

**COUNTY OF SAN BERNARDINO  
SPECIAL DISTRICTS  
COUNTY SERVICE AREA No. 70  
ZONE TV-5 - MESA TRANSLATOR**

**REPORT ON AUDIT**

**JUNE 30, 2008**

**County of San Bernardino Special Districts  
County Service Area No. 70  
Zone TV-5 - Mesa Translator  
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The County of San Bernardino Special District County Service Area No. 70 Zone TV-5 - Mesa Translator has not presented the *Management's Discussion and Analysis* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

*Rogers, Anderson, Molody + Scott, LLP*

November 26, 2008

**County of San Bernardino Special Districts**  
**County Service Area No. 70 Zone TV-5 - Mesa Translator**  
**Statement of Net Assets**  
**June 30, 2008**

**ASSETS**

Cash and cash equivalents	\$ 100,944
Interest receivable	1,473
Taxes receivable	8,941
Capital assets, net of depreciation	<u>132,476</u>
Total Assets	<u>243,834</u>

**LIABILITIES**

Accounts payable	7,328
Salaries and benefits payable	2,937
Compensated absences payable	<u>6,780</u>
Total Liabilities	<u>17,045</u>

**NET ASSETS**

Invested in capital assets	132,476
Unrestricted	<u>94,313</u>
Total Net Assets	<u>\$ 226,789</u>

The accompanying notes are an integral part of these financial statements.

**County of San Bernardino Special Districts  
County Service Area No. 70 Zone TV-5 - Mesa Translator  
Statement of Activities  
For the Year Ended June 30, 2008**

<b>EXPENSES</b>	
Salaries and benefits	\$ 88,624
Services and supplies	65,078
Depreciation	11,414
Total Program Expenses	<u>165,116</u>
<b>PROGRAM REVENUE</b>	
Charges for services	<u>163,772</u>
Net Program Expense	<u>(1,344)</u>
<b>GENERAL REVENUES</b>	
Property taxes	6,875
Investment earnings	7,123
Total General Revenues	<u>13,998</u>
Change in Net Assets	12,654
<b>Net Assets - beginning</b>	<u>214,135</u>
<b>Net Assets - ending</b>	<u>\$ 226,789</u>

The accompanying notes are an integral part of these financial statements.

**County of San Bernardino Special Districts**  
**County Service Area No. 70 Zone TV-5 - Mesa Translator**  
**Balance Sheet**  
**Governmental Fund**  
**June 30, 2008**

	SPECIAL REVENUE FUND
	General (SLE)
<b>ASSETS</b>	
Cash and cash equivalents	\$ 100,944
Interest receivable	1,473
Taxes receivable	8,941
Total Assets	\$ 111,358
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts payable	\$ 7,328
Salaries and benefits payable	2,937
Total Liabilities	10,265
Fund Balance:	
Unreserved:	
Undesignated	101,093
Total Fund Balance	101,093
Total Liabilities and Fund Balance	\$ 111,358
<b>Total Fund Balance - Governmental Fund</b>	<b>\$ 101,093</b>
Amounts reported for <i>governmental activities</i> in the statement of net assets (Exhibit "A") are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	132,476
Compensated absences payable are not financial resources and, therefore, are not reported in the fund.	(6,780)
Net Assets of Governmental Activities	\$ 226,789

The accompanying notes are an integral part of these financial statements.

**County of San Bernardino Special Districts  
County Service Area No. 70 Zone TV-5 - Mesa Translator  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Fund  
For the Year Ended June 30, 2008**

	SPECIAL REVENUE FUND
	General (SLE)
<b>REVENUES</b>	
Property taxes	\$ 6,875
Special assessments	158,772
Service fees	5,000
Investment earnings	7,123
	177,770
<b>EXPENDITURES</b>	
Salaries and benefits	86,299
Services and supplies	65,078
Capital outlay:	
Equipment	82,620
	233,997
Net Change in Fund Balance	(56,227)
<b>Fund Balance - beginning</b>	<b>157,320</b>
<b>Fund Balance - ending</b>	<b>\$ 101,093</b>

The accompanying notes are an integral part of these financial statements.

**County of San Bernardino Special Districts  
County Service Area No. 70 Zone TV-5 - Mesa Translator  
Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balance of Governmental Fund to the  
Statement of Activities  
For the Year Ended June 30, 2008**

Net Change in Fund Balance - Total Governmental Fund	\$	(56,227)
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Amounts reported for *governmental activities* in the statement of activities are different because:

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 (\$82,620) exceeded depreciation expense (\$11,414) in the current period.		71,206
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
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Increase in compensated absences payable		(2,325)
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Change in Net Assets of Governmental Activities	\$	12,654
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The accompanying notes are an integral part of these financial statements.

**County of San Bernardino Special Districts**  
**County Service Area No. 70 Zone TV-5 - Mesa Translator**  
**Notes to Financial Statements**  
**June 30, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting entity**

The County Service Area (CSA) No. 70 Zone TV-5 was established by an act of the Board of Supervisors of the County of San Bernardino (the County) on July 11, 1995 under Section 4700 of the State Health & Safety Code to provide eight channels of UHF translator service broadcast from Pinto Mountain, and three channels of UHF television translator service broadcast from Copper Mountain to the 100 square mile area encompassing Copper Mesa, Desert Heights, Flamingo Heights, Landers, and Yucca Mesa.

The CSA is a component unit of the County of San Bernardino and is governed by the actions of the County Board of Supervisors.

The accompanying financial statements reflect only the accounts of the County Service Area No. 70 Zone TV-5 of the County of San Bernardino and are not intended to present the financial position of the County taken as a whole.

Because the CSA meets the reporting entity criteria established by the Governmental Accounting Standards Board (GASB), the CSA's financial statements have also been included in the Comprehensive Annual Financial Report of the County as a "component unit" for the fiscal year ended June 30, 2008.

**Government-wide and fund financial statements**

The government-wide financial statements (e.g., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the reporting entity. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Currently, the CSA does not have any proprietary or fiduciary fund types. Major individual governmental funds are reported as separate columns in the fund financial statements.

**County of San Bernardino Special Districts**  
**County Service Area No. 70 Zone TV-5 - Mesa Translator**  
**Notes to Financial Statements**  
**June 30, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Measurement focus, basis of accounting, and financial statement presentation**

The government-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The *special revenue fund* labeled "General" is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

**County of San Bernardino Special Districts**  
**County Service Area No. 70 Zone TV-5 - Mesa Translator**  
**Notes to Financial Statements**  
**June 30, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Deposits and investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (e.g., the current portion of interfund loans) or "advances to/from other funds" (e.g., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Currently, the CSA does not have any business-type activities.

**Property taxes**

Secured property taxes are levied in two equal installments, November 1 and February 1. They become delinquent with penalties on December 10 and April 10, respectively. The lien date is January 1 of each year. Unsecured property taxes are due on March 1st and become delinquent with penalties on August 31st.

**Inventories and prepaid items**

Inventories, if any, are valued at cost using the first-in/first-out method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

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

**Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (for improvements to land and structures and equipment) and have an estimated useful life in excess of two years. Structures with an initial cost of \$100,000 are considered capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**County of San Bernardino Special Districts**  
**County Service Area No. 70 Zone TV-5 - Mesa Translator**  
**Notes to Financial Statements**  
**June 30, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Infrastructure	40 - 60
Structures and improvements	5 - 40
Equipment and vehicles	4 - 15

**Fund equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Employee compensated absences**

Accumulated vacation, holiday benefits, sick pay and compensatory time are recorded as an expense and liability as the benefits are earned. Compensated absence liabilities are recorded as a current liability. The CSA is not obligated to pay for unused sick leave if an employee terminates or retires.

Compensated absences activity for the year ended June 30, 2008 was as follows:

Beginning Balance	Additions	Deletions	Ending Balance
\$ 4,455	\$ 2,906	\$ 581	\$ 6,780

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**County of San Bernardino Special Districts**  
**County Service Area No. 70 Zone TV-5 - Mesa Translator**  
**Notes to Financial Statements**  
**June 30, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Stewardship, compliance and accountability**

A. Budgetary information

In accordance with provisions of Section 29000 - 29143 of the Government code of the State of California, commonly known as the County Budget Act, the District prepares and adopts a budget on or before August 30 for each fiscal year.

Budgets are prepared on the modified accrual basis of accounting. The legal level of budgetary control is the object level and the sub-object level for fixed assets within each fund.

Amendments or transfers of appropriations between funds or departments must be approved by the Board. Transfers at the sub-object level or cost center level may be done at the discretion of the Special District's Administration Department head. Any deficiency of budgeted revenues and other financing sources over expenditures and other financing uses is financed by beginning available fund balances as provided for in the County Budget Act.

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitment will be reappropriated and honored during the subsequent year.

NOTE 2: CASH AND DEPOSITS

Cash and cash equivalents includes the cash balance of monies deposited with the County Treasurer which are pooled and invested for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the District's account based upon the District's average daily deposit balance during the allocation period. Cash and cash equivalents are shown at the fair value as of June 30, 2008.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of their investment policy and disclosures related to investment credit risk, concentration of credit risk, interest rate risk and custodial credit risk, as required by GASB Statement No. 40.

**County of San Bernardino Special Districts**  
**County Service Area No. 70 Zone TV-5 - Mesa Translator**  
**Notes to Financial Statements**  
**June 30, 2008**

NOTE 3: CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 11,885	\$ -	\$ -	\$ 11,885
Total capital assets, not being depreciated	11,885	-	-	11,885
Capital assets, being depreciated:				
Improvements to land	100,000	-	-	100,000
Vehicles	26,092	-	-	26,092
Equipment	103,553	82,620	-	186,173
Total capital assets, being depreciated	229,645	82,620	-	312,265
Less accumulated depreciation for:				
Improvements to land	(57,500)	(5,000)	-	(62,500)
Vehicles	(19,206)	(4,349)	-	(23,555)
Equipment	(103,554)	(2,065)	-	(105,619)
Total accumulated depreciation	(180,260)	(11,414)	-	(191,674)
Total capital assets, being depreciated, net	49,385	71,206	-	120,591
Governmental activities capital assets, net	<u>\$ 61,270</u>	<u>\$ 71,206</u>	<u>\$ -</u>	<u>\$ 132,476</u>

**County of San Bernardino Special Districts  
County Service Area No. 70 Zone TV-5 - Mesa Translator  
Notes to Financial Statements  
June 30, 2008**

NOTE 4: 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 (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 - 3<sup>rd</sup> floor, San Bernardino, California 92415-0014.

**Fiduciary Responsibility**

The Retirement Association 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. The Retirement Association publishes its own Comprehensive Annual Financial Report and receives a separate independent audit. The Retirement Association 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 the Retirement Association 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). General members are required to contribute 8.97% - 12.84% and safety members 11.14% - 15.09% of their annual covered salaries, of which the County pays approximately 7%. County of San Bernardino employer contribution rates are 12.03% for general members and 24.84% for safety members. All employers combined are required to contribute 14.46% of the current year covered payroll. For 2008, the County's annual pension cost of \$203,712,000 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.

**County of San Bernardino Special Districts**  
**County Service Area No. 70 Zone TV-5 - Mesa Translator**  
**Notes to Financial Statements**  
**June 30, 2008**

NOTE 4: RETIREMENT PLAN (continued)

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 (in thousands):

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	<u>218,598</u>
Annual Contributions Made	<u>203,712</u>
Increase/(Decrease) in Pension Assets	(14,886)
Pension Assets, Beginning of Year	<u>828,602</u>
Pension Assets, End of Year	<u><u>\$ 813,716</u></u>

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

<u>Year Ended June 30,</u>	<u>Annual Contributions Made (in thousands)</u>		<u>Percentage Contributed</u>
	<u>SBCERA</u>	<u>County</u>	
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 \$420,527,000. 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 \$386,266,000. In April 2008, the County refunded a portion of the Bonds. The current amount outstanding at June 30, 2008 is \$432,767,000.

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 respective aggregate principal amounts of \$189,070,000, \$149,825,000, and \$125,000,000. 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 \$301,595,000.

**County of San Bernardino Special Districts**  
**County Service Area No. 70 Zone TV-5 - Mesa Translator**  
**Notes to Financial Statements**  
**June 30, 2008**

NOTE 4: RETIREMENT PLAN (continued)

In April 2008, the County of San Bernardino issued its \$160,900,000 in Pension Obligation Refunding Bonds (POB), Series 2008 (the "Series 2008 Bonds"). The current amount outstanding at June 30, 2008 is \$160,900,000.

NOTE 5: FEDERAL AND STATE GRANTS

From time to time the CSA may receive funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although the CSA expects such amounts, if any, to be immaterial.

NOTE 6: RISK MANAGEMENT

The CSA is insured through the County's 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 Excess Insurance Authority (CSAC 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 \$25,000 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 per claim 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 \$100,000 deductible, and excess limits up to \$10 million per occurrence.

The activities related to such programs are accounted for in the County's Risk Management Fund (an Internal Service Fund) except for unemployment insurance and employee dental insurance, which are accounted for in the County's General Fund. The IBNR (Incurred But Not Reported) and IBNS (Incurred But Not Settled) liabilities stated on the Risk Management Fund'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 County's practice to obtain actuarial studies on an annual basis.

**County of San Bernardino Special Districts  
County Service Area No. 70 Zone TV-5 - Mesa Translator  
Notes to Financial Statements  
June 30, 2008**

NOTE 6: RISK MANAGEMENT (continued)

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.

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

<b>Fiscal Year</b>	<b>Beginning of Fiscal Year Liability (in thousands)</b>	<b>Current Year Claims and Changes in Estimates (in thousands)</b>	<b>Claims Payments (in thousands)</b>	<b>End of Fiscal Year Liability (in thousands)</b>
2006-07	\$ 127,233	\$ 34,312	\$ (31,862)	\$ 129,683
2007-08	\$ 129,683	\$ 51,702	\$ (32,064)	\$ 149,321

NOTE 7: CONTINGENCIES

As of June 30, 2008, in the opinion of the CSA Administration, there are no outstanding matters, which would have a significant effect on the financial position of the CSA.

NOTE 8: PROPOSITION 111 APPROPRIATION LIMITS

Proposition 111, which added Article XIII B to the State Constitution, establishes limits on budget appropriations in order to restrict government spending. We have reviewed the proceeds of taxes received by the District during the 2007-2008 fiscal year, and have found the revenue to be within the guidelines established by Proposition 111.

**Required Supplementary Information**  
**County of San Bernardino Special Districts**  
**County Service Area No. 70 Zone TV-5 - Mesa Translator**  
**Budgetary Comparison Schedule - Special Revenue Fund (General)**  
**For the Year Ended June 30, 2008**

	Special Revenue Fund			Variance with Final Budget Positive (Negative)
	General (SLE)			
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Property taxes	\$ 13,000	\$ 13,000	\$ 6,875	\$ (6,125)
Special assessments	174,000	174,000	158,772	(15,228)
Service fees	6,000	6,000	5,000	(1,000)
Investment earnings	3,000	3,000	7,123	4,123
Total Revenues	<u>196,000</u>	<u>196,000</u>	<u>177,770</u>	<u>(18,230)</u>
<b>EXPENDITURES</b>				
Salaries and benefits	84,520	88,520	86,299	2,221
Services and supplies	80,303	76,303	65,078	11,225
Capital outlay:				
Equipment	96,000	96,000	82,620	13,380
Reserves and contingencies	92,496	92,496	-	92,496
Total Expenditures	<u>353,319</u>	<u>353,319</u>	<u>233,997</u>	<u>119,322</u>
Net Change in Fund Balance	<u>\$ (157,319)</u>	<u>\$ (157,319)</u>	(56,227)	<u>\$ 101,092</u>
<b>Fund Balance - beginning</b>			<u>157,320</u>	
<b>Fund Balance - ending</b>			<u>\$ 101,093</u>	