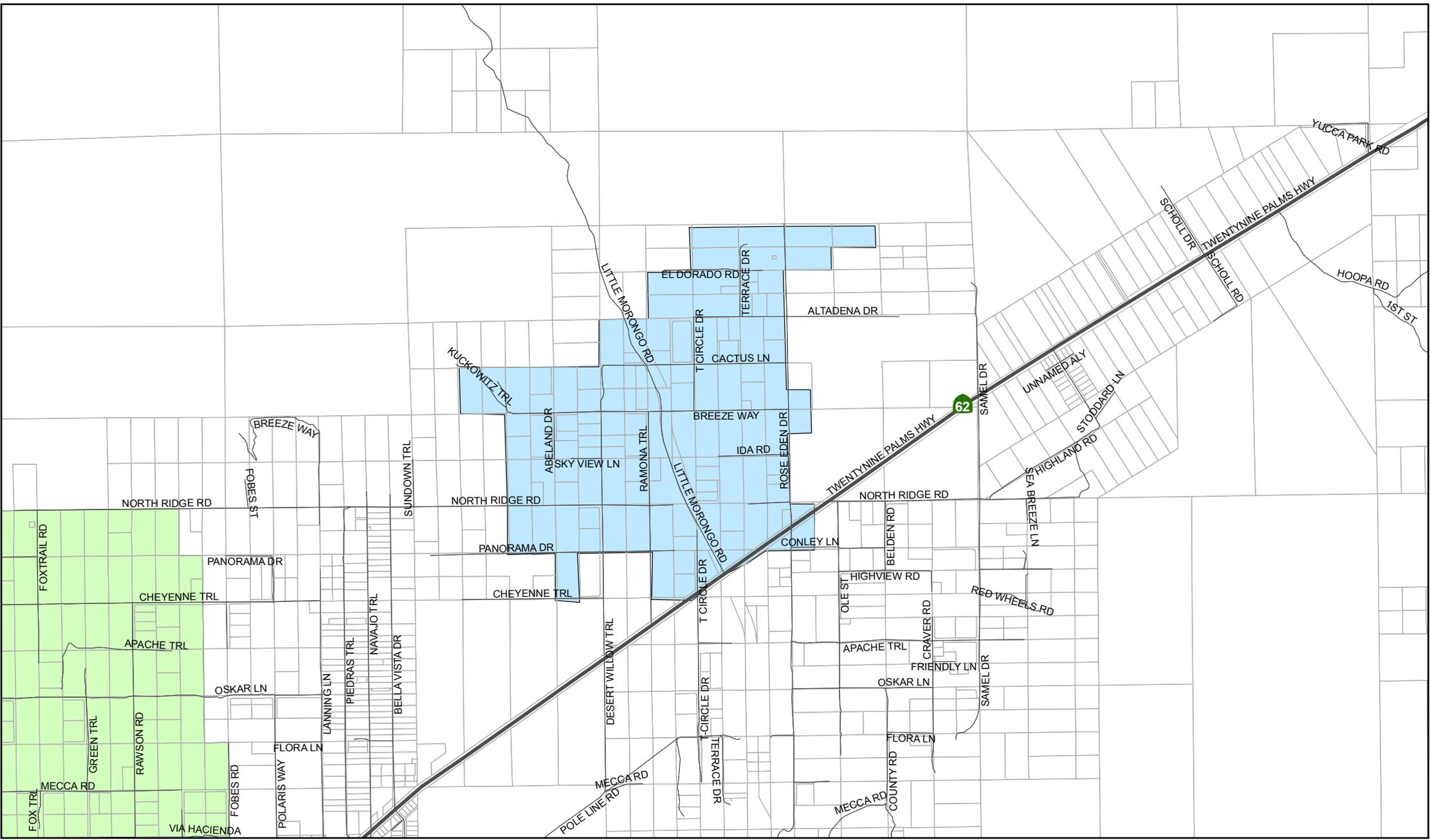


County Service Area 70 Zone F

Map – Current Boundary



COUNTY SERVICE AREA 70 ZONE F (Morongo Valley)

 CSA 70 F

County Service Area 70 Zone F

Financial Information: Budget and Audit

Special Revenue Summary

Appr Unit	Description	2011 Actual	2012 Adopted	2012 Q2 Budget	2012 Q4 Budget	2012 Estimated	2012 Actual	2013 Requested	2013 Recommended	Change
APPROPRIATION										
Staffing Expenses										
100	Salaries And Benefits	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Operating Expenses										
200	Services And Supplies	16,859	48,000	48,000	0	16,336	0	37,324	37,324	-10,676
241	Central Services	0	0	0	0	0	0	0	0	0
294	Travel and Related Costs	0	0	0	0	0	0	0	0	0
300	Other Charges	0	0	0	0	0	0	0	0	0
540	Transfers	66,847	69,147	69,147	0	69,147	0	134,718	134,718	65,571
	Subtotal	83,706	117,147	117,147	0	85,483	0	172,042	172,042	54,895
Capital Expenditures										
400	Land	0	0	0	0	0	0	0	0	0
410	Improvements To Land	0	0	0	0	0	0	0	0	0
420	Easements/Right of Ways	0	0	0	0	0	0	0	0	0
430	Struct & Improv To	7,627	0	9,400	0	2,000	0	0	0	-9,400
440	Equipment	0	0	25,000	0	25,000	0	0	0	-25,000
450	Vehicles	0	0	0	0	0	0	0	0	0
460	Lease	0	0	0	0	0	0	0	0	0
465	Lease	0	0	0	0	0	0	0	0	0
470	Lease Purchase-Vehicles	0	0	0	0	0	0	0	0	0
480	Construction In Progress	0	0	0	0	0	0	0	0	0
490	Capitalized Software	0	0	0	0	0	0	0	0	0
	Subtotal	7,627	0	34,400	0	27,000	0	0	0	-34,400
Reimbursements										
541	Reimbursements	-8,360	0	-9,400	0	8,360	0	0	0	9,400
	Subtotal	-8,360	0	-9,400	0	8,360	0	0	0	9,400
Contingencies										
600	Contingencies and	0	61,599	36,599	0	0	0	53,589	53,589	16,990
	Subtotal	0	61,599	36,599	0	0	0	53,589	53,589	16,990
	TOTAL	82,973	178,746	178,746	0	120,843	0	225,631	225,631	46,885
Operating Transfers Out										

Special Revenue Summary

Appr Unit	Description	2011 Actual	2012 Adopted	2012 Q2 Budget	2012 Q4 Budget	2012 Estimated	2012 Actual	2013 Requested	2013 Recommended	Change
530	Operating Transfers Out	9,281	9,281	9,281	0	9,281	0	140,000	140,000	130,719
	Subtotal	9,281	9,281	9,281	0	9,281	0	140,000	140,000	130,719
	TOTAL REQUIREMENTS	92,254	188,027	188,027	0	130,124	0	365,631	365,631	177,604
	REVENUE									
	Taxes									
00	Taxes	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	State/Federal/Other Govt									
40	State Aid	0	0	0	0	22,515	0	115,000	115,000	115,000
50	Federal Aid	0	0	0	0	6,190	0	0	0	0
60	Other Governmental Aid	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	28,705	0	115,000	115,000	115,000
	Fee/Rate									
10	Licenses, Permits &	0	0	0	0	0	0	0	0	0
20	Fines, Forfeitures &	2,153	1,950	1,950	0	4,346	0	4,346	4,346	2,396
70	Charges For Current	96,729	89,075	89,075	0	91,666	0	91,658	91,658	2,583
	Subtotal	98,882	91,025	91,025	0	96,012	0	96,004	96,004	4,979
	Other Revenue									
30	Rev From Use of	542	575	575	0	444	0	444	444	-131
80	Other Revenue	1,952	1,700	1,700	0	3,195	0	3,195	3,195	1,495
90	Other Financing Sources	0	0	0	0	0	0	0	0	0
	Subtotal	2,494	2,275	2,275	0	3,639	0	3,639	3,639	1,364
	TOTAL REVENUE	101,375	93,300	93,300	0	128,356	0	214,643	214,643	121,343
	Operating Transfers In									
98	Operating Transfers In	0	21,971	21,971	0	0	0	80,000	80,000	58,029
	Subtotal	0	21,971	21,971	0	0	0	80,000	80,000	58,029
	TOTAL FINANCING	101,375	115,271	115,271	0	128,356	0	294,643	294,643	179,372
	FUND BALANCE	-9,121	72,756	72,756	0	1,768	0	70,988	70,988	-1,768
	TARGET FUND	0	72,756	0	0	72,756	0	70,988	70,988	70,988
	FUND BALANCE	9,121	0	0	0	70,988	0	0	0	0

**COUNTY OF SAN BERNARDINO
SPECIAL DISTRICTS
COUNTY SERVICE AREA No. 70
ZONE F - MORONGO VALLEY**

REPORT ON AUDIT

JUNE 30, 2011

**County of San Bernardino Special Districts
County Service Area No. 70
Zone F - Morongo Valley
Table of Contents**

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Certified Public Accountants

Board of Supervisors
County of San Bernardino
County of San Bernardino Special
District County Service Area
No. 70 - Zone F - Morongo Valley

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 F - Morongo Valley (CSA), a component unit of the County of San Bernardino, as of and for the year ended June 30, 2011, 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 opinions.

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 F - Morongo Valley, as of June 30, 2011, 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 the state regulations governing special districts.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Rogers Anderson Malochy & Scott, LLP

November 30, 2011

County of San Bernardino Special Districts
County Service Area No. 70 - Zone F - Morongo Valley
Statement of Net Assets
June 30, 2011

ASSETS

Current Assets:

Cash and cash equivalents	\$ 277,706
Taxes receivable	443
Accounts receivable, net	21,251
Interest receivable	566
Due from other governments	8,360
Total Current Assets	<u>308,326</u>

Noncurrent Assets:

Capital Assets:

Land	4,311
Improvements to land	322,778
Structures and improvements	151,790
Construction in progress	7,627
Accumulated depreciation	<u>(174,787)</u>
Total Noncurrent Assets	<u>311,719</u>

Total Assets	<u>620,045</u>
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LIABILITIES

Current Liabilities:

Due to other governments	<u>48</u>
Total Current Liabilities	<u>48</u>

Total Liabilities	<u>48</u>
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NET ASSETS

Invested in capital assets	311,719
Unrestricted	<u>308,278</u>

Total Net Assets	<u><u>\$ 619,997</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 F - Morongo Valley
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2011**

OPERATING REVENUES

Water sales	\$ 94,486
Other	36
Total Operating Revenues	<u>94,522</u>

OPERATING EXPENSES

Professional services	3,465
Salaries and benefits	55,442
Services and supplies	12,202
Utilities	4,366
Depreciation	9,281
Total Operating Expenses	<u>84,756</u>

Operating Income	<u>9,766</u>
------------------	--------------

NONOPERATING REVENUES

Investment earnings	2,270
Property taxes	10,882
Other taxes	89
Special assessments	2,098
State assistance	143
Penalties	3,916
Other	3,193
Total Nonoperating Revenues	<u>22,591</u>

Change in Net Assets	32,357
----------------------	--------

Net Assets - beginning	<u>587,640</u>
-------------------------------	----------------

Net Assets - ending	<u><u>\$ 619,997</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 F - Morongo Valley
Statement of Cash Flows
For the Year Ended June 30, 2011**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 81,274
Payments to suppliers	(20,273)
Payments to employees	(55,442)
Net Cash Provided by Operating Activities	<u>5,559</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Property taxes	11,215
Other taxes	89
Special assessments	2,098
State assistance	143
Penalties	3,916
Other nonoperating revenues	3,193
Net Cash Provided by Noncapital Financing Activities	<u>20,654</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets	(7,627)
Net Cash Used for Capital and Related Financing Activities	<u>(7,627)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment earnings	2,462
Net Cash Provided by Investing Activities	<u>2,462</u>

Net Increase in Cash and Cash Equivalents	21,048
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Cash and Cash Equivalents - beginning of the year	<u>256,658</u>
--	----------------

Cash and Cash Equivalents - end of the year	<u><u>\$ 277,706</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 F - Morongo Valley
Statement of Cash Flows
For the Year Ended June 30, 2011

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 9,766
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	9,281
Changes in assets and liabilities:	
Increase in accounts receivable, net	(4,888)
Increase in due from other governments	(8,360)
Decrease in due to other governments	<u>(240)</u>
Net Cash Provided by Operating Activities	<u>\$ 5,559</u>

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

County of San Bernardino Special Districts
County Service Area No. 70 - Zone F - Morongo Valley
Notes to Financial Statements
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The County Service Area (CSA) No. 70 - Zone F was established on September 20, 1971 by an act of the Board of Supervisors of the County of San Bernardino (the County) to provide water service to 87 properties, maintenance to three wells, one booster station and a reservoir that stores 260,000 gallons of water for the community of Morongo Valley.

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. 70 Zone F 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, 2011.

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.

County of San Bernardino Special Districts
County Service Area No. 70 - Zone F - Morongo Valley
Notes to Financial Statements
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2011 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 1 and become delinquent with penalties on August 31.

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.

County of San Bernardino Special Districts
County Service Area No. 70 - Zone F - Morongo Valley
Notes to Financial Statements
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets, which include property, plant, and 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.

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:

<u>Assets</u>	<u>Years</u>
Structures and improvements	5 - 40
Equipment and vehicles	4 - 15

Long-term obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 CSA prepares and adopts an annual budget, budgetary information is not presented because the CSA is not legally required to adopt a budget.

**County of San Bernardino Special Districts
County Service Area No. 70 - Zone F - Morongo Valley
Notes to Financial Statements
June 30, 2011**

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, 2011.

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: ACCOUNTS RECEIVABLE

At June 30, 2011, the accounts receivable balance was composed of the following:

	<u>Ambulance</u>
Accounts receivable	\$ 21,251
Less: allowance for uncollectibles	<u>-</u>
Total accounts receivable, net	<u><u>\$ 21,251</u></u>

County of San Bernardino Special Districts
County Service Area No. 70 - Zone F - Morongo Valley
Notes to Financial Statements
June 30, 2011

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,311	\$ -	\$ -	\$ 4,311
Construction in Progress	-	7,627	-	7,627
Total capital assets, not being depreciated	<u>4,311</u>	<u>7,627</u>	<u>-</u>	<u>11,938</u>
Capital assets, being depreciated:				
Improvements to Land	322,778	-	-	322,778
Structures and Improvements	151,790	-	-	151,790
Total capital assets, being depreciated	<u>474,568</u>	<u>-</u>	<u>-</u>	<u>474,568</u>
Less accumulated depreciation for:				
Improvements to Land	(131,353)	(5,908)	-	(137,261)
Structures and Improvements	(34,153)	(3,373)	-	(37,526)
Total accumulated depreciation	<u>(165,506)</u>	<u>(9,281)</u>	<u>-</u>	<u>(174,787)</u>
Total capital assets, being depreciated, net	<u>309,062</u>	<u>(9,281)</u>	<u>-</u>	<u>299,781</u>
Business-type activities capital assets, net	<u>\$ 313,373</u>	<u>\$ (1,654)</u>	<u>\$ -</u>	<u>\$ 311,719</u>

County of San Bernardino Special Districts
County Service Area No. 70 - Zone F - Morongo Valley
Notes to Financial Statements
June 30, 2011

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 (SCAQMD), San Bernardino Associated Governments (SANBAG), Local Agency Formation Commission (LAFCO), San Bernardino County Law Library, Barstow Fire Protection District, Hesperia Recreation and Park District, SBCERA, City of Chino Hills, Crest Forest Fire Protection District, Mojave Desert Air Quality Management District (MDAQMD), California Electronic Recording Transaction Network Authority (CERTNA), Inland Valley Development Agency (IVDA), San Bernardino International Airport Authority (SBIAA), the San Bernardino County Superior Court, Inland Library System (ILS), Rim of the World Recreation and Park District (RIM-REC) and Crestline Sanitation District were later included, along with the County, and are collectively referred to as the "Participating Members." The Plan is governed by the SBCERA 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 of service credit. 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, 2011.

Funding policy

Participating members are required by statute (Sections 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 7.42% - 12.96% and safety members 9.54% - 15.32% of their annual covered salaries, of which the County pays approximately 7%. County of San Bernardino employer contribution rates are as follows: County General 12.32%, County Safety 26.82%. All employers combined are required to contribute 15.4% of the current year covered payroll. For 2011, the County's annual pension cost of \$213,311,000 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 Sections 31453 and 31454 of the 1937 Act.

County of San Bernardino Special Districts
County Service Area No. 70 - Zone F - Morongo Valley
Notes to Financial Statements
June 30, 2011

NOTE 5: RETIREMENT PLAN (continued)

The County's annual pension cost and prepaid asset, computed in accordance with GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, for the year ended June 30, 2011, were as follows (in thousands):

Annual Required Contribution (County fiscal year basis)	\$ 213,311
Interest on Pension Assets	(2,331)
Adjustment to the Annual Required Contribution	<u>24,585</u>
Annual Pension Cost	235,565
Annual Contributions Made	<u>213,311</u>
Increase/(Decrease) in Pension Assets	(22,254)
Pension Assets, Beginning of Year	<u>741,388</u>
Pension Assets, End of Year	<u><u>\$ 719,134</u></u>

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	
2009	\$ 246,232	\$ 200,300	100%
2010	243,773	197,097	100%
2011	258,128	213,311	100%

The County, along with the SCAQMD, 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 SCAQMD 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, 2011 is \$414,041,000.

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, 2011 is \$285,270,000.

County of San Bernardino Special Districts
County Service Area No. 70 - Zone F - Morongo Valley
Notes to Financial Statements
June 30, 2011

NOTE 5: RETIREMENT PLAN (continued)

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, 2011 is \$157,735,000.

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.

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 \$2.5 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$100 million is provided through a combination of insurance policies as recommended by AON Risk Services, Broker of Record, as follows: Primary Liability coverage of \$25 million, excess of \$2.5 million SIR with CV Starr/Everest; Excess Liability coverage of \$10 million, excess of \$25 million with Allied World Assurance Company (AWAC); and Excess Liability coverage of \$15 million, excess of \$35 million with Great American Insurance Company of New York. In addition, Ironshore Specialty Ins. Co. provides excess liability coverage of \$10 million, excess of \$50 million; Allied World National Ins. Co. provides \$15 million, excess of \$60 million; and Arch Insurance Co. provides \$25 million in excess of \$75 million. 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 a \$10 million policy with Illinois Union Ins. Co., which provides annual coverage on a per claim basis with an SIR of \$2 million for each claim. Additional coverage of \$15 million, excess of \$10 million is provided by Steadfast 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.

County of San Bernardino Special Districts
County Service Area No. 70 - Zone F - Morongo Valley
Notes to Financial Statements
June 30, 2011

NOTE 7: RISK MANAGEMENT (continued)

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 1.17%. It is Risk Management's practice to obtain actuarial studies on an annual basis.

The total claims liability of \$151 million reported at June 30, 2011 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 2010 and 2011 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)
2009-10	\$ 149,941	\$ 40,453	\$ (45,000)	\$ 145,394
2010-11	\$ 145,394	\$ 48,900	\$ (43,343)	\$ 150,951

NOTE 8: CONTINGENCIES

As of June 30, 2011, 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: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 30, 2011, which is the date the financial statements were available to be issued, and has determined that there are no transactions that will have a significant impact on the CSA.

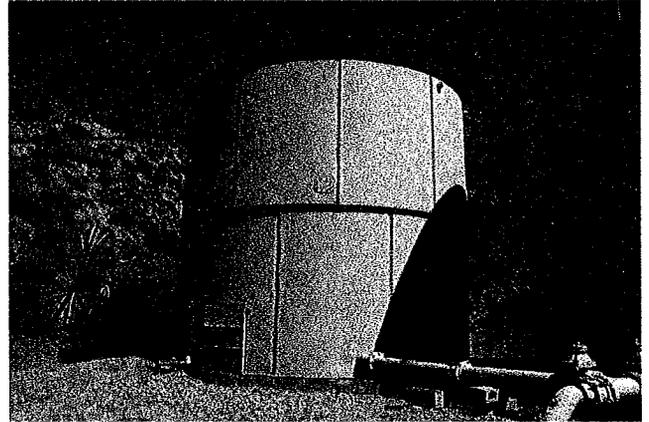
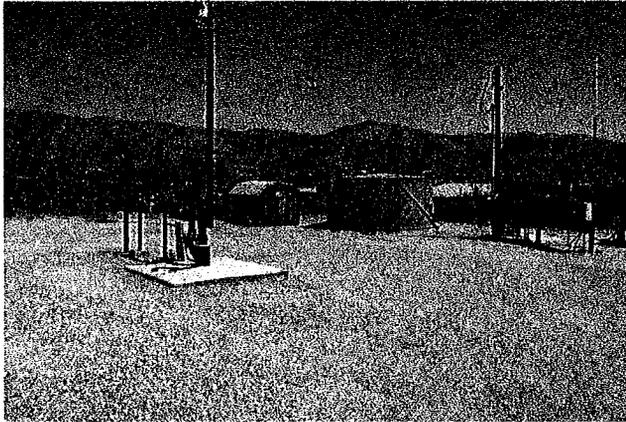
County Service Area 70 Zone F

**Water Distribution System Report,
July 2003**

Attachment 3c

Engineering Report to USDA

County of San Bernardino County Service Area 70 Improvement Zone F



WATER DISTRIBUTION SYSTEM FOR THE COMMUNITY OF MORONGO VALLEY

July 2003

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San Bernardino County

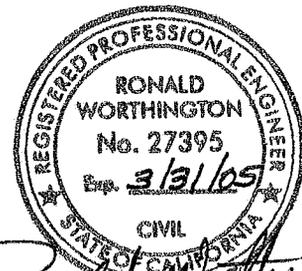
Prepared By:

Engineering Resources of Southern California, Inc.

1820 Commercenter Circle, San Bernardino, CA 92408 (909) 890-1255

COUNTY OF SAN BERNARDINO
SPECIAL DISTRICTS DEPARTMENT
COUNTY SERVICE AREA 70, IMPROVEMENT ZONE F, (CSA 70 F)
MORONGO VALLEY
WATER DISTRIBUTION SYSTEM
ENGINEERING REPORT TO
U.S. DEPARTMENT OF AGRICULTURE

JULY 2003



Ronald Worthington

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS DEPARTMENT
COUNTY SERVICE AREA 70 F, MORONGO VALLEY (CSA 70 F)
WATER DISTRIBUTION SYSTEM
ENGINEERING REPORT TO USDA
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Section 1 – General Discussion

County Service Area 70, Improvement Zone F (CSA 70 F) is a board-governed district providing water services to approximately 270 customers. The water system consists of three wells and four water tanks with a combined capacity of 338,000 gallons. There are 89 metered water connections utilizing the Radio Read system.

This County Service Area is experiencing problems in several areas. First, the pipes of the water distribution system are approaching the limits of their service life. Leaks are being reported more frequently. The entire water distribution system is in need of replacement. The existing service lines need replacement also. Flow is restricted in these rigid galvanized pipes due to encrustation. It is highly recommended that the service lines be replaced along with the distribution pipelines. Next, two water tanks in this service area are in desperate need of attention. The bolted tank (see Appendix 1, Picture 3.7) and the welded tank (see Appendix 1, Picture 3.8) need to be inspected to determine whether they should be repaired and put back in service or removed. Finally, CSA 70 F has levels of uranium and gross alpha activity that exceed the Maximum Contaminant Levels (MCL) set by the State Department of Health Services and the Environmental Protection Agency (EPA) (see Appendix 2).

As mentioned, CSA 70 F has only 89 connections. Money to fund these future improvements will not come from water sales and taxes alone. Also, debt service is not a possibility for the scope of the recommendations. Grant funding from an outside source will definitely be required to solve the many water related issues in CSA 70 F.

Section 2 – Project Planning Area

Location – CSA 70 F is located along the north side of 29 Palms Highway (Hwy. 62). It is approximately 4 miles southwest of Yucca Valley. It is also known as Little Morongo Heights.

Environmental Resources Present

- (1.) Biological Resources: More than 235 bird species have been observed in the area, including several rare species. Many additional transient species are present during the spring and fall migration seasons. Water also attracts desert bighorn sheep, raccoons, bobcats, coyotes, and other mammals. For centuries, this area was used by nomadic Indians who found water and game plentiful here.
- (2.) Geology and Soils: The following information is summarized from a document entitled "Data on Water Wells and Springs in Morongo Valley and Vicinity, San Bernardino and Riverside Counties, California" United States Department of the Interior, *United States Geologic Survey* Ground Water Branch.

Location and General Features of the Area

Morongo Valley and vicinity covers about 180 square miles. It lies between the southeast end of the San Bernardino Mountains and the east end of the Little San Bernardino Mountains between 116°30' and 116°45' west longitude and 34°00' and 34°15' north latitude. The north boundary adjoins the south edge of Lucerne, Johnson, Fry, and Means Valleys (Riley, 1956).

Access to the area is provided by the Twentynine Palms Highway and several unpaved roads.

Geographically the area is chiefly mountainous, but it contains two relatively flat areas in the eastern part. Bowden flat is in the northeast corner of the area between the mountains and a series of black lava-capped buttes, and Morongo Valley is a northeast-trending valley in the southeastern part of the area. Most of the wells are in this valley.

Geologic and Hydrologic Features of the Area

The geologic units in the Morongo Valley area can be grouped in two broad categories: Consolidated rocks and unconsolidated deposits. The

consolidated rocks include old metamorphic and crystalline rocks of pre-Tertiary age that form the basement complex. For the most part these rocks are impermeable and, except for minor amounts of water contained in cracks and weathered zones, virtually non-water bearing.

Moderately indurated alluvial deposits of Quaternary age occur in the southwestern part of the Morongo Valley area. These deposits were called the Coachella fanglomerate by Vaughan (1922) and are mostly coarse dark-red conglomerate. The hydrologic character of these deposits is not known because they are not tapped by wells. Their appearance suggests that where saturated they probably would yield small quantities of water to wells.

Another alluvial deposit is exposed along the south edge of the area. This deposit was called the Cabezon fanglomerate by Vaughan (1922) and consists of poorly sorted and poorly indurated boulders, gravel, sand, silt, and clay. It is generally brown but locally where weathered near the surface it is red. These deposits where saturated probably would yield water freely to wells.

The volcanic rocks of Quaternary age exposed in the area consist mainly of basalt flows which cap some of the hills in the northeastern part of the area. The basalt is unsaturated, is probably poorly permeable, and is not penetrated by wells. In the south-central part of the area some volcanic mudflows and agglomerate crop out. The thickness and subsurface extent of these rocks are unknown, but their appearance suggests that they probably are virtually non-water bearing.

The older fan alluvium of late Pleistocene age consists of compact arkosic gravel, sand, and silt. The deposits are weathered and locally the feldspars have been altered to clay. Near the mountains the unit contains large, angular boulders, but beneath the valley it is finer grained and better sorted. The deposit, where saturated, contains the main aquifers in the area and is tapped by many wells.

The younger fan alluvium of Recent age is mostly boulders, gravel, sand, silt, and clay beneath fans and stream channels. Locally it overlies the older units. It is poorly sorted and moderately permeable but is largely unsaturated. However, the younger fan alluvium supplies a small amount of water to a few wells in the southern part of Morongo Valley.

(3.) Visual Resources / Aesthetics: Most of the houses are relatively well maintained. Some, however, are in poor structural and visual condition. The community of Morongo Valley, itself, is sparsely populated and rural. Blue sky and beautiful desert scenery envelops the entire County Service Area.

Growth Areas and Population Trends – Development consists mostly of residential single-family homes with no commercial development. Most of the residents are retired persons. The residents commute to either Riverside or Palm Springs to conduct their business.

The estimated population of the District is 270. The District has experienced slow to no growth in the past few years. The median household income for this area was \$38,125 in 1989.

Section 3 – Existing Facilities

Location Map – See Appendix 3

History – CSA 70 F is a board-governed district providing water services to approximately 270 customers. Currently, the District serves some 89 metered connections of which 83 are active. 34 parcels are currently billed standby charges. These parcels are eligible for service at the time of application for service.

The water system consists of three wells with a total capacity of 380 gpm and four water tanks with a combined capacity of 338,000 gallons. District staff reports that the average daily flow is approximately 81,630 gallons / day.

Condition of Facilities

Water Quantity & Quality: The water from Morongo Basin is, like all sources, a finite ground water supply. Theoretically, this sub-region could accommodate 102,000 residential units. On the other hand, the absence of infrastructure facilities limits current development.

The water quality in CSA 70 F is good. However, the District has a developing problem with gross alpha activity and uranium. Levels of these, on occasion, have exceeded the MCL's set by the State Department of Health Services and the EPA. Violations were reported in 2001. Further, the State Department of Health Services has continuously expressed concern over the quality of water in Morongo Valley in the past. See Appendix 2 for the water quality report.

Wells & Well Site – CSA 70 F has three wells. The three wells are located very close to each other. Since all the wells are in relatively close proximity to each other, the level of contaminants in the water from each well are very similar.

The well site is somewhat large and fenced off to demarcate the land owned by the District. It contains; all 3 wells, a 10,000 gallon sanding tank, boosters, and other equipment. Even with all this, there still appears to be room for future improvements within the site. The northeast corner of the lot appears to have sufficient space available.

Distribution Lines – The distribution system pipes are made of O.D. steel pipes. Their age is approximately 30 years and their condition is fair to poor. Although the leaking is not as severe as neighboring districts, the District's staff still has had to respond to frequent calls for leaking pipelines. In short, these pipelines are approaching the limit of their service life and they need to be replaced.

Distribution pipe leaks are reported throughout the entire district. District staff keeps a log of pipes that have been reported to leak and the maintenance they had to perform. As of late, the District's staff has had to respond to these emergencies

more frequently. Because of this the cost of man-hours and materials has risen. It will rise sharply in the future if the distribution lines are not replaced.

The layout of the CSA 70 F water distribution system includes many dead-ends. As a result, the District has a very active flushing program. At this time, however, the District can only perform low-flow flushing. When high-flow flushing takes place, the encrustations in the pipes dislodge from the pipe walls. As they do, they apparently take some pipe wall with them and leaks are formed.

Service Lines – The existing service lines are made of galvanized steel. They too are approaching the limits of their service life. The service lines need replacement.

Booster Stations – The existing booster stations are performing well. The District recently completed construction of a replacement booster station in 2000.

Storage Tanks – CSA 70 F has three water tanks located at one general reservoir site. The main reservoir is a 250,000 gallon steel reservoir (See Appendix 1, Picture 3.6). The other two tanks are; a 16' high bolted steel reservoir (See Appendix 1, Picture 3.7), and a 16' high welded steel reservoir (See Appendix 1, Picture 3.8). Both of these smaller tanks are currently off-line.

The 250,000 gallon tank is believed to be 66.5' in diameter and 10' tall. This is the only tank that is on-line. If something happens to this tank or its stored water, CSA 70 F will not have another tank to store water in. Fortunately, this reservoir is performing well and it has no issues that need to be addressed at this time.

The bolted tank originally came from CSA 70 G. The District is planning to dismantle this tank and remove it from the site. This tank is not connected to the distribution system at this time. It is, however, connected to the adjacent welded tank.

The welded tank appears to be salvageable. The District is planning to have this tank inspected to verify it's condition. It may be possible to retrofit, re-coat, and

fix the access hatch and venting. The District plans to put this tank back in service.

Recent District Reorganization and Changes – The Special Districts Department’s goal “to provide a safe and dependable supply of drinking water” was expanded in 2000 to include “in an efficient and economical manner.” Subsequent to the completion and release of the Optimization study in 1999, the Special Districts Department began the study’s implementation. As recommended in the study, office and field staff are being increased to improve the efficiency of the field operations and office administration.

The Special Districts Department is in the third year of a five-year program of rate increases. The necessary increases were identified in the Black and Veatch Rate Study developed for the Special Districts Department and finalized in 1999.

An aggressive commitment to training has resulted from the reorganization of the District Safety Committee.

All changes are being implemented with the purpose of providing the best possible service to District customers.

Financial Status of any Operating Central Facilities – See Appendix 4 for the “Audit Report CSA 70F for the fiscal year ended June 30, 2000” prepared by Internal Audits Section, Office of the Auditor/Controller-Recorder, County of San Bernardino, and dated March 26, 2001.

According to page 118 of the report, CSA 70 F’s operating income after comparing the operating revenues and operating expenses is a loss of \$12,544.

It is true that the District received Special Purpose Grant Funding recently as a result of FEMA monies available after the 1992 Landers earthquake. These funds were designated for backup equipment within CSA 70 F. The District used this money to; install a replacement booster station, drill and equip well 3, and construct the 250,000 gallon steel reservoir. This funding was expended on these projects. Further

improvements to the CSA 70 F water system will require financial assistance from an outside source.

Section 4 – Project Requirement

Health and Safety – The levels of uranium and gross alpha activity in the water are of primary concern. At present, the levels of these items have exceeded the MCL's set by the State Department of Health Services and the EPA. Uranium and gross alpha activity in the water needs to be lowered below 80% of the MCL's.

The layout of the existing water distribution system includes many dead-ends. Further, the combination of encrustations in these pipes and accumulations of sediment do not allow for high-flow line flushing. Because of this, a potential for health hazards exists.

System O&M – Upon completion of the project, the ownership and operation will be turned over to the County of San Bernardino, Special Districts Department, CSA 70 F. Annual operation and maintenance will come under the jurisdiction of the County of San Bernardino, Special Districts Department.

Future maintenance must be considered for this project. As portions of the system deteriorate and fail, man-hour and material costs will rise as the District's staff responds to field problems.

Growth – The District has experienced slow to no growth in the past few years. The new distribution system shall be designed to accommodate the buildout population.

Section 5 – Alternative Consideration

Description of each Alternative

There are two (2) alternative solutions studied in this report.

Alt. 1: Install new water distribution pipelines. Remove and replace all public service lines. Install a central blending and treatment facility at the well site with one of the following treatment options; ion-exchange (Alt. 1A) or reverse osmosis (Alt. 1B). Inspect the bolted and welded tanks.

Removing the uranium and the alpha particles from the water would involve constructing a central blending and treatment facility. About 200' of transmission pipelines from wells #1, 2, & 3 to a central location for blending and uranium removal would be required. Also, a 50,000 gallon central blending reservoir would be necessary. The two types of uranium and alpha particle removal processes studied in this report were ion-exchange and reverse osmosis. These would be adequate in meeting current and future State Department of Health Services and EPA requirements.

Alt. 1A: Ion Exchange

This treatment process utilizes a resin that substitutes a harmless molecule for the uranium molecule and alpha particles. The designated resin removes these contaminants. The resin is backwashed and regenerated periodically to remove the uranium and alpha particles that the resin captures. The backwash amounts to approximately 1 percent (%) of the total flow through the process. The total reject contaminant is estimated to be approximately 300,000 gallons per year. The reject would be disposed by one 19'x19'x0.5' evaporation pond that would be constructed at the treatment facility.

Alt. 1B: Reverse Osmosis

Reverse Osmosis uses a membrane as a physical barrier that does not allow the dissolved solids to pass through the pore spaces in the membrane. Only water molecules are small enough to pass through under high pressures (ranges from 75 psi to 225 psi, depending on the type of membrane). The membrane typically blocks 90 to 99 % of the dissolved solids in the water supply from passing through. The typical reject rate for reverse osmosis is 25% of the total flow. This would be a total of approximately 20,400 gallons /day of reject (water which is concentrated 5 to 7 times more in the total dissolved solids). The reject would then be disposed of in evaporation ponds and/or landscape irrigation (tamarask trees). This would require approximately 8,200 square feet of evaporation ponds.

The reverse osmosis treatment and blending facility would require all of the same facilities as described in the ion exchange facility, except that the reverse osmosis facility would require an evaporative disposal facility for the reject water that would be approximately 23 times as large.

Alt. 2: Install new water distribution pipelines. Add new distribution pipelines to make a looped configuration of the existing distribution network. Remove and replace all public service lines. Install central blending and treatment facility at the well site with one of the following treatment options; ion-exchange (Alt. 2A) or reverse osmosis (Alt. 2B). Inspect the bolted and welded tanks.

This alternative differs from alternative 1 in that new pipelines are proposed to make the existing distribution network a looped configuration. The treatment alternatives are the same as alternative 1. See the explanations above for the different treatment options.

Design Criteria – All items will be designed per the San Bernardino County Special Districts Department Standards.

Map – See Appendix 3

Environmental Impact – The majority of the proposed transmission and service line construction will be within street right-of-ways and easements. However, if an alternative that requires purchase of easements for new distribution pipelines and/or purchase of land for an evaporation pond, the environmental impact should be studied.

Land Requirements – The majority of the transmission pipelines and service lines to be constructed are within existing street right-of-ways and easements. However, there are some alternatives that require land to be purchased. If alternative 2 is chosen, land must be acquired for easements for the new distribution pipelines. If either alternative 1B or 2B is chosen, land must be purchased for the evaporation pond needed for that treatment option.

Construction Problems – The geology of this area is such that rocks are a problem in trenching operations. Digging new trenches will be very difficult.

Also, normal conflicts with some of the existing utilities are expected. Therefore, the design engineer will conduct a thorough review of the existing utilities by (1) sending utility investigations early in the pre-design mapping stage, and (2) providing a copy of 90% design plans to each of the affected utility companies.

Cost Estimates – The construction cost estimate, annual operation & maintenance, treatment annual operation and maintenance, and the present worth of all the described alternatives are compared in Table 5.1.

A more detailed itemization of specific options within the alternatives are tabulated in Tables 5.2-5.6.

Table 5.1
Capital Cost Comparison for all Alternatives

Alt.	Estimated Capital Cost	O&M	Treatment O&M	Present Worth	Refer to Tables
1A	\$1,029,624	\$35,000 / yr	\$0.11 / unit	\$1,493,218	5.2, 5.4, 5.6
1B	\$1,073,824	\$35,000 / yr	\$0.16 / unit	\$1,549,880	5.2, 5.5, 5.6
2A	\$1,463,265	\$35,000 / yr	\$0.11 / unit	\$1,926,859	5.3, 5.4, 5.6
2B	\$1,507,465	\$35,000 / yr	\$0.16 / unit	\$1,983,521	5.3, 5.5, 5.6

Table 5.2
Estimated Capital Cost for Transmission Line Replacement

Item	Description	Unit	Size	Unit Cost	Quantity	Cost
1	Trenching for transmission pipeline.	LF	-	\$27	13,490	\$364,230
2	Installation of new transmission pipeline.	LF	varies	\$15	13,490	\$202,350
3	Remove & Replace Service Line	EA	1"	\$500	89	\$44,500
					Subtotal	\$611,080
	10% Engineering					\$61,108
	10% Contingencies					\$61,108
	10% Admin. & Inspection					\$61,108
					Total	\$794,404

Table 5.3

Estimated Capital Cost for Transmission Line Replacement (with Loops)

Item	Description	Unit	Size	Unit Cost	Quantity	Cost
1	Trenching for transmission pipeline.	LF	-	\$27	21,240	\$573,480
2	Installation of new transmission pipeline.	LF	varies	\$15	21,240	\$318,600
3	Purchase easement for new water pipeline.	Ac.	-	\$3000	2.69	\$8,070
4	Remove & Replace Service Line.	EA	-	\$500	89	\$44,500
					Subtotal	\$944,650
	10% Engineering					\$94,465
	10% Contingencies					\$94,465
	10% Admin. & Inspection					\$94,465
					Total	\$1,228,045

Table 5.4

Estimated Capital Cost for Central Blending & Treatment Facility (Ion Exchange)

Item	Description	Unit	Size	Unit Cost	Quantity	Cost
1	Transmission pipeline.	LF	6"	\$27	200	\$5,400
2	Well transmission line.	LF	4"	\$15	200	\$3,000
3	Central blending tank	Gal	50,000	-	1	\$50,000
4	Uranium & alpha removal	LS	-	-	-	\$75,000
5	Slab, building, electrical, etc.	LS	-	-	-	\$25,000
6	Treatment site piping	LS	-	-	-	\$16,000
7	Evaporation & disposal pond	LS	19'x19'	-	-	\$1000
					Subtotal	\$175,400
	10% Engineering					\$17,540
	10% Contingencies					\$17,540
	10% Admin. & Inspection					\$17,540
					Total	\$228,020

Table 5.5

Estimated Capital Cost for Central Blending & Treatment Facility (Reverse Osmosis)

Item	Description	Unit	Size	Unit Cost	Quantity	Cost
1	Transmission pipeline.	LF	6"	\$27	200	\$5,400
2	Well transmission line.	LF	4"	\$15	200	\$3,000
3	Central blending tank	Gal	50,000	-	1	\$50,000
4	Uranium & alpha removal	LS	-	-	-	\$87,000
5	Slab, building, electrical, etc.	LS	-	-	-	\$25,000
6	Treatment site piping	LS	-	-	-	\$16,000
7	Evaporation & disposal pond	LS	91'x91'	-	-	\$20,000
8	Easement for disposal pond	Ac.	-	\$3000	1	\$3,000
					Subtotal	\$209,400
	10% Engineering					\$20,940
	10% Contingencies					\$20,940
	10% Admin. & Inspection					\$20,940
					Total	\$272,220

Table 5.6

Estimated Capital Cost for Reservoir Inspections

Item	Description	Unit	Size	Unit Cost	Quantity	Cost
1	Inspect bolted tank.	LS	-	-	1	\$3,000
2	Inspect welded tank.	LS	-	-	1	\$3,000
					Subtotal	\$6,000
	10% Contingencies					\$600
	10% Admin. & Inspection					\$600
					Total	\$7,200

Annual Operation and Maintenance – Upon completion of the project, the; ownership, operation, and maintenance will be turned over to the County of San Bernardino, Special Districts Department, CSA 70 F. Annual operation and maintenance will come under the jurisdiction of the County of San Bernardino, Special Districts Department. See Table 5.1.

Present Worth – The present worth in this report is the sum of the; capital cost, treatment operation and maintenance, and operation and maintenance. See Table 5.1.

The annual operation and maintenance cost of \$35,000/year was assumed. The present worth was calculated using an annuity of \$35,000, an assumed interest rate of 5%, and a study period of 20 years.

The treatment operation and maintenance cost was given by the unit manufacturer. The annuity was calculated assuming that 20,000 units would be treated at the unit cost as suggested by the treatment unit manufacturer. The present worth was calculated assuming an interest rate of 5% and a study period of 20 years.

Advantages / Disadvantages – The advantages and disadvantages of these alternatives are tabulated below.

Table 5.8
Advantages vs. Disadvantages

Alt.	Advantages	Disadvantages
1A	<p>Most cost effective option.</p> <p>Leak problem will be resolved.</p> <p>Uranium levels and alpha activity will be lowered to acceptable levels.</p> <p>This treatment option would fit in CSA 70 F's well property area.</p>	<p>Active flushing program must be maintained.</p> <p>Treatment plant would require daily brine backwashing to regenerate the ion resin filter beds.</p> <p>A permit from either the Fish & Game Dept. or Regional Water Board may be needed before water can be discharged.</p>
1B	<p>Less expensive than 2A or 2B.</p> <p>Leak problem will be resolved.</p> <p>Uranium levels and alpha activity will be lowered to acceptable levels.</p> <p>Most of the dissolved solids, including fluorides, sodium, chlorides, iron, manganese would be eliminated. The resulting water supply would be a much higher quality.</p>	<p>More costly than 1A.</p> <p>Active flushing program must be maintained.</p> <p>Evaporative disposal facility needed is 23 times larger than ion-exchange option.</p> <p>A permit from either Fish & Game or Regional Water Quality Control Board may be required.</p> <p>The ion-exchange option is adequate for this application.</p>
2A	<p>Most cost effective <u>long-term</u> option.</p> <p>Leak problem will be resolved.</p> <p>Flushing program will not have to be as intensive as it is presently.</p> <p>Uranium levels and alpha activity will be lowered to acceptable levels..</p> <p>This treatment option would fit in CSA 70 F's well property area.</p>	<p>Costlier than 1A & 1B</p> <p>Treatment plant would require daily brine backwashing to regenerate the ion resin filter beds.</p> <p>A permit from either the Fish & Game Dept. or Regional Water Board may be needed before water can be discharged.</p>
2B	<p>Leak problem will be resolved.</p> <p>Uranium levels and alpha activity will be lowered to acceptable levels.</p> <p>Most of the dissolved solids, including fluorides, sodium, chlorides, iron, manganese would be eliminated. The resulting water supply would be a much higher quality.</p>	<p>This option is the most costly option of all.</p> <p>Evaporative disposal facility needed is 23 times larger than ion-exchange option.</p> <p>A permit from either Fish & Game or Regional Water Board may be required.</p> <p>The ion-exchange option is adequate for this application.</p>

Section 6 – Recommended Alternative

Project Design – We recommend Alternative 2A. Again, this alternative involves; abandoning the old waterlines in place, trenching and installing new pipe next to the existing pipe, installing additional pipe to the distribution system to make the system a looped configuration, installing a central blending and treatment plant (ion exchange) at the well site, and inspecting the bolted and welded tanks.

The existing water distribution system layout is full of dead-ends. Because of this, the District has had to maintain a very aggressive flushing program for this area. The District will have to install new distribution lines in the future as the old pipes deteriorate beyond repair. Alternative 2A recommends new distribution pipe installation but also recommends adding a few more lines to make the system a looped system. By adding these pipes, the number of dead-ends for CSA 70 F will be minimized drastically.

The bolted tank and the welded tank are to be inspected. This way, the District will definitely know whether to remove the tanks or put them back in service.

Treatment – To address CSA 70 F's problems with uranium and alpha activity, a central blending and treatment facility is recommended. The ion-exchange treatment option is probably the best in this case. It is more effective than the reverse-osmosis option in that; it does not have the high reject rate of water, does not require a large disposal facility, does not require as much effort to dispose of the reject, and it is less costly. With this option, it may be possible to construct these improvements within the boundaries of CSA 70 F's existing site. Land may not have to be acquired for this proposed construction. For these reasons, the ion-exchange treatment option is the option of choice.

Pumping Station – No pumping station will be required for this alternative.

Collection System Layout – The water pumped from the wells must be sent to the central blending and treatment facility. From there the water is sent to the distribution system.

Hydraulic Calculations – The proposed distribution pipelines will be designed to standards approved and adopted by the San Bernardino County Special Districts Department.

Cost Estimate – The cost of this option is estimated to be approximately \$1.46 million. Operation and maintenance costs would be roughly \$35,000/year and the treatment operation and maintenance cost would be \$0.11/unit.

Annual Operating Budget – The County of San Bernardino will be responsible for the operation and maintenance of the completed distribution and storage facilities.

- Income – Operating revenues and non-operating revenues make up the total income of the District. See the CSA 70 F Audit Report in Appendix 4 for these totals.
- Operations and Maintenance Costs – See Table 5.1 for the estimated operation and maintenance costs.
- Capital Improvements – No capital improvements apart from the proposed improvements mentioned in this report are planned for the immediate future.
- Reserve – According to the CSA 70 F Audit Report in Appendix 4, the District operated at a loss of \$12,544 in that year. No reserves are expected.

Section 7 – Conclusions and Recommendations

CSA 70 F has many areas within its water system that need improvement. The existing water distribution infrastructure is approaching 30 years of age. Maintenance has improved over the years but in the end, the existing distribution system's service life is over. The distribution system will have to be replaced sooner or later. The recommended solution solves the existing problems with the distribution system. Tuberculation, encrustation within the pipe, and the quality of the water in the pipe should be considered in the design recommendation.

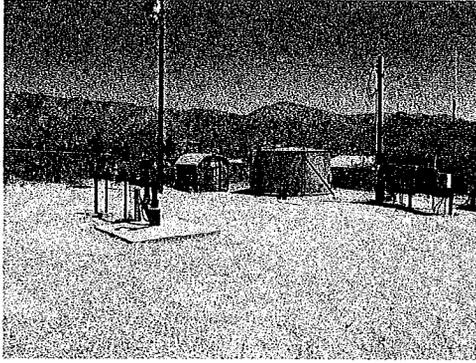
Also, the water quality within CSA 70 F is an issue with the State Department of Health Services and the EPA. The uranium and alpha activity levels must be reduced below 80% of the MCL's set by those agencies. The solution for the project should be cost effective. Whatever solution is selected, it would be preferable if it fit within the fenced boundary of CSA 70 F's well site.

Finally, a new storage tank should be put on-line in CSA 70 F. At present, there is no back-up for the 250,000 gallon reservoir. Rehabilitating the welded tank would be ideal. However, the condition of the tank is not known at this time. An inspection is highly recommended before any course of action is taken.

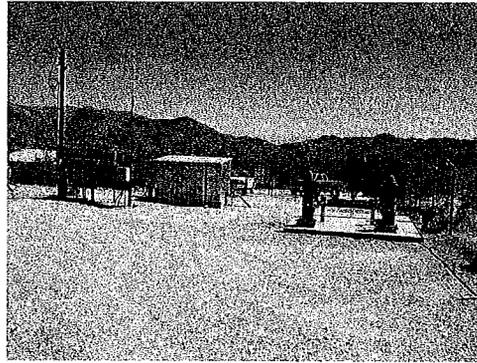
As mentioned, the problems in CSA 70 F are many and varied. Unfortunately, the proposed capital projects cannot be supported by debt service. Only grant funding would provide the necessary funds for the needed improvements.

APPENDIX 1

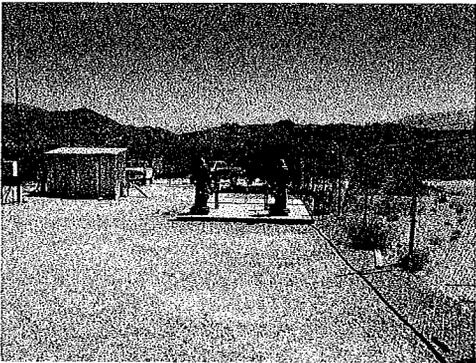
EXHIBITS



Picture 3.1: Well site (looking southeast)



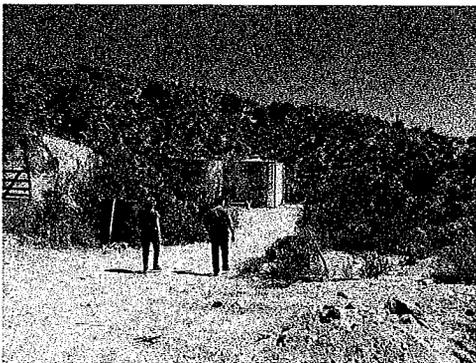
Picture 3.2: Well site (looking south)



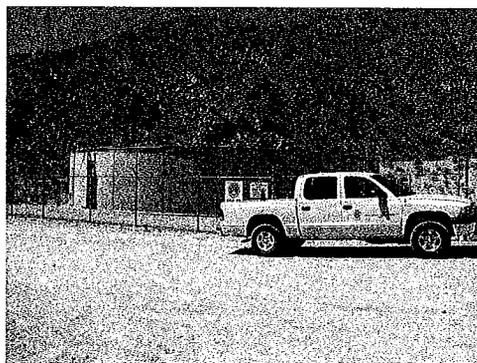
Picture 3.3: Well site (looking south)



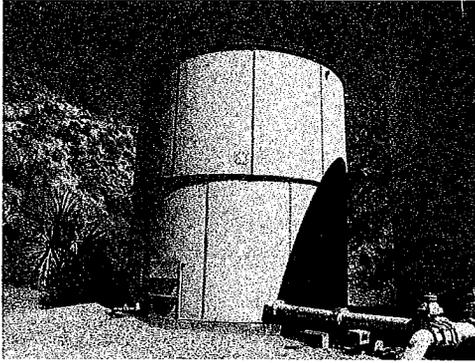
Picture 3.4: Well site (looking north)



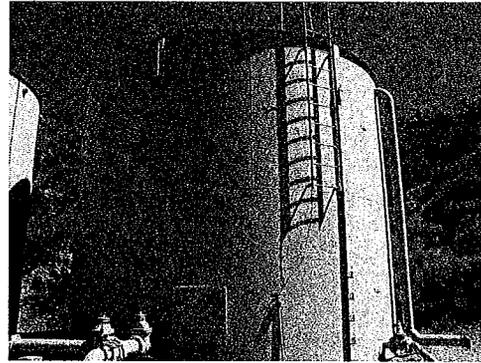
Picture 3.5: Reservoir site. Bolted (l.) Welded (r.) tanks



Picture 3.6: Reservoir site. New 250,000 gal. reservoir



Picture 3.7: Reservoir site. Bolted tank.



Picture 3.8: Reservoir site. Welded tank.

APPENDIX 2

CSA 70 F WATER REPORT



COUNTY SERVICE AREA 70 F

WATER REPORT

County Service Area 70 F routinely monitors for constituents in the District's drinking water according to Federal and State laws. The tables show the results of the District's monitoring for the period of January 1st through December 31st, 2000

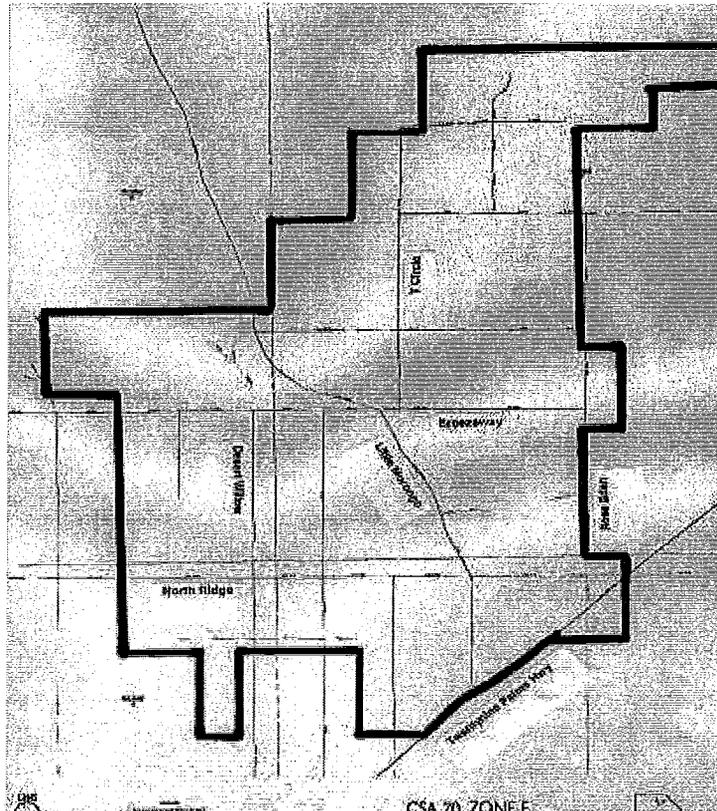
Questions about this report or concerning the water system?

Contact Bill Stone, Water Operations Manager (Interim) at

(760) 955-9885 or
(800) 554-0565.

It is important to the District that water customers be informed.

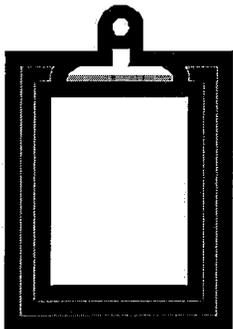
WHERE DOES THE DISTRICT'S WATER COME FROM?



It is the District's responsibility to provide water system customers with this year's Consumer Confidence Report. It is important to keep customers informed about the water quality and services delivered over the past year. The District's goal continues to be to provide a safe and dependable supply of drinking water. The water source is groundwater from three wells located on Breezeway, approximately 1,000 feet west of Rose Eden.

The District conducted approximately 43 tests for 66 constituents during the past year of those 4 were detected and two exceeded State MCL standards.

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that the water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the EPA's safe drinking water hotline at (1-800-426-4791), or through their web site at : www.epa.gov/safewater/



IMPORTANTE

Este informe contiene información muy importante sobre su agua beber. Tradúzcalo ó hable con alguien que lo entienda bien.

This table provides many terms and abbreviations customers may not be familiar with. To understand these terms, the district has provided the following definitions:

Non-Detects (ND) - laboratory analysis indicates that the constituent is not present or not tested.

MG - Million gallons

Parts per million (ppm) or Milligrams per liter (mg/l) - one part per million corresponds to one minute in two years or a single penny in \$10,000.

Parts per billion (ppb) or Micrograms per liter - one part per billion corresponds to one minute in 2,000 years, or a single penny in \$10,000,000.

Parts per trillion (ppt) or Nanograms per liter (nanograms/l) - one part per trillion corresponds to one minute in 2,000,000 years, or a single penny in \$10,000,000,000.

Parts per quadrillion (ppq) or Picograms per liter (picograms/l) - one part per quadrillion corresponds to one minute in 2,000,000,000 years or one penny in \$10,000,000,000,000.

Picocuries per liter (pCi/L) - picocuries per liter is a measure of the radioactivity in water.

Millirems per year (mrem/yr) - measure of radiation absorbed by the body.

Million Fibers per Liter (MFL) - million fibers per liter is a measure of the presence of asbestos fibers that are longer than 10 micrometers.

Nephelometric Turbidity Unit (NTU) - nephelometric turbidity unit is a measure of the clarity of water. Turbidity in excess of 5 NTU is just noticeable to the average person.

Regulatory Action Level (AL)- The concentration of a contaminant which, if exceeded, triggers treatment or other requirements which a water system must follow.

Treatment Technique (TT) - A required process intended to reduce the level of a contaminant in drinking water.

Maximum Contaminant Level (MCL) - The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the PHGs (or MCLGs) as is economically and technologically feasible. Secondary MCLs are set to protect the odor, taste, and appearance of drinking water.

Maximum Contaminant Level Goal (MCLG) - The level of a contaminant in drinking water below which there is no

known or expected risk to health. MCLGs are set by the U. S. Environmental Protection Agency.

Public Health Goal or PHG - The level of a contaminant in drinking water below which there is no known or expected risk to health. PHGs are set by the California Environmental Protection Agency.

Primary Drinking Water Standard or PDWS - MCLs for contaminants that affect health along with their monitoring and reporting requirements, and water treatment requirements.

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs and wells. As water travels over the surface of the land or through the ground, it dissolves naturally-occurring minerals and in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity. Contaminants that may be present in source water include:

- Microbial contaminants, such as viruses and bacteria, that may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.
- Inorganic contaminants, such as salts and metals, that can be naturally-occurring or result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining or farming.
- Pesticides and herbicides, which may come from a variety of sources such as agriculture, urban stormwater runoff, and residential uses.
- Organic chemical contaminants, including synthetic and volatile organic chemicals, that are byproducts of industrial processes and petroleum production, and can also come from gas stations, urban stormwater runoff, and septic systems.
- Radioactive contaminants, which can be naturally-occurring or be the result of oil and gas production and mining activities.

In order to ensure that tap water is safe to drink, USEPA and the California Department of Health Services (Department) prescribe regulations that limit the amount of certain contaminants in water provided by public water systems. Department regulations also establish limits for contaminants in bottled water that must provide the same protection for public health.

CSA 70 F – PRIMARY STANDARDS
Mandatory Health Related Standards Established by the
State of California, Department of Health Services or USEPA

TEST RESULTS –

Data is obtained from most recent sampling and may be from previous years.

Testing for general mineral and inorganic contaminants was done on Well 1 in 1997 and Well 2 in 1998

Contaminant	Violation Y/N	Average Level Detected	Range	Unit Measurement	MCL	PHG	MCLG	Likely Source of Contamination
Radioactive Contaminants								
Beta Activity, Gross	N	25.1	25.1	pCi/L	50	N/A	N/A	Decay of natural and man-made deposits.
* Alpha Activity, Gross 	Y	34.7	29.5-42.9	pCi/L	15	N/A	N/A	Erosion of natural deposits
* Uranium 	Y	35.1	28.1-39.4	pCi/L	20	N/A	N/A	Erosion of natural deposits

Inorganic Contaminants

Lead and Copper Results are from the 1998 sampling.

90th percentile for Lead and Copper – ND Lead; .13 ppm Copper

No Lead or Copper was detected at the sources.

Copper	N	.032	ND – .19	ppm	AL=1.3	0.17	N/A	Internal corrosion of household plumbing systems; erosion of natural deposits; leaching from wood preservatives
Fluoride	N	.595	.59 – .6	ppm	2	1	N/A	Erosion of natural deposits; water additive which promotes strong teeth; discharge from fertilizer and aluminum factories
Lead	N	.001	ND – .01	ppb	AL=15	2	N/A	Internal corrosion of household water plumbing systems; discharges from industrial manufacturers; erosions of natural deposits
Nitrate	N	8.9	8.4-9.7	ppm	45	45	N/A	Runoff and leaching from fertilizer use; leaching from septic tanks. Sewage; erosion of natural deposits

*The District is continuing to explore options for treatment of the high radioactive contaminant levels.

CSA 70 F – SECONDARY STANDARDS
Established by the State of California, Department of Health Services

TEST RESULTS –

Data is obtained from most recent sampling and may be from previous years.

Contaminant	Violation Y/N	Average Level Detected	Range	Unit Measurement	MCL	PHG	MCLG	Likely Source of Contamination
-------------	---------------	------------------------	-------	------------------	-----	-----	------	--------------------------------

Regulated Contaminants with Secondary MCLs

Corrosivity	Insufficient data available from tests obtained. Additional testing is planned.							Natural or industrially-influenced balance of hydrogen, carbon and oxygen in the water; affected by temperature and other factors.
Iron	N	98	ND -98	ppb	300			Leaching from natural deposits; industrial wastes
Odor—Threshold	N	1	1-1	Units	3			Naturally-occurring organic materials
Turbidity	N	.4	.2 – .6	Units	5			Soil runoff
Total dissolved solids	N	370	361 – 379	mg/L	1000			Runoff/leaching from natural deposits
Specific conductance	N	665	630 – 700	micromhos	1,600			Substances that form ions when in water; seawater influence
Chloride	N	14.3	13.5 – 15.1	mg/L	500			Runoff/leaching from natural deposits; seawater influence
Sulfate	N	61.4	60.5 – 62.2	mg/L	500			Runoff/leaching from natural deposits; industrial wastes

UNREGULATED CONSTITUENTS THAT WERE DETECTED IN THE ZONE 70 F SYSTEM

CONSTITUENT	AVERAGE	RANGE	CONSTITUENT	AVERAGE	RANGE
Hardness	241.6 ppm	235.2 – 248	Sodium	47.5 ppm	46.7 – 48.3
Calcium	71.2 ppm	60.7 – 81.7	Potassium	3.45 ppm	1 – 5.9
Magnesium	14.7 ppm	10.7 – 18.7	Alkalinity	259 ppm	256 – 262
P. H.	7.81 units	7.7 – 7.92			

County Service Area 70 F Information

County Service Area 70 F is a board-governed district providing water services to approximately 270 customers.

The water system consists of three wells and three water tanks with a combined capacity of 260,000 gallons. There are 88 metered water connections utilizing the Radio Read system.

The Special Districts Department's goal "to provide a safe and dependable supply of drinking water" was expanded in 2000 to include "in an efficient and economical manner." Subsequent to the completion and release of the Optimization study in 1999, the Special Districts Department began the study's implementation. As recommended in the study, office and field staff are being increased to improve the efficiency of the field operations and office administration.

The Special Districts Department is in the third year of a five-year program of rate increases. The necessary increases were identified in the Black and Veatch Rate Study developed for the Special Districts Department and finalized in 1999. Current recommended rate increases for fiscal year 2001/2002 are in the process of being presented to the public through community meetings.

An aggressive commitment to training has resulted from the reorganization of the District Safety Committee.

All changes are being implemented with the purpose of providing the best possible service to District customers.

The District will continue to work with the County Health Department and the community, to resolve the ongoing water quality problems as related to uranium and gross alpha.

The Special Districts Department would like to remind customers to conserve water during SCE rolling blackouts, as most production and transmission facilities will not have power for water delivery.

System improvements completed in 2000

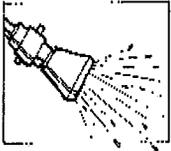
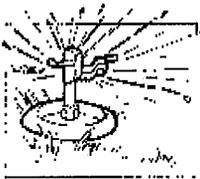
- **A new booster station was completed to improve system performance.**

SHOULD CUSTOMERS BE CONCERNED?

MCL's are set at very stringent levels. To understand the risk of possible health effects described for regulated contaminants, customers should know that a person would have to drink 2 liters of water every day at the MCL level for a lifetime to have a one-in-a-million chance of having the described health effect.

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. USEPA/Centers for Disease Control (CDC) guidelines on appropriate means to lessen the risk of infection by *Cryptosporidium* and other microbiological contaminants are available from the Safe drinking water hotline.

Water Saving Hints

	<p>Have toilet tanks been checked for leaks?</p>	<p>Place a few drops of blue food coloring in the toilet tank. If coloring is seen in the toilet bowl without flushing, a wasteful leak needs to be repaired. A leaking toilet can waste up to 21,000 gallons of water per year.</p>
	<p>Have low-flow shower heads been installed?</p>	<p>Low-flow shower heads can help you save up to 8 gallons of water for each minute of shower time. Also, you will use less hot water which saves energy.</p>
	<p>Are lawns and shrubs watered only when they really need it?</p> <p>Are you watering at the right time of day?</p>	<p>Check lawns and shrubs to see if they need water. A lawn that springs back after being stepped on doesn't need water. Watering may not be necessary in the winter.</p> <p>In summer water only during the cooler parts of the day. The sun can cause most of the water to evaporate before it is absorbed into the soil.</p>

County Service Area 70 F

**12402 Industrial Blvd.
Bldg. D, Suite 6
Victorville, CA 92392**

**(760) 955-9885
(800) 554-0565**

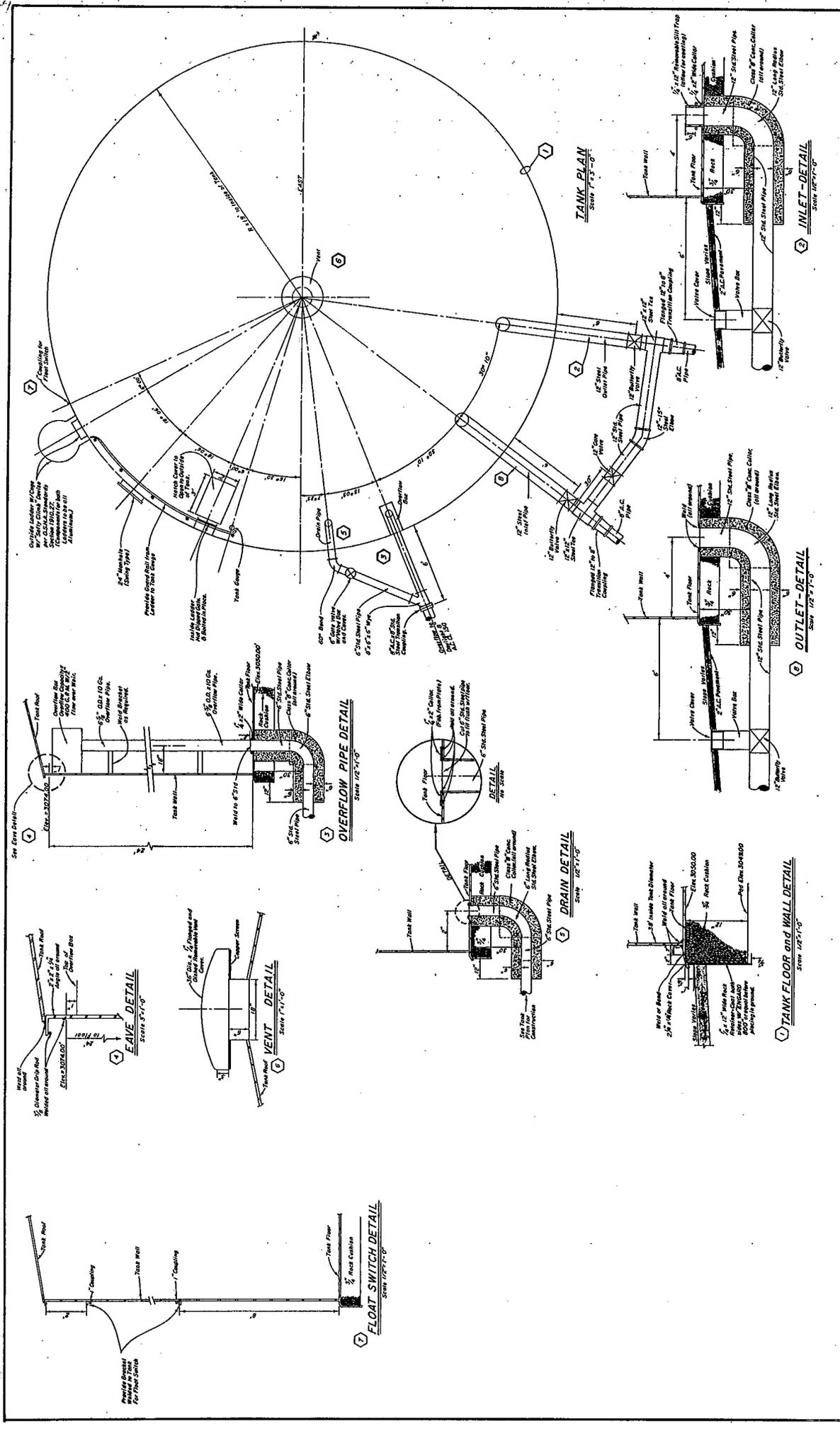
Office Hours:

**Monday – Friday
8:00 a.m. to 4:30 p.m.**

**BULK
RATE**

APPENDIX 3

CSA 70 F MAPS & DRAWINGS



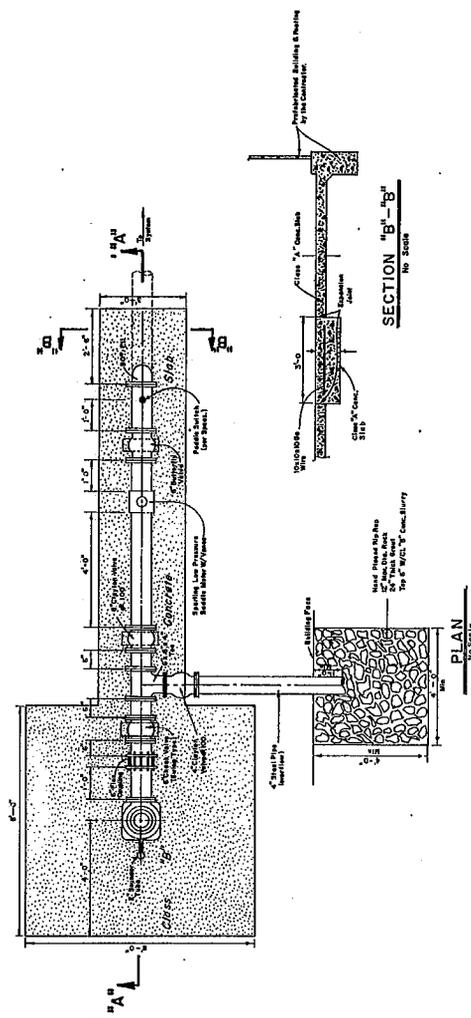
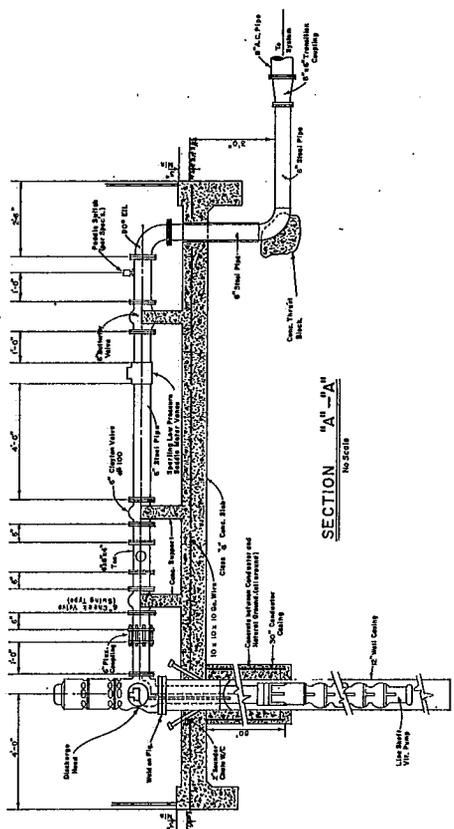
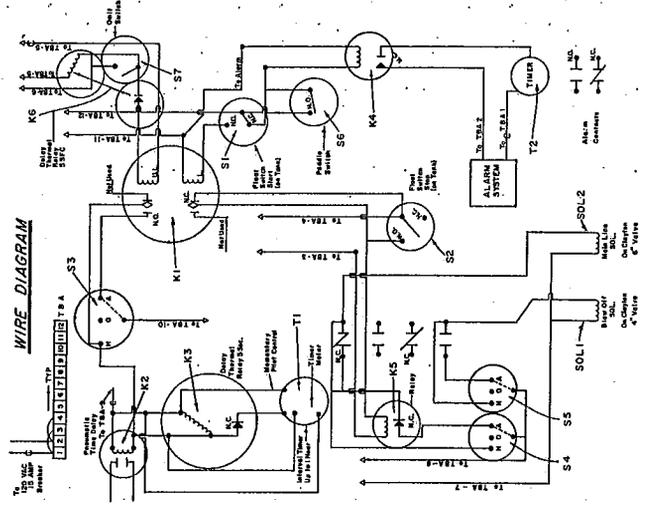
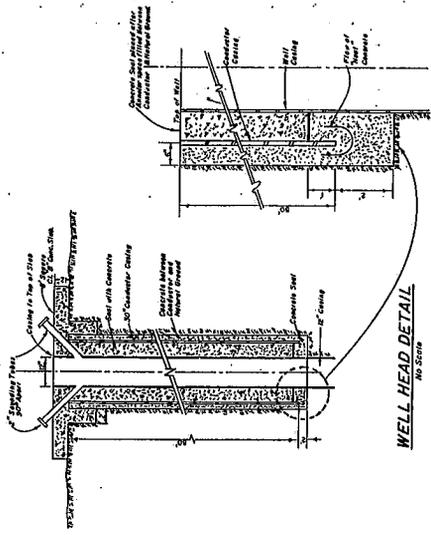
MORONGO VALLEY WATER SYSTEM IMPROVEMENT
SAN BERNARDINO COUNTY - COUNTY SERVICE AREA 70 - IMPROVEMENT ZONE F

APPROVED BY: *[Signature]*
KICAK WAINSCOTT & ASSOCIATES
CIVIL ENGINEERS
GRAND TERRACE CALIFORNIA

DATE: 10-24-02
CHECKED BY: [Name]
DATE: [Date]

NO. 100.0
REVISIONS
NO. DATE INITIAL DESCRIPTION APPROVAL

DATE: 10-24-02
SCALE: AS SHOWN
SHEET 3 OF 4
DATE: 10-24-02



SCALE:

BENCH MARK:

MORONGO VALLEY WATER SYSTEM IMPROVEMENT
 SAN BERNARDINO COUNTY COUNTY SERVICE AREA TO IMPROVEMENT ZONE F

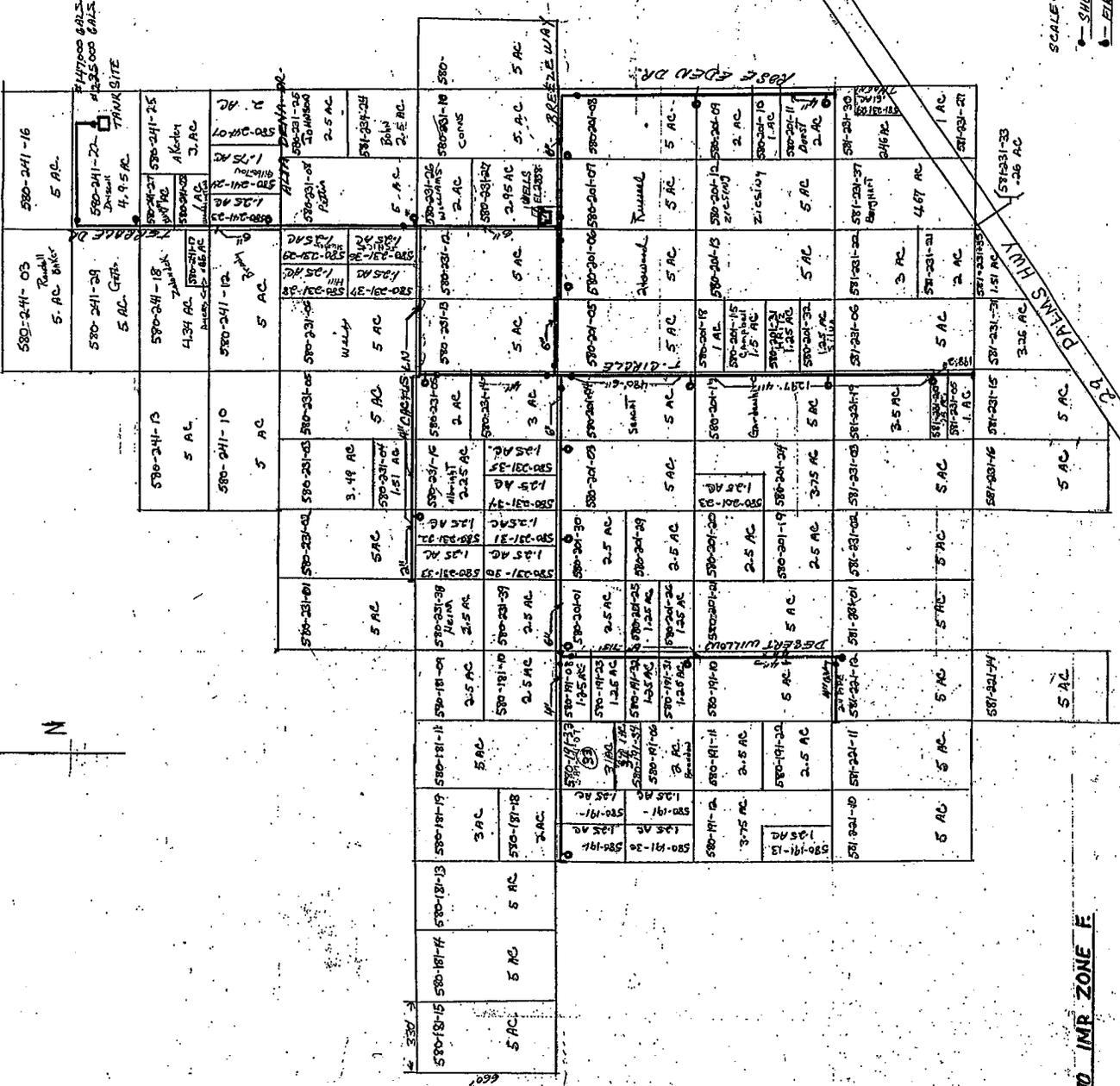
KICAK WAINSCOTT & ASSOCIATES
 CIVIL ENGINEERS
 1000 N. GARDEN ST. SUITE 200
 ANAHEIM, CALIFORNIA 92815
 DATE: 10-24-77
 COUNTY APPROVAL: [Signature]
 COUNTY APPROVAL: [Signature]
 COUNTY APPROVAL: [Signature]

REVISIONS:

NO.	DATE	INITIALS	DESCRIPTION
1			
2			
3			
4			
5			

SHEET 4 OF 6
 DRAWING NO. 10-24-77

ZONE F
 Parcels 363-6505
 Hayes Pasture 363-6406

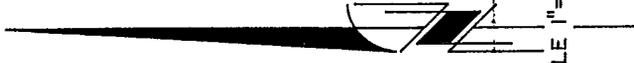
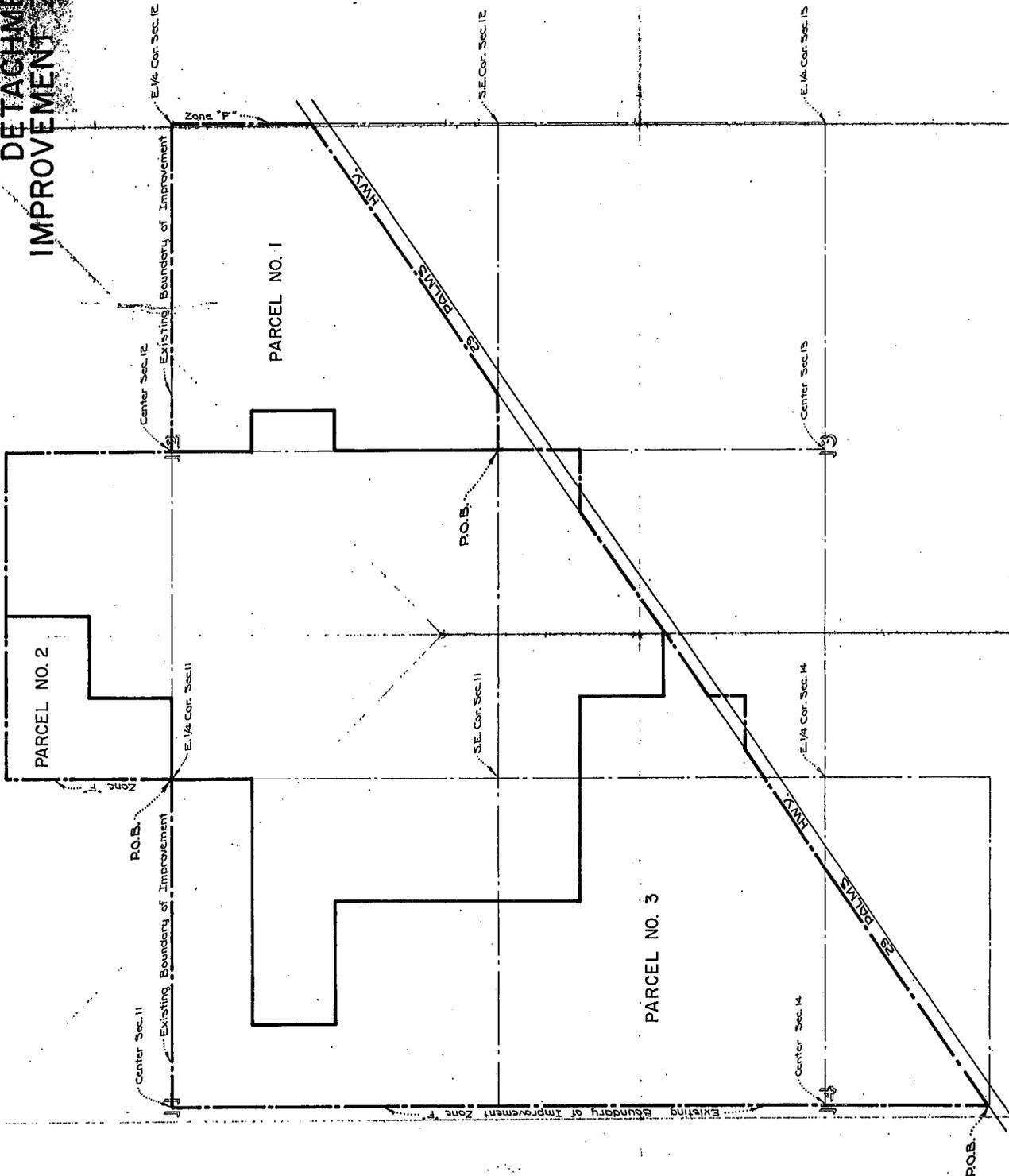


SCALE = 1" = 1000'

- SHUTOFF VALVE
- FIRE HYDRANT

C.S.A. TO IMR ZONE F

**DETACHMENT FROM
IMPROVEMENT ZONE "F" OF C.S.A. 70**



SCALE 1" = 500'

Contains 470 acres ±
 SAN BERNARDINO COUNTY SURVEYOR
 825 E. THIRD ST., S.B. CALIFORNIA
 Detachment from
 Improvement Zone F of
 County Service Area 70
 GENERAL LOCATION T.1S., R.4E., S.B.M.

APPENDIX 4

CSA 70 F AUDIT REPORT

(for the fiscal year ended June 30, 2000)



CONTROLLER • 222 West Hospitality Lane, Fourth Floor
San Bernardino, CA 92415-0018 • (909) 387-8322 • Fax (909) 386-8830
ORDER • COUNTY CLERK • 222 West Hospitality Lane, First Floor
San Bernardino, CA 92415-0022 • (909) 387-8306 • Fax (909) 386-8940

LARRY WALKER
Auditor/Controller-Recorder
County Clerk

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

Independent Auditor's Report

March 26, 2001

Emil A. Marzullo, Director
Office of Special Districts
157 West Fifth Street, Second Floor
San Bernardino, CA 92415-0450

**SUBJECT: CONSOLIDATED AUDIT OF VARIOUS COUNTY SERVICE AREAS FOR
THE FISCAL YEAR ENDED JUNE 30, 2000**

Introductory Remarks

In compliance with Section 26909 of the California Government Code, we have completed an audit of various County Service Areas for the fiscal year ended June 30, 2000.

Auditor's Report

We have audited the accompanying balance sheet of the County Service Areas as of June 30, 2000, and the related statements of revenues, expenditures, and changes in fund balance; revenues, expenditures, and changes in fund balance – budget and actual on a budgetary basis; revenues, expenses, and changes in retained earnings; and cash flows for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the minimum audit requirements and reporting guidelines for California Special Districts required by the Office of the State Controller. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph, present fairly, in all material respects, the financial position of the various County Service Areas as of June 30, 2000, and the results of their operations and cash flows for the year then ended in conformity with generally accepted accounting principles as well as accounting systems prescribed by the State Controller's Office and state regulations governing Special Districts.

Independent Auditor's Report

AudRpt/Various County Service Areas

Emil A. Marzullo

March 26, 2001

Page -2-

The accompanying supplemental data presented on Schedule 1 and 2 is not necessary for a fair presentation of the financial statements, but is presented as additional analytical data. This information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Larry Walker
Auditor/Controller-Recorder

County Administrative Office
Board of Supervisors
Grand Jury (2)
Special Districts (7)

By: Martha R. Williams
Martha R. Williams, CPA
Manager, Internal Audits

Audit File (3)

LDW:MRW:DVB:CTR:vlg.2

Date Report Distributed: 6/29/01

COUNTY SERVICE AREA NO. 70 - ZONE F - MORONGO VALLEY

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COUNTY OF SAN BERNARDINO
COUNTY SERVICE AREA NO. 70 - ZONE F - MORONGO VALLEY
BALANCE SHEET
JUNE 30, 2000

EXHIBIT A

PROPRIETARY FUND TYPE

ENTERPRISE FUND(S)

Water Service
(EBY/EHS/EHT/EHV/EIO/EBX)

ASSETS:

Cash and Cash Equivalents (Note 2)	\$	49,156
Interest Receivable		828
Taxes Receivable		354
Accounts Receivable		4,568
Due From Other Governments		1,780
Land		4,311
Improvements to Land		125,680
Construction in Progress		339,028
Accumulated Depreciation		(67,450)
Total Assets	\$	458,255

**LIABILITIES, EQUITY (DEFICIT)
AND OTHER CREDIT BALANCES:**

Liabilities:

Due to Other Governments	\$	128
Interest Payable		1,860
Notes Payable - Current (Note 7)		2,253
Notes Payable - Non-Current (Note 7)		8,145
Loans Payable - (Note 10)		40,000
Total Liabilities		52,386

Equity (Deficit) And Other Credit Balances:

Retained Earnings - Unreserved		405,869
Total Equity (Deficit) And Other Credit Balances		405,869
Total Liabilities, Equity (Deficit) And Other Credit Balances	\$	458,255

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

COUNTY OF SAN BERNARDINO EXHIBIT B
 COUNTY SERVICE AREA NO. 70 - ZONE F - MORONGO VALLEY
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	PROPRIETARY FUND TYPE
	ENTERPRISE FUND(S)
	Water Service (EBY/EHS/EHT/EHV/EIO/EBX)
<u>OPERATING REVENUES</u>	
Service Fees	\$ 37,069
Total Operating Revenues	37,069
<u>OPERATING EXPENSES</u>	
Salaries and Benefits	22,220
Services and Supplies	24,339
Depreciation Expense	3,054
Total Operating Expenses	49,613
Operating Income (Loss)	(12,544)
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Other Non-Operating Expenses	(718)
Interest Expense	(2,142)
Property Taxes	6,772
Special Assessments	4,147
Other Taxes	86
Interest Revenue	2,213
State Aid	156
Federal Aid	81,345
Other Non-Operating Revenues	2,254
Total Non-Operating Revenues (Expenses)	94,113
Net Income (Loss)	81,569
Retained Earnings, July 1, 1999	324,300
Retained Earnings, June 30, 2000	\$ 405,869

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

COUNTY OF SAN BERNARDINO
COUNTY SERVICE AREA NO. 70 - ZONE F - MORONGO VALLEY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

EXHIBIT D

ENTERPRISE FUND(S) - WATER SERVICE (EBY/EHS/EHT/EHV/EIO/EBX)

CASH FLOWS FROM OPERATING ACTIVITIES

Operating Income (Loss)	\$ (12,544)
<hr/>	
ADJUSTMENTS TO RECONCILE OPERATING INCOME(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Depreciation	3,054
Decrease in Taxes Receivable	32
Increase in Accounts Receivable	(2,583)
Increase in Due From Other Governments	(1,780)
Decrease in Accounts Payable	(45,198)
Increase in Due to Other Governments	128
<hr/>	
Total Adjustments	(46,347)
<hr/>	
Net Cash Provided (Used) By Operating Activities	(58,891)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Operating Transfers From (To) Other Funds	0
Other Non-Operating Expenses	(718)
Property Taxes	6,772
Special Assessments	4,147
Other Taxes	86
State Aid	156
Other	2,254
Federal Aid	81,345
<hr/>	
Net Cash Provided (Used) By Non-Capital Financing Activities	94,042

CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES

Loan Proceeds	40,000
Principal Paid on Notes	(2,159)
Acquisition of Fixed Assets	(69,248)
Interest Paid on Notes	(565)
<hr/>	
Net Cash Provided (Used) By Capital & Related Financing Activities	(31,972)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on Investments	1,517
<hr/>	
Net Cash Provided (Used) By Investing Activities	1,517

Net Increase (Decrease) In Cash And Cash Equivalents	4,696
Cash And Cash Equivalents, July 1, 1999	44,460
<hr/>	
Cash And Cash Equivalents, June 30, 2000	\$ 49,156

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

COUNTY OF SAN BERNARDINO
VARIOUS COUNTY SERVICE AREAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County Service Areas (the CSAs) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

Basis of Accounting

The CSA's proprietary funds follow the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recorded when they are incurred. The CSA's governmental funds follow the modified accrual basis. Under the modified accrual basis, revenues are recognized when they become measurable and available to finance operations of the current year. Revenues which are accrued include property taxes, sales tax, interest, state and federal grants and subventions, and charges for services. Other revenue becomes measurable and available when cash is received and is recognized as revenue at that time. Expenditures are generally recognized when the related fund liability is incurred except for principal and interest on long-term obligations, which is recognized when payment is due.

Fixed Assets

Fixed Assets in proprietary funds are capitalized at cost and depreciated using the straight-line method. General fixed assets purchased are recorded as expenditures in the governmental funds at time of purchase. Fixed assets are capitalized at cost in the General Fixed Assets Account Group. No depreciation is computed on general fixed assets.

Depreciation

Depreciation of proprietary funds property and equipment is computed on the straight-line method over the following estimated useful lives.

	<u>Years</u>
Structures and Improvements	25-40
Equipment and Vehicles	4-15

Budgetary Information

In accordance with provisions of Sections 29000 – 29144 of the Government code of the State of California, commonly known as the County Budget Act, the CSAs prepare and adopt a budget on or before August 30 for each fiscal year. Budgets are prepared on the modified accrual basis of accounting, except that encumbrances are budgeted as expenditures.

**COUNTY OF SAN BERNARDINO
VARIOUS COUNTY SERVICE AREAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

Cont.

The legal level of budgetary control is the object level and the sub-object level for fixed assets within each fund. There were no material instances in 1999-00 where expenditures exceeded appropriations.

Encumbrances, which are commitments related to executory contracts and purchase orders for goods or services, are recorded for budgetary control purposes. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if the unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Unencumbered appropriations lapse at year-end and encumbrances outstanding at that time are reported as reservations of fund balance for subsequent year expenditures.

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.

2. CASH AND CASH EQUIVALENTS

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, 2000.

Cash and Cash Equivalents, for the agency fund of CSA 70, Zone R5, are held by State Street Bank and Trust Co. of California, Los Angeles.

3. 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 CSAs during 1999-00 fiscal year, and found the revenue to be within the guidelines established by Proposition 111.

COUNTY OF SAN BERNARDINO
 VARIOUS COUNTY SERVICE AREAS
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2000

Cont.

4. EMPLOYEE COMPENSATED ABSENCES

Generally accepted accounting principles require employers to accrue a liability for future vacation, sick and other leave benefits that meet certain conditions. For governmental funds, the liability is recorded in the General Long-Term Debt Account Group.

5. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual on Budgetary Basis (Exhibit C) presents a comparison of the legally adopted budget with actual data on a budgetary basis. Where actual amounts on the budgetary basis differ from the amounts on the Statement of Revenues and Expenditures (Exhibit B) the following adjustments are necessary to provide a meaningful comparison of the actual results of operations with the budget:

	CSA 29 (SGG)	CSA 29 (CFW)	CSA 40 (SIS)	CSA 70 Zone P10 (RGT)	CSA 70 Countywide General (SKV)
Fund Balance – Budgetary Basis	\$ 153,924	\$ (75,379)	\$ 191,428	\$ 51,094	\$ 1,513,795
Outstanding Encumbrances	800	75,379	16,562	2,700	106,134
Fund Balance – GAAP Basis	<u>\$ 154,724</u>	<u>\$ -0-</u>	<u>\$ 207,990</u>	<u>\$ 53,794</u>	<u>\$ 1,619,929</u>

	CSA 70 Fire (SKX)	CSA 70 Fire (CED)	CSA 70 Zone D1 (SLA)	CSA 70 Zone TV2 (SLD)
Fund Balance – Budgetary Basis	\$ 2,231,580	\$ 8,757	\$ 570,838	\$ 53,744
Outstanding Encumbrances	168,989	76,317	5,400	3,600
Fund Balance – GAAP Basis	<u>\$ 2,400,569</u>	<u>\$ 85,074</u>	<u>\$ 576,238</u>	<u>\$ 57,344</u>

The CSAs also have budgeted and recorded amounts for operating transfers which are actually reimbursements of expenditures or revenues. For GAAP statement purposes (Exhibit B), we have reclassified these operating transfers as expenditures and/or revenues and residual equity transfers.

6. RETIREMENT PLAN

Plan Description

The San Bernardino County Employees Retirement Association (SBCERA) is a cost-

COUNTY OF SAN BERNARDINO
VARIOUS COUNTY SERVICE AREAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000

Cont.

sharing multiple-employer defined benefit pension plan (the Plan) operating under the California County Employees Retirement Act of 1937 (1937 Act). The plan provides retirement, death, and disability benefits to members. Although legally established as a single employer plan for the County of San Bernardino (which includes the District), the organizations listed below were added later:

- City of Big Bear Lake
- City of Chino Hills
- California State Association of Counties
- San Bernardino County Law Library
- Crest Forest Fire Protection District
- Mojave Desert Air Quality Management District (MDAQMD)
- South Coast Air Quality Management District (AQMD)

The District and others covered under the plan are collectively referred to as the "Participating Members." The plan is governed by the San Bernardino County Board of Retirement under 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, 195 North Arrowhead Avenue, San Bernardino, California 92415-0014.

Funding Policy

Participating members are required by statute (Sections 31621, 31521.2 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 into the Plan. Employee contribution rates vary according to age and classification (general or safety). Members are required to contribute 7.11% - 10.58% of their annual covered salary of which the District pays approximately 7%. Employers are required to contribute 6.67% - 14.46% of the current year covered payroll. 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.

7. NOTES PAYABLE

CSA 70 - ZONE F

Two 4.5% notes payable, originally issued for \$10,000 and \$40,000, financed the construction of the utility plant. These notes were assumed in 1977 from the Hi-Desert County Water District. Principal and interest installments are due annually. Details of the notes are shown below:

COUNTY OF SAN BERNARDINO
 VARIOUS COUNTY SERVICE AREAS
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2000

Cont.

<u>Date of Note</u>	<u>Principal Remaining 6/30/00</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Annual Payment</u>
3/13/64	\$ 8,923	4.5%	40 years	\$ 2,174
5/06/64	<u>1,475</u>	4.5%	40 years	<u>549</u>
Totals	<u>\$ 10,398</u>			<u>\$ 2,723</u>

CSA 70 - ZONE W3

During February 1978, the County assumed the operation of the Hacienda Water Company with the formation of CSA 70 - Zone W3. The service area assumed two loans from the Farmers Home Administration when the service area assumed control of the Water Company's assets. Details of the loans are as follows:

<u>Date of Note</u>	<u>Principal Remaining 6/30/00</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Annual Payment</u>
7/14/67	\$ 36,350	5%	40 years	\$ 6,154
5/06/64	<u>2,622</u>	5%	40 years	<u>500</u>
Totals	<u>\$ 38,972</u>			<u>\$ 6,654</u>

8. CAPITAL LEASE OBLIGATIONS

CSA 70 - Zone M Wonder Valley Road entered into a lease agreement during the year ended June 30, 1999, for a John Deere Motor Grader. CSA 70 - Consolidated Fire entered into a lease agreement during the year ended June 30, 1997, for a Canon GP 30 document management system. Also, CSA 70 - Consolidated Fire entered into a lease agreement during the year ended June 30, 2000 for three fire engines and two brush engines. CSAs 42 and 56 entered into lease agreements during the year ended June 30, 1996; CSA 42 to purchase 123 water meters, and CSA 56 to purchase an ambulance. The CSAs will acquire all rights and title to the equipment after the final lease payments. The cost of the motor grader (\$134,741) is included in Vehicles on Exhibit A. The cost of the document management system (\$17,624) and engines (\$1,150,974) for CSA 70 are included in Equipment & Vehicles respectively, on Exhibit A. The cost of the water meters (\$46,026) for CSA 42 is included in Improvements to Land on Exhibit A. The cost of the ambulance (\$96,281) for CSA 56 is included in Vehicles on Exhibit A.

The following is a schedule of future minimum lease payments as of June 30, 2000.

COUNTY OF SAN BERNARDINO
VARIOUS COUNTY SERVICE AREAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000

Cont.

<u>Year Ending June 30,</u>	CSA 70 Zone M Motor Grader	CSA 70 Consolidated Fire Document Management System/ Engines	CSA 42 Water Meters	CSA 56 Ambulance
2001	\$ 31,647	\$ 262,520	\$ 3,597	\$ 12,965
2002	31,647	262,520	-0-	-0-
2003	2,637	258,362	-0-	-0-
2004	<u>-0-</u>	<u>258,361</u>	<u>-0-</u>	<u>-0-</u>
Total Minimum Payments	65,931	1,041,763	3,597	12,965
Less: Amount Representing Interest	<u>(4,433)</u>	<u>(133,661)</u>	<u>(48)</u>	<u>(247)</u>
Present Value of Minimum Lease Payments	<u>\$ 61,498</u>	<u>\$ 908,102</u>	<u>\$ 3,549</u>	<u>\$ 12,718</u>

9. REFUNDING OF 1915 ACT BONDS - CSA 70 ZONE W4 (ASSESSMENT DISTRICT 82-5)

On June 30, 1994, the County's Assessment District 94-2 issued a Limited Obligation Refunding Bond (the Assessment Bond) under the provisions of the Refunding Act of 1984 for 1915 Improvement Act Bonds for the purpose of refunding eleven prior series of assessment district bonds of the County. The prior series assessment loan of Assessment District #82-5 amounting to \$380,944 was refunded. The Assessment Bond is payable from reassessment payments, collected on assessed parcels within Assessment District 94-2, of which Assessment District #82-5 funds is a sub-area.

The County has no obligation to advance funds to pay debt service on the Assessment Bond in the event collections are insufficient. However, the County may, at its option and sole discretion, elect to advance available surplus funds of the County in the amount of any delinquent payments to pay debt service on the Assessment Bond.

10. LOANS PAYABLE

The CSAs have received loan proceeds from the County's Revolving Fund established under Government Code Section 25210.9c. All loans to date have 5 year terms as established by the Board of Supervisors. The following long-term loan balances are reported in the General Long-Term Debt Account Group for Governmental Funds and in the liability section of the Balance Sheet for Enterprise Funds.

COUNTY OF SAN BERNARDINO
VARIOUS COUNTY SERVICE AREAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000

Cont.

<u>Participating CSAs</u>	<u>Loan Balance</u> <u>at 6/30/00</u>
CSA 20	\$ 762
CSA 29	6,647
CSA 70 – Zone R33	12,570
CSA 70 – Countywide	74,477
CSA 70 – Zone F	40,000
CSA 70 – Zone M	45,000
CSA 70 – Zone W	40,000
CSA 70 - Zone SL-1	<u>6,581</u>
Total	<u>\$ 226,037</u>

11. SPECIAL ACTIVITIES FUNDS

Three CSAs operate revolving funds in accordance with Public Resources Code Section 5784.35. The funds are for the purpose of conducting and supervising special recreational activities and are kept in commercial banks. Because the recreational activities are self-funded and not part of the CSA's budget, only the cash balance and related equity are recorded on the CSA's general fund balance sheet. Profits earned from special activities are reflected as part of park and recreation fees in Exhibit B and C of the CSA's general funds. Gross revenues, expenses (including transfers to the general funds), and the cash balance in the funds are shown below:

CSA 20 - Joshua Tree

Cash Balance July 1, 1999	\$ 9,102
Add: Revenues	59,194
Less: Expenses and Transfers	<u>(56,035)</u>
Cash Balance June 30, 2000	<u>\$ 12,261</u>

CSA 29 - Lucerne Valley

Cash Balance July 1, 1999	\$ 5,697
Add: Revenues	7,389
Less: Expenses and Transfers	<u>(8,224)</u>
Cash Balance June 30, 2000	<u>\$ 4,862</u>

COUNTY OF SAN BERNARDINO
 VARIOUS COUNTY SERVICE AREAS
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2000

Cont.

CSA 56 - Wrightwood

Cash Balance July 1, 1999	\$ 7,221
Add: Revenues	10,587
Less: Expenses and Transfers	<u>(10,612)</u>
Cash Balance June 30, 2000	<u>\$ 7,196</u>

12. DEFICIT FUND BALANCES

The CSAs below had deficit fund balances at June 30, 2000:

CSA 18 - Cedarpines Park Capital Project (CBC)	\$ 3,435
CSA 20 - Joshua Tree Capital Project (CFU)	30,972
CSA 20 - Joshua Tree Capital Project (CFV)	2,995
CSA 29 - Lucerne Valley Capital Project (CGI)	52
CSA 69 - Lake Arrowhead Capital Project (CFB)	764
CSA 70 - Zone M - Roads Storage (CFN)	2,300
CSA 70 - Zone M - Senior Center (CFO)	8,585
CSA 70 - Zone R8 - General (SMY)	2,186
CSA No SL1 - Street Lighting (SQV)	33,872

The CSA's management plans to eliminate the deficits through the course of normal operations.

13. SPECIAL ASSESSMENT ACCOUNTING (1915 IMPROVEMENT ACT BONDS)

In 1994, CSA 70 - Zone R5, issued bonds under the Improvement Act of 1915 to finance certain road improvements. Zone R5 reports the bonds according to the provisions of the Government Accounting Standards Board 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 liability at June 30, 2000, is \$3,245,000.

14. CSA 70 - ZONE P2

In 1993, CSA 70 - Zone P2 entered into a facility lease agreement, No. 93-677, with the Provisional Accelerated Learning Center (PAL). By this agreement, PAL was given the full use and management functions of the Community Center and all grounds and improvements located at Muscoy Community Park for purposes of providing an educational learning center, day care center, job training programs, meeting hall for community functions, and to provide recreation programs and management for the area served by the CSA. PAL agreed to provide all normal maintenance during the lease term and to return the premises to the CSA in good condition at the end of the term (June 30, 2003) with all improvements intact.

COUNTY OF SAN BERNARDINO
VARIOUS COUNTY SERVICE AREAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000

Cont.

CSA 70 – Zone P2 closed its operating fund after it entered into the facility lease agreement. Therefore CSA 70 - Zone P2 does not have any financial statements except for a balance sheet containing the general fixed asset account group.

15. ENTERPRISE FUNDS

Nature of Operations

County Service Areas provide the following services as indicated below:

CSA 29 – Lucerne Valley – Ambulance: Ambulance transport to the community of Lucerne Valley.

CSA 42 - Oro Grande: Refuse, sewer, street lighting, and water to the community of Oro Grande.

CSA 56 – Wrightwood and Zone F-1, Pinon Hills: Ambulance transport to the communities of Wrightwood and Pinon Hills.

CSA 70 – Countywide: Ambulance transport to various small communities.

CSA 70 - Zone E1 – North Apple Valley: Ambulance transport to the community of North Apple Valley.

CSA 70 - Zone F – Morongo Valley: Water service to 88 properties in Morongo Valley.

CSA 70 - Zone HL – Havasu Lake: Refuse service to the community of Havasu Lake.

CSA 70 - Zone SP2 – Highcountry: Sewer service to 250 units in the High Country Development tract of homes.

CSA 70 - Zone W3 – Hacienda Heights: Water service to 180 properties in Hacienda Heights.

CSA 70 - Zone W4 – Pioneer Town: Water service to 140 properties in Pioneer Town.

CSA 70 - Zone W7 – Morongo Heights: Water service to the Morongo Heights area.

CSA 70 - Zone W10 – Morongo Valley: Water service to the Morongo Valley area.

CSA 82 - Zone SV1 – Searles Valley: Administrative entity for 3 improvement zones providing ambulance, sewer, street lighting, fire and park services.

CSA 82 - Zone SV3 – Trona: Sewer and street lighting to 473 units in the community of Trona.

CSA 82 - Zone SV4 – Pioneer: Sewer to 333 units in the community of Pioneer Point.

COUNTY OF SAN BERNARDINO
VARIOUS COUNTY SERVICE AREAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000

Cont.

CSA 82 - Trona Ambulance: Ambulance transport to the Searles Valley communities of Pioneer Point, Trona, Argus, and West End areas under the administration of the County Fire Department.

Use of Estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the use of management's estimates. Actual results could differ from those estimates.

16. INSURANCE

The CSAs participate in a Public Entity Risk Pool Sponsored by the County for public liability, property damage, unemployment insurance, employee dental insurance, and workers' compensation insurance. A list of coverage is shown on Schedule 2.

17. CONTRIBUTED CAPITAL

The Board of Supervisors approved the establishment of separate ambulance enterprise operations for fire districts which were providing ambulance transport services. The amount of \$102,744 was transferred from the General Fund to CSA 56 - Wrightwood Ambulance (EBD) - Enterprise Fund in 1992. The amount of \$38,742 was transferred from the General Fund to CSA 29 - Lucerne Valley Ambulance (EAJ) - Enterprise Fund in 1992. These transfers represented Accounts Receivable for the Enterprise Funds on that date.

Contributed Capital for CSA 82 - Searles Valley (EFY/EIC) totaled \$26,208. The contributed capital, obtained from special assessments, was used to finance a utility plant.

18. PRIOR PERIOD ADJUSTMENT

CSA 70, Zone W3 - Hacienda Heights

Funds EJU and ECW were omitted from retained earnings of the proprietary fund of CSA 70, Zone W3. A prior period adjustment was made to correct this error:

Retained earnings as previously reported	\$ 307,375
Adjustment	<u>55,355</u>
Retained Earnings, July 1, 1999 as restated	<u>\$ 362,730</u>

VARIOUS COUNTY SERVICE AREAS

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SCHEDULE 1

COUNTY OF SAN BERNARDINO
 COUNTY SERVICE AREA NO. 70 - ZONE F - MORONGO VALLEY
 SCHEDULE OF CHANGES IN FIXED ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

PROPRIETARY FUND(S)	Balance <u>July 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2000</u>
Land	\$ 4,311	\$	\$	\$ 4,311
Improvements to Land	125,680			125,680
Construction in Progress	<u>269,780</u>	<u>69,248</u>		<u>339,028</u>
Total	<u>\$ 399,771</u>	<u>\$ 69,248</u>	<u>\$ -0-</u>	<u>\$ 469,019</u>
ACCUMULATED DEPRECIATION				
Improvements to Land	<u>\$ 64,396</u>	<u>\$ 3,054</u>	<u>\$ -0-</u>	<u>\$ 67,450</u>

**COUNTY OF SAN BERNARDINO
VARIOUS COUNTY SERVICE AREAS
SCHEDULE OF INSURANCE COVERAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

TYPE COVERAGE	AMOUNT	INSURER
GENERAL AND AUTOMOBILE LIABILITY	County pays all claims with negligence	COUNTY is completely self-insured up to \$250,000 per claim or occurrence, CSAC EIA Liability Program II pool covers losses from \$250,000. Excess coverage provides coverage to \$30 million.
FIRE, LIGHTNING, AND EXTENDED COVERAGE	Full repair/replacement of all facilities & contents over deductible up to Tower limits	Through CSAC EIA w/\$25,000 deductible. 5% deductible for earthquake
AIRPORT LIABILITY	\$50,000,000	Premises Liability, contractual liability, products liability, completed operations; personal protective injury, hangarkeepers, owners and contractors protective with Associated Aviation.
COMPREHENSIVE DISAPPEARANCE, DESTRUCTION & DISHONESTY	\$10,000,000	CSAC EIA Crime Program - \$25,000 deductible per claim or occurrence
FAITHFUL PERFORMANCE BOND	\$10,000,000 employee dishonesty	CSAC EIA Crime Program -\$25,000 deductible per claim or occurrence
WORKERS' COMPENSATION	Statutory for Workers' Compensation, \$2,000,000 for Employer's Liability	Self-insured first \$1,000,000. Excess with CAMEX JPA for statutory limits.
EMPLOYEE HEALTH Contact Human Resources Dept.	Limited according to selected plan	Contact Human Resources
DENTAL Contact Human Resources Dept.	Limited according to selected plan	Contact Human Resources
LIFE Contact Human Resources Dept.	Varies	Contact Human Resources

County Service Area 70 Zone F

Consumer Confidence Report

Attachment 3d



COUNTY SERVICE AREA 70 F 2011 CONSUMER CONFIDENCE REPORT

GENERAL DISTRICT INFORMATION

CSA 70 F System is routinely monitored for constituents in the District's drinking water according to Federal and State laws. The tables show the results of the District's monitoring for the period of January 1st through December 31st, 2011.

Questions about this report or concerning the water system?

Contact Steve Samaras, Operations Manager, at:
(760) 955-9885 or
(800) 554-0565

Office Hours:
Monday through
Friday, 8:00 am –
5:00 pm, except
Wednesday hours are
8:30 am – 5:00 pm.
Closed on holidays.

¡MUY IMPORTANTE!

Este informe contiene información muy importante sobre su agua beber. Tradúzcalo ó hable con alguien que lo entienda bien.

County Service Area 70 F (CSA 70 F), a water district within the Special Districts Department, Water and Sanitation Division (Division), is a Board-governed district providing water services to approximately 234 customers in the Morongo Valley area.

The water system consists of three wells and two active water tanks with a combined capacity of 260,000 gallons. There are 84 metered water connections utilizing the Radio Read system.

Visit Special Districts website for additional information at
<http://www.specialdistricts.org/2/>

Management and CSA 70F staff work as a team to ensure that the highest quality water is provided to our customers. A diligent regimen of testing and analysis for bacteriological, chemical, and radiological contaminants, along with physical qualities of the water is conducted throughout the year to ensure the highest water quality.

It is important to keep customers informed about the quality of water delivered over the past year. This year's annual water quality report, also known as a Consumer Confidence Report (CCR), contains information about the contaminants detected from 2011. The Division's goal is to provide a safe and dependable supply of drinking water.

The District will continue to work with the County Health Department and the community to resolve the ongoing water quality problems that relate to uranium and gross alpha. **The formal notification for uranium advising customers to use bottled water for consumptive purposes remains in effect.**

In order to ensure that tap water is safe to drink, the U.S. Environmental Protection Agency (USEPA) and the California Department of Public Health (CDPH) prescribe regulations that limit the amount of certain contaminants in water provided by public water systems. Department regulations also establish limits for contaminants in bottled water that must provide the same protection for public health.

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that the water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the USEPA's safe drinking water hotline at 1-800-426-4791 or at their website: <http://www.epa.gov/safewater/>

The subsequent tables provide many terms and abbreviations that customers may not be familiar with. To understand these terms, the district has provided the following definitions:

Non-Detects (ND) – laboratory analysis indicates that the constituent is not present or not tested.

MG – million gallons

Parts per million (ppm) – one part per million corresponds to one minute in two years or a single penny in \$10,000.

Parts per billion (ppb) – one part per billion corresponds to one minute in 2,000 years.

Parts per trillion (ppt) – one part per trillion corresponds to one minute in 2,000,000 years.

Parts per quadrillion (ppq) – one part per quadrillion corresponds to one minute in 2,000,000,000 years.

Picocuries per liter (pCi/L) – picocuries per liter is a measure of the radioactivity in water.

Millirems per year (mrem/yr) – measure of radiation absorbed by the body.

Million Fibers per Liter (MFL) – million fibers per liter is a measure of the presence of asbestos fibers that are longer than 10 micrometers.

Maximum Residual Disinfectant Level (MRDL) – the level of a disinfectant added for water treatment that may not be exceeded at the customer's tap.

Maximum Residual Disinfectant Level Goal (MRDLG) – the level of a disinfectant added for water treatment below which there is no known or expected health risk. MRDLGs are set by the U.S. Environmental Protection Agency.

Maximum Contaminant Level (MCL) – the highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the PHGs (or MCLGs) as is economically and technologically feasible. Secondary MCLs are set to protect the odor, taste, and appearance of drinking water.

Maximum Contaminant Level Goal (MCLG) – the level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by the U. S. Environmental Protection Agency.

Nephelometric Turbidity Unit (NTU) – nephelometric turbidity unit is a measure of the clarity of water. Turbidity in excess of 5 NTU is just noticeable to the average person.

Public Health Goal (PHG) – the level of a contaminant in drinking water below which there is no known or expected risk to health. PHGs are set by the California Environmental Protection Agency.

Primary Drinking Water Standard (PDWS) – MCLs for contaminants that affect health along with their monitoring and reporting requirements, and water treatment requirements.

Regulatory Action Level (AL) – the concentrations of a contaminant which, if exceeded, triggers treatment or other requirements that a water system must follow.

Sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs and wells. As water travels over the surface of the land or through the ground, it dissolves naturally-occurring minerals and in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity. Contaminants that may be present in source water include:

- Microbial contaminants, such as viruses and bacteria, that may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.
- Inorganic contaminants, such as salts and metals, that can be naturally-occurring or result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining or farming.
- Pesticides and herbicides, that may come from a variety of sources such as agriculture, urban stormwater runoff, and residential uses.
- Organic chemical contaminants, including synthetic and volatile organic chemicals, that are byproducts of industrial processes and petroleum production, and can also come from gas stations, urban stormwater runoff, agricultural application, and septic systems.
- Radioactive contaminants, that can be naturally-occurring or be the result of oil and gas production and mining activities.

County of San Bernardino - CSA 70 Zone - F - PRIMARY STANDARDS

TEST RESULTS -

Microbiological Contaminants

Contaminant	Violation Y/N	Average Level Detected	Range of Detection	Unit of Measure	MCL	PHG (MCLG)	Likely Source of Contamination
E. Coli	N	0.00	0 - 0	P/A			Human and animal fecal waste
Total Coliform	N	0.00	0 - 0	P/A			Naturally present in the environment

Radioactive Contaminants

Contaminant	Violation Y/N	Average Level Detected	Range of Detection	Unit of Measure	MCL	PHG (MCLG)	Likely Source of Contamination
** Gross Alpha	Y →	41.88	32 - 50	pCi/L	15		Erosion of natural deposits
*** Uranium	Y →	39.88	29 - 47	pCi/L	20	.43	Erosion of natural deposits

Inorganic Contaminants

Contaminant	Violation Y/N	Average Level Detected	Range of Detection	Unit of Measure	MCL	PHG (MCLG)	Likely Source of Contamination
Nitrate (NO3)	N	11 *		ppm	45	45	Runoff and leaching from fertilizer use; erosion of natural deposits

Chemical Disinfectant

Contaminant	Violation Y/N	Average Level Detected	Range of Detection	Unit of Measure	MCL	PHG (MCLG)	Likely Source of Contamination
Chlorine Residual	N	0.16	0-0.55	ppm	4.0 as Cl2		Drinking water disinfectant added for treatment

* Denotes only a single sample from the testing period.

** Certain minerals are radioactive and may emit a form of radiation known as alpha radiation. Some people who drink water containing alpha emitters in excess of the MCL over many years may have an increased risk of getting cancer.

*** Some people who drink water containing uranium in excess of the MCL over many years may have kidney problems or an increased risk of getting cancer.



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SHOULD CUSTOMERS BE CONCERNED?

MCLs are set at very stringent levels. To understand the risk of possible health effects described for regulated contaminants, customers should know that a person would have to drink two liters of water every day at the MCL level for a lifetime to have a one-in-a-million chance of having the described health effect.

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. USEPA/Centers for Disease Control (CDC) guidelines on appropriate means to lessen the risk of infection by Cryptosporidium and other microbiological contaminants are available from the Safe Drinking Water Hotline at 1-800-426-4791.

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing.

Special Districts Department, Water and Sanitation Division, is responsible for providing high quality drinking water, but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to two minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline at 1-800-426-4791 or at <http://www.epa.gov/safewater/lead>.

Nitrate in drinking water at levels above 45 mg/L is a health risk for infants of less than six months of age. Such nitrate levels in drinking water can interfere with the capacity of the infant's blood to carry oxygen, resulting in a serious illness; symptoms include shortness of breath and blueness of the skin. Nitrate levels above 45 mg/L may also affect the ability of the blood to carry oxygen in other individuals, such as pregnant women and those with certain specific enzyme deficiencies. If you are caring for an infant, or you are pregnant, you should ask advice from your health care provider.

Completed improvements and projects in 2011

Site security upgrades using CDBG grant funds

The Water and Sanitation Division of the Special Districts Department would like to remind customers to conserve water during Southern California Edison (SCE) rolling blackouts, and any other power outages in your area, as most production and transmission facilities may not have power for water production and delivery. SCE emergency contact number: 1-800-611-1911.

WATER SAVING HINTS



Have your toilet tanks checked for leaks.

Place a few drops of blue food coloring in the toilet tank. If coloring is seen in the toilet bowl without flushing, a wasteful leak needs to be repaired. A leaking toilet can waste up to 21,000 gallons of water per year.



Install low-flow shower heads.

Low-flow shower heads can help you save up to eight gallons of water for each minute of shower time. Also, you will use less hot water which saves energy.



Lawns and shrubs should be watered only when they really need it.

Check lawns and shrubs to see if they need water. A lawn that springs back after being stepped on doesn't need water. Watering may not be necessary in the winter.

Water at the right time of day.

In summer water only during the cooler parts of the day. The sun can cause most of the water to evaporate before it is absorbed into the soil.

COUNTY SERVICE AREA 70 F
(760) 955-9885 • (800) 554-0565

County of San Bernardino
SPECIAL DISTRICTS DEPARTMENT
WATER AND SANITATION DIVISION
12402 Industrial Boulevard, Suite D6
Victorville, CA 92395



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