

**County Service Area No. 60
DEPENDENT DISTRICT
Apple Valley Airport**

DISTRICT PROFILE SUMMARY SHEET

District Contact Person: **Bill Ingraham**
 Address: **21600 Corwin Road
Apple Valley, CA**
 E-mail Address: **bingraham@airports.sbcounty.gov**
 Website Address: **www.sbcounty.gov/airports**
 Date of Formation: **December 19, 1966**
 Principal Act: **Government Code 25210, Title3, Division 2,
Part 2, Chapter 2.2**
 Improvement District: **No**
 Governing Body: **San Bernardino County Board of
Supervisors**
 Membership: **Elected by Supervisorial District**
 Public Meetings: **Per published schedule, generally
Tuesdays at 10:00 AM, excepting Tuesdays
following a public holiday, and as otherwise
scheduled**

SERVICES

Currently Authorized Powers (Services):

| SERVICE | FUNCTIONS |
|----------------|--|
| Airport | Airport operation and maintenance |
| | |
| | |

2997

Area Served: **Approximately 1730 Square Miles / 1,107,200 Acres**

Population: _____ (Outline source for figure)

Registered Voters: **126,401 as of 7/11/05**

***BUDGETARY INFORMATION**

| | Actual 2001-02 | Actual 2002-03 | Actual 2003-04 | Estimated 2004-05 | Budgeted 2005-06 |
|------------------------------------|-------------------|-------------------|-------------------|----------------------|---------------------|
| Expenditures | (600,711) | (741,504) | (832,752) | (734,270) | (1,047,203) |
| Capital/Fixed Assets | | (67,812) | (105,201) | (588,364) | (4,371,127) |
| Property Tax | 1,067,655 | 1,132,951 | 1,200,556 | 1,119,203 | 1,141,587 |
| User Fees | 170,270 | 176,237 | 178,991 | 211,531 | 311,604 |
| Grants | 33,792 | 10,000 | 17,753 | 50,889 | 949,344 |
| Interest | 29,621 | 118,555 | 110,437 | 110,000 | |
| Other Receipts/(Expense) | 8,350 | 21,802 | (56,102) | | |
| Special Aviation Construction Fund | (725,384) | | | | |

***Note: Beginning in FY 2002-03, Special Aviation Construction Funds, budgeted as a separate enterprise funds, are consolidated with County Service Area No. 60 operating funds for reporting purposes.**

MUNICIPAL SERVICE REVIEW
County Service Area No. 60 – Apple Valley Airport
 (Government Code Section 56430)

INTRODUCTION: The following provides an outline of the mandatory determinations for a municipal service review as set out in Government Code Section 56430. In addition it provides an explanation of the purpose of the determination and the issues to be considered. While no agency will be required to respond to each of the issues identified below, this list is intended to be illustrative of the scope of issues that might be relevant to a local agency service review. Please review the list and identify those issues that are relevant to your agency and develop narrative responses to each determination.

I. Infrastructure Needs and Deficiencies

Purpose: To evaluate the infrastructure needs and deficiencies of a jurisdiction in terms of capacity, condition of facility, service quality and levels of services and its relationship to existing and planned service users.

1. Capital Improvement Plans/Studies – *The CSA 60 Capital Improvement Plan is budgeted as separate Special Revenue Funds included in the County of San Bernardino annual budget review and approval. The Special Revenue Fund titled RAI includes funds maintained as construction contingency. At the end of each fiscal year, the excess of CSA 60 revenues over expenditures, after assuring adequate funding will be available in the subsequent fiscal year, are transferred to RAI. The remaining Special Revenue Funds associated with CSA 60 are funded through RAI and any funds remaining after project completion, including federal and state reimbursement grants, are returned to RAI. The Special Revenue Funds are consolidated with CSA 60 operating funds for annual financial reporting purposes.*

Projects are developed as part of periodic master planning efforts, airport layout plan updates and annual inspections by state and federal airport regulators.

2. Water Service Plans/Studies

a) Supply and demand information

N/A – service provided by Apple Valley Ranchos Water Company, a private entity

3. Sewer Service Plans/Studies

a) Capacity and demand information

N/A – service provided by the Town of Apple Valley

4. Age and Condition of Facilities

a) Water supply and distribution system

N/A – service provided by Apple Valley Ranchos Water Company, a private entity

- b) Wastewater collection and treatment
N/A – service provided by the Town of Apple Valley

5. Capacity Analysis

- a) Number of service units available
CSA 60 operates Apple Valley Airport, a general aviation airport with two runways and associated taxiways, ramps, hangars and support facilities.

A significant measure of aviation demand is the number and type of aircraft operations at an airport, with an operation being defined as a landing or a takeoff. Current operations at Apple Valley Airport are estimated at 39,000 per year, with 25,000 generated by aircraft based at the airport and the remainder from transient aircraft.

The most recent twenty year projection anticipates over 50,000 annual operations with approximately 30,000 from local aircraft and 20,000 from transient aircraft. During the twenty year period, based aircraft are expected to grow from 171 to 229.

- b) Number of service units currently allocated
- c) Total number of service units within agency boundaries

6. Future Development

- a) What additional infrastructure is needed?
CSA 60 has adequate runway and taxiway facilities to meet the projected demand at Apple Valley Airport. Additional facilities for storage and service of aircraft will be needed as demand for such services increases.

- b) Description of additional facilities
Additional real property or easement rights will be needed to adequately buffer and protect the airport from encroachment. Aircraft hangars are currently under construction and additional hangars are planned to be constructed upon development of adequate demand.

- c) How will it be funded?
Real property acquisition and construction of aircraft storage facilities will be funded with CSA 60 revenues, a combination of property tax and operating revenues.

Service facilities will be funded by private investment on real property owned by CSA 60 and leased at current market rates to service providers.

- d) Is there a schedule for improvement?
The Apple Valley Airport Layout Plan Update narrative report (included as an attachment to the CSA 60 Mandatory Five Year Sphere of Influence Review) includes projected development plan projects and costs for a 20 year forecast period.

7. Reserve Capacity

a) What is the policy?

Apple Valley Airport is included in the federal system of integrated airports and, in order to remain eligible for federal grant assistance, must periodically review facilities and forecast demand and evaluate capacity needed to meet such demand.

II. **Growth and Population**

Purpose: To evaluate service needs based upon existing and anticipated growth patterns and population projections.

1. Population Information

a) Existing and projected within agency boundary (include identification of source for growth projection)

Barnard Dunkelberg & Company, in developing the forecast of aviation demand included in the Apple Valley Airport Layout Plan Update narrative report, estimated the regional population directly service by Apple Valley Airports as exceeding 200,000, citing the San Bernardino Association of Governments. The population is projected to grow between 2.5 and 3.5 percent annually.

b) Existing and projected within sphere of influence (include source for growth projection)

2. General Plan

- a) Excerpts regarding existing and projected growth
- b) Other

3. Identify Significant Growth Areas

III. **Financing Opportunities and Constraints**

Purpose: To evaluate factors that affect the financing of needed improvements.

1. Finance Plans for (provide copies of documents where necessary) include:

- a) Service upgrades
- b) Capacity improvements
- c) Revenue source

Real property acquisition and construction of aircraft storage facilities will be funded with CSA 60 revenues, a combination of property tax and operating revenues.

Service facilities will be funded by private investment on real property owned by CSA 60 and leased at current market rates to service providers.

2. Bond Rating

N/A

3. Joint Financing Projects

a) Does agency participate?

CSA 60 receives funding from federal and state grant sources.

Additionally, private development occurs at Apple Valley Airport on land leased at market rates and privately developed facilities revert to CSA 60 ownership at the end of the land lease.

b) What are policies?

Federal grants are acquired pursuant to the National Plan for an Integrated Aviation System and Federal Aviation Administration policies and procedures for the acquisition of such grants. State grants are acquired pursuant to California Department of Transportation policies and procedures.

Private development projects, as well as general leasing activity, at Apple Valley Airport are pursuant to County Board of Supervisor Policy 08-03-01.

4. Revenue Sources

a) Identify

Real property acquisition and construction of aircraft storage facilities will be funded with CSA 60 revenues, a combination of property tax and operating revenues.

Service facilities will be funded by private investment on real property owned by CSA 60 and leased at current market rates to service providers.

b) Can they be expanded?

Operating revenues are directly related to the demand for services at Apple Valley Airport. Rental rates and service fees are evaluated annually and compared to similar facilities in the region. Additionally, the airport facilities are periodically appraised to determine if rental rate adjustments are justified.

IV. Cost Avoidance Opportunities

Purpose: To identify practices or opportunities that may help eliminate unnecessary costs.

1. Overlapping/Duplicative Services

Many of the administrative and managerial functions required to operate Apple Valley Airport are common to other airports in the County area and beyond.

Aircraft owners in the area of Apple Valley Airport have few options for storage of aircraft but, given their high degree of mobility; fuel, maintenance and other services can be acquired throughout a broad area.

2. Joint Agency Practices

a) Identify

The County Department of Airports consolidates many of the administrative and technical functions necessary to manage County airports, including Apple Valley Airport.

b) Reduce costs?

CSA 60 benefits from the economy of jointly provided financial, administrative, construction and managerial support services.

3. Rely on Other Agencies

a) Administrative functions

Provided by the County Department of Airports

b) Grant management

Provided by the County Department of Airports

c) In-house cost vs. outside cost

Not specifically evaluated

4. Growth Management Strategies

a) Strategies for directing growth

Growth strategies are developed as part of periodic master plan and airport layout plan updates

b) Infill

N/A

c) Conservation

N/A

d) Annexation policies

N/A

e) Policies related to providing service outside agency boundaries

Apple Valley Airport is part of the national transportation system and, as such, provides service outside the boundaries of CSA 60.

5. Level of Service

a) Meets or exceeds customer needs?

Recent review as part of an airport layout plan update determined that Apple Valley Airport currently meets customer needs.

b) Customer satisfaction

Much of the customer service at Apple Valley Airport is provided through tenants and/or licensees. County Department of Airports staff monitors these providers and, when aware of dissatisfaction, seek resolution.

6. Per-Unit Service Costs

a) Identify

Not Measured

b) Comparison with others

Not Measured

V. Rate Restructuring

Purpose: To identify opportunities to positively impact rates without decreasing service levels.

1. Rate restructuring is considered by:

a) Use of consumer price index

Rental rates and service fees are evaluated annually and compared to similar facilities in the region. Additionally, the airport facilities are periodically appraised to determine if rental rate adjustments are justified. Several leases include provisions to adjust rental rates annually to the change in consumer price index.

b) Identify ways to compare rates

Rates are compared periodically by survey of regional airports with similar airports. Additionally, the County Department of Airports participates in national rate reviews that produce summaries of fees and rental rates by type of airport.

2. Identify current rates and plans, if any, for rate changes

Staff reviews rates annually as part of budget preparation. Fee increases are only recommended when a clear need is indicated to meet projected cost increases and/or regional rates support the increase.

VI. Opportunities for Shared Facilities

Purpose: To evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.

1. Shared Facilities

a) Existing – flood, parks, groundwater storage, etc.

Administrative functions are shared with the five County owned airports and located centrally within the Department of Airports offices. CSA 60 participates in funding the centralized functions and gains advantage of economies of scale and specialization.

b) Future opportunities/options

Airport facilities, by agreement with the Federal Aviation Administration, must be used for aviation purposes, limiting the opportunity to share facilities with other non-aviation activities. There is limited opportunity to serve aviation needs with a public benefit, such as law-enforcement and museum/public education. However, even in these cases, each entity must fund its share of the cost of providing facilities. CSA 60 is currently constructing facilities on Apple Valley Airport to meet California Highway Patrol and County Sheriff aviation needs.

2. Duplication of Facilities

a) Existing duplication?

There is some duplication of facilities between Southern California Logistics Airport located in Victorville and Apple Valley Airport. However, the two facilities tend to meet un-similar aviation demand with Apple Valley Airport serving generally smaller aircraft and marketing to general aviation aircraft as opposed to larger commercial aircraft.

b) Planned/future duplication?

None planned

c) Excess capacity available to outside customers?

Not applicable

d) Productivity ratings, if any, for staff

Not applicable

VII. **Government Structure Options**

Purpose: To consider the advantages and disadvantages of various government structures to provide public services.

1. Agency Recommendation

a) Government structure options

Apple Valley Airport currently is a County Service Area under sponsorship by the County. Alternatives include: a self-governed airport district or an airport department/enterprise sponsored by the County or a municipality.

b) Benefits to customers

The form of government is transparent to the typical aviation user/customer. Regardless of form, it is critical that the sponsoring entity maintain the perspective of the airport as a critical component in the national system of integrated airports having a regional, rather than local, customer base and decisions affecting airport operations be made with aviation, rather than local economic, development objectives.

2. Hurdles to Consolidation/Reorganization

Consolidation is not a likely outcome. Any reorganization of CSA 60 should be made with due consideration of the impacts, if any, such reorganization would have on the tax base provided within the CSA 60 limits.

3. Recommended Options

a) Benefit to customers

The service provided by CSA 60 is primarily in the form of infrastructure, management of facilities and compliance with federal and state regulations. These needs are adequately met with the current organization. Any consideration of alternatives should include the impact on these services.

b) Services to be provided

As noted above, the service provided by CSA 60 is primarily in the form of infrastructure, management of facilities and compliance with federal and state regulations. This includes terminal facilities, fueling facilities, runways and taxiways, parking ramps, hangars and navigational aides.

VIII. Evaluation of Management Efficiencies

Purpose: To evaluate whether organizational changes to governmental structure can be made to improve the quality of public services in comparison to cost.

1. Training Opportunities

The current County Department of Airports organization provides a hierarchy of positions designed to develop maintenance and airport managerial personnel. The FY 2006 budget includes a new position to be used as an airport management trainee.

2. Staffing Levels

The Apple Valley Airport staff includes one airport manager, one airport maintenance supervisor, one airport lead maintenance worker, two maintenance workers, and one secretary (currently two individuals occupying one position as a job share). Technical and administrative support is provided by the County Director of Airports and his administrative staff. Additionally, staff members from other County airports are available to provide airport specific skills and other support as necessary.

3. Technology

a) Billing systems

Billing is provided by the County Department of Airports administration division.

4. Budget

a) Policies

CSA 60 budgets are prepared in conjunction with the County's annual budgeting process and are fully compliant with legal requirements and County administrative policies.

b) Policies for payment of stipend, benefits, travel, educational expenses of governing body

There is no payment of stipend, benefit, travel, education expense for any member of the governing body (Board of Supervisors) funded through CSA 60.

c) Preparation/public involvement

CSA 60 budgets are prepared by County Department of Airports staff, reviewed by the County Airports Commission and the County Administrative Office prior to submission to the Board of Supervisors for review and adoption. The CSA 60 budgets receive the same public review as other County budgets.

d) Analysis – revenues/reserves/expenditures

CSA 60 budgets are reviewed by the County Airports Commission and the County Administrative Office prior to submission to the Board of Supervisors for review and adoption. Additionally, revenues, expenditures and reserves are audited annually by the County Auditor/Controller's office and a consolidated financial report is prepared.

5. Joint Powers Agreements

a) Identify and describe

N/A

IX. **Local Accountability and Governance**

Purpose: To evaluate the accessibility and levels of public participation associated within the agency's decision-making and management processes.

1. Governing Body

a) Selection process

b) Representation (Districts, area-wide)

c) Frequency of meetings

d) Brown Act compliance

e) Number of elections over last decade

CSA 60 is a Board of Supervisors governed special district with board members selected by supervisorial district and public elections, meetings and Brown Act compliance in accordance with state requirements and Board policy.

2. Customer Feedback

a) Surveys

b) Complaint tracking

Surveys and complaints are handled on a case by case basis. Files are maintained, both at Apple Valley Airport and within the County Department of Airports administrative offices, of complaints and resolutions to complaints.

3. Access

a) Hours

Apple Valley Airport is open seven days a week, twenty-four hours per day. Administrative offices are open week-days from 8am to 4pm.

b) Newsletters

The Apple Valley Airport manager generates a periodic newsletter to tenants and airport users.

c) Website

www.sbcounty.gov/airports

d) Media coverage

Initiated by media, most typically by the Daily Bulletin.

e) Cable/public access TV

N/A

4. Regular Progress Reports

a) Budget – major projects

Budget reports are prepared several times a year in conjunction with the other County budget units. Major construction activity is tracked by the County Architecture and Engineering Department and reported on the County web page.

b) Operations

Not reported regularly

c) Voter participation

Not reported regularly

County Service Area No. 60 – Apple Valley Airport
MANDATORY FIVE YEAR
SPHERE OF INFLUENCE REVIEW
(Government Code Section 56425)

INTRODUCTION: The questions on this form are designed to obtain data about the entity's existing sphere of influence to allow the Commission and its staff to begin to assess the mandated sphere update process. You are encouraged to include any additional information that you believe is pertinent to the process. Use additional sheets where necessary and/or include any relevant documents.

1. NAME OF AGENCY: ***County Service Area No. 60, (Apple Valley Airport)***

2. Provide an identification of the entities that provide service to your agency. Please indicate whether they are public or private entities and include subsidiary districts in this description. Please include a description of City or District-governed agencies (i.e., redevelopment agency, development corporations, joint powers authorities, improvement districts, etc.):

County Service Area No. 60 (CSA 60) is a dependent district formed to develop and operate Apple Valley Airport, a regional airport located within the town of Apple Valley and governed by the County of San Bernardino Board of Supervisors. CSA 60 covers an area of 1730 square miles (1,107,200 acres) which totally encompasses the incorporated communities of Adelanto, Apple Valley, Hesperia and Victorville, in addition to significant areas of unincorporated County land.

Apple Valley Airport receives services from a number of public and private entities:

Water service is provided by the Apple Valley Ranchos Water Company, a private entity.

Sanitary sewer service is provided by the Town of Apple Valley.

Solid Waste disposal is contracted through EDCO Disposal Corporation, a private entity.

Law enforcement is provided by the County Sheriff's Department through a contract with the Town of Apple Valley.

Gas is provided by Southwest Gas Corporation, a regulated utility.

Electricity is provided by Southern California Edison, a regulated utility.

Telephone is provided by Verizon Communications, Inc., a regulated utility.

- b) Provide a written description of the nature, location and extent of the functions and/or classes of service outlined above. Where the service area is less than the boundaries of the District provide a map depiction of the location.

Apple Valley Airport is a general aviation airport providing aviation services to the High Desert region of San Bernardino County. The primary service area of Apple Valley Airport is closely approximated as the CSA 60 boundary, from the San Bernardino Mountains on the south to the south side of the City of Barstow on the north and from the county line on the west to the Lucerne Valley on the east.

Apple Valley Airport is located within the town of Apple Valley on 809 acres. The airport has two runways: the primary runway, Runway 18/36, is 6,498 feet long and the crosswind runway, Runway 8/26, is 4,099 feet long. Each runway is supported by a full-length parallel taxiway system.

A terminal building located to the west of Runway 18/36 and north of Runway 8/26 provides for public facilities including a leased restaurant, airport manager office, conference facilities, leased office space and a public area to enplane or deplane from aircraft. Airport maintenance shops and storage areas are located to the west of the terminal building.

An aircraft parking ramp and various aircraft storage hangars are located north of the terminal building. Apple Valley Airport leases aircraft tie-down locations on the terminal ramp and storage space in the aircraft storage hangars. The airport also leases ground for privately owned hangar buildings.

Aviation related businesses on the airport include Midfield Aviation, Apple Aviation, Aztec Aviation and Apple Valley Aviation. Aztec Aviation owns aviation fuel storage tanks and provides 100 Low Lead and Jet-A fuels to the public.

There are two published instrument landing approaches providing low visibility access to the airport.

Demand for aviation services at Apple Valley Airport can be generally divided into local and itinerant. The local services are provided to aircraft based on the airport and itinerant services are provided to aircraft using the airport but based elsewhere. A review of based aircraft records reveals that tenants come primarily from the high desert area approximating the CSA 60 boundaries. Itinerant aircraft typically fall into two categories, those using Apple Valley Airport as a fuel or rest stop on a cross country trip and those arriving in the High Desert for pleasure or business.

- c) Provide a brief outline of master plans adopted for each of the services listed above including a summary of their findings and the date of their adoption. If master plans are required to be filed with a County, State or Federal agency please note the date of their acceptance. Provide a copy of the master plans with this document if not previously

provided to the LAFCO staff office including a copy of the environmental determination associated with the document.

As noted in the response to Number 6, above, there are three relevant master planning documents:

**Airport Master Plan dated December 1992 and adopted June 14, 1994
Final Environmental Impact Report dated February 1993 and adopted June 14, 1994**

Airport Layout Plan Update adopted March 1, 2005

The Airport Layout Plan is the only document requiring federal approval. The Federal Aviation Administration approved the Apple Valley Airport Layout Plan on June 22, 2006.

8. Provide a response to the four factors outlined in Government Code Section 56425 required for a sphere of influence review outlined as follows:

a) The present and planned land uses in the area, including agricultural and open-space lands.

Apple Valley Airport is currently used as a public airport. There is not plan to modify its use. The continued use as a public airport is required as a condition of accepting Federal Aviation Administration grant funds for a period of twenty years from acceptance of the most recent grant. These same conditions require that the airport facilities be exclusively used for aviation purposes.

b) The present and probable need for public facilities and services in the area.

Apple Valley Airport is forecast for an increase in turbo-propeller and jet aircraft, largely related to the increase in business activity in the High Desert area. Future development needs include additional hangar space, construction of aircraft parking ramps and modifications of existing facilities to accommodate corporate aircraft. Otherwise, the airport infrastructure, including runways and taxiways is adequate to meet projected demands.

c) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

As noted above, the airport infrastructure, including runways and taxiways is adequate to meet projected demands for service. There is a need for additional aircraft storage space, primarily hangar space. Development projects are currently underway for construction of aircraft storage hangars and improvement and/or replacement of airport infrastructure.

d) The existence of any social or economic communities of interest in the area.

N/A

CERTIFICATION

I hereby certify that the statements furnished above and in the attached supplements, exhibits, and documents present the date and information required for this mandatory review to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE: August 10, 2007

Signature of Official

J. William Ingraham

Printed Name

Director of Airports

Title

CSA 60 Apple Valley Airport (EBJ-400)

ACTIVITY: Airport

DESCRIPTION OF MAJOR SERVICES

This District funds the operation and maintenance of Apple Valley Airport, which is administered and staffed by the County of San Bernardino Department of Airports. Apple Valley Airport, which was built in 1970, is a public airport providing general aviation services to the high desert region.

BUDGET AND ACTUAL HISTORY

| | <u>2006-07</u> <u>Actuals</u> | <u>2007-08</u> <u>Estimates</u> | <u>2007-08</u> <u>Adopted</u> <u>Budget</u> | <u>2008-09</u> <u>Proposed</u> <u>Adjustments</u> | <u>2008-09</u> <u>Proposed</u> <u>Budget</u> |
|------------------------------|----------------------------------|------------------------------------|---|---|--|
| Appropriations: | | | | | |
| Salaries and Benefits | | | | | |
| Services and Supplies | 354,917 | 496,550 | 517,936 | 49,385 | 567,321 |
| Central Computer | | | | | |
| Travel and Related Charges | | | | 15,000 | 15,000 |
| Other Charges | 1,857,364 | 1,505,450 | 833,711 | (90,807) | 742,904 |
| Land/Structures/Improvements | | | | 500,000 | 500,000 |
| Equipment/Vehicles | 127,531 | 210,000 | 210,000 | 40,000 | 250,000 |
| Lease/Purchases | | | | | |
| Transfers Out | 578,726 | 605,108 | 605,108 | 4,716 | 609,824 |
| Reimbursements | | | | | |
| Operating Transfers Out | | | | | |
| Reserves & Contingencies | | | 543,541 | (42,472) | 501,069 |
| Total Appropriations | <u>2,918,538</u> | <u>2,817,108</u> | <u>2,710,296</u> | <u>475,822</u> | <u>3,186,118</u> |
| Revenue: | | | | | |
| Taxes | 1,776,662 | 1,950,000 | 1,662,966 | 404,034 | 2,067,000 |
| Licenses and Permits | | | | | |
| Fines and Forfeitures | | | | | |
| Use Of Money and Property | 515,699 | 474,318 | 430,102 | 116,450 | 546,552 |
| State, Fed or Gov't Aid | 34,940 | 29,608 | 49,937 | 63 | 50,000 |
| Current Services | (1,612) | 20,225 | 17,750 | 2,250 | 20,000 |
| Other Revenue | 231,025 | 295,982 | 6,000 | | 6,000 |
| Operating Transfers In | | | | | |
| Total Revenue | <u>2,556,714</u> | <u>2,770,133</u> | <u>2,166,755</u> | <u>522,797</u> | <u>2,689,552</u> |
| Fund Balance | | | 543,541 | (46,975) | 496,566 |
| Budgeted Staffing | | | - | - | - |

Estimated revenues for 2007-08 are approximately \$603,000 more than budget due to property tax revenues being greater than anticipated and the receipt of pass-through funds from the Hesperia Redevelopment Agency.

CSA 60 Apple Valley Airport (EBJ-400)

2008-09 PROPOSED BUDGET

| | <u>Amount</u> |
|---|------------------|
| APPROPRIATIONS: | |
| Services and Supplies | 567,321 |
| Costs associated with operating the airport include utilities, maintenance and insurance. The \$49,385 increase is mainly attributed to additional costs for insurance and professional services. | |
| Travel and Related Charges | 15,000 |
| The vast majority of the budgeted travel costs are for expenses related to the performance of work duties. | |
| Other Charges | 742,904 |
| Represents the amount set aside for airport capital improvement projects. | |
| Land/Structures/Improvements | 500,000 |
| A project to repair existing pavement at the airport is budgeted for 2008-09. | |
| Equipment/Vehicles | 250,000 |
| The following purchases are budgeted for 2008-09: Two replacement trucks - \$80,000 Replacement of backhoe - \$85,000 Security cameras - \$85,000 | |
| Transfers Out | 609,824 |
| Transfers Out represent reimbursements to the Airports General Fund budget unit for salary/benefit costs of employees assigned to Apple Valley Airport. | |
| Reserves and Contingencies | 501,069 |
| Amount set aside to fund unanticipated costs that may occur during the year. | |
| Total Appropriations | <u>3,186,118</u> |
| REVENUE: | |
| Taxes | 2,067,000 |
| Property Taxes are budgeted to increase by 6.0% from the amount estimated for the prior year | |
| Use of Money and Property | 546,552 |
| The budgeted amount in this category is primarily revenues received from the lease/rental of airport facilities. The \$116,450 increase reflects additional revenue from new hangar development. | |
| State, Fed or Gov't Aid | 50,000 |
| This \$50,000 represents pass-through revenues received from the local redevelopment agency. | |
| Current Services | 20,000 |
| Fuel flowage is the primary source of revenue in this category. | |
| Other Revenue | 6,000 |
| Revenues consist of Tie-down fees and film permits. | |
| Total Revenue | <u>2,689,552</u> |

**EQUIPMENT BUDGET DETAIL
FISCAL YEAR 2008-09**

| DISTRICT TYPE | DISTRICT NAME | EQUIPMENT REQUESTED | FUND | REPLACEMENT/ ADDITION | UNITS | Proposed \$ AMOUNT | |
|--------------------------|---|---|---------|--------------------------|-------|-----------------------|-------------------------|
| GENERAL DISTRICTS | | | | | | | |
| | <u>CSA 60 Apple Valley Airport</u> | | EBJ-400 | | | | |
| | 1 | Truck | | Replacement | 2 | 80,000 | |
| | 2 | Backhoe | | Replacement | 1 | 85,000 | |
| | 3 | Security Cameras | | Addition | 1 | 85,000 | |
| | | | | | | <u>250,000</u> | |
| | <u>CSA 70 Countywide</u> | | SKV-105 | | | | |
| | Management Information Services (Orgs 100 & 120) | | | | | | |
| | 1 | Citrix Server | | Addition | 1 | 9,000 | |
| | 2 | Portal Server | | Replacement | 1 | 10,000 | |
| | | | | | | <u>19,000</u> | |
| | Water & Sanitation (Org 200) | | | | | | |
| | 1 | Application Server (FM Works) | | Addition | 1 | 11,000 | |
| | 2 | Bill Printer | | Replacement | 1 | 7,000 | |
| | 3 | File Server | | Replacement | 1 | 9,000 | |
| | 4 | Brake Lathe | | Addition | 1 | 8,500 | |
| | 5 | Hand-held Water Meter Interrogators | | Replacement | 2 | 30,000 | |
| | 6 | 6" Trailer-mounted Pump | | Replacement | 1 | 40,000 | |
| | 7 | Trailer-mounted generator | | Replacement | 1 | 85,000 | |
| | 8 | Sectional Sewer-Cleaner | | Replacement | 1 | 60,000 | |
| | 9 | Vehicles - Small Pickups | | Replacement | 6 | 150,000 | |
| | 10 | Vehicle - Large Pickup | | Replacement | 1 | 35,000 | |
| | 11 | Vehicle - Hybrid | | Replacement | 1 | 35,000 | |
| | 12 | Vehicle - Combo Truck | | Replacement | 1 | 315,000 | |
| | | | | | | <u>785,500</u> | |
| | <u>CSA 40 Elephant Mountain</u> | | SIS-300 | | | | |
| | 1 | Translators/Modulators | | Replacement | 2 | 20,000 | |
| | | | | | | <u>20,000</u> | |
| | <u>CSA 70 TV-2 Morongo</u> | | SLD-330 | | | | |
| | 1 | Translators/Modulators | | Replacement | 5 | 50,000 | |
| | 2 | Antennas | | Replacement | 2 | 15,000 | |
| | | | | | | <u>65,000</u> | |
| | <u>CSA 70 TV-4 Mesa</u> | | SLF-332 | | | | |
| | 1 | Transmitter | | Replacement | 1 | 10,000 | |
| | | | | | | <u>10,000</u> | |
| | <u>CSA 70 TV-5 Mesa</u> | | SLE-331 | | | | |
| | 1 | Transmitter | | Replacement | 1 | 10,000 | |
| | | | | | | <u>10,000</u> | |
| | GENERAL DISTRICTS TOTAL | | | | | | <u><u>1,159,500</u></u> |
| PARK DISTRICTS | | | | | | | |
| | <u>CSA 20 Joshua Tree</u> | | SGD-200 | | | | |
| | 1 | Triplex Mower | | Addition | 1 | 25,000 | |
| | | | | | | <u>25,000</u> | |
| | <u>Big Bear Valley Park</u> | | SSA-620 | | | | |
| | 1 | File Server | | Replacement | 1 | 7,500 | |
| | 2 | Personal watercraft (previously rented) | | Addition | 2 | 15,400 | |
| | | | | | | <u>22,900</u> | |
| | PARK DISTRICTS TOTAL | | | | | | <u><u>47,900</u></u> |

EXHIBIT B

Page 1 of 1

2007-08

**CAPITAL IMPROVEMENT PROGRAM NEW PROJECTS
ADMINISTERED BY ARCHITECTURE AND ENGINEERING
Airports**

| # | Log # | Sup. Dist. | Location | Address | Description | Proj. Type | General Fund | | | Other Discretionary | | | Total | Funding Source |
|---|--------|------------|--------------|---------------------------|---|------------|--------------|------------|---------------|---------------------|---------|------------------|------------------|-----------------------|
| | | | | | | | Local Cost | Local Cost | Discretionary | Discretionary | Funding | Funding | | |
| Airports New Projects | | | | | | | | | | | | | | |
| 1 | 08-137 | 1 | Baker | 56500 Hwy 127 | Baker Airport 002 Runway Rehabilitation | P | | | | | | 200,000 | 200,000 | County Funds RAA 100% |
| 2 | 08-138 | 4 | Chino | 7000 Merrill Ave. | Chino Utility Pole Relocation | I | | | | | | 100,000 | 100,000 | County Funds RAA 100% |
| 3 | 08-139 | 4 | Chino | 7000 Merrill Ave. | T/W H Extension | P | | | | | | 750,000 | 750,000 | County Funds RAA 100% |
| 4 | 08-140 | 4 | Chino | 7000 Merrill Ave. | Chino Wash Racks | I | | | | | | 100,000 | 100,000 | County Funds RAA 100% |
| 5 | 08-203 | 4 | Chino | 7000 Merrill Ave. | Update Master Plan (burrowing Owl Plan) | PL | | | | | | 100,000 | 100,000 | County Funds RAA 100% |
| 6 | 08-202 | 1 | Daggett | 39500 National Trails Hwy | Land Acquisition for Rwy Object Free Area | AC | | | | | | 450,000 | 450,000 | County Funds RAA 100% |
| 7 | 08-136 | 1 | Needles | 711 Airport Rd. | Needles Hangar Replacement | C | | | | | | 150,000 | 150,000 | County Funds RAA 100% |
| 8 | 08-204 | 1 | Needles | 711 Airport Rd. | Construct Perimeter Fencing and Rehabilitate Terminal Ramps | I | | | | | | 350,000 | 350,000 | County Funds RAA 100% |
| Sub-Total Airports | | | | | | | - | - | - | - | - | 2,200,000 | 2,200,000 | |
| Airports - Apple Valley Airport (CSA 60) | | | | | | | | | | | | | | |
| 9 | 08-201 | 1 | Apple Valley | 21600 Corwin Rd. | South Ramp Hangar Development (Final Phase) | R | | | | | | 100,000 | 100,000 | CSA 60 Fund RAI 100% |
| 10 | 08-193 | 1 | Apple Valley | 21600 Corwin Rd. | Land Acquisition for RPZ - RW18 | AC | | | | | | 500,000 | 500,000 | CSA 60 Fund RAI 100% |
| 11 | 08-194 | 1 | Apple Valley | 21600 Corwin Rd. | Hangar Complex - Phase III | C | | | | | | 1,550,000 | 1,550,000 | CSA 60 Fund RAI 100% |
| Sub-Total Airports - Apple Valley Airport (CSA 60) | | | | | | | - | - | - | - | - | 2,150,000 | 2,150,000 | |
| 11 TOTAL AIRPORTS NEW PROJECTS ADMINISTERED BY A&E | | | | | | | - | - | - | - | - | 4,350,000 | 4,350,000 | |

Project Type: AC-Acquisition, C-New Construction, DM-Deferred Maint., H-HVAC, HS-Health/Safety/Security/ADA, I-Infrastructure, L-Leases, P-Paving, PL-Planning, R-Roofing, RE-Remodels/Expansions



EXHIBIT H

Page 1 of 2

**2007-08 AIRPORTS CARRYOVER PROJECTS
(Various Funds)**

| # | Log # | Sup. Dist. | Department | Location | Address | Description | Proj. Type | General Fund Local Cost | Other Discretionary Funding | Restricted Funding | Projected Carryover Balance | Funding Source |
|----|--------|------------|------------|--------------|-----------------------|---|------------|-------------------------|-----------------------------|--------------------|-----------------------------|----------------|
| | | | | | | | | | | | | |
| 1 | | All | Airports | All Airports | Various | Contingency (Airports Operating Funds) | | | | 613,278 | 613,278 | RCD |
| 2 | | All | Airports | All Airports | Various | Contingency (Airports Capital Projects) | | | | 3,700,542 | 3,700,542 | RAA |
| 3 | | All | Airports | All Airports | Various | Contingency (Airports Maintenance Projects) | | | | 803,311 | 803,311 | RAW |
| 4 | | 4 | Airports | Chino | 7000 Merrill Ave. | Reverted Building Improvements | C | | | 50,000 | 50,000 | RAW |
| 5 | | 4 | Airports | Chino | 7000 Merrill Ave. | Dome Hangars 1-4 Rehab & Lighting/Elect Impvmts | C | | | 50,000 | 50,000 | RAW |
| 6 | | 4 | Airports | Chino | 7000 Merrill Ave. | Demolition and Fencing - Dairy Sites | I | | | 40,000 | 40,000 | RAW |
| 7 | | 4 | Airports | Chino | 7000 Merrill Ave. | Infrastructure Improvement and Rehabilitation | I | | | 60,000 | 60,000 | RAW |
| 8 | | 4 | Airports | Chino | 7000 Merrill Ave. | Pavement Repair | P | | | 40,000 | 40,000 | RAW |
| 9 | | 4 | Airports | Chino | 7000 Merrill Ave. | Test/Monitor Ground Water for PCE's & TCE's | I | | | 400,000 | 400,000 | RAA |
| 10 | | 4 | Airports | Chino | 7000 Merrill Ave. | Relocate ILS | I | | | 1,500,000 | 1,500,000 | RAA |
| 11 | | 4 | Airports | Chino | 7000 Merrill Ave. | Update CLUP | PL | | | 50,000 | 50,000 | RAA |
| 12 | 05-074 | 4 | Airports | Chino | 7000 Merrill Ave. | Land Acquisition for Runway Protection Zones | AC | | | 28,421,053 | 28,421,053 | RAA |
| 13 | | 4 | Airports | Chino | 7000 Merrill Ave. | Radium Cleanup | HS | | | 500,000 | 500,000 | RAA |
| 14 | 07-129 | 4 | Airports | Chino | 7000 Merrill Ave. | Rejuvenate and repaint Runway 8R-26L, associated taxiways and itinerant ramp. | P | | | 455,000 | 455,000 | RAA |
| 15 | 07-132 | 4 | Airports | Chino | 7000 Merrill Ave. | Design new terminal building. | PL | | | 200,000 | 200,000 | RAA |
| 16 | 07-253 | 4 | Airports | Chino | 7000 Merrill Ave. | Taxiway E Extension | P | | | 933,593 | 933,593 | RAA |
| 17 | | 1 | Airports | Daggett | 39500 National Trails | Demolish Deteriorated Buildings | C | | | 200,000 | 200,000 | RAW |
| 18 | | 1 | Airports | Daggett | 39500 National Trails | Pavement Repairs | P | | | 20,000 | 20,000 | RAW |
| 19 | | 1 | Airports | Daggett | 39500 National Trails | Coat Interior of Water Tanks | I | | | 200,000 | 200,000 | RAA |
| 20 | 06-069 | 1 | Airports | Daggett | 39500 National Trails | Waste Water Treatment Plant | I | | | 75,000 | 75,000 | RAW |
| 21 | | 1 | Airports | Daggett | 39500 National Trails | Construct modular office building/shop | C | | | 200,000 | 200,000 | RAW |
| 22 | 07-126 | 1 | Airports | Daggett | 39500 National Trails | Rejuvenate and repaint Runway 8-26, runway 4-22, and associated taxiways. | P | | | 71,000 | 71,000 | RAA |

Project Type: AC-Acquisition, C-New Construction, DM-Deferred Maint., H-HVAC, HS-Health/Safety/Security/ADA, I-Infrastructure, L-L Leases, P-Paving, PL-Planning, R-Roofing, RE-Renodels/Expansions

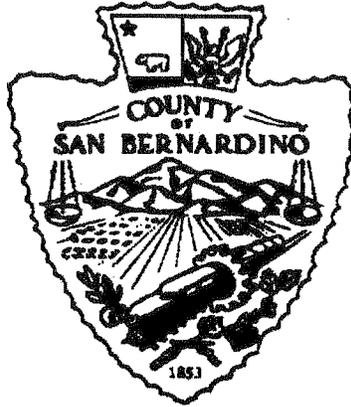


EXHIBIT H
Page 2 of 2
2007-08 AIRPORTS CARRYOVER PROJECTS
(Various Funds)

| # | Log # | Sup. Dist. | Department | Location | Address | Description | Proj. Type | Fund Local Cost | Discretionary Funding | Restricted Funding | Projected Carryover Balance | Funding Source |
|---|--|------------|------------|------------------|-----------------------|---|------------|-----------------|-----------------------|--------------------|-----------------------------|-------------------------|
| Airport Carryover Projects (Various Funds) (Cont'd) | | | | | | | | | | | | |
| 23 | 07-254/07-255 | 1 | Airports | Daggett | 39500 National Trails | Taxiway A & C electrical upgrades and Taxiway B Extension | I | | | 3,650,000 | 3,650,000 | RAA |
| 24 | | 1 | Airports | Needles | 711 Airport Rd. | Pavement Repair | P | | | 20,000 | 20,000 | RAW |
| 25 | 07-127 | 1 | Airports | Needles | 711 Airport Rd. | Rejuvenate and repaint Runways and associated taxiways. | P | | | 71,000 | 71,000 | RAA |
| 26 | | 1 | Airports | Needles | 711 Airport Rd. | Needles Building Improvements | RE | | | 10,000 | 10,000 | RAW |
| 27 | | 1 | Airports | Twentynine Palms | 78569 29 Palms Hwy | Pavement Repair | P | | | 20,000 | 20,000 | RAW |
| 28 | | 1 | Airports | Twentynine Palms | 78569 29 Palms Hwy | Rehabilitate Water System | I | | | 10,000 | 10,000 | RAW |
| 29 | | 1 | Airports | Twentynine Palms | 78569 29 Palms Hwy | Install taxiway lights parallel to runway 17 35 | I | | | 20,000 | 20,000 | RAA |
| 30 | 63-1579 | 1 | Airports | Twentynine Palms | 78569 29 Palms Hwy | Construct aircraft storage T-Hangars | C | | | 631,579 | 631,579 | RAA |
| 31 | 07-128 | 1 | Airports | Twentynine Palms | 78569 29 Palms Hwy | Rejuvenate and repaint runways 8-26, 17 35 and associated taxiways. | P | | | 39,000 | 39,000 | RAA |
| | | | | | | | | | | 37,937,225 | 37,937,225 | |
| Sub-Total Airport Carryover Projects (Various Funds) | | | | | | | | | | | | |
| Apple Valley Airport - County Service Area 60 (CSA 60) | | | | | | | | | | | | |
| 32 | | All | Airports | Apple Valley | 21600 Corwin Rd. | Contingency (CSA 60 Capital Projects) | | | | 1,390,123 | 1,390,123 | RAI |
| 33 | | 1 | Airports | Apple Valley | 21600 Corwin Rd. | Runway 8/26 Drainage Improvements | I | | | 200,000 | 200,000 | RAI |
| 34 | | 1 | Airports | Apple Valley | 21600 Corwin Rd. | Construct Parking Lot | P | | | 25,000 | 25,000 | RAI |
| 35 | | 1 | Airports | Apple Valley | 21600 Corwin Rd. | Construct Storage Building | C | | | 25,000 | 25,000 | RAI |
| 36 | | 1 | Airports | Apple Valley | 21600 Corwin Rd. | Pavement Repairs | P | | | 25,000 | 25,000 | RAI |
| 37 | | 1 | Airports | Apple Valley | 21600 Corwin Rd. | Reconstruct Access Road | P | | | 200,000 | 200,000 | RAI |
| 38 | 05-042 | 1 | Airports | Apple Valley | 21600 Corwin Rd. | Remodel Terminal Building (midyear project) | C | | | 100,000 | 100,000 | RAI |
| 39 | 07-125 | 1 | Airports | Apple Valley | 21600 Corwin Rd. | Rejuvenate and repaint Runways 18-36, 8-26 and associated taxiways. | P | | | 74,388 | 74,388 | CSA 60 Fund RAI 100% |
| 40 | 07-257 | 1 | Airports | Apple Valley | 21600 Corwin Rd. | Sign and electrical upgrades | I | | | 976,070 | 976,070 | CSA 60 Fund RAI 100% |
| | | | | | | | | | | 3,015,581 | 3,015,581 | |
| Sub-Total Apple Valley Airport - CSA 60 - Carryover Projects | | | | | | | | | | | | |
| 40 | TOTAL AIRPORTS CARRYOVER PROJECTS | | | | | | | | | | | 40,952,806 |

Project Type: AC-Acquisition, C-New Construction, DM-Deferred Maint., H-HVAC, HS-Health/Safety/Security/ADA, I-Infrastructure, L-Leases, P-Paving, PL-Planning, R-Roofing, RE-Remodels/Expansions





COUNTY OF SAN BERNARDINO

CALIFORNIA

SPECIAL DISTRICTS

AUDIT REPORT

APPLE VALLEY AIRPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Office of

AUDITOR/CONTROLLER-RECORDER

COUNTY OF SAN BERNARDINO
CALIFORNIA
SPECIAL DISTRICTS
AUDIT REPORT
COUNTY SERVICE AREA NO. 60
APPLE VALLEY AIRPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Prepared by:

Internal Audits Section
Office of the Auditor/Controller-Recorder
November 16, 2007

**County of San Bernardino Special Districts
County Service Area No. 60
Apple Valley Airport**

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AUDITOR/CONTROLLER-RECORDER COUNTY CLERK



COUNTY OF SAN BERNARDINO

AUDITOR/CONTROLLER • 222 West Hospitality Lane, Fourth Floor
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RECORDER • COUNTY CLERK • 222 West Hospitality Lane, First Floor
San Bernardino, CA 92415-0022 • (909) 387-8306 • Fax (909) 386-8940

LARRY WALKER
Auditor/Controller-Recorder
County Clerk

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

Independent Auditor's Report

November 16, 2007

James Jenkins, Interim Director
Department of Airports
825 East Third Street, Room 203
San Bernardino, CA 92415-0831

**SUBJECT: AUDIT OF COUNTY SERVICE AREA NO. 60 – APPLE VALLEY
AIRPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Introductory Remarks

In compliance with Section 26909 of the California Government Code, we have completed an audit of County Service Area No. 60 – Apple Valley Airport for the fiscal year ended June 30, 2007.

Auditor's Report

We have audited the accompanying financial statements of the business-type activities of the County of San Bernardino Special District County Service Area No. 60 – Apple Valley Airport (CSA), a component unit of the County of San Bernardino, California, as of and for the year ended June 30, 2007. These basic financial statements are the responsibility of the CSA's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the minimum audit requirements and reporting guidelines for California Special Districts required by the Office of the State Controller. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial

AudRpt/James Jenkins, Interim Director
Department of Airports
November 16, 2007

statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the CSA as of June 30, 2007, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and the state regulations governing Special Districts.

The CSA 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.

Respectfully submitted,

Larry Walker
Auditor/Controller-Recorder

By:



Howard M. Ochi, CPA
Chief Deputy Auditor

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Date Report Distributed: 11/16/07

LDW:HMO:RRB:wds.1

County of San Bernardino
County Service Area No. 60 - Apple Valley Airport
Statement of Net Assets
For the Fiscal Year Ended June 30, 2007

| | <u>Enterprise Fund</u> |
|---|------------------------|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 5,069,776 |
| Taxes receivable | 183,287 |
| Interest receivable | 55,014 |
| Other receivable (Note 2) | 13,029 |
| Due from other governments | 100,589 |
| Total current assets | <u>5,421,695</u> |
| Noncurrent assets: | |
| Other receivable (Note 2) | 174,577 |
| Capital assets (Note 3): | |
| Land | 3,076,135 |
| Construction in progress | 168,531 |
| Improvements to land | 5,542,102 |
| Structures and improvements | 6,391,238 |
| Equipment and vehicles | 504,457 |
| Less accumulated depreciation | <u>(3,395,188)</u> |
| Total noncurrent assets | <u>12,461,852</u> |
| Total assets | <u>\$ 17,883,547</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | \$ 29,461 |
| Due to other governments | 605,953 |
| Deferred revenue (Note 1) | 30,726 |
| Total liabilities | <u>666,140</u> |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 12,287,275 |
| Unrestricted | 4,930,132 |
| Total net assets | <u>17,217,407</u> |
| Total liabilities and net assets | <u>\$ 17,883,547</u> |

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

County of San Bernardino
County Service Area No. 60 - Apple Valley Airport
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2007

| | <u>Enterprise Fund</u> |
|---|------------------------|
| OPERATING REVENUES | |
| Charges for services | \$ 442,694 |
| Total operating revenues | 442,694 |
| OPERATING EXPENSES | |
| Professional services | 666,801 |
| Services and supplies | 173,337 |
| Utilities | 98,522 |
| Rents and leases | 29,539 |
| Depreciation | 490,504 |
| Total operating expenses | 1,458,703 |
| Operating Income (Loss) | (1,016,009) |
| NONOPERATING REVENUES (EXPENSES) | |
| Interest & investment income | 241,490 |
| Property taxes | 1,953,979 |
| Other taxes | 188,989 |
| State aid | 64,734 |
| Federal aid | 461,210 |
| Other nonoperating revenues | 26,799 |
| Other nonoperating expenses | (21,385) |
| Loss on sale of fixed assets | (8,743) |
| Total nonoperating revenues (expenses) | 2,907,073 |
| Change in net assets | 1,891,064 |
| Total net assets - beginning | 15,326,343 |
| Total net assets - ending | \$ 17,217,407 |

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

**County of San Bernardino
County Service Area No. 60 - Apple Valley Airport
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2007**

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|--|----|--------------------|
| Received from user charges | \$ | 351,852 |
| Payments to suppliers of goods and services | | (1,425,914) |
| Payments to employees for services and benefits | | (18,083) |
| Net cash provided (used) by operating activities | | <u>(1,092,145)</u> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | | |
|---|--|------------------|
| Taxes received | | 2,070,165 |
| Federal and state aid received | | 784,753 |
| Payment received towards other receivable | | 6,518 |
| Other nonoperating expense | | (21,385) |
| Other nonoperating revenue | | 26,799 |
| Net cash provided (used) by noncapital financing activities | | <u>2,866,850</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | | |
|--|--|------------------|
| Acquisition of fixed assets | | <u>(892,116)</u> |
| Net cash provided (used) by capital and related financing activities | | <u>(892,116)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|---|--|----------------|
| Interest revenue | | <u>224,919</u> |
| Net cash provided by investing activities | | <u>224,919</u> |

| | | |
|--|----|-------------------------|
| Net increase (decrease) in cash and cash equivalents | | 1,107,508 |
| Balance -- beginning of the year | | <u>3,962,268</u> |
| Balance -- end of the year | \$ | <u><u>5,069,776</u></u> |

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

| | | |
|--|-----------|----------------------------------|
| Operating income (loss) | \$ | (1,016,009) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | |
| Depreciation expense | | 490,504 |
| Changes in accounts and other payables | | (566,640) |
| Net cash provided by operating activities | \$ | <u><u>(1,092,145)</u></u> |

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

County of San Bernardino
County Service Area No. 60 - Apple Valley Airport
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The County Service Area No. 60 – Apple Valley Airport (CSA) – is a special district located within the County of San Bernardino. The CSA has governmental powers as established by the San Bernardino County Government Charter (County). The County was established in 1852 as a legal subdivision of the State of California.

The CSA was established by an act of the Board of Supervisors of the County of San Bernardino on December 19, 1966 to provide airport service to the Town of Apple Valley. Currently, the CSA administers control and staffs the airport, funding the operation and maintenance of the Apple Valley Airport. There is not an advisory commission for the CSA.

The CSA is a component unit of the County. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (i) the County has the ability to impose its will on the organization, or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The accompanying financial statements reflect only the accounts of County Service Area No. 60 and are not intended to present the financial position of the County taken as a whole.

Measurement focus, basis of accounting, and financial statement presentation

The proprietary fund 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.

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. The principal operating revenue of the CSA enterprise funds is charges to customers for rental of hangars and other leases. Operating expenses for enterprise funds include the cost of salaries and benefits, services and supplies, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

The Department of Airports allocates the cost of salaries and benefits, administrative services, and management services to the District. These costs are presented on the financial statements as professional services, an operating expense. Previously, these costs were shown as salaries and benefits.

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.

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Cash and cash equivalents

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

Cash and cash equivalents include the cash balances of substantially all funds, which are pooled and invested by the County Treasurer to increase interest earnings through investment activities.

Investment activities are governed by the California Government Code Sections 53601, 53635, and 53638 and the County's Investment Policy. Authorized investments include U. S. Government Treasury and Agency securities, bankers' acceptances, commercial paper, medium-term notes, mutual funds, repurchase agreements, and reverse repurchase agreements.

Interest income, and realized gains and losses earned on pooled investments are deposited quarterly to the CSA's accounts based upon the District's average daily deposit balances during the quarter. Unrealized gains and losses of the pooled

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

investments are distributed to the District annually. Cash and cash equivalents are shown at fair value as of June 30, 2007.

Receivables and payables

All receivables are shown net of an allowance for uncollectibles when applicable.

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 the March 1 lien date and become delinquent with penalties on August 31.

Capital assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the 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 one (1) year. 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

| <u>Assets</u> | <u>Years</u> |
|-----------------------------|----------------|
| Structures and improvements | up to 45 years |
| Equipment and vehicles | 5 – 15 |

Deferred revenue

Amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met, are recorded on the basic financial statements as deferred revenue. The CSA has deferred revenues of \$30,726 from rents and concessions at June 30, 2007.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

Net assets

Net assets comprise the various net earnings from operating and nonoperating revenues, expenses and contribution of capital. Net assets are classified in the following three components:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, contributors, or laws or regulations, of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This component of net assets consist of net assets of the CSA that are not restricted for any project or other purpose.

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.

NOTE 2: OTHER RECEIVABLE

The CSA entered into four separate agreements with Apple Valley Ranchos Water Company (Utility) to construct distribution facilities for the purpose of furnishing public utility water service to the Apple Valley Airport. The CSA advanced the amount of \$260,585 to cover the cost of these facilities. The CSA is reimbursed by the Utility 2 1/2 percent of the cost per year for 40 years. The amount outstanding at June 30, 2007, is \$187,606. Of this amount \$13,029 is the current other receivable and \$174,577 is the noncurrent other receivable.

NOTE 3: CAPITAL ASSETS

The statement of net assets includes those capital assets among the assets of County Service Area No. 60 as a whole, and their original costs are expensed annually over their useful lives. Capital assets activities during the year are as follows:

| | Balance July 1, 2006 | Additions | Deletions | Balance June 30, 2007 |
|--|-------------------------|-------------------|------------------|--------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 3,076,135 | \$ - | \$ - | \$ 3,076,135 |
| Construction in Progress | 28,723 | 146,659 | 6,851 | 168,531 |
| Total capital assets, not being depreciated | <u>3,104,858</u> | <u>146,659</u> | <u>6,851</u> | <u>3,244,666</u> |
| Capital assets, being depreciated: | | | | |
| Land Improvements | 5,106,429 | 435,673 | - | 5,542,102 |
| Structures | 6,392,202 | - | 964 | 6,391,238 |
| Equipment and Vehicles | 403,539 | 142,885 | 41,967 | 504,457 |
| Total capital assets, being depreciated | <u>11,902,170</u> | <u>578,558</u> | <u>42,931</u> | <u>12,437,797</u> |
| Less accumulated depreciation for: | | | | |
| Land Improvements | (1,645,078) | (292,486) | - | (1,937,564) |
| Structures | (1,032,015) | (162,862) | - | (1,194,877) |
| Equipment and Vehicles | (260,815) | (35,156) | (33,224) | (262,747) |
| Total accumulated depreciation | <u>(2,937,908)</u> | <u>(490,504)</u> | <u>(33,224)</u> | <u>(3,395,188)</u> |
| Total capital assets, being depreciated, net | <u>8,964,262</u> | <u>88,054</u> | <u>9,707</u> | <u>9,042,609</u> |
| Capital assets, net | <u>\$ 12,069,120</u> | <u>\$ 234,713</u> | <u>\$ 16,558</u> | <u>\$ 12,287,275</u> |

Construction in Progress

Construction in progress represents the following projects:

| Project Title | Budget | YTD Expenses | Projected Completion Date |
|----------------------------------|--------------|-------------------|---------------------------------|
| Apple Valley Complex-Phase II | \$ 1,150,000 | \$ 76,022 | 2008 |
| Sign and Electrical Upgrades | 976,070 | 67,656 | 2008 |
| Reconstruct Existing Access Road | 150,000 | 4,303 | 2008 |
| Construct Southwest Ramp | 283,600 | 20,550 | 2008 |
| Total | | <u>\$ 168,531</u> | |

NOTE 4: RETENTIONS PAYABLE

The District retains 10% of construction contracts until contracts are completed and approved. At June 30, 2007, the District had no balance in Retentions Payable. Construction projects are in design phase or no payments have been made to contractors.

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.

NOTE 6: 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 \$25 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 \$25,000 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 claim made form basis with a 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 Department except for unemployment insurance, and employee dental insurance, which are accounted for in the General Fund. The IBNR and IBNS 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 4.75%. It is the Department's practice to obtain actuarial studies on an annual basis.

NOTE 6: SELF INSURANCE - Continued

The Department has a risk management investment program agreement with the Bank of New York to finance the self-insured general liability, automobile liability, workers' compensation, and medical malpractice programs. The Department's investment in the agreement totaled \$50.3 million at June 30, 2007.

The total claims liability of \$129.7 million reported at June 30, 2007 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 2006 and 2007 were:

| Fiscal Year | Beginning of Fiscal Year Liability (in thousands) | Current-Year Claims and Changes in Estimates (in thousands) | Claims Payments (in thousands) | Balance at Fiscal Year-End (in thousands) |
|--------------------|--|--|---------------------------------------|--|
| 2005-06 | \$115,714 | \$46,926 | (\$35,407) | \$127,233 |
| 2006-07 | \$127,233 | \$34,312 | (\$31,862) | \$129,683 |

NOTE 7: SUBSEQUENT GRANT RECEIVED

The District was approved on August 7, 2007 for a grant by the Federal Aviation Administration in the amount of \$463,733. The grant will fund electrical upgrades and signage at the District.