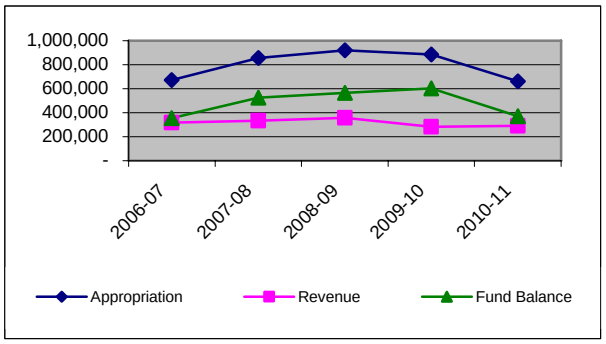
CSA 18 Cedarpines

DESCRIPTION OF MAJOR SERVICES

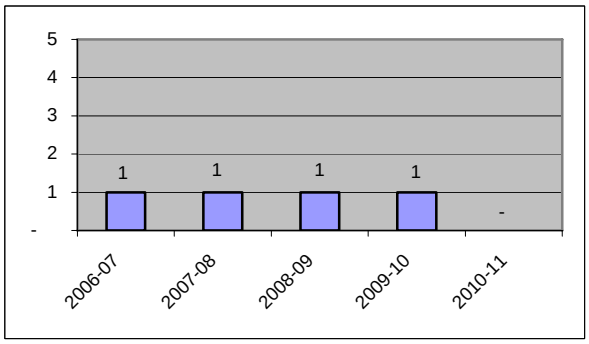
County Service Area (CSA) 18 was established by an act of the County of San Bernardino Board of Supervisors on July 17, 1967 to maintain 17.5 miles of paved and dirt roadways, one community center and one five-acre park. This district receives property tax revenue and a $50 per parcel service charge on approximately 3,580 parcels. This district does not utilize an Advisory Commission or Municipal Advisory Council (MAC). Meetings are held with residents as needed.

BUDGET HISTORY

5-YEAR BUDGET TREND



5-YEAR STAFFING TREND



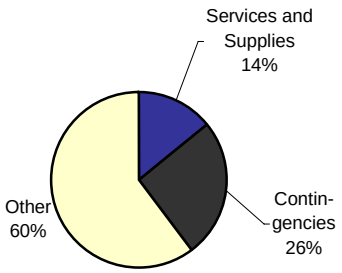
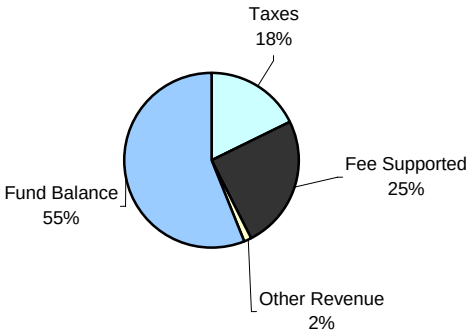
PERFORMANCE HISTORY

	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Modified Budget	2009-10 Estimate
Appropriation	255,858	328,441	417,195	885,663	521,611
Departmental Revenue	424,706	369,214	454,565	283,382	290,287
Fund Balance				602,281	
Budgeted Staffing				1	

Estimated appropriation for 2009-10 is less than modified budget primarily due to savings in services and supplies and unused contingencies.

Estimated departmental revenue for 2009-10 is more than modified budget primarily due to higher than anticipated service charges in current services.

ANALYSIS OF RECOMMENDED BUDGET

2010-11 EXPENDITURE AUTHORITY	2010-11 FINANCING SOURCES
	

GROUP: Public and Support Services
DEPARTMENT: Special Districts
FUND: CSA 18 Cedarpines

BUDGET UNIT: SFY 190
FUNCTION: Operating
ACTIVITY: Road

	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Estimate	2009-10 Adopted Budget	2010-11 Recommended Budget	Change From 2009-10 Adopted Budget
Appropriation							
Salaries and Benefits	72,624	84,586	93,723	103,372	103,372	-	**(103,372)**
Services and Supplies	48,901	54,011	111,527	68,493	94,883	90,979	**(3,904)**
Central Services	102	649	(25)	31	31	32	**1**
Travel	-	-	-	-	3,000	3,000	**-**
Equipment	-	-	-	134,200	125,000	-	**(125,000)**
Transfers	53,466	73,546	93,591	104,915	104,915	198,189	**93,274**
Contingencies	-	-	-	-	343,862	169,724	**(174,138)**
Total Exp Authority	175,093	212,792	298,816	411,011	775,063	461,924	**(313,139)**
Reimbursements	(6,235)	(2,917)	(6,621)	(14,400)	(14,400)	-	**14,400**
Total Appropriation	168,858	209,875	292,195	396,611	760,663	461,924	**(298,739)**
Operating Transfers Out	87,000	118,566	125,000	125,000	125,000	200,000	**75,000**
Total Requirements	255,858	328,441	417,195	521,611	885,663	661,924	**(223,739)**
Departmental Revenue							
Taxes	138,685	126,613	126,256	117,753	115,003	117,753	**2,750**
Use Of Money and Prop	16,275	23,252	16,573	9,000	18,000	10,000	**(8,000)**
Current Services	249,370	206,180	180,535	163,214	150,379	163,214	**12,835**
Other Revenue	13,906	11,129	4,333	320	-	-	**-**
Total Revenue	418,236	367,174	327,697	290,287	283,382	290,967	**7,585**
Operating Transfers In	6,470	2,040	126,868	-	-	-	**-**
Total Financing Sources	424,706	369,214	454,565	290,287	283,382	290,967	**7,585**
				Fund Balance	602,281	370,957	**(231,324)**
				Budgeted Staffing	1	1	**-**

Salaries and benefits costs are decreasing by $103,372 due to the transfer of District Coordinator position from CSA 18 to CSA 70 Countywide. Costs will be reimbursed through salaries and benefits transfers out.

Services and supplies of $90,979 represent costs for street maintenance, general maintenance, automotive repairs, insurance, and other miscellaneous costs and are decreasing by $3,904 due to the anticipated reduction in utilities, COWCAP and insurance costs.

Equipment is decreasing by $125,000 due to no planned equipment purchases in 2010-11.

Transfers of $198,189 represent costs for salaries and benefits and services and supplies support from CSA 70 Countywide and is increasing by $93,274 primarily due to transfer of District Coordinator position into CSA 70 Countywide previously funded in CSA 18 salaries and benefits.

Contingencies of $169,724 is decreasing by $174,138 to provide funding for current year activities.

Reimbursements is decreasing by $14,400 due to District Coordinator position being moved into CSA 70 Countywide. CSA 70 Countywide will receive reimbursement from other districts as needed.

Operating transfers of $200,000 is increasing by $75,000 to accommodate road paving and slurry seal projects.

Departmental revenue of $290,967 represents property taxes, interest, and service charges and is increasing by $7,585 due primarily to the anticipated rise in service charge receipts.

COUNTY OF SAN BERNARDINO
SPECIAL DISTRICTS
COUNTY SERVICE AREA No. 18
CEDARPINES PARK

REPORT ON AUDIT

JUNE 30, 2009

County of San Bernardino Special Districts
County Service Area No. 18
Cedarpines Park
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Board of Supervisors
County of San Bernardino
County of San Bernardino Special
District County Service Area
No. 18 - Cedarpines Park

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of the County of San Bernardino Special District County Service Area No. 18 - Cedarpines Park (CSA), a component unit of the County of San Bernardino, as of and for the year ended June 30, 2009, which collectively comprise the CSA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the CSA's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the County of San Bernardino Special District County Service Area No. 18 - Cedarpines Park, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

The budgetary comparison information on page 18 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.

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SAN BERNARDINO, CA 92401
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Website: www.ramscpa.net

The County of San Bernardino Special District County Service Area No. 18 - Cedarpines Park 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

County of San Bernardino Special Districts
County Service Area No. 18 - Cedarpines Park
Statement of Net Assets
June 30, 2009

ASSETS	
Cash and cash equivalents	$ 592,871
Interest receivable	2,809
Taxes receivable	16,339
Capital assets, net of depreciation	1,710,976
Total Assets	2,322,995
LIABILITIES	
Accounts payable	9,811
Salaries and benefits payable	5,936
Compensated absences payable	4,281
Due to other governments	95
Total Liabilities	20,123
NET ASSETS	
Invested in capital assets	1,710,976
Unrestricted	591,896
Total Net Assets	$ 2,302,872

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

County of San Bernardino Special Districts
County Service Area No. 18 - Cedarpines Park
Statement of Activities
For the Year Ended June 30, 2009

EXPENSES	
Salaries and benefits	$ 160,553
Services and supplies	147,558
Depreciation	74,296
Total Program Expenses	382,407
PROGRAM REVENUE	
Special assessments	177,337
Net Program Expense	(205,070)
GENERAL REVENUES	
Property taxes	115,146
Investment earnings	20,331
Intergovernmental	126,057
State assistance	1,331
Other taxes	3,198
Other	10,917
Total General Revenues	276,980
Change in Net Assets	71,910
Net Assets - beginning	2,230,962
Net Assets - ending	$ 2,302,872

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

County of San Bernardino Special Districts
County Service Area No. 18 - Cedarpines Park
Balance Sheet
Governmental Funds
June 30, 2009

	SPECIAL REVENUE FUND General (SFY)	CAPITAL PROJECTS FUND Paving (CKO)	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 592,858	$ 13	$ 592,871
Interest receivable	2,809	-	2,809
Taxes receivable	16,339	-	16,339
Total Assets	$ 612,006	$ 13	$ 612,019
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ 9,811	$ 9,811
Salaries and benefits	5,936	-	5,936
Due to other governments	-	95	95
Total Liabilities	5,936	9,906	15,842
Fund Balances:			
Unreserved:			
Undesignated	606,070	(9,893)	596,177
Total Fund Balances	606,070	(9,893)	596,177
Total Liabilities and Fund Balances	$ 612,006	$ 13	

Amounts reported for *governmental activities* in the statement of net assets (Exhibit "A") are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	1,710,976
Compensated absences payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(4,281)
Net Assets of Governmental Activities	$ 2,302,872

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

Exhibit "D"

County of San Bernardino Special Districts
County Service Area No. 18 - Cedarpines Park
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	Total
	General (SFY)	Paving (CKO)	Governmental Funds
REVENUES			
Property taxes	$ 115,146	$ -	$ 115,146
Special assessments	177,337	-	177,337
Other taxes	3,198	-	3,198
State assistance	1,331	-	1,331
Investment earnings	20,250	81	20,331
Intergovernmental	126,057	-	126,057
Other	10,917	-	10,917
Total Revenues	454,236	81	454,317
EXPENDITURES			
Salaries and benefits	159,714	-	159,714
Services and supplies	132,901	-	132,901
Capital outlay:			
Improvements to land	-	135,575	135,575
Total Expenditures	292,615	135,575	428,190
Excess of Revenues Over (Under) Expenditures	161,621	(135,494)	26,127
OTHER FINANCING SOURCES (USES)			
Transfer in	811	125,000	125,811
Transfer out	(125,000)	(811)	(125,811)
Total Other Financing Sources (Uses)	(124,189)	124,189	-
Net Change in Fund Balances	37,432	(11,305)	26,127
Fund Balances – beginning	568,638	1,412	570,050
Fund Balances – ending	$ 606,070	$ (9,893)	$ 596,177

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

County of San Bernardino Special Districts
County Service Area No. 18 - Cedarpines Park
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2009

Net Change in Fund Balances - Total Governmental Fund	$	26,127
Amounts reported for *governmental activities* in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($120,918) exceeded depreciation expense ($74,296) in the current period.		46,622
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Increase in compensated absences		(839)
Change in Net Assets of Governmental Activities	$	71,910

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The County Service Area (CSA) No. 18 - Cedarpines Park was established by an act of the Board of Supervisors of the County of San Bernardino (the County) on July 16, 1967 under Section 4700 of the State Health & Safety Code to maintain 17.5 miles of paved and dirt roadways, one community center and one five-acre park in the community of Cedarpines.

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

The accompanying financial statements reflect only the accounts of the County Service Area No. 18 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.

Government-wide and fund financial statements

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The government reports the following major governmental funds:

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

The *capital projects fund* labeled "Paving" is used to account for financial resources to be used for acquisition or construction of major capital facilities.

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

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

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

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." Currently, the CSA does not have any business-type activities.

Property taxes

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

Inventories and prepaid items

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

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

Capital assets

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Fund equity

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

Employee compensated absences

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

Compensated absences activity for the year ended June 30, 2009 was as follows:

Beginning Balance	Additions	Deletions	Ending Balance
$ 3,442	$ 2,755	$ (1,916)	$ 4,281

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

B. Deficit fund balance

The major capital project fund labeled Paving (CKO), has a deficit fund balance of $9,893 as of June 30, 2009.

C. Encumbrances

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

NOTE 2: CASH AND DEPOSITS

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

NOTE 3: CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 51,054	$ -	$ -	$ 51,054
Construction in progress	428,738	-	(428,738)	-
Total capital assets, not being depreciated	479,792	-	(428,738)	51,054
Capital assets, being depreciated:				
Improvements to land	404,576	549,656	-	954,232
Structures and improvements	296,878	-	-	296,878
Vehicles	212,504	-	-	212,504
Equipment	15,794	-	-	15,794
Infrastructure	1,178,021	-	-	1,178,021
Total capital assets, being depreciated	2,107,773	549,656	-	2,657,429
Less accumulated depreciation for:				
Improvements to land	(103,466)	(35,601)	-	(139,067)
Structures and improvements	(76,884)	(8,379)	-	(85,263)
Vehicles	(212,503)	(1)	-	(212,504)
Equipment	(2,457)	(1,053)	-	(3,510)
Infrastructure	(527,901)	(29,262)	-	(557,163)
Total accumulated depreciation	(923,211)	(74,296)	-	(997,507)
Total capital assets, being depreciated, net	1,184,562	475,360	-	1,659,922
Governmental activities capital assets, net	$ 1,664,354	$ 475,360	$ (428,738)	$ 1,710,976

NOTE 4: RETIREMENT PLAN

Plan Description

The San Bernardino County Employees' Retirement Association (SBCERA) is a cost-sharing multiple-employer defined benefit pension plan (the Plan) operating under the California County Employees' Retirement Act of 1937 (1937 Act). It provides retirement, death, and disability benefits to members. Although legally established as a single employer plan, the City of Big Bear Lake, 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.

NOTE 4: RETIREMENT PLAN (continued)

The County's annual pension cost and prepaid asset, computed in accordance with GASB 27, Accounting for Pensions by State and Local Governmental Employers, for the year ended June 30, 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) SBCERA	Annual Contributions Made (in thousands) County	Percentage Contributed
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.

NOTE 5: FEDERAL AND STATE GRANTS

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

NOTE 6: RISK MANAGEMENT

The 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.

NOTE 6: 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 7: TRANSFERS IN/OUT

Interfund transfers are transactions used to close out a fund, reimburse an operating fund, and transfer cash between operating funds and capital projects funds. At June 30, 2009, the District made the following interfund transfers in and out:

	Transfers in:		
	General (SFY)	Paving (CKO)	Total
Transfers out:			
General (SFY)	$ -	$ 125,000	$ 125,000
Paving (CKO)	811	-	811
	$ 811	$ 125,000	$ 125,811

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.

NOTE 9: PROPOSITION 111 APPROPRIATION LIMITS

Proposition 111, which added Article XIIIB to the State Constitution, establishes limits on budget appropriations in order to restrict government spending. We have reviewed the proceeds of taxes received by the District during the 2008-2009 fiscal year, and have found the revenue to be within the guidelines established by Proposition 111.

Required Supplementary Information
County of San Bernardino Special Districts
County Service Area No. 18 - Cedarpines Park
Budgetary Comparison Schedule - Special Revenue Fund (General)
For the Year Ended June 30, 2009

	Special Revenue Fund General (SFY)			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 126,060	$ 126,060	$ 115,146	$ (10,914)
Special assessments	209,116	209,116	177,337	(31,779)
Other taxes	6,761	6,761	3,198	(3,563)
State assistance	1,351	1,351	1,331	(20)
Investment earnings	13,015	13,015	20,250	7,235
Intergovernmental	-	-	126,057	126,057
Other	-	-	10,917	10,917
Total Revenues	356,303	356,303	454,236	97,933
EXPENDITURES				
Salaries and benefits	156,790	231,790	159,714	72,076
Services and supplies	104,413	154,413	132,901	21,512
Reserves and contingencies	535,011	410,011	-	410,011
Total Expenditures	796,214	796,214	292,615	503,599
Excess of Revenues Over (Under) Expenditures	(439,911)	(439,911)	161,621	601,532
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	811	811
Transfer out	(125,000)	(125,000)	(125,000)	-
Total Other Financing Sources (Uses)	(125,000)	(125,000)	(124,189)	811
Net Change in Fund Balance	$ (564,911)	$ (564,911)	37,432	$ 602,343
Fund Balance - beginning			568,638	
Fund Balance - ending			$ 606,070	