

CSA 70 W-4 PIONEERTOWN (EDD-360)

ACTIVITY: WATER

DESCRIPTION OF MAJOR SERVICES

County Service Area (CSA) 70, Improvement Zone W-4 was established by an act of the County of San Bernardino Board of Supervisors on January 14, 1980 and is located five miles northwest of Yucca Valley. The District provides financing for the operation and maintenance of 120 water connections. The District also maintains six wells and reservoir storage of 310,000 gallons. The District does not utilize an Advisory Commission or MAC. Meetings are held with residents as needed in the Pioneer Mission Church.

BUDGET AND ACTUAL HISTORY

	2007-08 Actuals	2008-09 Actuals	2008-09 Adopted Budget	2009-10 Approved Adjustments	2009-10 Adopted Budget
Appropriations:					
Salaries and Benefits	-	-	-	-	-
Services and Supplies	25,013	43,779	37,399	13,093	50,492
Central Computer	-	-	-	-	-
Travel and Related Charges	-	-	-	-	-
Other Charges	-	-	-	-	-
Land/Structures/Improvements	-	-	-	-	-
Equipment/Vehicles	-	-	-	-	-
Lease/Purchases	-	-	-	-	-
Transfers Out	71,255	68,324	68,324	7,207	75,531
Reimbursements	(148)	-	-	(44,000)	(44,000)
Operating Transfers Out	9,414	-	1,509,414	289,024	1,798,438
Reserves & Contingencies	-	-	26,883	19,212	46,095
Total Appropriations	105,534	112,103	1,642,020	284,536	1,926,556
Revenue:					
Taxes	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Use of Money and Property	1,344	722	1,558	(1,058)	500
State, Fed or Gov't Aid	-	-	-	-	-
Current Services	89,591	128,081	86,073	5,804	91,877
Other Revenue	(607)	3,596	1,500,000	250,000	1,750,000
Operating Transfers In	-	-	21,423	9,494	30,917
Total Revenue	90,328	132,399	1,609,054	264,240	1,873,294
Fund Balance			32,966	20,296	53,262
Budgeted Staffing			-	-	-

CSA 70 W-4 PIONEERTOWN (EDD-360)

2009-10 ADOPTED BUDGET

	<u>Budgeted</u>	<u>Amount</u>
	<u>Staffing</u>	
APPROPRIATIONS:		
Salaries and Benefits	-	-
Services and Supplies		50,492
* \$20,710 Other Professional & Spec Svcs for lab testing, pump efficiency tests, and tank inspections		
* \$11,956 Other Services and Supplies accounts		
* \$10,326 Utilities		
* \$ 7,500 Gen Maint-Struct, Imp & Grounds for well, booster, and tank maintenance/repairs		
Change from prior year: \$13,093 increase primarily due to higher fuel costs and charges for professional services for tanks inspections		
Central Computer		-
Travel and Related Charges		-
Other Charges		-
Land/Structures/Improvements		-
Equipment/Vehicles		-
Lease/Purchases		-
Transfers Out		75,531
* \$61,929 Salaries and Benefits to SKV 105 (CSA 70 Countywide) to provide for management and support services		
* \$11,367 Services and Supplies to SKV 105 (CSA Countywide) to provide for management and support services		
* \$ 2,235 Fixed Assets to SKV 105 (CSA 70 Countywide) to offset fleet and equipment usage and depreciation		
Change from prior year: \$7,207 increase due to allocation of management and support costs		
Reimbursements		(44,000)
* CDH Reimbursement for CIP Security at Well Sites (EJQ)		
Change from prior year: \$44,000 increase due to grant reimbursement		
Operating Transfers Out		1,798,438
* \$1,750,000 State Revolving Fund grant revenue transfer out to Pipeline/Supply CIP fund		
* \$ 44,000 CDH grant proceeds for CIP Security at Well Sites (CEA)		
* \$ 4,438 To Manifold Piping Wells CIP project fund (END)		
Change from prior year: \$289,024 increase primarily due to change in funding requirements for CIP project		
Reserves & Contingencies		46,095
* Contingencies		
Change from prior year: \$19,212 increase to fund future year operations		
Total Appropriations and Budgeted Staffing	<u>-</u>	<u>1,926,556</u>

CSA 70 W-4 PIONEERTOWN (EDD-360)

2009-10 ADOPTED BUDGET (Continued)

	Amount
REVENUE:	
Taxes	-
Licenses and Permits	-
Fines and Forfeitures	-
Use of Money and Property	500
* Interest	
Change from prior year: \$1,058 decrease to more closely align with FY 08/09 actual	
State, Fed or Gov't Aid	-
Current Services	91,877
* \$89,737 Residential Sales	
* \$ 2,000 Penalties	
* \$ 140 Other services	
Other Revenue	1,750,000
* \$1,750,000 State Revolving Fund grant proceeds unrealized in FY 08/09, rebudgeted in FY 09/10	
Change from prior year: \$250,000 increase due to additional CIP funding requirements in FY 09/10	
Operating Transfers In	30,917
* Transfer in from replacement reserve for O & M support	
Change from prior year: \$9,494 increase due to additional O & M support required from replacement reserve in FY 09/10	
 Total Revenue	 <u><u>1,873,294</u></u>

Fiscal Year 2009-10 Adopted Capital Improvement Projects

DISTRICT TYPE DISTRICT NAME and PROJECT NAME	FUND DEPT	09/10 APPROP	FUND BALANCE	FINANCING SOURCES OPERATING TRANSFER					
				LOCAL FUNDS	LOAN or GRANT	CDH	OTHER		
WATER DISTRICTS									
<u>CSA 42 Oro Grande</u>									
Oro Grande Annexation	MSC 310 310	48,585	8,585	40,000	0	0	0	0	0
Upgrade Security of Reservoirs	EAQ 310 310	48,000	0	0	0	48,000	0	0	0
Design & Construction of Water Reservoir	EAV 310 310	300,000	0	0	0	300,000	0	0	0
Water Main Line Replacement	ELR 310 310	75,000	0	0	0	75,000	0	0	0
District Totals		471,585	8,585	40,000	0	423,000	0	0	0
<u>CSA 64 Spring Valley Lake</u>									
Well # 7 Construction	EDB 420 420	755,324	391,915	363,409	0	0	0	0	0
Field Office Addition	CHI 420 420	142,038	138,838	3,200	0	0	0	0	0
3 M Gallon Reservoir	EDC 420 420	3,938,942	2,496,942	42,000	0	0	1,400,000	0	0
Surge Tank Protectors	EDB 420 100	60,000	0	60,000	0	0	0	0	0
Service Line Replacement	CEK 420 420	1,248,683	3,683	1,245,000	0	0	0	0	0
District Totals		6,144,987	3,031,378	1,713,609	0	0	1,400,000	0	0
<u>CSA 70 CG Cedar Glen</u>									
Phase 1 Road and Water Design	CRD 563 563	500,000	72,357	-72,357	0	0	500,000	0	0
Water System Improvements	CRL 563 563	4,334,459	-148,541	0	0	2,483,000	2,000,000	0	0
District Totals		4,834,459	-76,184	-72,357	0	2,483,000	2,500,000	0	0
<u>CSA 70 F Morongo Valley</u>									
Uranium Treatment Plant	CWD 135 135	650,000	0	0	650,000	0	0	0	0
District Totals		650,000	0	0	650,000	0	0	0	0
<u>CSA 70 J Oak Hills</u>									
Line Extensions/Looping	CJU 165 165	158,398	111,343	47,055	0	0	0	0	0
Radio Read Meters	CCN 165 165	401,647	200,647	201,000	0	0	0	0	0
Pipeline Replacement	CQR 165 165	225,489	181,802	43,687	0	0	0	0	0
Booster 3B Replacement	CQS 165 165	281,195	273,195	8,000	0	0	0	0	0
Reservoir Rehab	CAM 165 100	233,334	-34,166	267,500	0	0	0	0	0
Add Booster at Tank Site 2A	CQU 165 165	224,788	219,788	5,000	0	0	0	0	0
District Totals		1,524,851	952,609	572,242	0	0	0	0	0
<u>CSA 70 W-3 Hacienda</u>									
Upgrade Security at Well Sites	EJQ 350 350	44,000	0	0	0	44,000	0	0	0
District Totals		44,000	0	0	0	44,000	0	0	0
<u>CSA 70 W-4 Pioneertown</u>									
Manifold Piping Wells 4 & 5	END 360 360	25,099	20,661	4,438	0	0	0	0	0
Upgrade Security at Well Sites	CEA 360 360	44,000	0	0	0	44,000	0	0	0
Offsite Pipeline/Supply Project	CQP 360 360	1,750,000	0	0	1,750,000	0	0	0	0
District Totals		1,819,099	20,661	4,438	1,750,000	44,000	0	0	0
WATER TOTAL FOR CIP		15,488,981	3,937,049	2,257,932	2,400,000	2,994,000	3,900,000	0	0
GRAND TOTAL FOR CAPITAL PROJECTS		34,595,557	15,612,290	6,185,267	4,834,000	3,814,000	4,150,000	0	0

Fiscal Year 2009-10 Adopted Reserves

DISTRICT TYPE		FINANCING SOURCES OPERATING TRANSFER						
DISTRICT NAME and PROJECT NAME	FUND DEPT	09/10 APPROP	FUND BALANCE	LOCAL FUNDS	LOAN or GRANT	CDH	OTHER	
<u>CSA 70 W-1 Goat Mountain</u>								
Capital Replacement Reserve	EFQ 345	656,438	551,848	104,590	0	0	0	
Capital Expansion Reserve	EDY 345	317,967	307,967	10,000	0	0	0	
District Totals		974,405	859,815	114,590	0	0	0	
<u>CSA 70 W-3 Hacienda</u>								
Capital Replacement Reserve	EFT 350	93,971	68,271	25,700	0	0	0	
Capital Expansion Reserve	ECW 350	9,796	9,546	250	0	0	0	
District Totals		103,767	77,817	25,950	0	0	0	
<u>CSA 70 W-4 Pioneertown</u>								
Capital Replacement Reserve	EFW 360	75,857	64,262	11,595	0	0	0	
District Totals		75,857	64,262	11,595	0	0	0	
TOTAL FOR WATER RESERVES		<u>10,500,909</u>	<u>9,533,306</u>	<u>967,603</u>	<u>0</u>	<u>0</u>	<u>0</u>	
GRAND TOTAL FOR RESERVES		<u>28,828,334</u>	<u>25,008,535</u>	<u>3,819,799</u>	<u>0</u>	<u>0</u>	<u>0</u>	

Reserves include estimated Transfers In and Out, interest earnings and miscellaneous non-operating revenue.

**COUNTY OF SAN BERNARDINO
SPECIAL DISTRICTS
COUNTY SERVICE AREA No. 70
ZONE W-4 - PIONEER TOWN**

REPORT ON AUDIT

JUNE 30, 2009

**County of San Bernardino Special Districts
County Service Area No. 70
Zone W-4 - Pioneer Town
Table of Contents**

	<u>Exhibit</u>	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT		1
BASIC FINANCIAL STATEMENTS		
Statement of Net Assets	A	2
Statement of Revenues, Expenses and Changes in Net Assets	B	3
Statement of Cash Flows	C	4
Notes to Financial Statements		5 - 12



ROGERS, ANDERSON, MALODY & SCOTT, LLP

CERTIFIED PUBLIC ACCOUNTANTS

ROBERT B. MEMORY, C.P.A. (1945-2009)
OF COUNCIL
JAY H. ZERCHER, C.P.A.

PHILLIP H. WALLER, C.P.A.
BRENDA L. ODLE, C.P.A.
TERRY P. SHEA, C.P.A.
KIRK A. FRANKS, C.P.A.
MATTHEW B. WILSON, C.P.A.
SCOTT W. MANNO, C.P.A.
LEENA SHANBHAG, C.P.A.

NANCY O'RAFFERTY, C.P.A.
BRADFORD A. WELEBIR, C.P.A.
JENNY LIU, C.P.A.
TIMOTHY P. HORN, C.P.A.
KATIE L. MILLSOM, C.P.A.
JOHN J. BADIA, C.P.A.
JONATHAN R. KUHN, C.P.A.
BRADFORD L. ROCKABRAND, C.P.A.
PAPA MATAR THIAW, C.P.A.

Board of Supervisors
County of San Bernardino
County of San Bernardino Special
District County Service Area
No. 70 - Zone W-4 - Pioneer Town

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying basic financial statements of the County of San Bernardino Special District County Service Area No. 70 - Zone W-4 - Pioneer Town (CSA), a component unit of the County of San Bernardino, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the CSA'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, and the State Controller's Minimum Audit Requirement for California Special Districts. 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 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 financial position of the County of San Bernardino Special District County Service Area No. 70 - Zone W-4 - Pioneer Town, as of June 30, 2009, and the changes in its financial position and its cash flows 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 state regulations governing special districts.

The County of San Bernardino Special District County Service Area No. 70 - Zone W-4 - Pioneer Town has not presented the *Management's Discussion and Analysis* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Rogers, Anderson, Malody & Scott, LLP

November 15, 2009

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

PCPS THE AICPA ALLIANCE FOR CPA FIRMS

CALIFORNIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

This page left blank intentionally

**County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-4 - Pioneer Town
Statement of Net Assets
June 30, 2009**

ASSETS

Current Assets:

Cash	\$ 122,143
Accounts receivable, net	16,047
Interest receivable	626
Taxes receivable	151
Total Current Assets	<u>138,967</u>

Noncurrent Assets:

Capital Assets:

Land	23,290
Improvements to land	868,515
Accumulated depreciation	<u>(423,352)</u>
Total Noncurrent Assets	<u>468,453</u>

Total Assets	<u>607,420</u>
--------------	----------------

LIABILITIES

Due to other governments	<u>75</u>
Total Liabilities	<u>75</u>

NET ASSETS

Invested in capital assets	468,453
Unrestricted	<u>138,892</u>
Total Net Assets	<u>\$ 607,345</u>

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

County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-4 - Pioneer Town
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2009

OPERATING REVENUES

Water sales	\$ 91,619
Other	50
Total Operating Revenues	<u>91,669</u>

OPERATING EXPENSES

Professional services	17,042
Salaries and benefits	56,230
Services and supplies	28,305
Utilities	9,248
Depreciation	19,301
Total Operating Expenses	<u>130,126</u>

Operating (Loss)	<u>(38,457)</u>
------------------	-----------------

NONOPERATING REVENUES

Investment earnings	4,422
Property taxes	147
Special assessments	10,584
Penalties	2,321
Other	3,596
Total Nonoperating Revenues	<u>21,070</u>

Change in Net Assets	(17,387)
----------------------	----------

Net Assets - beginning	<u>624,732</u>
-------------------------------	----------------

Net Assets - ending	<u><u>\$ 607,345</u></u>
----------------------------	--------------------------

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

County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-4 - Pioneer Town
Statement of Cash Flows
For the Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 81,303
Payments to suppliers	(50,568)
Payments to employees	(56,230)
Net Cash (Used for) Operating Activities	<u>(25,495)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	(4)
Special assessments	10,584
Penalties	2,321
Other nonoperating revenue	3,596
Net Cash Provided by Noncapital Financing Activities	<u>16,497</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	4,752
Net Cash Provided by Investing Activities	<u>4,752</u>
Net Decrease in Cash and Cash Equivalents	(4,246)
Cash and Cash Equivalents - beginning of the year	<u>126,389</u>
Cash and Cash Equivalents - end of the year	<u>\$ 122,143</u>
Reconciliation of operating (loss) to net cash (used for) operating activities:	
Operating (loss)	\$ (38,457)
Adjustments to reconcile operating (loss) to net cash (used for) operating activities:	
Depreciation expense	19,301
Change in assets and liabilities:	
Increase in accounts receivable	(10,366)
Decrease in other receivable	3,952
Increase in due to other governments	75
Net Cash (Used for) Operating Activities	<u>\$ (25,495)</u>

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

County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-4 - Pioneer Town
Notes to Financial Statements
June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The County Service Area (CSA) No. 70, Zone W-4, was established by an act of the Board of Supervisors of the County of San Bernardino (the County) on January 14, 1980 under Section 4700 of the State Health & Safety Code. The CSA is situated five miles northwest of Yucca Valley. The District provides water service to 124 properties and maintains six wells and reservoir storage of 310,000 gallons.

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

The accompanying financial statements reflect only the accounts of the County Service Area No. 70 Zone W-4 - Pioneer Town of the County of San Bernardino and are not intended to present the financial position of the County taken as a whole.

Because the CSA meets the reporting entity criteria established by the Governmental Accounting Standards Board (GASB), the CSA's financial statements have also been included in the Comprehensive Annual Financial Report of the County as a "component unit" for the fiscal year ended June 30, 2009.

Measurement focus, basis of accounting, and financial statement presentation

The CSA's 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.

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.

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. Operating expenses for enterprise funds includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-4 - Pioneer Town
Notes to Financial Statements
June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Deposits and investments

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

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (e.g., the current portion of interfund loans) or "advances to/from other funds" (e.g., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

No allowance for uncollectibles was recorded at June 30, 2009 based on management's expectation that all accounts receivable will be collected through the property tax roll.

Property taxes

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

Inventories and prepaid items

Inventories, if any, are valued at cost using the first-in/first-out method.

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

Capital assets

Capital assets, which include property, plant, equipment 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 two years. Structures with an initial cost of \$100,000 are considered capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

**County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-4 - Pioneer Town
Notes to Financial Statements
June 30, 2009**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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.

Stewardship, compliance and accountability

A. Budgetary information

Although the District prepares and adopts an annual budget, budgetary comparison information is not presented because the CSA does not have any required budgetary comparison information for the general fund and each major special revenue fund.

Reclassification

Certain reclassifications and restatements have been made to the current year financial statements to conform to the proper presentation.

NOTE 2: CASH AND DEPOSITS

Cash and cash equivalents includes the cash balance of monies deposited with the County Treasurer which are pooled and invested for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the District's account based upon the District's average daily deposit balance during the allocation period. Cash and cash equivalents are shown at the fair value as of June 30, 2009.

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

**County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-4 - Pioneer Town
Notes to Financial Statements
June 30, 2009**

NOTE 3: ACCOUNTS RECEIVABLE

At June 30, 2009, the accounts receivable were composed of the following:

	Ambulance
Accounts receivable	\$ 16,047
Less: allowance for uncollectibles	-
Total accounts receivable, net	\$ 16,047

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 23,290	\$ -	\$ -	\$ 23,290
Total capital assets, not being depreciated	23,290	-	-	23,290
Capital assets, being depreciated:				
Improvements to land	868,515	-	-	868,515
Total capital assets, being depreciated	868,515	-	-	868,515
Less accumulated depreciation for:				
Improvements to land	(404,051)	(19,301)	-	(423,352)
Total accumulated depreciation	(404,051)	(19,301)	-	(423,352)
Total capital assets, being depreciated, net	464,464	(19,301)	-	445,163
Total capital assets, net	\$ 487,754	\$ (19,301)	\$ -	\$ 468,453

**County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-4 - Pioneer Town
Notes to Financial Statements
June 30, 2009**

NOTE 5: RETIREMENT PLAN

Plan Description

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

Fiduciary Responsibility

SBCERA is controlled by its own board, the Retirement Board, which acts as a fiduciary agent for the accounting and control of member and employee contributions and investment income. SBCERA publishes its own Comprehensive Annual Financial Report and receives a separate independent audit. SBCERA is also a legally separate entity from the County and not a component unit. For these reasons, the County's Comprehensive Annual Financial Report excludes SBCERA pension trust fund as of June 30, 2009.

Funding Policy

Participating members are required by statute (Sections 31621, 31621.6 and 31639.25 of the California Government Code) to contribute a percentage of covered salary based on certain actuarial assumptions and their age at entry to the Plan. Employee contribution rates vary according to age and classification (general or safety). General members are required to contribute 7.68% - 12.96% and safety members 9.85% - 15.29% of their annual covered salaries, of which the County pays approximately 7%. County of San Bernardino employer contribution rates are as follows: County General 11.25%, County Safety 24.46%. All employers combined are required to contribute 13.95% of the current year covered payroll. For 2009, the County's annual pension cost of \$200,300,000 was equal to the County's required and actual contributions. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer rates are determined pursuant to Section 31453 of the 1937 Act.

**County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-4 - Pioneer Town
Notes to Financial Statements
June 30, 2009**

NOTE 5: RETIREMENT PLAN (continued)

The County's annual pension cost and prepaid asset, computed in accordance with GASB 27, Accounting for Pensions by State and Local Governmental Employers, for the year ended June 30, 2009, were as follows (in thousands):

Annual Required Contribution (County fiscal year basis)	\$	200,300
Interest on Pension Assets		(7,834)
Adjustment to the Annual Required Contribution		51,805
Annual Pension Cost		244,271
Annual Contributions Made		200,300
Increase/(Decrease) in Pension Assets		(43,971)
Pension Assets, Beginning of Year		813,716
Pension Assets, End of Year	\$	769,745

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

Year Ended June 30,	Annual Contributions Made (in thousands)		Percentage Contributed
	SBCERA	County	
2007	\$ 239,857	\$ 194,130	100%
2008	\$ 241,721	\$ 203,712	100%
2009	\$ 246,232	\$ 200,300	100%

The County, along with the AQMD, issued Pension Refunding Bonds (the Bonds) in November 1995 with an aggregate amount of \$420,527,000. These Bonds were issued to allow the County and the AQMD to refinance each of their unfunded accrued actuarial liabilities with respect to retirement benefits for their respective employees. The Bonds are the obligations of the employers participating in the Plan, and the assets of the Plan do not secure the Bonds. The County's portion of the bond issuance was \$386,266,000. The outstanding liability at June 30, 2009 is \$430,784,000.

On June 24, 2004, the County issued its County of San Bernardino Pension Obligation Bonds, Series 2004 A (Fixed Rate Bonds), its County of San Bernardino Pension Obligation Bonds, Series 2004 B (Auction Rate Bonds), and its County of San Bernardino Pension Obligation Bonds, Series 2004 C (Index Bonds) in respective aggregate principal amounts of \$189,070,000, \$149,825,000 and \$125,000,000. The Bonds were issued to finance the County's share of the unfunded accrued actuarial liability of the SBCERA. In April 2008, the County refunded all of the 2004 Series B. The outstanding liability at June 30, 2009 is \$301,595,000.

In April 2008, the County of San Bernardino issued its \$160,900,000 in Pension Obligation Refunding Bonds (POB), Series 2008 (the Series 2008 Bonds). The outstanding liability at June 30, 2009 is \$158,889,000.

County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-4 - Pioneer Town
Notes to Financial Statements
June 30, 2009

NOTE 6: FEDERAL AND STATE GRANTS

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

NOTE 7: RISK MANAGEMENT

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 \$2 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$50 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 \$5 million per occurrence, and covered by Arch Ins. Co. for up to \$3 million for employer's liability, and up to statutory limits for workers' compensation per occurrence. Property damage claims are insured on an occurrence basis over a \$25 thousand deductible, and insured with several insurers like Lexington Ins. Co., Affiliated FM, and Lloyd's of London, among others.

The County supplements its self-insurance for medical malpractice claims with Zurich Ins. Co., which provides annual coverage on a per claim basis with an SIR of \$2 million for each claim. Maximum coverage under the policy is \$25 million in limits per claim provided by Illinois Union Ins. Co.

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

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

The total claims liability of \$149.9 million reported at June 30, 2009 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.

**County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-4 - Pioneer Town
Notes to Financial Statements
June 30, 2009**

NOTE 7: RISK MANAGEMENT (continued)

Changes in the claims liability amount in fiscal years 2008 and 2009 were:

Fiscal Year	Beginning of Fiscal Year Liability (in thousands)	Current Year Claims and Changes in Estimates (in thousands)	Claims Payments (in thousands)	End of Fiscal Year Liability (in thousands)
2007-08	\$ 129,683	\$ 51,702	\$ (32,064)	\$ 149,321
2008-09	\$ 149,321	\$ 32,909	\$ (32,289)	\$ 149,941

NOTE 8: CONTINGENCIES

As of June 30, 2009, in the opinion of the CSA Administration, there are no outstanding matters, which would have a significant effect on the financial position of the CSA.

This page left blank intentionally