

HESPERIA RECREATION AND PARK DISTRICT
DISTRICT PROFILE SUMMARY SHEET

RECEIVED
AUG 08 2007

District Contact Person(s):
Cal Camara, General Manager

LAFCO
San Bernardino County

Address:
P.O. Box 401055
Hesperia, CA 92340-1055

3010

E-mail Address:
Admin@hesperiaparks.com

Website Address:
www.hrpd.org

Date of Formation:
July 8, 1957

Principal Act:
Article 1, Chapter 3, Division 5 of the Public Resources Code of the State
of California

Improvement District(s): _____ Yes XX No

If Yes, please indicate name and define area of service (include map).

Governing Body:
Five (5) member elected Board of Directors

Membership:
Mr. Richard Lupton - President
Mr. Richard Hall - Vice President
Mr. Bob Chandler - Director
Mr. Michael Limbaugh - Director
Mr. Thurston Smith - Director

Public Meetings:
Second Wednesday of the month at 7 p.m. in the Board Room at the
District office, 16292 Lime Street Hesperia, CA 92345

HESPERIA RECREATION AND PARK DISTRICT
DISTRICT PROFILE SUMMARY SHEET

SPHERE OF INFLUENCE

ESTABLISHED:

LAFCO NUMBER	DATE ADOPTED	LOCATION
1243	11/15/1972	

CHANGES:

LAFCO NUMBER	DATE	TYPE OF CHANGE
1243C	6/13/1979	Expansion
2440A	11/18/1987	Expansion
2479	10/12/1988	Expansion
2479A	6/20/1990	Expansion
2554	9/6/1989	Expansion
2667	7/31/1991	Expansion
2763	4/20/1994	Expansion

BUDGETARY INFORMATION

(See page 3)

BUDGETARY INFORMATION

	ACTUAL 2001/02 GEN. FUND/AD 1 & 2*	ACTUAL 2002-03 GEN. FUND/AD 1 & 2*	ACTUAL 2003-04 GEN. FUND/AD 1 & 2*	ESTIMATED 2004-05 GEN. FUND/AD 1 & 2*	BUDGETED 2005-06 GEN. FUND/AD 1 & 2*
EXPENDITURES	2,856,070./1,923,299.	2,693,621./2,041,318.	3,268,483./2,180,534.	3,085,194./2,656,390.55	3,829,550./ 3,595,304.
CAPITAL/FIXED ASSETS	824,180./0	660,996./0	1,037,867./0	409,266./0	776,266./702,874.
PROPERTY TAX	964,280./1,357,798.	964,280./1,357,798.	964,280./1,415,835	997,900./2,088,427.55	944,447./2,440,317.
USER FEES (HARD)**	424,521./0	517,541.00/0	587,541./0	791,515./0	812,828./0

* Street Lighting Assessment Districts 1 & 2

** Hesperia Area Recreation District

	ACTUAL 2001/02 Developer's Fees*/Rental Properties**	ACTUAL 2002-03 Developer's Fees/Rental Properties	ACTUAL 2003-04 Developer's Fees/Rental Properties	ESTIMATED 2004-05 Developer's Fees/Rental Properties	BUDGETED 2005-06 Developer's Fees/Rental Properties
EXPENDITURES	N/A / 452,285.	101,000./482,681.	217,523 / 521,446	1,533,254. / 502,090.	5,210,756. / 524,346.
CAPITAL/FIXED ASSETS	N/A / 184,000.	0 / 176,000	0 / 239,000.	1,211,689 / 217,000.	500,000. / 163,000.
PROPERTY TAX	N/A	N/A	N/A	N/A	N/A
DEVELOPER'S FEES	N/A / 0	100,000 / 0	100,000. / 0	250,000. / 0	4,000,000. / 0
RENTS & CONCESSIONS	N/A / 271,300.	0 / 276,300.	0 / 249,000.	0 / 265,000.	0 / 329,000.

* MDZ

** MDB, MDC, MDK

MUNICIPAL SERVICE REVIEW

I. Infrastructure Needs and Deficiencies

3010

1. Capital Improvement Plans/Studies

Master Plan - The District completed the original comprehensive Master Plan in 1988 setting the general standards of the District. The last update was in 2004. The District continually updates the Master Plan. The plan's major guideline is its developed park standard. This was determined at 5 acres per 1,000 residents. This breaks down to about 2 acres of neighborhood serving parks, and 3 acres of community and district serving parks and facilities. In addition to the acreage standard we also have a facility standard for the specific amenities that are located on each site, such as how many ballfields or gymnasiums we need per 1,000 residents.

The district has just completed a 3-year capital facilities timeline and budget. That list identifies over 30 projects for 11 park sites and a budget estimate of over \$15,000,000.00. The District is presently in the process of completing a Master Plan Update.

The update will generally show that our District, based on 80,000 plus residents, will have about 300 developed acres with several projects still in the planning stages. This is about 25% short of our 5 acre standard. This is however over 3 acres per 1,000 residents which is still a very good minimum standard.

2. N/A

3. N/A

4. N/A

5. N/A

6. Future Development

a) What infrastructure is needed? The District will continue to add park acreage to its system as use and Master Plan updates dictate.

b) Description of additional facilities. Planned facilities (3-year plan) include but are not limited to: (2) gymnasiums, (6-10) baseball/softball complexes, (8-12) soccer facilities, tennis facilities, bike and walkways. In addition to these facilities that service the existing population we are continually adding a minimum of 3 acres per 1,000 for all new residents.

MUNICIPAL SERVICE REVIEW

- c) How will it be funded? Funding is a combination of an existing district-wide assessment, tax revenue, developer fees, and special assessments.
- d) Is there a schedule for improvement? The specific facilities previously mentioned are planned over the next three years. Additional facilities will be added as residents move in, approximately 12 acres per year.

7. N/A

II. Growth and Population

1. Population Information - Over the past three years the District has seen significant increase in population

The 2004 population is approximately 82,000 residents.

- a) The present population of 82,000 has the potential of increasing by at least 50% depending on the plans of the City of Hesperia. Future growth will occur primarily through residential subdivision. There are park development requirements for new residential units.
- b) There is an additional 10,000 residential lots with about 2,500 lots occupied that are located in our sphere of influence (Oak Hills). We are in the planning stages of annexing these areas that will include a park program, and financial plan.

2. N/A

3. N/A

III. Financing Opportunities and Constraints

1. Financing - The District has a district-wide assessment program, special assessments and developer requirements. Meeting future residents' needs utilizes all of these funding mechanisms and they are updated regularly.

2. N/A

3. N/A

4. Revenue Sources -

- a) General property tax allocation
- b) Assessment district-wide fixed at \$66.00.
- c) Special Assessments - increase, yes
- d) Developer fees - increase, yes
- e)

MUNICIPAL SERVICE REVIEW

IV. Cost Avoidance Opportunities

1. Overlapping/Duplicative Services. - The District's park and recreation services do not overlap with other agencies. The District has, since its inception in 1957, administered the street lights in the district. The majority of the street lights are located within the city limits of the City of Hesperia. While this is not a duplicated service, it is a service more traditionally connected as a municipal responsibility. One reason this service has not been transferred is mostly due to the fact that the District funds the street lights and if the City of Hesperia took over that program there would be a cost liability.

The Hesperia Unified School District has similar facilities such as ballfields and gymnasiums. Our agencies share facilities when needed and available.

2. Joint Agency Practices -

- a) The City of Hesperia, Hesperia Unified School District and the Hesperia Recreation and Park District have MOU's that waive fees and allow facility(s) joint use.
- b) All of these agencies, City of Hesperia, Hesperia Unified School District and the Hesperia Recreation and Park District meet monthly to determine joint efforts to better serve our community and save costs.

3. Rely on Other Agencies -

- a) Our District utilizes the County of San Bernardino for some administrative services.
- b) N/A
- c) The District will always look at outside costs and inside costs. We contract when it is cost effective.
- d) The District has an ongoing working relationship, for volunteer work, with Pilot Rock Prison Camp, and other agencies to use mutual assistance to conserve revenue.

4. Growth Management Strategies -

- a) Annexation Policies - Annex areas within our sphere of influence. Work with surrounding communities that impact our services when they need assistance.
- b) Presently, our District attracts people from areas in Oak Hills and Phelan. These areas do not have adequate recreation and park services; therefore, they use our programs, and attend our special events such as Hesperia Days and holiday events. They are charged a small non-resident fee. It is

MUNICIPAL SERVICE REVIEW

estimated that 10-20% of program capacity is used by residents from areas outside our District such as Oak Hills and Phelan. If Phelan had a park development policy such as our District's, they would be adding many new park acres to their community and impacting us less. They need a comprehensive plan.

5. Level of Service -
 - a) Meets present residents' needs.
 - b) Customer satisfaction is very high.

6. N/A

V. Rate Structuring N/A

VI. Opportunities for Shared Facilities

1. Shared Facilities - City of Hesperia, Hesperia Unified School District and the Hesperia Recreation and Park District share all facilities when needed and available.

2. Duplication of Facilities - There are no duplication of facilities at this time.

VII. Government Structure Options

1. Agency Recommendation
 - a) Hesperia Recreation and Park District as a sole purpose agency, has met the needs of the City of Hesperia and surrounding areas since 1957 with an elected Board of Directors that is responsive to the recreation and park issues of the residents. The District recommends the system structure remain as an independent agency at this time.
 - b) A special district allows the public and the District to deal directly with its goals and services. Potentially, park services can become a low priority in a municipality. As a special district, reactions to residents' needs are quick and positive. High Priority.
 - c) Presently the management staff of the District is highly experienced in administering and understanding special district's state codes and laws. Changing the structure or merging systems is not an issue concerning effective

MUNICIPAL SERVICE REVIEW

operations. If the District had any major management policy changes, reviewing structure changes may be a consideration.

2. Hurdles to Consolidation/Reorganization - The only agency that it would be practical to consolidate with would be the City of Hesperia. Presently, both agencies work extremely well together. Most financial arrangements can be handled in a normal business agreement. The main hurdles are structural and financial. The District services areas greater than or different than other local entities.

- a) The Hesperia Recreation and Park District's retirement system is the Retirement Act of 1937 with the County of San Bernardino (SBCERA). The system allows great flexibility with part time and as needed help that PERS does not. The change over could cost hundreds of thousands of dollars in additional retirement benefits as well as liability costs to cover employees back retirement if merged with PERS. The District utilizes hundreds of part time workers much as private business and corporations. The structure change to operate under PERS and minimum hour requirements would cause unnecessary and disruptive change. The District also utilizes a non-profit foundation corporation and operates as a diversified and progressive business and survives on flexible work schedules.
- b) The District has been self insured for unemployment since its inception. There would be a significant cost to convert to State Worker's Compensation. The District has little liability with unemployment. We have saved tax dollars by being self insured. A merger would likely create a cost liability in both additional premiums and conversion cost penalties.
- c) The District participates in a liability and worker's compensation joint powers agreement with the more than 70 Special Recreation and Park Districts in California. The liability insurance pool is (CAPRI) California Association of Park and Recreation Insurance, and the worker's compensation insurance program is (Pardec) Park and Recreation District Employee Compensation. Participation through these programs saves the District between 25% and 40% over municipal or private insurance.

The District recommends no change at this time. Service level is high and restructuring is not necessary. This may change in the future and the District will react to mergers or consolidations if recreation and park services can only be

MUNICIPAL SERVICE REVIEW

improved through consolidation or mergers and not through joint business decisions.

3. Recommended Options
 - a) Benefit to customers - The special, independent district structure of the Hesperia Recreation and Park District is presently the most effective, efficient and expedient in delivering our services to our customers and our service area.
 - b) Services to be provided - Services as allowed by recreation and park district law are all inclusive of what we need to provide now and in the future.

VIII. Evaluation of Management Efficiencies

1. Training Opportunities - Training of general and specialized staff is very efficient under special district law. The codes are specific to recreation and park district operations and therefore training is streamlined by not having additional, cumbersome municipal regulations to incorporate. Risk management is specialized for park agencies as well. We are in a joint powers insurances structure that allows a more cost effective method of managing liability exposure because we are not sharing accident history with municipal services which tend to be much higher.

2. Staffing Levels - The District is able to operate effectively using the County's retirement and staffing policies. We are able to utilize hundreds of part time, seasonal and contract staff varying shifts from 20-40 hours which we could not do under a municipal PERS system. Staffing levels therefore can change quickly reducing costs while keeping service levels at 100%.

3. Technology - We keep up to date technologically because we focus on recreation and park services only, and we are involved jointly with all the other special districts in California and share ideas and information.

- a) Billing Systems - Again, we are able to specialize. We have the latest online registration system. We have thousands of varied daily transactions such as class registrations, camping fees, sports programs, retail sales, building leases and facility rentals, therefore we have developed a dedicated complex system that handles these transactions and we are able to merge our records with the County's computer system. We have developed systems that service financial transactions with customers in a fast, efficient way. Because we operate as a business corporation with actual sales and high volume

MUNICIPAL SERVICE REVIEW

programs we must process transactions quickly. This is possible using our Foundation as one of our business systems. The traditional municipal style processing would be extremely inefficient.

4. Budget

- a) Policies - The District's budget follows the County of San Bernardino procedure for the most part. Our tax funds are held at the County. The County's system is integrated with our system and is efficient.
- b) Policies for payment of stipend benefits, travel, and educational expenses of governing body - Our policies for stipends, benefits, travel and educational benefits are conservative in nature. We have been and will be in total compliance with the AB1234 ethics laws. Our Board of Directors receive only \$100.00 for their monthly Board meeting. All benefits and reimbursements follow the Government Code and County policy.
- c) Preparation/public involvement - The District has one (1) open public meeting a month. We have special committee meetings that are open to the public. The District utilizes user agreements with all of our regular users such as clubs and sports organizations. This gives them the opportunity to negotiate yearly use policies with the Board of Directors directly. The District meets regularly to evaluate, create and improve facilities and programs.
- d) Analysis - revenues/reserves/expenditures - (Most recent District audit attached.)

5. Joint Powers Agreements - The District is in a state-wide joint powers agreement with 72 other Districts in (CARPD) California Association of Recreation and Park Districts. There are two programs within CARPD. (CAPRI) California Association of Park and Recreation Insurance, this program provides our partly self-insured insurance program. This liability pool, because it is specialized, saves us up to an estimated 40% of costs when compared to municipal or private providers. The second program in this pool is (PARDEC) Park and Recreation District Employee Compensation. This is our Worker's Compensation pool. Once again, because premium history is based on our industry we are able to save 25-40% over traditional insurance systems or municipal pools.

CARPD is also the political body that coordinates our legislative activities and is our legislative advocate. This is a tremendous benefit when it

MUNICIPAL SERVICE REVIEW

comes to legislation on grants. CARPD has only recreation and park districts as members, therefore we can focus on our services.

The District participates with the City of Hesperia and the Hesperia Unified School District in what we call our Tri-Agency Committee. While this is not a joint powers organization it does meet monthly as a Brown Act Committee. Two (2) elected officials and the managers as well as other specific staff make up the working group. This group has been effective in avoiding duplication, assisting each other politically, coordinating joint uses and projects and generally saving tax dollars and providing better service.

MANDATORY FIVE YEAR
SPHERE OF INFLUENCE REVIEW
(Government Code Section 56425)

- 1 NAME OF AGENCY: Hesperia Recreation and Park District
- 2 N/A
- 3 N/A
- 4 N/A
- 5 N/A
- 6 CITIES/SPECIAL DISTRICTS: For the services provided by the agency identify the appropriate document below and provide an outline of the date of adoption, schedule for update, copy of the document and copy of the environmental document, if applicable.

Master Plan for Park Service: Adopted 1988
Update 1992
Update 2003 (Enclosed)

- 7 SPECIAL DISTRICTS: Provide an outline of the following items related to the services provided by the District. This response is specifically required by Government Code Section 56425(h) et seq.
 - a) Provide a written statement specifying the functions and/or classes of service provided by your District.

The District provides recreation programs, park facilities and maintenance, street light and landscape maintenance.
 - 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.
 - The District provides recreation programs at locations throughout the District (current Brochure enclosed for details on programs and facilities). There are no facilities or programs currently in the sphere of influence. Some residents from the sphere of influence area utilize District programs and facilities and the District continues contact with residents to monitor interest in and feasibility of future expansion.
 - The District establishes Assessment Districts for street lights and landscaping as directed by the City within the District boundaries (as of 8-01-05 there were 35 separate Zones in District 2).

MANDATORY FIVE YEAR
SPHERE OF INFLUENCE REVIEW
(Government Code Section 56425)

- 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.

GOALS (From 2003 Master Plan Update)

- To acquire and reserve land for park and recreation opportunities, facilities and natural open space use.
- To be in concert with other local agencies, to work toward preservation of significant ecological, scenic, cultural, historical and natural resources within the District.
- To accompany the Master Plan with financial planning for the timely acquisition, design, development, operation and maintenance of all facilities.
- To keep flexible the location, size and design of facilities in order that they may be readily adaptable to the changing requirements of the population.
- To foster satisfying activities for all ages and cultural groups, particularly children, youth and seniors and family participation.
- Recontact outlying areas in the sphere of influence of the District. Conduct a public meeting to determine their needs and if a master plan is necessary.

Assessment Districts for street lights and landscaping are coordinated as negotiated by the City on a Zone by Zone basis.

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

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

The District and its sphere of influence contain land uses for rural residential to commercial. A stated goal of the District is to reserve land for open space and recreational activities.

MANDATORY FIVE YEAR
SPHERE OF INFLUENCE REVIEW
(Government Code Section 56425)

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

Continued population growth in the sphere of influence areas will increasingly stress the District's programs and facilities as non-residents utilize them, driving the need for facilities and services within those areas.

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

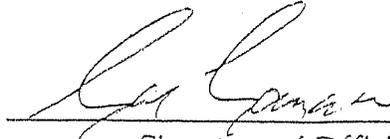
Hesperia Recreation and Park District continues to add programs and facilities, and staff to support them, as the District grows. Funding follows population often creating a lag time when services are stretched to capacity.

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

The community of Oak Hills is recognized in this sphere of influence. The western section of the community of Phelan is partly within this sphere of influence. Areas outside our present sphere of influence in the community of Phelan are continuing to impact our District due to a lack of proper facility planning in that community. The Phelan area could be serviced by the District with a separate Zone.

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 the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE: 8-16-05



Signature of Official

Cal Camara
Printed Name

General Manager
Title

Tuerpe, Michael

From: Rachel Thomas [admin@hesperiaparks.com]
Sent: Thursday, October 02, 2008 2:17 PM
To: Tuerpe, Michael
Subject: answers to your questions

Michael,

Here are the answers to your questions. Let me know if I you need anything else.

I am working on the concurrence letter from Cal. I will fax that to you when it is done.

-

~~1. The District has had street lights since its inception, certainly prior to 2002.~~

2. Hesperia Lake Community Building (John Swisher)

- No it is District funded
- It is all District funds
- The Hesperia Water District owns the land. The Park District has a long term lease.

3. All street lights are maintained under contract by SCE.

4. Yes.

5. Foundation

- Yes.
- The audit is combined (HARD Foundation and Park District) and is in the copy of the audit that was sent to you.
- Normal District policies.
- No.
- The Foundation is the non-profit arm of the Park District. It exists to run programs and pay bills more effectively than a government process. It allows business to operate under the Foundation guidelines. It is more cost effective than government.

6. Long Term Debt

- \$800,000.00
- 10770 I Avenue, Hesperia
- Final Maturity Date is 5/10/10. Payments of \$35,879.88 are made twice a year in May and November.

7. Rancho Las Flores

The Developer will construct facilities (Parks). CFD and LMD will fund operation of the facilities and open space.

New Question

We paid for 1,449 street lights for August 1 through September 1, 2008. We have not yet received the September billing.

10/6/2008

Tuerpe, Michael

From: Tuerpe, Michael
Sent: Thursday, September 25, 2008 9:07 AM
To: 'Rachel Thomas'
Subject: A few more questions

Hello Rachel, sorry to throw some more questions at you as soon as you return from the conference. We are nearing an end.

- Was the special provision for the district to perform streetlighting added when the district reorganized in 1977 to become a park and recreation district, or was it with the 2002 rewrite of Recreation and Park District Law?
- The Hesperia Lake Community Building
 - Is this another joint process with the City/Water District?
 - Who is paying for the construction costs?
 - Who owns the land?
- Does the district own any streetlights, or are all the streetlights owned by Edison?
- Does the district receive any pass-through from Victor Valley Economic Development Authority?
- The Foundation
 - Is there a budget?
 - Is there an audit?
 - Who approves payments?
 - Is a share of the concession money given to Hesperia Water?
 - What role does the Foundation play? Why does it exist? (I'm not questioning the existence of the Foundation, but if I am asked that question I need to be able to answer it).
- Long-term debt to purchase property – The audit states that the note was taken out at 6.45% interest rate.
 - How much was the loan for?
 - What property was purchased?
 - How much debt remains?
- Rancho Las Flores – I understand that the development has a Community Facilities District and a park component. Please expand if able.

Michael Tuerpe

LAFCO Analyst
Local Agency Formation Commission - San Bernardino County
215 North D Street, Suite 204
San Bernardino, CA 92415-0490
(909) 383-9906
Fax (909) 383-9901
www.sbclafco.org

Tuerpe, Michael

From: Rachel Thomas [admin@hesperiaparks.com]
Sent: Monday, September 08, 2008 3:11 PM
To: Tuerpe, Michael
Subject: RE: Additional Follow-up Questions

Michael

I have answered your questions below.

Rachel

From: Tuerpe, Michael [mailto:mtuerpe@lafco.sbcounty.gov]
Sent: Monday, September 08, 2008 8:48 AM
To: admin@hesperiaparks.com
Subject: Additional Follow-up Questions

Mr. Camera,

Below are a few more follow up questions:

- The 2006 Master Plan Update has a chart titled "Planned New Facilities and Improvements". Since that time, which facilities and improvements have been completed? What are the costs of the major projects and the estimated time of completion?

Hesperia Community Park Rest Rooms - \$286,000.00 one year

Liberty Park was completed by the Developer of the Mission Crest Project by Empire – The city of Hesperia conditioned them to build the park.

Hesperia Lake community Building is in process at this time completion is expected by the end of the year.

- Please list the members on the Board and their titles.

President, Richard Lupton
Vice President, Bob Chandler
Jack Hamilton
Mike Limbaugh
Rebekah Swanson

- When and where are board meeting held?

2nd Wednesday of each month, 7:00 p.m. at Lime Street Park Community Center, 16292 Lime Street, Hesperia, CA 92345

- Please list the members of the Foundation, their titles, and term expiration. How are they chosen?

President, Gary Drylie
Vice President, Carol Hill
Jeanne Helsley
Percy Bakker
Charlene Peters
Term Expiration is December of each year.
They are appointed by the Board of Directors after a letter of interest is submitted.

- Does the District receive grants for facilities? If so, please list the significant ones with the source, amount, and use.

We have received grants from the State; at this time we have a matching grant for \$200,000.00 from the State to add the Picnic area at Palm Street Park.

- How many employees at the District?

Regular Full Time Employees – 15
Contract Employees – 30
Temporary, Seasonal or part time – approximately 145

10/6/2008

- Please explain the difference between the General fund and AD #1 fund. What do they pay for? Is revenue from AD#1 transferred to the General Fund?

The General Fund is the regular property tax portion that was established when the Park District was established in 1957.

Assessment District #1 was formed under the Landscaping and Lighting Act of 1972 as follows:

"The lighting and landscaping improvements within the District may include, but are not limited to: street lights, public lighting facilities, land preparation such as grading leveling, cutting and filling, sod, landscaping, irrigation systems, sidewalks, drainage, fencing, playground equipment, play courts, public restrooms. Services provided include all necessary service, operations, administration and maintenance required to keep the improvements in an operational and satisfactory condition".

There is a \$150,000.00 budgeted to transfer from AD #1 to the General Fund for Administration Services. This is not transferred every year only when necessary. It was not transferred FY 2007/2008.

Thanks,

Michael Tuerpe

LAFCO Analyst

Local Agency Formation Commission - San Bernardino County

215 North D Street, Suite 204

San Bernardino, CA 92415-0490

(909) 383-9906

Fax (909) 383-9901

www.sbclafco.org

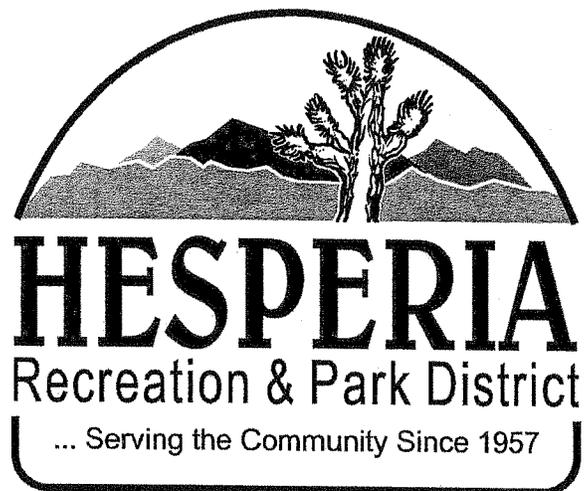
RECEIVED
AUG 29 2008

LAFCO
San Bernardino County

HESPERIA RECREATION AND PARK DISTRICT

2008/2009

FISCAL YEAR BUDGET



HESPERIA RECREATION AND PARK DISTRICT
2008/09

	EXPENDITURES						REVENUE		
	SALARIES & BENEFITS	SERVICES & SUPPLIES	CAPITAL ITEMS	OPERATING TRANSFER	GENERAL RESERVES	TOTAL EXPENDITURES	TAX REVENUE	OTHER REVENUE	TOTAL REVENUE
General Fund	\$3,111,823.00	\$685,781.00	\$400,000.00	\$0.00	\$243,200.00	\$4,440,804.00	\$1,269,565.00	\$3,171,239.00	\$4,440,804.00
AD #1	\$1,219,517.00	\$700,534.00	\$0.00	\$150,000.00	\$249,234.00	\$2,319,285.00	\$1,777,556.00	\$541,729.00	\$2,319,285.00
Developers Fees	\$0.00	\$0.00	\$3,667,733.00	\$80,000.00	\$190,928.00	\$3,938,661.00	\$0.00	\$3,938,661.00	\$3,938,661.00
Park Center	\$0.00	\$48,600.00	\$146,000.00	\$10,000.00	\$140,300.00	\$344,900.00	\$0.00	\$344,900.00	\$344,900.00
Corona Bldg.	\$0.00	\$48,600.00	\$80,000.00	\$10,000.00	\$14,182.00	\$152,782.00	\$0.00	\$152,782.00	\$152,782.00
Hercules	\$0.00	\$73,100.00	\$56,000.00	\$10,000.00	\$213,519.00	\$352,619.00	\$0.00	\$352,619.00	\$352,619.00
AD #2 All Zones	\$0.00	\$754,491.00	\$0.00	\$160,475.00	\$925,329.00	\$1,840,295.00	\$1,015,818.00	\$824,477.00	\$1,840,295.00
TOTAL	\$4,331,340.00	\$2,311,106.00	\$4,349,733.00	\$420,475.00	\$1,976,692.00	\$13,389,346.00	\$4,062,939.00	\$9,326,407.00	\$13,389,346.00

Hesperia Recreation and Park District
 Final Budget General Fund
 Fiscal Year 2008/09

MDD

Object	Description	Budget
1010	Salaries	\$2,087,820.00
1030	Indem. Allow/Vehicle	\$10,200.00
1035	Overtime	\$0.00
1110	Retirement	\$225,796.00
1130	Survivor's Benefit	\$892.00
1200	Employee Group Insurance	\$481,800.00
1210	Unemployment Insurance	\$104,391.00
1225	Medicare Insurance	\$26,391.00
1230	State Disability Insurance	\$16,245.00
1235	Worker's Comp. Insurance	\$81,964.00
1317	Deferred Comp.	\$25,207.00
1318	PST Plan	\$51,117.00
	TOTAL SALARIES & BENEFITS:	\$3,111,823.00
2020	Agricultural	\$30,000.00
2025	Clothing	\$15,000.00
2035	Communications	\$35,100.00
2075	Membership	\$8,000.00
2080	Publications	\$10,000.00
2085	Legal Notices	\$1,000.00
2120	Small Tools	\$9,000.00
2135	Special Department Expense	\$13,000.00
2941	Training	\$14,200.00
2180	Utilities	\$95,000.00
2220	Insurance	\$65,000.00
2305	Office Expense	\$16,100.00
2335	Temporary Help	\$2,000.00
2400	Prof. & Specialized Services	\$11,695.00
2405	Audit	\$5,000.00
2410	Data Processing	\$7,500.00
2415	County Services	\$40,000.00
2420	Distributed	\$1,000.00
2445	Professional Services	\$50,000.00
2835	General Household	\$15,000.00
2855	Maintenance - Equipment	\$40,000.00
2870	Maintenance - Bldg. and Grounds	\$50,000.00
2871	Vandalism	\$20,000.00
2895	Rents and Leases	\$27,184.00
2905	Rental Facilities	\$2.00
2946	Transportation and Travel	\$35,000.00
2925	Motor Pool Charges/Fuel	\$70,000.00
	TOTAL SERVICES & SUPPLIES:	\$685,781.00

Hesperia Recreation and Park District
 Final Budget General Fund (Cont.)
 Fiscal Year 2008/09

Object	Description	Budget
4005	Land	\$0.00
4030	Structures and Improvements	\$400,000.00
4040	Equipment	\$0.00
	TOTAL FIXED ASSETS:	\$400,000.00
6000	Contingencies	\$183,200.00
6005	General Reserve	\$0.00
6020	Reserve Structures	\$0.00
6025	Reserve Equipment	\$0.00
6030	Reserve Personnel	\$60,000.00
	TOTAL CONTINGENCIES:	\$243,200.00
	TOTAL EXPENSES:	\$4,440,804.00

2008/09 REVENUE

Object	Description	Budget
8015	Prop. Tax - Current Secured	\$1,269,565.00
	TOTAL TAX REVENUE:	\$1,269,565.00
8500	Interest	\$0.00
8760	Grants State and County	\$300,000.00
	ASAP Grant Reimbursement - \$300,000.00	
9145	City of Hesperia - Pass Thru	\$500,000.00
9580	Park and Recreation Fees	\$400,000.00
	HARD Foundation - \$400,000.00	
	(Cash Balance)	\$1,093,399.00
9975	Operating Transfer In	\$877,840.00
	Assessment District #1 - \$150,000.00	
	Assessment District #2, Zone A - \$4,100.00	
	Assessment District #2, Zone B - \$4,000.00	
	Assessment District #2, Zone C - \$2,500.00	
	Assessment District #2, Zone D - \$3,500.00	
	Assessment District #2, Zone E - \$200.00	
	Assessment District #2, Zone F - \$300.00	
	Assessment District #2, Zone G - \$1,357.00	
	Assessment District #2, Zone H - \$4,000.00	
	Assessment District #2, Zone I - \$102.00	
	Assessment District #2, Zone J - \$4,080.00	
	Assessment District #2, Zone K - \$4,296.00	
	Assessment District #2, Zone L - \$5,100.00	
	Assessment District #2, Zone M - \$5,100.00	

**Hesperia Recreation and Park District
Final Budget General Fund (Cont.)
Fiscal Year 2008/09**

Assessment District #2, Zone N - \$5,100.00	
Assessment District #2, Zone O - \$4,296.00	
Assessment District #2, Zone P - \$4,296.00	
Assessment District #2, Zone Q - \$5,100.00	
Assessment District #2, Zone R - \$1,836.00	
Assessment District #2, Zone S - \$4,296.00	
Assessment District #2, Zone T - \$3,060.00	
Assessment District #2, Zone U - \$2,478.00	
Assessment District #2, Zone V - \$2,478.00	
Assessment District #2, Zone W - \$15,300.00	
Assessment District #2, Zone X - \$734.00	
Assessment District #2, Zone Y - \$4,296.00	
Assessment District #2, Zone Z - \$4,296.00	
Assessment District #2, Zone A1 - \$4,296.00	
Assessment District #2, Zone B1 - \$4,296.00	
Assessment District #2, Zone C1 - \$4,296.00	
Assessment District #2, Zone D1 - \$4,296.00	
Assessment District #2, Zone E1 - \$4,21296.00	
Assessment District #2, Zone F1 - \$1,020.00	
Assessment District #2, Zone G1 - \$4,296.00	
Assessment District #2, Zone H1 - \$836.00	
Assessment District #2, Zone I1 - \$408.00	
Assessment District #2, Zone J1 - \$4,296.00	
Assessment District #2, Zone K1 - \$4,296.00	
Assessment District #2, Zone L1 - \$4,296.00	
Assessment District #2, Zone M1 - \$306.00	
Assessment District #2, Zone N1 - \$1,530.00	
Assessment District #2, Zone O1 - \$612.00	
Assessment District #2, Zone P1 - \$4,296.00	
Assessment District #2, Zone Q1 - \$3,978.00	
Assessment District #2, Zone R1 - \$4,296.00	
Assessment District #2, Zone S1 - \$1,000.00	
Assessment District #2, Zone T1 - \$204.00	
Assessment District #2, Zone U1 - \$2,478.00	
Assessment District #2, Zone V1 - \$50.00	
Assessment District #2, Zone W1 - \$200.00	
Assessment District #2, Zone X1 - \$100.00	
Assessment District #2, Zone y1 - \$4,296.00	
Hercules Center - \$10,000.00	
Park Center - \$10,000.00	
Corona - \$10,000.00	
Developer's Fees - \$100,000.00	
AD #2 Maint. Division - \$437,365.00	
TOTAL OTHER REVENUE:	\$3,171,239.00
TOTAL REVENUE:	\$4,440,804.00

Summary:	
Revenue:	\$4,440,804.00
Expenses:	\$4,440,804.00

Hesperia Recreation and Park District
 Final Landscaping and Lighting Assessment District #1
 Fiscal Year 2008/09

MDE

Object	Description	Budget
1010	Salaries	\$781,797.00
1016	Overtime	\$0.00
1030	Indem. Allow/Vehicle	\$14,400.00
1110	Retirement	\$102,281.00
1130	Survivor's Benefits	\$382.00
1200	Employee Group Insurance	\$210,600.00
1210	Unemployment Insurance	\$39,090.00
1225	Medicare Insurance	\$11,148.00
1230	State Disability Insurance	\$6,150.00
1235	Workers' Compensation Insurance	\$31,581.00
1317	Deferred Comp.	\$4,534.00
1318	PST	\$17,554.00
	TOTAL SALARIES & BENEFITS:	\$1,219,517.00
2025	Clothing	\$10,000.00
2035	Communication	\$15,000.00
2085	Legal Notices	\$3,000.00
2120	Small Tools & Instruments	\$2,000.00
2180	Utilities	\$450,000.00
	a. Utilities - Street Lights - \$65,000.00	
	b. Utilities - General - \$385,000.00	
2305	Office Expense	\$14,734.00
2405	Auditing	\$1,500.00
2410	Data Processing	\$4,000.00
2415	County Services	\$5,000.00
2445	Professional Services	\$0.00
2835	General Household	\$35,000.00
2855	Maintenance - Equipment	\$12,000.00
2870	Maintenance - Bldg. and Grounds	\$100,000.00
2871	Vandalism	\$20,000.00
2895	Rents and Leases	\$14,300.00
2905	Rental Facilities	\$14,000.00
	TOTAL SERVICES AND SUPPLIES:	\$700,534.00

Hesperia Recreation and Park District
Final Landscaping and Lighting Assessment District #1
Fiscal Year 2008/09

Object	Description	Budget
4005	Land	\$0.00
4010	Improvement to Land	\$0.00
4030	Structures and Improvement	\$0.00
4040	Equipment	\$0.00
	TOTAL FIXED ASSETS:	\$0.00
5030	Operating Transfer Out	\$150,000.00
	TOTAL OPERATING TRANSFER:	\$150,000.00
6005	General Reserve	\$189,234.00
6030	Personnel Reserve	\$60,000.00
	TOTAL CONTINGENCIES:	\$249,234.00
	TOTAL EXPENSES:	\$2,319,285.00

**Hesperia Recreation and Park District
Final Landscaping and Lighting Assessment District #1
Fiscal Year 2008/09**

Object	Description	Budget
8155	Special Assessment - All Prior Years	\$0.00
8160	Special Assessment - Current Year	\$1,777,556.00
8175	Special Assessment-Current Year/Del. User Chg.	\$0.00
	TOTAL TAXES:	\$1,777,556.00
8500	Interest (Cash Carryover from Prior Years)	\$10,000.00 \$405,056.00
8760	Grants State & County	\$0.00
9580	Park & Rec Fees HARD Foundation - \$0.00	\$0.00
9970	Other Revenue	\$0.00
9975	Operating Transfer In	\$126,673.00
	TOTAL OTHER REVENUE:	\$541,729.00
	TOTAL REVENUE:	\$2,319,285.00

SUMMARY:	
Expenditures:	\$2,319,285.00
Revenue:	\$2,319,285.00

**Hesperia Recreation and Park District
Final Budget Developer's Fees
Fiscal Year 2008/09**

Object	Description	Budget
2085	Legal Notices	\$0.00
2180	Utilities	\$0.00
2445	Professional Services	\$0.00
2835	General Household	\$0.00
2870	Maintenance - Bldg. and Grounds	\$0.00
2890	Grounds Maintenance - Contract	\$0.00
TOTAL SERVICES AND SUPPLIES:		\$0.00
4030	Structures & Improvements	\$3,667,733.00
4040	Equipment	\$0.00
TOTAL FIXED ASSETS:		\$3,667,733.00
5030	Operating Transfer Out	\$80,000.00
TOTAL OPERATING TRANSFER OUT:		\$80,000.00
6005	General Reserves	\$190,928.00
6020	Reserve Structures	\$0.00
TOTAL CONTINGENCIES:		\$190,928.00
TOTAL EXPENSES:		\$3,938,661.00
REVENUE		
8500	Interest	\$60,000.00
8760	Grants State and County	\$200,000.00
9755	Developer's Fees	\$1,000,000.00
	(Cash Carryover from Prior Year)	\$2,678,661.00
TOTAL REVENUE:		\$3,938,661.00

SUMMARY:	
Expenditures:	\$3,938,661.00
Revenue:	\$3,938,661.00

RECEIVED

AUG 29 2008

LAFCO
San Bernardino County

**HESPERIA RECREATION
AND PARK DISTRICT**

Report on Audit

June 30, 2007

HESPERIA RECREATION AND PARK DISTRICT

June 30, 2007

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT.....	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	2
FINANCIAL SECTION	
Governmental Activities:	
Statement of Net Assets.....	7
Statement of Activities.....	8
Governmental Funds:	
Balance Sheet.....	9
Reconciliation of the Balance Sheet to the Statement of Net Assets.....	10
Statement of Revenues, Expenditures and Changes in Fund Balances.....	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	12
Notes to Financial Statements.....	13
REQUIRED SUPPLEMENTARY INFORMATION	
Budget and Actual:	
General Fund – Budgetary Comparison Schedule.....	22
AD # 1 Fund – Budgetary Comparison Schedule.....	23

INDEPENDENT AUDITORS' REPORT

December 7, 2007

The Board of Directors
Hesperia Recreation and Park District
Hesperia, California

We have audited the accompanying financial statements of the governmental activities and funds of Hesperia Recreation and Park District, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hesperia Recreation and Park District's management. Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 governmental activities and funds of Hesperia Recreation and Park District, as of June 30, 2007, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Messner & Hadley, LLP.

Messner & Hadley, LLP
Certified Public Accountants

- 1 -

17072 Silica Drive, Suite 101 • Victorville • California 92395
(760) 241-6376 • Fax (760) 241-2011

10670 Civic Center Drive, Suite 110 • Rancho Cucamonga • California 91730
(909) 466-0900

messnerandhadley.com

HESPERIA RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2007

Our discussion and analysis of Hesperia Recreation and Park District's financial performance provides an overview and analysis of the District's financial activities for the year ended June 30, 2007. This report is in conjunction with the District's financial statements, which are a part of this report.

FINANCIAL HIGHLIGHTS

There were no material changes from fiscal year 2006 to 2007.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management discussion and analysis is intended to serve as an introduction to Hesperia Recreation and Park District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements include two financial statements: the statement of net assets and the statement of activities. These statements are designed to provide the readers with a broad overview of the District's finances, in a manner similar to private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by tax revenues and property assessments from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the District include general government and public safety. The District does not have any business-type activities.

HESPERIA RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended June 30, 2007

OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

The District adopts an annual appropriated budget for all its governmental funds. A budgetary comparison statement has been provided for the General Fund, to demonstrate budget compliance.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by over \$16 million at June 30, 2007. By far, the largest portion of the District's net assets (\$10.9 million) reflects its investment in capital assets (e.g., buildings, vehicles, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

HESPERIA RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended June 30, 2007

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The following analysis focuses on the net assets (Table 1) and changes in net assets (Table 2) of the District's governmental activities.

TABLE 1 – NET ASSETS

	2007	2006*	Net Change
<i>Amounts in thousands</i>			
ASSETS			
Current assets	\$ 6,140	\$ 4,711	\$ 1,429
Non-current assets	11,504	10,713	791
Total Assets	<u>\$ 17,644</u>	<u>\$ 15,424</u>	<u>\$ 2,220</u>
LIABILITIES			
Current liabilities	\$ 400	\$ 476	\$ (76)
Non-current liabilities	837	680	157
Total Liabilities	<u>1,237</u>	<u>1,156</u>	<u>81</u>
Net Assets			
Invested in capital assets, net of related debt	10,879	10,058	821
Restricted	-	32	(32)
Unrestricted	5,528	4,178	1,350
Total Net Assets	<u>16,407</u>	<u>14,268</u>	<u>2,139</u>
Total Liabilities and Net Assets	<u>\$ 17,644</u>	<u>\$ 15,424</u>	<u>\$ 2,220</u>

* Restated

TABLE 2 – CHANGE IN NET ASSETS

	2007	2006	Net Change
<i>Amounts in thousands</i>			
Revenues			
Program revenues - charges for services	\$ 2,432	\$ 3,677	\$ (1,245)
Program revenues - operating grants and contributions	397	724	(327)
Program revenues - capital grants and contributions	4,929	-	4,929
General revenues - property taxes	1,286	2,967	(1,681)
General revenues - other	1,016	1,897	(881)
Total Revenue	<u>10,060</u>	<u>9,265</u>	<u>795</u>
Expenses			
General government	7,879	7,343	536
Interest	42	44	(2)
Total Expenses	<u>7,921</u>	<u>7,387</u>	<u>534</u>
Change in net assets	<u>2,139</u>	<u>1,878</u>	<u>(261)</u>
Net Assets - Beginning	12,340	10,462	(1,878)
Restatement	1,928	-	(1,928)
Net Assets - Ending	<u>\$ 16,407</u>	<u>\$ 12,340</u>	<u>\$ (4,067)</u>

HESPERIA RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended June 30, 2007

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues for the District increased about \$795,000 over the prior year, while total expenses increased approximately \$534,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, the District had \$11.504 million (net of accumulated depreciation) in capital assets. This amount represents a net increase (including additions and deletions) of about \$791,000 over the previous year. See Table 3 below:

TABLE 3 – CAPITAL ASSETS AT YEAR-END

	2007	2006	Net Change
<i>Amounts in thousands</i>			
Capital Assets			
Land, historical artifacts, construction in progress	\$ 3,627	\$ 3,283	\$ 344
Buildings, site improvements, and equipment	12,716	11,768	948
Accumulated depreciation	(4,839)	(4,338)	(501)
Total Capital Assets	<u>\$ 11,504</u>	<u>\$ 10,713</u>	<u>\$ 791</u>

Long-Term Debt

As presented in Table 4 below, the total long-term debt of the District was \$989 thousand, which includes a capital lease and compensated absences. As of June 30, 2007, the District's debt increased, due to an increase in compensated absences. Additional information on the District's long-term debt can be found in the notes to the financial statements.

TABLE 4 – OUTSTANDING DEBT AT YEAR-END

	2007	2006	Net Change
<i>Amounts in thousands</i>			
Long-term Liabilities			
Note payable	\$ 625	\$ 655	\$ (30)
Compensated absences	364	167	197
Current portion of long-term debt	(152)	(142)	(10)
Total Long-term Liabilities	<u>\$ 837</u>	<u>\$ 680</u>	<u>\$ 157</u>

HESPERIA RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended June 30, 2007

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our community with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District at 16292 Lime Street, Hesperia, California 92340.

FINANCIAL SECTION

HESPERIA RECREATION AND PARK DISTRICT

STATEMENT OF NET ASSETS

June 30, 2007

	<u>District</u>
ASSETS	
Cash and cash equivalents	\$ 5,556,475
Accounts receivable	583,217
Capital assets, net	<u>11,504,535</u>
Total Assets	<u><u>\$ 17,644,227</u></u>
LIABILITIES	
Accounts payable	\$ 247,866
Long-term debt, current portion	<u>152,271</u>
Total	400,137
Long-term liabilities	837,472
Total Liabilities	<u>1,237,609</u>
NET ASSETS	
Invested in capital assets, net of related debt	10,879,412
Unrestricted	<u>5,527,206</u>
Total Net Assets	16,406,618
Total Liabilities and Net Assets	<u><u>\$ 17,644,227</u></u>

See accompanying notes and auditors' report

HESPERIA RECREATION AND PARK DISTRICT

STATEMENT OF ACTIVITIES For the Year Ended June 30, 2007

<u>Function</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets District</u>
Primary Government:					
Recreation and park services	\$ 7,879,147	\$ 2,431,688	\$ 396,816	\$ 4,929,205	\$ (121,438)
Interest	41,779	-	-	-	(41,779)
Total	<u>\$ 7,920,926</u>	<u>\$ 2,431,688</u>	<u>\$ 396,816</u>	<u>\$ 4,929,205</u>	(163,217)
General Revenue					
Taxes:					
					1,285,969
					130,187
					886,170
					<u>2,302,326</u>
					CHANGE IN NET ASSETS
					2,139,109
					12,339,852
					<u>1,927,657</u>
					Net Assets - Ending
					<u>\$ 16,406,618</u>

See accompanying notes and auditors' report

HESPERIA RECREATION AND PARK DISTRICT

BALANCE SHEET June 30, 2007

GOVERNMENTAL FUNDS

	General Fund	AD #1	Developer Fees	Foundation	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,668,282	\$ 188,064	\$ 2,210,120	\$ 1,490,009	\$ 5,556,475
Accounts receivable	262,861	54,535	265,821	-	583,217
Total Assets	<u>\$ 1,931,143</u>	<u>\$ 242,599</u>	<u>\$ 2,475,941</u>	<u>\$ 1,490,009</u>	<u>\$ 6,139,692</u>
LIABILITIES					
Accounts payable	\$ 58,372	\$ 32,311	\$ 92,172	\$ 65,011	\$ 247,866
NET ASSETS					
Restricted	-	-	-	-	-
Unrestricted	1,872,771	210,288	2,383,769	1,424,998	5,891,826
Total Net Assets	<u>1,872,771</u>	<u>210,288</u>	<u>2,383,769</u>	<u>1,424,998</u>	<u>5,891,826</u>
Total Liabilities and Net Assets	<u>\$ 1,931,143</u>	<u>\$ 242,599</u>	<u>\$ 2,475,941</u>	<u>\$ 1,490,009</u>	<u>\$ 6,139,692</u>

HESPERIA RECREATION AND PARK DISTRICT

Reconciliation of the Balance Sheet to the Statement of Net Assets
June 30, 2007

GOVERNMENTAL FUNDS

Total Fund Balance - Governmental Funds \$ 5,891,826

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds

The cost of capital assets is	\$ 16,343,210	
Accumulated depreciation is	<u>(4,838,675)</u>	11,504,535

Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year end consist of:

Note Payable	(625,123)	
Compensated Absences	<u>(364,620)</u>	<u>(989,743)</u>

Total Net Assets - Governmental Activities \$ 16,406,618

HESPERIA RECREATION AND PARK DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES For the Year Ended June 30, 2007

GOVERNMENTAL FUNDS

	General Fund	AD #1	Developer Fees	Foundation	Total Governmental Funds
REVENUES					
Property taxes and assessments	\$ 1,930,693	\$ 1,687,907	\$ -	\$ -	\$ 3,618,600
Grant revenue	298,535	-	98,284	-	396,819
Investment earnings	31,596	15,957	51,583	31,051	130,187
Rents and concessions	238,500	-	2,358,074	-	2,596,574
Donations	-	-	-	-	-
Charges for services and other revenue	1,174,848	-	-	2,143,007	3,317,855
Total Revenues	3,674,172	1,703,864	2,507,941	2,174,058	10,060,035
EXPENDITURES					
Salaries and benefits	2,255,680	822,588	-	-	3,078,268
Services and supplies	800,884	624,201	333	2,656,279	4,081,697
Capital outlay	240,113	325,649	726,157	-	1,291,919
Other outgo	21,105	-	-	-	21,105
Debt service, principal	29,981	-	-	-	29,981
Debt service, interest	41,779	-	-	-	41,779
Total Expenditures	3,389,542	1,772,438	726,490	2,656,279	8,544,749
Transfer in	499,225	-	-	-	499,225
Transfer out	(149,225)	(150,000)	(200,000)	-	(499,225)
NET CHANGE IN FUND BALANCE	634,630	(218,574)	1,581,451	(482,221)	1,515,286
Net Assets - Beginning	1,238,141	428,862	802,318	2,185,742	4,655,063
Restatement	-	-	-	(278,523)	(278,523)
Net Assets - Ending	\$ 1,872,771	\$ 210,288	\$ 2,383,769	\$ 1,424,998	\$ 5,891,826

HESPERIA RECREATION AND PARK DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2007

GOVERNMENTAL FUNDS

Net Change in Fund Balances - Governmental Funds \$ 1,515,286

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities those costs are shown in the statement of net assets and allocated over their useful lives as annual depreciation expenses in the statement of activities.

This is the amount by which depreciation exceeds capital outlay in the period

Capital outlays	\$ 1,291,919	
Depreciation	(500,815)	<u>791,104</u>

Repayment of capital lease principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

29,981

In the statement of activities, compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).

(197,262)

Change in Net Assets of Governmental Activities \$ 2,139,109

HESPERIA RECREATION AND PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History and Organization

Hesperia Recreation and Park District (the “District”) was organized on May 6, 1957. The District is an instrumentality of the State of California, established to function as a special district. The Board of Directors consists of five elected officials and is responsible for the fiscal control of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization’s relationship with the District is such that exclusion would cause the District’s financial statements to be misleading or incomplete. The District’s Foundation – Hesperia Area Recreation District Foundation – is a blended component unit.

Hesperia Area Recreation District Foundation (the “Foundation”) was established for the purpose of providing recreational activities and education to the residents of the City of Hesperia. To this end, the Foundation operates activities at Hesperia Lake, including camping, fishing, and the Lake Store. The Foundation also organizes various sporting and recreational classes throughout the year in the City of Hesperia. The Foundation opened a slot car racing facility and related supply store in March 1997. The District exercises financial control over the Foundation through approval of budgets and appointment of Foundation Board Members. In conformity with generally accepted accounting principles, the financial statements of the Foundation have been blended with those of the District and presented as combined financial statements.

Basis of Accounting

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) accepted in the United States as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District has implemented GASB Statement No. 34, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*”, and these statements are presented according to those requirements.

Reporting Entity

The accompanying general purpose financial statements comply with the provisions of GASB Statement No. 14 (as amended by GASB Statement No. 39), “*The Financial Reporting Entity*”, in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization’s governing body and either: (1) the District’s ability to impose its will over the organization; or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District.

HESPERIA RECREATION AND PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Government-Wide and Fund Financial Statements

Generally accepted accounting principles (GAAP) require that state and local governments provide a government-wide statement of net assets and a government-wide statement of activities. The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) are required to be presented using the economic resources measurement focus and the accrual basis of accounting, the same measurement focus and basis of accounting employed by private-sector business enterprises and not-for-profit organizations. The statements report information on all of the non-fiduciary activities of the District. Government 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 is 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 requirement 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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The statement of net assets is the basic government-wide statement of position that presents all of the District's permanent accounts (assets, liabilities and net assets).

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 revenue in the year in 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 District 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.

HESPERIA RECREATION AND PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued

Property taxes, interest, charges for services, rents and earned but un-reimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are recognized as revenue in the year for which they are levied. Amounts received or recognized as receivable at fiscal year end are included in the financial statements as taxes receivable. 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 District.

The District reports the following funds:

Governmental Funds:

General Fund: The General fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund.

AD # 1 Fund: The AD # 1 fund is the District's special assessment fund. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund.

Developer Fee Fund: The Developer Fee fund is also a special assessment fund. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund.

Foundation Fund: The Foundation fund is a blended component unit which maintains the activity for various sporting and recreational activities in the city of Hesperia.

Budgets and Budgetary Accounting

The District's annual budget is a management tool that assists its user in analyzing financial activity for its fiscal year ending June 30. The annual budget is prepared by the District and submitted to the Board of Directors for approval. Amendments and transfers are permitted during the year within statutory guidelines.

The combined statements of revenues, expenditures, and changes in fund balance – budget and actual – general funds presents a comparison of budgetary data to actual results of operations for which annual operating budgets are adopted. These funds utilize the same basis of accounting for both budgetary purposes and actual results. Budgetary data for the cost recovery fund and fiduciary fund have not been presented in the accompanying combined financial statements.

Cash and Cash Equivalents

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

Use of Estimates

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

HESPERIA RECREATION AND PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Claims and Judgments

In accordance with Governmental Accounting Standards Board (GASB) Code Section C50.110, the District records a liability for claims, judgments, and litigation when it is probable that a liability has been incurred at year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated.

Accounts Receivable and Allowance for Bad Debts

The District considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

Prepays

Prepaid items are recorded in the year that they become measurable as an asset benefiting a future period.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend the assets' lives are not capitalized. Capital assets are defined by the District as assets with an initial cost of more than \$5,000 and an estimated life in excess of two years. Depreciation is recorded in the government-wide financial statements on a straight-line basis over the useful life of the assets as follows:

<u>Asset</u>	<u>Years</u>
Buildings	20 to 50
Machinery and equipment	5 to 20

Net Asset Classifications

In the government-wide financial statements, net assets are displayed in three components:

1) 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 reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

2) Unrestricted Net Assets

This component represents the net assets of the District that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Government fund equity is classified as fund balance. Fund balance is classified as either reserved or unreserved, with unreserved further split between designated and undesignated. Amounts are classified as reserved when amounts are required to be reserved for a specific purpose, either through legislation or third-party contracts. Unreserved amounts can be designated for a specific purpose by the District's Board.

HESPERIA RECREATION AND PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Liability for Compensated Absences

The District is required to recognize a liability for compensated absences when future payments for such absences have been earned by employees based on pay and salary rates in effect at the balance sheet date. For the District, this consists of accumulated sick leave, vacation and holiday pay.

Reclassifications

Certain amounts in the prior year have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – CASH AND INVESTMENTS

The District maintains a cash and investment pool that is available for all funds. Each fund type balance in the pool is reflected on the combined balance sheet as cash and investments. The District apportions interest earnings to all funds based on their monthly cash balances.

Cash Deposits

The carrying amounts of the District's cash deposits were as follows at June 30, 2007:

Deposits	<u>Carrying Amount</u>	<u>Bank Balance</u>
Governmental Activities	<u>\$ 1,426,589</u>	<u>\$ 1,405,926</u>

The California Government Code requires California banks and savings and loan associations to secure the District's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the District's name.

The market value of the pledged securities must equal at least 110% of a District's deposits. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of a District's total deposits. The District may waive collateral requirements for cash deposits, which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC).

The District follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

HESPERIA RECREATION AND PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

NOTE 2 – CASH AND INVESTMENTS, Continued

Investments

Under the provisions of the District's investment policy, and in accordance with California Government Code, the following investments were authorized:

- Securities issued by the U.S. Treasury
- Securities issued and fully guaranteed as to payment by an agency of the U.S. Government
- Banker's Acceptances
- Non-negotiable certificates of deposit
- Repurchase Agreements
- California Local Agency Investment Fund (State Pool)
- Corporate medium-term notes
- Mortgage-backed securities
- Diversified Management Companies, as defined by Section 23701m of the Revenue Taxation Code

The District's investments are categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the counterparty's trust department or agent in the District's name hold the securities. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent but not in the District's name. Deposits with the county treasury are not categorized because they do not represent securities, which exist in physical or book entry form. The fund is a voluntary program created by statute as an investment alternative. The deposits with county treasury are valued using the amortized cost method (which approximates fair value). The fair values were provided by the county treasurer.

	Category			Reported Amount	Fair Value
	1	2	3		
Categorized					
Money market funds	\$ 106,451	\$ -	\$ -	\$ 106,451	\$ 106,451
Uncategorized					
Deposits with county treasurer				\$ 4,023,435	\$ 4,023,435

Interest Rate Risk

The following is a list of the Agency's investments and related maturity schedules as of June 30, 2007:

<u>Investment Type</u>	<u>Total</u>	<u>< 1</u>	<u>1 ></u>
Money market funds	\$ 106,451	\$ 106,451	\$ -
Cash in county	\$ 4,023,435	\$ 4,023,435	\$ -

HESPERIA RECREATION AND PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

NOTE 3 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2007 consisted of property taxes and other local sources. All receivables are considered collectible in full.

	General	AD # 1	Developer Fees	Total Governmental Activities
Property tax and assessments	\$ 87,110	\$ 54,535	\$ -	\$ 141,645
Grant revenue	109,868	-	58,284	168,152
Other	65,883	-	207,537	273,420
Total	<u>\$ 262,861</u>	<u>\$ 54,535</u>	<u>\$ 265,821</u>	<u>\$ 583,217</u>

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION

In accordance with GASB Statement No. 34, the District has reported all capital assets in the government-wide statement of net assets. The following table presents the capital assets activity for the year ended June 30, 2007:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 2,401,612	\$ 119,244	\$ -	\$ 2,520,856
Historical artifacts	81,853	-	-	81,853
Construction in progress	800,000	224,694	-	1,024,694
Total non-depreciable fixed assets	3,283,465	343,938	-	3,627,403
Site improvement	3,853,502	665,532	-	4,519,034
Building & improvements	7,122,633	282,449	-	7,405,082
Equipment	791,691	-	-	791,691
Total depreciable fixed assets	11,767,826	947,981	-	12,715,807
Less: Accumulated Depreciation				
Site improvement depreciation	1,074,099	278,909	-	1,353,008
Building depreciation	2,808,261	160,892	-	2,969,153
Equipment depreciation	455,500	61,014	-	516,514
Total accumulated depreciation	4,337,860	500,815	-	4,838,675
Capital assets, net	<u>\$ 10,713,431</u>	<u>\$ 791,104</u>	<u>\$ -</u>	<u>\$ 11,504,535</u>

HESPERIA RECREATION AND PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2007

NOTE 5 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2007 consisted of the following:

	General	AD # 1	Developer Fees	Foundation	Total Governmental Activities
Salaries and Benefits	\$ 45,383	\$ -	\$ -	\$ -	\$ 45,383
Construction	-	-	92,172	-	92,172
Other	12,989	32,311	-	65,011	110,311
Total	<u>\$ 58,372</u>	<u>\$ 32,311</u>	<u>\$ 92,172</u>	<u>\$ 65,011</u>	<u>\$ 247,866</u>

NOTE 6 – LONG TERM DEBT

Long-term debt consisted of the following:

	Beginning Balance	Additions	Deletions	Due in One year	Long-term Balance
Note payable	\$ 655,104	\$ -	\$ 29,981	\$ 31,946	\$ 593,177
Compensated absences	167,358	197,262	-	120,325	244,295
Total	<u>\$ 822,462</u>	<u>\$ 197,262</u>	<u>\$ 29,981</u>	<u>\$ 152,271</u>	<u>\$ 837,472</u>

Note Payable

The District took out a note payable bearing interest of 6.45% per annum, to purchase property for the District. The payments are scheduled as follows:

June 30,	Principal	Interest	Total
2008	\$ 31,946	\$ 39,814	\$ 71,760
2009	34,040	37,720	71,760
2010	36,271	35,489	71,760
2011	38,648	33,112	71,760
2012	41,181	30,579	71,760
2013 - 2017	250,109	108,691	358,800
2018 - 2020	192,928	22,352	215,280
Total	<u>\$ 625,123</u>	<u>\$ 307,757</u>	<u>\$ 932,880</u>

HESPERIA RECREATION AND PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 June 30, 2007

NOTE 7 – RETIREMENT PLAN

Plan Description

San Bernardino County Employee’s 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). The Plan provides retirement, death, and disability benefits to members. The Plan is covered by the San Bernardino County 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 West Hospitality Lane, San Bernardino, California 92415-0014.

Funding Policy

Participating members are required by statute (Sections 31621, 31521.2 and 32639.25 of the California Government Code) to contribute a percentage of covered salary based on certain actuarial assumptions and their age. Members are required to contribute 8.98% to 12.85% of their annual covered salary of which the District pays 100%. Employers are required to contribute between 17.94% and 20.15% for employees of the current year covered payroll. During the year, the District paid \$83,862 to the Plan as the employer’s share. Employee contribution rates were established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer rates are determined pursuant to Section 31453 of the 1937 Act.

NOTE 8 – NET ASSETS

The District’s prior year financial statements appear to be stated incorrectly from misclassifying an operating lease as a capital lease, as well as fixed asset discrepancies. The following discloses the net effect on net assets:

	<u>District</u>	<u>Foundation</u>
Beginning Net Assets	\$ 12,339,852	\$ 2,185,742
Increase/(Decrease) in fixed assets, net	1,888,400	(278,523)
Decrease in liability	<u>39,257</u>	<u>-</u>
Restatement	<u>1,927,657</u>	<u>(278,523)</u>
Restated Beginning Net Assets	<u><u>\$ 14,267,509</u></u>	<u><u>\$ 1,907,219</u></u>

NOTE 9 – CONTINGENCIES

To the best of our knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, pending or threatened against or affecting the District, which is likely to have a material adverse effect on the financial condition of the District.

REQUIRED SUPPLEMENTARY INFORMATION

HESPERIA RECREATION AND PARK DISTRICT

GENERAL FUND – BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2007

BUDGET AND ACTUAL

	Budgeted Amounts		Actual Amounts	Variances -
	Original	Final		Positive
				(Negative)
			Final	
			Amounts	to Actual
REVENUES				
Property taxes and assessments	\$ 1,044,447	\$ 1,044,447	\$ 1,930,693	\$ 886,246
Grant revenue	348,266	348,266	298,535	(49,731)
Investment earnings	-	-	31,596	31,596
Rents and concessions	-	-	238,500	238,500
Donations	700,000	700,000	-	(700,000)
Charges for services and other revenue	809,615	809,615	1,174,848	365,233
Total Revenues	2,902,328	2,902,328	3,674,172	771,844
EXPENDITURES				
Salaries and benefits	2,453,438	2,453,438	2,255,680	(197,758)
Services and supplies	587,541	587,541	800,884	213,343
Capital outlay	461,166	461,166	240,113	(221,053)
Other Outgo	118,289	118,289	21,105	(97,184)
Debt service, principal	-	-	29,981	29,981
Debt service, interest	-	-	41,779	41,779
Total Expenditures	3,620,434	3,620,434	3,389,542	(230,892)
Transfer in	778,388	778,388	499,225	(279,163)
Transfer out	-	-	(149,225)	(149,225)
NET CHANGE IN FUND BALANCE	60,282	60,282	634,630	574,348
Net Assets - Beginning	1,238,141	1,238,141	1,238,141	-
Net Assets - Ending	\$ 1,298,423	\$ 1,298,423	\$ 1,872,771	\$ 574,348

HESPERIA RECREATION AND PARK DISTRICT

AD # 1 FUND – BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2007

BUDGET AND ACTUAL

	Budgeted Amounts		Actual Amounts	Variances -
	Original	Final		Positive
				(Negative)
			Final to Actual	
REVENUES				
Property taxes and assessments	\$ 2,909,195	\$ 2,909,195	\$ 3,079,671	\$ 170,476
Other	786,757	786,757	416,857	(369,900)
Total Revenues	3,695,952	3,695,952	3,496,528	(199,424)
EXPENDITURES				
Salaries and benefits	2,603,835	3,052,942	3,137,578	(84,636)
Services and supplies	314,610	295,467	800,884	(505,417)
Capital outlay	184,000	184,000	240,113	(56,113)
Debt service, principal	140,652	140,652	29,981	110,671
Debt service, interest	22,891	22,891	41,779	(18,888)
Total Expenditures	3,265,988	3,695,952	4,250,335	(554,383)
Transfer out	-	-	309,347	(309,347)
NET CHANGE IN FUND BALANCE	429,964	-	(1,063,154)	(1,063,154)
Net Assets - Beginning	994,672	994,672	994,672	-
Net Assets - Ending	<u>\$ 1,424,636</u>	<u>\$ 994,672</u>	<u>\$ (68,482)</u>	<u>\$ (1,063,154)</u>

See accompanying notes and auditors' report

Master Plan Update 2006

This Master Plan Update was prepared by the Hesperia Recreation and Park District. The Board of Directors and the District staff would like to thank all of the community members and representatives of local agencies who participated in the process and who supported the work of the Hesperia Recreation and Park District on this project.

Hesperia Recreation and Park District

Board of Directors

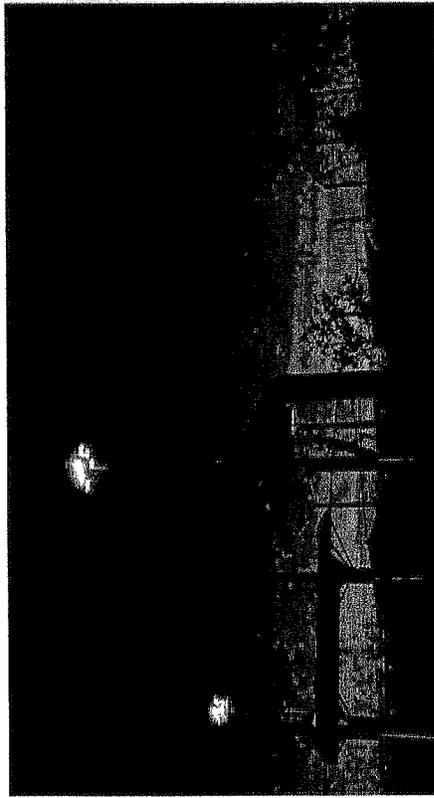
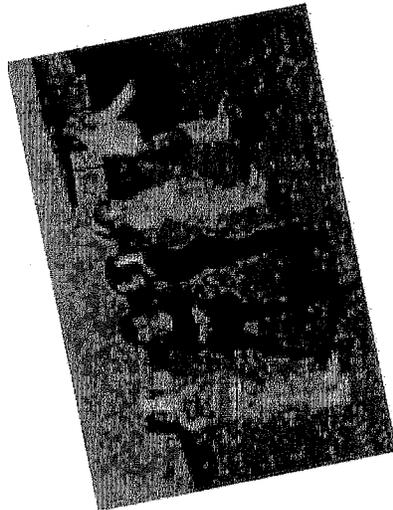
Richard Hall, President
Thurston Smith, Vice President
Mike Limbaugh, Director
Richard Lupton, Director
Bob Chandler, Director
Cal Camara, Secretary



... Serving the Community Since 1957

Hesperia Area Recreation District Foundation Board of Directors

Dave Baumann, President
Gary Drylie, Vice President
Jeanne Helsley, Director
Percy Bakker, Director
Carol Hill, Director
Cal Camara, Executive Director



Information is the key to success. This document brings the purpose, policies, and goals of the District to the community it serves.

Master Plan Committee and Staff

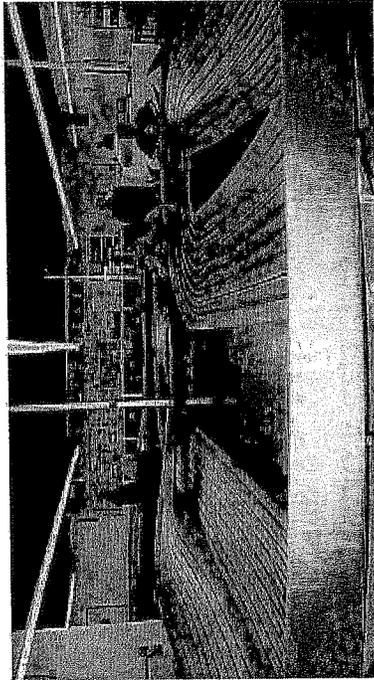
Richard Hall, H.R.P.D. President, Mike Limbaugh, H.R.P.D. Director, Cal Camara, General Manager

Community Buildings Guide

Existing Park or Facility	Facility Type	Meeting Room	Dance Studio	Assembly Hall	Gymnasium	Exhibit Hall	Roller Rink	Activity Room	Slot Car Track
 Lime Street Park Community Center 16292 Lime Street		* 		* 					
 Timberlane Park Youth Activity Center 9480 Timberlane Avenue								* 	
 Rick Novack Community Center & Gym 13558 Palm Street		* 	* 	* 	* 				
 Epicentre 17508 Hercules Street									
 Percy Bakker Community Center 9333 E Avenue				* 					
 Power Play Center 10770 I Avenue							* 		
 John M. Swisher Museum/Nature Center 7500 Arrowhead Lake Road		* 				* 			
 Harrison Exhibit Center 16367 Main Street									
 Hercules Program Center 17508 Hercules Street								* 	
 Green Flag Raceway 9594 I Avenue									*

What is the Hesperia Recreation and Park District? The Hesperia Recreation and Park District is an independent special district of the county of San Bernardino. H.R.P.D. was created in 1957 to meet the logistical needs of a growing community including recreation and sports facilities and street lighting.

The Hesperia Recreation and Park District encompasses approximately 100 square miles, (see map on reverse) including the city of Hesperia and unincorporated areas of Oak Hills, Summit Valley and Phelan.



Your Master Plan Update

In 1988 the District completed its first Master Plan, a document to guide the District for many years. A major goal of the District is to continue to meet the needs of an ever growing and changing community. We will review and update our plan every two years to allow us to change with our community's requirements.

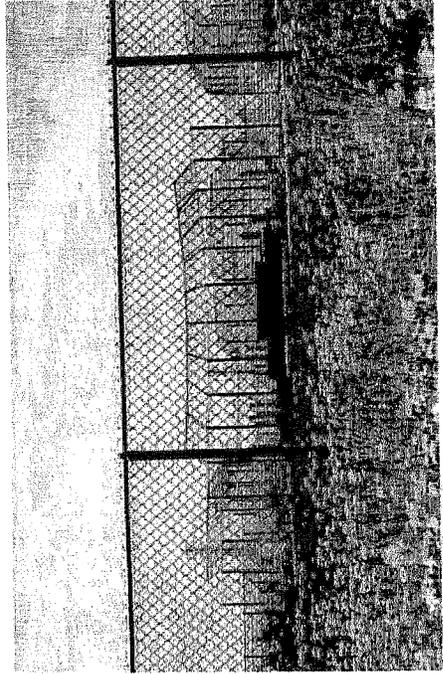
Recreation Programs

The Primary objective is to provide a diverse array of recreational programs which meet the changing needs of all social, economic and cultural groups in the community for all ages of the population. To accomplish this, the District intends to:

- Continue expanding all programs.
- Establish new programs for diversified interests and ages.
- Expand our After School Activities Program.
- Help youth sports groups find new facilities.
- Continue joint projects and work with the school district and city of Hesperia to expand opportunities.
- Expand publicity to inform residents of new opportunities.
- Expand "Epicentre" Teen programs.

Child Safety – Fingerprinting

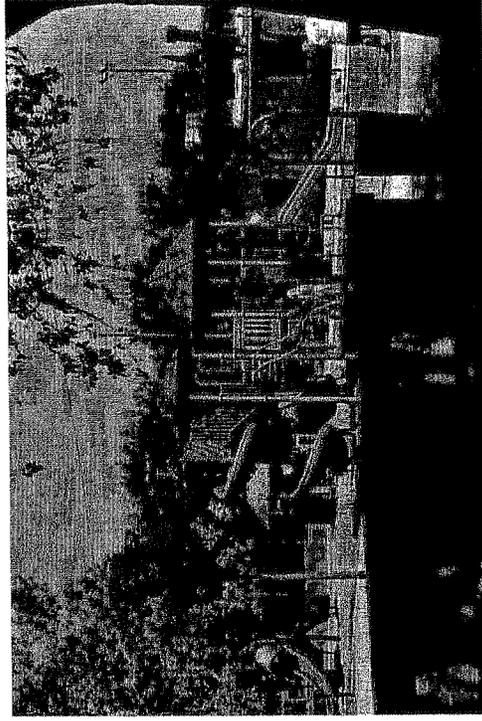
Hesperia Recreation and Park District is the only local agency to require all staff, Board of Directors, employees, volunteers, coaches and any groups using our facilities that supervise children to be fingerprinted for processing through the Department of Justice. We review all records.



Park Maintenance and Operations

To maintain and develop the parks to serve recreational needs of the community, Hesperia Recreation and Park District intends to:

- Improve maintenance standards.
- Continue to develop landscaping that uses less water.
- Expand tree planting program.
- Utilize more volunteer help.
- Continue to utilize San Bernardino Sheriff Department's "Citizens on Patrol" to provide park lock up and evening supervision.



Volunteers

The Hesperia Recreation and Park District utilizes hundreds of volunteers for sports, arts, senior activities, and office and maintenance assistance. By utilizing volunteers we provide more services, better services and save our taxpayers thousands of dollars.

Policies

The objective for parklands has the following emphasis:

- (1) continue to provide diverse recreational opportunities for the Hesperia area community as it grows and changes in character;
- (2) continue a level of service to help stimulate further parkland development and create linkages between county, state, city and school facilities;
- (3) focus on activities oriented parks especially in the youth service area, reach and encourage children and students who need youth programs and are presently not participating due to lack of facilities.

Goals

The following goals will guide the general direction and intent of the Hesperia Recreation and Park District:

- To acquire and reserve land for park and recreation opportunities, facilities and natural open space use.
- To be in concert with other local agencies, to work toward preservation of significant ecological, scenic, cultural, historical and natural resources within the District.
- To accompany the Master Plan with financial planning for the timely acquisition, design, development, operation and maintenance of all facilities.
- To keep flexible the location, size and design of facilities in order that they may be readily adaptable to the changing requirements of the population.
- To foster satisfying activities for all ages and cultural groups, particularly children, youth, seniors and family participation.
- Re-contact outlying areas in the sphere of influence of the District. Conduct a public meeting to determine their needs and if a master plan is necessary.

Hesperia Recreation and Park District has set new standards to aggressively increase and improve park facilities. Some of the steps we have included are:

- District fees, rates and policies are reviewed periodically by the District. As our District's population increases, additional revenue may be needed to provide the residents of H.R.P.D. with new facilities and services.
- The District will continue to plan for needed recreation and park services including those areas presently beyond our District boundaries.
- Developing more facilities on our existing parklands to serve more residents.
- Expanding parks and programs east of Hesperia Road.
- We are working with the city of Hesperia and Hesperia Unified School District to develop more facilities.
- Continue to add and improve equestrian trails.

