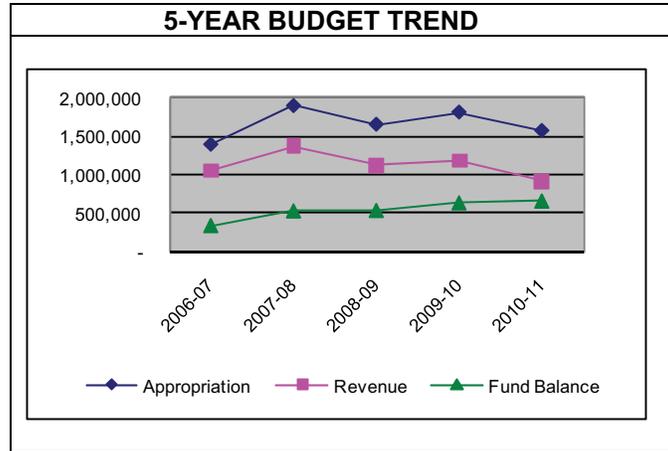


CSA 79 Green Valley Lake

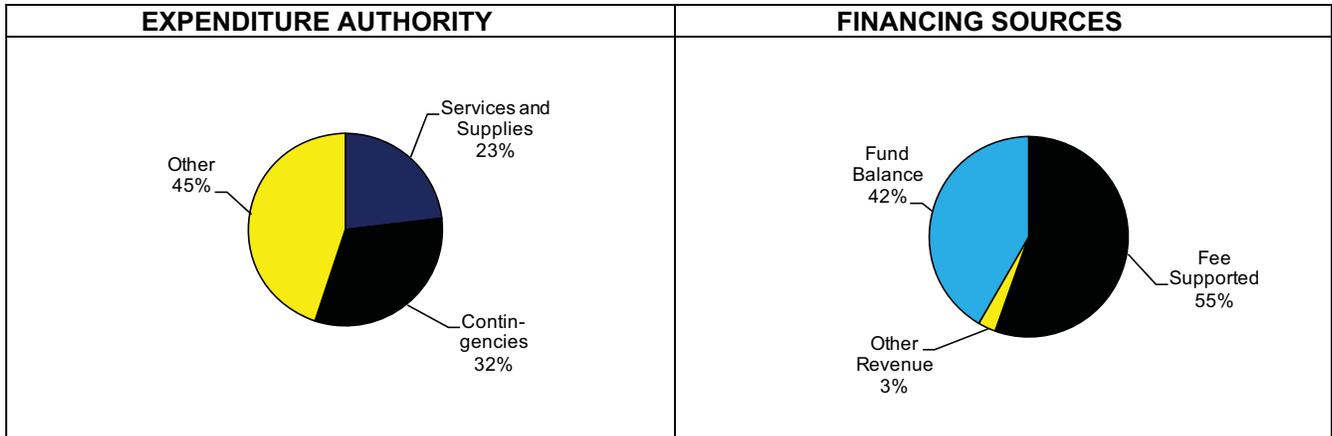
DESCRIPTION OF MAJOR SERVICES

County Service Area (CSA) 79 was established by an act of the County of San Bernardino Board of Supervisors on September 7, 1971 to maintain a sewer collection system and interceptor, with sewage treatment provided through a contract with Running Springs Water District. The District provides sewer service to 1,232 Equivalent Dwelling Units. The District has a Board appointed Advisory Commission and utilizes the Green Valley Lake Fire Station for meetings.

BUDGET HISTORY



2010-11 BUDGET



ANALYSIS OF ADOPTED BUDGET

GROUP: Operations and Community Services
 DEPARTMENT: Special Districts
 FUND: CSA 79 Green Valley Lake

BUDGET UNIT: EFP 485
 FUNCTION: Operating
 ACTIVITY: Sanitation

	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Actual	2009-10 Current Budget	2010-11 Adopted Budget	Change From 2009-10 Current Budget
Appropriation							
Services and Supplies	242,675	266,101	257,085	316,962	316,294	362,085	45,791
Other Charges	59,462	66,454	69,645	69,645	69,645	69,645	-
Equipment	30,985	26,399	-	-	-	-	-
Transfers	406,120	466,454	476,052	526,783	526,783	514,771	(12,012)
Contingencies	-	-	-	-	608,907	500,785	(108,122)
Total Appropriation	739,242	825,408	802,782	913,390	1,521,629	1,447,286	(74,343)
Operating Transfers Out	116,404	67,784	233,573	286,852	286,852	118,026	(168,826)
Total Requirements	855,646	893,192	1,036,355	1,200,242	1,808,481	1,565,312	(243,169)
Departmental Revenue							
Use of Money and Prop	17,238	19,964	11,321	8,405	6,873	8,500	1,627
Current Services	854,174	829,550	1,048,327	881,487	879,365	867,944	(11,421)
Other Revenue	58,075	(16,991)	4,933	8,997	9,011	3,500	(5,511)
Other Financing Sources	-	-	-	360	360	-	(360)
Total Revenue	929,487	832,523	1,064,581	899,249	895,609	879,944	(15,665)
Operating Transfers In	116,370	65,841	71,189	283,651	283,651	32,650	(251,001)
Total Financing Sources	1,045,857	898,364	1,135,770	1,182,900	1,179,260	912,594	(266,666)
				Fund Balance	629,221	652,718	23,497

Services and supplies of \$362,085 includes utilities, professional and specialized services, maintenance of structures, fuel and other miscellaneous costs and is increasing by \$45,791 primarily due to higher use of professional services for sewage treatment and higher maintenance costs.

Other charges of \$69,645 represent a debt service payment to Running Springs for a joint-use facilities filtration project.

Transfers of \$514,771 are decreasing by \$12,012 due to a reduction in the allocation of management and operations support from CSA 70 Countywide.

Contingencies of \$500,785 are decreasing by \$108,122 to fund current year operations and due to less departmental revenue available.

Operating transfers out of \$118,026 represents replacement reserve fund costs and is decreasing by \$168,826 due to reduced Capital Improvement Projects (CIP) funding requirements in 2010-11.

Departmental revenue of \$912,594 includes fees for sanitation services, interest earnings and operating transfers in and is decreasing by \$266,666 due primarily to a reduction in transfers for CIP projects.



**COUNTY OF SAN BERNARDINO
SPECIAL DISTRICTS
COUNTY SERVICE AREA No. 79
GREEN VALLEY LAKE**

REPORT ON AUDIT

JUNE 30, 2009

**County of San Bernardino Special Districts
County Service Area No. 79
Green Valley Lake
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ROGERS, ANDERSON, MALODY & SCOTT, LLP

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Board of Supervisors
County of San Bernardino
County of San Bernardino Special
District County Service Area
No. 79 - Green Valley Lake

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the County of San Bernardino Special District County Service Area No. 79 - Green Valley Lake (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, the business-type activities, the major fund, and the aggregate remaining fund information of the County of San Bernardino Special District County Service Area No. 79 - Green Valley Lake, as of June 30, 2009, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

The budgetary comparison information on page 24 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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The County of San Bernardino Special District County Service Area No. 79 - Green Valley Lake 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. 79 - Green Valley Lake
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,793	\$ 1,252,769	\$ 1,257,562
Accounts receivable, net	-	180,593	180,593
Interest receivable	-	5,229	5,229
Taxes receivable	-	5,835	5,835
Capital assets, net of depreciation	75,713	1,786,455	1,862,168
Total Assets	<u>80,506</u>	<u>3,230,881</u>	<u>3,311,387</u>
LIABILITIES			
Accounts payable	-	58,972	58,972
Due to other governments	-	450	450
Total Liabilities	<u>-</u>	<u>59,422</u>	<u>59,422</u>
NET ASSETS			
Invested in capital assets	75,713	1,786,455	1,862,168
Unrestricted	4,793	1,385,004	1,389,797
Total Net Assets	<u>\$ 80,506</u>	<u>\$ 3,171,459</u>	<u>\$ 3,251,965</u>

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

County of San Bernardino Special Districts
County Service Area No. 79 - Green Valley Lake
Statement of Activities
For the Year Ended June 30, 2009

	Governmental Activities	Business-type Activities	Total
EXPENSES			
Salaries and benefits	\$ 1,637	\$ 346,388	\$ 348,025
Services and supplies	30,399	143,842	174,241
Utilities	-	23,619	23,619
Depreciation	7,459	118,026	125,485
Professional fees	-	187,857	187,857
Filtration project	-	69,645	69,645
Total Program Expenses	<u>39,495</u>	<u>889,377</u>	<u>928,872</u>
PROGRAM REVENUE			
Charges for services	<u>21,065</u>	<u>825,291</u>	<u>846,356</u>
Net Program Expense	<u>(18,430)</u>	<u>(64,086)</u>	<u>(82,516)</u>
GENERAL REVENUES			
Property taxes	18	(1,335)	(1,317)
State assistance	-	293,014	293,014
Investment earnings	424	31,179	31,603
Penalties	-	19,639	19,639
Intergovernmental	-	71,189	71,189
Other	-	3,418	3,418
Gain on disposal of assets	-	1,615	1,615
Transfer to San Bernardino County			
Fire Protection District	(29,931)	-	(29,931)
Net book value of assets transferred	<u>(130,781)</u>	<u>-</u>	<u>(130,781)</u>
Total General Revenues and Transfers	<u>(160,270)</u>	<u>418,719</u>	<u>258,449</u>
Change in Net Assets	(178,700)	354,633	175,933
Net Assets - beginning	<u>259,206</u>	<u>2,816,826</u>	<u>3,076,032</u>
Net Assets - ending	<u>\$ 80,506</u>	<u>\$ 3,171,459</u>	<u>\$ 3,251,965</u>

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

**County of San Bernardino Special Districts
County Service Area No. 79 - Green Valley Lake
Balance Sheet
Governmental Funds
June 30, 2009**

	SPECIAL REVENUE FUND	OTHER GOVERNMENTAL FUND	Total Governmental Funds
	R-1 Meadow Green Valley Lake (RCP)	Fire (SOV)	
ASSETS			
Cash and cash equivalents	\$ 4,793	\$ -	\$ 4,793
Total Assets	\$ 4,793	\$ -	\$ 4,793
LIABILITIES AND FUND BALANCES			
Liabilities	\$ -	\$ -	\$ -
Fund balances:			
Unreserved:			
Undesignated	4,793	-	4,793
Total Fund Balances	4,793	-	4,793
Total Liabilities and Fund Balances	\$ 4,793	\$ -	

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 funds.

Net Assets of Governmental Activities

75,713

\$ 80,506

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

**County of San Bernardino Special Districts
County Service Area No. 79 - Green Valley Lake
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009**

	SPECIAL REVENUE FUND	OTHER GOVERNMENTAL FUND	Total Governmental Funds
	R-1 Meadow Green Valley Lake (RCP)	Fire (SOV)	
REVENUES			
Property taxes	\$ 18	\$ -	\$ 18
Special assessments	21,065	-	21,065
Investment earnings	464	(40)	424
Total Revenues	<u>21,547</u>	<u>(40)</u>	<u>21,507</u>
EXPENDITURES			
Salaries and benefits	1,664	(27)	1,637
Services and supplies	30,399	-	30,399
Total Expenditures	<u>32,063</u>	<u>(27)</u>	<u>32,036</u>
Excess Revenues Over (Under) Expenditures	<u>(10,516)</u>	<u>(13)</u>	<u>(10,529)</u>
OTHER FINANCING SOURCES (USES)			
Transfer to San Bernardino County Fire Protection District	-	(29,931)	(29,931)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(29,931)</u>	<u>(29,931)</u>
Net change in fund balances	(10,516)	(29,944)	(40,460)
Fund Balances - beginning	<u>15,309</u>	<u>29,944</u>	<u>45,253</u>
Fund Balances - ending	<u>\$ 4,793</u>	<u>\$ -</u>	<u>\$ 4,793</u>

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

**County of San Bernardino Special Districts
County Service Area No. 79 - Green Valley Lake
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 Funds	\$	(40,460)
--	----	----------

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 depreciation expense (\$7,459) exceeded capital outlay (\$-0-) in the current period.		(7,459)
--	--	---------

Transfers of capital assets to other governments do not require use of current financial resources and, therefore, are reported as expenditures in governmental funds.		(130,781)
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Change in Net Assets of Governmental Activities	\$	<u>(178,700)</u>
---	----	------------------

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

**County of San Bernardino Special Districts
County Service Area No. 79 - Green Valley Lake
Statement of Net Assets
Proprietary Fund
June 30, 2009**

	ENTERPRISE FUND
	Sewer
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,252,769
Accounts receivable, net	180,593
Interest receivable	5,229
Taxes receivable	5,835
Total Current Assets	1,444,426
Noncurrent Assets:	
Capital assets:	
Improvements to land	4,738,752
Structures and improvements	159,050
Vehicles	54,309
Equipment	93,060
Accumulated depreciation	(3,258,716)
Total Noncurrent Assets	1,786,455
Total Assets	3,230,881
LIABILITIES	
Current Liabilities:	
Accounts payable	58,972
Due to other governments	450
Total Current Liabilities	59,422
NET ASSETS	
Invested in capital assets	1,786,455
Unrestricted	1,385,004
Total Net Assets	\$ 3,171,459

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

County of San Bernardino Special Districts
County Service Area No. 79 - Green Valley Lake
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2009

	ENTERPRISE FUND
	Sewer
OPERATING REVENUES	
Sanitation services	\$ 821,532
Connection fees	2,516
Other	1,243
Total Operating Revenues	825,291
OPERATING EXPENSES	
Professional fees	187,857
Salaries and benefits	346,388
Services and supplies	143,842
Utilities	23,619
Filtration project	69,645
Depreciation	118,026
Total Operating Expenses	889,377
Operating (Loss)	(64,086)
NONOPERATING REVENUES	
Property taxes	(1,335)
Special assessments	293,014
Investment earnings	31,179
Penalties	19,639
Intergovernmental	71,189
Gain on disposal of capital assets	1,615
Other	3,418
Total Nonoperating Revenues	418,719
Change in Net Assets	354,633
Net Assets - beginning	2,816,826
Net Assets - ending	\$ 3,171,459

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

**County of San Bernardino Special Districts
County Service Area No. 79 - Green Valley Lake
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2009**

	ENTERPRISE FUND
	Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 822,021
Payments to suppliers	(395,049)
Payments to employees	(346,388)
Other payments	(69,645)
Net Cash Provided by Operating Activities	10,939
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	(3,459)
Special assessments	293,014
Penalties	19,639
Intergovernmental revenue	71,189
Other nonoperating revenues	5,033
Net Cash Provided by Noncapital Financing Activities	385,416
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(24,244)
Net Cash (Used for) Capital and Related Financing Activities	(24,244)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	34,044
Net Cash Provided by Investing Activities	34,044
Net Increase in Cash and Cash Equivalents	406,155
Cash and Cash Equivalents – beginning of the year	846,614
Cash and Cash Equivalents – end of the year	\$ 1,252,769

The accompanying notes are an integral part of these financial statements

County of San Bernardino Special Districts
County Service Area No. 79 - Green Valley Lake
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2009

Reconciliation of operating (loss) to net cash provided by operating activities:	
Operating (loss)	\$ (64,086)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation expense	118,026
Change in assets and liabilities:	
Increase in accounts receivable	(69,111)
Decrease in due from other governments	65,841
Decrease in accounts payable	(40,181)
Increase in due to other governments	450
	<hr/>
Net Cash Provided by Operating Activities	<u>\$ 10,939</u>

The accompanying notes are an integral part of these financial statements

**County of San Bernardino Special Districts
County Service Area No. 79 - Green Valley Lake
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2009**

ASSETS

Cash and cash equivalents	<u>\$ 1,827</u>
Total Assets	<u><u>\$ 1,827</u></u>

LIABILITIES

Due to bondholders	<u>\$ 1,827</u>
Total Liabilities	<u><u>\$ 1,827</u></u>

The accompanying notes are an integral part of these financial statements

County of San Bernardino Special Districts
County Service Area No. 79 - Green Valley Lake
Notes to Financial Statements
June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The County Service Area (CSA) No. 79 - Green Valley Lake was established by an act of the Board of Supervisors of the County of San Bernardino (the County) on September 7, 1971, with the active powers of fire (inspection, suppression, protection, first aid, and rescue), sewer (collection and disposal), and water and road (maintenance and improvements). Currently, the governmental reporting entity consists of fire protection, emergency medical services, and an enterprise fund (sewer) for the community of Green Valley Lake. The CSA contracts sewage treatment through Running Springs County Water District which serves 1,321 households. Improvement Zone R-1, established by an act of the County of San Bernardino Board of Supervisors on September 14, 1993, provides maintenance for approximately .75 mile of paved road in "The Meadow" area of Green Valley Lake.

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. 79 - Green Valley Lake 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 Activities) report information on all of the nonfiduciary activities of the reporting entity. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. *Governmental activities* 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. 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.

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. Major individual governmental funds are reported as separate columns in the fund financial statements.

County of San Bernardino Special Districts
County Service Area No. 79 - Green Valley Lake
Notes to Financial Statements
June 30, 2009

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* as are the proprietary fund financial statements. 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. However, for revenue derived from voluntary non-exchange transactions, such as taxes and federal and state grants, the County expanded its definition of "available" to 9 months. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following major governmental fund:

The *special revenue fund* labeled "Road" 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 government reports the following major proprietary fund:

The *enterprise fund* labeled "Sewer" accounts for the sewer activities of the CSA.

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

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

County of San Bernardino Special Districts
County Service Area No. 79 - Green Valley Lake
Notes to Financial Statements
June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 CSA has elected not to follow subsequent private-sector guidance.

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.

Agency funds are used to account for assets held by the CSA as an agent for individuals, private organizations, other governments and/or other funds. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. The modified accrual of accounting is used for the agency fund. The fund is used to account for the accumulation of resources for, and payment of, the bonds issued under the Improvement Act of 1915 for certain sewer improvements.

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 has been recorded as of 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.

**County of San Bernardino Special Districts
County Service Area No. 79 - Green Valley Lake
Notes to Financial Statements
June 30, 2009**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 CSA prepares and adopts a budget on or before August 30 for each fiscal year.

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

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

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments 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 CSA's account based upon the CSA'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. 79 - Green Valley Lake
Notes to Financial Statements
June 30, 2009**

NOTE 3: ACCOUNTS RECEIVABLE

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

	Enterprise Fund Sewer
Accounts receivable	\$ 180,593
Less: allowance for uncollectibles	-
	-
Total accounts receivable, net	\$ 180,593

NOTE 4: CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets, being depreciated:				
Improvements to land	\$ 4,738,752	\$ -	\$ -	\$ 4,738,752
Structures and improvements	159,050	-	-	159,050
Vehicles	54,309	-	-	54,309
Equipment	86,895	24,244	(18,079)	93,060
Total capital assets, being depreciated	5,039,006	24,244	(18,079)	5,045,171
Less accumulated depreciation for:				
Improvements to land	(2,967,020)	(105,306)	-	(3,072,326)
Structures and improvements	(103,971)	(3,535)	-	(107,506)
Vehicles	(28,488)	(5,165)	-	(33,653)
Equipment	(59,290)	(4,020)	18,079	(45,231)
Total accumulated depreciation	(3,158,769)	(118,026)	18,079	(3,258,716)
Business-type activities capital assets, net	\$ 1,880,237	\$ (93,782)	\$ -	\$ 1,786,455

County of San Bernardino Special Districts
County Service Area No. 79 - Green Valley Lake
Notes to Financial Statements
June 30, 2009

NOTE 4: CAPITAL ASSETS (continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, being depreciated:				
Improvements to land	\$ 59,388	\$ -	\$ (59,388)	\$ -
Structures and improvements	128,091	-	(128,091)	-
Infrastructure	131,675	-	-	131,675
Vehicles	401,642	-	(401,642)	-
Total capital assets, being depreciated	720,796	-	(589,121)	131,675
Less accumulated depreciation for:				
Improvements to land	(18,393)	(1,320)	19,713	-
Structures and improvements	(55,675)	(2,847)	58,522	-
Infrastructure	(52,670)	(3,292)	-	(55,962)
Vehicles	(380,105)	-	380,105	-
Total accumulated depreciation	(506,843)	(7,459)	458,340	(55,962)
Governmental activities capital assets, net	\$ 213,953	\$ (7,459)	\$ (130,781)	\$ 75,713

* The deletions in the Governmental activities section are to reflect a transfer of capital assets to another community services area.

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.

**County of San Bernardino Special Districts
County Service Area No. 79 - Green Valley Lake
Notes to Financial Statements
June 30, 2009**

NOTE 5: RETIREMENT PLAN (continued)

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.

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	<u>244,271</u>
Annual Contributions Made	<u>200,300</u>
Increase/(Decrease) in Pension Assets	(43,971)
Pension Assets, Beginning of Year	813,716
Pension Assets, End of Year	<u><u>\$ 769,745</u></u>

**County of San Bernardino Special Districts
County Service Area No. 79 - Green Valley Lake
Notes to Financial Statements
June 30, 2009**

NOTE 5: RETIREMENT PLAN (continued)

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.

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.

**County of San Bernardino Special Districts
County Service Area No. 79 - Green Valley Lake
Notes to Financial Statements
June 30, 2009**

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.

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

County of San Bernardino Special Districts
County Service Area No. 79 - Green Valley Lake
Notes to Financial Statements
June 30, 2009

NOTE 8: PROPOSITION 111 APPROPRIATION LIMITS

Proposition 111, which added Article XIII B to the State Constitution, established 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.

NOTE 9: SPECIAL ASSESSMENT ACCOUNTING – 1915 ACT BONDS

The CSA issued bonds under the Improvement Act of 1915 to finance certain sewer improvements. The CSA reports 1915 Act Bonds according to the provisions of the Government Accounting Standards Board's Statement No. 6. The bonds are not a direct liability of the CSA and therefore are not reported on the CSA's financial statements. The portion of the Utility Plant in Service financed by Special Assessments amounting to \$460,662, is reported as Invested in Capital Assets, Net of Related Debt in the Enterprise Fund. The liability for each Assessment District at June 30, 2009 is \$-0-.

NOTE 10: WASTEWATER TRANSPORTATION, TREATMENT AND DISPOSAL AGREEMENT WITH RUNNING SPRINGS WATER DISTRICT

The CSA entered into a forty (40) year agreement with the Running Springs County Water District (District) on May 9, 1977. The agreement provides transportation of wastewater from the CSA to a connecting point within the District wastewater system and to provide proportionate joint financing for enlargement of the District system to treat the projected flows from the CSA and the District. The District will provide final transportation, treatment and disposal of these wastewater flows and bill the CSA for their proportionate share of costs in accordance with the terms of the agreement.

As compensation for transportation, treatment and disposal of their wastewater, the CSA shall pay a proportionate share of the operation and maintenance expense of the jointly used facilities. The payment will be made based on a three-month accounting period commencing on January 1st, April 1st, July 1st, or October 1st. Additionally, an amount equal to fifteen percent (15%) of the CSA's proportionate share of operations and maintenance expenses will be paid to the District to cover overhead and indirect expenses.

Expansion or modifications or replacement of joint use facilities will be assessed to the CSA in proportion to the ratio of assessed valuation of the District, the CSA and Arrowbear at the time that the projects are approved by the District. These costs shall be included in a written notification to the CSA no later than March 1st of each year. The CSA is currently paying their proportionate share (21.08%) on a filtration project, which was financed over fifteen years beginning on September 21, 2002. The loan to the District will mature on March 21, 2017.

Any net income the District may receive from the wastewater or by-products of treatment shall be shared by the District, Arrowbear and the CSA on a proportionate share basis.

**County of San Bernardino Special Districts
County Service Area No. 79 - Green Valley Lake
Notes to Financial Statements
June 30, 2009**

**NOTE 10: WASTEWATER TRANSPORTATION, TREATMENT AND DISPOSAL AGREEMENT
WITH RUNNING SPRINGS WATER DISTRICT (continued)**

The CSA has an option to renew the agreement for an additional forty years if they exercise the option to renew at least three years prior to the expiration date of the agreement by sending a written notice to the District. The current agreement will expire on May 9, 2017.

The CSA incurred the following costs in FY 08/09 based on the agreement.

Wastewater transportation, treatment and disposal	\$ 400,576
Expansion or modification or replacement (Filtration project)	<u>69,645</u>
Total Costs	<u><u>\$ 470,221</u></u>

NOTE 11: 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 12: REORGANIZATION

On January 16, 2008, the Local Agency Formation Commission of the County of San Bernardino approved Resolution No. 2989, which reorganized the County of San Bernardino's Fire Districts, County Service Areas (CSA) and Special Assessment Zones. This resolution took effect on July 1, 2008, and detached, dissolved or renamed the specific Fire Districts, CSAs and Special Assessment Zones related to the reorganization into the San Bernardino County Fire Protection District.

The purpose of the reorganization was to continue to provide a financial means to maintain current and meet future levels of service to those areas within the County of San Bernardino. Prior to the reorganization, some of the Districts and CSAs were beginning to fail financially, and were in danger of not being able to maintain the current required level of service. Wit the reorganization, County Fire was able to better consolidate resources by geographic regions in order to continue the ability to provide a consistent level of service to those areas.

In the reorganization, the applicable property taxes remained in the established regions in which the original Districts, CSAs and Special Assessment Zones were located. Additionally, this reorganization bound the new entities to the original budgets approved by the Board of Supervisors.

The other governmental fund labeled "Fire" dissolved in the current year. The remaining fund balance was transferred to the San Bernardino County Fire Protection District.

Required Supplementary Information
County of San Bernardino Special Districts
County Service Area No. 79 - Green Valley Lake
Budgetary Comparison Schedule - Special Revenue Fund
For the Year Ended June 30, 2009

	SPECIAL REVENUE FUND			
	R-1 Meadow Green Valley Lake (RCP)			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 147	\$ 147	\$ 18	\$ (129)
Special assessments	16,586	16,586	21,065	4,479
Investment earnings	23	23	464	441
Total Revenues	<u>16,756</u>	<u>16,756</u>	<u>21,547</u>	<u>4,791</u>
EXPENDITURES				
Salaries and benefits	1,664	1,664	1,664	-
Services and supplies	30,401	30,401	30,399	2
Total Expenditures	<u>32,065</u>	<u>32,065</u>	<u>32,063</u>	<u>2</u>
Net Change in Fund Balance	<u>\$ (15,309)</u>	<u>\$ (15,309)</u>	(10,516)	<u>\$ 4,793</u>
Fund Balance - beginning			<u>15,309</u>	
Fund Balance - ending			<u>\$ 4,793</u>	