

AGENDA

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

**SAN BERNARDINO CITY COUNCIL CHAMBERS
300 NORTH D STREET, FIRST FLOOR, SAN BERNARDINO**

REGULAR MEETING OF OCTOBER 16, 2013

9:00 A.M. – CALL TO ORDER – FLAG SALUTE

ANNOUNCEMENT: Anyone present at the hearing who is involved with any of the changes of organization to be considered and who has made a contribution of more than \$250 in the past twelve (12) months to any member of the Commission will be asked to state for the record the Commission member to whom the contribution has been made and the matter of consideration with which they are involved.

CONSENT ITEMS:

The following consent items are expected to be routine and non-controversial and will be acted upon by the Commission at one time without discussion, unless a request has been received prior to the hearing to discuss the matter.

1. Approval of Minutes for Regular Meeting of September 18, 2013
2. Approval of Executive Officer's Expense Report
3. Ratify Payments as Reconciled for Months of September 2013 and Note Cash Receipts
4. Commission Authorization for Recruitment of LAFCO Secretary at Step 8 of Range 39 as Required by Human Resource Policy 204 (B)

PUBLIC HEARING ITEM:

5. Consent Items Deferred for Discussion

DISCUSSION ITEMS:

6. Consideration of Request for Reduction in Filing Fees Submitted by the Helendale Community Services District for LAFCO 3175 -- Reorganization to Include Annexations to the Helendale Community Services District and Annexation to Zone FP-5 of the San Bernardino County Fire Protection District
7. First Quarter Financial Review for Period July 1 through September 30, 2013:
 - A. Financial Review
 - B. Note Additional Carryover from Fiscal Year 2012-13 and Discuss Allocation to Fund Fiscal Indicators Program, and Special Study for Newberry, Yermo and Daggett Community Service Districts

8. Status Report on Rim of the World Recreation and Park District Compliance with LAFCO Conditions on Service Review (*Continued from July 17, 2013 Hearing*)

INFORMATION ITEMS:

9. Pending Legislation Report
10. Executive Officer's Oral Report
11. Commissioner Comments
(This is an opportunity for Commissioners to comment on issues not listed on the agenda, provided that the subject matter is within the jurisdiction of the Commission and that no action may be taken on off-agenda items unless authorized by law.)
12. Comments from the Public
(By Commission policy, the public comment period is limited to five minutes per person for comments related to items under the jurisdiction of LAFCO.)

The Commission may adjourn for lunch from 12:00 to 1:30 p.m.

In its deliberations, the Commission may make appropriate changes incidental to the above-listed proposals.

Materials related to an item on this Agenda submitted to the Commission or prepared after distribution of the agenda packet will be available for public inspection in the LAFCO office at 215 N. D St., Suite 204, San Bernardino, during normal business hours, on the LAFCO website at www.sbclafo.org, and at the hearing.

Current law and Commission policy require the publishing of staff reports prior to the public hearing. These reports contain technical findings, comments, and recommendations of staff. The staff recommendation may be accepted or rejected by the Commission after its own analysis and consideration of public testimony.

IF YOU CHALLENGE ANY DECISION REGARDING ANY OF THE ABOVE PROPOSALS IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES YOU OR SOMEONE ELSE RAISED DURING THE PUBLIC TESTIMONY PERIOD REGARDING THAT PROPOSAL OR IN WRITTEN CORRESPONDENCE DELIVERED TO THE LOCAL AGENCY INFORMATION COMMISSION AT, OR PRIOR TO, THE PUBLIC HEARING.

The Political Reform Act requires the disclosure of expenditures for political purposes related to a change of organization or reorganization proposal which has been submitted to the Commission, and contributions in support of or in opposition to such measures, shall be disclosed and reported to the same extent and subject to the same requirements as provided for local initiative measures presented to the electorate (Government Code Section 56700.1). Questions regarding this should be directed to the Fair Political Practices Commission at www.fppc.ca.gov or at 1-866-ASK-FPPC (1-866-275-3772).

A person with a disability may contact the LAFCO office at (909) 383-9900 at least 72-hours before the scheduled meeting to request receipt of an agenda in an alternative format or to request disability-related accommodations, including auxiliary aids or services, in order to participate in the public meeting. Later requests will be accommodated to the extent feasible.

**ACTION MINUTES OF THE
LOCAL AGENCY FORMATION COMMISSION
HEARING OF SEPTEMBER 18, 2013**

REGULAR MEETING

9:00 A.M.

SEPTEMBER 18, 2013

PRESENT:

COMMISSIONERS: Jim Bagley
Kimberly Cox, Vice-Chair
James Curatalo, Chair
Robert Lovingood

James Ramos
Robert Smith, Alternate
Diane Williams

STAFF: Kathleen Rollings-McDonald, Executive Officer
Clark Alsop, LAFCO Legal Counsel
Samuel Martinez, Assistant Executive Officer
Michael Tuerpe, LAFCO Project Manager
Rebecca Lowery, Clerk to the Commission

ABSENT:

COMMISSIONERS: Larry McCallon
Dawn Rowe, Alternate

Janice Rutherford, Alternate
Sunil Sethi, Alternate

**CONVENE REGULAR SESSION OF THE LOCAL AGENCY FORMATION
COMMISSION – CALL TO ORDER – 9:04 A.M. – SAN BERNARDINO CITY COUNCIL
CHAMBERS**

Chairman Curatalo calls the regular session of the Local Agency Formation Commission to order and leads the flag salute.

CONSENT ITEMS – APPROVE STAFF RECOMMENDATIONS:

1. Approval of Minutes for Regular Meeting of August 21, 2013
2. Approval of Executive Officer's Expense Report
3. Ratify Payments as Reconciled for Months of July and August 2013 and Note Cash Receipts
4. Review and Approve Request to County Auditor-Controller/Treasurer/Tax Collector to collect Outstanding City and/or District Apportionment Amounts from First Proceeds of Tax Revenues for Fiscal Year 2013-14

LAFCO considers the items listed under its consent calendar, which includes a Visa

Justification, and a staff report outlining the staff recommendations for the reconciled payments. Also included is the staff report requesting the approval to collect Outstanding City and/or District Apportionment Amounts for Fiscal Year 2013-14. Copies of each report are on file in the LAFCO office and are made part of the record by their reference herein.

Executive Officer Kathleen Rollings-McDonald states that no items have been requested to be deferred for discussion.

Commissioner Cox moves approval of the consent calendar, second by Commissioner Williams. Chairman Curatalo calls for opposition to the motion. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Curatalo, Lovingood, Ramos, Williams. Noes: None. Abstain: None. Absent: McCallon.

PUBLIC HEARING ITEMS:

ITEM NO. 5. No Items Deferred for Discussion

ITEM NO. 6 CONTINUED HEARING: CONSIDERATION OF: (1) REVIEW OF MITIGATED NEGATIVE DECLARATION PREPARED BY THE COUNTY OF SAN BERNARDINO FOR REVISION TO APPROVED ACTION FOR THE CONSTRUCTION AND USE OF A 29,005 SQ. FT. DINING FACILITY, 10 CABINS EACH WITH A FLOOR AREA OF 1,872 SQ. FT., A SUSPENDED SLIDE AT THE EXISTING LAKE, A NEW 150,000 GALLON WATER TANK THAT WILL REPLACE THE EXISTING 50,000 GALLON TANK, AND A 1,118 SQ. FT. OFFICE FOR AN EXISTING ORGANIZATIONAL CAMP AND ADULT CONFERENCE CENTER FOR A MAXIMUM OF 520 GUESTS AND 55 STAFF MEMBERS ON 73.2 ACRES AS CEQA RESPONSIBLE AGENCY FOR LAFCO SC#375; (2) REVIEW AND APPROVAL OF ADDENDUM PREPARED BY LAFCO'S ENVIRONMENTAL CONSULTANT THAT PROVIDES ADDITIONAL INFORMATION TO SUPPLEMENT THE MITIGATED NEGATIVE DECLARATION ADOPTED BY THE COUNTY OF SAN BERNARDINO ON SEPTEMBER 11, 2012 TO ADDRESS EXTENDING SEWER SERVICE TO THE PROJECT, AS CEQA LEAD AGENCY FOR LAFCO SC#375; AND (3) LAFCO SC#375 – RUNNING SPRINGS WATER DISTRICT OUT-OF-AGENCY SERVICE AGREEMENT FOR SEWER SERVICE (O-ONGO INC./PALI MOUNTAIN)

LAFCO conducts a continued public hearing to consider LAFCO SC#375 – Running Springs Water District Out-Of-Agency Service Agreement for Sewer Service(O-Ongo Inc./Pali Mountain).

Assistant Executive Officer Samuel Martinez presents the staff report, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. The full recommendation is outlined on pages 1 and 2 of the staff report.

Mr. Martinez states that at the July 17, 2013 hearing, the Commission continued the consideration of LAFCO SC#375 in order to address the environmental assessment of the sewer service extension to the project site. Then, at the August 21, 2013 hearing, the

Commission again continued the consideration of LAFCO SC#375 after it received new information from the Crestline-Lake Arrowhead Water Agency (CLAWA) that outlined new issues that required the property owner/developer to perform related to the proposed sewer pipeline that is intended to cross the CLAWA easement. He says that on August 26, 2013, LAFCO staff and its environmental consultant met with the property owner/developer, the District, and CLAWA representatives to review and discuss the issues that CLAWA had identified and on September 9, 2013, all parties involved met again to resolve the issues that CLAWA had raised.

Mr. Martinez says that the only change to the original staff report dated August 12, 2013 is the acknowledgement of the commitments that the property owner/developer has made to comply with CLAWA's requests as outlined on page three of the staff report and that the Addendum prepared by LAFCO's environmental consultant, Tom Dodson, has been revised to now include a discussion related to the CLAWA easement.

Phillip Butler, Project Manager, states that he would like to thank LAFCO staff for their expertise and assistance in processing this project.

Andy Wexler, Owner, Pali Mountain, states that he would like to thank LAFCO staff for all their endeavors in the completion of this project.

Bryan Thomas, representative for the Running Springs Water District, states that the District has no issues with the project and that the District is in support of the project. He also thanks LAFCO staff for all the hard work they put into the project.

Commissioner Lovingood moves approval of the staff recommendations as outlined on pages 1 and 2 of the staff report, second by Commissioner Cox. Chairman Curatalo calls for opposition to the motion. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Curatalo, Lovingood, Ramos, Williams. Noes: None. Abstain: None. Absent: McCallon.

DISCUSSION ITEMS:

ITEM NO. 7. CONSIDERATION OF CONTRACT WITH THE COUNTY INFORMATION SERVICES DEPARTMENT FOR DEVELOPMENT OF A FISCAL INDICATORS PROGRAM FOR USE IN SERVICE REVIEWS

Project Manager Michael Tuerpe presents the staff report, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here.

Mr. Tuerpe states that the Commission had authorized, as part of the FY 12-13 budget, staff to negotiate with Orange LAFCO to acquire access to its Fiscal Indicators and Shared Service programs for implementation by San Bernardino LAFCO. He says that negotiations were suspended by the Executive Officer in June of 2013 due to issues with licensing and other developmental and technical factors. He states that the need for a program still exists in order to track the fiscal indicators during the next cycle of service reviews and to provide the information to the public going forward. He says that LAFCO

staff has been provided with a quote from the County's Information Services Department (ISD) for the cost of development and implementation of such a program.

He says that staff is requesting the approval of the recommendations as listed on page 1 of the staff report.

Commissioner Cox asks staff why the program is needed, to which Executive Officer Kathleen Rollings-McDonald states that the purpose is to be able to present the information to the public through the LAFCO website. A review and update will be done annually on the posted information and the data will be maintained by LAFCO staff.

Commissioner Smith asks if the implementation of the Fiscal Indicators Program will cost the Cities and the Districts any additional monies or work, to which Ms. McDonald states that the collection and posting of the information is a part of the mandatory service review process that is annually budgeted. Ms. McDonald states that the submission of the audit data is already required as a part of this process.

Commissioner Cox states that the implementation of the program will be an added value and ask how much it will cost to maintain.

Ms. McDonald states that maintenance will only require staff time.

Commissioner Cox moves approval of the staff recommendation to approve the Fiscal Indicators project with the County Information Services Department, to return at the October 16, 2013 Hearing to fund the project, and to authorize the Executive Officer to execute the Contract with ISD, Second by Commissioner Williams. Chairman Curatalo calls for opposition to the motion. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Curatalo, Lovingood, Ramos, Williams. Noes: None. Abstain: None. Absent: McCallon.

ITEM NO. 8 CONSIDERATION OF RESPONSE TO 2013 GRAND JURY REPORT FINDING RELATED TO THE NEWBERRY COMMUNITY SERVICES DISTRICT AND IMPLEMENTATION OF AN OUT OF CYCLE SERVICE REVIEW

Executive Officer Kathleen Rollings-McDonald presents the staff report a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here.

Ms. McDonald states that at the August 21, 2013 hearing, the Commission requested continuance of this item requesting that staff return with more information regarding the cost to conduct an out-of-cycle service review for the Newberry, Yermo and Daggett Community Services Districts. She states that the review of the financial information is outlined on pages 2 and 3 of the staff report and adds that the First District has agreed to fund \$5,000 to cover the costs of noticing the landowners and registered voters in the three areas.

Commissioner Smith states that the Newberry CSD has new board members and perhaps the Commission should take the review in its regular cycle and give the new board an opportunity to address the issues noted by the Grand Jury in regard to the operations of the CSD.

Commissioner Lovingood states that the Commission should move forward with option 2 and take the service review out of cycle.

Commissioner Smith states that if the review is to be taken off-cycle, that the Commission review only the Newberry CSD and leave the Yermo and Daggett CSDs to their regular cycle.

Commissioner Cox ask what the LAFCO recommendation was for the last service review, to which Ms. McDonald responds that it was staff's recommendation that the three agencies be consolidated and that they share a single sphere of influence.

Commissioner Bagley states that the Commission must be responsive to the Grand Jury and that an out-of-cycle review is appropriate.

Commissioner Lovingood moves approval of the staff recommendation to concur with the 2012-13 Grand Jury Final Report Recommendation #15 and approval of Option #2 to commence an off-cycle review of the Newberry CSD as well as the Yermo and Daggett CSDs and to authorize the Executive Officer to submit the response to the Presiding Judge of the Superior Court by September 28, 2013, Second by Commissioner Ramos. Chairman Curatalo calls for opposition to the motion. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Curatalo, Lovingood, Ramos, Williams. Noes: None. Abstain: None. Absent: McCallon

INFORMATION ITEMS:

ITEM NO. 9 PENDING LEGISLATION REPORT

Executive Officer Kathleen Rollings-McDonald presents the report for the pending legislation requesting support for submission of a letter to Governor Brown to sign AB 240.

Commissioner Williams moves approval of the direction of the Executive Officer to send a letter from San Bernardino LAFCO requesting that the Governor sign AB 240, Second by Commissioner Cox. Chairman Curatalo calls for opposition to the motion. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Curatalo, Lovingood, Ramos, Williams. Noes: None. Abstain: None. Absent: McCallon.

ITEM NO. 10 EXECUTIVE OFFICER'S ORAL REPORT

Executive Officer Kathleen Rollings-McDonald presents the Executive Officers oral report.

No action is required.

ITEM NO. 11 COMMISSIONER COMMENTS

Comments Provided

No action is required.

ITEM NO. 12 COMMENTS FROM THE PUBLIC

There are none.

**THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION,
THE HEARING IS ADJOURNED AT 10:10 A.M.**

ATTEST:

REBECCA LOWERY
Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

JAMES CURATALO, Chairman

**LOCAL AGENCY FORMATION COMMISSION
FOR SAN BERNARDINO COUNTY**

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DATE: OCTOBER 7, 2013

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION



**SUBJECT: AGENDA ITEM #2 – APPROVAL OF EXECUTIVE OFFICER’S
EXPENSE REPORT**

RECOMMENDATION:

Approve the Executive Officer’s Expense Report for Procurement Card Purchases for September 2013 as presented.

BACKGROUND INFORMATION:

The Commission participates in the County of San Bernardino’s Procurement Card Program to supply the Executive Officer a credit card to provide for payment of routine official costs of Commission activities as authorized by LAFCO Policy #4(H). Staff has prepared an itemized report of purchases that covers the billing period of August 23, 2013 through September 23, 2013.

It is recommended that the Commission approve the Executive Officer’s expense report as shown on the attachments.

KRM/rcl

Attachment



**COUNTY OF SAN BERNARDINO
PROCUREMENT CARD PROGRAM**

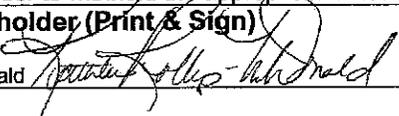
MONTHLY PROCUREMENT CARD PURCHASE REPORT

Card Number 	Cardholder Kathleen Rollings-McDonald	Billing Period 8/23/13 to -9/23/13
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Date	Vendor Name	Receipt/ Invoice No.	Item Description	Purpose	\$ Amount	Reconciled (R) Disputed (D)	Sales Tax Included on invoice (Yes or No)
8/27	Resort at Squaw Creek	1	Credit – CALAFCO Conf.	CALAFCO Annual Conference	169.00	R	N
8/27	Resort at Squaw Creek	2	Credit – CALAFCO Conf.	CALAFCO Annual Conference	169.00	R	N
8/27	Resort at Squaw Creek	3	Credit – CALAFCO Conf.	CALAFCO Annual Conference	169.00	R	N
8/28	SurveyMonkey.com	4	Survey Software	Financial Indicators Survey	72.00	R	N
8/29	Storetrieve LLC	5	Monthly Payment	Record Maintenance and Storage	47.52	R	N
8/29	CA Planning & Development Report	6	Annual Payment	Subscription Payment	238.00	R	N
8/30	Thomson West	7	Monthly Payment	Law Library Updates	328.89	R	Y
8/30	Resort at Squaw Creek	8	Meal – Rollings-McDonald & Martinez	CALAFCO Annual Conference	106.15	R	N
9/02	Enterprise Rent-A- Car	9	Car Rental – Rollings-McDonald	CALAFCO Annual Conference	113.21	R	Y
9/02	Arco AM/PM	10	Gas for Car Rental – Rollings-McDonald	CALAFCO Annual Conference	31.50	R	N
9/02	SMF Dos Coyotes	11	Meal – Rollings-McDonald	CALAFCO Annual Conference	11.64	R	N
9/02	Ontario Airport	12	Parking – Rollings-McDonald	CALAFCO Annual Conference	72.00	R	N
9/02	Resort at Squaw Creek	13	Hotel Room - Bagley	CALAFCO Annual Conference	415.46	R	Y
9/02	Resort at Squaw Creek	14	Hotel Room - Martinez	CALAFCO Annual Conference	69.94	R	Y
9/02	Resort at Squaw Creek	15	Hotel Room – Rollings-McDonald	CALAFCO Annual Conference	415.46	R	Y

Date	Vendor Name	Receipt/ Invoice No.	Item Description	Purpose	\$ Amount	Reconciled (R) Disputed (D)	Sales Tax Included on
9/02	Resort at Squaw Creek	16	Hotel Room - Curatalo	CALAFCO Annual Conference	260.64	R	Y
9/02	Resort at Squaw Creek	17	Hotel Room -- Martinez	CALAFCO Annual Conference	540.34	R	Y
9/19	Panera Bread	18	Bagels	LAFCO Hearing	13.99	R	N

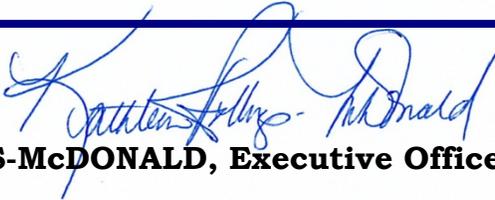
The undersigned, under penalty of perjury, states the above information to be true and correct. If an unauthorized purchase has been made, the undersigned authorizes the County Auditor/Controller-Recorder to withhold the appropriate amount from their payroll check after 15 days from the receipt of the cardholder's Statement of Account.

Cardholder (Print & Sign)	Date
Kathleen Rollings-McDonald 	10/7/13

Approving Official (Print & Sign)	Date
James Curatalo, Chairman	10/16/13

**LOCAL AGENCY FORMATION COMMISSION
FOR SAN BERNARDINO COUNTY**

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DATE: **OCTOBER 7, 2013** 
FROM: **KATHLEEN ROLLINGS-McDONALD, Executive Officer**
TO: **LOCAL AGENCY FORMATION COMMISSION**

**SUBJECT: AGENDA ITEM #3 - RATIFY PAYMENTS AS RECONCILED FOR
MONTH OF SEPTEMBER 2013 AND NOTE REVENUE RECEIPTS**

RECOMMENDATION:

Ratify payments as reconciled for the month September 2013 and note revenue receipts for the same period.

BACKGROUND INFORMATION:

Staff has prepared a reconciliation of warrants issued for payments to various vendors, internal transfers for payments to County Departments, cash receipts and internal transfers for payments for deposits or other charges that cover the period of September 1 through September 30, 2013.

Staff is recommending that the Commission ratify the payments for September outlined on the attached listings and note the revenues received.

KRM/rcl

Attachment

MONTHLY RECONCILIATION OF PAYMENTS

MONTH OF SEPTEMBER 2013 PAYMENTS PROCESSED

VOUCHER DOCUMENT ID	ACCOUNT	NAME	WARRANT NUMBER	WARRANT DATE	AMOUNT
PV8908073	2335	STAFFMARK CALIFORNIA LLC	8303800	9/13/2013	\$ 2,098.98
PV8908074	2895	ADVANCED COPY SYSTEMS	3205661	9/13/2013	\$ 269.54
PV8908075	2080	DAILY JOURNAL	8303575	9/13/2013	\$ 492.80
PV8908076	2400	BEST BEST & KRIEGER	3205674	9/13/2013	\$ 1,996.00
PV8908077	2305	PAPER RECYCLING SPECIALISTS	8303721	9/13/2013	\$ 34.00
PV8908078	2445/2940	JIM BAGLEY	8303663	9/13/2013	\$ 301.59
PV8908079	2445/2940	KIMBERLY COX	8303674	9/13/2013	\$ 522.04
PV8908080	2445/2940	JAMES V CURATALO	8303660	9/13/2013	\$ 456.50
PV890808101	2445	JANICE RUTHERFORD	8303662	9/13/2013	\$ 200.00
PV890808102	2445	ROBERT A LOVINGOOD	8303778	9/13/2013	\$ 200.00
PV890808103	2445	JAMES C RAMOS	8303661	9/13/2013	\$ 200.00
PV8908082	2445/2940	DAWN MICHELLE ROWE	8303581	9/13/2013	\$ 282.49
PV8908083	2445/2940	ROBERT W SMITH	8303779	9/13/2013	\$ 291.53
PV8908084	2445/2940	DIANE WILLIAMS	8303597	9/13/2013	\$ 229.38
PV8908085	2424	TOM DODSON & ASSOCIATES	3206083	9/17/2013	\$ 765.00
PV8908086	2445	CITY OF SAN BERNARDINO	8305754	9/17/2013	\$ 300.00
PV8908087	2400	BEST BEST & KRIEGER	3205972	9/17/2013	\$ 3,300.00
PV8908088	2905	INLAND EMPIRE PROPERTIES LLC	8305788	9/17/2013	\$ 4,517.02
PV8908089	2895	ADVANCED COPY SYSTEMS	3205968	9/17/2013	\$ 269.54
PV8908090	2335	STAFFMARK CALIFONIA LLC	8305891	9/17/2013	\$ 1,004.64
PV8908091	1235	SPECIAL DISTRICTS RISK MGMT	8305890	9/17/2013	\$ 393.00
PV8908092	2245	SPECIAL DISTRICTS RISK MGMT	8305890	9/17/2013	\$ 61.67
TOTAL					\$ 18,185.72

MONTH OF SEPTEMBER 2013 INTERNAL TRANSFERS PROCESSED

JVIB 02092037C	2037	AUGUST 2013 PHONE		9/13/2013	\$ 221.52
JVIB 02092038C	2038	AUGUST 2013 LONG DISTANCE		9/13/2013	\$ 5.56
JVCS 20130903062	2305	STAPLES - SERVICE CHARGE		9/3/2013	\$ 43.21
JVCS 20130916060	2305	STAPLES - SERVICE CHARGE		9/17/2013	\$ 8.05
JVCS 20130903061	5012	STAPLES - SUPPLIES		9/4/2013	\$ 360.12
JVCS 20130916060	5012	STAPLES - SUPPLIES		9/17/2013	\$ 67.10
JVPURRT02782	2310	1ST CLASS PRESORT- MAIL		9/13/2013	\$ 367.77
JVPURRT02784	2310	PACKAGING - MAIL		9/13/2013	\$ 25.69
JVPURRT02786	2310	PRESORT FLATS - MAIL		9/13/2013	\$ 13.59
JVPURRT02795	2310	BUSINESS-REPLY-MAIL		9/13/2013	\$ 0.25
JVPURRT02994	2310	INTER-OFFICE MAIL		9/18/2013	\$ 176.00
JVIB 02092410AA	2410	AUGUST 2013 DATA PROCESSING		9/13/2013	\$ 106.53
JVIB 02092410AE	2410	AUGUST 2013 DATA PROCESSING		9/13/2013	\$ 0.36
JVIB 02092410AJ	2410	AUGUST 2013 DATA PROCESSING		9/13/2013	\$ 48.19
JVIB 02092410D	2410	AUGUST 2013 DATA PROCESSING		9/13/2013	\$ 34.35
JVIB 02092410K	2410	AUGUST 2013 DATA PROCESSING		9/13/2013	\$ 148.82
JVIB 02092410O	2410	AUGUST 2013 DATA PROCESSING		9/13/2013	\$ 72.71
JVIB 02092410S	2410	AUGUST 2013 DATA PROCESSING		9/13/2013	\$ 131.05
JVIB 02092410W	2410	AUGUST 2013 DATA PROCESSING		9/13/2013	\$ 2.34
JVIB 02092420K	2420	AUGUST 2013 ISD		9/13/2013	\$ (80.88)
JVIB 02092421F	2421	AUGUST 2013 DIRECT		9/16/2013	\$ 35.01
JV890RT03584	2424	NOTICE OF EXEMPTION FOR LAFCO SC 384		9/23/2013	\$ 50.00
JV890RT03846	2424	NOTICE OF DETERMINATION FOR LAFCO SC 375		9/26/2013	\$ 50.00
JVIB 02092450B	2450	AUGUST 2013 SYSTEM DEVELOPMENT		9/16/2013	\$ 1,071.50
JVIB 02092460B	2460	GIMS CHARGES		9/16/2013	\$ 1,377.00
TOTAL					\$ 4,335.84

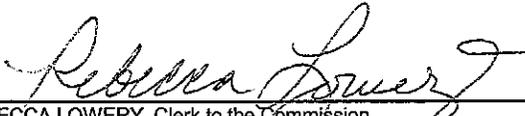
MONTHLY RECONCILIATION OF PAYMENTS

MONTH OF SEPTEMBER 2013 CASH RECEIPTS

DEPOSIT			DEPOSIT	
DOCUMENT ID	ACCOUNT	DESCRIPTION	DATE	AMOUNT
CRATXA02599	8842	BIG BEAR AIRPORT DISTRICT	9/3/2013	\$ 705.86
CRSHRD02603	8842	CITY OF CHINO	9/3/2013	\$ 15,551.37
CRATXA02671	8842	WEST VALLEY MOSQUITO & VECTOR CONTROL DISTRICT	9/4/2013	\$ 761.71
CRATXA03712	8842	CITY OF RIALTO	9/27/2013	\$ 12,048.20
CR890A03622	9545	INDIVIDUAL NOTICE	9/26/2013	\$ 700.00
CR890A03622	9555	LEGAL SERVICES	9/26/2013	\$ 1,150.00
CR890A02825	9660	ENVIRONMENTAL FEES	9/9/2013	\$ 4,000.00
CR890A03622	9660	ENVIRONMENTAL FEES	9/26/2013	\$ 750.00
CR890A03132	9800	LAFCO FEES	9/16/2013	\$ 500.00
CR890A03622	9800	LAFCO FEES	9/26/2013	\$ 23,283.00
CR890A03132	9930	MISCELLANEOUS FEES	9/16/2013	\$ 26.00
CR890A03622	9930	MISCELLANEOUS FEES	9/26/2013	\$ 418.23
TOTAL				\$ 59,894.37

MONTH OF SEPTEMBER 2013 INTERNAL TRANSFERS RECEIVED

TRANSFER			TRANSFER	
DOCUMENT ID	ACCOUNT	NAME	DATE	AMOUNT
		NONE		
TOTAL				\$ -


 REBECCA LOWERY, Clerk to the Commission 10/7/2013
DATE

RECONCILIATION APPROVED BY:

 KATHLEEN ROLLINGS-MCDONALD, Executive Officer 10/7/2013
DATE

**LOCAL AGENCY FORMATION COMMISSION
FOR SAN BERNARDINO COUNTY**

215 North D Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: OCTOBER 7, 2013

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION



SUBJECT: Agenda Item #4 – Request for Commission Authorization to Hire LAFCO Secretary at Step 8 of Range 39 as Required by Human Resources Policy 204(B)

RECOMMENDATION:

Staff recommends that the Commission authorize the Executive Officer to hire the LAFCO Secretary at Step 8 of Range 39.

BACKGROUND:

As a part of the Fiscal Year 2013-14 Budget, the Commission authorized the recruitment of a LAFCO Secretary. Over the past month or so, staff has conducted that recruitment process, and an offer of employment has been made. During discussion of starting salary, it was requested that the starting level be at Step 8 of Range 39 (\$20.43 per hour -- \$42,490 per year). This negotiated determination was made based upon the range of skills for the applicant, which includes but is not limited to, previous participation in the implementation of the Shared Services Program for Orange LAFCO and prior experience with GIS mapping.

Pursuant to Human Resources Policy 204 subsection (B), the Executive Officer is able to offer a starting salary up to Step 5 of the appropriate range while the Commission is able to authorize a starting salary from Step 6 to the final Step 11. The difference between the budgeted salary step (Step 3) of \$18.07 per hour to the requested step (Step 8) of \$20.43 per hour would be \$7,771 per year (including benefits which are sensitive to salary rate). Since the hiring of this position has been delayed for more than one quarter, there would be no need to adjust the 1000 series of accounts to accommodate the change.

It is requested that the Commission provide its approval of the starting Step 8 for this position so that the employee can begin by the first of November. Should the Commission have any questions, staff will be happy to answer them prior to or at the hearing.

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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(909) 383-9900 • Fax (909) 383-9901
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: OCTOBER 7, 2013 
FROM: SAMUEL MARTINEZ, Assistant Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #6: Consideration of Request for Reduction in Filing Fees Submitted by the Helendale Community Services District for LAFCO 3175 – Reorganization to Include Annexations to the Helendale Community Services District and to Service Zone FP-5 of the San Bernardino County Fire Protection District (As Modified by LAFCO Staff)

RECOMMENDATION:

Staff recommends that the Commission:

- 1) Approve the request for the reduction in filing fees for LAFCO 3175. The breakdown of the fees/deposits required is shown below:

LAFCO Filing Fees

- | | |
|--|------------|
| • Area 1 - Flat rate (additional \$1 per acre over 275 acres - waived) | \$7,500.00 |
| • Area 2 - Flat rate (additional \$1 per acre over 275 acres - waived) | \$7,500.00 |
| • Area 3 - <i>Additional Annexation Area per LAFCO staff</i> | <i>n/a</i> |

Deposits

- | | |
|--------------------------------|------------|
| • Legal Counsel Deposit | \$1,150.00 |
| • Environmental Review Deposit | \$750.00 |
| • Individual Notice Deposit | \$700.00 |

Total Filing Fees/Deposits	\$17,600.00
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- 2) Direct the Executive Officer to refund the Helendale Community Services District a total of \$8,283 since the District has already paid the filing fee of \$25,883.

BACKGROUND:

On September 23, 2013, the Helendale Community Services District (hereafter the “District”) submitted a reorganization proposal that proposes the annexation of two areas into the District (a map of the areas is included as Attachment #1). The application also included a request for reduction in the filing fees for the reorganization proposal. The fees/deposits that apply to the reorganization proposal submitted by the District are identified as follows:

LAFCO Filing Fees	
Area 1 (South of Silver Lakes) = 5,133 acres	
• \$7,500 for areas up to 275 acres	\$7,500.00
• \$1 per acre over 275 acres	\$4,858.00
Area 2 (Wild Wash area) = 3,699 acres	
• \$7,500 for areas up to 275 acres	\$7,500.00
• \$1 per acre over 275 acres	\$3,424.00
Deposits	
• Legal Counsel Deposit	\$1,150.00
• Environmental Review Deposit	\$750.00
• Individual Notice Deposit	\$700.00
Total Filing Fees/Deposits	\$25,883.00

The District is requesting that the additional filing fee of \$1 for every acre over 275 acres, for each of the areas it is proposing to annex, be waived. A copy of the letter from the District is included as Attachment #2 to this report.

LAFCO staff supports the District’s request for reduction in filing fees since the two areas proposed for annexation into the District are primarily vacant land, which will not require an extensive review. In addition, no specific development is tied to this proposal and the service requirements within these two areas will be limited to solid waste for the foreseeable future.

In addition, after receiving the application proposal from the District, LAFCO staff determined that the eastern boundary for the San Bernardino County Fire Protection District’s Service Zone FP-5 (Helendale) splits a parcel along its existing boundary near the Wild Wash Road Interchange. Therefore in order to fix this boundary discrepancy with Service Zone FP-5, which serves the general Helendale community (and in some way, its boundaries generally correlates with the District’s sphere of influence boundaries), LAFCO staff is expanding the District’s proposal to include the annexation of the area of discrepancy into the Service Zone’s boundary.

Based on the District's request and the changes LAFCO staff has included as part of the overall reorganization, the new breakdown of fees/deposits is as follows:

LAFCO Filing Fees	
Area 1 – Annexation to the Helendale CSD (5,133 acres) <ul style="list-style-type: none"> • \$7,500 for areas up to 275 acres 	\$7,500.00
Area 2 – Annexation to the Helendale CSD (3,699 acres) <ul style="list-style-type: none"> • \$7,500 for areas up to 275 acres 	\$7,500.00
Area 3 – Annexation to SBCFPD Service Zone FP-5 (+/-240 acres) <ul style="list-style-type: none"> • As modified by LAFCO Staff 	n/a
Deposits	
<ul style="list-style-type: none"> • Legal Counsel Deposit 	\$1,150.00
<ul style="list-style-type: none"> • Environmental Review Deposit 	\$750.00
<ul style="list-style-type: none"> • Individual Notice Deposit 	\$700.00
Revised Total Filing Fees/Deposits	\$17,600.00

If the Commission supports this position, \$8,283 would be returned to the District.

For the reasons identified in this report, LAFCO staff supports the District's request for reduction in filing fees.

KRM/SM

Attachments:

1. Vicinity Map of Reorganization Area
2. Helendale Community Services District Letter Requesting Reduction of Fees

**Vicinity Map of
Reorganization Area**

Attachment 1

AREA 1: WILDWASH - 3699+/- ACRES			
COURSE	BEARING/DELTA	DISTANCE	OTHER
COURSE NO.1	EAST	13,630' M/L	TO CENTERLINE INTERSTATE 15
COURSE NO.2	SOUTHWEST	16,000' M/L	ALONG CENTERLINE INTERSTATE 15
COURSE NO.3	WEST	4,670' M/L	
COURSE NO.4	NORTH	5,280' M/L	
COURSE NO.5	WEST	10,460' M/L	
COURSE NO.6	NORTH	5,280' M/L	
COURSE NO.7	EAST	5,280' M/L	TO THE TRUE POINT OF BEGINNING
COURSE NO.8	NORTH	5,280' M/L	

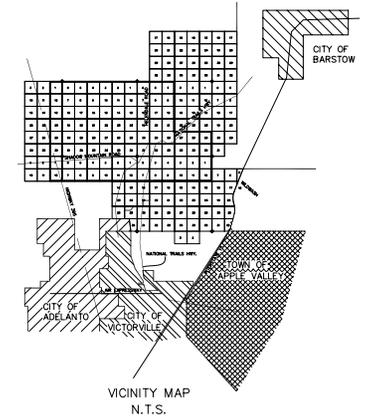
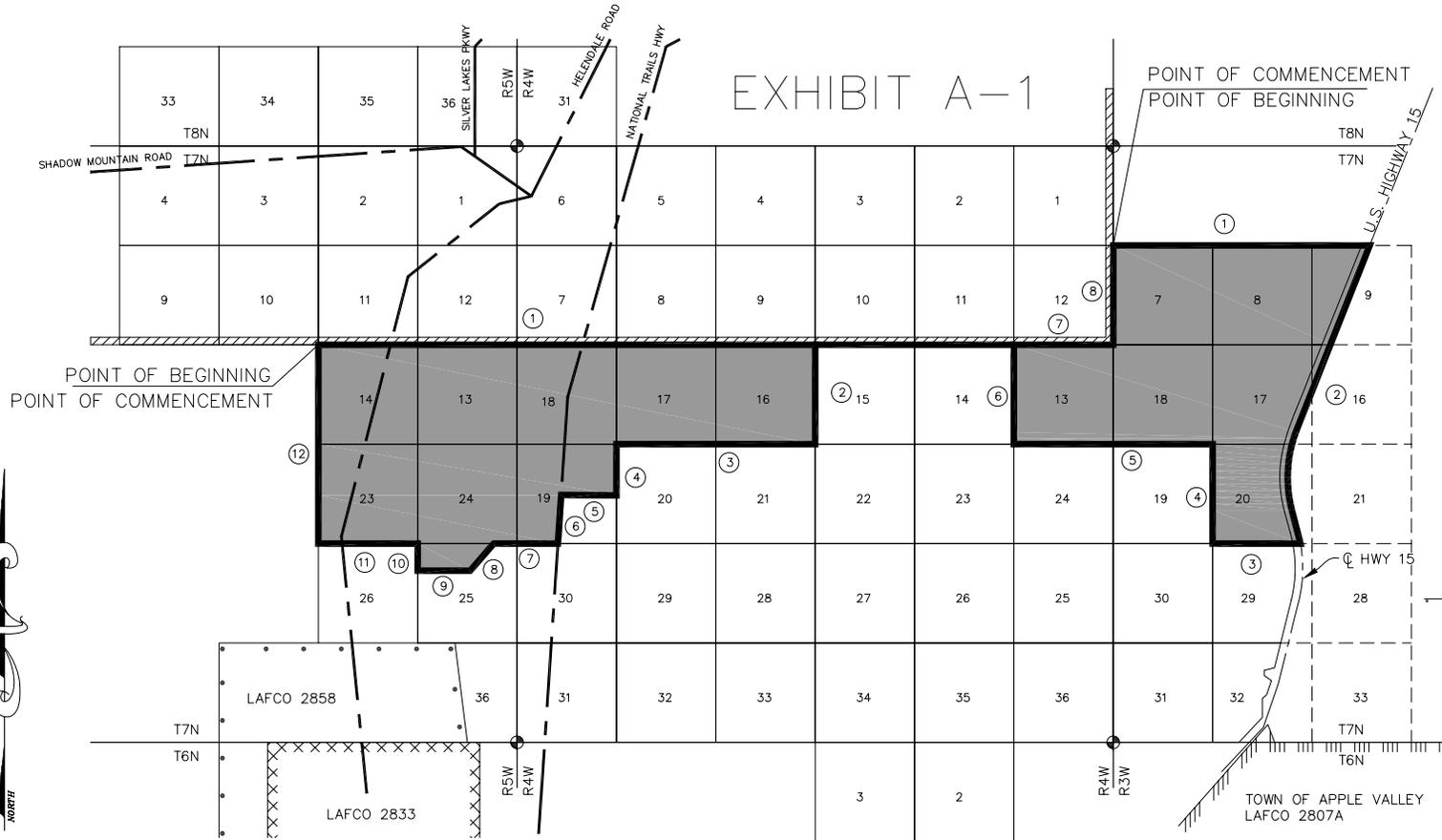
AREA 1: SOUTH OF SILVER LAKES - 5,133+/- ACRES			
COURSE	BEARING/DELTA	DISTANCE	OTHER
COURSE NO.1	EAST	26,210' M/L	
COURSE NO.2	SOUTH	5,280' M/L	
COURSE NO.3	WEST	10,560' M/L	
COURSE NO.4	SOUTH	2,640' M/L	
COURSE NO.5	WEST	2,640' M/L	
COURSE NO.6	SOUTH	2,640' M/L	
COURSE NO.7	WEST	3,880' M/L	
COURSE NO.8	SOUTHWEST	1,250' M/L	
COURSE NO.9	WEST	2,640' M/L	
COURSE NO.10	NORTH	1,320' M/L	
COURSE NO.11	WEST	5,280' M/L	
COURSE NO.12	NORTH	10,560' M/L	TO THE TRUE POINT OF BEGINNING

OTHER

TO THE CENTERLINE OF NATIONAL TRAILS HIGHWAY
ALONG THE CENTERLINE OF NATIONAL TRAILS HIGHWAY
TO THE EASTERLY LINE OF PARCEL 1 OF PARCEL MAP 4909
ALONG THE EASTERLY LINE OF PARCEL 1 OF PARCEL MAP 4909

TO THE TRUE POINT OF BEGINNING

LAFCO # 3175
REORGANIZATION TO INCLUDE ANNEXATION TO THE
HELENDALE COMMUNITY SERVICES DISTRICT



- LEGEND:**
- ① INDICATES THE COURSE NUMBER PER THE LEGAL DESCRIPTION
 - INDICATES THE EXISTING LAFCO #3089 SPHERE BOUNDARY
 - ⊕ INDICATES TOWNSHIP CORNERS
 - ▨ INDICATES EXISTING HELENDALE CSD BOUNDARY
 - AREA THIS PROPOSAL CONTAINS 14+/- SQUARE MILES OR 8,832+/- ACRES, MORE OR LESS
 - INDICATES EXISTING BOUNDARY OF CITY OF ADELANTO
 - XXXXX INDICATES EXISTING BOUNDARY OF CITY OF VICTORVILLE
 - ||||| INDICATES EXISTING BOUNDARY OF TOWN OF APPLE VALLEY

AFFECTED AGENCIES:
HELENDALE COMMUNITY SERVICES DISTRICT

CARL P. COLEMAN RC# #30322 exp. 3-31-2014

DATE OF PREPARATION

DESIGNED BY: RICK	<p>ALTEC ENGINEERING CORP. 19531 Highway 18 Apple Valley, CA. 92307 (760) 242-9900 • Fax (760) 242-9918</p>	<p>HELENDALE C.S.D. P.O. BOX 2608 26719 VISTA ROAD, STE 5 HELENDALE, CA. 92342 760-951-0046</p>	SCALE: 1" = 3000'	<p>LAFCO 3175 - REORGANIZATION TO INCLUDE ANNEXATION TO THE HELENDALE COMMUNITY SERVICES DISTRICT</p> <p>GENERAL LOCATION: AREA 1: SECTIONS 13, 14, 23, 24, AND A PORTION OF 25, TOWNSHIP 7 NORTH, RANGE 5 WEST, SECTIONS 16, 17, 18, AND A PORTION OF 19, TOWNSHIP 7 NORTH, RANGE 4 WEST; AREA 2: SECTION 13, TOWNSHIP 7 NORTH, RANGE 4 WEST; SECTIONS 7, 8, 18, AND PORTIONS OF 9, 11, AND 20 WEST OF THE CENTERLINE OF INTERSTATE 15, TOWNSHIP 7 NORTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA.</p>	SHEET 1 OF 1
DRAWN BY: RICK			WORK ORDER NO.: 13-0030		DRAWING NO.:
CHECKED BY: CPC					
REV. REVISION DESCRIPTION BY DATE					

**Helendale Community Services District
Letter Requesting Reduction of Fees**

Attachment 2

RECEIVED
SEP 25 2013

LAFCO
San Bernardino County



Helendale Community Services District

26540 Vista Road, Ste.B3 - P.O. Box 359
Helendale, California 92342-0359
(760) 951-0006 Fax (760) 951-0046

September 23, 2013

Kathleen Rollings-McDonald
Executive Officer
Local Agency Formation Commission
215 N D Street #204
San Bernardino, CA 92401

RE: Reduction of Fees

Dear Ms. McDonald:

The Helendale Community Services District (HCSD) is requesting that the Honorable Commission consider a reduction in fees for the HCSD annexation reorganization application submitted this date.

Specifically, we are requesting that the fees over the first 275 be waived. In Area 1 this would be a waiver of \$4,859 and in Area 2 the requested waiver would be \$3,424 for a total consideration of \$8,283. The majority of parcels in both annexation areas are uninhabited and would require less staff time potentially than inhabited parcels.

Please feel free to contact me if you have any questions regarding this request.

Kind Regards,

A handwritten signature in black ink, appearing to read "Kimberly Cox", is written over the typed name.

Kimberly Cox
General Manager

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North D Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: OCTOBER 7, 2013
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
MICHAEL TUERPE, Project Manager
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #7: First Quarter Financial Review for Period July 1 through September 30, 2013

RECOMMENDATION:

Staff recommends that the Commission:

1. Note receipt of this report and file.
2. Approve the following amendments to the FY 2013-14 Budget and direct the Executive Officer to take the actions necessary to effectuate the changes identified as:
 - a) Increase Revenue 9970 (Carryover from Prior Year) by \$80,446 to \$223,225 for a Total Revenue of \$1,495,187.
 - b) Increase Total Appropriation by \$80,446 to \$1,495,187 by taking the following actions:
 - i. Increase Expenditure Account 2085 (Legal Notices) by \$2,500 to \$24,000.
 - ii. Increase Expenditure Account 2310 (Postage) by \$3,200 to \$13,670.
 - iii. Fund Expenditure Account 2335 (Temporary Services) for \$13,323.
 - iv. Fund Expenditure Account 2414 (Application Development) for \$11,961.
 - v. Increase Expenditure Account 2424 (Environmental) by \$9,103 to \$18,053.

- vi. Increase Expenditure Account 2445 (Other Professional Services) by \$4,300 to \$44,950.
- vii. Increase Contingencies (Account 6000) by \$36,059 to \$99,872.

BACKGROUND:

The first quarter of Fiscal Year 2013-14 has concluded and staff is presenting the first financial report which includes a review of the financial activities and the presentation of a spreadsheet (Attachment #1) outlining expenditures and revenues through September 30, 2013. Included within the discussion will be an update on approved activities – Fiscal Indicators Program, Website Update and the Off-cycle Service Review for the Newberry, Daggett, and Yermo CSDs.

In addition, staff continues to work with the staff of the County Auditor-Controller/Treasurer/Tax Collector on the contract for continuing to receive the full range of services for LAFCO. The Commission will recall that as a part of the year-end report presented at the July hearing, staff was directed to notify the County of its desire to continue to receive payroll and accounting services. Staff has met with representatives of the ATC to begin the contract process. It is anticipated that the contract will be presented at the November hearing for consideration.

The following provides a review of the first quarter financial activity that includes a discussion of expenditures and reserves, revenues received, and a description of cash in the County Treasury as well as providing an update on special project activities.

Expenditures and Reserves

Expenditures are comprised of two categories of accounts: 1) Salaries and Benefits, and 2) Services and Supplies. Through the first quarter, total expenditures are at 21% of Adopted Budget authority. There has been no request made for utilization of funds maintained in the Contingency and Reserve accounts. A more detailed analysis of the categories is as follows:

1. Salaries and Benefits (1000 series)

The Salaries and Benefits series of accounts (1000 series) had expenditures of \$128,591 through the first quarter, representing 19% of Adopted Budget authority. This amount is six percent lower than the 25% benchmark due to lower staffing levels.

This decrease in expenditures is explained by the deferral of the recruitment of the LAFCO Secretary position during the quarter. However, the recruitment of the Secretary is nearing completion, with the position anticipated to be filled by early November dependent upon other actions taken at this hearing. To date, clerical support has been acquired through a contract with a temporary employment agency. This in turn has led to a decrease in Salary and Benefits costs as these costs are

accounted for in the Services and Supplies series of accounts (Account 2335), representing an overall reduction of approximately \$10,000.

2. Services and Supplies (2000 and 5000 series)

A. *First Quarter Activity*

For the first quarter, the Services and Supplies series of accounts (2000 and 5000 series) had expenditures of \$80,638, or 25% of Adopted Budget authority. Payments that are typical to the first quarter that have taken place include payment for the California Association of LAFCOs (CALAFCO) membership, the CALAFCO Annual conference (registration, hotel, and travel for staff and Commissioners), and the Commission's property and liability insurance.

In addition, the first quarter included approximately \$9,800 in expenses for Temp Services (Account 2335) providing for the contract clerical support. This amount is for activity from June through August. This contract ended October 4, and all outstanding invoices for activity through the contract end date will be processed by the County Auditor in October. An action recommended for the Commission is to provide funding in Account 2335 (Temporary Services) to accommodate the clerical support contract.

Given these one-time and full-year costs, expenditures are generally on target for the fiscal year.

B. *Anticipated Expenditures*

Budgeted and anticipated activities for the second quarter include significant expenditures, identified as:

- Full-year payments for the annual financial audit (\$8,600) and subscription to the County Street Network (\$10,500) for maintenance of digital mapping.
- Payments for the Commission-approved projects for the *Fiscal Indicators* project and special study for Daggett, Newberry, and Yermo Community Services Districts (roughly \$30,000).
- Possible payment to either County ISD or County Surveyor for conversion LAFCO's digital maps to a more interactive format for placement on the LAFCO website (\$9,000).
- Significant legal advertisement, publication, and printing costs as the Commission considers the service reviews for the Valley communities.

C. Status of Ongoing Commission-approved Projects

The following provides an update on expenditures and progress on projects approved by the Commission during the budgetary process or in response to recommendations of the County Grand Jury.

WEBSITE UPDATE:

As a part of the FY 2012-13 budget, the Commission approved the expenditure of up to \$10,629 for updating the LAFCO website. The new website is active as of July 2013, the County Information Services Department (“ISD”) portion of the project is complete, and LAFCO staff is assuming operational control of maintenance of the website. The County ISD has charged \$9,562, or 90% of budget approval for the project.

FISCAL INDICATORS:

At the September hearing, the Commission approved the Fiscal Indicators project with County ISD for \$13,179 with a 10% contingency, bringing the not-to-exceed total to \$14,497. The FY 2013-14 budget allocates \$3,500 towards the project, leaving a remaining cost of \$10,997. The Commission determined to fund the remaining \$10,997 from the unassigned carryover of funds from FY 2012-13 into FY 2013-14. ISD work on the project began September 30, and is estimated to take six weeks to complete. Staff is recommending that the Commission take the specific action to increase funding in the appropriate accounts from unassigned additional carryover from the prior fiscal year to cover the increased costs for the program.

Additionally, staff issued a survey on the fiscal indicators to the County, Cities, Special Districts, and the JPAs that provide a municipal service to seek their opinion on the range of indicators to be included. The survey yielded a 66% response rate. In late October/early November staff will conduct a workshop with the agencies who have indicated a desire to participate in a working group to determine the final indicators for use in the program. Copies of audits for five years have been requested from all agencies under the Commission’s purview and will be utilized in the development of the program.

Staff will provide a status update on the project at regular intervals to the Commission as the Valley Region Service Reviews progress and provide an update as to the expenditures in the development of this program as a part of the mid-year financial review in January.

SHARED SERVICES:

The Executive Officer will be working with the County to assist in developing this system to support the County Vision and the LAFCO service review needs.

Current efforts have been directed toward the Fiscal Indicators Program and will now shift to the development of the Shared Services database. Staff will provide an update for this project at the January hearing. No project cost information is available at this time.

**SPECIAL STUDY FOR DAGGETT, NEWBERRY, AND YERMO
COMMUNITY SERVICES DISTRICTS:**

In response to the 2012-13 Grand Jury's report related to the Newberry Community Services District, at the September hearing the Commission initiated a special study for the Newberry CSD and the bordering Daggett and Yermo CSDs. The Commission also allocated \$10,000 towards the study from the unassigned carryover of funds from FY 2012-13 into FY 2013-14 with an additional \$5,000 to be provided by the County First Supervisorial District.

Staff has forwarded a letter notifying the agencies of the Commission's action and requesting information items to begin the process. In addition, staff will be conducting a site visit in early November. Staff will provide a status update on the special study at regular intervals over the fiscal year.

3. Contingency and Reserves (6000 series)

No activity has been authorized by the Commission to take place in the Contingency or Reserve accounts through the first quarter.

Revenues

1. Revenues through First-Quarter

The Commission has received 108% of Adopted Budget revenues through the first quarter. The items below outline the revenue activity:

- Interest (Account 8500) - A minimal amount of \$534 in interest revenue from the Commission's cash in the County Treasury as this reflects the final quarter of Fiscal Year 2012-13 cash. In addition, interest rates remain low. The bulk of LAFCO's revenues are received during the first quarter of the fiscal year through receipt of its annual apportionment. However, it is anticipated that the annual interest rate will remain below 1% for the balance of the year providing limited resources.
- Apportionment (Account 8842) - 99% of the mandatory apportionment payments from the County, cities, and independent special districts billed by the County Auditor have been received. At the September hearing, staff identified that two independent special districts and one city had outstanding payments. Since that time, the city payment was received. Remaining are the two independent special districts, whose apportionment payments will be received in the second

quarter through a reduction in the first proceeds of those districts' property tax allocation.

- Fees and Deposits (Accounts 9545 – 9800) – Through the first quarter, the Fees and Deposits series of accounts has received 130% of its budgeted revenue (\$44,071). Of this amount, 86% is related to proposals, 7% to service contracts, and 7% to cost recovery.

Of note, Item 6 on this month's agenda is a request from Helendale Community Services District for a reduction in filing fees for its reorganization proposal that was received by LAFCO in September (LAFCO 3175). Should the Commission grant its request, then this category of accounts would decrease accordingly.

- Carryover from Prior Year (Account 9970)

The fund balance at prior year's closure was carried forward into FY 2013-14 (\$621,355), and is composed of the following:

- All of the Contingency and Reserve funds identified in the FY 2012-13 budget have been carried forward, \$398,130.
- Carryover of \$142,779 into FY 2013-14 to balance FY 2013-14 budget.
- Additional cash carryover of \$80,446 composed of the following:
 - Liabilities of \$35,176 include deferred revenue related to open applications and accounts payable.
 - Allocated but unspent funds of \$7,578 from Commission-approved projects.
 - Unassigned carryover of \$37,692. At the September hearing, the Commission allocated \$10,997 for the *Fiscal Indicators* program and \$10,000 for the special study for the Daggett, Newberry, and Yermo Community Services Districts from this source. This leaves \$16,695 to be allocated for a balanced budget.

2. Proposal Activity

The figure below identifies the number of proposals and service contracts received through the first quarter. The figure identifies that two proposals and one service contract were received in the first quarter. Attachment #2 to this staff report includes a chart showing the yearly comparison of proposal, service review, and completed service review activity.

Activity	Budget	ACTUAL	
		No.	% of Budget
Proposals	3	2	67%
Service Contracts - Commission approval	1	0	0%
Service Contracts - Admin (E.O.) approval	3	1	33%
Protest Hearing Deposits	3	0	0%

Two service reviews were finished during the first quarter, completing the first cycle of service reviews. The remainder of the year anticipates the completion of the off-cycle service reviews for the Daggett, Newberry Springs, and Yermo communities (related to the Grand Jury report); and second cycle service reviews for wastewater, retail water, and fire protection for the Valley Region.

Cash in Treasury

As of September 30, the Commission's cash in the County Treasury was \$1,312,879. A breakdown of this amount is shown below.

SEPTEMBER 30, 2013 Cash Balance		\$1,312,879
Liabilities (as of Oct 3)		
Unearned Revenue from open applications		(39,783)
Deposits Payable to be spent or refunded from open applications		(11,607)
FUND BALANCE (Cash - Liabilities)		\$1,261,489
Committed (formal action to impose, remove, or modify)		
COWCAP Reserve (Account 6010)		(46,780)
Compensated Absences Reserve (Account 6030)		(66,620)
Assigned (limitation resulting from intended use)		
Contingency (Account 6000)		(63,813)
General Reserve (Account 6025)		(250,000)
Projected Remaining Budgeted Expenditures		(778,298)
Commission-approved Projects not in Final Budget		(20,994)
Estimated Carryover Revenue/(Additional Revenue Needed)		\$34,984

DISCUSSION OF BUDGET AMENDMENTS

As identified above, the fund balance at the close of the Fiscal Year included an additional cash carryover of \$80,446. This section discusses and recommends Commission action to adjust the budget to account for the increase in year-end

carryover into FY 2013-14 as well as to accommodate post-budget actions and circumstances. The breakdown of this amount as well as staff's recommendation for Commission action is outlined below. The recommended changes are identified on the attached spreadsheet in red, bold, italic.

1. Liabilities of \$35,176 to include deferred revenue to be spent or refunded from open applications and accounts payable.

Of this amount, \$2,603 is due to deposits payable from open applications for environmental activity. Additionally, this fiscal year \$6,500 in additional deposits were received for supplemental environmental analysis for open applications. Staff recommends that Expenditure Account 2424 (Environmental) be increased by \$9,103 to accommodate these anticipated costs.

It is anticipated that \$13,323 is the cost for utilizing temporary staffing from July 1, 2013 through October 7, 2013. Staff recommends that Expenditure Account 2335 (Temporary Services) be funded accordingly to accommodate these costs.

The remaining \$12,750 is due to unearned revenue (LAFCO Filing Fees) from open applications. These funds are not tied specifically to any one account and are used to accommodate staff time and staff-related expenses. Since the 1000 series of accounts (Salaries and Benefits) already accounts for staffing costs, staff recommends that these funds be placed into Contingencies and that Account 6000 (Contingencies) increase accordingly.

2. Allocated but unspent funds of \$7,578 from Commission-approved projects.

A. Closed Projects

Two projects from the prior fiscal year (digitizing proposal files and website update) are closed and were under budget. The project to update the Commission's website incurred an invoice of \$964 in September for work done in June. Staff recommends that Account 2414 (Application Development) be funded accordingly. This leaves \$4,114 remaining from these two projects. Staff recommends that these funds be placed into Contingencies, and that Account 6000 (Contingencies) be increased accordingly.

B. Project not started in FY 2012-13

The third project, Fiscal Indicators, had an allocation of \$2,500 in Fiscal Year 2012-13. The project did not commence until October 2013 and is fully funded in the FY 2013-14 budget. Staff recommends that these carryover funds be placed into Contingencies, and that Account 6000 (Contingencies) be increased accordingly.

3. Unassigned carryover of \$37,692.

Unassigned carryover represents any carryover that cannot be identified for a specific purpose from the prior year budget. At the September hearing, the Commission allocated \$10,997 for the *Fiscal Indicators* program and \$10,000 for the special study for the Daggett, Newberry, and Yermo Community Services Districts from this source. Staff recommends that these activities be accommodated as follows:

- Fund Account 2414 (Application Development) by \$10,997 to accommodate the *Fiscal Indicators* program.
- Special Study for Daggett, Newberry, and Yermo CSDs (\$10,000)
 - Increase Account 2085 (Legal Notices) by \$2,500
 - Increase Account 2310 (Postage) by \$3,200
 - Increase Account 2445 (Other Professional Services) by \$4,300

The balance of \$16,695 remains unassigned; therefore staff recommends that these funds be placed into Contingencies and that Account 6000 (Contingencies) increase accordingly.

CONCLUSION AND REQUESTED COMMISSION ACTION

The First Quarter Financial Report identifies that the expenditures of the Commission are within budget targets, proposal activity revenues are at full-year anticipated amounts, and cost savings have been identified with the hiring of the LAFCO secretary position in October. Of specific note is that the report identifies that proposal activity revenues have reached full-year levels, an indication that proposal activity is on the uptick after many years of stagnant activity. All are positive financial occurrences.

Staff recommends that the Commission take the actions identified in the recommendation section on page 1. Staff will be happy to answer any questions from the Commission prior to or at the hearing regarding the items presented in this report.

KRM/MT

Attachments:

1. Spreadsheet of First-Quarter Expenditures, Reserves, and Revenues
2. Chart Illustrating Yearly Proposal, Service Contract, and Service Review Activity

**Spreadsheet of First-Quarter
Expenditures, Reserves, and
Revenues**

Attachment 1

FISCAL YEAR 2013-14

ACCT. #	ACCOUNT NAME	ACTUAL	ADOPTED	AMENDED	JULY	AUGUST	SEPT	THRU	PERCENT
		YEAR-END FY 12-13	BUDGET FY 13-14	BUDGET FY 13-14				1st Quarter	THRU 1st Quarter
	SALARIES AND BENEFITS								
1010	Regular Salary, Cell Phone, and Bilingual	\$ 379,028	\$ 423,818	\$ 423,818	\$ 27,793.84	\$ 29,252.03	\$ 29,028.82	\$ 86,074.69	20%
1030	Merit Incentive (Auto)	14,600	14,881	14,881	1,123.08	1,123.08	1,123.08	3,369.24	23%
1035	Overtime	1,028			65.01	59.10	-	124.11	
1110	General Member Retirement	70,512	88,636	88,636	5,493.71	5,691.00	5,691.00	16,875.71	19%
1130	Survivors Benefits	81	178	178	8.44	10.72	10.72	29.88	17%
1135	Indemnification - General	15,538	20,163	20,163	1,217.36	1,217.36	1,217.36	3,652.08	18%
1200	Employee Group Insurance (Health Subsidy)	35,599	57,038	57,038	2,779.94	2,811.32	2,811.32	8,402.58	15%
1205	Long-Term Disability	883	1,049	1,049	68.12	68.12	68.12	204.36	19%
1207	Vision Care Insurance	589	750	750	45.28	47.92	53.20	146.40	20%
1215	Dental Insurance & Health Subsidy	1,701	1,972	1,972	129.94	98.56	98.56	327.06	17%
1222	Short-Term Disability	2,728	3,466	3,466	227.02	227.02	227.02	681.06	20%
1225	Social Security Medicare	4,728	5,520	5,520	348.70	364.61	363.09	1,076.40	19%
1235	Workers' Compensation	2,644	4,201	4,201	393.00	-	393.00	786.00	19%
1240	Life Insurance & Medical Trust Fund	4,415	5,598	5,598	341.58	341.58	341.58	1,024.74	18%
1305	Other (Medical Reimbursement Plan)	2,600	4,800	4,800	200.00	200.00	200.00	600.00	13%
1314	401a Defined (LAFCO Contribution)	1,327	1,575	1,575	102.32	102.32	102.32	306.96	19%
1315	401k Contribution	21,037	25,199	25,199	1,636.72	1,636.72	1,636.72	4,910.16	19%
1000	Salary Reserve	-	9,000	9,000				-	0%
	TOTAL SALARIES & BENEFITS	\$ 559,037	\$ 667,844	\$ 667,844	\$ 41,974.06	\$ 43,251.46	\$ 43,365.91	\$ 128,591.43	19%
	Staffing (Full time equivalent units)	4.5	5.5	5.5					
	SERVICES AND SUPPLIES								
	Services:								
2037	COMNET Charge (ISF)	\$ 2,590	\$ 2,564	\$ 2,564	213.68	213.68	221.52	648.88	25%
2038	Long Distance Charges	74	120	120	5.20	7.10	5.56	17.86	15%
2041	Phone Service/Outside Company	304	480	480	-	69.56	-	69.56	14%
2075	Membership Dues	8,089	8,275	8,275	7,319.00	-	-	7,319.00	88%
2076	Tuition Reimbursement	-	2,000	2,000	-	-	-	-	0%
2080	Publications	3,000	3,377	3,377	-	72.16	-	72.16	2%
2085	Legal Notices	5,193	21,500	24,000	-	-	492.80	492.80	2%
2115	Computer Software	2,825	12,028	12,028	-	1,712.00	-	1,712.00	14%
2125	Inventoriable Equipment	3,252	-	-	-	-	-	-	
2195	Reimbursement Services and Supplies	-	-	-	-	-	-	-	
2245	Other Insurance	6,998	7,500	7,500	7,011.98	-	61.67	7,073.65	94%
	Supplies:								
2305	General Office Expense	8,710	10,619	10,619	47.84	181.10	512.75	741.69	7%
2308	Credit Card Clearing Account	(288)	-	-	717.00	1,052.94	(1,662.59)	107.35	

FISCAL YEAR 2013-14

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 12-13	ADOPTED BUDGET FY 13-14	AMENDED BUDGET FY 13-14	JULY	AUGUST	SEPT	THRU 1st Quarter	PERCENT THRU 1st Quarter
2310	Postage - Direct Charge	5,373	10,470	13,670	420.34	371.44	583.30	1,375.08	13%
2315	Records Storage	940	1,680	1,680		95.04	47.52	142.56	8%
2323	Reproduction Services	102	500	500		-	-	-	0%
2335	Temporary Services	16,965	-	13,323	3,785.34	2,897.31	3,103.62	9,786.27	
	Consultant & Special Services:								
2400	Prof & Special Service (Legal Counsel)	21,903	36,648	36,648	2,396.18	71.97	5,296.00	7,764.15	21%
2405	Auditing	8,372	8,600	8,600		-	-	-	0%
2410	Data Processing	6,630	7,200	7,200	478.57	537.06	544.35	1,559.98	22%
2414	Application Development Maintenance		-	11,961					
2415	COWCAP	9,219	6,053	6,053	-	-	-	-	0%
2420	ISD Other IT Services	244	756	756	20.66	80.88	(80.88)	20.66	3%
2421	ISD Direct	739	2,400	2,400		56.27	35.01	91.28	4%
2424	Mgmt & Tech (Environmental Consultant)	8,853	8,950	18,053	2,247.00	1,020.00	865.00	4,132.00	46%
2444	Security Services	408	408	408		102.00	-	102.00	25%
2445	Other Prof (Commission, Surveyor, ROV)	44,593	40,650	44,950	2,500.00	2,440.62	2,500.00	7,440.62	18%
2449	Outside Legal (Litigation & Special Counsel)	5,050	-	-		-	-	-	
2450	Application Development Support	10,499	18,000	18,000	100.03	-	1,071.50	1,171.53	7%
2460	GIMS Charges	10,500	17,100	17,100		-	1,377.00	1,377.00	8%
	Lease/Purchases:								
2895	Rent/Lease Equipment (copier)	4,235	3,600	3,600	375.31	270.79	539.08	1,185.18	33%
2905	Office/Hearing Chamber Rental	48,859	49,792	49,792	8,087.52	4,453.52	4,103.52	16,644.56	33%
	Travel Related Expenses:								
2940	Private Mileage	4,760	6,462	6,462	479.58	840.05	483.53	1,803.16	28%
2941	Conference/Training	5,363	6,400	6,400	2,478.00	(405.00)	-	2,073.00	32%
2942	Hotel	5,482	9,500	9,500		1,762.25	1,541.00	3,303.25	35%
2943	Meals	743	2,700	2,700	50.00	398.08	-	448.08	17%
2944	Car Rental	1,247	1,800	1,800		73.81	-	73.81	4%
2945	Air Travel	1,954	5,000	5,000		905.90	-	905.90	18%
2946	Other Travel	677	550	550		97.25	60.08	157.33	29%
	Other Charges:								
5012	Services Out (Staples)	1,480	6,000	6,000	398.67	-	427.22	825.89	14%
	TOTAL SERVICES & SUPPLIES	\$ 265,938	\$ 319,684	\$ 364,071	\$ 39,131.90	\$ 19,377.78	\$ 22,128.56	\$ 80,638.24	25%
	TOTAL EXPENDITURES	\$ 824,975	\$ 987,528	\$ 1,031,915	\$ 81,105.96	\$ 62,629.24	\$ 65,494.47	\$ 209,229.67	21%

FISCAL YEAR 2013-14

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 12-13	ADOPTED BUDGET FY 13-14	AMENDED BUDGET FY 13-14	JULY	AUGUST	SEPT	THRU 1st Quarter	PERCENT THRU 1st Quarter
6000	Contingency	-	63,813	99,872					0%
6010	COWCAP Reserve	-	46,780	46,780					0%
6025	General Reserve	-	250,000	250,000					0%
6030	Compensated Absences Reserve	-	66,620	66,620					0%
	TOTAL CONTINGENCIES & RESERVES	\$ -	\$ 427,213	\$ 463,272	\$ -	\$ -	\$ -	\$ -	0%
	TOTAL APPROPRIATION	\$ 824,975	\$ 1,414,741	\$ 1,495,187	\$ 81,105.96	\$ 62,629.24	\$ 65,494.47	\$ 209,229.67	15%

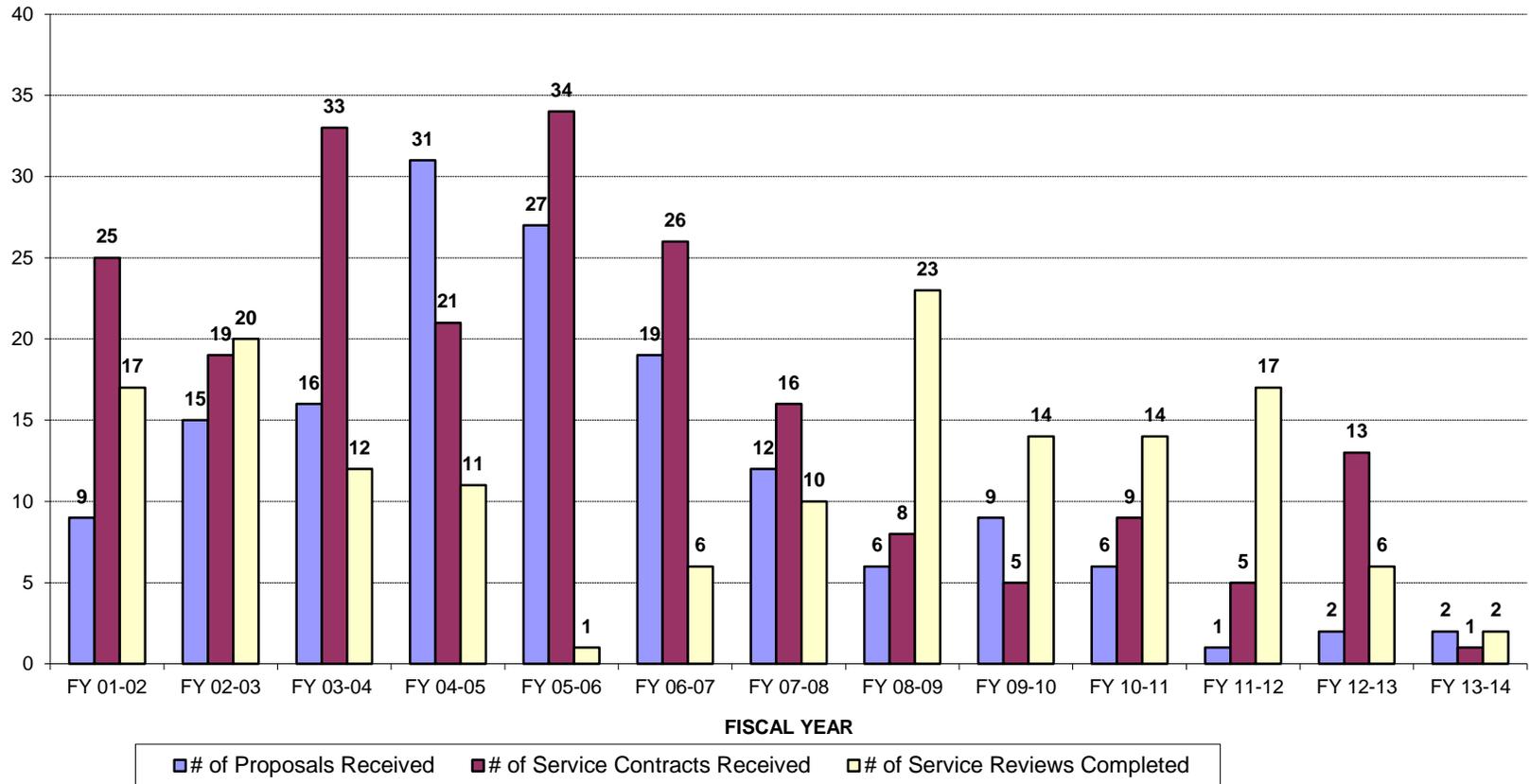
FISCAL YEAR 2013-14

ACCT #	ACCOUNT NAME	ACTUAL YEAR-END FY 12-13	ADOPTED BUDGET FY 13-14	AMENDED BUDGET FY 13-14	JULY	AUGUST	SEPT	THRU 1st Quarter	PERCENT 1st Quarter
CONTRIBUTION REVENUES									
Use of Money:									
8500	Interest	\$ 4,009	\$ 3,750	\$ 3,750	\$ 533.62	\$ -	\$ -	\$ 533.62	14%
Mandatory Contribution from Governments:									
8842	Local Government -- For FY 2013-14 apportionment to County, Cities, and Independent Special Districts of approximately \$288,274 each	903,000	864,821	864,821	668,361.19	157,200.63	29,067.14	854,628.96	99%
Fees and Deposits (Current Services):									
9545	Individual Notice	4,402	2,800	2,800	1,000.00	-	700.00	1,700.00	61%
9555	Legal Services	5,934	4,025	4,025	1,150.00	-	1,150.00	2,300.00	57%
9655	GIMS Fees	1,255	1,200	1,200	-	-	-	-	0%
9660	Environmental	10,171	2,700	2,700	3,250.00	-	4,750.00	8,000.00	296%
9800	LAFCO Fees	33,004	23,250	23,250	5,000.00	3,288.37	23,783.00	32,071.37	138%
	Total Fees and Deposits	54,765	33,975	33,975	10,400.00	3,288.37	30,383.00	44,071.37	130%
	TOTAL CONTRIBUTION REVENUES	\$ 961,774	\$ 902,546	\$ 902,546	\$ 679,294.81	\$ 160,489.00	\$ 59,450.14	\$ 899,233.95	100%
OTHER REVENUES									
9910	Refunds from Prior Year Revenue	\$ 1,401	\$ (30,214)	\$ (30,214)				-	0%
9930	Miscellaneous Revenues	1,652	1,500	1,500	1,035.00		444.23	1,479.23	99%
Carryover from Prior Year									
9970	Contingencies	41,507	84,730	84,730	84,730.00			84,730.00	100%
9970	COWCAP Reserve	56,000	46,780	46,780	46,780.00			46,780.00	100%
9970	General Reserve	180,000	200,000	200,000	200,000.00			200,000.00	100%
9970	Comp. Absences Reserve	62,003	66,620	66,620	66,620.00			66,620.00	100%
9970	Digital Archiving Project	33,056							
9970	Other Carryover	108,937	142,779	223,225	223,225.35			223,225.35	156%
9995	Residual Equity						40.00	40.00	
	TOTAL OTHER REVENUES	\$ 484,556	\$ 512,195	\$ 592,641	\$ 622,390.35	\$ -	\$ 484.23	\$ 622,874.58	122%
	TOTAL REVENUES	\$ 1,446,330	\$ 1,414,741	\$ 1,495,187	\$ 1,301,685.16	\$ 160,489.00	\$ 59,934.37	\$ 1,522,108.53	108%
Note: Spreadsheet utilizes the cash basis of accounting and does not include accrual/reversal data which do not affect fund balance.									

**Chart Illustration Yearly Proposal,
Service Contract, and
Service Review Activity**

Attachment 2

Number of Proposals & Service Contracts Received, and Service Reviews Completed by Fiscal Year



Through September 2013

**LOCAL AGENCY FORMATION COMMISSION
FOR SAN BERNARDINO COUNTY**

215 North D Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
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www.sbclafco.org

DATE: OCTOBER 7, 2013

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #8 – Status Report on Rim of the World Recreation and Park District Compliance with LAFCO Conditions on Service Review

RECOMMENDATION:

Staff recommends that the Commission:

1. Direct staff to continue to monitor the District's compliance with conditions outlined in Resolution No. 3095;
2. Set another status report for presentation at the February 19, 2014 hearing or later if completion of the District's mid-year financial review is delivered after its January meeting; and,
3. Note receipt of the Status Report and file.

BACKGROUND:

At the July 2010 hearing the Commission completed its service review for the Rim of the World Recreation and Park District ("District") through adoption of Resolution No. 3095. The Commission identified a number of financial issues which prompted it to question the District's financial solvency at that time. The Commission, in adopting its resolution making determinations on the service review, included four conditions that required ongoing monitoring of the District. Those conditions are:

1. For the next five years the District is required to provide the Commission annually with a copy of its adopted proposed and final budget, its mid-year budget review and financial reports and copies of the audits presented to the District;
2. The District is required to provide the Commission with an outline for completion of its outstanding audits within the next two years;

3. The District is required to provide the County Auditor with copies of all audits and current budgets and the State Controller with copies of all audits as required by law; and,
4. The District is to provide an outline of how it anticipates providing for management of the District according to the requirements of State and Recreation and Park District law.

At the August 6, 2012 hearing the Commission was updated on progress made by the District. It was identified that Condition No. 2 had not been completed but the engagement letter with the audit firm of Rogers Anderson Malody and Scott (RAMS) to complete the Audits 2010-11 and 2011-12 had been signed. Staff was directed to continue to monitor the District and return at the July 2013 hearing with an update on progress.

At the July 17, 2013 hearing, the Commission authorized a continuance of the status report due to a number of issues that had arisen for the District which were identified as:

1. The audits for 2011 and 2012 had not been presented to the District Board of Directors;
2. Financial management staff at the District had changed and needed time to respond to questions of LAFCO staff; and,
3. LAFCO staff identified issues and questions related to the proposed budget for Fiscal Year 2013-14.

Since the July hearing the District Board of Directors has been presented with both audits and LAFCO staff has worked with the District staff on budget and other financial questions. The ongoing compliance review responsibilities as outlined in Resolution No. 3095 related to the budgets, annual financial reports, and audits for the District remain.

In reference to Condition No. 2 imposed by the Commission, the District has completed the outstanding audits identified in the 2010 review: Fiscal Years 2006-07, 2007-08, 2008-09 by June of 2012, the audit for 2009-10 was completed in August 2012 and the audits for Fiscal Years 2010-11 and 2011-12 were presented to the Board of Directors in June and August of 2013 respectively. Copies of the previously outstanding audits are attached to this report as Attachment #1 FY 2010-11 Audit and Attachment #2 FY 2011-12 Audit. The engagement letter for the audit for Fiscal Year 2012-13 was signed in June of 2013 for an anticipated completion by January 2014, copy included as Attachment #3.

LAFCO staff has reviewed the new audits submitted noting that as a function of completing its independent audits for Fiscal Years 2010-11 and 2011-12, RAMS identified both significant and material weaknesses in the District's internal controls.

Reconciliation of accounts was identified as a material weakness which was one of the issues prompting the deferral of the July 2013 Status Report to the Commission. Other issues identified by RAMS are being addressed by the District.

The following outlines the status of the District's compliance with conditions imposed by the Commission:

1. Condition No. 1 requires the District to provide the Commission with copies of its proposed and final budget, its mid-year budget review and financial reports and audits. Upon request made to the District these materials are provided but it has not been a routine distribution. Conditions No. 2, 3, and 4 have been completed previously and LAFCO staff understands that the District is complying with the required filings for copies of its audits with the County Auditor and the State Controller.
2. District staff has engaged the services of RAMS to assist in the reconciliation of its accounts to develop a more accurate chart of accounts for moving forward. LAFCO staff understands that as of September 2013 the District and RAMS staff have completed this task, which will allow District staff to accurately record expenditures and revenues.

In addition, it was identified by LAFCO staff to the District that the reporting of expenditure requirements for prior years in the budget documents did not accurately reflect payments. Specifically, the loan payments made to the County for the bridge loan were reflected in financial statements in the audits but were not reflected in the budget with authority for expenditure. This omission, in LAFCO staff's opinion, did not provide the Board of Directors of the District nor its constituents with an accurate reflection of District obligations. LAFCO staff met with District staff and members of the District's Board subcommittee on the budget to review these concerns in July 2013. In August the Final Budget approval for Fiscal Year 2013-14 also reflected a revised 2012-13 budget acknowledging the payments made, increasing revenues to reflect actual income, and audit adjustments necessary. A copy of the Final Budget is included in Attachment #4 to this report.

LAFCO staff retains some questions on the budget as presented such as the Fund Balance carried forward into FY 2013-14 is reflected as \$195,127 while the estimated Bank Balance as of June 30, 2013 is reflected as \$253,800. As of the date of this report this question remains unresolved. Therefore, staff is recommending that the Commission establish February 19, 2014 as the next update to answer this question and review mid-year financial documents.

3. At the August 2012 hearing, LAFCO staff identified a concern that the District had exceeded its expenditure authority for the audit years presented at that hearing. LAFCO staff and the District's Auditors have made the same observation and expression of concern for the new audit years of 2010-11 and

2011-12 presented. LAFCO staff again questioned District staff during the final weeks of Fiscal Year 2012-13 regarding its expenditures exceeding expenditure authority. These discussions resulted in the adoption of Revised Resolution 06122012-4A on August 26, 2013, increasing expenditure authority by \$189,056. A copy of this resolution is included in Attachment #4. District staff has indicated that for the future it will monitor its financial activities and provide for better reconciliation.

Questions have been posed to District staff as to the identification in the audits of the District's Special Tax as "special assessment" revenue in the audits. To date, the District has not provided an answer to this question.

4. Over the past year, the District has begun to update its policies and has adopted an appropriation limit and reserve policy to address questions and concerns presented by LAFCO (Attachment #5). It is LAFCO staff's understanding that District Management is reviewing all policies and procedures of the District to bring them up-to-date. This is a positive undertaking for the District to more clearly delineate responsibilities for District staff and its Board of Directors.
5. LAFCO staff is requesting that the status report for the District be continued to the February hearing to allow for further discussions with District staff on the costs for service. The following chart identifies that the District has expended more than it has received in revenue for the two most current audit years provided.

		For the year ended June 30,	
		2012	2011
REVENUE			
Special Tax Proceeds		736,369	731,394
Delinquent tax and interest		9,762	8,058
Rents and concessions		74,695	86,945
Intergovernmental		39,950	-
Charges for services:			
Recreation		128,892	86,477
Childcare		179,111	148,491
Contributions and donations		470	16,871
Other		<u>24,162</u>	<u>28,022</u>
Total revenues		<u>1,193,411</u>	<u>1,106,258</u>
EXPENDITURES			
Administration:			
Salaries and benefits		264,961	183,231
Services and supplies		282,508	233,957
Utilities		74,540	81,204
Recreation:			
Salaries and benefits		100,047	55,730
Services and supplies		50,081	39,338
Child care:			
Salaries and benefits		149,828	153,806
Services and supplies		31,426	66,062
Utilities		1,826	2,339
Debt service:			
Principal		214,679	213,779
Interest		34,894	79,351
Total expenditures		1,204,790	1,108,797
Difference between Revenues to Expenditures		-11,379	-2,539

It is anticipated that the Fiscal Year 2012-13 Audit for the District should be completed by February 2014 to allow for further clarification on the financial condition of the District.

6. A concern has been previously expressed that the District has not included a Management Discussion and Analysis (MD&A) within its audits. LAFCO staff had requested the inclusion of an MD&A for the audits prepared for at least the last two years. It has become clear to LAFCO staff that the District for all the prior year audits presented cannot provide a comprehensive MD&A to explain the issues identified in the Audits without the requirement to expend significant additional amounts of money for professional services. These are expenses the District can ill-afford at this time and LAFCO staff does not believe it will provide an assistance to the District in resolving its issues.

That being said, over the past two years payments for auditing services have totaled \$67,475 (\$38,725 for FY 2012-13 and \$28,750 for FY 2011-12) versus \$0 in 2010-11 and \$13,000 for FY 2009-10. The services retained have been to reconcile accounts and develop a better chart of accounts to allow District staff to more accurately reflect payment categories. This in turn will enable the District to provide a clearer representation of its financial activities. In addition, the District has retained Legal Counsel to assist in complying with the requirements of its parent act as well as contract and budgeting provisions of State statutes. All of these are positive steps toward the District becoming more transparent and accountable to its constituents, which was the ultimate desire of the Commission in its service review conducted in 2010.

In concluding this status report on compliance, the District continues to work toward a resolution of its financial reporting and management issues as identified by LAFCO. This operation was stalled, to a degree, due to a change in staffing during Fiscal Year 2012-13. However, new staff has worked with the District's Audit and Legal teams to address ongoing concerns. LAFCO staff believes that many of the questions and concerns identified by the Commission over the last three years are being taken seriously by District staff and a resolution is on the horizon. However, attention needs to be paid to complying with Condition No. 1 which requires the submission of financial reports related to the annual operations of the District.

LAFCO staff recommends that a further status report on compliance be scheduled for the February 19, 2014 hearing to allow staff to review the mid-year financial reports for the District as well as its audit for Fiscal Year 2012-13. Should the Commission have any questions, staff will be happy to answer them prior to or at the hearing.

KRM

Attachments:

- 1 -- Audit for Fiscal Year 2010-11
- 2 -- Audit for Fiscal Year 2011-12
- 3 -- Engagement Letter with Rogers Anderson Malody and Scott (RAMS) for Fiscal Year 2012-13 Audit
- 4 -- District Final Budget Adopted in August 2013; Budget Resolution 06132013-4A Amending Fiscal Year 2012-13; and Appropriation Limit Resolution No. 20062013-2
- 5 -- Policies Adopted for Appropriation Limit and Reserves

Audit for Fiscal Year 2010-11

Attachment 1

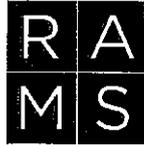
Rim of the World Recreation and Park District

Report on Audit

June 30, 2011

**Rim of the World Recreation and Park District
Basic Financial Statements
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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

Board of Directors
Rim of the World Recreation and Park District

INDEPENDENT AUDITOR'S REPORT

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

We have audited the accompanying financial statements of the governmental activities and the major fund of the Rim of the World Recreation and Park District (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express opinions on these financial statements based on our audit.

PARTNERS

Brenda L. Odle, CPA, MST
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Kirk A. Franks, CPA
Matthew B. Wilson, CPA, MSA, CGMA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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.

MANAGERS / STAFF

Nancy O'Rafferty, CPA, MBA
Bradferd A. Welebir, CPA, MBA
Jenny Liu, CPA, MST
Papa Matar Thlaw, CPA, MBA
Maya S. Ivanova, CPA, MBA
Peter E. Murray, CPA
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of June 30, 2011, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The District has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require 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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Rogers Anderson Malody & Scott, LLP

May 24, 2013

Rim of the World Recreation and Park District
Statement of Net Assets
June 30, 2011

	Governmental Activities
ASSETS	
Cash	\$ 339,638
Accounts receivable, net	14,645
Intergovernmental receivables	17,257
Capital assets not being depreciated	1,312,849
Capital assets being depreciated, net	1,165,685
Total assets	2,850,074
LIABILITIES	
Accounts payable and accrued liabilities	133,028
Other current liabilities	63,512
Noncurrent liabilities:	
Due within one year	218,538
Due in more than one year	628,492
Total liabilities	1,043,570
NET ASSETS	
Invested in capital assets, net of related debt	1,940,243
Unrestricted	(133,739)
Total net assets	\$ 1,806,504

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

Rim of the World Recreation and Park District
Statement of Activities
For the year ended June 30, 2011

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Governmental Activities</u>
Governmental activities:					
Administration	\$ 491,327	\$ 826,397	\$ 9,056	\$ -	\$ 344,126
Recreation	141,989	110,687	6,484	-	(24,818)
Childcare	227,482	148,491	312	-	(78,679)
Interest expense	<u>79,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(79,351)</u>
 Total governmental activities	 <u>\$ 940,149</u>	 <u>\$ 1,085,575</u>	 <u>\$ 15,852</u>	 <u>\$ -</u>	 161,278
General revenues:					
Other					<u>3,013</u>
Total general revenues					<u>3,013</u>
Change in net assets					164,291
Net assets, beginning of year					<u>1,642,213</u>
Net assets, end of year					<u>\$ 1,806,504</u>

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

**Rim of the World Recreation and Park District
Balance Sheet
Governmental Fund
June 30, 2011**

ASSETS

Cash	\$ 339,638
Accounts receivable, net	14,645
Intergovernmental receivable	<u>17,257</u>
 Total assets	 <u><u>\$ 371,540</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable and accrued liabilities	\$ 133,028
Other current liabilities	<u>63,512</u>
 Total liabilities	 <u>196,540</u>
 Fund balance:	
Unassigned	<u>175,000</u>
 Total fund balance	 <u>175,000</u>
 Total liabilities and fund balance	 <u><u>\$ 371,540</u></u>

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

**Rim of the World Recreation and Park District
Reconciliation of the Balance Sheet of Governmental Fund
to the Statement of Net Assets
Governmental Fund
June 30, 2011**

Fund balance of governmental fund	\$ 175,000
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,478,534
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in funds.	
Notes payable - Union Bank	(538,291)
County loan payable	(300,000)
Compensated absences payable	<u>(8,739)</u>
Net assets of governmental activities	<u><u>\$ 1,806,504</u></u>

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

Rim of the World Recreation and Park District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the year ended June 30, 2011

REVENUES

Special assessments	\$ 731,394
Delinquent assessments and interest	8,058
Rents and concessions	86,945
Charges for services:	
Recreation	86,477
Childcare	148,491
Contributions and donations	16,871
Other	28,022
	1,106,258
 Total revenues	 1,106,258

EXPENDITURES

Administration:	
Salaries and benefits	183,231
Services and supplies	233,957
Utilities	81,204
Recreation:	
Salaries and benefits	55,730
Services and supplies	39,338
Childcare:	
Salaries and benefits	153,806
Services and supplies	66,062
Utilities	2,339
Debt service:	
Principal	213,779
Interest	79,351
	79,351
 Total expenditures	 1,108,797

Excess of revenues over (under) expenditures	(2,539)
--	---------

OTHER FINANCING SOURCES (USES)

Debt issued	500,000
 Total other financing sources (uses)	 500,000

Net change in fund balance	497,461
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Fund balance, beginning of year	(322,461)
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Fund balance, end of year	\$ 175,000
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The accompanying notes are an integral part of these financial statements.

**Rim of the World Recreation and Park District
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balance of Governmental Fund to the
 Statement of Activities
 For the year ended June 30, 2011**

Net change in fund balance - total governmental fund \$ 497,461

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense, or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Cost of assets capitalized, less net book value of disposals	16,819
Depreciation expense	(61,348)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Debt issued	(500,000)
Principal payment on loan	213,779

Compensated absences expenses reported in the statements of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(602)
--	-------

Some revenues are deferred in the fund financial statements but recognized in the statement of activities.	(1,818)
--	---------

Change in net assets of governmental activities \$ 164,291

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

Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2011

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Rim of the World Recreation and Park District (the District) conform to generally accepted accounting principles.

Organization

The District was established on December 5, 1985 by the issuance of the Certificate of Completion by LAFCO. The District is governed by an elected Board of Directors, elected by District voters.

The District acquires and manages parks for public use, organizes and manages recreational activities, as well as assisting other groups and organizations with recreational endeavors. Childcare is also provided at various locations within the District to provide recreational activities for children as well as providing needed daytime child supervision for the individuals within the District.

The District's primary source of revenue comes from a \$22 per parcel assessment for each non-exempt parcel (parcels located within Cedar Pines Park as well as government owned parcels are considered exempt) within the District boundaries. In April 2010, the District held a successful election which increased the per parcel tax from \$10 to \$22 annually. In addition, the District charges childcare fees, recreational fees for various programs as well as facilities use fees, including reimbursements for various costs such as ball field lighting. The District has no power to levy and collect taxes.

Basis of accounting and measurement focus

The *basic financial statements* of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide financial statements

Government-wide financial statements display information about the reporting government as a whole; except for any fiduciary activities (the District has no fiduciary activities). Those statements include separate columns for the governmental and business-type activities of the entity (including any blended component units), as well as its discretely presented component units. The District has no business-type activities or component units.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds debt issued are recorded as a liability in the government-wide financial statements, rather than as *other financing source*. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Net asset flow assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund financial statements

The underlying account system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the District's governmental fund are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental funds. Currently, the District has only one fund.

Governmental funds

In the fund financial statements, the governmental fund is presented using the *modified-accrual basis of accounting*. Revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The District uses a sixty day availability period.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental fund in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services provided.) *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange transactions* are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

**Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2011**

Note 1: Summary of Significant Accounting Policies (continued)

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of debt issued are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Fund balance flow assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Accounts receivable

Accounts receivable are reported at their estimated net realizable value. The allowance for doubtful accounts is estimated based on the District's historical losses and existing economic conditions. Because of the inherent uncertainty in estimating bad debts, it is reasonably possible that the estimates used to calculate the allowance will change in the near term. Currently, accounts receivable are reported in the financial statements as follows:

Accounts receivable	\$	18,442
Allowance for uncollectible accounts		(3,797)
		14,645
Net realizable value	\$	14,645

Fund classifications

The following fund is presented as a major fund in the accompanying basic financial statements:

The *General Fund* is used to account for all activity not required to be accounted for in another fund.

**Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2011**

Note 1: Summary of Significant Accounting Policies (continued)

Fair value investments

GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the District reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Cash and investments

Cash and investments are reported in the accompanying balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as *investment earnings* reported for that fiscal year. *Investment earnings* include interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Capital assets

Capital assets of \$2,500 or more are capitalized. Capital assets are recorded at cost for asset purchases where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution.

The estimated useful lives of capital assets using the straight-line method of depreciation are as follows:

Category	Useful life
Buildings and improvements	10 – 50 years
Machinery and equipment	2 – 20 years

Compensated absences

Salaried full-time employees earn vacation and sick leave benefits, and can accumulate a balance from year to year. The amount payable in future years when used by the District employees amounted to \$8,739 at June 30, 2011.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period.

Property taxes/assessments

The County of San Bernardino (County) bills and collects property taxes/assessments on behalf of numerous special districts and incorporated cities, including the District. The District's collections of current year taxes/assessments are received through periodic apportionments from the County.

The County's tax calendar is from July 1 to June 30. Property taxes/assessments attach a lien on the property on March 1. Taxes/assessments are levied on July 1 and are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

Implementation of new pronouncements

Beginning with the current fiscal year, the District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable** – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- **Restricted** – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.
- **Committed** – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- **Assigned** – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- **Unassigned** – amounts that are for any purpose; positive amounts are reported only in a general fund.

The District Board (the highest level of authority), establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. The Board has not formally authorized any individual or body to assign fund balance.

Note 2: Cash and Investments

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash	\$ 339,638
	\$ 339,638
Total cash and investments	\$ 339,638

Cash and investments as of June 30, 2011 consist of the following:

Cash in County pool	\$ 231,213
Bank deposits	99,581
Petty cash and undeposited funds	8,844
Total cash and investments	\$ 339,638

Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2011

Note 2: Cash and Investments (continued)

Equity in the cash and investment pool of the County of San Bernardino

Cash and investments includes the cash balance of monies deposited with the County of San Bernardino Treasurer which are pooled and invested for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the District's account based upon the District's average daily deposit balance during the allocation period. Cash and cash equivalents are shown at the fair value as of June 30, 2011. The District's balance at the County cash and investment pool was \$231,213 at year end. Fair value is based on data provided by the County. The County pool is not rated.

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.

Investments authorized by the California Government Code and the District's investment policy

The table below identifies the *investment types* that are authorized for the District by the California Government Code and the District's investment policy. The table also identifies certain provisions of the California Code (or the District's investment policy, if more restrictive) that address *interest rate risk* and *concentration of credit risk*. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

Investment types authorized by investment policy	Maximum maturity*	Maximum percentage of portfolio*	Maximum investment in one issuer*
Bonds issued by the District	5 years	None	None
US Treasury bills, notes and bonds	5 years	None	None
Registered State warrants, notes or bonds	5 years	None	None
Local Agency debt	5 years	None	None
US Agency obligations	5 years	None	None
Bankers acceptances	180 days	40%	30%
Commercial paper	180 days	15%	10%
Negotiable certificates of deposit	5 years	30%	None
Repurchase agreements	1 year	None	None
Reverse repurchase agreements	92 days	20%	None
Corporate medium term notes	5 years	30%	None
Money market mutual funds	N/A	20%	10%
Collateralized bank deposits	5 years	None	None
Mortgage pass through securities	5 years	20%	None

* = Based on state law requirements or investment policy requirements, whichever is more restrictive.

Disclosure relating to interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by diversifying its investment maturities evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2011**

Note 2: Cash and Investments (continued)

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investment by maturity:

<u>Investment type</u>	<u>Total</u>	<u>Remaining maturity 12 months or less</u>
County pool	<u>\$231,213</u>	<u>\$231,213</u>

Disclosures relating to interest rate risk, credit risk and custodial credit risk

The Federal Deposit Insurance Corporation insures all accounts at each bank up to \$250,000 through December 31, 2013. At June 30, 2011, the District had aggregate deposits of \$116,822 with Bank of America and Union Bank of California.

Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Currently the County pool is unrated.

Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions for deposits.

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Concentration of credit risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represent 5% or more of *total District investments* for the year ended June 30, 2011.

Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2011

Note 3: Capital Assets

Changes in capital assets for the fiscal year ended June 30, 2011, were as follows:

	Beginning balance	Additions	Deletions	Ending balance
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 574,257	\$ -	\$ -	\$ 574,257
Improvements to land	738,592	-	-	738,592
Total capital assets not being depreciated	1,312,849	-	-	1,312,849
Capital assets being depreciated:				
Structures and improvements	1,801,213	4,000	-	1,805,213
Equipment	111,565	3,155	-	114,720
Depreciable improvements to land	28,880	9,664	-	38,544
Total capital assets being depreciated	1,941,658	16,819	-	1,958,477
Less accumulated depreciation	(731,444)	(61,348)	-	(792,792)
Total capital assets being depreciated, net	1,210,214	(44,529)	-	1,165,685
Total capital assets, net	\$ 2,523,063	\$ (44,529)	\$ -	\$ 2,478,534

Depreciation expense has been charged to the following functions as follows:

Administration	\$ 9,427
Recreation	46,921
Childcare	5,000
Total depreciation expense	\$ 61,348

Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2011

Note 4: Long-Term Liabilities

Changes in long-term debt for the fiscal year ended June 30, 2011, were as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Current portion</u>
Note payable - Union Bank	\$ 552,070	\$ -	\$ (13,779)	\$ 538,291	\$ 14,602
County loan	-	500,000	(200,000)	300,000	200,000
Compensated absences	<u>8,137</u>	<u>602</u>	<u>-</u>	<u>8,739</u>	<u>3,936</u>
Total long-term liabilities	<u>\$ 560,207</u>	<u>\$ 500,602</u>	<u>\$(213,779)</u>	<u>\$ 847,030</u>	<u>\$ 218,538</u>

Outstanding at
June 30, 2011

Note payable - Union Bank

In November 2005, the District refinanced its \$600,000 note payable, which was due on March 3, 2006, for \$606,000. The note requires monthly payments of \$4,037 based on a 25 year amortization schedule at an interest rate of 6.35%. At the end of the tenth year, a balloon payment of the remaining balance is due and payable.

\$ 538,291

Loan payable - County of San Bernardino

In July 2010, the District received a loan from the County of San Bernardino in the amount of \$500,000 to be used to eliminate amounts owed to the Registrar of Voters and the County Treasury Pool. The loan is to be repaid in five equal installments with payments due in April and December. Interest on the loan shall be charged at the same rate the County applies to funds on deposit with the County treasury.

300,000

Total notes and loans payable

\$ 838,291

**Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2011**

Note 4: Long-Term Liabilities (continued)

The annual requirements to amortize the Union Bank note payable outstanding as of June 30, 2011, including interest payments to maturity, are as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 14,602	\$ 33,838
2013	15,556	32,883
2014	16,573	31,886
2015	17,658	30,782
2016	473,902	8,693
Totals	<u>\$ 538,291</u>	<u>\$ 138,082</u>

The annual requirements to amortize the County Loan payable outstanding as of June 30, 2011, including interest payments to maturity, are as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 200,000	\$ 1,524
2013	100,000	197
Totals	<u>\$ 300,000</u>	<u>\$ 1,721</u>

Note 5: Employees' Retirement Plan

Currently, the District participates in the San Bernardino County Employees' Retirement Association (SBCERA). Below is a description of that plan.

Plan description

The 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, there are approximately 19 other local government agencies in the plan including the District. The Plan is governed by the San Bernardino Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W. Hospitality Lane - 3rd floor, San Bernardino, California 92415-0014.

Fiduciary responsibility

The 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. The SBCERA publishes its own Comprehensive Annual Financial Report and receives a separate independent audit. The SBCERA is also a legally separate entity from the County and not a component unit.

**Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2011**

Note 5: Employees' Retirement Plan (continued)

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% and County Safety, 26.82%. All employers combined are required to contribute 15.4% of the current year covered payroll.

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 (as restated)		<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 current amount outstanding at June 30, 2011 is \$423,652,000.

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 \$294,515,000.

**Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2011**

Note 5: Employees' 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 \$158,327,000.

Note 6: Commitments and Contingencies

The District, from time to time, receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. District management believes such disallowances, if any, would not have a material effect on the District's financial position.

Note 7: Risk Management

Insurance Pooling - The District participates in an insurance pooling agreement with several other districts throughout California. Major loss risks are covered by umbrella policies, but several losses and multiple deductible losses to the group could result in additional assessments to the District. The pool has substantial reserves and has not requested additional assessments of members since the District began participation. Management considers the likelihood of such an assessment to be remote.

Note 8: County Advance Commitment

Special assessments are collected and paid to the District by the County of San Bernardino in accordance with its property tax calendar (as described in Note 1 of these financial statements). The majority of the assessments are paid to the District in December and April. Assessments received by the District are used to pay current costs of ongoing operations incurred by the District. Since a majority of the assessments are received during two months of the year, the District seeks approval each year to receive an advance from the County against these anticipated revenues in order to cover operating costs during the remaining months.

Note 9: Rental Agreements

The District is currently the lessor of unused office space in its Rimforest office building, the Running Springs Hootman Center as well as various cell phone tower sites. The anticipated future revenues for the various leases are as follows:

Fiscal year ending June 30,	Amount
2012	\$ 71,900
2013	73,300
2014	73,400
Total	\$ 218,600

Required Supplementary Information

Required Supplementary Information
Rim of the World Recreation and Park District
Budgetary Comparison Schedule
General Fund
For the year ended June 30, 2011

	Budgeted amounts		Actual amountsfinal	Variance with budget
	Original	Final		
REVENUES				
Special assessments	\$ 755,000	\$ 755,000	\$ 731,394	\$ (23,606)
Delinquent taxes and interest	-	-	8,058	8,058
Rents and concessions	86,200	86,200	86,945	745
Charges for services:				
Recreation	110,411	92,054	86,477	(5,577)
Childcare	189,589	158,066	148,491	(9,575)
Contributions and donations	30,000	15,000	16,871	1,871
Other	-	3,942	28,022	24,080
Total revenues	1,171,200	1,110,262	1,106,258	(4,004)
EXPENDITURES				
Administration:				
Salaries and benefits	206,734	169,405	183,231	(13,826)
Services and supplies	201,829	345,658	233,957	111,701
Utilities	78,927	80,871	81,204	(333)
Recreation:				
Salaries and benefits	62,878	51,525	55,730	(4,205)
Services and supplies	33,936	58,120	39,338	18,782
Child care:				
Salaries and benefits	173,535	142,201	153,806	(11,605)
Services and supplies	56,990	97,603	66,062	31,541
Utilities	2,273	2,329	2,339	(10)
Debt service:				
Principal	35,327	35,327	213,779	(178,452)
Interest	13,113	58,613	79,351	(20,738)
Total expenditures	865,542	1,041,652	1,108,797	(67,145)
Excess of revenues over (under) expenditures	305,658	68,610	(2,539)	(71,149)
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	500,000	500,000
Total other financing sources (uses)	-	-	500,000	500,000
Net change in fund balance	305,658	68,610	497,461	428,851
Fund balance, beginning of year	(322,461)	(322,461)	(322,461)	-
Fund balance, end of year	\$ (16,803)	\$ (253,851)	\$ 175,000	\$ 428,851

Rim of the World Recreation and Park District
Notes to Required Supplementary Information
June 30, 2011

Note 1: Budgetary Control and Accounting

The District adopts an annual budget prepared on the modified accrual basis of accounting for its governmental fund types.

During the fiscal year, the District expenditures were in excess of appropriations mainly due to the repayment of \$200,000 of the County loan (see note 4).

Audit for Fiscal Year 2011-12

Attachment 2

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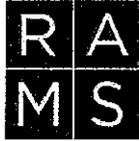
Rim of the World Recreation and Park District

Report on Audit

June 30, 2012

**Rim of the World Recreation and Park District
Basic Financial Statements
Table of Contents**

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Board of Directors
Rim of the World Recreation and Park District

INDEPENDENT AUDITOR'S REPORT

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Kirk A. Franks, CPA
Matthew B. Wilson, CPA, MSA, CGMA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
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MANAGERS : STAFF

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Maya S. Ivanova, CPA, MBA
Peter E. Murray, CPA
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA
Yann Fang, CPA

We have audited the accompanying financial statements of the governmental activities and the major fund of the Rim of the World Recreation and Park District (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of June 30, 2012, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The District has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require 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.

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Rogers Anderson Malody & Scott, LLP

August 1, 2013

**Rim of the World Recreation and Park District
Statement of Net Assets
June 30, 2012**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 312,151
Accounts receivable, net	17,837
Intergovernmental receivables	19,437
Capital assets not being depreciated	1,312,849
Capital assets being depreciated, net	<u>1,168,606</u>
Total assets	<u>2,830,880</u>
LIABILITIES	
Accounts payable and accrued liabilities	122,374
Other current liabilities	63,430
Noncurrent liabilities:	
Due within one year	117,730
Due in more than one year	<u>513,130</u>
Total liabilities	<u>816,664</u>
NET ASSETS	
Invested in capital assets, net of related debt	1,957,843
Unrestricted	<u>56,373</u>
Total net assets	<u><u>\$ 2,014,216</u></u>

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

**Rim of the World Recreation and Park District
Statement of Activities
For the year ended June 30, 2012**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Governmental Activities</u>
Governmental activities:					
Administration	\$ 562,639	\$ 820,826	\$ 40,070	\$ -	\$ 298,257
Recreation	200,517	144,800	4,533	-	(51,184)
Childcare	187,649	179,111	277	-	(8,261)
Interest expense	<u>34,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,894)</u>
 Total governmental activities	 <u>\$ 985,699</u>	 <u>\$ 1,144,737</u>	 <u>\$ 44,880</u>	 <u>\$ -</u>	 203,918
 General revenues:					
Other					<u>3,794</u>
 Total general revenues					<u>3,794</u>
 Change in net assets					207,712
 Net assets, beginning of year					<u>1,806,504</u>
 Net assets, end of year					<u>\$ 2,014,216</u>

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

**Rim of the World Recreation and Park District
Balance Sheet
Governmental Fund
June 30, 2012**

ASSETS

Cash	\$ 312,151
Accounts receivable, net	17,837
Intergovernmental receivable	<u>19,437</u>
Total assets	<u><u>\$ 349,425</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable and accrued liabilities	\$ 122,374
Other current liabilities	<u>63,430</u>
Total liabilities	<u>185,804</u>
Fund balance:	
Unassigned	<u>163,621</u>
Total fund balance	<u>163,621</u>
Total liabilities and fund balance	<u><u>\$ 349,425</u></u>

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

**Rim of the World Recreation and Park District
 Reconciliation of the Balance Sheet of the Governmental Fund
 to the Statement of Net Assets
 Governmental Fund
 June 30, 2012**

Fund balance of governmental fund	\$ 163,621
 Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,481,455
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in funds.	
Notes payable - Union Bank	(523,612)
County loan payable	(100,000)
Compensated absences payable	(7,248)
	(630,860)
Net assets of governmental activities	\$ 2,014,216

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

Rim of the World Recreation and Park District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the year ended June 30, 2012

REVENUES	
Special assessments	\$ 736,369
Delinquent assessments and interest	9,762
Rents and concessions	74,695
Intergovernmental	39,950
Charges for services:	
Recreation	128,892
Childcare	179,111
Contributions and donations	470
Other	<u>24,162</u>
 Total revenues	 <u>1,193,411</u>
 EXPENDITURES	
Administration:	
Salaries and benefits	264,961
Services and supplies	282,508
Utilities	74,540
Recreation:	
Salaries and benefits	100,047
Services and supplies	50,081
Childcare:	
Salaries and benefits	149,828
Services and supplies	31,426
Utilities	1,826
Debt service:	
Principal	214,679
Interest	<u>34,894</u>
 Total expenditures	 <u>1,204,790</u>
 Net change in fund balance	 (11,379)
 Fund balance, beginning of year	 <u>175,000</u>
 Fund balance, end of year	 <u><u>\$ 163,621</u></u>

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

**Rim of the World Recreation and Park District
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balance of the Governmental Fund to the
 Statement of Activities
 For the year ended June 30, 2012**

Net change in fund balance - total governmental fund \$ (11,379)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense, or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Cost of assets capitalized, less net book value of disposals	69,735
Depreciation expense	(66,814)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal payment on loans	214,679
----------------------------	---------

Compensated absences expenses reported in the statements of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

1,491

Change in net assets of governmental activities	\$ 207,712
--	-------------------

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

**Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2012**

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Rim of the World Recreation and Park District (the District) conform to generally accepted accounting principles.

Organization

The District was established on December 5, 1985 by the issuance of the Certificate of Completion by the Local Agency Formation Commission (LAFCO). The District is governed by an elected Board of Directors, elected by District voters.

The District acquires and manages parks for public use, organizes and manages recreational activities, as well as assisting other groups and organizations with recreational endeavors. Childcare is also provided at various locations within the District to provide recreational activities for children as well as providing needed daytime child supervision for the individuals within the District.

The District's primary source of revenue comes from a \$22 per parcel special parcel tax for each non-exempt parcel (parcels located within Cedar Pines Park as well as government owned parcels are considered exempt) within the District boundaries. In April 2010, the District held a successful election which increased the per parcel special parcel tax from \$10 to \$22 annually. In addition, the District charges childcare fees, recreational fees for various programs as well as facilities use fees, including reimbursements for various costs such as ball field lighting. The District has no power to levy and collect taxes.

Basis of accounting and measurement focus

The *basic financial statements* of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide financial statements

Government-wide financial statements display information about the reporting government as a whole, except for any fiduciary activities (the District has no fiduciary activities). Those statements include separate columns for the governmental and business-type activities of the entity (including any blended component units), as well as its discretely presented component units. The District has no business-type activities or component units.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2012**

Note 1: Summary of Significant Accounting Policies (continued)

Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds from debt issued are recorded as a liability in the government-wide financial statements, rather than as *other financing source*. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Net asset flow assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net assets and unrestricted - net assets in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund financial statements

The underlying account system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the District's governmental fund are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental funds. Currently, the District has only one fund.

Governmental funds

In the fund financial statements, the governmental fund is presented using the *modified-accrual basis of accounting*. Revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The District uses a sixty day availability period.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental fund in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services provided.) *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange transactions* are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

**Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2012**

Note 1: Summary of Significant Accounting Policies (continued)

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of debt issued are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Fund balance flow assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Accounts receivable

Accounts receivable are reported at their estimated net realizable value. The allowance for doubtful accounts is estimated based on the District's historical losses and existing economic conditions. Because of the inherent uncertainty in estimating bad debts, it is reasonably possible that the estimates used to calculate the allowance will change in the near term. Currently, accounts receivable are reported in the financial statements as follows:

Accounts receivable	\$	34,570
Allowance for uncollectible accounts		<u>(16,733)</u>
Net realizable value	\$	<u><u>17,837</u></u>

Fund classifications

The following fund is presented as a major fund in the accompanying basic financial statements:

The *General Fund* is used to account for all activity not required to be accounted for in another fund.

**Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2012**

Note 1: Summary of Significant Accounting Policies (continued)

Fair value investments

GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the District reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Cash and investments

Cash and investments are reported in the accompanying balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as *investment earnings* reported for that fiscal year. *Investment earnings* include interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Capital assets

Capital assets of \$5,000 or more are capitalized. Capital assets are recorded at cost for asset purchases where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution.

The estimated useful lives of capital assets using the straight-line method of depreciation are as follows:

Category	Useful life
Buildings and improvements	10 – 50 years
Machinery and equipment	2 – 20 years

Compensated absences

Salaried full-time employees earn vacation and sick leave benefits, and can accumulate a balance from year to year. The amount payable in future years when used by the District's employees amounted to \$7,248 at June 30, 2012.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period.

Property taxes/assessments

The County of San Bernardino (County) bills and collects property taxes/assessments on behalf of numerous special districts and incorporated cities, including the District. The District's collections of current year taxes/assessments are received through periodic apportionments from the County.

The County's tax calendar is from July 1 to June 30. Property taxes/assessments attach a lien on the property on March 1. Taxes/assessments are levied on July 1 and are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

**Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2012**

Note 1: Summary of Significant Accounting Policies (continued)

Implementation of new pronouncements

Beginning with the current fiscal year, the District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable** – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- **Restricted** – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.
- **Committed** – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- **Assigned** – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- **Unassigned** – amounts that are for any purpose; positive amounts are reported only in a general fund.

The District Board (the highest level of authority), establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. The Board has not formally authorized any individual or body to assign fund balance.

Note 2: Cash and Investments

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash	\$	312,151
Total cash and investments	\$	312,151

Cash and investments as of June 30, 2012 consist of the following:

Cash in County pool	\$	267,378
Bank deposits		35,363
Petty cash and undeposited funds		9,410
Total cash and investments	\$	312,151

**Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2012**

Note 2: Cash and Investments (continued)

Equity in the cash and investment pool of the County of San Bernardino

Cash and investments includes the cash balance of monies deposited with the County of San Bernardino Treasurer which are pooled and invested for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the District's account based upon the District's average daily deposit balance during the allocation period. Cash and cash equivalents are shown at the fair value as of June 30, 2012. The District's balance at the County's cash and investment pool was \$267,378 at year end. Fair value is based on data provided by the County. The County pool is not rated.

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.

Investments authorized by the California Government Code and the District's investment policy

The table below identifies the *investment types* that are authorized for the District by the California Government Code and the District's investment policy. The table also identifies certain provisions of the California Code (or the District's investment policy, if more restrictive) that address *interest rate risk* and *concentration of credit risk*. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

Investment types authorized by investment policy	Maximum maturity*	Maximum percentage of portfolio*	Maximum investment in one issuer*
Bonds issued by the District	5 years	None	None
US Treasury bills, notes and bonds	5 years	None	None
Registered State warrants, notes or bonds	5 years	None	None
Local Agency debt	5 years	None	None
US Agency obligations	5 years	None	None
Bankers acceptances	180 days	40%	30%
Commercial paper	180 days	15%	10%
Negotiable certificates of deposit	5 years	30%	None
Repurchase agreements	1 year	None	None
Reverse repurchase agreements	92 days	20%	None
Corporate medium term notes	5 years	30%	None
Money market mutual funds	N/A	20%	10%
Collateralized bank deposits	5 years	None	None
Mortgage pass through securities	5 years	20%	None

* = Based on state law requirements or investment policy requirements, whichever is more restrictive.

**Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2012**

Note 2: Cash and Investments (continued)

Disclosure relating to interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by diversifying its investment maturities evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investment by maturity:

<u>Investment type</u>	<u>Total</u>	<u>Remaining maturity 12 months or less</u>
County pool	<u>\$ 267,378</u>	<u>\$ 267,378</u>

Disclosures relating to interest rate risk, credit risk and custodial credit risk

The Federal Deposit Insurance Corporation insures all accounts at each bank up to \$250,000 through December 31, 2013. At June 30, 2012, the District had aggregate deposits of \$53,296 with Bank of America and \$2,315 with Union Bank of California.

Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Currently the County pool is unrated.

Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions for deposits.

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2012

Note 2: Cash and Investments (continued)

Concentration of credit risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represent 5% or more of *total District investments* for the year ended June 30, 2012.

Note 3: Capital Assets

Changes in capital assets for the fiscal year ended June 30, 2012, were as follows:

	Beginning balance	Additions	Deletions	Ending balance
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 574,257	\$ -	\$ -	\$ 574,257
Improvements to land	738,592	-	-	738,592
Total capital assets not being depreciated	1,312,849	-	-	1,312,849
Capital assets being depreciated:				
Structures and improvements	1,805,213	8,000	-	1,813,213
Equipment	114,720	35,695	-	150,415
Depreciable improvements to land	38,544	26,040	-	64,584
Total capital assets being depreciated	1,958,477	69,735	-	2,028,212
Less accumulated depreciation	(792,792)	(66,814)	-	(859,606)
Total capital assets being depreciated, net	1,165,685	2,921	-	1,168,606
Total capital assets, net	\$ 2,478,534	\$ 2,921	\$ -	\$ 2,481,455

Depreciation expense has been charged to the following functions as follows:

Administration	\$ 11,165
Recreation	50,649
Childcare	5,000
Total depreciation expense	\$ 66,814

**Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2012**

Note 4: Long-Term Liabilities

Changes in long-term debt for the fiscal year ended June 30, 2012, were as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Current portion</u>
Note payable - Union Bank	\$ 538,291	\$ -	\$ (14,679)	\$ 523,612	\$ 15,556
County loan	300,000	-	(200,000)	100,000	100,000
Compensated absences	<u>8,739</u>	<u>-</u>	<u>(1,491)</u>	<u>7,248</u>	<u>2,174</u>
Total long-term liabilities	<u>\$ 847,030</u>	<u>\$ -</u>	<u>\$(216,170)</u>	<u>\$ 630,860</u>	<u>\$ 117,730</u>

Outstanding at
June 30, 2012

Note payable - Union Bank

In November 2005, the District refinanced its \$600,000 note payable, which was due on March 3, 2006, for \$606,000. The note requires monthly payments of \$4,037 based on a 25 year amortization schedule at an interest rate of 6.35%. At the end of the tenth year, a balloon payment of the remaining balance is due and payable.

\$ 523,612

Loan payable - County of San Bernardino

In July 2010, the District received a loan from the County of San Bernardino in the amount of \$500,000 to be used to eliminate amounts owed to the Registrar of Voters and the County Treasury Pool. The loan is to be repaid in five equal installments with payments due in April and December. Interest on the loan shall be charged at the same rate the County applies to funds on deposit with the County treasury.

100,000

Total notes and loans payable

\$ 623,612

**Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2012**

Note 4: Long-Term Liabilities (continued)

The annual requirements to amortize the Union Bank note payable outstanding as of June 30, 2012, including interest payments to maturity, are as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 15,556	\$ 32,883
2014	16,573	31,886
2015	17,658	30,782
2016	473,825	8,693
Totals	<u>\$ 523,612</u>	<u>\$ 104,244</u>

The annual requirements to amortize the County Loan payable outstanding as of June 30, 2012, including interest payments to maturity, are as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	<u>\$ 100,000</u>	<u>\$ 197</u>

Note 5: Employees' Retirement Plans

Currently, the District participates in the following retirement plans:

San Bernardino County Employees' Retirement Association (SBCERA) – defined benefit

Plan description

The 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, there are approximately 19 other local government agencies in the plan including the District. The Plan is governed by the San Bernardino Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement at 348 W. Hospitality Lane - 3rd floor, San Bernardino, California 92415-0014.

Fiduciary responsibility

The 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. The SBCERA publishes its own Comprehensive Annual Financial Report and receives a separate independent audit. The SBCERA is also a legally separate entity from the County and not a component unit.

Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2012

Note 5: Employees' Retirement Plans (continued)

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% - 12.95% and safety members 9.54% - 15.32% of their annual covered salaries. All employers combined are required to contribute 15.4% of the current year covered payroll.

The County's (as a whole) 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, 2012, were as follows (in thousands):

Annual required contribution (County fiscal year basis)	\$	229,169
Interest on pension assets		(55,733)
Adjustment to the annual required contribution		73,086
Annual pension cost		246,522
Annual contributions made		229,169
Increase/(decrease) in pension assets		(17,353)
Pension assets, beginning of year		719,134
Pension assets, end of year		\$ 701,781

The following table shows the County's (as a whole) 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	
2010	\$ 243,773	\$ 197,097	100%
2011	258,128	213,311	100%
2012	278,091	229,169	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 current amount outstanding at June 30, 2012 is \$401,650,000.

During the current fiscal year, the District contributed \$13,077 to the plan.

Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2012

Note 5: Employees' Retirement Plans (continued)

Accumulation Program for Part-time and Limited Service Employees (APPLE) – defined contribution

The District currently offers a defined contribution plan for employees classified as part-time, seasonal or temporary and who are not eligible to participate in the PERS 457 plan. The plan is administered by Keenan & Associates and MidAmerica Administrative Services. The District contributes 3.75% percent of the employee's compensation. In addition, each participant is required to contribute 3.75% of their salary. For the current year, the District contributed \$1,640 in matching funds on behalf of District employees in the plan.

PERS 457 Plan – defined contribution

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Currently, the District contributes 10% of the employee salary. Pursuant to the IRC 457 subsection (g): all amounts of compensation deferred under the plan, all property, or rights are solely the property and rights of the employee and beneficiaries of the plan. Deferred compensation funds are not subject to claims of the District's general creditor; consequently the assets and related liabilities of the plan are not included within the District's financial statements.

Note 6: Commitments and Contingencies

The District, from time to time, receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. District management believes such disallowances, if any, would not have a material effect on the District's financial position.

Note 7: Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; natural disasters for which the District carries commercial insurance.

Insurance pooling - The District participates in the California Association for Park and Recreation Indemnity (CAPRI) insurance program. CAPRI is a joint powers agency comprised of California special districts.

- *General liability* – Coverage with a \$1,000,000 limit per occurrence. CAPRI also purchases an excess policy with limits of \$24 million excess of \$1,000,000. There is no deductible for general liability claims.
- *Public officials and employee liability* – Coverage with an aggregate limit of \$25,000,000 per member district because of wrongful acts. For each covered claim, there is a \$20,000 deductible.
- *All risk property loss* – Coverage with an annual aggregate limit of \$1,000,000,000, subject to a \$2,000 deductible. Earthquake coverage has an annual aggregate limit of \$5,000,000 and flood with an annual limit of \$10,000,000. The deductible for all loss or damage arising from the risks of flood/earthquake is \$50,000 per occurrence or 5% of the value of the building, contents and/or structure damage, whichever is greater.

Major loss risks are covered by umbrella policies, but several losses and multiple deductible losses to the group could result in additional assessments to the District. The pool has substantial reserves and has not requested additional assessments of members since the District began participation. Management considers the likelihood of such an assessment to be remote.

Rim of the World Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2012

Note 7: Risk Management (continued)

Workers compensation coverage is provided by the Special District Risk Management Authority (SDRMA). SDRMA is an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500 et. seq.. Statutory limits per occurrence for workers compensation and \$5,000,000 for employers liability coverage.

Note 8: County Advance Commitment

Special assessments are collected and paid to the District by the County of San Bernardino in accordance with its property tax calendar (as described in Note 1 of these financial statements). The majority of the assessments are paid to the District in December and April. Assessments received by the District are used to pay current costs of ongoing operations incurred by the District. Since a majority of the assessments are received during two months of the year, the District seeks approval each year to receive an advance from the County against these anticipated revenues in order to cover operating costs during the remaining months.

Note 9: Rental Agreements

The District is currently the lessor of unused office space in its Rimforest office building, the Running Springs Hootman Center as well as various cell phone tower sites. The anticipated future revenues for the various leases are as follows:

Fiscal year ending June 30,	Amount
2013	\$ 73,300
2014	73,400
Total	<u>\$ 146,700</u>

Required Supplementary Information

Required Supplementary Information
Rim of the World Recreation and Park District
Budgetary Comparison Schedule
General Fund
For the year ended June 30, 2012

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
REVENUES				
Special assessments	\$ 755,000	\$ 755,000	\$ 736,369	\$ (18,631)
Delinquent assessments and interest	-	-	9,762	9,762
Rents and concessions	71,909	71,909	74,695	2,786
Intergovernmental	-	-	39,950	39,950
Charges for services:				
Recreation	106,711	106,711	128,892	22,181
Childcare	148,289	148,289	179,111	30,822
Contributions and donations	15,000	15,000	470	(14,530)
Other	3,500	3,500	24,162	20,662
Total revenues	1,100,409	1,100,409	1,193,411	93,002
EXPENDITURES				
Administration:				
Salaries and benefits	268,805	268,805	264,961	3,844
Services and supplies	250,466	250,466	282,508	(32,042)
Utilities	80,527	80,527	74,540	5,987
Recreation:				
Salaries and benefits	101,497	101,497	100,047	1,450
Services and supplies	44,401	44,401	50,081	(5,680)
Child care:				
Salaries and benefits	152,000	152,000	149,828	2,172
Services and supplies	27,862	27,862	31,426	(3,564)
Utilities	1,973	1,973	1,826	147
Debt service:				
Principal	14,344	214,344	214,679	(335)
Interest	34,096	35,232	34,894	338
Total expenditures	975,971	1,177,107	1,204,790	(27,683)
Net change in fund balance	124,438	(76,698)	(11,379)	65,319
Fund balance, beginning of year	175,000	175,000	175,000	-
Fund balance, end of year	\$ 299,438	\$ 98,302	\$ 163,621	\$ 65,319

**Rim of the World Recreation and Park District
Notes to Required Supplementary Information
June 30, 2012**

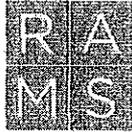
Note 1: Budgetary Control and Accounting

The District adopts an annual budget prepared on the modified accrual basis of accounting for its governmental fund types.

During the fiscal year, the District expenditures were in excess of appropriations by \$27,683.

**Engagement Letter with
Rogers Anderson Malody and Scott
(RAMS) for Fiscal Year 2012-13 Audit**

Attachment 3



ROGERS, ANDERSON, MALODY & SCOTT, LLP
 CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
 San Bernardino, CA 92408
 909 889 0871 T
 909 889 5361 F
 ramscpa.net

June 27, 2013

Board of Directors
 Rim of the World Recreation and Park District
 PO Box 8
 Rimforest, CA 92378

MEMBERS
 Charles L. Ellis, CPA, CMA
 Terry P. Shaw, CPA
 Kim A. Frazier, CPA
 Paul James B. Maloney, CPA, MBA, CMA
 Scott D. Peterson, CPA, CMA
 Edwin S. Smith, CPA, CMA, CFM
 David J. Zwickler, CPA, CMA, CFM
 Dennis H. Thomas, CPA, CMA, CFM

MANAGEMENT OFFICERS
 Nancy J. Beckwith, CPA, MBA
 B. Jeffrey B. Peterson, CPA, MBA
 Joseph J. Smith, CPA
 Wang Norman, CPA, MBA
 Mark A. Johnson, CPA, CMA
 Terry P. Maloney, CPA
 Christopher Lee, CPA, MBA
 Charles L. Ellis, CPA

We are pleased to confirm our understanding of the services we are to provide Rim of the World Recreation and Park District (the District) for the year ended June 30, 2013. We will audit the financial statements of the governmental activities and each major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements of the District as of and for the year ended June 30, 2013. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such 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. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis, if presented
- 2) Major fund budgetary comparison schedule

Audit objective

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

MEMBERS
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Management responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You agree to assume all management responsibilities for any nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Audit procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit procedures—Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Engagement administration, fees, and other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

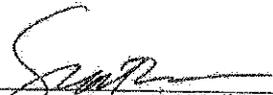
We understand that your employees will locate any documents selected by us for testing.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release or for any additional period requested by any regulator.

Scott W Manno, CPA, CGMA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. Our fee for these services will be \$12,985. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to Rim of the World Recreation and Park District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed original and return it to us. Please keep the signed copy for your records.

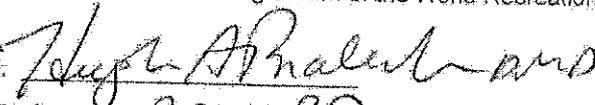
Very truly yours,



Scott W. Manno, CPA, CGMA
Partner

RESPONSE:

This letter correctly sets forth the understanding of Rim of the World Recreation and Park District.

Management signature: 
Title: Director, ROWRPD
Date: 6-27-13

Governance signature: _____
Title: _____
Date: _____

**District Final Budget Adopted in
August 2013; Budget Resolution
06132013-4A Amending
Fiscal Year 2012-13; and Appropriation
Limit Resolution No. 20062013-2**

Attachment 4

RIM OF THE WORLD RECREATION AND PARK DISTRICT

PROPOSED 2013/2014 FINAL

BUDGET

		ACTUAL YEAR-END FY 2009/2010	ACTUAL YEAR-END FY 2010/11	ACTUAL YEAR-END FY 2011/2012	AMENDED (as of 8/26/13) BUDGET FY 2012/2013	ESTIMATED ACTUAL FY 2012/2013	STAFF FINAL BUDGET FY 2013/2014
COLUMN 1		COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6	COLUMN 7
Fund balance, beginning of year		(286,090)	-322,461	175,000	163,621	163,621	195,127
Income	500-100						
	Assessment Income	372,610	738,786	746,048	745,000	755,000	750,000
	Donations	32,157	16,871	40,420	15,000	2,000	1,000
	Fees and Charges	298,059	265,130	314,484	310,000	290,000	315,000
	Other Income	1,179	3,887	8,088	92,566	92,566	3,500
	Rental Income	57,110	85,545	71,895	73,311	73,476	73,476
Gross Revenue-as originally reported		761,114	1,110,219	1,180,935	1,235,877	1,213,042	1,142,976
	Debt issued-SB County		500,000				
	To reconcile with audited F/S	-948	-3,961	12,476	n/a	n/a	n/a
Total		760,166	1,606,258	1,193,411	1,235,877	1,213,042	1,142,976
Expense	805-						
	Advertising	266	615	806	2,000	2,000	2,000
	Auto Expense	6,087	5,836	6,186	9,000	11,000	9,000
	Bank Fees & Services	1,534	2,039	1,847	2,000	2,500	2,000
	Building Loan Payment	48,440	48,440	48,440	48,440	48,440	48,440
	Communications	8,647	12,957	10,997	12,000	10,000	12,000
	Computer Software	0	2,680	1,109	500	500	5,000
	Equipment and Supplies	8,732	29,427	51,562	28,000	28,000	28,000
	Equipment Maintenance & Repair	2,900	828	1,654	2,000	2,000	3,000
	Food	3,283	2,437	2,632	3,000	3,000	3,000
	Insurance	26,186	23,527	27,960	28,000	29,500	29,500
	Interest Expense	0	44,690	1,136	1,000	500	500
	Legal Notices	36	552	30	500	500	500
	Memberships	2,898	3,255	3,601	4,500	4,500	5,000
	Outside Help (1099)	31,298	34,465	48,668	52,500	56,500	56,500
	Postage	1,301	687	930	1,000	1,000	1,000
	Printing	1,816	1,728	703	2,000	2,000	4,000
	Private Mileage	533	1,145	1,388	2,200	2,200	3,000
	Professional Services	91,724	208,636	116,564	95,825	88,325	107,500
	Publications/Marketing	542	2,102	2,400	5,000	5,000	10,000
	Rent/Lease Building/Land	0	10	125	500	500	200
	Rent/Lease of Equipment	6,278	8,683	12,537	13,000	13,000	13,000
	Special Expense	24,926	29,493	44,018	40,530	40,530	41,000
	Staff Uniforms	0	826	204	500	500	500
	Structure Maintenance & Repair	15,778	40,720	35,362	142,366	142,366	55,000
	Subscriptions	46	70	20	75	75	75
	Training	181	538	803	3,000	3,000	4,000
	Travel	0	0	927	1,000	1,000	1,000
	Utilities	76,962	80,658	75,146	79,000	83,000	79,000
	New Facilities / CIP	16,074	20,778	43,073	0	100	0
Total Service & Supplies		376,470	605,841	540,817	579,436	581,536	522,715
	Compensation & Benefits	400,241	362,823	458,432	500,000	500,000	513,800
Total Appropriations-as originally reported		776,711	968,664	999,249	1,079,436	1,081,536	1,036,515
	Debt principal payments to SB County		200,000	200,000	100,000	100,000	
	To reconcile with audited F/S	19,826	-59,867	5,541	n/a	n/a	n/a
	Contingency/SBCERA						106,461
Total expenditures		796,537	1,108,797	1,204,790	1,179,436	1,181,536	1,142,976
Net change in fund balance		(36,371)	497,461	(11,379)	56,441	31,506	-
Fund balance, end of year		(322,461)	175,000	163,621	220,062	195,127	195,127

Estimated Bank Balances as of 06-30-2013

253,800

Reserves for 2014/2015 Jul-Dec Operations

300,000



REVISED RESOLUTION No. 06132013-4A

A RESOLUTION OF THE GOVERNING BOARD OF
THE RIM OF THE WORLD RECREATION AND PARK DISTRICT,
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ADOPTING THE
AMENDED 2012/2013 FINAL BUDGET & INCREASING THE APPROPRIATIONS
LIMIT FOR SUBMITTAL TO THE COUNTY AUDITOR/CONTROLLER'S OFFICE.

WHEREAS, the Board of Directors of the Rim of the World Recreation & Park District meeting on August 26, 2013, hereby determines that it is in the best interest of the District to adopt the Amended 2012/2013 Final Budget, and increase Appropriation Limit; and

WHEREAS, the Amended Final Budget categories are as follows in the amounts reflected; and

Expenditures

Compensation and Benefits	\$ 500,000.00
Service and Supplies	\$ 579,436.00
Debt service	\$ 100,000.00
Total	\$1,179,436.00

Revenue

Special Parcel Tax (\$22.00 per parcel)	\$ 745,000.00
Fees & Charges (Programs / Facilities)	\$ 310,000.00
Donations	\$ 15,000.00
Rental Income	\$ 73,311.00
Other Income	\$ 92,566.00
Total	\$1,235,877.00

WHEREAS, the Board of Directors has determined to increase the Appropriations Limit by \$189,066.00 from \$990,370.00 to 1,179,436.00. and

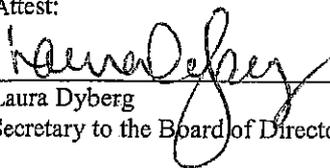
NOW, THEREFORE, the Board of Directors of the Rim of the World Recreation & Park District does hereby submit the Amended 2012/2013 Final Budget to the San Bernardino County, Auditor/Controller's Office.

PASSED, APPROVED AND ADOPTED this 26th day of August 2013


Rick Chaig

Chairman of the Board of Directors

Attest:


Laura Dyberg

Secretary to the Board of Directors

ROWPRD BOARD AGENDA

REGULAR MEETING
August 26, 2013

ACTION ITEM #1

Adopt Resolution 06132013-4A Amended Budget/ Appropriation Limit
FY2012/2013

TO: Board of Directors

PRESENTED BY: Karen Reams, General Manager

SUBJECT: Adopt Resolution 06132013-4A Amended Budget and Appropriation Limit FY 2012-2013

GOAL: To obtain board approval Amended Budget FY 2012-2013 increasing appropriations limit by 189,066.00 from \$990,370.00 to \$1,179,436.00

BACKGROUND: In December 2012 the District made its final principal payment to San Bernardino County in the amount of \$100,000 and in January 2013, the Twin Peaks Senior and Community Center had a water pipe break because of freezing temperatures. This caused substantial damage due to flooding/water damage to the center. Because this funding was not approved in our 2012/13 Budget, the District must adopt an Amended Budget reflecting this change.

Staff has incorporated the figures into the proposed Amended Budget FY 2012/13 as follows:

\$100,000 is allocated to "Debt principal payments"

\$89,066.00 is allocated to "Structure Maintenance and Repair"

\$89,066.00 is allocated to "Other Income"

BUDGET IMPLICATIONS: Increase to appropriations of \$189,066.00

RECOMMENDATION: That the Board adopt Resolution 06132013-4A Amending the Budget FY 2012/2013 increasing appropriations limit to \$1,179,436.00

ACTION: On motion of Board Members Rick Craig and Mark Bialecki, the Board adopted Resolution 06132013-4 X as presented OP with modifications



RESOLUTION No. 20062013-2

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
RIM OF THE WORLD RECREATION AND PARK
DISTRICT ESTABLISHING THE APPROPRIATIONS
LIMITS FOR FISCAL YEAR 1995-96 THROUGH 2013-14**

WHEREAS, Article XIII B of the California Constitution places an annual limitation upon appropriations from proceeds of taxes by each local government of the State of California; and

WHEREAS, Section 7910 of the California Government Code implements Article XIII B of the California Constitution by requiring each local jurisdiction to establish, by resolution, its appropriation limit of each fiscal year, beginning with 1980-81, and to make the documentation used in determining each year's appropriations limit available to the public fifteen (15) days prior to adoption of the resolution establishing the appropriations limit; and

WHEREAS, in accordance with Senate Constitutional Amendment No.1 approved by the voters of the State effective June 6, 1990, beginning with fiscal year 1990-91 and for each fiscal year thereafter, the Rim of the World Recreation and Park District (the "District") Board of Directors ("Board") is required to elect either the percentage change in the California per capita income or the percentage change in the local assessment roll due to the addition of local non-residential construction, and either the population change within the District or the population change within San Bernardino County, as the two factors to be applied in adjusting the appropriations limit for each fiscal year; and

WHEREAS, the Board previously selected as factors in determining this District's appropriations limit, the percentage change in the State of California per capita personal income and the population change within San Bernardino County; and

WHEREAS, the District has documented its calculation of the appropriations limit for the District for fiscal years 1995-96 through 2013-14, and such calculation is included as Exhibit A, attached hereto and by the reference incorporated herein; and

WHEREAS, the data and calculation for the District's annual appropriations limit for fiscal years 1995-96 through 2013-14 were made available to the public at least fifteen (15) days prior to the adoption of this Resolution;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Rim of the World Recreation and Park District as Follows:

1. The Board hereby finds the above recitals to be true and correct and are hereby incorporated and made an operative part of the Resolution.
2. Pursuant to Article XIII B of the California Constitution, the appropriations limit applicable to the District for fiscal years 1995-96 through 2012-13 are hereby established and determined to be the following sums:

a.	Fiscal Year	1995-96-	\$	1,053,607
b.	Fiscal Year	1996-97-	\$	1,120,722
c.	Fiscal Year	1997-98-	\$	1,174,405
d.	Fiscal Year	1998-99-	\$	1,235,122
e.	Fiscal Year	1999-00-	\$	1,308,735
f.	Fiscal Year	2000-01-	\$	1,397,991
g.	Fiscal Year	2001-02-	\$	1,536,672
h.	Fiscal Year	2002-03-	\$	1,558,493
i.	Fiscal Year	2003-04-	\$	1,635,794
j.	Fiscal Year	2004-05-	\$	1,731,815
k.	Fiscal Year	2005-06-	\$	1,868,282
l.	Fiscal Year	2006-07-	\$	1,982,995
m.	Fiscal Year	2007-08-	\$	2,109,113
n.	Fiscal Year	2008-09-	\$	2,231,442
o.	Fiscal Year	2009-10-	\$	2,262,905
p.	Fiscal Year	2010-11-	\$	2,224,209
q.	Fiscal Year	2011-12-	\$	2,304,058
r.	Fiscal Year	2012-13-	\$	2,411,427
s.	Fiscal Year	2013-14-	\$	2,556,354

3. Pursuant to Section 7910 of the California Government Code, any judicial action or proceeding to attack, review, set aside, void, or annul the establishment of the appropriations limits as set forth herein must be commenced within forty-five (45) days of adoption of this resolution.

4. If any one or more of the provisions of this Resolution shall for any reason be held invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions, and such invalidity, illegality or unenforceability shall not affect any other provision of this Resolution.

ADOPTED this 20th day of June, 2013



Hugh Bialecki

Vice Chairman of the Board of Directors

ATTEST:



Laura Dyberg

Secretary to the Board of Directors

CERTIFICATION

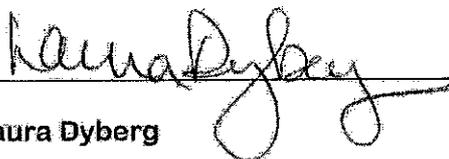
I, Laura Dyberg, Secretary of the Board of Directors of the Rim of the World Recreation and Park District, hereby certify that the foregoing is a full, true and correct copy of the Resolution adopted by the Board of Directors of said District at the regular meeting of said Board held on the 20th day of June, 2013, by the following Vote:

AYES: 3

NOES: 0

ABSENT: 2

ABSTAIN: 0



Laura Dyberg

Secretary to the Board of Directors

EXHIBIT A

**RIM OF THE WORLD RECREATION AND PARK DISTRICT
FISCAL YEARS 1995-96 THROUGH FISCAL YEAR 2013-14
ANNUAL APPROPRIATIONS CALCULATIONS**

<u>Actual calculation</u>	<u>2013-2014</u>
Per capita personal income change	5.12%
Population change:	
County population growth	0.85%
CPI change converted to a ratio	1.0512
Population change converted to a ratio	1.0085
Calculation of growth factor	1.0601
2012-2013 limit	<u>\$2,411,427</u>
2013-2014 limit (\$2,411,427 x 1.0601)	<u>\$2,556,354</u>

**Policies Adopted for
Appropriation Limit and
Reserves**

Attachment 5

Rim of the World Recreation and Park District

POLICY HANDBOOK

POLICY TITLE: Appropriations Limit
POLICY NUMBER: 1061

1061 The Rim of the World Recreation and Park District Appropriations Limit Policy is a financial policy guided by sound accounting principles of public fund management. The District will follow Article 7910 as listed below.

Article 7910. (a) Each year the governing body of each local jurisdiction shall, by resolution, establish its appropriations limit and make other necessary determinations for the following fiscal year pursuant to Article XIII B of the California Constitution at a regularly scheduled meeting or noticed special meeting. Fifteen days prior to the meeting documentation used in the determination of the appropriations limit and other necessary determinations shall be available to the public. The determinations made pursuant to this section are legislative acts.

Rim of the World Recreation and Park District

POLICY HANDBOOK

POLICY TITLE: Reserve Policy
POLICY NUMBER: 1062

1062.1 PREMISE

The Rim of the World Recreation and Park District reserve policy is a financial policy guided by sound accounting principles of public fund management. The policy establishes reserve funds to minimize adverse annual budgetary impacts from anticipated and unanticipated District expenses.

The adequacy of the target reserve year-end balance ranges and/or annual contributions will be reviewed annually during the budgeting process and may be revised accordingly as necessary. The following District **Reserve Fund** is to include; *Capital Replacement Reserve, Capital Acquisition Reserve and Operating Reserve Fund.*

1062.2 Operating Reserve Fund

- 1062.2.1 Purpose: To ensure cash resources are available to fund daily administration, operations and maintenance of the District.
- 1062.2.2 Target Balance: Sufficient to fund six months of District expenditures.
- 1062.2.3 Methodology/Rational: District parcel tax revenues are credited once annually. The District will identify the target balance needed through the annual budgeting process. This fund need is expected to fluctuate based on each year's identified and approved expenditure needs as well as expected revenues from sources other than parcel fees.
- 1062.2.4 Use of Funds: These funds will be used to pay for expenditures according to budget and expenditure authority.

1062.3 Capital Replacement Reserve

- 1062.3.1 Purpose: To provide funds for the orderly and timely maintenance of the District facilities to meet future demand and to maintain and/or improve the District's existing level of facility quality.
- 1062.3.2 Target Balance: Fund 3.5% of the reserve balance based on a life cycle study of the District's capital assets with the goal to self-fund upkeep and maintenance as required.

- 1062.3.3 Methodology/Rational: Use of a Reserve Study which includes an inventory of all current District capital equipment and facilities, an estimate of their useful life, and a schedule of repair/replacement funding needs based on estimated future costs.
- 1062.3.4 This Study will become a part of the Reserve Fund documentation as an Appendix when complete.
- 1062.3.5 Funds will be specifically identified for each asset repair/replacement need in proportion to their cost and the actual Capital Improvement Fund Balance available. The reserve summary will indicate by category the level of reserve funding.

1062.4 Capital Acquisition Reserve Fund

- 1062.4.1 Purpose: To provide funds for the future acquisition of parklands when available and facilities as identified in the Master Plan.
- 1062.4.2 Target Balance: Fully funded acquisition fund based on the District's Master Plan in conjunction with current and future cost estimates.
- 1062.4.3 Methodology/Rational: The Master Plan is used to identify and plan for future needs of the District. Funding can be through grants as they are available, but reserves are necessary to take advantage of opportunities that arise with little advance notice including the need for matching funds for grants. The restricted appropriation fund exists to provide for an orderly land acquisition program.
- 1062.4.4 Use of Funds: The accumulated funds in this area will be disbursed through an annual budgeted appropriation in accordance with the District's programmed acquisition requirements. The Board of Directors may, by a 4/5th vote, use the accumulated funds for an emergency land acquisition during the fiscal year.