					
Deferred Amount on Refunding					(34,237)
Discounts					(12,186)
Subtotal					492,622
Waste Systems Division					
Certificates of Participation:					
Solid Waste Financing (Series 2008 B)	Variable	04-16-08	03-01-24	74,390	74,390
Less:					
Deferred Amount on Refunding					(3,271)
Subtotal					71,119
Net Certificates of Participation					563,741
County Service Areas					
General Obligation Bonds:					
Spring Valley Lake Sewer Facilities:					
Series A	6.50 to 6.75	02-15-72	02-15-02	1,300	15
Series B	6.10 to 6.15	04-01-74	04-01-04	1,000	15
Helendale Sewer Facilities:					
Series A	5.00	06-01-78	06-01-98	1,550	5
Helendale Water Facilities:					
Series B	7.00	09-01-82	06-01-97	1,450	5
Pinon Hills Water Distribution:					
Series A	5.00	03-01-78	03-01-18	1,708	770
Series B	5.00	03-01-78	03-01-18	275	100
Series C	9.00 to 11.00	11-01-84	03-01-05	1,518	5
Landers Water Distribution System	5.00	06-01-79	06-01-19	1,540	775
Oak Hills Water Distribution Facilities	7.00	09-01-74	09-01-94	750	5
General Obligation Bonds					1,695
Notes Payable:					
Crestline Sanitation District (Loan)	1.719	01-01-97	03-01-18	2,160	984
Oak Hills Water (Loan)		11-25-03	08-25-33	2,150	1,987
Notes Payable					2,971
Total Business-type Activities					$ 568,407

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

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

The Certificates of Participation contain certain bond covenants, which are deemed by the County to be duties imposed by law. The County must include the applicable lease-purchase payments due each year in its annual budget and make the necessary appropriations. The County is also covenanted to maintain certain levels of liability, property damage, casualty, rental interruption and earthquake insurance in connection with each lease-purchase agreement. The County is in compliance with all significant financial restrictions and requirements as set forth in its various debt covenants.

In November 2005, the San Bernardino County Redevelopment Agency (the Agency) issued Tax Allocation Bonds, 2005 Series A (the 2005 Bonds) in the amount of $58,275 to provide funds for the acquisition and construction of various projects in the San Sevaine Redevelopment Project Area and to advance refund the 2000 Bonds. The 2005 Bonds are special obligations of the Agency and are payable solely from and secured by a pledge of tax increment revenues, and the pledged revenues will be available for other purposes upon repayment of the total debts. The 2005 Bonds will be matured on September 1, 2035.

The debt service schedule for the current fiscal year required principal and interest payments totaling $3,759, and the total tax increment revenues received during the fiscal year totaled $13,984. Tax increment revenues are projected to produce 100 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is $104,286. Interest is payable semi-annually at interest rates from 4.0% percent to 5.0% percent starting March 1, 2006. The 2005 Bonds maturing after September 1, 2015, are not subject to optional redemption prior to maturity. The 2005 Bonds maturing after September 1, 2016, are subject to redemption at the option of the agency.

In prior years, the County has defeased certain Certificates of Participation by placing the proceeds of new certificates in an irrevocable trust to provide for all future debt service payments on the old certificates. Accordingly, the trust account assets and the liability for the defeased certificates are not included in the County's basis financial statements. At June 30, 2008, approximately $61,070 of outstanding debt is considered defeased.

In November1995, one of the joint powers authorities issued Revenue Bonds for the purpose of enabling the County to finance outstanding pension indebtedness.

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

The prior fiscal years and current fiscal year Surcharge Revenues were more than the required scheduled annual principal and interest payments. The debt service schedule for the current fiscal year only required interest payments totaling $920. The total Surcharged Revenues received during the fiscal year totaled $2,503. Surcharge Revenues are projected to produce 150 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is $37,055. Interest is payable semi-annually at interest rates from 5.10 percent to 5.50 percent starting December 1, 2007. The bonds are not subject to optional redemption prior to maturity; $3,100 is expected to mature on June 17, 2017, and $15,270 is expected to mature on June 1, 2037.

The total net outstanding balance of the Revenue Bonds at June 30, 2008 is $451,137.

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

The Bonds have various maturity dates ranging from: 2005 to 2018 for Fixed Rate bonds; 2004 to 2023 for Auction Rate Bonds; 2004 to 2023 for Index Bonds. Series 2004 A Fixed Rate Bonds has fixed interest rates that range from 2.43% to 5.86%. As disclosed above in this Note 11, the Series 2004 B Pension Obligation Bonds were fully refunded in April 2008 by the issued Pension Obligation Refunding Bonds, Series 2008.

The following is a schedule of principal debt service requirements to maturity as of June 30, 2008 for bonds and notes payable in the governmental activities:

Years Ending June 30	Certificates of Participation	Revenue Bonds	Other Long-Term Debt	Total
2009	$ 13,965	$ 25,495	$ 3,025	$ 42,485
2010	14,550	32,475	11,647	58,672
2011	15,045	36,925	14,314	66,284
2012	15,215	41,830	16,906	73,951
2013	15,735	45,560	19,727	81,022
2014-2018	77,290	265,915	150,698	493,903
2019-2023	20,235	263,905	263,636	547,776
2024-2028	5,115	3,370	92,255	100,740
2029-2033		4,400	34,065	38,465
2034-2038		4,480	33,776	38,256
Total Principal	177,150	724,355	640,049	1,541,554
Plus Premium	2,775		2,854	5,629
Less:				
Deferred Amount on Refunding	(7,901)		(3,025)	(10,926)
Discount		(273,218)		(273,218)
Total Bonds and Notes Payable	172,024	451,137	639,878	1,263,039

The following is a schedule of interest expense requirements to maturity as of June 30, 2008 for bonds and notes payable in the governmental activities:

Years Ending June 30	Certificates of Participation	Revenue Bonds	Other Long-Term Debt	Total
2009	$ 6,688	$ 9,701	$ 27,971	$ 44,360
2010	6,204	7,602	30,768	44,574
2011	5,666	5,191	30,255	41,112
2012	5,123	2,424	29,482	37,029
2013	4,571	936	28,552	34,059
2014-2018	12,843	4,401	121,864	139,108
2019-2023	1,890	3,810	69,272	74,972
2024-2028	226	3,018	21,622	24,866
2029-2033		1,984	12,902	14,886
2034-2038		633	4,407	5,040
Total Interest	$ 43,211	$ 39,700	$ 377,095	$ 460,006

The following is a schedule of principal debt service requirements to maturity as of June 30, 2008 for bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Total
2009	$ 36,225	$ 175	$ 148	$ 36,548
2010	21,015	130	152	21,297
2011	22,550	140	155	22,845
2012	24,050	145	159	24,354
2013	25,480	150	162	25,792
2014-2018	140,960	860	868	142,688
2019-2023	132,745	95	413	133,253
2024-2028	170,795		481	171,276
2029-2033	39,615		433	40,048
Total Principal	613,435	1,695	2,971	618,101
Less:				
Deferred Amount on Refunding	(37,508)			(37,508)
Discount	(12,186)			(12,186)
Total Bonds and Notes Payable	$ 563,741	$ 1,695	$ 2,971	$ 568,407

The following is a schedule of interest expense requirements to maturity as of June 30, 2008 for bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Total
2009	$ 28,317	$ 82	$ 17	$ 28,416
2010	26,998	76	15	27,089
2011	25,853	69	14	25,936
2012	24,762	63	12	24,837
2013	23,716	55	11	23,782
2014-2018	100,709	157	26	100,892
2019-2023	68,314	5		68,319
2024-2028	30,800			30,800
2029-2033	972			972
Total Interest	$ 330,441	$ 507	$ 95	$ 331,043

Non-Obligation Debt

The County issues Single Family Mortgage Revenue Bonds to provide funds to purchase mortgage loans secured by first trust deeds on newly constructed and existing single-family residences. Additionally, the County issues Multi-Family Mortgage Revenue Bonds to finance the construction of multi-family apartment projects in the County. These programs assist persons and families of low and moderate income within the County to afford the costs of decent, safe and sanitary housing. The bonds will be payable solely from and secured by a pledge of payment received on the acquired mortgage loans, certain insurance with respect thereto, and other monies pledged under the bond resolution. Single Mortgage Revenue Bonds of $2,967 and Multi-Family Mortgage Revenue Bonds of $156,688 at June 30, 2008 do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

The County acts as an agent for the property owners benefited by the projects financed from special assessment bond proceeds, in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, if appropriate. Special assessment bonds of $2,404 at June 30, 2008 do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

Discretely Presented Component Units

Long-term liability transactions for FIRST 5 of San Bernardino for the year ended June 30, 2008, was as follows:

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
Compensated Absences	$ 96	$ 194	$ 197	$ 93	$ -

NOTE 12 – INTEREST RATE SWAP

(a) Medical Center Series 1998 A Certificates of Participation

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

Terms. The COPs and the related swap agreement mature on August 1, 2026, and the swap's notional amount of $176,510 matches the $176,510 variable-rate COPs. The swap was effective at the same time the COPs were issued on October 22, 1998. Starting in fiscal year 2008-09, the notional value of the swap and the principal amount of the associate debt will decline. Under the swap agreement, through August 1, 2005, the County pays Merrill Lynch a fixed rate of 4.1895 percent and Merrill Lynch pays the County an amount equal to the variable rate interest payable on the outstanding COPs. After August 1, 2005 the County pays Merrill Lynch Capital Services (MLCS), Inc. a fixed payment of 4.1895 percent and receives from Merrill Lynch a variable payment computed as 73 percent of the monthly London Interbank Offered Rate (LIBOR). Conversely, the COPs variable-rate coupons have historically been similar to the Bond Market Association Municipal Swap Index (BMA).

Fair Value. Because interest rates have increased since execution of the swap, the swap had a negative fair value of $12,637 as of June 30, 2008. The swap's negative fair value may be countered by a decrease in total anticipated future interest payments required under the variable-rate bonds, creating a lower synthetic interest rate. Because the coupons on the variable-rate series 1998 Certificates adjust to changing interest rates, the Series 1998 Certificates do not have a corresponding fair value decrease. The fair value was the quoted market price from Merrill Lynch & Co. at June 30, 2008.

Credit Risk. The swap counterparty was rated A2 by Moody's and A by Standard & Poor as of June 30, 2008. The swap agreement specifies that if the long-term senior unsecured debt rating of Merrill Lynch & Co. is withdrawn, suspended or falls below A- (Standard & Poor) or A3 (Moody's), a collateral agreement will be executed within 30 days or the swap agreement will terminate.

Basis Risk. The swap exposes the County to basis risk should the relationship between LIBOR and BMA converge, changing the synthetic rate on the Series 1998 Certificates. If a change occurs that results in the rates moving to convergence, the expected cost savings may not be realized. As of June 30, 2008, the BMA rate was 1.55 percent, the actual variable interest rate was 8.25 percent and 73 percent of LIBOR was 1.8 percent.

Termination Risk. The County or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the County if Merrill Lynch's credit quality rating falls below A- as issued by Standard & Poor or A3 by Moody's. If the swap is terminated, the variable-rate Series 1998 certificates would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the County would be liable to the MLCS for a payment equal to the swap's fair value.

Swap payments and associated debt. Using rates as of June 30, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rate remain the same for their term, were as follows. As rates vary, variable rate Series 1998 Certificates interest payments and net swap payments will vary.

	Variable-Rate Bonds		Interest Rate	
Fiscal Year	Principal	Interest	Swaps, Net	Total
2008/2009	$ 1,000	$ 14,521	$ 4,210	$ 19,731
2009/2010	1,100	14,434	4,185	19,719
2010/2011	1,200	14,339	4,157	19,696
2011/2012	9,200	13,910	4,033	27,143
2012/2013	9,600	13,135	3,808	26,543
2014-2028	154,410	101,420	29,404	285,234
	$ 176,510	$ 171,759	$ 49,797	$ 398,066

(b) Pension Obligation Series 2004 C Bonds

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

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

Fair Value. As of June 30, 2008, the swap had a negative fair value of $3,689. The swap's negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating a lower synthetic interest rate. Because the coupons on the variable-rate POBs adjust to changing interest rates, the POBs do not have a corresponding fair value decrease. The fair value was the quoted market price from GSMMDP at June 30, 2008.

Credit Risk. As of June 30, 2008, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the County would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty was rated Aaa by Moody's and AAA by Standard & Poor as of June 30, 2008. To mitigate the potential for credit risk, if the long-term senior unsecured debt rating of GSMMDP is withdrawn, suspended or falls below A (Standard & Poor) or A2 (Moody's), the fair value of the swap will be fully collateralized by the counterparty with U.S. Government securities. Collateral would be posted with a third-party custodian.

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

Swap payments and associated debt. The County will no longer pay the fixed swap rate of 6.3820 percent in accordance with a Novation Agreement, effective as of August 1, 2008. The County will pay the variable rate on the 2004 Series C index bonds computed as the monthly LIBOR, plus a LIBOR margin equal to 23 basis points (See Note 11 and 21).

Using rates as of June 30, 2008, debt service requirements of the variable rate debt payments, assuming current interest rate remain the same for their term, were as follow. As rates vary, variable –rate POB interest payments and net swap payments will vary.

	Variable-Rate Bonds		Interest Rate	
Fiscal Year	Principal	Interest	Swaps, Net	Total
2009	-	3,363	4,615	7,978
2010	-	3,363	4,615	7,978
2011	-	3,363	4,615	7,978
2012	-	3,363	4,615	7,978
2013	-	3,363	4,615	7,978
2014-2027	125,000	28,581	39,228	192,809
	$ 125,000	$ 45,396	$ 62,303	$ 232,699

NOTE 13 – LEASES

Capital Leases

The County has entered into certain capital lease agreements under which the related equipment will become the property of the County when all terms of the lease agreements are met.

Equipment and related accumulated amortization under capital lease are as follows:

	Governmental Activities	Business-type Activities
Asset:		
Equipment	$ 5,688	$ 10,306
Less: Accumulated depreciation	4,169	6,566
Total	$ 1,519	$ 3,740

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008, were as follows:

Year Ending June 30:	Governmental Activities	Business-type Activities
2009	$ 849	$ 1,436
2010	431	871
2011	264	474
2012	156	98
2013	12	19
Total Minimum Lease Payments	1,712	2,898
Less: Amount Representing Interest	(85)	(147)
Present Value of Minimum Lease Payments	$ 1,627	$ 2,751

Operating Leases

The following is a schedule by years of future minimum rental payments, principally for the General Fund, required under operating leases entered into by the County that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2008:

Year Ending June 30,	
2009	$ 30,683
2010	15,625
2011	9,995
2012	7,514
2013	4,673
2014-2021	4,014
Total Minimum Payments	$ 72,504

The County incurred rental expenditures of $37,911, principally in the General Fund, for the year ending June 30, 2008.

NOTE 14 – COLLATERIZED FACILITIES

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

Facilities	Beginning	Additions	Deletions	Ending
Foothill Law and Justice	$ 42,642	$ -	$ -	$ 42,642
Victorville Law Center	8,644	-	-	8,644
West Valley Detention Center	146,327	-	-	146,327
Courthouse & Annex	9,450	-	-	9,450
Mid-Valley Landfill	59,260	-	-	59,260
West Valley Juvenile Detention Center	5,077	-	-	5,077
Information Services Bldg	500	-	-	500
Central Jail	10,819	-	-	10,819
Offices and Bindery	4,247	-	-	4,247
Vehicle Services Garage	3,469	-	-	3,469
Coroner's Office	1,212	-	-	1,212
Child Care Facilities	1,400	-	-	1,400
Fontana Government Center	566	-	-	566
Fontana Government Center	2,274	-	-	2,274
Arrowhead Regional Medical Center	490,481	-	-	490,481
Hall of Records (New)	12,666	-	-	12,666
Hall of Records (Old)	2,054	-	-	2,054
Glen Helen Pavilion Ampitheather	26,174	-	-	26,174
Civic Center	5,117	-	-	5,117
Sheriff's Admin Bldg	13,416	-	-	13,416
County Gov Center	25,711	-	-	25,711
	$ 871,506	$ -	$ -	$ 871,506

NOTE 15 – MEDICARE AND MEDI-CAL PROGRAMS

The Medical Center provides services to eligible patients under Medi-Cal and Medicare programs. For the years ended June 30, 2008 and 2007, the Medi-Cal program represented approximately 33% and 34%, and the Medicare program represented approximately 15% and 16%, respectively, of the Medical Center's net patient service revenues. Medi-Cal inpatient services are reimbursed at contractually agreed-upon per diem rates and outpatient services are reimbursed under a schedule of maximum allowances. Medicare inpatient services are reimbursed based upon pre-established rates for diagnostic-related groups. Outpatient services and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost-reimbursement methodology. Final reimbursement is determined as a result of audits by the intermediary of annual cost reports submitted by the Medical Center. Reports on the results of such audits have been received through June 30, 2004 for Medicare and June 30, 2005 for Medi-Cal. Adjustments as a result of such audits are recorded in the year the amount can be determined.

NOTE 16 – CLOSURE AND POSTCLOSURE CARE COST

State Financial Assurance Mechanism regulations require landfill operators to set aside funds, or provide alternative funding mechanisms, to fund the closure and postclosure maintenance of landfills. The funding must be completed prior to the final date of closure. These regulations apply only to those landfills operating prior to 1989. The closure and postclosure care costs of other landfills not subject to these State regulations are funded separately in the Site Closure and Maintenance Fund.

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

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

LANDFILL	**Capacity Used**	***YEARS* Remaining**	***LANDFILL***	**Capacity Used**	***YEARS* Remaining**
Apple Valley	100%	Inactive	Milliken	100%	Inactive
Baker	100%	Inactive	Morongo Valley	100%	Inactive
Barstow	4%	100*	Needles	100%	Inactive
Big Bear	100%	Inactive	Newberry Springs	100%	Inactive
Colton	92%	4	Phelan	100%	Inactive
Hesperia	100%	Inactive	San Timoteo	37%	41
Landers	56%	5	Trona-Argus	100%	Inactive
Lenwood-Hinkley	100%	Inactive	Twentynine Palms	100%	Inactive
Lucerne Valley	100%	Inactive	Victorville	14%	39
Mid-Valley	30%	25	Yermo	100%	Inactive

The Barstow Landfill life of 100* years is based on the remaining planned capacity and the current rate of usage. The site is undergoing an expansion, other sites are expected to close, and Solid Waste anticipates an increase in population. These considerations support an estimated life of 100 years.

The landfill closure and postclosure care cost estimate of $187,165 and $131,555, respectively, are based upon the most recently submitted Closure/Postclosure Maintenance Plan documents filed with the State and Federal permitting agencies. If, at some future date, these closure cost estimates are adjusted (due to changes in inflation, technology, regulations, etc.), the County is required to make corresponding changes in the amount of funds deposited for closure.

Each year a portion of each landfill's estimated closure and postclosure cost is recognized as an expense and liability based upon the amount of capacity used during the year. The Mid-Valley landfill Unit 3 Phase 5B liner construction project increased capacity by 9,124,000 cubic yards due to expansion and adjusted in FY 07/08 increasing available capacity by 17,128,456 cubic yards. The Victorville landfill Phase 1A liner construction project increased capacity by 1,853,204 cubic yards due to expansion. The Colton landfill sliver fill area addition increased capacity by 1,200,000 cubic yards due to an increase in available airspace. The San Timoteo landfill sliver fill area addition increased capacity by 1,200,000 cubic yards due to an increase in available airspace. Barstow and Landers were adjusted in FY 07/08 increasing respective available capacities by 500,000 and 547,386.

As of June 30, 2008 the cumulative liability recorded by the County based upon individual landfill capacity usage was $189,118. The remaining $129,603 of estimated closure and postclosure costs will be recorded and funded as landfill capacity is used. Closure and postclosure related expenditures of $83,016 and $5,513 have been incurred through June 30, 2008, which reduced the landfill closure and postclosure liabilitites to $30,362 and $70,227.

The noncurrent closure and postclosure activity for the year ended June 30, 2008 includes the following:

	Beginning Balance	Increase (Decrease)	Ending Balance
Noncurrent Closure costs payable	$ 23,191	$ 7,171	$ 30,362
Noncurrent Postclosure costs payable	71,229	(1,002)	70,227
TOTAL	$ 94,420	$ 6,169	$100,589

In accordance with a Pledge of Revenue Mechanism adopted by the County of San Bernardino Board of Supervisors on August 30, 1994, Solid Waste has pledged tipping fees and interest revenue to fund the post-closure maintenance costs as needed. Total tipping fees received in the current year were $56,371,712 and postclosure expenditures were $1,413,682. Each landfill site's maintenance costs are budgeted annually following the Closure and Post-Closure Maintenance Plan as approved by the CIWMB. The term for each landfill site funding requirements is 30 years starting with the date of closure as certified by the State.

NOTE 17 – RETIREMENT PLAN

Plan Description

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

Fiduciary Responsibility

SBCERA is controlled by its own board, the Retirement Board, which acts as a fiduciary agent for the accounting and control of member and employee contributions and investment income. SBCERA publishes its own Comprehensive Annual Financial Report and receives a separate independent audit. SBCERA is also a legally separate entity from the County and not a component unit. For these reasons, the County's Comprehensive Annual Financial Report excludes SBCERA pension trust fund as of June 30, 2008.

Funding Policy

Participating members are required by statute (Sections 31621, 31621.2 and 31639.25 of the California Government Code) to contribute a percentage of covered salary based on certain actuarial assumptions and their age at entry to the Plan. Employee contribution rates vary according to age and classification (general or safety). Members are required to contribute 8.97% - 12.84% for general members and 11.14% - 15.09% for safety members, of their annual covered salary of which the County pays approximately 7%. County of San Bernardino employer contribution rates are as follow: County General 12.03%, County Safety 24.84%. All employers combined are required to contribute 14.46% of the current year covered payroll. For 2008, the County's annual pension cost of $203,712 was equal to the County's required and actual contributions. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer rates are determined pursuant to Sections 31453 of the 1937 Act.

The County's annual pension cost and prepaid asset, computed in accordance with GASB 27, Accounting for Pensions by State and Local Governmental Employers, for the year ended June 30, 2008, were as follows:

Annual Required Contribution (County fiscal year basis)	$	203,712
Interest On Pension Assets		(32,917)
Adjustment To The Annual Required Contribution		47,803
Annual Pension Cost		218,598
Annual Contributions Made		203,712
Increase/(Decrease) in Pension Assets		(14,886)
Pension Asset, Beginning of Year		828,602
Pension Asset, End of Year	$	813,716

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

Year Ended June 30	SBCERA	County	Percentage Contributed
2006	197,343	166,614	100%
2007	239,857	194,130	100%
2008	241,721	203,712	100%

The County, along with the AQMD, issued Pension Refunding Bonds (the "Bonds") in November 1995 with an aggregate amount of $420,527. These Bonds were issued to allow the County and the AQMD to refinance each of their unfunded accrued actuarial liabilities with respect to retirement benefits for their respective employees. The Bonds are the obligations of the employers participating in the Plan and the assets of the Plan do not secure the Bonds. The County's portion of the bond issuance was $386,266. In April 2008, the County refunded a portion of the Bonds. The current amount outstanding at June 30, 2008 is $432,767 (see Note 11).

On June 24, 2004, the County issued its County of San Bernardino Pension Obligation Bonds, Series 2004 A (Fixed Rate Bonds), its County of San Bernardino Pension Obligation Bonds, Series 2004 B (Auction Rate Bonds), and its County of San Bernardino Pension Obligation Bonds, Series 2004 C (Index Bonds) in a respective aggregate principal amounts of $189,070, $149,825, and $125,000. The Bonds were issued to finance the County's share of the unfunded accrued actuarial liability of the SBCERA. In April 2008, the County refunded a portion of the Series 2004 A and all of the 2004 Series B. The current amount outstanding at June 30, 2008 is $301,595.

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

NOTE 18 – LEASE/LEASEBACK

In May 1997, the County entered into a lease agreement whereby seven separate County facilities, valued at a total of approximately $146 million, were leased to a financing institution. The County simultaneously entered into a sublease agreement to lease the buildings back, and received a prepayment of $96.2 million from the financing institution, as the investor parent. The County then deposited $87.6 million with the defeasance bank. After transaction expenses of $1 million, the net benefit to the County was $7.6 million. The deposit amount provides payments equal to the County's obligation under the sublease and purchase option. As a result, obligations under this lease/leaseback arrangement are considered to be economically, although not legally defeased. Therefore, the trust assets and the related debt have been excluded from the County's financial statements.

The term of the full lease with the financing institution ends in 2034. However, the term of the agreement with the defeasance bank ends in 2021, at which time the County may either exercise the early purchase option or renegotiate the agreement to the end of the full lease term. The decision will then be based on the prevailing interest rates at the time.

The Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"), enacted on May 17, 2006, includes new 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 SBMB Inc., the investor on the County's 1997 lease-leaseback transaction that the transaction is a prohibited tax shelter transaction as defined in the new TIPRA legislation. The Treasury issued proposed, temporary and final regulations related to TIPRA and they provide under Section 1.6033-5T(e)(4) that disclosure by a tax-exempt entity is not required for any transaction entered into by the entity on or before May 17, 2006. The County is unable to determine at this time whether and/or to what extent excise taxes would be applicable to this transaction.

NOTE 19 – COMMITMENTS AND CONTINGENCIES

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

(b) The County recognizes as revenue, grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Although the County's grant programs are being audited through June 30, 2008 in accordance with the provisions of the Single Audit Act of 1996, these programs are still subject to financial and compliance audits and resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

(c) The County has entered into several contractual agreements for the development and/or improvement of several capital projects. These commitments include $20,827 for various projects of the Capital Improvements Fund.

(d) The County is a defendant in a lawsuit that plaintiffs allege inverse condemnation damages based upon Special District's alleged halting of residential construction project due to sewer pipeline being placed outside Special District's easement area.

(e) The County is a defendant in a lawsuit that plaintiff alleges inverse condemnation damages based upon Flood Control easement not allowing for scope of project on plaintiff's property.

(f) The County is a defendant in a lawsuit that plaintiff alleges County Probation wrongfully terminated contract with plaintiff to construct and run a juvenile residential placement facility.

(g) Plaintiff, the Surety of a contractor who defaulted on a sewer system construction project for a County Service Area, sued and obtained a judgment against the County for its additional costs in completing the contract it alleged were caused by an inadequate soils report. County cross-complained against its soils engineer. Approximately, judgment in the amount of 5,654, less $660 policy limits settlement with the soils engineer is probable. Potentially, Court of Appeal could reduce by $2,500 to $3,000.

(h) **Leachate 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 Leachate from the Mid-Valley Landfill has negatively impacted some of SGVWC's wells. This agreement requires the County to pay for the annual operation and maintenance cost of the treatment system for as long as necessary. 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 water company. When the agreement was approved, the then current estimate for the annual operations and maintenance costs was $500 per year. The agreement does not state a specified number of years over which these annual costs may be incurred; therefore, a reasonable estimate of the contingent liability cannot be determined.

(i) **Perchlorate Water Contamination:** The following lawsuits have at their core the operative events of perchlorate water contamination alleged to arise from the Mid-Valley Sanitary Landfill operated by the Solid Waste Management Department (SWMD) or collateral matters related to that contamination. One of the collateral lawsuits involves a fee challenge relating to the County's recovery of the costs of clean up of the perchlorate contamination while another collateral lawsuit is filed by former owners of property currently owned by the County and involves a breach of contract for an alleged failure to provide a defense and indemnification to the federal perchlorate actions.

- City of Rialto and City of Colton lawsuits involving Perchlorate at the Mid-Valley Landfill: The County has entered into a settlement of $5 Million, of which the County's portion of $775 was paid in FY2007/2008, for the federal and state perchlorate lawsuits filed by the City of Rialto and the City of Colton ("independent settlement"). However, the effectiveness of the independent settlement is subject to certain conditions, including that the County reach a settlement regarding perchlorate with the Regional Water Quality Control Board, Santa Ana Region and that the federal court make a determination that the proposed independent settlement is in good faith. While these conditions are believed to be achievable, in light of the possibility of a settlement of the perchlorate lawsuits involving all parties ("global settlement"), the County and Cities have temporarily deferred further action on their independent settlement. The federal perchlorate lawsuits by the City of Rialto and the City of Colton have been dismissed without prejudice; meaning that the lawsuits can be refiled. These dismissals are part of the global settlement effort. The former parties to the federal lawsuits are participating in mediation to reach a global settlement. If the mediation for global settlement is not successful, the County and Cities will proceed with satisfying the conditions necessary to make their independent settlement effective. If a global settlement is going to come about, the County and its insurers will likely need to contribute $5 million (this is distinct from the $5 Million being paid to the Cities relative to the County's existing settlement, otherwise known as independent settlement).

- Breach of contract lawsuit for indemnity: The County purchased land adjacent to the Mid-Valley Sanitary Landfill for expansion purposes. A term of the sale was the County's agreement to indemnify the former owners against claims arising from the presence of hazardous materials discovered on the property after the close of escrow. When Rialto filed its federal lawsuit, it named the former landowners as defendants. The County agreed to defend and indemnify the former owners pursuant to the terms of the sales agreement. However, this offer was rejected as the former owners claimed that a conflict of interest existed relative to the attorney chosen by the County to provide the defense. The former landowners filed suit seeking recovery from the County of their attorneys' fees and costs in defending themselves in the federal perchlorate action. This state lawsuit remains. However, the independent settlement reached between the County and the Cities (and, it is expected, any global settlement) will affect the indemnity claim, including possibly eliminating it. The attorney fee claim would still remain, regardless of whether the independent settlement becomes effective or a global settlement is effective (and possibly even if a global settlement is reached). At this time, an estimate of the potential cannot be made.

- Waste Disposal Agreement (WDA) Cities lawsuit regarding the perchlorate surcharge: At the October 25, 2005 SWMD Financial Status Report presentation to the Board, the Board adopted the perchlorate surcharge of a flat $0.69/ton to recover the 30-year projected costs for clean up. The SWMD began collecting the new fee on February 1, 2006. Eleven WDA cities filed a state lawsuit against the County alleging that the County had no authority, under the WDA contracts, to impose the perchlorate surcharge. The cities received a favorable ruling in the state court, and the matter is currently on appeal. If the appeal is unsuccessful, SWMD's loss will be approximately $600 per year (866,000 tons @ $0.69/ton). Currently the County and the WDA cities are engaged in discussions to settle this mater without further litigation.

- San Gabriel Valley Water Company lawsuit involving Perchlorate at the Mid-Valley Landfill: On July 1, 2008, San Gabriel Valley Water Company filed a claim alleging that perchlorate from the County's Mid Valley Landfill, 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.

(j) **Volatile Organic Compounds (VOC) ground water contamination:** The following lawsuit had at its core the alleged VOC ground water contamination from the closed Cajon Disposal Site operated by the county from 1963 through 1980.

- United States Environmental Protection Agency (US EPA) lawsuit: The Federal Court approved a Consent Decree settling the liability of the County for the alleged contribution of pollutants by the closed Cajon Disposal Site to the Newmark and Muscoy groundwater contamination plumes. In return for an $11 million payment (the County paid $2.5 million in November 2007 from its own funds, the balance was provided by its insurers), the County receives the full extent of the US EPA's protection from suits by other potential polluters as well as receiving protection from the Federal Government seeking reimbursement for the approximate $160 million it paid for the cleanup of the contamination. The approved Consent Decree, which follows the standard form of an EPA Consent Decree, contains various standard "re-openers" that allow the EPA to seek additional funds from the County in certain limited instances.

NOTE 20 – SHORT-TERM DEBT

In July 2007, the County issued Tax and Revenue Anticipation Notes (TRANS) totaling $75,000 which were repaid June 30, 2008. This issue followed the prior year issued TRANS of $65,000 which was repaid June 30, 2007. The proceeds of the TRANS were intended to provide financing for 2007-08 General Fund expenditures, including current expenditures, capital expenditures and the discharge of other obligations or indebtedness of the County. The TRANS were secured by a pledge of various monthly amounts of property taxes on the secured roll.

Beginning Balance July 1, 2007	Additions	Reductions	Ending Balance June 30, 2008
$ -	$ 75,000	$ 75,000	$ -

NOTE 21 – SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANS)

In July 2008 the County, as a participant in the California Statewide Communities Development Authority Pool, issued $160,000 of Tax and Revenue Anticipation Notes in the form of Series A-4 Bonds due June 30, 2008. The stated interest for the A-4 Bonds is set at 3.00% per annum with a yield of 1.64%. In accordance with California law, the Bonds are general obligations of the County and are payable only out of the taxes, income, revenues, cash receipts, and other monies of the County attributable to fiscal year 2008-2009 and legally available for payment thereof. Proceeds from the Bonds will be used for fiscal year 2008-09 General Fund expenditures, including current expenditures, capital expenditures, and the discharge of other obligations or indebtedness of the County.

Lease/Leaseback

On September 12, 2008 American International Group (AIG), who serves as the defeasance bank on the Lease/Leaseback transaction, was downgraded by both Moody's and Standard & Poors. The downgrade triggered provisions of the transaction that allows certain parties to demand AIG to collateralize the Letter of Credit (Equity) and allows the replacement of AIG as the provider of the Letter of Credit (Loan). These Letters of Credit were purchased with amounts deposited with AIG to economically defease the transaction. AIG posted collateral for the Letter of Credit (Equity) in October 2008. The County is currently analyzing all options relating to this transaction, including replacement of AIG as the provider of the Letter of Credit (Loan).

The County estimates that the current cost to terminate this transaction is $31 million. If AIG were unable to fulfill its commitment under the Letter of Credit (Loan), the County estimates that the cost to the County to make the remaining sublease payments and purchase options would be approximately $236 million over the next 13 years.

Novation Agreement

2004 Series C Pension Obligation Bonds Novation Agreement: The County approved a Novation Agreement with Natixis Financial Products, Inc. to eliminate its obligations under the swap agreement regarding the 2004 Series C Pension Obligation Bonds. The Novation Agreement is effective as of August 1, 2008.

NOTE 22 – SPECIAL ITEM

Judgments

The County agreed to pay a settlement to the United States Environmental Protection Agency (EPA) during FY 2007-08, in accordance with a Consent Decree executed by the County in September, 2007. The Consent Decree, which refers to the Newmark Groundwater Contamination Superfund Site, is still pending approval by the United States District Court. The dollar amount of the County's share of the settlement was determined in accordance with The Settlement Agreement and Release executed by the County on August 22, 2007. The County agreed to pay the EPA $2,500 and the corresponding liability was recorded as of June 30, 2007 and subsequently paid on November 20, 2007. In addition, $775 was paid by the County as its part of $5 million perchlorate settlement agreement with the City of Rialto and the City of Colton. The balance of the settlement was paid by insurance companies. Rialto received $4 million and Colton $ 1 million.

NOTE 23 – NEW ACCOUNTING PRONOUNCEMENTS

GASB 49 – Accounting and Financial Reporting for Pollution Remediation Obligations

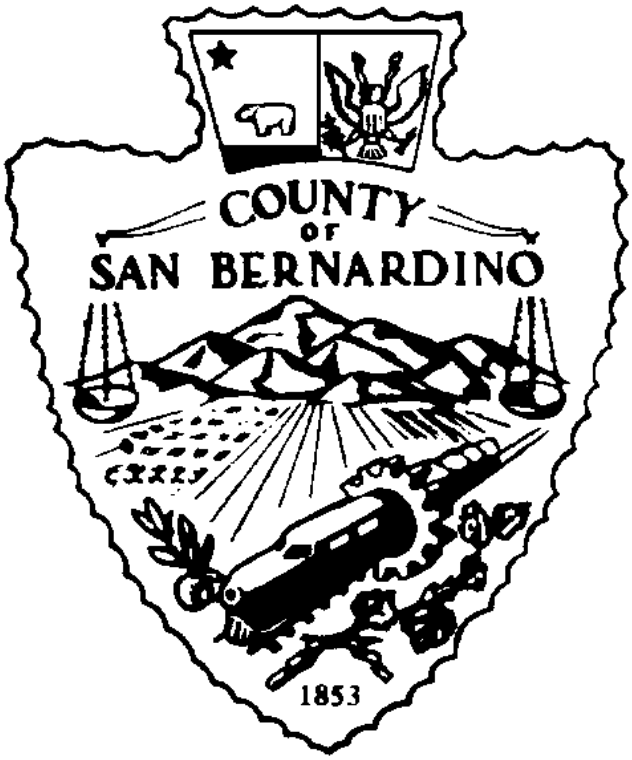
The GASB has issued Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," which provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The requirements of the new statements become more effective for fiscal periods beginning after December 15, 2007.

GASB 51 – Accounting and Financial Reporting for Intangible Assets

The GASB issued Statement No. 51, Accounting and Financial Reporting for Intangible Assets. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

GASB 53 – Accounting and Financial Reporting for Derivative Instruments

The GASB issued Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements and is effective for financial statements for reporting periods beginning after June 15, 2009, with earlier application encouraged.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Required Supplementary Information

Comprehensive Annual Financial Report

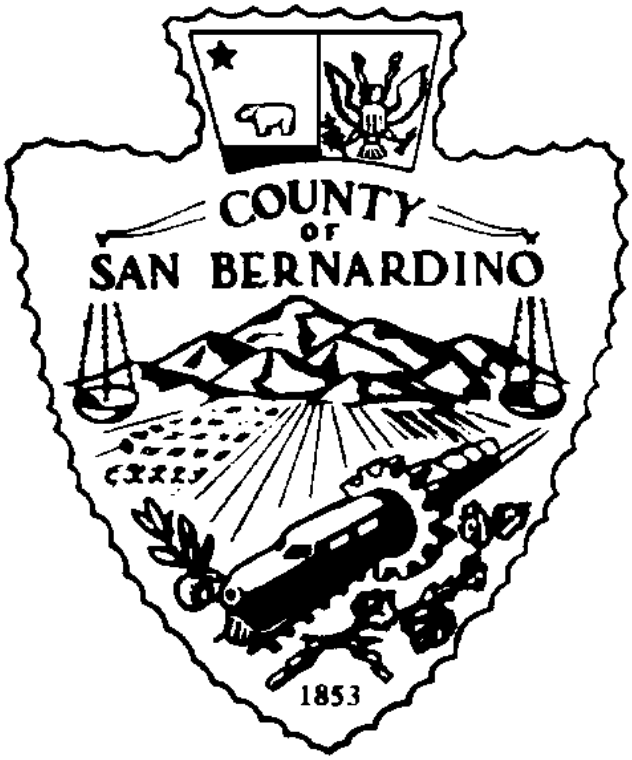
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Accrued Liability (AAL)** (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
6/30/2003	$3,815,573	$4,368,411	$552,838	87.34%	$933,898	59.20%
6/30/2004	4,418,152	4,719,865	301,713	93.61%	943,545	31.98%
6/30/2005	4,750,229	5,215,719	465,490	91.08%	968,674	48.05%
6/30/2006	5,175,767	5,624,646	448,879	92.02%	1,028,731	43.63%
6/30/2007	5,797,400	6,227,013	429,613	93.10%	1,102,151	38.98%
6/30/2008	6,341,531	6,773,629	432,098	93.62%	1,219,562	35.43%

* Includes assets for Survivor Benefits, Burail Allowance, General Retiree Subsidy, and Excess Earnings Reserves

** Includes libalilities held for Survivor Benefits, Burial Allowance, General Retiree Subsidy, and Excess Earnings Reserves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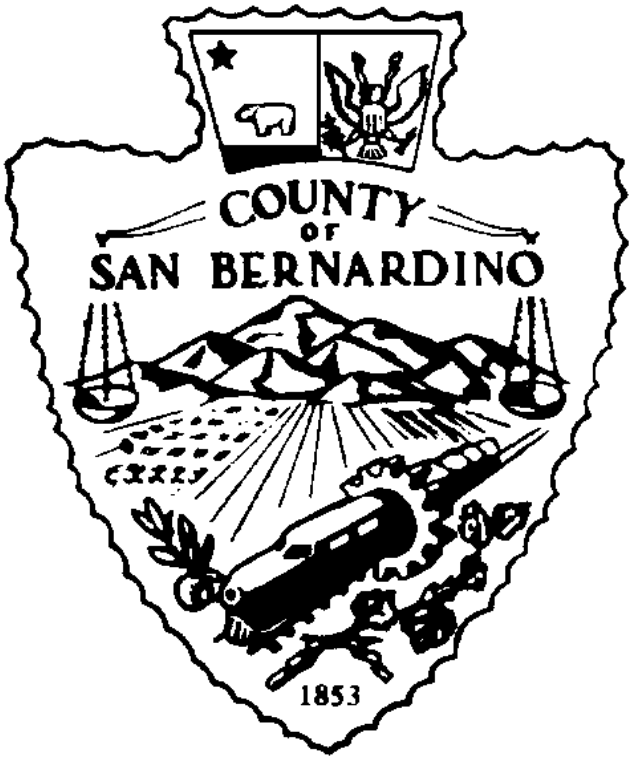
Supplemental Information

Comprehensive Annual Financial Report

Combined Financial Statements
Nonmajor Governmental Funds

Comprehensive Annual Financial Report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COUNTY OF SAN BERNARDINO
COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008 (IN THOUSANDS)

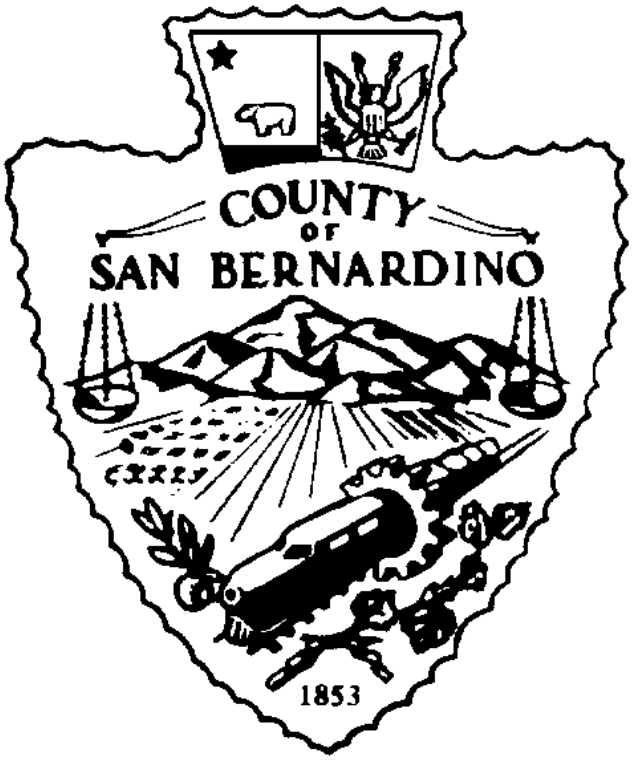
	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
ASSETS					
CASH AND CASH EQUIVALENTS (NOTE 6)	$ 398,829	$ 17,567	$ 122,465	$ 631	$ 539,492
INVESTMENTS (NOTE 6)	-	15,645	-	-	15,645
ACCOUNTS RECEIVABLES - NET	265	155	-	-	420
TAXES RECEIVABLE	10,683	-	-	-	10,683
INTEREST RECEIVABLE	25	40	-	-	65
LOANS RECEIVABLE	1,500	-	-	-	1,500
OTHER RECEIVABLES	111	-	-	-	111
DUE FROM OTHER FUNDS (NOTE 7)	8,944	-	3,815	-	12,759
DUE FROM OTHER GOVERNMENTS	18,873	-	2,786	-	21,659
LAND HELD FOR RESALE	9,170	-	5,487	-	14,657
INVENTORIES	131	-	-	-	131
PREPAID ITEMS	100	-	-	-	100
INTERFUND RECEIVABLE (NOTE 7)	400	-	-	-	400
RESTRICTED CASH AND INVESTMENTS (NOTES 6 & 8)	4,015	-	-	-	4,015
TOTAL ASSETS	$ 453,046	$ 33,407	$ 134,553	$ 631	$ 621,637
LIABILITIES AND FUND BALANCES					
ACCOUNTS PAYABLE	$ 12,703	$ -	$ 1,948	$ -	$ 14,651
SALARIES AND BENEFITS PAYABLE	12,458	-	-	-	12,458
DUE TO OTHER FUNDS (NOTE 7)	22,928	84	671	-	23,683
DUE TO OTHER GOVERNMENTS	4,069	-	-	-	4,069
INTEREST PAYABLE	1,759	-	-	-	1,759
DEFERRED REVENUE	6,639	-	-	-	6,639
INTERFUND PAYABLE (NOTE 7)	16,111	-	-	-	16,111
TOTAL LIABILITIES	76,667	84	2,619	-	79,370
FUND BALANCES:					
RESERVED:					
ENCUMBRANCES	40,362	-	21,250	-	61,612
PREPAID ITEMS	100	-	-	-	100
NONCURRENT INTERFUND RECEIVABLES	400	-	-	-	400
LAND HELD FOR RESALE	9,170	-	5,487	-	14,657
INVENTORIES	131	-	-	-	131
DEBT SERVICE	-	33,323	-	-	33,323
UNRESERVED:					
UNDESIGNATED	326,216	-	105,197	631	432,044
TOTAL FUND BALANCES	376,379	33,323	131,934	631	542,267
TOTAL LIABILITIES AND FUND BALANCES	$ 453,046	$ 33,407	$ 134,553	$ 631	$ 621,637

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINED - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
REVENUES					
TAXES	$ 134,695	$ -	$ 3	$ -	$ 134,698
LICENSES, PERMITS AND FRANCHISES	572	-	-	-	572
FINES, FORFEITURES AND PENALTIES	10,517	-	-	-	10,517
REVENUES FROM USE OF MONEY AND PROPERTY	22,726	818	3,207	32	26,783
AID FROM OTHER GOVERNMENTAL AGENCIES	220,910	-	3,349	-	224,259
CHARGES FOR CURRENT SERVICES	54,461	-	2,047	-	56,508
OTHER REVENUES	38,846	4,326	4,853	16	48,041
TOTAL REVENUES	482,727	5,144	13,459	48	501,378
EXPENDITURES:					
CURRENT:					
GENERAL GOVERNMENT	6,547	951	2,910	-	10,408
PUBLIC PROTECTION	180,110	-	-	-	180,110
PUBLIC WAYS AND FACILITIES	72,683	-	-	-	72,683
HEALTH AND SANITATION	10,318	-	-	-	10,318
PUBLIC ASSISTANCE	70,183	-	-	-	70,183
EDUCATION	18,329	-	-	-	18,329
RECREATION AND CULTURAL SERVICES	6,371	-	-	-	6,371
DEBT SERVICE					
PRINCIPAL	3,028	42,555	-	-	45,583
INTEREST AND FISCAL CHARGES	6,764	46,105	-	-	52,869
BOND ISSUANCE COSTS	269	101	-	-	370
ADVANCE REFUNDING ESCROW	8,245	-	-	-	8,245
CAPITAL OUTLAY	16,992	-	54,443	-	71,435
TOTAL EXPENDITURES	399,839	89,712	57,353	-	546,904
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	82,888	(84,568)	(43,894)	48	(45,526)
OTHER FINANCING SOURCES (USES):					
TRANSFERS TO OTHER FUNDS (NOTE 7)	(106,477)	-	(1,472)	-	(107,949)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	29,149	88,215	57,775	-	175,139
PROCEEDS OF REFUNDING BONDS	37,295	14,555	-	-	51,850
DISCOUNT ON REFUNDING BONDS	(136)	-	-	-	(136)
PAYMENT TO REFUNDED BOND ESCROW AGENT	(36,800)	(13,323)	-	-	(50,123)
SALE OF CAPITAL ASSETS	1,335	-	355	-	1,690
TOTAL OTHER FINANCING SOURCES AND (USES)	(75,634)	89,447	56,658	-	70,471
NET CHANGE IN FUND BALANCE	7,254	4,879	12,764	48	24,945
FUND BALANCE, JULY 1, 2007	369,125	28,444	119,170	583	517,322
FUND BALANCE, JUNE 30, 2008	$ 376,379	$ 33,323	$ 131,934	$ 631	$ 542,267

See accompanying independent auditor's report.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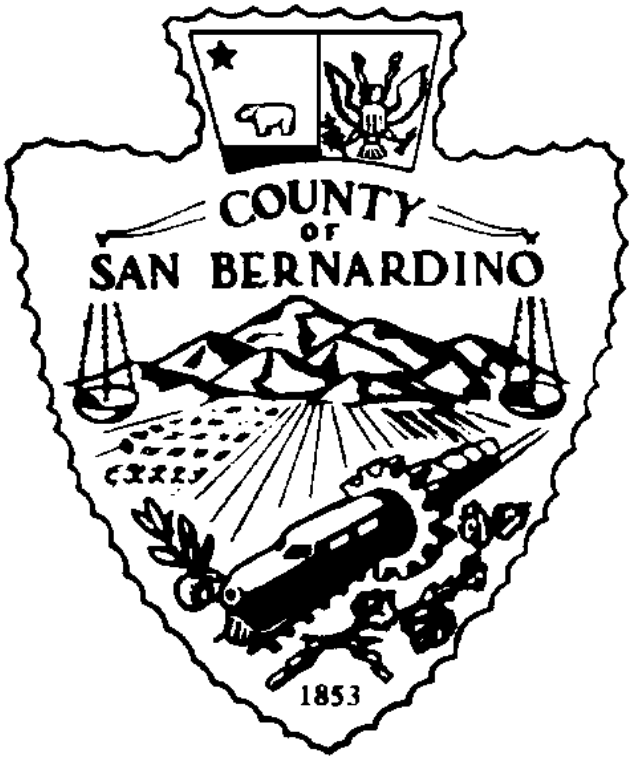
Combining Financial Statements
Nonmajor Governmental Funds

Comprehensive Annual Financial Report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NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS

SPECIAL REVENUE FUNDS DESCRIPTIONS

TRANSPORTATION

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

COUNTY FREE LIBRARY

The County Free Library Fund provides public library services through a network of 29 branches to all of the unincorporated areas and 18 of the cities within the County. Two bookmobiles reach people who live in sparsely populated areas or who are not able to use traditional branches. The fund is financed principally from property taxes.

ECONOMIC AND COMMUNITY DEVELOPMENT

The Economic and Community Development Fund accounts for Federal Community Development Block Grants. These grants are used to develop viable urban communities by providing decent housing, suitable living environments and economic opportunities for low and moderate income individuals.

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 various job training programs to prepare youth and unskilled adults for entry into the labor force and to afford job training to economically disadvantaged individuals facing barriers to employment.

MICROGRAPHICS FEES

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

COUNTY SERVICE AREAS

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

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS - Continued

COURTHOUSE TEMPORARY CONSTRUCTION

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

CENTRAL COURTHOUSE SURCHARGE

The Central Courthouse Surcharge Fund accounts for the monies to be used Central Courthouse seismic retrofit/remodel project. Revenues are derived from a surcharge on civil filing fees.

CRIMINAL JUSTICE TEMPORARY CONSTRUCTION

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

FLOOD CONTROL DISTRICT

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

PARK AND RECREATION DISTRICTS

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

TOBACCO TAX PROGRAM

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

JOINT POWERS AUTHORITIES

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

SPECIAL AVIATION

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

LOCAL LAW ENFORCEMENT BLOCK GRANT

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

PRESCHOOL SERVICES DEPARTMENT

The Preschool Services Department Fund administers the following programs: Headstart State Preschool, Child Development, Alternative Payment, and Child Nutrition Services. These programs are funded by the U.S. Department of Health and Human Services, and the California State Department of Education.

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS - Continued

SHERIFF'S SPECIAL PROJECTS

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

SPECIAL TRANSPORTATION

The Special Transportation Fund was established for the purpose of accounting for various transportation projects within the County. Funding comes from Measure I money (½% sales tax approved by voters in November 1989).

FIRE PROTECTION DISTRICTS

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

REDEVELOPMENT AGENCY

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

MENTAL HEALTH SERVICES ACT

Mental Health Services Fund accounts for the monies to be used for reducing the long-term adverse impact on individuals and families 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.

OTHER SPECIAL REVENUE

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

DEBT SERVICE FUNDS DESCRIPTIONS

REDEVELOPMENT AGENCY BONDS

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

JOINT POWERS AUTHORITIES

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

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS - Continued

PENSION OBLIGATION BONDS

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

CAPITAL PROJECTS FUNDS DESCRIPTIONS

CAPITAL IMPROVEMENTS

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

PARK AND RECREATION DISTRICTS

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

JOINT POWERS AUTHORITIES

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

COUNTY SERVICE AREAS

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

FIRE PROTECTION DISTRICTS

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

REDEVELOPMENT AGENCY

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

PERMANENT FUNDS DESCRIPTIONS

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

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

COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2008 (IN THOUSANDS)

ASSETS	TOTAL	TRANSPORTATION	COUNTY FREE LIBRARY	ECONOMIC AND COMMUNITY DEVELOPMENT
CASH AND CASH EQUIVALENTS	$ 398,829	$ 35,046	$ 661	$ 20,105
ACCOUNTS RECEIVABLE - NET	265	-	-	-
TAXES RECEIVABLE	10,683	-	297	6
INTEREST RECEIVABLE	25	-	-	-
LOANS RECEIVABLE	1,500	-	-	-
OTHER RECEIVABLES	111	-	111	-
DUE FROM OTHER FUNDS	8,944	471	776	77
DUE FROM OTHER GOVERNMENTS	18,873	7,554	60	982
LAND HELD FOR RESALE	9,170	-	-	-
INVENTORIES	131	131	-	-
PREPAID ITEMS	100	-	-	-
INTERFUND RECEIVABLE	400	-	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	4,015	-	-	-
TOTAL ASSETS	$ 453,046	$ 43,202	$ 1,905	$ 21,170

LIABILITIES AND FUND BALANCE				
LIABILITIES:				
ACCOUNTS PAYABLE	$ 12,703	$ 3,806	$ -	$ -
SALARIES AND BENEFITS PAYABLE	12,458	2,095	764	190
DUE TO OTHER FUNDS	22,928	86	18	1,302
DUE TO OTHER GOVERNMENTS	4,069	-	-	-
INTEREST PAYABLE	1,759	348	10	-
DEFERRED REVENUE	6,639	-	455	2
INTERFUND PAYABLE	16,111	4,000	412	-
TOTAL LIABILITIES	76,667	10,335	1,659	1,494
FUND BALANCE:				
RESERVED:				
RESERVED FOR ENCUMBRANCES	40,362	14,042	57	3,058
RESERVED FOR PREPAID ITEMS	100	-	-	-
RESERVED FOR NONCURRENT INTERFUND RECEIVABLE	400	-	-	-
RESERVED FOR LAND HELD FOR RESALE	9,170	-	-	-
RESERVED FOR INVENTORIES	131	131	-	-
UNRESERVED:				
UNDESIGNATED	326,216	18,694	189	16,618
TOTAL FUND BALANCE	376,379	32,867	246	19,676
TOTAL LIABILITIES AND FUND BALANCE	$ 453,046	$ 43,202	$ 1,905	$ 21,170

See accompanying independent auditor's report.

AGING AND ADULT SERVICES	JOBS AND EMPLOYMENT SERVICES	MICROGRAPHICS FEES	COUNTY SERVICE AREAS	
				ASSETS
$ 1,189	$ 242	$ 17,576	$ 44,005	CASH AND CASH EQUIVALENTS
-	-	18	232	ACCOUNTS RECEIVABLE - NET
-	-	-	2,838	TAXES RECEIVABLE
-	-	-	-	INTEREST RECEIVABLE
-	-	1,500	-	LOANS RECEIVABLE
-	-	-	-	OTHER RECEIVABLES
-	63	-	2,492	DUE FROM OTHER FUNDS
655	416	-	2,325	DUE FROM OTHER GOVERNMENTS
-	-	-	-	LAND HELD FOR RESALE
-	-	-	-	INVENTORIES
-	-	-	-	PREPAID ITEMS
-	-	-	-	INTERFUND RECEIVABLE
-	-	-	-	RESTRICTED CASH AND CASH EQUIVALENTS
$ 1,844	$ 721	$ 19,094	$ 51,892	TOTAL ASSETS
				LIABILITIES AND FUND BALANCE
				LIABILITIES:
$ -	$ 145	$ 274	$ 992	ACCOUNTS PAYABLE
83	304	76	3,991	SALARIES AND BENEFITS PAYABLE
355	173	128	754	DUE TO OTHER FUNDS
-	-	402	1,026	DUE TO OTHER GOVERNMENTS
-	-	-	22	INTEREST PAYABLE
-	-	-	1,164	DEFERRED REVENUE
-	-	-	934	INTERFUND PAYABLE
438	622	880	8,883	TOTAL LIABILITIES
				FUND BALANCE:
				RESERVED:
-	96	1,487	3,214	RESERVED FOR ENCUMBRANCES
-	-	-	-	RESERVED FOR PREPAID ITEMS
-	-	-	-	RESERVED FOR NONCURRENT INTERFUND RECEIVABLE
-	-	-	-	RESERVED FOR LAND HELD FOR RESALE
-	-	-	-	RESERVED FOR INVENTORIES
				UNRESERVED:
1,406	3	16,727	39,795	UNDESIGNATED
1,406	99	18,214	43,009	TOTAL FUND BALANCE
$ 1,844	$ 721	$ 19,094	$ 51,892	TOTAL LIABILITIES AND FUND BALANCE

COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2008 (IN THOUSANDS)

ASSETS	COURTHOUSE TEMPORARY CONSTRUCTION	CENTRAL COURTHOUSE SURCHARGE	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	FLOOD CONTROL DISTRICT
CASH AND CASH EQUIVALENTS	$ 5,180	$ 5	$ 6,385	$ 66,254
ACCOUNTS RECEIVABLE - NET	-	-	-	-
TAXES RECEIVABLE	-	-	-	1,681
INTEREST RECEIVABLE	-	-	-	-
LOANS RECEIVABLE	-	-	-	-
OTHER RECEIVABLES	-	-	-	-
DUE FROM OTHER FUNDS	-	-	-	2,675
DUE FROM OTHER GOVERNMENTS	-	468	-	-
LAND HELD FOR RESALE	-	-	-	-
INVENTORIES	-	-	-	-
PREPAID ITEMS	-	-	-	-
INTERFUND RECEIVABLE	-	-	-	400
RESTRICTED CASH AND CASH EQUIVALENTS	-	-	-	4,015
TOTAL ASSETS	$ 5,180	$ 473	$ 6,385	$ 75,025
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
ACCOUNTS PAYABLE	$ -	$ -	$ -	$ 5,597
SALARIES AND BENEFITS PAYABLE	-	-	-	850
DUE TO OTHER FUNDS	2,053	-	2,053	333
DUE TO OTHER GOVERNMENTS	-	-	-	1,481
INTEREST PAYABLE	-	-	-	-
DEFERRED REVENUE	-	-	-	1,526
INTERFUND PAYABLE	-	-	-	-
TOTAL LIABILITIES	2,053	-	2,053	9,787
FUND BALANCE:				
RESERVED:				
RESERVED FOR ENCUMBRANCES	-	-	-	8,586
RESERVED FOR PREPAID ITEMS	-	-	-	-
RESERVED FOR NONCURRENT INTERFUND RECEIVABLE	-	-	-	400
RESERVED FOR LAND HELD FOR RESALE	-	-	-	-
RESERVED FOR INVENTORIES	-	-	-	-
UNRESERVED:				
UNDESIGNATED	3,127	473	4,332	56,252
TOTAL FUND BALANCE	3,127	473	4,332	65,238
TOTAL LIABILITIES AND FUND BALANCE	$ 5,180	$ 473	$ 6,385	$ 75,025

See accompanying independent auditor's report.

PARK AND RECREATION DISTRICTS	TOBACCO TAX PROGRAM	JOINT POWERS AUTHORITIES	SPECIAL AVIATION	
				ASSETS
$ 1,471	$ 165	$ 17,495	$ 7,960	CASH AND CASH EQUIVALENTS
-	-	-	-	ACCOUNTS RECEIVABLE - NET
60	-	-	-	TAXES RECEIVABLE
-	-	25	-	INTEREST RECEIVABLE
-	-	-	-	LOANS RECEIVABLE
-	-	-	-	OTHER RECEIVABLES
151	-	-	24	DUE FROM OTHER FUNDS
-	141	-	-	DUE FROM OTHER GOVERNMENTS
-	-	-	-	LAND HELD FOR RESALE
-	-	-	-	INVENTORIES
-	-	17	-	PREPAID ITEMS
-	-	-	-	INTERFUND RECEIVABLE
-	-	-	-	RESTRICTED CASH AND CASH EQUIVALENTS
$ 1,682	$ 306	$ 17,537	$ 7,984	TOTAL ASSETS
				LIABILITIES AND FUND BALANCE
				LIABILITIES:
$ 1	$ -	$ -	$ -	ACCOUNTS PAYABLE
125	-	-	-	SALARIES AND BENEFITS PAYABLE
1	-	2,248	18	DUE TO OTHER FUNDS
-	-	38	-	DUE TO OTHER GOVERNMENTS
-	-	-	-	INTEREST PAYABLE
81	-	12	-	DEFERRED REVENUE
-	-	-	-	INTERFUND PAYABLE
208	-	2,298	18	TOTAL LIABILITIES
				FUND BALANCE:
				RESERVED:
21	-	-	1,328	RESERVED FOR ENCUMBRANCES
-	-	17	-	RESERVED FOR PREPAID ITEMS
-	-	-	-	RESERVED FOR NONCURRENT INTERFUND RECEIVABLE
-	-	-	-	RESERVED FOR LAND HELD FOR RESALE
-	-	-	-	RESERVED FOR INVENTORIES
				UNRESERVED:
1,453	306	15,222	6,638	UNDESIGNATED
1,474	306	15,239	7,966	TOTAL FUND BALANCE
$ 1,682	$ 306	$ 17,537	$ 7,984	TOTAL LIABILITIES AND FUND BALANCE

COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2008 (IN THOUSANDS)

	LOCAL LAW ENFORCEMENT BLOCK GRANT	PRESCHOOL SERVICES DEPARTMENT	SHERIFF'S SPECIAL PROJECTS	FIRE PROTECTION DISTRICTS
ASSETS				
CASH AND CASH EQUIVALENTS	$ 8,474	$ 410	$ 13,666	$ 4,613
ACCOUNTS RECEIVABLE - NET	-	10	-	-
TAXES RECEIVABLE	-	5	-	2,668
INTEREST RECEIVABLE	-	-	-	-
LOANS RECEIVABLE	-	-	-	-
OTHER RECEIVABLES	-	-	-	-
DUE FROM OTHER FUNDS	-	-	39	80
DUE FROM OTHER GOVERNMENTS	-	2,673	373	-
LAND HELD FOR RESALE	-	-	-	-
INVENTORIES	-	-	-	-
PREPAID ITEMS	-	-	-	-
INTERFUND RECEIVABLE	-	-	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	-	-	-	-
TOTAL ASSETS	$ 8,474	$ 3,098	$ 14,078	$ 7,361
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
ACCOUNTS PAYABLE	$ -	$ 1,212	$ 84	$ 303
SALARIES AND BENEFITS PAYABLE	-	1,361	-	1,771
DUE TO OTHER FUNDS	24	41	1,583	1,040
DUE TO OTHER GOVERNMENTS	-	81	250	9
INTEREST PAYABLE	-	-	-	-
DEFERRED REVENUE	-	5	-	1,022
INTERFUND PAYABLE	-	-	-	-
TOTAL LIABILITIES	24	2,700	1,917	4,145
FUND BALANCE:				
RESERVED:				
RESERVED FOR ENCUMBRANCES	114	224	812	298
RESERVED FOR PREPAID ITEMS	-	-	-	-
RESERVED FOR NONCURRENT INTERFUND RECEIVABLE	-	-	-	-
RESERVED FOR LAND HELD FOR RESALE	-	-	-	-
RESERVED FOR INVENTORIES	-	-	-	-
UNRESERVED:				
UNDESIGNATED	8,336	174	11,349	2,918
TOTAL FUND BALANCE	8,450	398	12,161	3,216
TOTAL LIABILITIES AND FUND BALANCE	$ 8,474	$ 3,098	$ 14,078	$ 7,361

See accompanying independent auditor's report.

SPECIAL TRANSPORTATION	REDEVELOPMENT AGENCY	MENTAL HEALTH SERVICES ACT	OTHER SPECIAL REVENUE	
				ASSETS
$ 31,112	$ 25,205	$ 41,026	$ 50,584	CASH AND CASH EQUIVALENTS
5	-	-	-	ACCOUNTS RECEIVABLE - NET
713	2,254	-	161	TAXES RECEIVABLE
-	-	-	-	INTEREST RECEIVABLE
-	-	-	-	LOANS RECEIVABLE
-	-	-	-	OTHER RECEIVABLES
-	126	-	1,970	DUE FROM OTHER FUNDS
177	1,332	-	1,717	DUE FROM OTHER GOVERNMENTS
-	9,170	-	-	LAND HELD FOR RESALE
-	-	-	-	INVENTORIES
-	83	-	-	PREPAID ITEMS
-	-	-	-	INTERFUND RECEIVABLE
-	-	-	-	RESTRICTED CASH AND CASH EQUIVALENTS
$ 32,007	$ 38,170	$ 41,026	$ 54,432	TOTAL ASSETS
				LIABILITIES AND FUND BALANCE
				LIABILITIES:
$ -	$ 76	$ -	$ 213	ACCOUNTS PAYABLE
-	45	-	803	SALARIES AND BENEFITS PAYABLE
80	311	5,228	5,099	DUE TO OTHER FUNDS
-	271	-	511	DUE TO OTHER GOVERNMENTS
-	1,379	-	-	INTEREST PAYABLE
713	-	-	1,659	DEFERRED REVENUE
-	10,415	-	350	INTERFUND PAYABLE
793	12,497	5,228	8,635	TOTAL LIABILITIES
				FUND BALANCE:
				RESERVED:
5,239	-	-	1,786	RESERVED FOR ENCUMBRANCES
-	83	-	-	RESERVED FOR PREPAID ITEMS
-	-	-	-	RESERVED FOR NONCURRENT INTERFUND RECEIVABLE
-	9,170	-	-	RESERVED FOR LAND HELD FOR RESALE
-	-	-	-	RESERVED FOR INVENTORIES
				UNRESERVED:
25,975	16,420	35,798	44,011	UNDESIGNATED
31,214	25,673	35,798	45,797	TOTAL FUND BALANCE
$ 32,007	$ 38,170	$ 41,026	$ 54,432	TOTAL LIABILITIES AND FUND BALANCE

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	TOTAL	TRANSPORTATION	COUNTY FREE LIBRARY	ECONOMIC AND COMMUNITY DEVELOPMENT
REVENUES:				
TAXES	$ 134,695	$ -	$ 12,968	$ 62
LICENSES, PERMITS AND FRANCHISES	572	516	-	-
FINES, FORFEITURES AND PENALTIES	10,517	-	-	4
REVENUES FROM USE OF MONEY AND PROPERTY	22,726	1,712	-	1,322
AID FROM OTHER GOVERNMENTAL AGENCIES	220,910	59,303	1,215	13,323
CHARGES FOR CURRENT SERVICES	54,461	2,760	1,100	-
OTHER REVENUES	38,846	204	1,806	3,643
TOTAL REVENUES	482,727	64,495	17,089	18,354
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	6,547	-	-	-
PUBLIC PROTECTION	180,110	-	-	-
PUBLIC WAYS AND FACILITIES	72,683	63,678	-	-
HEALTH AND SANITATION	10,318	-	-	-
PUBLIC ASSISTANCE	70,183	-	-	17,012
EDUCATION	18,329	-	18,329	-
RECREATION AND CULTURAL SERVICES	6,371	-	-	-
DEBT SERVICE:				
PRINCIPAL	3,028	780	49	-
INTEREST AND FISCAL CHARGES	6,764	137	95	-
BOND ISSUANCE COSTS	269	-	-	-
ADVANCE REFUNDING ESCROW	8,245	-	-	-
CAPITAL OUTLAY	16,992	3,274	421	-
TOTAL EXPENDITURES	399,839	67,869	18,894	17,012
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	82,888	(3,374)	(1,805)	1,342
OTHER FINANCING SOURCES (USES):				
TRANSFERS TO OTHER FUNDS (NOTE 7)	(106,477)	(1,697)	(569)	(841)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	29,149	547	1,200	-
PROCEEDS OF REFUNDING BONDS	37,295	-	-	-
DISCOUNT ON REFUNDING BONDS	(136)	-	-	-
PAYMENT TO REFUNDED BOND ESCROW AGENT	(36,800)	-	-	-
SALE OF CAPITAL ASSETS	1,335	337	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(75,634)	(813)	631	(841)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	7,254	(4,187)	(1,174)	501
FUND BALANCE, JULY 1, 2007	369,125	37,054	1,420	19,175
FUND BALANCE, JUNE 30, 2008	$ 376,379	$ 32,867	$ 246	$ 19,676

See accompanying independent auditor's report.

AGING AND ADULT SERVICES	JOBS AND EMPLOYMENT SERVICES	MICROGRAPHICS FEES	COUNTY SERVICE AREAS	
				REVENUES:
$ -	$ -	$ -	$ 30,686	TAXES
-	-	-	-	LICENSES, PERMITS AND FRANCHISES
-	-	-	27	FINES, FORFEITURES AND PENALTIES
42	228	19	2,012	REVENUES FROM USE OF MONEY AND PROPERTY
3,260	10,664	-	13,593	AID FROM OTHER GOVERNMENTAL AGENCIES
-	-	4,791	25,946	CHARGES FOR CURRENT SERVICES
2	98	-	5,357	OTHER REVENUES
3,304	10,990	4,810	77,621	TOTAL REVENUES
				EXPENDITURES:
				CURRENT:
-	-	-	901	GENERAL GOVERNMENT
-	-	4,301	68,271	PUBLIC PROTECTION
-	-	-	2,109	PUBLIC WAYS AND FACILITIES
-	-	-	-	HEALTH AND SANITATION
3,725	10,851	-	-	PUBLIC ASSISTANCE
-	-	-	-	EDUCATION
-	-	-	1,162	RECREATION AND CULTURAL SERVICES
				DEBT SERVICE:
-	-	-	1,485	PRINCIPAL
-	-	-	218	INTEREST AND FISCAL CHARGES
-	-	-	-	BOND ISSUANCE COSTS
-	-	-	-	ADVANCE REFUNDING ESCROW
-	1	228	4,086	CAPITAL OUTLAY
3,725	10,852	4,529	78,232	TOTAL EXPENDITURES
(421)	138	281	(611)	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES
				OTHER FINANCING SOURCES (USES):
(53)	(205)	(743)	(7,683)	TRANSFERS TO OTHER FUNDS (NOTE 7)
483	-	-	12,103	TRANSFERS FROM OTHER FUNDS (NOTE 7)
-	-	-	-	PROCEEDS OF REFUNDING BONDS
-	-	-	-	DISCOUNT ON REFUNDING BONDS
-	-	-	-	PAYMENT TO REFUNDED BOND ESCROW AGENT
-	-	-	44	SALE OF CAPITAL ASSETS
430	(205)	(743)	4,464	TOTAL OTHER FINANCING SOURCES (USES)
9	(67)	(462)	3,853	EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES
1,397	166	18,676	39,156	FUND BALANCE, JULY 1, 2007
$ 1,406	$ 99	$ 18,214	$ 43,009	FUND BALANCE, JUNE 30, 2008

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	COURTHOUSE TEMPORARY CONSTRUCTION	CENTRAL COURTHOUSE SURCHARGE	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION	FLOOD CONTROL DISTRICT
REVENUES:				
TAXES	$ -	$ -	$ -	$ 37,869
LICENSES, PERMITS AND FRANCHISES	-	-	-	56
FINES, FORFEITURES AND PENALTIES	2,627	-	3,243	-
REVENUES FROM USE OF MONEY AND PROPERTY	160	215	197	4,812
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	-	4,966
CHARGES FOR CURRENT SERVICES	-	2,581	-	196
OTHER REVENUES	4	16	5	1,116
TOTAL REVENUES	2,791	2,812	3,445	49,015
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	-	-	-
PUBLIC PROTECTION	-	-	-	48,519
PUBLIC WAYS AND FACILITIES	-	-	-	-
HEALTH AND SANITATION	-	-	-	-
PUBLIC ASSISTANCE	-	-	-	-
EDUCATION	-	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-	-
DEBT SERVICE:				
PRINCIPAL	-	-	-	714
INTEREST AND FISCAL CHARGES	-	-	-	4,884
BOND ISSUANCE COSTS	-	-	-	269
ADVANCE REFUNDING ESCROW	-	-	-	8,245
CAPITAL OUTLAY	-	-	-	32
TOTAL EXPENDITURES	-	-	-	62,663
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,791	2,812	3,445	(13,648)
OTHER FINANCING SOURCES (USES):				
TRANSFERS TO OTHER FUNDS (NOTE 7)	(2,053)	(15,489)	(2,053)	(535)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	-	-	-	367
PROCEEDS OF REFUNDING BONDS	-	-	-	37,295
DISCOUNT ON REFUNDING BONDS	-	-	-	(136)
PAYMENT TO REFUNDED BOND ESCROW AGENT	-	-	-	(36,800)
SALE OF CAPITAL ASSETS	-	-	-	483
TOTAL OTHER FINANCING SOURCES (USES)	(2,053)	(15,489)	(2,053)	674
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	738	(12,677)	1,392	(12,974)
FUND BALANCE, JULY 1, 2007	2,389	13,150	2,940	78,212
FUND BALANCE, JUNE 30, 2008	$ 3,127	$ 473	$ 4,332	$ 65,238

See accompanying independent auditor's report.

PARK AND RECREATION DISTRICTS	TOBACCO TAX PROGRAM	JOINT POWERS AUTHORITIES	SPECIAL AVIATION	
				REVENUES:
$ 2,006	$ -	$ -	$ -	TAXES
-	-	-	-	LICENSES, PERMITS AND FRANCHISES
-	-	-	-	FINES, FORFEITURES AND PENALTIES
157	22	721	1,106	REVENUES FROM USE OF MONEY AND PROPERTY
135	1,770	-	5,012	AID FROM OTHER GOVERNMENTAL AGENCIES
940	-	-	561	CHARGES FOR CURRENT SERVICES
27	2	-	11	OTHER REVENUES
3,265	1,794	721	6,690	TOTAL REVENUES
				EXPENDITURES:
				CURRENT:
-	-	343	-	GENERAL GOVERNMENT
-	-	-	-	PUBLIC PROTECTION
-	-	-	420	PUBLIC WAYS AND FACILITIES
-	2,027	-	-	HEALTH AND SANITATION
-	-	-	-	PUBLIC ASSISTANCE
-	-	-	-	EDUCATION
2,881	-	-	-	RECREATION AND CULTURAL SERVICES
				DEBT SERVICE:
-	-	-	-	PRINCIPAL
-	-	920	-	INTEREST AND FISCAL CHARGES
-	-	-	-	BOND ISSUANCE COSTS
-	-	-	-	ADVANCE REFUNDING ESCROW
-	-	-	2,073	CAPITAL OUTLAY
2,881	2,027	1,263	2,493	TOTAL EXPENDITURES
384	(233)	(542)	4,197	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES
				OTHER FINANCING SOURCES (USES):
(504)	-	(5,098)	(50)	TRANSFERS TO OTHER FUNDS (NOTE 7)
16	-	2,503	1,028	TRANSFERS FROM OTHER FUNDS (NOTE 7)
-	-	-	-	PROCEEDS OF REFUNDING BONDS
-	-	-	-	DISCOUNT ON REFUNDING BONDS
-	-	-	-	PAYMENT TO REFUNDED BOND ESCROW AGENT
-	-	-	-	SALE OF CAPITAL ASSETS
(488)	-	(2,595)	978	TOTAL OTHER FINANCING SOURCES (USES)
(104)	(233)	(3,137)	5,175	EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES
1,578	539	18,376	2,791	FUND BALANCE, JULY 1, 2007
$ 1,474	$ 306	$ 15,239	$ 7,966	FUND BALANCE, JUNE 30, 2008

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	LOCAL LAW ENFORCEMENT BLOCK GRANT	PRESCHOOL SERVICES DEPARTMENT	SHERIFF'S SPECIAL PROJECTS	FIRE PROECTION DISTRICTS
REVENUES:				
TAXES	$ -	$ 46	$ -	$ 27,056
LICENSES, PERMITS AND FRANCHISES	-	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	260	41	543	122
AID FROM OTHER GOVERNMENTAL AGENCIES	6,258	38,988	10,490	347
CHARGES FOR CURRENT SERVICES	-	1	3,440	4,580
OTHER REVENUES	6	373	3,463	1,261
TOTAL REVENUES	6,524	39,449	17,936	33,366
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	-	-	-
PUBLIC PROTECTION	1,328	-	8,005	35,796
PUBLIC WAYS AND FACILITIES	-	-	-	-
HEALTH AND SANITATION	-	-	-	-
PUBLIC ASSISTANCE	-	38,566	-	-
EDUCATION	-	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-	-
DEBT SERVICE:				
PRINCIPAL	-	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-	-
BOND ISSUANCE COSTS	-	-	-	-
ADVANCE REFUNDING ESCROW	-	-	-	-
CAPITAL OUTLAY	102	368	583	2,050
TOTAL EXPENDITURES	1,430	38,934	8,588	37,846
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,094	515	9,348	(4,480)
OTHER FINANCING SOURCES (USES):				
TRANSFERS TO OTHER FUNDS (NOTE 7)	(1,364)	(214)	(5,128)	(1,344)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	4,651	-	-	2,224
PROCEEDS OF REFUNDING BONDS	-	-	-	-
DISCOUNT ON REFUNDING BONDS	-	-	-	-
PAYMENT TO REFUNDED BOND ESCROW AGENT	-	-	-	-
SALE OF CAPITAL ASSETS	-	5	410	12
TOTAL OTHER FINANCING SOURCES (USES)	3,287	(209)	(4,718)	892
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	8,381	306	4,630	(3,588)
FUND BALANCE, JULY 1, 2007	69	92	7,531	6,804
FUND BALANCE, JUNE 30, 2008	$ 8,450	$ 398	$ 12,161	$ 3,216

See accompanying independent auditor's report.

SPECIAL TRANSPORTATION	REDEVELOPMENT AGENCY	MENTAL HEALTH SERVICES ACT	OTHER SPECIAL REVENUE	
				REVENUES:
$ 6,745	$ 15,620	$ -	$ 1,637	TAXES
-	-	-	-	LICENSES, PERMITS AND FRANCHISES
-	-	-	4,616	FINES, FORFEITURES AND PENALTIES
1,326	1,199	1,462	5,048	REVENUES FROM USE OF MONEY AND PROPERTY
120	-	32,387	19,079	AID FROM OTHER GOVERNMENTAL AGENCIES
3,330	-	-	4,235	CHARGES FOR CURRENT SERVICES
54	20	42	21,336	OTHER REVENUES
11,575	16,839	33,891	55,951	TOTAL REVENUES
				EXPENDITURES:
				CURRENT:
-	4,072	-	1,231	GENERAL GOVERNMENT
-	-	-	13,890	PUBLIC PROTECTION
6,267	-	-	209	PUBLIC WAYS AND FACILITIES
-	-	-	8,291	HEALTH AND SANITATION
-	-	-	29	PUBLIC ASSISTANCE
-	-	-	-	EDUCATION
-	-	-	2,328	RECREATION AND CULTURAL SERVICES
				DEBT SERVICE:
-	-	-	-	PRINCIPAL
-	510	-	-	INTEREST AND FISCAL CHARGES
-	-	-	-	BOND ISSUANCE COSTS
-	-	-	-	ADVANCE REFUNDING ESCROW
-	1,545	-	2,229	CAPITAL OUTLAY
6,267	6,127	-	28,207	TOTAL EXPENDITURES
5,308	10,712	33,891	27,744	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES
				OTHER FINANCING SOURCES (USES):
-	(3,952)	(20,707)	(36,195)	TRANSFERS TO OTHER FUNDS (NOTE 7)
-	449	-	3,578	TRANSFERS FROM OTHER FUNDS (NOTE 7)
-	-	-	-	PROCEEDS OF REFUNDING BONDS
-	-	-	-	DISCOUNT ON REFUNDING BONDS
-	-	-	-	PAYMENT TO REFUNDED BOND ESCROW AGENT
-	-	-	44	SALE OF CAPITAL ASSETS
-	(3,503)	(20,707)	(32,573)	TOTAL OTHER FINANCING SOURCES (USES)
5,308	7,209	13,184	(4,829)	EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES
25,906	18,464	22,614	50,626	FUND BALANCE, JULY 1, 2007
$ 31,214	$ 25,673	$ 35,798	$ 45,797	FUND BALANCE, JUNE 30, 2008

COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2008 (IN THOUSANDS)

ASSETS	TOTAL	REDEVELOPMENT AGENCY BONDS	JOINT POWERS AUTHORITIES	PENSION OBLIGATION BONDS
CASH AND CASH EQUIVALENTS	$ 17,567	$ 89	$ 11,660	$ 5,818
INVESTMENTS	15,645	3,818	7,993	3,834
ACCOUNTS RECEIVABLE - NET	155	-	155	-
INTEREST RECEIVABLE	40	7	33	-
TOTAL ASSETS	$ 33,407	$ 3,914	$ 19,841	$ 9,652
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
DUE TO OTHER FUNDS (NOTE 7)	$ 84	$ 74	$ 10	$ -
TOTAL LIABILITIES	84	74	10	-
FUND BALANCE:				
RESERVED FOR DEBT SERVICE	33,323	3,840	19,831	9,652
UNRESERVED, UNDESIGNATED	-	-	-	-
TOTAL FUND BALANCE	33,323	3,840	19,831	9,652
TOTAL LIABILITIES AND FUND BALANCE	$ 33,407	$ 3,914	$ 19,841	$ 9,652

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	TOTAL	REDEVELOPMENT AGENCY BONDS	JOINT POWERS AUTHORITIES	PENSION OBLIGATION BONDS
REVENUES:				
REVENUES FROM USE OF MONEY AND PROPERTY	$ 818	$ 165	$ 516	$ 137
OTHER REVENUES	4,326	-	28	4,298
TOTAL REVENUES	5,144	165	544	4,435
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	951	-	30	921
DEBT SERVICE:				
PRINCIPAL	42,555	965	13,730	27,860
INTEREST	46,105	2,794	7,779	35,532
ISSUANCE COSTS	101	-	101	-
TOTAL EXPENDITURES	89,712	3,759	21,640	64,313
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(84,568)	(3,594)	(21,096)	(59,878)
OTHER FINANCING SOURCES (USES):				
TRANSFERS FROM OTHER FUNDS	88,215	3,522	20,124	64,569
REFUNDING BONDS ISSUED	14,555	-	14,555	-
PAYMENT TO REFUNDED BOND ESCROW AGENT	(13,323)	-	(13,323)	-
TOTAL OTHER FINANCING SOURCES (USES)	89,447	3,522	21,356	64,569
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	4,879	(72)	260	4,691
FUND BALANCE, JULY 1, 2007	28,444	3,912	19,571	4,961
FUND BALANCE, JUNE 30, 2008	$ 33,323	$ 3,840	$ 19,831	$ 9,652

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2008 (IN THOUSANDS)

ASSETS	TOTAL	CAPITAL IMPROVEMENTS	PARK AND RECREATION DISTRICTS
CASH AND CASH EQUIVALENTS	$ 122,465	$ 76,148	$ 2,602
DUE FROM OTHER FUNDS (NOTE 7)	3,815	3,725	-
DUE FROM OTHER GOVERNMENTS	2,786	2,753	-
LAND HELD FOR RESALE	5,487	-	-
TOTAL ASSETS	$ 134,553	$ 82,626	$ 2,602
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
ACCOUNTS PAYABLE	$ 1,948	$ 1,824	$ 11
DUE TO OTHER FUNDS	671	495	-
TOTAL LIABILITIES	2,619	2,319	11
FUND BALANCE:			
RESERVED FOR ENCUMBRANCES	21,250	20,827	140
RESERVED FOR LAND HELD FOR RESALE	5,487	-	-
UNRESERVED, UNDESIGNATED	105,197	59,480	2,451
TOTAL FUND BALANCE	131,934	80,307	2,591
TOTAL LIABILITIES AND FUND BALANCE	$ 134,553	$ 82,626	$ 2,602

See accompanying independent auditor's report.

JOINT POWERS AUTHORITIES	COUNTY SERVICE AREAS	FIRE PROTECTION DISTRICTS	REDEVELOPMENT AGENCY	
				ASSETS
$ -	$ 7,141	$ 4,060	$ 32,514	CASH AND CASH EQUIVALENTS
-	90	-	-	DUE FROM OTHER FUNDS (NOTE 7)
-	-	-	33	DUE FROM OTHER GOVERNMENTS
-	-	-	5,487	LAND HELD FOR RESALE
$ -	$ 7,231	$ 4,060	$ 38,034	TOTAL ASSETS
				LIABILITIES AND FUND BALANCE
				LIABILITIES:
$ -	$ 113	$ -	$ -	ACCOUNTS PAYABLE
-	149	-	27	DUE TO OTHER FUNDS
-	262	-	27	TOTAL LIABILITIES
				FUND BALANCE:
-	166	117	-	RESERVED FOR ENCUMBRANCES
-	-	-	5,487	RESERVED FOR LAND HELD FOR RESALE
-	6,803	3,943	32,520	UNRESERVED, UNDESIGNATED
-	6,969	4,060	38,007	TOTAL FUND BALANCE
$ -	$ 7,231	$ 4,060	$ 38,034	TOTAL LIABILITIES AND FUND BALANCE

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	TOTAL	CAPITAL IMPROVEMENTS	PARK AND RECREATION DISTRICTS
REVENUES:			
TAXES	$ 3	$ -	$ -
REVENUES FROM USE OF MONEY AND PROPERTY	3,207	650	156
AID FROM OTHER GOVERNMENTAL AGENCIES	3,349	3,052	277
CHARGES FOR CURRENT SERVICES	2,047	2,047	-
OTHER REVENUES	4,853	4,699	6
TOTAL REVENUES	13,459	10,448	439
EXPENDITURES:			
GENERAL GOVERNMENT	2,910	2,910	-
CAPITAL OUTLAY	54,443	44,930	1,776
TOTAL EXPENDITURES	57,353	47,840	1,776
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(43,894)	(37,392)	(1,337)
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(1,472)	(21)	(16)
TRANSFERS FROM OTHER FUNDS	57,775	53,891	468
SALE OF CAPITAL ASSETS	355	355	-
TOTAL OTHER FINANCING SOURCES (USES)	56,658	54,225	452
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	12,764	16,833	(885)
FUND BALANCE, JULY 1, 2007	119,170	63,474	3,476
FUND BALANCE, JUNE 30, 2008	$ 131,934	$ 80,307	$ 2,591

See accompanying independent auditor's report.

JOINT POWERS AUTHORITIES	COUNTY SERVICE AREAS	FIRE PROTECTION DISTRICTS	REDEVELOPMENT AGENCY	
				REVENUES:
$ -	$ -	$ 3	$ -	TAXES
-	446	160	1,795	REVENUES FROM USE OF MONEY AND PROPERTY
-	-	20	-	AID FROM OTHER GOVERNMENTAL AGENCIES
-	-	-	-	CHARGES FOR CURRENT SERVICES
-	142	6	-	OTHER REVENUES
-	588	189	1,795	TOTAL REVENUES
				EXPENDITURES:
-	-	-	-	GENERAL GOVERNMENT
-	4,981	195	2,561	CAPITAL OUTLAY
-	4,981	195	2,561	TOTAL EXPENDITURES
-	(4,393)	(6)	(766)	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
				OTHER FINANCING SOURCES (USES):
(3)	(1,270)	(162)	-	TRANSFERS TO OTHER FUNDS
-	2,431	985	-	TRANSFERS FROM OTHER FUNDS
-	-	-	-	SALE OF CAPITAL ASSETS
(3)	1,161	823	-	TOTAL OTHER FINANCING SOURCES (USES)
(3)	(3,232)	817	(766)	EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES
3	10,201	3,243	38,773	FUND BALANCE, JULY 1, 2007
$ -	$ 6,969	$ 4,060	$ 38,007	FUND BALANCE, JUNE 30, 2008

COUNTY OF SAN BERNARDINO
COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2008 (IN THOUSANDS)

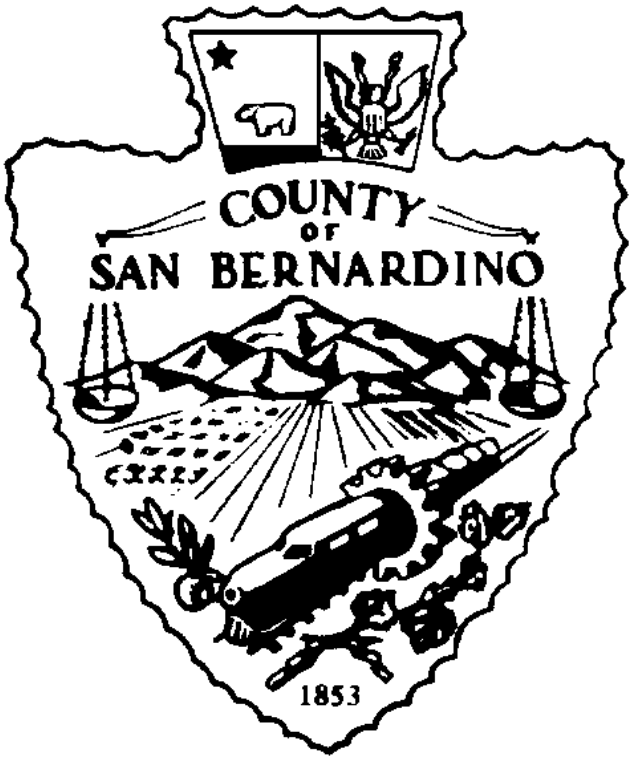
	TOTAL	BARSTOW CEMETERY ENDOWMENT CARE FUND	LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND
ASSETS			
CASH AND CASH EQUIVALENTS	$ 631	$ 544	$ 87
TOTAL ASSETS	$ 631	$ 544	$ 87
FUND BALANCE			
FUND BALANCE:			
UNRESERVED, UNDESIGNATED	$ 631	$ 544	$ 87
TOTAL FUND BALANCE	631	544	87
TOTAL FUND BALANCE	$ 631	$ 544	$ 87

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	TOTAL	BARSTOW CEMETERY ENDOWMENT CARE FUND	LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND
REVENUES:			
REVENUES FROM USE OF MONEY & PROPERTY	$ 32	$ 28	$ 4
OTHER REVENUES	16	16	-
TOTAL REVENUES	48	44	4
EXPENDITURES:			
TOTAL EXPENDITURES	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	48	44	4
FUND BALANCE, JULY 1, 2007	583	500	83
FUND BALANCE, JUNE 30, 2008	$ 631	$ 544	$ 87

See accompanying independent auditor's report.


COUNTY
OF
SAN BERNARDINO
1853

Combining Financial Statements
Nonmajor Enterprise Funds

Comprehensive Annual Financial Report

NONMAJOR ENTERPRISE FUNDS DESCRIPTIONS

CRESTLINE SANITATION DISTRICT

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

COUNTY SERVICE AREAS

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

FIRE PROTECTION DISTRICTS – AMBULANCE

The Fire Protection Districts-Ambulance Funds account for ambulance transport services. User fees are the principal source of revenue.

OTHER ENTERPRISE

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

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2008 (IN THOUSANDS)

	TOTAL	CRESTLINE SANITATION DISTRICT	COUNTY SERVICE AREAS
ASSETS			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	$ 35,545	$ 6,377	$ 28,973
ACCOUNTS RECEIVABLE - NET	3,986	592	2,307
OTHER RECEIVABLES	497	-	497
DUE FROM OTHER FUNDS	100	33	67
DUE FROM OTHER GOVERNMENTS	50	50	-
INVENTORIES	52	-	-
TOTAL CURRENT ASSETS	40,230	7,052	31,844
NONCURRENT ASSETS:			
LAND, STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE	93,147	22,460	70,687
EQUIPMENT	2,839	1,338	1,427
ACCUMULATED DEPRECIATION AND AMORTIZATION	(45,992)	(16,479)	(29,489)
CONSTRUCTION IN PROGRESS	7,610	1,927	5,683
TOTAL NONCURRENT ASSETS	57,604	9,246	48,308
TOTAL ASSETS	97,834	16,298	80,152
LIABILITIES			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	913	280	618
SALARIES AND BENEFITS PAYABLE	7	-	-
DUE TO OTHER FUNDS	264	-	256
DUE TO OTHER GOVERNMENTS	338	-	338
INTEREST PAYABLE	220	-	220
DEFERRED REVENUE	33	-	33
BONDS AND NOTES PAYABLE	323	91	232
TOTAL CURRENT LIABILITIES	2,098	371	1,697
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE	800	-	800
BONDS AND NOTES PAYABLE	4,344	893	3,451
TOTAL NONCURRENT LIABILITIES	5,144	893	4,251
TOTAL LIABILITIES	7,242	1,264	5,948
NET ASSETS:			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	52,937	8,262	44,625
UNRESTRICTED	37,655	6,772	29,579
TOTAL NET ASSETS	$ 90,592	$ 15,034	$ 74,204

See accompanying independent auditor's report.

FIRE PROTECTION DISTRICTS - AMBULANCE	OTHER ENTERPRISE	
		ASSETS
		CURRENT ASSETS:
$ 119	$ 76	CASH AND CASH EQUIVALENTS
1,087	-	ACCOUNTS RECEIVABLE - NET
-	-	OTHER RECEIVABLES
-	-	DUE FROM OTHER FUNDS
-	-	DUE FROM OTHER GOVERNMENTS
-	52	INVENTORIES
1,206	128	TOTAL CURRENT ASSETS
		NONCURRENT ASSETS:
-	-	LAND, STRUCTURES AND IMPROVEMENTS
74	-	EQUIPMENT
(24)	-	ACCUMULATED DEPRECIATION AND AMORTIZATION
-	-	CONSTRUCTION IN PROGRESS
50	-	TOTAL NONCURRENT ASSETS
1,256	128	TOTAL ASSETS
		LIABILITIES
		CURRENT LIABILITIES:
15	-	ACCOUNTS PAYABLE
-	7	SALARIES AND BENEFITS PAYABLE
8	-	DUE TO OTHER FUNDS
-	-	DUE TO OTHER GOVERNMENTS
-	-	INTEREST PAYABLE
-	-	DEFERRED REVENUE
-	-	BONDS AND NOTES PAYABLE
23	7	TOTAL CURRENT LIABILITIES
		NONCURRENT LIABILITIES:
-	-	INTERFUND PAYABLE
-	-	BONDS AND NOTES PAYABLE
-	-	TOTAL NONCURRENT LIABILITIES
23	7	TOTAL LIABILITIES
		NET ASSETS:
50	-	INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT
1,183	121	UNRESTRICTED
$ 1,233	$ 121	TOTAL NET ASSETS

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	TOTAL	CRESTLINE SANITATION DISTRICT	COUNTY SERVICE AREAS
OPERATING REVENUES:			
CHARGES FOR CURRENT SERVICES	$ 19,852	$ 2,254	$ 15,245
TOTAL OPERATING REVENUES	19,852	2,254	15,245
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	1,912	37	1,718
SALARIES AND EMPLOYEE BENEFITS	9,518	2,143	7,193
SERVICES AND SUPPLIES	6,527	816	5,574
DEPRECIATION AND AMORTIZATION	3,393	549	2,838
OTHER	482	-	482
TOTAL OPERATING EXPENSES	21,832	3,545	17,805
OPERATING INCOME (LOSS)	(1,980)	(1,291)	(2,560)
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUE	2,466	315	2,142
INTEREST EXPENSE	(503)	(18)	(485)
TAX REVENUE	5,334	1,048	4,286
GRANT REVENUE	14	14	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	(2,075)	16	(2,085)
OTHER NONOPERATING REVENUES	5,800	219	5,355
OTHER NONOPERATING EXPENSES	(30,858)	-	(30,858)
TOTAL NONOPERATING REVENUES (EXPENSES)	(19,822)	1,594	(21,645)
CHANGE IN NET ASSETS BEFORE TRANSFERS	(21,802)	303	(24,205)
TRANSFERS TO OTHER FUNDS	(3,377)	-	(2,046)
TRANSFERS FROM OTHER FUNDS	1,176	-	1,176
CHANGE IN NET ASSETS	(24,003)	303	(25,075)
TOTAL NET ASSETS, JULY 1, 2007 AS RESTATED	114,595	14,731	99,279
TOTAL NET ASSETS, JUNE 30, 2008	$ 90,592	$ 15,034	$ 74,204

See accompanying independent auditor's report.

FIRE PROTECTION DISTRICTS - AMBULANCE	OTHER ENTERPRISE	
		OPERATING REVENUES:
$ 2,348	$ 5	CHARGES FOR CURRENT SERVICES
2,348	5	TOTAL OPERATING REVENUES
		OPERATING EXPENSES:
155	2	PROFESSIONAL SERVICES
84	98	SALARIES AND EMPLOYEE BENEFITS
21	116	SERVICES AND SUPPLIES
6	-	DEPRECIATION AND AMORTIZATION
-	-	OTHER
266	216	TOTAL OPERATING EXPENSES
2,082	(211)	OPERATING INCOME (LOSS)
		NONOPERATING REVENUES (EXPENSES):
8	1	INTEREST REVENUE
-	-	INTEREST EXPENSE
-	-	TAX REVENUE
-	-	GRANT REVENUE
(6)	-	GAIN (LOSS) ON SALE OF CAPITAL ASSETS
1	225	OTHER NONOPERATING REVENUES
-	-	OTHER NONOPERATING EXPENSES
3	226	TOTAL NONOPERATING REVENUES (EXPENSES)
2,085	15	CHANGE IN NET ASSETS BEFORE TRANSFERS
(1,303)	(28)	TRANSFERS TO OTHER FUNDS
-	-	TRANSFERS FROM OTHER FUNDS
782	(13)	CHANGE IN NET ASSETS
451	134	TOTAL NET ASSETS, JULY 1, 2007
$ 1,233	$ 121	TOTAL NET ASSETS, JUNE 30, 2008

COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	TOTAL	CRESTLINE SANITATION DISTRICT	COUNTY SERVICE AREAS	FIRE PROTECTION DISTRICTS-AMBULANCE	OTHER ENTERPRISE
CASH FLOWS FROM OPERATING ACTIVITIES:					
CASH RECEIVED FROM SERVICES	$ 20,711	$ 2,396	$ 16,448	$ 1,629	$ 238
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(19,208)	$ (674)	$ (18,207)	$ (204)	$ (123)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(9,539)	$ (2,143)	$ (7,206)	$ (84)	$ (106)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(8,036)	(421)	(8,965)	1,341	9
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
TAXES RECEIVED	5,334	1,048	4,286	-	-
GRANTS RECEIVED	14	14	-	-	-
TRANSFERS RECEIVED	1,176	-	1,176	-	-
TRANSFERS PAID	(2,577)	-	(1,246)	(1,303)	(28)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	3,947	1,062	4,216	(1,303)	(28)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
ACQUISITION OF CAPITAL ASSETS	(7,040)	(1,281)	(5,763)	4	-
PRINCIPAL PAID ON BONDS AND NOTES	(1,220)	(90)	(1,130)	-	-
INTEREST PAID ON BONDS AND NOTES	(439)	(18)	(421)	-	-
PROCEEDS FROM SALE OF CAPITAL ASSETS	23	16	7	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(8,676)	(1,373)	(7,307)	4	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
PROCEEDS FROM SALE AND MATURITIES OF INVESTMENTS	(4,348)	-	(4,348)	-	-
INTEREST ON INVESTMENTS	2,466	315	2,142	8	1
NET CASH PROVIDED BY INVESTING ACTIVITIES	(1,882)	315	(2,206)	8	1
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(14,647)	(417)	(14,262)	50	(18)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	50,192	6,794	43,235	69	94
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 35,545	$ 6,377	$ 28,973	$ 119	$ 76
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
OPERATING INCOME (LOSS)	$ (1,980)	$ (1,291)	$ (2,560)	$ 2,082	$ (211)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
DEPRECIATION AND AMORTIZATION	3,393	549	2,838	6	-
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERATING ACTIVITIES	(8,142)	219	(8,587)	1	225
CHANGES IN ASSETS AND LIABILITIES:					
ACCOUNTS RECEIVABLE	(1,562)	(100)	(742)	(720)	-
DUE FROM OTHER GOVERNMENTS	64	23	41	-	-
INVENTORIES	(8)	-	-	-	(8)
ACCOUNTS PAYABLE AND OTHER LIABILITIES	220	179	58	(28)	11
SALARIES AND BENEFITS PAYABLE	(18)	-	(10)	-	(8)
COMPENSATED ABSENCES PAYABLE	(3)	-	(3)	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (8,036)	$ (421)	$ (8,965)	$ 1,341	$ 9

	BREAKDOWN OF CASH AND CASH EQUIVALENTS				
CASH AND CASH EQUIVALENTS	$ 35,545	$ 6,377	$ 28,973	$ 119	$ 76
	$ 35,545	$ 6,377	$ 28,973	$ 119	$ 76

Combining Financial Statements
Internal Service Funds

Comprehensive Annual Financial Report

INTERNAL SERVICE FUNDS DESCRIPTIONS

GENERAL SERVICES GROUP

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

TELEPHONE SERVICES

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

COMPUTER OPERATIONS

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

VEHICLE SERVICES

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

RISK MANAGEMENT

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

FLOOD CONTROL EQUIPMENT

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

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2008 (IN THOUSANDS)

	TOTAL	GENERAL SERVICES GROUP	TELEPHONE SERVICES	COMPUTER OPERATIONS
ASSETS				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	$ 276,882	$ 3,345	$ 13,383	$ 10,495
ACCOUNTS RECEIVABLE - NET	883	49	691	-
DUE FROM OTHER FUNDS	1,626	92	239	1,140
DUE FROM OTHER GOVERNMENTS	791	-	370	192
INVENTORIES	3,226	368	1,477	-
PREPAID ITEMS	5,629	763	-	-
TOTAL CURRENT ASSETS	289,037	4,617	16,160	11,827
NONCURRENT ASSETS:				
LAND, STRUCTURES AND IMPROVEMENTS	7,872	19	1,445	-
EQUIPMENT	68,991	1,238	20,936	8,050
ACCUMULATED DEPRECIATION AND AMORTIZATION	(49,492)	(1,092)	(17,430)	(5,166)
TOTAL NONCURRENT ASSETS	27,371	165	4,951	2,884
TOTAL ASSETS	316,408	4,782	21,111	14,711
LIABILITIES				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE	4,941	616	1,578	1,253
SALARIES AND BENEFITS PAYABLE	2,510	175	667	781
DUE TO OTHER FUNDS	1,309	-	957	77
DUE TO OTHER GOVERNMENTS	27	-	-	-
DEFERRED REVENUE	2,430	650	-	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	39,640	-	-	-
COMPENSATED ABSENCES PAYABLE	1,614	152	365	435
CAPITAL LEASE OBLIGATIONS	21	21	-	-
TOTAL CURRENT LIABILITIES	52,492	1,614	3,567	2,546
NONCURRENT LIABILITIES:				
INTERFUND PAYABLE	2,000	-	2,000	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	109,681	-	-	-
COMPENSATED ABSENCES PAYABLE	2,850	82	928	1,054
TOTAL NONCURRENT LIABILITIES	114,531	82	2,928	1,054
TOTAL LIABILITIES	167,023	1,696	6,495	3,600
NET ASSETS				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	27,350	144	4,951	2,884
UNRESTRICTED	122,035	2,942	9,665	8,227
TOTAL NET ASSETS	$ 149,385	$ 3,086	$ 14,616	$ 11,111

See accompanying independent auditor's report.

VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT	
			ASSETS
			CURRENT ASSETS:
$ 7,210	$ 238,605	$ 3,844	CASH AND CASH EQUIVALENTS
143	-	-	ACCOUNTS RECEIVABLE - NET
17	7	131	DUE FROM OTHER FUNDS
229	-	-	DUE FROM OTHER GOVERNMENTS
1,381	-	-	INVENTORIES
-	4,866	-	PREPAID ITEMS
8,980	243,478	3,975	TOTAL CURRENT ASSETS
			NONCURRENT ASSETS:
6,408	-	-	LAND, STRUCTURES AND IMPROVEMENTS
26,408	81	12,278	EQUIPMENT
(17,622)	(62)	(8,120)	ACCUMULATED DEPRECIATION AND AMORTIZATION
15,194	19	4,158	TOTAL NONCURRENT ASSETS
24,174	243,497	8,133	TOTAL ASSETS
			LIABILITIES
			CURRENT LIABILITIES:
1,094	400	-	ACCOUNTS PAYABLE
492	394	1	SALARIES AND BENEFITS PAYABLE
17	209	49	DUE TO OTHER FUNDS
27	-	-	DUE TO OTHER GOVERNMENTS
-	1,780	-	DEFERRED REVENUE
-	39,640	-	ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS
355	307	-	COMPENSATED ABSENCES PAYABLE
-	-	-	CAPITAL LEASE OBLIGATIONS
1,985	42,730	50	TOTAL CURRENT LIABILITIES
			NONCURRENT LIABILITIES:
-	-	-	INTERFUND PAYABLE
-	109,681	-	ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS
603	183	-	COMPENSATED ABSENCES PAYABLE
603	109,864	-	TOTAL NONCURRENT LIABILITIES
2,588	152,594	50	TOTAL LIABILITIES
			NET ASSETS
15,194	19	4,158	INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT
6,392	90,884	3,925	UNRESTRICTED
$ 21,586	$ 90,903	$ 8,083	TOTAL NET ASSETS

COUNTY OF SAN BERNARDINO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	TOTAL	GENERAL SERVICES GROUP	TELEPHONE SERVICES	COMPUTER OPERATIONS
OPERATING REVENUES:				
CHARGES FOR CURRENT SERVICES	$ 201,773	$ 16,931	$ 25,785	$ 20,916
TOTAL OPERATING REVENUES	201,773	16,931	25,785	20,916
OPERATING EXPENSES:				
PROFESSIONAL SERVICES	5,753	750	676	914
SALARIES AND EMPLOYEE BENEFITS	34,764	2,615	9,737	9,917
SELF-INSURED CLAIMS	52,344	-	-	-
SERVICES AND SUPPLIES	57,573	12,443	10,641	5,824
DEPRECIATION AND AMORTIZATION	7,319	70	1,304	1,099
OTHER	449	-	-	-
TOTAL OPERATING EXPENSES	158,202	15,878	22,358	17,754
OPERATING INCOME (LOSS)	43,571	1,053	3,427	3,162
NONOPERATING REVENUES (EXPENSES):				
INTEREST REVENUE	10,374	-	-	-
INTEREST EXPENSE	(1)	(1)	-	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	440	-	(2)	(16)
OTHER NONOPERATING REVENUES	5,407	-	64	-
OTHER NONOPERATING EXPENSES	(3)	(3)	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	16,217	(4)	62	(16)
CHANGE IN NET ASSETS (DEFICIT) BEFORE TRANSFERS	59,788	1,049	3,489	3,146
TRANSFERS TO OTHER FUNDS (NOTE 7)	(1,524)	(108)	(377)	(496)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	3,348	-	2,658	685
CHANGE IN NET ASSETS (DEFICIT)	61,612	941	5,770	3,335
NET ASSETS (DEFICIT), JULY 1, 2007	87,773	2,145	8,846	7,776
TOTAL NET ASSETS, JUNE 30, 2008	$ 149,385	$ 3,086	$ 14,616	$ 11,111

See accompanying independent auditor's report.

VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT	
			OPERATING REVENUES:
$ 21,035	$ 112,560	$ 4,546	CHARGES FOR CURRENT SERVICES
21,035	112,560	4,546	TOTAL OPERATING REVENUES
			OPERATING EXPENSES:
1,336	2,076	1	PROFESSIONAL SERVICES
7,046	5,449	-	SALARIES AND EMPLOYEE BENEFITS
-	52,344	-	SELF-INSURED CLAIMS
13,296	13,690	1,679	SERVICES AND SUPPLIES
3,685	10	1,151	DEPRECIATION AND AMORTIZATION
-	449	-	OTHER
25,363	74,018	2,831	TOTAL OPERATING EXPENSES
(4,328)	38,542	1,715	OPERATING INCOME (LOSS)
			NONOPERATING REVENUES (EXPENSES):
379	9,844	151	INTEREST REVENUE
-	-	-	INTEREST EXPENSE
434	(2)	26	GAIN (LOSS) ON SALE OF CAPITAL ASSETS
4,631	700	12	OTHER NONOPERATING REVENUES
-	-	-	OTHER NONOPERATING EXPENSES
5,444	10,542	189	TOTAL NONOPERATING REVENUES (EXPENSES)
1,116	49,084	1,904	CHANGE IN NET ASSETS (DEFICIT) BEFORE TRANSFERS
(297)	(246)	-	TRANSFERS TO OTHER FUNDS (NOTE 7)
5	-	-	TRANSFERS FROM OTHER FUNDS (NOTE 7)
824	48,838	1,904	CHANGE IN NET ASSETS (DEFICIT)
20,762	42,065	6,179	NET ASSETS (DEFICIT), JULY 1, 2007
$ 21,586	$ 90,903	$ 8,083	TOTAL NET ASSETS, JUNE 30, 2008

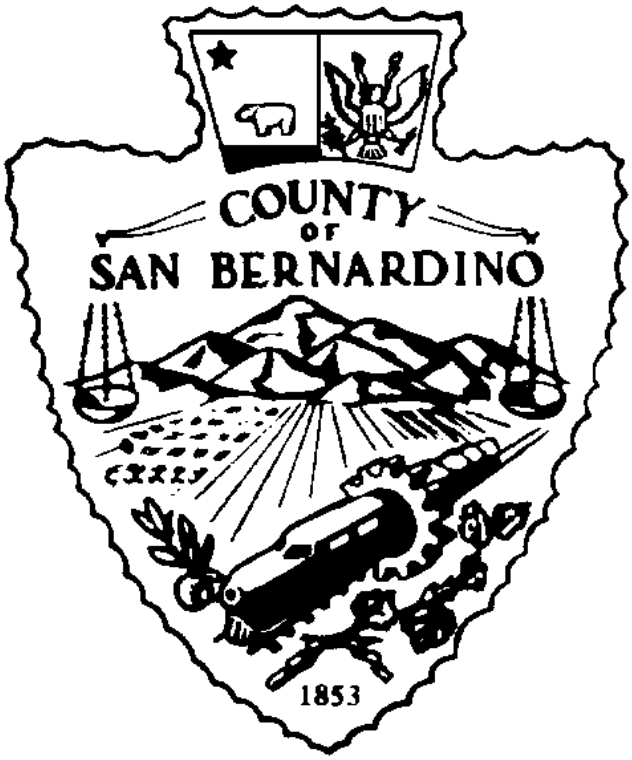
COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	TOTAL	GENERAL SERVICES GROUP	TELEPHONE SERVICES	COMPUTER OPERATIONS	VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
CASH FLOWS FROM OPERATING ACTIVITIES:							
CASH RECEIVED FROM SERVICES	$ 218,017	$ 17,166	$ 25,829	$ 21,072	$ 25,615	$ 124,975	$ 3,360
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(111,766)	(12,812)	(11,894)	(7,205)	(15,369)	(62,805)	(1,681)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(34,040)	(2,599)	(9,399)	(9,767)	(6,917)	(5,358)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	72,211	1,755	4,536	4,100	3,329	56,812	1,679
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
TRANSFERS RECEIVED	3,348	-	2,658	685	5	-	-
TRANSFERS PAID	(1,524)	(108)	(377)	(496)	(297)	(246)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	1,824	(108)	2,281	189	(292)	(246)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
ACQUISITION OF CAPITAL ASSETS	(9,738)	(80)	(2,053)	(2,319)	(4,918)	(7)	(361)
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	(25)	(25)	-	-	-	-	-
INTEREST PAID ON CAPITAL LEASE OBLIGATIONS	(1)	(1)	-	-	-	-	-
PROCEEDS FROM SALE OF CAPITAL ASSETS	472	-	-	-	446	-	26
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(9,292)	(106)	(2,053)	(2,319)	(4,472)	(7)	(335)
CASH FLOWS FROM INVESTING ACTIVITIES:							
INTEREST ON INVESTMENTS	10,375	-	-	-	392	9,844	139
NET CASH PROVIDED BY INVESTING ACTIVITIES	10,375	-	-	-	392	9,844	139
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	75,118	1,541	4,764	1,970	(1,043)	66,403	1,483
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	201,764	1,804	8,619	8,525	8,253	172,202	2,361
						-	
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 276,882	$ 3,345	$ 13,383	$ 10,495	$ 7,210	$ 238,605	$ 3,844
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
OPERATING INCOME (LOSS)	$ 43,571	$ 1,053	$ 3,427	$ 3,162	$ (4,328)	$ 38,542	$ 1,715
DEPRECIATION AND AMORTIZATION	7,319	70	1,304	1,099	3,685	10	1,151
NONOPERATING REVENUE (EXPENSE) RELATED TO OPERTAING ACTIVITIES	3,839	(3)	64	(203)	4,513	700	(1,232)
CHANGES IN ASSETS AND LIABILITIES:							
ACCOUNTS RECEIVABLE	10,059	110	(88)	59	(3)	9,935	46
DUE FROM OTHER GOVERNMENTS	208	75	68	97	(32)	-	-
INVENTORIES	(898)	(6)	(590)	-	(302)	-	-
PREPAID ITEMS	(3,649)	144	-	-	-	(3,793)	-
ACCOUNTS PAYABLE AND OTHER LIABILITIES	(8,600)	296	13	(264)	(333)	(8,311)	(1)
SALARIES AND BENEFITS PAYABLE	275	17	117	74	22	45	-
ESTIMATED LIABILITIES FOR LITIGATION AND SELF-INSURANCE CLAIMS	19,638	-	-	-	-	19,638	-
COMPENSATED ABSENCES PAYABLE	449	(1)	221	76	107	46	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 72,211	$ 1,755	$ 4,536	$ 4,100	$ 3,329	$ 56,812	$ 1,679
	BREAKDOWN OF CASH AND CASH EQUIVALENTS						
CASH AND CASH EQUIVALENTS	$ 276,882	$ 3,345	$ 13,383	$ 10,495	$ 7,210	$ 238,605	$ 3,844
	$ 276,882	$ 3,345	$ 13,383	$ 10,495	$ 7,210	$ 238,605	$ 3,844

See accompanying independent auditor's report.

Combining Financial Statements Trust and Agency Funds

Comprehensive Annual Financial Report


COUNTY
OF
SAN BERNARDINO
1853

TRUST AND AGENCY FUNDS DESCRIPTIONS

AGENCY FUNDS

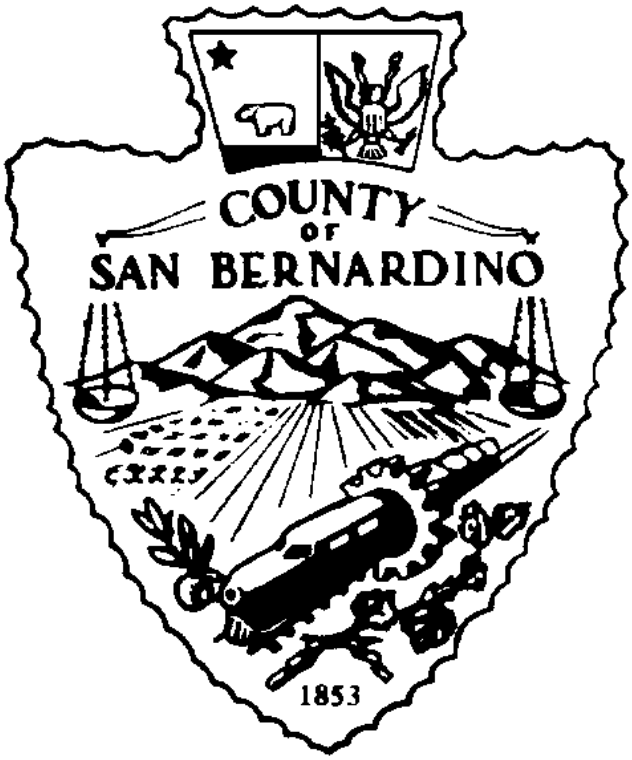
Special Assessment Agency Funds - The special assessment funds are administered by the County Treasurer and account for amounts collected from property owners for the payment of special assessment bond principal and interest. The special assessment bonds include both 1911 and 1915 Act Bonds and Mello-Roos 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, 2008 (IN THOUSANDS)

	BALANCE JULY 1, 2007 AS RESTATED	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2008
TOTAL COMBINED AGENCY FUNDS				
ASSETS:				
CASH AND CASH EQUIVALENTS	$ 269,675	$ 12,579,844	$ 12,528,052	$ 321,467
INVESTMENTS	1,205	-	1,205	-
TAXES RECEIVABLE	183,883	180,939	254,342	110,480
INTEREST RECEIVABLE	40	-	40	-
DUE FROM OTHER FUNDS	-	249	249	-
DUE FROM OTHER GOVERNMENTS	250	70,461	250	70,461
TOTAL ASSETS	$ 455,053	$ 12,831,493	$ 12,784,138	$ 502,408
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	455,053	526,664	479,309	502,408
TOTAL LIABILITIES	$ 455,053	$ 526,664	$ 479,309	$ 502,408
SPECIAL ASSESSMENT AGENCY FUNDS				
ASSETS:				
CASH AND CASH EQUIVALENTS	$ 4,753	$ 981	$ 339	$ 5,395
TOTAL ASSETS	$ 4,753	$ 981	$ 339	$ 5,395
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	$ 4,753	$ 642	$ -	$ 5,395
TOTAL LIABILITIES	$ 4,753	$ 642	$ -	$ 5,395
OTHER AGENCY FUNDS				
ASSETS:				
CASH AND CASH EQUIVALENTS	$ 264,922	$ 12,578,863	$ 12,527,713	$ 316,072
INVESTMENTS	1,205	-	1,205	-
TAXES RECEIVABLE	183,883	180,939	254,342	110,480
INTEREST RECEIVABLE	40	-	40	-
DUE FROM OTHER FUNDS	-	249	249	-
DUE FROM OTHER GOVERNMENTS	250	70,461	250	70,461
TOTAL ASSETS	$ 450,300	$ 12,830,512	$ 12,783,799	$ 497,013
LIABILITIES:				
DUE TO OTHER GOVERNMENTS	$ 450,300	$ 526,022	$ 479,309	$ 497,013
TOTAL LIABILITIES	$ 450,300	$ 526,022	$ 479,309	$ 497,013

See accompanying independent auditor's report.


COUNTY
OF
SAN BERNARDINO
1853

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

Comprehensive Annual Financial Report

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, 2008 (IN THOUSANDS)

	TOTAL		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	$ 134,585	$ 134,695	$ 110
LICENSES, PERMITS AND FRANCHISES	568	572	4
FINES, FORFEITURES AND PENALTIES	7,111	10,517	3,406
REVENUES FROM USE OF MONEY AND PROPERTY	20,899	22,005	1,106
AID FROM OTHER GOVERNMENTAL AGENCIES	313,464	220,910	(92,554)
CHARGES FOR CURRENT SERVICES	63,161	54,461	(8,700)
OTHER REVENUES	48,217	38,846	(9,371)
TOTAL REVENUES	588,005	482,006	(105,999)
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	51,710	10,772	40,938
PUBLIC PROTECTION	291,933	178,086	113,847
PUBLIC WAYS AND FACILITIES	153,314	78,327	74,987
HEALTH AND SANITATION	44,959	10,283	34,676
PUBLIC ASSISTANCE	106,542	67,578	38,964
EDUCATION	18,690	18,196	494
RECREATION AND CULTURAL SERVICES	15,659	6,969	8,690
DEBT SERVICE:			
PRINCIPAL	5,999	3,028	2,971
INTEREST AND FISCAL CHARGES	6,057	5,844	213
BOND ISSUANCE COSTS	269	269	-
ADVANCE REFUNDING ESCROW	8,245	8,245	-
CAPITAL OUTLAY	78,002	15,488	62,514
TOTAL EXPENDITURES	781,379	403,085	378,294
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(193,374)	78,921	272,295
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(179,259)	(101,379)	77,880
TRANSFERS FROM OTHER FUNDS	59,854	26,646	(33,208)
LONG-TERM DEBT ISSUED	20	-	(20)
PROCEED OF REFUNDING BONDS	37,295	37,295	-
DISCOUNT ON REFUNDING BONDS	(136)	(136)	-
PAYMENT TO REFUNDED BOND ESCROW AGENT	(36,800)	(36,800)	-
SALE OF CAPITAL ASSETS	14,105	1,335	(12,770)
TOTAL OTHER FINANCING SOURCES (USES)	(104,921)	(73,039)	31,882
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(298,295)	5,882	304,177
FUND BALANCE, JULY 1, 2007	314,732	314,732	-
FUND BALANCE, JUNE 30, 2008	$ 16,437	$ 320,614	$ 304,177

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
CERTAIN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	TRANSPORTATION		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
LICENSES, PERMITS AND FRANCHISES	$ 500	$ 516	$ 16
REVENUES FROM USE OF MONEY AND PROPERTY	1,252	1,712	460
AID FROM OTHER GOVERNMENTAL AGENCIES	64,050	59,303	(4,747)
CHARGES FOR CURRENT SERVICES	2,322	2,760	438
OTHER REVENUES	1,346	204	(1,142)
TOTAL REVENUES	69,470	64,495	(4,975)
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	90,295	64,966	25,329
DEBT SERVICE:			
PRINCIPAL	2,895	780	2,115
INTEREST AND FISCAL CHARGES	175	137	38
CAPITAL OUTLAY	6,588	4,300	2,288
TOTAL EXPENDITURES	99,953	70,183	29,770
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(30,483)	(5,688)	24,795
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(1,697)	(1,697)	-
TRANSFERS FROM OTHER FUNDS	547	547	-
SALE OF CAPITAL ASSETS	105	337	232
TOTAL OTHER FINANCING SOURCES (USES)	(1,045)	(813)	232
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(31,528)	(6,501)	25,027
FUND BALANCE, JULY 1, 2007	25,326	25,326	-
FUND BALANCE (DEFICIT), JUNE 30, 2008	$ (6,202)	$ 18,825	$ 25,027

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
CERTAIN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	COUNTY FREE LIBRARY		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	$ 13,625	$ 12,968	$ (657)
AID FROM OTHER GOVERNMENTAL AGENCIES	1,305	1,215	(90)
CHARGES FOR CURRENT SERVICES	1,408	1,100	(308)
OTHER REVENUES	1,518	1,806	288
TOTAL REVENUES	17,856	17,089	(767)
EXPENDITURES:			
CURRENT:			
EDUCATION	18,690	18,196	494
DEBT SERVICE:			
PRINCIPAL	91	49	42
INTEREST AND FISCAL CHARGES	85	95	(10)
CAPITAL OUTLAY	541	395	146
TOTAL EXPENDITURES	19,407	18,735	672
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,551)	(1,646)	(95)
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(569)	(569)	-
TRANSFERS FROM OTHER FUNDS	1,200	1,200	-
TOTAL OTHER FINANCING SOURCES (USES)	631	631	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(920)	(1,015)	(95)
FUND BALANCE, JULY 1, 2007	1,204	1,204	-
FUND BALANCE (DEFICIT), JUNE 30, 2008	$ 284	$ 189	$ (95)

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
CERTAIN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	ECONOMIC AND COMMUNITY DEVELOPMENT		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	$ 40	$ 62	$ 22
FINES, FORFEITURES AND PENALTIES	3	4	1
REVENUES FROM USE OF MONEY AND PROPERTY	757	1,322	565
AID FROM OTHER GOVERNMENTAL AGENCIES	31,066	13,323	(17,743)
OTHER REVENUES	3,895	3,643	(252)
TOTAL REVENUES	35,761	18,354	(17,407)
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	47,317	14,580	32,737
TOTAL EXPENDITURES	47,317	14,580	32,737
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,556)	3,774	15,330
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(2,144)	(841)	1,303
TOTAL OTHER FINANCING SOURCES (USES)	(2,144)	(841)	1,303
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(13,700)	2,933	16,633
FUND BALANCE, JULY 1, 2007	13,685	13,685	-
FUND BALANCE (DEFICIT), JUNE 30, 2008	$ (15)	$ 16,618	$ 16,633

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
CERTAIN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	AGING AND ADULT SERVICES		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	$ 14	$ 42	$ 28
AID FROM OTHER GOVERNMENTAL AGENCIES	3,950	3,260	(690)
OTHER REVENUES	-	2	2
TOTAL REVENUES	3,964	3,304	(660)
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	6,147	3,725	2,422
TOTAL EXPENDITURES	6,147	3,725	2,422
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,183)	(421)	1,762
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(53)	(53)	-
TRANSFERS FROM OTHER FUNDS	838	483	(355)
TOTAL OTHER FINANCING SOURCES	785	430	(355)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(1,398)	9	1,407
FUND BALANCE, JULY 1, 2007	1,397	1,397	-
FUND BALANCE (DEFICIT), JUNE 30, 2008	$ (1)	$ 1,406	$ 1,407

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
CERTAIN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	JOBS AND EMPLOYMENT SERVICES		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	$ 262	$ 228	$ (34)
AID FROM OTHER GOVERNMENTAL AGENCIES	13,722	10,664	(3,058)
OTHER REVENUES	-	98	98
TOTAL REVENUES	13,984	10,990	(2,994)
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	13,557	10,927	2,630
CAPITAL OUTLAY	13	-	13
TOTAL EXPENDITURES	13,570	10,927	2,643
EXCESS OF REVENUES OVER EXPENDITURES	414	63	(351)
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(205)	(205)	-
TOTAL OTHER FINANCING SOURCES (USES)	(205)	(205)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	209	(142)	(351)
FUND BALANCE, JULY 1, 2007	145	145	-
FUND BALANCE (DEFICIT), JUNE 30, 2008	$ 354	$ 3	$ (351)

See accompanying independent auditor's report.

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, 2008 (IN THOUSANDS)

	MICROGRAPHICS FEES		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	$ -	$ 19	$ 19
CHARGES FOR CURRENT SERVICES	5,561	4,791	(770)
TOTAL REVENUES	5,561	4,810	(751)
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	19,930	4,474	15,456
CAPITAL OUTLAY	1,754	281	1,473
TOTAL EXPENDITURES	21,684	4,755	16,929
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(16,123)	55	16,178
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(1,292)	(743)	549
TOTAL OTHER FINANCING SOURCES (USES)	(1,292)	(743)	549
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(17,415)	(688)	16,727
FUND BALANCE, JULY 1, 2007	17,415	17,415	-
FUND BALANCE, JUNE 30, 2008	$ -	$ 16,727	$ 16,727

See accompanying independent auditor's report.

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, 2008 (IN THOUSANDS)

	COUNTY SERVICE AREAS		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	$ 31,115	$ 30,686	$ (429)
FINES, FORFEITURES AND PENALTIES	60	27	(33)
REVENUES FROM USE OF MONEY AND PROPERTY	5,515	2,012	(3,503)
AID FROM OTHER GOVERNMENTAL AGENCIES	27,064	13,593	(13,471)
CHARGES FOR CURRENT SERVICES	25,162	25,946	784
OTHER REVENUES	15,168	5,357	(9,811)
TOTAL REVENUES	104,084	77,621	(26,463)
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	5,240	995	4,245
PUBLIC PROTECTION	95,568	68,706	26,862
PUBLIC WAYS AND FACILITIES	6,102	2,099	4,003
RECREATION AND CULTURAL SERVICES	2,692	1,165	1,527
DEBT SERVICE:			
PRINCIPAL	1,904	1,485	419
INTEREST AND FISCAL CHARGES	403	218	185
CAPITAL OUTLAY	14,389	2,125	12,264
TOTAL EXPENDITURES	126,298	76,793	49,505
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(22,214)	828	23,042
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(15,120)	(7,683)	7,437
TRANSFERS FROM OTHER FUNDS	16,141	12,103	(4,038)
LONG-TERM DEBT ISSUED	20	-	(20)
SALE OF CAPITAL ASSETS	-	44	44
TOTAL OTHER FINANCING SOURCES (USES)	1,041	4,464	3,423
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(21,173)	5,292	26,465
FUND BALANCE, JULY 1, 2007	34,503	34,503	-
FUND BALANCE, JUNE 30, 2008	$ 13,330	$ 39,795	$ 26,465

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
CERTAIN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	COURTHOUSE TEMPORARY CONSTRUCTION		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
FINES, FORFEITURES AND PENALTIES	$ 2,388	$ 2,627	$ 239
REVENUES FROM USE OF MONEY AND PROPERTY	36	160	124
OTHER REVENUES	-	4	4
TOTAL REVENUES	2,424	2,791	367
EXPENDITURES:			
TOTAL EXPENDITURES	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,424	2,791	367
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(4,814)	(2,053)	2,761
TOTAL OTHER FINANCING SOURCES (USES)	(4,814)	(2,053)	2,761
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(2,390)	738	3,128
FUND BALANCE, JULY 1, 2007	2,316	2,316	-
FUND BALANCE (DEFICIT), JUNE 30, 2008	$ (74)	$ 3,054	$ 3,128

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
CERTAIN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	CENTRAL COURTHOUSE SURCHARGE		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	$ 399	$ 215	$ (184)
CHARGES FOR CURRENT SERVICES	2,017	2,581	564
OTHER REVENUES	-	16	16
TOTAL REVENUES	2,416	2,812	396
EXPENDITURES:			
TOTAL EXPENDITURES	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	2,416	2,812	396
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(15,577)	(15,489)	88
TOTAL OTHER FINANCING SOURCES (USES)	(15,577)	(15,489)	88
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(13,161)	(12,677)	484
FUND BALANCE, JULY 1, 2007	13,150	13,150	-
FUND BALANCE (DEFICIT), JUNE 30, 2008	$ (11)	$ 473	$ 484

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
CERTAIN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
FINES, FORFEITURES AND PENALTIES	$ 2,848	$ 3,243	$ 395
REVENUES FROM USE OF MONEY AND PROPERTY	45	197	152
OTHER REVENUES	-	5	5
TOTAL REVENUES	2,893	3,445	552
EXPENDITURES:			
TOTAL EXPENDITURES	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,893	3,445	552
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(5,834)	(2,053)	3,781
TOTAL OTHER FINANCING SOURCES (USES)	(5,834)	(2,053)	3,781
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(2,941)	1,392	4,333
FUND BALANCE, JULY 1, 2007	2,849	2,849	-
FUND BALANCE (DEFICIT), JUNE 30, 2008	$ (92)	$ 4,241	$ 4,333

See accompanying independent auditor's report.

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, 2008 (IN THOUSANDS)

	FLOOD CONTROL DISTRICT		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	$ 40,091	$ 37,869	$ (2,222)
LICENSES, PERMITS AND FRANCHISES	68	56	(12)
REVENUES FROM USE OF MONEY AND PROPERTY	5,756	4,812	(944)
AID FROM OTHER GOVERNMENTAL AGENCIES	21,842	4,966	(16,876)
CHARGES FOR CURRENT SERVICES	-	196	196
OTHER REVENUES	1,128	1,116	(12)
TOTAL REVENUES	68,885	49,015	(19,870)
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	120,865	50,929	69,936
DEBT SERVICE:			
PRINCIPAL	714	714	-
INTEREST AND FISCAL CHARGES	4,884	4,884	-
BOND ISSUANCE COSTS	269	269	-
ADVANCE REFUNDING ESCROW	8,245	8,245	-
CAPITAL OUTLAY	1,185	12	1,173
TOTAL EXPENDITURES	136,162	65,053	71,109
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(67,277)	(16,038)	51,239
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(35,092)	(535)	34,557
TRANSFERS FROM OTHER FUNDS	33,957	367	(33,590)
PROCEED OF REFUNDING BONDS	37,295	37,295	-
DISCOUNT ON REFUNDING BONDS	(136)	(136)	-
PAYMENT TO REFUNDED BOND ESCROW AGENT	(36,800)	(36,800)	-
SALE OF CAPITAL ASSETS	14,000	483	(13,517)
TOTAL OTHER FINANCING SOURCES (USES)	13,224	674	(12,550)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(54,053)	(15,364)	38,689
FUND BALANCE, JULY 1, 2007	72,016	72,016	-
FUND BALANCE, JUNE 30, 2008	$ 17,963	$ 56,652	$ 38,689

See accompanying independent auditor's report.

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, 2008 (IN THOUSANDS)

	PARK AND RECREATION DISTRICTS		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	$ 2,027	$ 2,006	$ (21)
REVENUES FROM USE OF MONEY AND PROPERTY	105	157	52
AID FROM OTHER GOVERNMENTAL AGENCIES	1,004	135	(869)
CHARGES FOR CURRENT SERVICES	1,055	940	(115)
OTHER REVENUES	55	27	(28)
TOTAL REVENUES	4,246	3,265	(981)
EXPENDITURES:			
CURRENT:			
RECREATION AND CULTURAL SERVICES	3,846	2,902	944
CAPITAL OUTLAY	20	-	20
TOTAL EXPENDITURES	3,866	2,902	964
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	380	363	(17)
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(1,772)	(504)	1,268
TRANSFERS FROM OTHER FUNDS	(3)	16	19
TOTAL OTHER FINANCING SOURCES (USES)	(1,775)	(488)	1,287
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(1,395)	(125)	1,270
FUND BALANCE, JULY 1, 2007	1,578	1,578	-
FUND BALANCE, JUNE 30, 2008	$ 183	$ 1,453	$ 1,270

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
CERTAIN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	TOBACCO TAX PROGRAM		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	$ 25	$ 22	$ (3)
AID FROM OTHER GOVERNMENTAL AGENCIES	1,720	1,770	50
OTHER REVENUES	-	2	2
TOTAL REVENUES	1,745	1,794	49
EXPENDITURES:			
CURRENT:			
HEALTH AND SANITATION	2,285	2,027	258
TOTAL EXPENDITURES	2,285	2,027	258
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(540)	(233)	307
FUND BALANCE, JULY 1, 2007	539	539	-
FUND BALANCE (DEFICIT), JUNE 30, 2008	$ (1)	$ 306	$ 307

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
CERTAIN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	SPECIAL AVIATION		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	$ 821	$ 1,106	$ 285
AID FROM OTHER GOVERNMENTAL AGENCIES	39,233	5,012	(34,221)
CHARGES FOR CURRENT SERVICES	-	561	561
OTHER REVENUES	-	11	11
TOTAL REVENUES	40,054	6,690	(33,364)
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	3,516	576	2,940
CAPITAL OUTLAY	39,872	2,438	37,434
TOTAL EXPENDITURES	43,388	3,014	40,374
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,334)	3,676	7,010
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(57)	(50)	7
TRANSFERS FROM OTHER FUNDS	1,300	1,028	(272)
TOTAL OTHER FINANCING SOURCES (USES)	1,243	978	(265)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(2,091)	4,654	6,745
FUND BALANCE, JULY 1, 2007	1,984	1,984	-
FUND BALANCE (DEFICIT), JUNE 30, 2008	$ (107)	$ 6,638	$ 6,745

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
CERTAIN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	LOCAL LAW ENFORCEMENT BLOCK GRANT		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	$ 11	$ 260	$ 249
AID FROM OTHER GOVERNMENTAL AGENCIES	3,058	6,258	3,200
OTHER REVENUES	-	6	6
TOTAL REVENUES	3,069	6,524	3,455
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	6,168	1,387	4,781
CAPITAL OUTLAY	236	154	82
TOTAL EXPENDITURES	6,404	1,541	4,863
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,335)	4,983	8,318
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(1,383)	(1,364)	19
TRANSFERS FROM OTHER FUNDS	-	4,651	4,651
TOTAL OTHER FINANCING SOURCES (USES)	(1,383)	3,287	4,670
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(4,718)	8,270	12,988
FUND BALANCE, JULY 1, 2007	66	66	-
FUND BALANCE (DEFICIT), JUNE 30, 2008	$ (4,652)	$ 8,336	$ 12,988

See accompanying independent auditor's report.

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, 2008 (IN THOUSANDS)

	PRESCHOOL SERVICES		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	$ -	$ 46	$ 46
REVENUES FROM USE OF MONEY AND PROPERTY	-	41	41
AID FROM OTHER GOVERNMENTAL AGENCIES	40,447	38,988	(1,459)
CHARGES FOR CURRENT SERVICES	-	1	1
OTHER REVENUES	4	373	369
TOTAL REVENUES	40,451	39,449	(1,002)
EXPENDITURES:			
CURRENT:			
PUBLIC ASSISTANCE	39,130	38,311	819
CAPITAL OUTLAY	710	360	350
TOTAL EXPENDITURES	39,840	38,671	1,169
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	611	778	167
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(214)	(214)	-
SALE OF CAPITAL ASSETS	-	5	5
TOTAL OTHER FINANCING SOURCES (USES)	(214)	(209)	5
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	397	569	172
FUND BALANCE (DEFICIT), JULY 1, 2007	(395)	(395)	-
FUND BALANCE, JUNE 30, 2008	$ 2	$ 174	$ 172

See accompanying independent auditor's report.

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, 2008 (IN THOUSANDS)

	SHERIFF'S SPECIAL PROJECTS		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	$ 202	$ 543	$ 341
AID FROM OTHER GOVERNMENTAL AGENCIES	9,444	10,490	1,046
CHARGES FOR CURRENT SERVICES	3,670	3,440	(230)
OTHER REVENUES	2,705	3,463	758
TOTAL REVENUES	16,021	17,936	1,915
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	14,542	7,945	6,597
CAPITAL OUTLAY	2,883	1,023	1,860
TOTAL EXPENDITURES	17,425	8,968	8,457
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,404)	8,968	10,372
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(5,694)	(5,128)	566
SALE OF CAPITAL ASSETS	-	410	410
TOTAL OTHER FINANCING SOURCES (USES)	(5,694)	(4,718)	976
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(7,098)	4,250	11,348
FUND BALANCE, JULY 1, 2007	7,099	7,099	-
FUND BALANCE, JUNE 30, 2008	$ 1	$ 11,349	$ 11,348

See accompanying independent auditor's report.

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, 2008 (IN THOUSANDS)

	FIRE PROTECTION DISTRICTS		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	$ 28,819	$ 27,056	$ (1,763)
REVENUES FROM USE OF MONEY AND PROPERTY	116	122	6
AID FROM OTHER GOVERNMENTAL AGENCIES	1	347	346
CHARGES FOR CURRENT SERVICES	5,222	4,580	(642)
OTHER REVENUES	935	1,261	326
TOTAL REVENUES	35,093	33,366	(1,727)
EXPENDITURES:			
CURRENT:			
PUBLIC PROTECTION	34,704	35,903	(1,199)
CAPITAL OUTLAY	1,453	1,215	238
TOTAL EXPENDITURES	36,157	37,118	(961)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,064)	(3,752)	(2,688)
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(4,900)	(1,344)	3,556
TRANSFERS FROM OTHER FUNDS	2,020	2,224	204
SALE OF CAPITAL ASSETS	-	12	12
TOTAL OTHER FINANCING SOURCES (USES)	(2,880)	892	3,772
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(3,944)	(2,860)	1,084
FUND BALANCE, JULY 1, 2007	5,778	5,778	-
FUND BALANCE, JUNE 30, 2008	$ 1,834	$ 2,918	$ 1,084

See accompanying independent auditor's report.

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, 2008 (IN THOUSANDS)

	SPECIAL TRANSPORTATION		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	$ 8,234	$ 6,745	$ (1,489)
REVENUES FROM USE OF MONEY AND PROPERTY	926	1,326	400
AID FROM OTHER GOVERNMENTAL AGENCIES	-	120	120
CHARGES FOR CURRENT SERVICES	12,706	3,330	(9,376)
OTHER REVENUES	-	54	54
TOTAL REVENUES	21,866	11,575	(10,291)
EXPENDITURES:			
CURRENT:			
PUBLIC WAYS AND FACILITIES	46,295	10,476	35,819
TOTAL EXPENDITURES	46,295	10,476	35,819
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(24,429)	1,099	25,528
OTHER FINANCING SOURCES (USES):			
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(24,429)	1,099	25,528
FUND BALANCE, JULY 1, 2007	24,876	24,876	-
FUND BALANCE, JUNE 30, 2008	$ 447	$ 25,975	$ 25,528

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
CERTAIN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	REDEVELOPMENT AGENCY		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	$ 8,871	$ 15,620	$ 6,749
REVENUES FROM USE OF MONEY AND PROPERTY	389	1,199	810
AID FROM OTHER GOVERNMENTAL AGENCIES	159	-	(159)
OTHER REVENUES	600	20	(580)
TOTAL REVENUES	10,019	16,839	6,820
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	24,927	4,072	20,855
DEBT SERVICE:			
PRINCIPAL	395	-	395
INTEREST AND FISCAL CHARGES	510	510	-
CAPITAL OUTLAY	4,059	1,545	2,514
TOTAL EXPENDITURES	29,891	6,127	23,764
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(19,872)	10,712	30,584
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(4,188)	(3,952)	236
TRANSFERS FROM OTHER FUNDS	-	449	449
TOTAL OTHER FINANCING SOURCES (USES)	(4,188)	(3,503)	685
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(24,060)	7,209	31,269
FUND BALANCE, JULY 1, 2007	18,464	18,464	-
FUND BALANCE (DEFICIT), JUNE 30, 2008	$ (5,596)	$ 25,673	$ 31,269

See accompanying independent auditor's report.

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, 2008 (IN THOUSANDS)

	OTHER SPECIAL REVENUE		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	$ 1,763	$ 1,637	$ (126)
FINES, FORFEITURES AND PENALTIES	1,812	4,616	2,804
REVENUES FROM USE OF MONEY AND PROPERTY	4,092	5,048	956
AID FROM OTHER GOVERNMENTAL AGENCIES	33,314	19,079	(14,235)
CHARGES FOR CURRENT SERVICES	4,038	4,235	197
OTHER REVENUES	20,863	21,336	473
TOTAL REVENUES	65,882	55,951	(9,931)
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	1,613	1,231	382
PUBLIC PROTECTION	20,086	13,216	6,870
PUBLIC WAYS AND FACILITIES	7,106	210	6,896
HEALTH AND SANITATION	31,838	8,256	23,582
PUBLIC ASSISTANCE	391	35	356
RECREATION AND CULTURAL SERVICES	9,121	2,902	6,219
CAPITAL OUTLAY	4,299	1,640	2,659
TOTAL EXPENDITURES	74,454	27,490	46,964
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,572)	28,461	37,033
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(38,712)	(36,195)	2,517
TRANSFERS FROM OTHER FUNDS	3,854	3,578	(276)
SALE OF CAPITAL ASSETS	-	44	44
TOTAL OTHER FINANCING SOURCES (USES)	(34,858)	(32,573)	2,285
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(43,430)	(4,112)	39,318
FUND BALANCE, JULY 1, 2007	48,123	48,123	-
FUND BALANCE, JUNE 30, 2008	$ 4,693	$ 44,011	$ 39,318

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
CERTAIN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	MENTAL HEALTH ACT		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	$ 176	$ 1,462	$ 1,286
AID FROM OTHER GOVERNMENTAL AGENCIES	22,085	32,387	10,302
OTHER REVENUES	-	42	42
TOTAL REVENUES	22,261	33,891	11,630
EXPENDITURES:			
CURRENT:			
HEALTH AND SANITATION	10,836	-	10,836
TOTAL EXPENDITURES	10,836	-	10,836
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,425	33,891	22,466
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(39,942)	(20,707)	19,235
TOTAL OTHER FINANCING SOURCES (USES)	(39,942)	(20,707)	19,235
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(28,517)	13,184	41,701
FUND BALANCE, JULY 1, 2007	22,614	22,614	-
FUND BALANCE (DEFICIT), JUNE 30, 2008	$ (5,903)	$ 35,798	$ 41,701

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL ON BUDGETARY BASIS
CERTAIN CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	TOTAL		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	$ -	$ 3	$ 3
REVENUES FROM USE OF MONEY AND PROPERTY	839	3,207	2,368
AID FROM OTHER GOVERNMENTAL AGENCIES	15,652	3,349	(12,303)
CHARGES FOR CURRENT SERVICES	125	2,047	1,922
OTHER REVENUES	9,009	4,853	(4,156)
TOTAL REVENUES	25,625	13,459	(12,166)
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	8,232	2,217	6,015
CAPITAL OUTLAY	199,726	49,670	150,056
TOTAL EXPENDITURES	207,958	51,887	156,071
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(182,333)	(38,428)	143,905
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	18,846	(1,469)	(20,315)
TRANSFERS FROM OTHER FUNDS	102,563	57,775	(44,788)
LONG-TERM DEBT ISSUED	13,113	-	(13,113)
SALE OF FIXED ASSETS	-	355	355
TOTAL OTHER FINANCING SOURCES	134,522	56,661	(77,861)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(47,811)	18,233	66,044
FUND BALANCE, JULY 1, 2007	50,854	92,451	41,597
FUND BALANCE, JUNE 30, 2008	$ 3,043	$ 110,684	$ 107,641

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
CERTAIN CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	CAPITAL IMPROVEMENTS		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	$ 7	$ 650	$ 643
AID FROM OTHER GOVERNMENTAL AGENCIES	11,763	3,052	(8,711)
CHARGES FOR CURRENT SERVICES	-	2,047	2,047
OTHER REVENUES	7,685	4,699	(2,986)
TOTAL REVENUES	19,455	10,448	(9,007)
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	8,232	2,217	6,015
CAPITAL OUTLAY	149,673	41,079	108,594
TOTAL EXPENDITURES	157,905	43,296	114,609
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(138,450)	(32,848)	105,602
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	(965)	(21)	944
TRANSFERS FROM OTHER FUNDS	87,583	53,891	(33,692)
LONG-TERM DEBT ISSUED	13,113	-	(13,113)
SALE OF FIXED ASSETS	-	355	355
TOTAL OTHER FINANCING SOURCES	99,731	54,225	(45,506)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(38,719)	21,377	60,096
FUND BALANCE, JULY 1, 2007	38,103	38,103	-
FUND BALANCE (DEFICIT), JUNE 30, 2008	$ (616)	$ 59,480	$ 60,096

See accompanying independent auditor's report.

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, 2008 (IN THOUSANDS)

	PARK AND RECREATION DISTRICTS		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	$ -	$ 156	$ 156
AID FROM OTHER GOVERNMENTAL AGENCIES	3,889	277	(3,612)
OTHER REVENUES	244	6	(238)
TOTAL REVENUES	4,133	439	(3,694)
EXPENDITURES:			
CAPITAL OUTLAY	12,516	1,385	11,131
TOTAL EXPENDITURES	12,516	1,385	11,131
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,383)	(946)	(7,437)
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	-	(16)	(16)
TRANSFERS FROM OTHER FUNDS	5,438	468	(4,970)
TOTAL OTHER FINANCING SOURCES	5,438	452	(4,986)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(2,945)	(494)	2,451
FUND BALANCE, JULY 1, 2007	2,945	2,945	-
FUND BALANCE, JUNE 30, 2008	$ -	$ 2,451	$ 2,451

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
CERTAIN CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

	COUNTY SERVICE AREAS		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	$ -	$ 446	$ 446
CHARGES FOR CURRENT SERVICES	125	-	(125)
OTHER REVENUES	1,080	142	(938)
TOTAL REVENUES	1,205	588	(617)
EXPENDITURES:			
CAPITAL OUTLAY	15,835	4,466	11,369
TOTAL EXPENDITURES	15,835	4,466	11,369
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(14,630)	(3,878)	10,752
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	(1,438)	(1,270)	168
TRANSFERS FROM OTHER FUNDS	5,682	2,431	(3,251)
TOTAL OTHER FINANCING SOURCES	4,244	1,161	(3,083)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(10,386)	(2,717)	7,669
FUND BALANCE, JULY 1, 2007	9,520	9,520	-
FUND BALANCE (DEFICIT), JUNE 30, 2008	$ (866)	$ 6,803	$ 7,669

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
CERTAIN CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2008 (IN THOUSANDS)

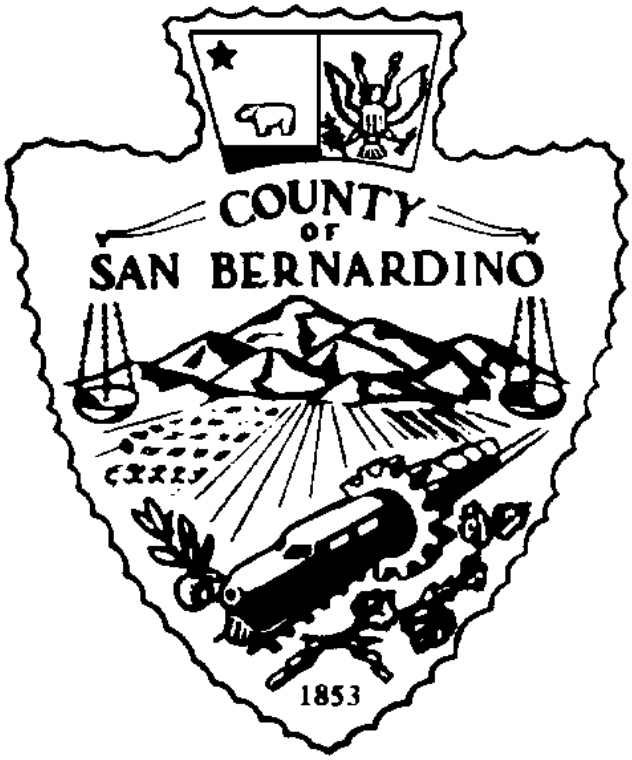
	FIRE PROTECTION DISTRICTS		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	$ -	$ 3	$ 3
REVENUES FROM USE OF MONEY AND PROPERTY	-	160	160
AID FROM OTHER GOVERNMENTAL AGENCIES	-	20	20
OTHER REVENUES	-	6	6
TOTAL REVENUES	-	189	189
EXPENDITURES:			
CAPITAL OUTLAY	6,956	179	6,777
TOTAL EXPENDITURES	6,956	179	6,777
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,956)	10	6,966
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	(4)	(162)	(158)
TRANSFERS FROM OTHER FUNDS	3,860	985	(2,875)
TOTAL OTHER FINANCING SOURCES	3,856	823	(3,033)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(3,100)	833	3,933
FUND BALANCE, JULY 1, 2007	143	3,110	2,967
FUND BALANCE (DEFICIT), JUNE 30, 2008	$ (2,957)	$ 3,943	$ 6,900

See accompanying independent auditor's report.

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, 2008 (IN THOUSANDS)

	REDEVELOPMENT AGENCY		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
REVENUES FROM USE OF MONEY AND PROPERTY	$ 832	$ 1,795	$ 963
TOTAL REVENUES	832	1,795	963
EXPENDITURES:			
CAPITAL OUTLAY	14,746	2,561	12,185
TOTAL EXPENDITURES	14,746	2,561	12,185
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(13,914)	(766)	13,148
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	21,253	-	(21,253)
TOTAL OTHER FINANCING SOURCES	21,253	-	(21,253)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	7,339	(766)	(8,105)
FUND BALANCE, JULY 1, 2007	143	38,773	38,630
FUND BALANCE, JUNE 30, 2008	$ 7,482	$ 38,007	$ 30,525

See accompanying independent auditor's report.


COUNTY
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Statistical Section

Comprehensive Annual Financial Report

STATISTICAL SECTION

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

CONTENTS

FINANCIAL TRENDS

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

REVENUE CAPACITY

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

DEBT CAPACITY

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

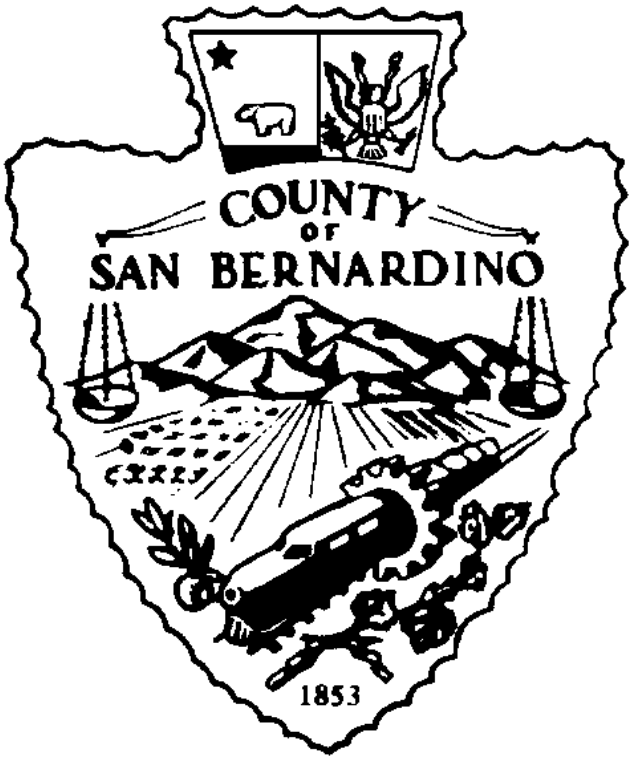
ECONOMIC AND DEMOGRAPHIC INFORMATION

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

OPERATION INFORMATION

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

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


COUNTY
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SAN BERNARDINO COUNTY
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS (in thousands)
(accrual basis of accounting)

GOVERNMENTAL ACTIVITIES	1998-99	1999-00	2000-01	2001-02 as restated	2002-03 as restated	2003-04	2004-05	2005-06 as restated	2006-07 as restated	2007-08
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	--	--	--	$ 792,956	$ 789,223	$ 892,791	$ 919,051	$ 986,723	$ 1,095,664	$ 1,146,102
RESTRICTED:	--	--	--	397,757	410,106	400,271	465,540	541,483	674,368	688,298
UNRESTRICTED	--	--	--	(318,494)	119,932	77,292	149,702	44,373	108,424	201,772
SUBTOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	--	--	--	872,219	1,319,261	1,370,354	1,534,293	1,572,579	1,878,456	2,036,172
BUSINESS-TYPE ACTIVITIES										
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	--	--	--	(39,382)	(63,993)	(60,294)	(45,032)	(50,023)	(17,138)	(8,727)
RESTRICTED:	--	--	--	44,130	47,357	45,523	47,908	46,444	47,023	48,814
UNRESTRICTED	--	--	--	47,487	60,269	88,102	96,577	181,381	169,903	146,898
SUBTOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS	--	--	--	52,235	43,633	73,331	99,453	177,802	199,788	186,985
PRIMARY GOVERNMENT										
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	--	--	--	753,574	725,230	832,497	874,019	936,700	1,078,526	1,137,375
RESTRICTED:	--	--	--	441,887	457,463	445,794	513,448	587,927	721,391	737,112
UNRESTRICTED	--	--	--	(271,007)	180,201	165,394	246,279	225,754	278,327	348,670
TOTAL PRIMARY GOVERNMENT NET ASSETS	--	--	--	924,454	1,362,894	1,443,685	1,633,746	1,750,381	2,078,244	2,223,157

Notes:

(1) Trend data is only available for the last six years due to the implementation of GASB 34.
(2) FY2001-02 'Total Primary Government Net Assets' were restated in FY2002-03 from $888,017 to $924,454.
(3) FY2002-03 'Total Primary Government Net Assets' were restated in FY2003-04 from $982,908 to $1,362,894.
(4) FY2005-06 'Total Primary Government Net Assets' were restated in FY2006-07 from $1,748,264 to $1,750,381
(5) FY2006-07 'Total Primary Government Net Assets' were restated in FY2007-08 from $2,048,147 to $2,078,244
(6) Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are 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.

COUNTY OF SAN BERNARDINO
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS (in thousands)
(accrual basis of accounting)

	1998-99	1999-00	2000-01	2001-02 as restated	2002-03 as restated	2003-04	2004-05	2005-06 as restated	2006-07 as restated	2007-08
Expenses										
Governmental Activities:										
General Government	--	--	--	$ 121,398	$ 113,270	$ 132,933	$ 125,760	$ 137,092	$ 153,460	$ 179,638
Public Protection	--	--	--	532,666	586,715	656,464	702,624	764,154	844,036	888,798
Public Ways and Facilities	--	--	--	54,659	53,849	37,095	61,786	73,014	67,254	85,271
Health and Sanitation	--	--	--	332,361	303,216	328,530	329,669	241,795	273,143	303,533
Public Assistance	--	--	--	804,164	818,786	820,853	827,800	817,924	802,043	854,721
Education	--	--	--	14,826	12,782	10,357	16,243	17,612	18,106	20,788
Recreation and Cultural Services	--	--	--	15,321	17,456	22,284	21,185	19,355	24,899	24,086
Interest on Long Term Debt	--	--	--	49,542	45,109	42,678	72,041	75,350	83,260	77,444
Total Governmental Activities	--	--	--	1,924,937	1,951,183	2,051,194	2,157,108	2,146,296	2,266,201	2,434,279
Business-type Activities:										
Medical Center	--	--	--	399,621	418,332	456,087	496,437	430,459	477,814	421,531
Waste Systems	--	--	--	46,051	62,393	29,781	53,835	69,320	53,320	83,543
Other	--	--	--	17,492	20,823	19,827	19,446	21,463	31,503	53,305
Total Business-type Activities	--	--	--	463,164	501,548	505,695	569,718	521,242	562,637	558,379
Total Primary Government Expenses	--	--	--	2,388,101	2,452,731	2,556,889	2,726,826	2,667,538	2,828,838	2,992,658
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	--	--	--	78,945	84,719	93,387	93,122	99,452	103,993	105,052
Public Protection	--	--	--	119,413	132,329	140,922	160,169	168,524	198,803	214,252
Public Ways and Facilities	--	--	--	2,772	3,154	5,463	3,416	4,933	6,772	9,005
Health and Sanitation	--	--	--	106,714	110,458	125,299	141,471	42,713	49,020	42,820
Public Assistance	--	--	--	2,881	2,915	3,435	2,356	3,296	2,827	3,646
Education	--	--	--	816	889	1,054	1,008	1,105	1,170	1,100
Recreation and Cultural Services	--	--	--	6,375	8,700	7,833	7,342	7,030	7,695	8,391
Operating Grants/Contributions:										
General Government	--	--	--	8,046	5,588	13,982	8,646	9,438	19,275	16,687
Public Protection	--	--	--	112,459	121,453	146,814	151,158	168,369	198,710	149,313
Public Ways and Facilities	--	--	--	48,822	41,400	38,228	41,539	58,946	69,247	59,600
Health and Sanitation	--	--	--	249,609	204,083	222,900	246,782	247,842	315,857	300,174
Public Assistance	--	--	--	778,054	785,015	765,606	785,408	780,819	732,626	816,090
Education	--	--	--	2,275	1,711	978	762	987	1,219	1,215
Recreation and Cultural Services	--	--	--	102	501	801	4,368	4,262	6,800	1,920
Capital Grants/Contributions:										
Public Protection	--	--	--	7,705	14,780	-	-	-	57	20
Public Ways and Facilities	--	--	--	-	-	10,608	6,129	2,440	475	3,052
Recreation and Cultural Services	--	--	--	-	-	-	-	-	124	277
Subtotal Governmental Activities	--	--	--	1,524,988	1,517,695	1,577,310	1,653,676	1,600,156	1,714,670	1,732,614
Business-type Activities:										
Charges for Services:										
Medical Center	--	--	--	298,325	320,290	372,815	427,102	345,923	375,973	335,749
Waste System	--	--	--	46,274	44,272	54,831	63,240	65,616	63,419	67,898
Other	--	--	--	15,086	17,031	18,835	21,026	20,206	20,253	19,852
Operating Grants & Contributions:										
Medical Center	--	--	--	46,598	15,386	13,727	13,443	13,147	13,527	12,579
Waste System	--	--	--	-	-	946	-	-	-	-
Other	--	--	--	216	235	103	2,318	2,825	833	14
Capital Grants & Contributions:										
Medical Center	--	--	--	30,365	29,735	22,166	20,259	21,521	26,976	24,142
Subtotal Business-type Activities	--	--	--	436,864	426,949	483,423	547,388	469,238	500,981	460,234
Total Primary Government Program Revenues	--	--	--	1,961,852	1,944,644	2,060,733	2,201,064	2,069,394	2,215,651	2,192,848
Net (Expense) / Revenue										
Governmental Activities	--	--	--	(399,949)	(433,488)	(473,884)	(503,432)	(546,140)	(551,531)	(701,665)
Business-type Activities	--	--	--	(26,300)	(74,599)	(22,272)	(22,330)	(52,004)	(61,656)	(98,145)
Total Primary Government Net Expenses	--	--	--	(426,249)	(508,087)	(496,156)	(525,762)	(598,144)	(613,187)	(799,810)

(Continued)

Notes:
(1) Trend data is only available for the last seven years due to the implementation of GASB 34.

COUNTY OF SAN BERNARDINO
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS (in thousands)
(accrual basis of accounting)

	1998-99	1999-00	2000-01	2001-02 as restated	2002-03 as restated	2003-04	2004-05	2005-06 as restated	2006-07 as restated	2007-08
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes, Levied for General Purposes	--	--	--	181,558	185,768	206,860	213,644	418,703	477,973	529,278
Property Taxes, Levied for Debt Service	--	--	--	4,173	4,224	4,932	3,557	8,375	10,907	15,620
Public Safety Tax	--	--	--	90,363	94,206	110,188	125,222	140,855	150,903	147,794
Sales Taxes	--	--	--	19,572	21,766	22,285	26,683	30,875	31,846	26,316
Other Taxes	--	--	--	14,797	20,167	25,202	37,453	54,221	58,261	44,381
Motor Vehicle In-Lieu Taxes	--	--	--	111,964	117,661	94,583	175,266	-	-	-
Unrestricted Revenues from Use of Money and Property	--	--	--	51,922	37,247	33,063	43,762	61,590	76,046	77,711
Miscellaneous	--	--	--	73,922	58,393	46,876	63,545	51,784	74,695	65,640
Gains on Sale of Capital Assets	--	--	--	1,834	2,332	5,051	4,857	5,523	4,182	2,055
Special Item - Litigation Settlement	--	--	--	-	-	-	-	(102,000)	28,000	-
Transfers	--	--	--	(9,208)	(41,839)	(24,063)	(26,618)	(85,500)	(55,405)	(49,414)
Subtotal Governmental Activities	--	--	--	540,897	499,925	524,977	667,371	584,426	857,408	859,381
Business-type Activities										
Property Taxes, Levied for General Purposes	--	--	--	4,728	7,221	5,837	5,432	4,768	6,453	5,972
Unrestricted Revenues from Use of Money and Property	--	--	--	17,032	14,107	10,289	9,695	5,994	14,628	16,630
Miscellaneous	--	--	--	3,497	3,281	11,747	6,687	5,704	8,063	14,101
Gains on Sale of Capital Assets	--	--	--	(10)	168	34	20	157	(83)	-
Special Item - Gain on Sale of Surplus Land	--	--	--	-	-	-	-	28,230	-	-
Special Item - Eminent Domain Settlement	--	--	--	-	-	-	-	-	1,676	-
Special Item - Litigation Settlement	--	--	--	-	-	-	-	-	(2,500)	(775)
Transfers	--	--	--	9,208	41,839	24,063	26,618	85,500	55,405	49,414
Subtotal Business-type Activities	--	--	--	34,455	66,616	51,970	48,452	130,353	83,642	85,342
Total primary government	--	--	--	575,352	566,541	576,947	715,823	714,779	941,050	944,723
Changes in Net Assets										
Governmental Activities	--	--	--	140,948	66,437	51,093	163,939	38,286	305,877	157,716
Business-type Activities	--	--	--	8,155	(7,983)	29,698	26,122	78,349	21,986	(12,803)
Total Primary Government Net Expenses	--	--	--	149,103	58,454	80,791	190,061	116,635	327,863	144,913

Notes:
(1) Trend data is only available for the last seven fiscal years due to the implementation of GASB 34.

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

	1998-99	1999-00	2000-01	2001-02 as restated	2002-03	2003-04	2004-05	2005-06 as restated	2006-07	2007-08
General Fund										
Reserved for:										
Encumbrances	--	--	--	$ 13,994	$ 15,542	$ 9,632	$ 33,021	$ 15,267	$ 18,605	$ 23,355
Prepaid Items	--	--	--	321	1,489	1,344	7	7	1,278	2,310
Noncurrent Interfund Receivables	--	--	--	925	25	1,025	-	2,000	20,765	18,511
Inventories	--	--	--	1,192	1,166	1,205	295	296	435	424
Loans Receivable	--	--	--	1,218	1,457	1,462	1,817	16,745	35	32,848
Teeter	--	--	--	6,420	9,077	9,077	9,827	13,672	17,720	15,942
Unreserved:										
Designated	--	--	--	91,867	106,264	108,878	112,900	127,727	176,451	228,753
Undesignated	--	--	--	163,548	150,554	197,175	290,869	237,331	254,437	208,777
Subtotal General Fund	--	--	--	279,485	285,574	329,798	448,736	413,045	489,726	530,920
All Other Governmental Funds										
Reserved for:										
Encumbrances	--	--	--	40,045	47,087	38,293	51,536	68,059	62,569	61,612
Prepaid items	--	--	--	43	1,000	-	23	-	89	100
Noncurrent Interfund Receivables	--	--	--	3	453	403	400	400	400	400
Land Held for Resale	--	--	--	-	-	-	-	2,754	9,896	14,657
Inventories	--	--	--	919	933	235	214	185	80	131
Loans Receivable	--	--	--	-	144	116	-	-	-	-
Debt Service	--	--	--	37,382	48,947	40,193	30,719	26,260	28,444	33,323
Unreserved:										
Undesignated, Reported in:										
Special Revenue Funds	--	--	--	196,714	200,564	217,986	204,808	241,105	326,420	326,216
Capital Projects Funds	--	--	--	34,192	34,898	16,943	53,357	94,529	88,841	105,197
Permanent Funds				475	514	543	482	517	583	631
Subtotal All Other Governmental Funds	--	--	--	309,773	334,540	314,712	341,539	433,809	517,322	542,267
Total Governmental Fund Balance	--	--	--	589,258	620,114	644,510	790,275	846,854	1,007,048	1,073,187

Notes:

1) Trend data is only available for the last seven fiscal years due to the implementation of GASB 34.
2) The substantial increase or decrease in fund balance reserved, or unreserved is explained in Management's Discussion Analysis.

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

	1997-98	1998-99	1999-00	2000-01	2001-02 as restated	2002-03	2003-04	2004-05	2005-06 as restated	2006-07	2007-08
Revenues (by Source)											
Taxes	$ 253,379	$ 262,345	$ 280,499	$ 303,313	$ 300,737	$ 329,753	$ 371,404	$ 400,646	$ 644,390	$ 733,833	$ 769,289
Licenses, Permits, and Franchises	13,701	14,079	15,202	15,766	16,520	16,670	18,630	20,964	22,462	25,077	24,491
Fines, Forfeitures, and Penalties	15,599	18,936	20,168	18,440	16,574	18,841	16,458	18,744	18,656	19,224	22,572
Rev from Use of Money and Property	64,276	54,949	55,948	58,182	51,922	37,247	33,063	44,205	62,919	76,046	77,711
Aid from Other Governments	941,671	992,829	1,077,662	1,169,708	1,323,725	1,296,324	1,298,765	1,425,832	1,273,869	1,344,390	1,348,348
Charges for Current Services	201,079	231,473	239,699	248,090	284,822	307,653	342,305	369,176	285,935	325,979	337,203
Other Revenues	25,594	17,612	45,492	70,157	73,967	58,418	47,154	64,227	51,988	73,956	63,552
Total Revenues	$ 1,515,299	$ 1,592,223	$ 1,734,670	$ 1,883,656	$ 2,068,267	$ 2,064,906	$ 2,127,779	$ 2,343,794	$ 2,360,219	$ 2,598,505	$ 2,643,166
Expenditures (by Function											
General Government	85,399	80,223	82,523	91,459	118,669	110,847	178,026	123,212	137,547	152,991	159,999
Public Protection	428,582	439,974	470,918	510,068	521,433	560,753	859,932	686,855	749,900	851,946	882,744
Public Ways and Facilities	33,727	35,100	36,237	43,178	58,269	59,272	57,576	47,364	75,416	81,659	75,329
Health and Sanitation	230,119	256,222	274,474	272,180	331,155	301,484	386,749	329,595	245,187	277,677	307,566
Public Assistance	626,647	646,888	678,314	709,821	800,038	814,631	923,900	826,829	827,230	820,617	869,618
Education	8,918	10,080	11,235	40,899	12,626	12,543	14,029	15,912	17,469	18,149	20,713
Recreation and Cultural Services	11,157	11,931	11,340	14,058	14,316	14,986	19,545	18,490	16,443	22,086	19,913
Debt Service											
Principal (1)	36,630	28,787	22,136	99,557	24,662	96,480	23,163	31,887	37,596	41,445	45,863
Interest	76,698	39,162	49,684	48,577	35,817	30,313	26,727	44,078	54,968	62,191	54,752
Bond Issuance Costs	-	-	-	-	-	-	-	-	2,297	2,230	3,156
Advance Refunding Escrow	-	-	-	-	-	-	-	-	1,622	-	9,183
Capital Outlay	101,739	31,046	38,262	44,829	59,974	60,147	60,279	53,914	107,057	97,056	83,535
Total Expenditures	1,639,616	1,579,413	1,675,123	1,874,626	1,976,959	2,061,456	2,549,926	2,178,136	2,272,732	2,428,047	2,532,371
Excess (Deficiency) of Revenues Over (Under) Expenditures	(124,317)	12,810	59,547	9,030	91,308	3,450	(422,147)	165,658	87,487	170,458	110,795
Other Financing Sources (Uses)											
Transfer to Other Funds	(56,485)	(55,913)	(80,316)	(134,149)	(117,727)	(182,454)	(126,812)	(198,539)	(296,777)	(300,797)	(289,904)
Transfer from Other Funds	78,358	57,517	83,909	116,376	108,519	140,615	102,896	172,054	216,806	253,304	238,666
RDA Property Conveyance	-	-	-	(4,460)	-	-	-	-	-	-	-
Refunding Bonds Issued	95,394	-	-	-	119,659	63,791	-	-	58,275	23,845	212,750
Premium on Refunding Bonds	-	-	-	-	-	-	-	-	1,270	1,385	(136)
Payment To Refunded Bond Escrow Agent (1)	(76,240)	-	-	-	(112,171)	-	-	-	(18,792)	(24,709)	(208,214)
Long-Term Debt Issued	121,551	-	19,770	-	-	-	466,142	940	2,118	132,851	-
Inception Of Capital Leases Obligations	579	848	5,951	2,979	2,903	1,485	1,038	796	823	1,675	127
Sale of Capital Assets	2,233	1,415	3,131	4,413	1,834	2,332	3,279	4,856	5,369	4,182	2,055
Other	-	(4,906)	-	(49)	-	-	-	-	-	-	-
Total Other Financing Sources and (Uses)	165,390	(1,039)	32,445	(14,890)	3,017	25,769	446,543	(19,893)	(30,908)	91,736	(44,656)
Special Item											
Judgement Obligation Bonds Uses (2)	-	-	-	-	-	-	-	-	-	(102,000)	-
Total Special Items	-	-	-	-	-	-	-	-	-	(102,000)	-
Net Change in Fund Balance	$ 41,073	$ 11,771	$ 91,992	$ (5,860)	$ 94,325	$ 29,219	$ 24,396	$ 145,765	$ 56,579	$ 160,194	$ 66,139
Debt Service as a Percentage of Noncapital Expenditures (1):	7.37%	4.39%	4.39%	8.10%	3.15%	6.34%	2.00%	3.58%	4.27%	4.45%	4.11%

(1) - Principal for 2006-07 was restated by $24,709 to Payment to Refunded Bonds Escrow Agent in accordance with GASB 7.
(2) - Judgement Obligation Bonds Uses for 2006-07 was reclassifed from Other Financing Sources (Uses) to Special Item in accordance with GASB 34.

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

FISCAL YEAR	(1) SECURED	(2) UNSECURED	(3) UNITARY	(4) EXEMPT	TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT TAX RATE
1998-1999	68,611,518	5,708,566	3,458,922	(1,647,132)	76,131,874	1.00%
1999-2000	70,901,485	5,727,159	3,250,320	(1,634,987)	78,243,977	1.00%
2000-2001	73,958,124	5,992,100	3,126,651	(1,582,587)	81,494,288	1.00%
2001-2002	79,140,890	6,282,204	3,039,460	(1,649,624)	86,812,930	1.00%
2002-2003	85,489,055	6,741,921	3,168,274	(1,677,990)	93,721,260	1.00%
2003-2004	93,691,969	6,814,015	3,103,587	(1,759,907)	101,849,664	1.00%
2004-2005	104,412,156	6,754,932	3,198,469	(1,779,075)	112,586,482	1.00%
2005-2006	119,954,789	7,405,467	3,313,150	(1,777,529)	128,895,877	1.00%
2006-2007	142,703,331	7,590,432	3,538,535	(1,790,813)	152,041,485	1.00%
2007-2008	165,009,379	8,910,772	3,779,487	(1,803,535)	175,896,103	1.00%

Notes:

(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.

(5) 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.

Source:

Auditor-Controller/Recorder, County of San Bernardino

COUNTY OF SAN BERNARDINO
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - TAX RATE AREA 7000 (1)
($1 PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS
06/30/2008

FISCAL YEAR	SAN BERNARDINO COUNTY GENERAL	SCHOOLS	SAN BERNARDINO MUNICIPAL WATER	TOTAL
1998-99	1.0000	0.0015	0.1070	1.1085
1999-00	1.0000	0.0426	0.1070	1.1496
2000-01	1.0000	0.0336	0.1070	1.1406
2001-02	1.0000	0.0361	0.1420	1.1781
2002-03	1.0000	0.0315	0.1400	1.1715
2003-04	1.0000	0.0579	0.1400	1.1979
2004-05	1.0000	0.1105	0.1400	1.2505
2005-06	1.0000	0.0954	0.1600	1.2554
2006-07	1.0000	0.0902	0.1550	1.2452
2007-08	1.0000	0.0788	0.1650	1.2438

Note:
(1) The tax rate for Tax Rate Area 7000, which applies to most of the property within the City of San Bernardino, is used to illustrate the breakdown of a tax rate within the County.

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

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

		FISCAL YEAR 2008		FISCAL YEAR 1999	
TAXPAYERS	TYPE OF BUSINESS	ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE	ASSESSED VALUE	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE
SOUTHERN CALIFORNIA EDISON	UTILITY	$1,363,570,017	0.78%	154,057,100	1.19%
MOUNTAIN VIEW POWER COMPANY	UTILITIES	$603,600,000	0.34%	N/A	
VERIZON CALIFORNIA	COMMUNICATIONS	$585,412,908	0.33%	N/A	
HIGH DESERT POWER TRUST 2000-A	UTILITIES	$481,000,000	0.27%	N/A	
MAJESTIC REALTY CO	REAL ESTATE	$472,168,174	0.27%	N/A	
LOMA LINDA UNIVERSITY MEDICAL CENTER	HEALTH CARE	471,001,231	0.27%	N/A	
CEMEX INC	MANUFACTURING	434,977,632	0.25%	N/A	
KAISER FOUNDATION HOSPITALS	HEALTH CARE	411,437,646	0.23%	N/A	
CALIFORNIA STEEL INDUSTRIES INC	MANUFACTURING	388,255,627	0.22%	386,781,100	0.40%
SOUTHERN CALIFRONIA GAS CO	UTILITIES	254,753,740	0.14%	248,558,600	0.26%
TOTAL		$5,466,176,975	3.10%	789,396,800	1.85%

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

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

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

		(2) COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY			TOTAL COLLECTIONS TO DATE	
FISCAL YEAR	(1) TAXES LEVIED	AMOUNT	PERCENTAGE OF LEVY	COLLECTIONS IN SUBSEQUENT YEARS	AMOUNT	PERCENTAGE OF LEVY
2008	2,187,535	2,025,529	92.50%	-	2,025,529	92.50%
2007	1,908,390	1,799,062	94.30%	88,273	1,887,335	98.90%
2006	1,635,460	1,576,842	96.4%	54,333	1,631,175	99.70%
2005	1,430,975	1,379,658	96.4%	34,145	1,413,803	98.80%
2004	1,297,403	1,257,459	96.9%	33,457	1,290,916	99.50%
2003	1,187,114	1,139,679	96.0%	41,499	1,181,178	99.50%
2002	1,095,919	1,051,265	95.9%	41,366	1,092,631	99.70%
2001	1,044,654	995,354	95.3%	47,211	1,042,565	99.80%
2000	995,499	938,047	94.2%	52,475	990,522	99.50%
1999	970,426	906,204	93.4%	61,311	967,515	99.70%

Notes:

(1) Secured and Unitary tax levy for the County itself, school districts, cities and special districts under the supervision of their own governing boards.

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

Source:

Auditor-Controller/Recorder, County of San Bernardino

COUNTY OF SAN BERNARDINO
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
AS OF JUNE 30, 2008

2007-08 ASSESSED VALUATION (1): $177,699,637,297 (includes unitary utility valuation)
Redevelopment Incremental Valuation: 51,674,232,044
Adjusted Assessed Valuation: $ 126,025,405,253

OVERLAPPING TAX AND ASSESSMENT DEBT:	PERCENT APPLICABLE		DEBT 6/30/08
METROPOLITAN WATER DISTRICT	3.102 %		$ 10,150,209
CHAFFEY COMMUNITY COLLEGE DISTRICT	100.000		175,819,966
SAN BERNARDINO VALLEY JOINT COMMUNITY COLLEGE DISTRICT	98.578		158,254,706
OTHER COMMUNITY COLLEGE DISTRICTS	VARIOUS		25,341,207
APPLE VALLEY UNIFIED SCHOOL DISTRICT	100.000		34,738,758
CHINO VALLEY UNIFIED SCHOOL DISTRICT	100.000		144,649,999
COLTON JOINT UNIFIED SCHOOL DISTRICT	97.121		95,003,643
FONTANA UNIFIED SCHOOL DISTRICT	100.000		205,900,386
REDLANDS UNIFIED SCHOOL DISTRICT	100.000		68,288,512
RIALTO UNIFIED SCHOOL DISTRICT	100.000		49,750,038
SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT	100.000		161,385,005
UPLAND UNIFIED SCHOOL DISTRICT	100.000		57,921,889
OTHER UNIFIED SCHOOL DISTRICTS	VARIOUS		72,865,767
UNION HIGH SCHOOL DISTRICTS	100.000		126,665,026
SCHOOL DISTRICTS	100.000		137,808,239
CITY OF REDLANDS	100.000		3,170,000
COUNTY SERVICE AREAS	100.000		870,000
MOJAVE WATER AGENCY	100.000		21,290,000
MOJAVE WATER AGENCY, I.D. M	100.000		33,315,000
COUNTY WATER DISTRICTS	100.000	(1)	1,250,000
ETIWANDA SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS	100.000		99,070,000
CITY OF FONTANA COMMUNITY FACILITIES DISTRICTS	100.000		121,735,000
CITY OF CHINO COMMUNITY FACILITIES DISTRICTS	100.000		75,140,000
RANCHO CUCAMONGA COMMUNITY FACILITIES DISTRICTS	100.000		161,945,000
CHINO HILLS COMMUNITY FACILITIES DISTRICTS	100.000		106,240,000
SAN BERNARDINO COUNTY COMMUNITY FACILITIES DISTRICTS	100.000		43,580,000
OTHER COMMUNITY FACILITIES DISTRICTS	100.000		255,380,324
CITY, COUNTY AND SPECIAL DISTRICT 1915 ACT BONDS (Estimate)	100.000		76,831,622
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			$ 2,524,360,296

COUNTY OF SAN BERNARDINO
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (CONTINUED)
AS OF JUNE 30, 2008

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:	PERCENT APPLICABLE	DEBT 6/30/08	
SAN BERNARDINO COUNTY GENERAL FUND OBLIGATIONS	100.000 %	$ 791,760,000	
SAN BERNARDINO COUNTY PENSION OBLIGATIONS	100.000	688,325,591	(1)
SAN BERNARDINO COUNTY FLOOD DISTRICT GENERAL FUND OBLIGATIONS	100.000	119,920,000	
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT CERTIFICATES OF PARTICIPATION	99.688	3,239,860	
COMMUNITY COLLEGE DISTRICT CERTIFICATES OF PARTICIPATION	Various	65,392,744	
CHINO VALLEY UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	45,805,000	
FONTANA UNIFIED SCHOOL DISTRICT	100.000	54,210,000	
HESPERIA UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	105,000,000	
SNOWLINE JOINT UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	98.727	56,545,889	
OTHER UNIFIED SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	Various	57,777,394	
UNION HIGH SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	10,010,000	
CUCAMONGA SCHOOL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	12,550,000	
OTHER SCHOOL DISTRICT GENERAL FUND OBLIGATIONS	100.000	23,630,000	
CITY OF FONTANA CERTIFICATES OF PARTICIPATION	100.000	59,685,000	
CITY OF ONTARIO GENERAL FUND OBLIGATIONS	100.000	30,155,000	
CITY OF MONTCLAIR GENERAL FUND OBLIGATIONS	100.000	65,904,577	
CITY OF SAN BERNARDINO GENERAL FUND OBLIGATIONS	100.000	27,170,000	
CITY OF VICTORVILLE GENERAL FUND OBLIGATIONS	100.000	83,770,000	
OTHER CITY GENERAL FUND OBLIGATIONS	100.000	159,701,792	
WATER DISTRICT CERTIFICATES OF PARTICIPATION	100.000	9,605,000	
OTHER SPECIAL DISTRICT CERTIFICATES OF PARTICIPATION	100.000	6,611,499	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		2,476,769,346	
LESS:			
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT CERTIFICATES OF PARTICIPATION		3,239,860	
SCHOOL DISTRICT SELF-SUPPORTING OBLIGATIONS		1,049,500	
CITY OF SAN BERNARDINO SELF-SUPPORTING OBLIGATIONS		6,599,460	
TOTAL NET DIRECT AND OVERAPPING GENERAL FUND OBLIGATION DEBT		$ 2,466,930,026	
COMBINED GROSS DEBT		$ 5,001,129,642	(2)
COMBINED NET DEBT		4,990,240,822	

RATIOS TO 2007-2008 ASSESSED VALUATION

TOTAL OVERAPPING TAX AND ASSESSMENT DEBT	1.42

RATIOS TO ADJUSTED ASSESSED VALUATION

COMBINED DIRECT DEBT ($1,480,085,591)	1.17
GROSS COMBINED TOTAL DEBT	3.97
NET COMBINED TOTAL DEBT	3.96

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/2008: $ 959,321

Notes:
(1) Excludes accreted values.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.
Source:
California Municipal Statistics.

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

FISCAL YEAR	(1) ASSESSED VALUE	(2) LEGAL DEBT LIMIT	(3) BONDED DEBT	(4) LEGAL DEBT MARGIN	RATIO OF BONDED DEBT TO DEBT LIMIT
1998-99	76,131,874	798,417	4,177	794,240	0.52%
1999-00	78,243,977	978,050	3,691	814,359	0.38%
2000-01	81,494,288	1,018,679	3,365	1,015,314	0.33%
2001-02	86,812,930	1,085,162	2,979	1,082,183	0.27%
2002-03	93,721,260	1,171,516	2,657	1,168,859	0.23%
2003-04	101,849,664	1,273,121	2,321	1,270,800	0.18%
2004-05	112,586,482	1,407,331	2,045	1,405,286	0.15%
2005-06	128,895,877	1,611,198	1,930	1,609,268	0.12%
2006-07	152,041,485	1,900,519	1,815	1,898,704	0.10%
2007-08	175,896,103	2,198,701	1,695	2,197,006	0.08%

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/Recorder, County of San Bernardino

COUNTY OF SAN BERNARDINO
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SEVEN FISCAL YEARS (IN THOUSANDS, EXCEPT PER CAPITA)
JUNE 30, 2008

	GOVERNMENTAL ACTIVITIES					BUSINESS-TYPE ACTIVITIES							
FISCAL YEAR	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	TOTAL OUTSTANDING DEBT	PERCENTAGE OF ASSESSED VALUE (1)	PERCENTAGE OF PERSONAL INCOME (2)	PER CAPITA (2)
2001-02	249,756	430,898	21,499	8,682	18,177	622,057	2,979	1,556	669	1,356,273	1.56%	3.22%	770
2002-03	232,640	434,889	21,184	6,994	23,246	694,739	2,657	2,729	289	1,419,367	1.51%	3.20%	785
2003-04	225,523	437,820	484,755	5,517	26,553	670,652	2,321	3,836	1,659	1,858,636	1.82%	3.86%	998
2004-05	212,704	439,539	484,409	4,457	29,900	645,146	2,045	4,435	1,305	1,823,940	1.62%	3.59%	952
2005-06	200,528	439,879	522,835	3,889	25,227	618,099	1,930	6,905	2,438	1,821,730	1.41%	3.44%	916
2006-07	186,959	457,038	649,062	4,010	9,290	589,367	1,815	6,399	4,136	1,908,076	1.25%	3.47%	942
2007-08	172,024	451,137	639,878	1,627	8,554	563,741	1,695	2,971	2,751	1,852,269	1.05%	3.32%	901

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-Recorder, County of San Bernardino

COUNTY OF SAN BERNARDINO
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS (IN THOUSANDS)
June 30, 2008

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

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

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

COUNTY SEAT: San Bernardino, California

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

DATE CHARTER ADOPTED: April 7, 1913

FISCAL YEAR: July 1 - June 30

REGISTERED VOTERS: 754,978 as of June 30, 2008

CALENDAR YEAR	(1), (2) POPULATION		(2) PERSONAL INCOME		(2), (5) PER CAPITA PERSONAL INCOME		(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT RATE
1999	1,682	(5)	35,315		21.00		365	5.60%
2000	1,719	(5)	37,772		21.97		374	4.80%
2001	1,762	(5)	40,431		22.95		383	4.60%
2002	1,809	(5)	42,141		23.29		394	5.60%
2003	1,863	(5)	44,290		23.77		407	5.50%
2004	1,916	(5)	48,117		25.11		419	6.90%
2005	1,951	(6)	50,567	(7)	25.92	(7)	423	5.40%
2006	1,992	(6)	52,988	(7)	26.60	(7)	425	4.70%
2007	2,028	(6)	55,020	(7)	27.13	(7)	428	5.70%
2008	2,055	(6)	55,752	(7)	27.13	(7)	428	8.50%

ESTIMATED POPULATION OF THE COUNTY OF SAN BERNARDINO AS OF JANUARY 1, 2008 (whole numbers) (1):

INCORPORATED CITIES

Adelanto	28,181	Montclair	37,017
Apple Valley	70,092	Needles	5,807
Barstow	23,952	Ontario	173,690
Big Bear Lake	6,256	Rancho Cucamonga	174,308
Chino	82,670	Redlands	71,807
Chino Hills	78,957	Rialto	99,767
Colton	51,918	San Bernardino	205,493
Fontana	188,498	Twentynine Palms	27,966
Grand Terrace	12,543	Upland	75,137
Hesperia	87,820	Victorville	107,408
Highland	52,503	Yucaipa	52,063
Loma Linda	22,632	Yucca Valley	21,268
		Total	1,757,753
		Unincorporated Areas:	298,013
		Total Population	2,055,766

Sources:
(1) California Department of Finance (population for 2006 and 2007).
(2) Bureau of Economic Analysis U.S. Department of Commerce
(3) Superintendent of Schools
(4) California Employment Development Department
(5) County of San Bernardino 2008-09 Final Budget

Notes:
(5) Population is estimated on July 1
(6) Population estimated as of January 1
(7) Estimated amounts

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

	2008				1999		
Employer	(1) Employees	**Rank**	(2) Percentage of Total Employment		(1) Employees	**Rank**	(2) Percentage of Total Employment
County of San Bernardino (4)	19,021	**1**	2.12%	County of San Bernardino (3)	15,400	**1**	2.06%
Loma Linda University Adventist Health Services C	13,891	**2**	1.55%	Loma Linda University Adventist Health Services Center	5,450	**3**	0.73%
Stater Brothers	8,021	**3**	0.89%	Stater Brothers	5,100	**4**	0.68%
San Bernardino City Unified School District	5,830	**4**	0.65%	San Bernardino City Unified School District	4,785	**5**	0.64%
Ontario International Airport	5,000	**5**	0.56%	Ontario International Airport	6,095	**2**	0.81%
Kaiser Permanente	4,200	**6**	0.47%	Kaiser Permanente	3,800	**6**	0.51%
Fontana Unified School District	3,953	**7**	0.44%	Fontana Unified School District	3,787	**7**	0.51%
San Manuel Band of Mission Indians	3,261	**8**	0.36%	San Manuel Band of Mission Indians	*	*	*
California State University San Bernardino	3,126	**9**	0.35%	California State University San Bernardino	2,000	**9**	0.27%
Chino Valley Unified School District	3,050	**10**	0.34%	Chino Valley Unified School District	2,400	**8**	0.32%
	69,353				48,817		

Notes:
(*) Data not available.

Sources:
(1) Business Press Book of List
(2) Annual Source EDD
(3) San Bernardino County Workforce
(4) San Bernardino County payroll records as of June 30 2008

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

FUNCTION/PROGRAM	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General	1,459	1,505	1,592	1,677	1,643	1,624	1,639	1,691	1,699	1,790
Public Protection	6,022	6,254	6,462	6,940	7,111	6,923	7,069	7,480	7,777	7,672
Public Ways & Facilities	363	370	392	444	455	468	384	384	465	501
Health and Sanitation	3,314	3,570	3,722	3,909	3,910	3,781	3,840	3,922	4,139	4,339
Public Assistance	3,693	4,035	4,112	4,335	3,880	3,664	3,753	3,735	3,799	4,214
Education	173	199	214	216	211	202	218	226	235	261
Recreation & Cultural	362	435	428	395	375	368	333	335	268	386
Total	15,385	16,368	16,922	17,915	17,585	17,029	17,235	17,774	18,382	19,163

Notes:
(1) 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). Full-time equivalent employment (FTE) is calculated by dividing all paid hours by 2080.

Source:
San Bernardino County payroll records as of June 30.

COUNTY OF SAN BERNARDINO
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST SEVEN YEARS

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Function/Program							
General Government							
Legal Documents Recorded (W)	671,000	860,496	949,864	968,961	945,500	838,333	628,866
Percentage of payment process within 10 days (P)	*	*	*	*	80%	86%	93%
Public Protection							
Criminal Felonies Filed - District Attorney (W)	16,956	16,700	18,876	20,193	21,950	20,511	24,099
Criminal Misdemeanor Filed - District Attorney (W)	36,862	36,500	39,412	38,863	38,963	44,035	49,223
Average Cases Supervised-Probation (W)	20,895	21,052	21,368	*	23,400	25,690	29,205
Percentage of new adults cases assessed with a valid risk instrument- Probation (P)					59%	77%	79%
Sherriff's calls for Service (W)	607,714	650,264	809,400	*	710,000	1,193,961	1,247,993
Number of inmate-on-inmate assaults per 1,000 per month. (P)	*	*	*	*	11.50%	7.44%	7.00%
Percent of autopsies performed per reportable deaths - Coroner (P)	*	*	*	*	6%	19%	9%
Fire Protection							
No. of Fire calls (W)	88,711	92,131	89,553	91,324	99,235	86,915	89,106
Public Way & Facilities							
Solid Waste							
Total Tonnage Landfilled (W)	1,142,707	1,484,693	1,497,304	1,794,126	1,852,124	1,757,436	1,665,566
Pounds of trash per cubic yard of capacity-High Volume Sites (P)					1,035	1,120	1,130
Maintained Road Miles (W)	2,830	2,834	2,834	2,822	2,830	2,780	2,774
Average Pavement Condition index (PCI) of county maintained roads (P)	*	*	*	*	75	76	77
Health and Sanitation							
Direct Billable hours: Clinic - Behavior Health (W)	185,996	242,418	228,505	226,811	293,542	201,247	236,285
Patient Visits - Public Health (W)	95,786	92,853	102,052	110,519	112,037	130,073	76,786
Arrowhead Regional Medical Center							
Emergency Room Visits (W)	60,490	66,734	88,338	81,712	97,790	106,298	113,537
Public Assistance							
Annual Paid Cases - CalWORKS-All Other Families (W)	379,681	377,456	364,569	351,902	345,072	307,742	333,096
Percentage of successful placements of people in Work Participation Rate (P)	*	*	*	*	56%	19%	23%
Annual Paid Cases - CalWORKS-2 Parent Families (W)	34,388	3,120	27,928	23,147	24,155	18,748	26,322
Average child support collections per month (W)	10,270,874	10,831,461	12,293,906	12,607,140	12,000,000	12,619,615	12,792,980
Percentage of current support collected - Child Support (W)	*	*	*	*	46%	49%	51%
Education							
County Library							
Circulation (W)	2,931,733	2,902,322	2,716,652	2,482,274	2,600,000	2,520,000	2,638,000
Total Patron Visits (W)	3,124,386	3,309,508	3,318,250	3,183,479	3,120,000	3,374,000	3,846,000
Total feet of space available at branch libraries (P)	*	*	*	*	200,000	222,231	326,015
Recreation and Cultural Services							
County Museum							
Total Paid Attendance (W)	108,909	65,185	67,098	57971	71,500	71,000	90,810
Collected Lots, Objects, and Spe (W)	1,200,000	1,500,000	1,510,000	1,600,000	1,601,000	1,601,000	1,800,000
Regional Parks							
Total Attendance (W)	2,287,460	2,516,000	2,258,753	2,280,000	2,160,000	2,200,000	2,200,205
Number of miles of open and usable trails maintained by Regional Parks (P)	*	*	*	*	13.3	16.6	17.6

Notes:

(1) Operating Indicators by function/program is only available for the last six fiscal years due to the change in the County's functions as a result of the implementation of GASB 34.

(2) In FY 05-06 work indicators have been replaced with work performance measures and all FY 2005-06 are estimates

Key:

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

Source:

SB County and Special Districts Final Budget
Auditor/Controller-Recorder, County of San Bernardino

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

Function/Program	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
General Government							
Recorder's Data Processing Equipment	36	40	43	53	63	60	58
Public Protection							
Major Correction & Detention Facilities	4	5	6	6	7	7	7
Sheriff Stations	15	15	15	10	10	10	10
Sheriff Vehicles	1599	1,605	1,551	1,684	1,618	1,809	1658
Fire Department Equipment	181	207	250	323	373	361	432
Public Way & Facilities							
Solid Waste Heavy Equipment	27	30	25	24	18	18	16
Transportation: Trucks, Trailers, and Other Vehicles	218	236	273	268	276	274	264
Airports	6	6	6	6	6	6	6
Bridges	318	318	318	318	318	318	318
Traffic Signal	148	160	192	212	220	252	265
Health and Sanitation							
Major Health Administration Buildings	2	2	2	2	2	2	2
Animal Shelter and Insectcide Buildings	2	2	2	2	2	2	2
Public Health Laboratory/Science/Engineering Equipment	33	36	40	46	46	51	99
Medical Center: Number of Hospitals	1	1	1	1	1	1	1
Public Assistance							
Administrative & Office Equipment	459	463	464	508	549	452	441
Education							
Library Branches	28	28	29	29	29	30	30
Bookmobiles	2	2	2	2	2	2	2
Recreation and Cultural Services							
County Museum: Main Facility	1	1	1	1	1	1	1
County Regional Parks	9	9	9	9	9	9	9

Notes:

(1) Capital Assets by function/program is only available for the last seven fiscal years due to the change in the County's functions as a result of the implementation of GASB 34.

Source:

SB County Budget
SB County Special Districts Final Budget
Auditor/Controller-Recorder, County of San Bernardino

Board of Supervisors • County Administrative Office • County Counsel • Clerk of the Board • Human Resources • Information Services • Purchasing • Risk Management • Arrowhead Regional Medi

Auditor/Controller-Recorder • Treasurer-Tax Collector/Public Administrator • Transitional Assistance • Children's Services • Aging and Adult Services • Child Support Services • Preschool Servic

County Library • County Museum • County Fire • Facilities Management • Fleet Management • Land Use Services • Public Works • Real Estate Services • Regional Parks • Registrar of Vote

Purchasing • Risk Management • Arrowhead Regional Medical Center • Behavioral Health • Public Health • Economic Development • Community Development and Housing • Redevelopm

Preschool Services • Aging and Adult Services • Children's Services • Veterans Affairs • District Attorney • Probation • Public Defender • Sheriff-Coroner • Agriculture/Weights and Measures •

Real Estate Services • Public Works • Regional Parks • Registrar of Voters • Special Districts • Board of Supervisors • County Administrative Office • County Counsel • Clerk of the Board •

Redevelopment • Economic Development • Community Development and Housing • Workforce Development • Assessor • Auditor/Controller-Recorder • Treasurer-Tax Collector/Public Administrator • Trans

Probation • Public Defender • Sheriff-Coroner • Agriculture/Weights and Measures • Airports • Architecture and Engineering • County Library • County Museum • County Fire • Facilities Management

COUNTY OF SAN BERNARDINO
Auditor/Controller-Recorder
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San Bernardino, CA 92415-0018
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