

# **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 MARCH 19, 2014**

#### **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 February 19, 2014
2. Approval of Executive Officer's Expense Report
3. Ratify Payments as Reconciled for Months of February 2014 and Note Cash Receipts
4. Consideration of Request for Reduction in Filing Fees Submitted by the County of San Bernardino for LAFCO 3179 – Sphere of Influence Expansion for County Service Area 54 (streetlights) and LAFCO 3180 -- Reorganization to Include Annexations to County Service Area 54, Detachment from County Service Area SL-1 and Dissolution of County Service Area 73 and 53 Zone A
5. Consideration of Special Counsel for LAFCO 3157 – Sphere of Influence Establishment for County Service Area 120 and LAFCO 3177 – Reorganization to include City of Fontana Annexation No. 173 and Detachment from County Service Areas 70 and SL-1

#### **PUBLIC HEARING ITEMS:**

6. Consent Items Deferred for Discussion
7. Consideration of: (1) CEQA Statutory Exemption for LAFCO 3175; and (2) 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

#### **DISCUSSION ITEMS:**

8. Status Report on Rim of the World Recreation and Park District Compliance with Conditions Imposed by LAFCO on its Service Review/Sphere of Influence Update

**INFORMATION ITEMS:**

- 9. Legislative Update Report
- 10. Executive Officer's 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.sbclafco.org](http://www.sbclafco.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](http://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 FEBRUARY 19, 2014**

**REGULAR MEETING**

**9:00 A.M.**

**FEBRUARY 19, 2014**

**PRESENT:**

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

James Ramos  
Dawn Rowe, Alternate  
Janice Rutherford, Alternate  
Sunil Sethi, Alternate  
Diane Williams

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

**ABSENT:**

**COMMISSIONERS:** Robert Smith, Alternate

**CONVENE REGULAR SESSION OF THE LOCAL AGENCY FORMATION  
COMMISSION – CALL TO ORDER – 9:03 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.

Chairman Curatalo requests those present who are involved with any of the changes of organization to be considered today by the Commission and have made a contribution of more than \$250 within the past twelve months to any member of the Commission to come forward and state for the record their name, the member to whom the contribution has been made, and the matter of consideration with which they are involved. There are none.

**CONSENT ITEMS – APPROVE STAFF RECOMMENDATIONS:**

1. Approval of Minutes for Regular Meeting of January 15, 2014
2. Approval of Executive Officer's Expense Report
3. Ratify Payments as Reconciled for the Month of January 2014 and Note Cash Receipts
4. Review and Accept Audit Report for Fiscal Year Ended June 30, 2013

LAFCO considers the items listed under its consent calendar, which includes a Visa Justification, the Executive Officer expense report and a staff report outlining the staff recommendations for the reconciled payments. Also included is the Audit Report for Fiscal Year Ended June 30, 2013. 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 an update to her expense report has been placed at each Commissioner's place. She says that no items have been requested to be deferred for discussion.

Commissioner McCallon moves approval of the consent calendar, second by Commissioner Ramos. Vice-Chair Cox states that she will abstain from item 1. The clerk conducts a roll call vote as follows: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: Cox on Item 1. Absent: None. The item passes.

**PUBLIC HEARING ITEMS:**

**ITEM NO. 5.** No Items Deferred for Discussion

**ITEM NO. 6. CONSIDERATION OF NOTICE OF INTENT TO ADOPT MITIGATED NEGATIVE DECLARATION FOR LAFCO 3157 – SPHERE OF INFLUENCE ESTABLISHMENT FOR COUNTY SERVICE AREA 120 (HABITAT PRESERVATION AND HISTORICAL RESOURCES -- NORTH ETIWANDA)**

**(It is noted that LAFCO Legal Counsel Clark Alsop leaves the dais at 9:06 a.m.)**

Executive Officer Kathleen Rollings-McDonald informs the Commission that there is an attorney conflict with LAFCO 3157 and that Legal Counsel Clark Alsop has recused himself for this item. She states that LAFCO will be requesting special counsel for this proposal at the March hearing. She also notes that two items have been placed at the Commissioners' places that were received after the mailing of the staff report. One is a letter from Supervisor Rutherford revising the County's application request proposing that the sphere of influence for CSA 120 be coterminous with boundaries (minus the portion of the Fontana Multiple Species Habitat Conservation Plan that is within its boundaries); the second is a letter from Andrew Hartzell of O'Neil LLP, representing Lytle Development, indicating the reassertion of their comments.

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. Notice was provided to environmental assessment commenters as well as affected and interested agencies, county departments and those individuals and agencies having requested such notification. The full recommendation is outlined on page 1 of the staff report.

Ms. McDonald states that the Commission's environmental consultant has prepared an initial study, a proposed Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program for LAFCO 3157 which is the sphere of influence establishment for CSA 120, a single purpose board-governed County Service Area for open space and habitat conservation.

She notes that the Commission is the lead agency for environmental review and reviews the alternatives identified during the processing of the environmental assessment as noted on page 2 of the staff report. She states that the document was advertised and circulated for review pursuant to the requirements of the California Environmental Quality Act and the Commission's Environmental Policies. She lists those agencies and individuals who provided comment as noted on page 3 of the staff report.

Ms. Rollings-McDonald reviews the staff recommendations as listed in the staff report.

The following members of the public spoke in support of the proposal:

Lynn Boshart, representing Save Lytle Creek Wash and Endangered Habitats League;  
Steve Loe, Biologist & Citizen from Yucaipa

The following member of the public spoke in opposition of the proposal:

Albert Kelly, retired teacher

Commissioner Ramos moves approval of the item as presented, second by Commissioner Lovingood. The clerk conducts a roll call vote as follows: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: None. The item passes.

**(It is noted that LAFCO Legal Counsel Clark Alsop returns to the dais at 9:20 a.m.)**

**ITEM NO 7. CONSIDERATION OF RECOMMENDATION TO REQUIRE PREPARATION OF ENVIRONMENTAL IMPACT REPORT FOR LAFCO 3172 – REORGANIZATION TO INCLUDE FORMATION OF THE BALDWIN LAKE FIRE PROTECTION DISTRICT AND DETACHMENTS FROM SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT AND ITS MOUNTAIN SERVICE ZONE**

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. The full recommendation is outlined on page 1 of the staff report.

Ms. Rollings-McDonald reviews the background of the proposal and volunteer fire department, as detailed in the staff report. She adds that throughout the processing of the proposal, LAFCO staff has identified that consolidation of services, rather than a fragmentation, is the direction of LAFCO law and Commission policy. She states that the Commission's policies clearly state the other alternatives should be evaluated before moving forward to consider the formation of a new entity to provide related or existing services. .

Ms. Rollings-McDonald notes that staff is concerned with the long term financial sustainability of the proposed District and notes that Baldwin Lake Fire Department currently uses an all-volunteer model for provision of fire protection and emergency medical response. She notes that staff concerns have been increased by the recommendation of the Commission's environmental consultant. She states that in response to the ongoing concerns noted in the staff report, staff is recommending that the Commission modify the current application to remove the formation and replace it with the annexation of the same territory to the Big Bear City CSD.

Ms. McDonald reviews the environmental considerations as noted in the staff report and states that the Commission is the lead agency in this proposal. She says the Commission's environmental consultant, Tom Dodson, has raised concerns regarding the possible reduction of service and has recommended that the necessary environmental assessment for LAFCO 3172 would be the preparation of an EIR, as detailed in his letter listed as Attachment 6 to the staff report.

Ms. McDonald states that LAFCO staff is having a difficult time requiring the submission of a \$20,000 deposit from a community group to prepare an environmental document for a proposal which staff cannot support under current Commission policy. She notes that staff is recommending a modification to LAFCO 3172 to eliminate the formation of a new fire protection district and replace it with the annexation of the same territory to the Big Bear City CSD for fire and emergency response.

Commissioner Ramos asks if community outreach has been conducted. Ms. McDonald states that the chief proponent has conducted community outreach with the residents in Baldwin Lake and notes that LAFCO staff has not at this point, engaged in a community outreach meeting for this proposal.

Commissioner Ramos clarifies that a community meeting, with the residents of Baldwin Lake, to inform them of what the financial implications of this modification to the proposal will entail is what is being recommended by LAFCO staff.

Ms. McDonald notes that the proponent of LAFCO 3172 has indicated support for the modification with the caveat that if any impediments to the completion of the annexation to the Big Bear City CSD occur that the item be returned to the Commission for consideration of the formation of the Baldwin Lake Fire Protection District.

Commissioner Bagley states that he recently visited that area and that this area has extraordinary circumstance and that services need to be provided by local resources. He states that due to the area, local knowledge is important. He states that he does have concerns regarding the cost of the EIR and asks if there is an estimate of the total cost for the EIR.

Tom Dodson, environmental consultant for LAFCO, states that the starting number would be at the minimum \$20,000. Mr. Dodson reviews the process for assembling an EIR.

Commissioner Bagley states that it is a complicated process and a decision that the residents of the community will have to make.

Commissioner McCallon asks who the individuals were that were conferred with on this issue.

Mr. Dodson notes that Chief Hartwig, Chief Winslow and staff were consulted. Commissioner McCallon asks why no one without a vested financial interest in the proposal was consulted.

Ms. McDonald states that Chief Willis, of the Big Bear Fire Authority, a joint powers authority, was also consulted.

Commissioner McCallon states that as a personal public outreach, he has spoken to the City of Big Bear Lake and that no opposition was indicated.

Chief Winslow, proponent discusses the growth issue of the area and makes note of the process he has undertaken with the proposal along with a description of the nature of the fire and medical services in the proposal area. He states that he supports staff recommendation with one amendment. He asks that the recommendation be amended to include in an item #4 that would bring the item back to the Commission for consideration of a fire district should the annexation fail.

Commissioner Cox asks if the community is in support of the proposal; to which Chief Winslow indicates that the community is in support.

Commissioner Cox asks what the new annual assessment will be.

Chief Winslow notes the new assessment at \$150 annually.

The following members of the public spoke in support of the proposal: Quincy Sloan, Firefighter; Robbie Bos, registered voter; Paul Stockwell, property owner; Cheryl Butcher; David Higgins; Lee Gaitan, volunteer fire fighter; Baslve Cacanakis; Gene Campbell; Clarissa Winslow; Austin Rucker, volunteer firefighter.

The following members of the public passed on the opportunity to speak but indicated support of the proposal: Cody Sevedge; Morgan Kizanis; Bryan Melka; Louie Garcia.

Mark Hartwig, Fire Chief, San Bernardino County Fire Protection District, notes how the services are provided in Baldwin Lake and notes that it is currently a volunteer fire company formed under the auspices of the San Bernardino County Fire Protection District. He gives an outline of how response is coordinated in the County Fire District. He notes that the community should decide how they want to receive their fire service.

Commissioner Bagley asks if the district becomes part of the Big Bear City CSD will it become a paid call station.

Chief Hartwig comments that the county has different ways of manning a station and gives the explanation. He notes that the county could provide a paid call station.

Commissioner Bagley notes that it is important to look at not only what is best for Baldwin Lake but also what is best for the entire mountain community.

Commission Ramos asks if the amendment requested by the proponent is acceptable.

Ms. McDonald states that the recommendations provided by staff can be modified or amended to include an item #4 that states that if impediments to completion of the annexation to the Big Bear City Community Service District occur, the matter will be returned to the Commission for evaluation of the formation of the Baldwin Lake Fire Protection District and that at that time the issue of a need of an environmental review can be discussed.

Tom Dodson states that some form of environmental analysis will need to be adopted once the process goes forward and advises and lists the Commission's environmental options.

Commissioner Ramos requests the amendment to staff recommendations as discussed.

Commissioner Cox states that it is important to move the process along so that the project is not too much delayed, that the community should determine what they feel is best for their needs and that a costly EIR may not be in the best interest of the people.

Commissioner Williams states that she agrees that the people should determine what they want.

Commissioner McCallon states that he also supports the idea that the community should determine what they feel is best for them and that a costly EIR would not be in the best interest of the people.

Commissioner Ramos moves approval of the item as amended to include an item #4, second by Commissioner Cox. The clerk conducts a roll call vote as follows: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: None. The item passes.

### **DISCUSSION ITEMS:**

#### **ITEM NO 8. MID-YEAR BUDGET REVIEW FOR FISCAL YEAR 2013-14: FINANCIAL REPORT FOR PERIOD JULY 1 THROUGH DECEMBER 31, 2013 ; DISCUSSION OF WRITE-OFF OF UNCOLLECTIBLE DEBT FOR BAKER COMMUNITY MUNICIPAL SERVICE REVIEW IN THE AMOUNT OF \$1,728**

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. The full recommendations are outlined on page 1 of the staff report.

Ms. McDonald discusses the mid-year financial review and notes that LAFCO has seen an increase in proposals this fiscal year. She points out the outstanding balance due to LAFCO by the Baker Community Services District for the service review.

She informs the Commission of the training for the special districts on governance has been scheduled for March 25, 2014 from 1pm to 4pm at the Mojave Water Agency.

The Commission asks that staff continue to attempt recovery of the outstanding Baker Community Services District service review costs.

Consensus on item – staff recommendation approved as modified; staff to continue to attempt recovery of outstanding costs from Baker CSD.

**ITEM NO 9. CONSIDERATION OF CONTRACT WITH COUNTY OF SAN BERNARDINO AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR FOR CONTINUED PAYROLL AND ACCOUNTING SERVICES (CONTINUED FROM JANUARY 15, 2014 HEARING)**

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.

She informs the Commission that no further information has been provided by the auditor-controller's office regarding this contract since the last hearing and that staff is recommending removal of the item from the Commission's calendar.

Commissioner McCallon moves approval staff recommendation, second by Commissioner Williams. The clerk conducts a roll call vote as follows: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: None. The item passes.

**INFORMATION ITEMS:**

**ITEM NO 10. LEGISLATIVE UPDATE REPORT**

Executive Officer Kathleen Rollings-McDonald presents the oral report for the pending legislation. She informs the Commission that the CALAFO Legislative Committee met to discuss priorities in the pending legislation which includes a strong subcommittee on disincorporation, which she states that she will chair; she reviews CALAFCO interest in 2 bills, SB56 and AB1521.

**ITEM NO 11. EXECUTIVE OFFICER'S ORAL REPORT**

Executive Officer Kathleen Rollings-McDonald presents the Executive Officer's oral report. She informs the Commission that two proposals will require contracting with an outside legal firm as staff has been made aware that conflicts exist. This will come before the Commission at the March hearing.

**ITEM NO 12. COMMISSIONER COMMENTS**

There are none.

**ITEM NO 13. COMMENTS FROM THE PUBLIC**

There are none.

**THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION,  
THE HEARING IS ADJOURNED AT 11:23 A.M.**

**ATTEST:**

\_\_\_\_\_  
**REBECCA LOWERY**  
Clerk to the Commission

**LOCAL AGENCY FORMATION COMMISSION**

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**JAMES CURATALO, Chairman**

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

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**DATE: MARCH 10, 2014**

**FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer**



**TO: LOCAL AGENCY FORMATION COMMISSION**

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

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**RECOMMENDATION:**

Approve the Executive Officer’s Expense Report for Procurement Card Purchases for February 2014 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 January 23, 2014 through February 23, 2014.

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

KRM/rcl

Attachments



**COUNTY OF SAN BERNARDINO  
PROCUREMENT CARD PROGRAM**

**MONTHLY PROCUREMENT CARD PURCHASE REPORT**

<b>Card Number</b> [REDACTED]	<b>Cardholder</b> Kathleen Rollings-McDonald	<b>Billing Period</b> 1/23/14 to 2/23/14
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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)
1/27	Sitoea Long Island	1	CabFare – Rollings-McDonald	CALAFCO Legislative Committee	38.00	R	N
1/27	Holiday Inn	2	Hotel – Rollings-McDonald	CALAFCO Legislative Committee	141.95	R	Y
1/27	Cypress Grille	3	Meal – Rollings-McDonald	CALAFCO Legislative Committee	14.47	R	Y
1/27	Dos Coyotes	4	Meal – Rollings-McDonald	CALAFCO Legislative Committee	11.10	R	Y
1/27	Thomson West	5	Monthly Payment	Law Library Updates	161.84	R	Y
1/28	Verizon	6	Payment –Phone Bill	Phone line for Alarm	35.70	R	Y
1/29	Metrolink	7	Train Fare – Rollings-McDonald	CCL Annual Meeting	26.50	R	N
2/05	Survivor Industries	8	Emergency Kits for staff	Disaster Preparedness	482.87	R	Y
2/12	Eventbrite	9	Registration – Rollings-McDonald & Martinez	State of the County	100	R	N
2/24	Thomson West	10	Monthly Payment	Law Library Updates	161.84	R	Y

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.

<b>Cardholder (Print &amp; Sign)</b> Kathleen Rollings-McDonald <i>Kathleen Rollings-McDonald</i>	<b>Date</b> 3/10/14	<b>Approving Official (Print &amp; Sign)</b> James Curatalo, Chairman	<b>Date</b> 3/19/14
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**LOCAL AGENCY FORMATION COMMISSION  
FOR SAN BERNARDINO COUNTY**

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**DATE :** MARCH 10, 2014  
**FROM:** KATHLEEN ROLLINGS-McDONALD, Executive Officer  
**TO:** LOCAL AGENCY FORMATION COMMISSION



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**SUBJECT: AGENDA ITEM #3 - RATIFY PAYMENTS AS RECONCILED FOR  
MONTH OF FEBRUARY 2014 AND NOTE REVENUE RECEIPTS**

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**RECOMMENDATION:**

Ratify payments as reconciled for the month of February 2014 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 February 1 through February 28, 2014.

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

KRM/rcf

Attachment

**MONTHLY RECONCILIATION OF PAYMENTS**

**MONTH OF FEBRUARY 2014 PAYMENTS PROCESSED**

<b>VOUCHER DOCUMENT ID</b>	<b>ACCOUNT</b>	<b>NAME</b>	<b>WARRANT NUMBER</b>	<b>WARRANT DATE</b>	<b>AMOUNT</b>
PV8908156	2445/2940	JIM BAGLEY	8387457	2/6/2014	\$ 300.69
PV8908157	2445/2940	JAMES V CURATALO	8387454	2/6/2014	\$ 228.00
PV890815801	2445	JANICE RUTHERFORD	8387456	2/6/2014	\$ 200.00
PV890815802	2445	ROBERT A LOVINGOOD	8387512	2/6/2014	\$ 200.00
PV890815803	2445	JAMES C RAMOS	8387455	2/6/2014	\$ 200.00
PV890815804	2445	LARRY MCCALLON	8387471	2/6/2014	\$ 200.00
PV8908159	2445/2940	DAWN MICHELLE ROWE	8387419	2/6/2014	\$ 281.76
PV8908160	2445/2940	ROBERT W SMITH	8387513	2/6/2014	\$ 290.72
PV8908161	2445/2940	DIANE WILLIAMS	8387426	2/6/2014	\$ 229.12
PV8908162	2424	TOM DODSON & ASSOCIATES	3216135	2/6/2014	\$ 1,553.00
PV8908163	2400	BEST BEST & KRIEGER	3216050	2/6/2014	\$ 638.46
PV8908164	2305	SUPPORT WAREHOUSE LTD	8389808	2/11/2014	\$ 1,463.00
PV8908165	2080	DAILY JOURNAL	8386677	2/5/2014	\$ 400.40
PV8908166	2445	CITY OF SAN BERNARDINO	8386670	2/5/2014	\$ 300.00
PV8908167	2941	CALAFCO	8387330	2/5/2014	\$ 180.00
PV8908168	2444	MJS ALARM CORP	3216591	2/14/2014	\$ 102.00
PV8908169	2080	DAILY JOURNAL	8391825	2/14/2014	\$ 775.08
PV8908170	2905	INLAND EMPIRE PROPERTIES LLC	8391851	2/14/2014	\$ 4,103.52
<b>TOTAL</b>					<b>\$ 11,645.75</b>

**MONTH OF FEBRUARY 2014 INTERNAL TRANSFERS PROCESSED**

JVIB 07072037D	2037	JANUARY 2014 PHONE		2/7/2014	\$ 221.52
JVIB 07072038D	2038	JANUARY 2014 LONG DISTANCE		2/7/2014	\$ 7.88
JVCS 20140219041	2305	STAPLES - SERVICE CHARGE		2/20/2014	\$ 18.85
JVCS 20140221040	2305	STAPLES - SERVICE CHARGE		2/24/2014	\$ 4.71
JVCS 20140221040	2305	STAPLES - SERVICE CHARGE		2/24/2014	\$ 38.15
JVCS 20140225041	2305	STAPLES - SERVICE CHARGE		2/26/2014	\$ 2.16
JVCS 20140219041	5012	STAPLES - SUPPLIES		2/20/2014	\$ 157.08
JVCS 20140221040	5012	STAPLES - SUPPLIES		2/24/2014	\$ 39.29
JVCS 20140221040	5012	STAPLES - SUPPLIES		2/24/2014	\$ 317.95
JVCS 20140225041	5012	STAPLES - SUPPLIES		2/26/2014	\$ 18.02
JV890RT12346	2308	CAL CARD PAYMENT		2/28/2014	\$ 1,599.51
JV890RT12400	2308	CAL CARD PAYMENT		2/28/2014	\$ 952.31
JVPURRT11049	2310	1ST CLASS - MAIL		2/11/2014	\$ 375.42
JVPURRT11050	2310	1ST CLASS PRESORT- MAIL		2/11/2014	\$ 325.19
JVPURRT11058	2310	INTER-OFFICE MAIL		2/11/2014	\$ 168.00
JVPURRT11052	2310	PACKAGING - MAIL		2/12/2014	\$ 681.46
JVPURRT11054	2310	PRESORT FLATS - MAIL		2/12/2014	\$ 6.78
JVIB 07072410AB	2410	JAN 2014 DATA PROC		2/7/2014	\$ 1.82
JVIB 07072410AF	2410	JAN 2014 DATA PROC		2/7/2014	\$ 123.87

**MONTHLY RECONCILIATION OF PAYMENTS**

**MONTH OF FEBRUARY 2014 INTERNAL TRANSFERS PROCESSED (cont.)**

JVIB 07072410AK	2410	JAN 2014 DATA PROC		2/7/2014	\$ 4.08
JVIB 07072410AQ	2410	JAN 2014 DATA PROC		2/7/2014	\$ 56.34
JVIB 07072410E	2410	JAN 2014 DATA PROC		2/7/2014	\$ 27.48
JVIB 07072410P	2410	JAN 2014 DATA PROC		2/7/2014	\$ 174.19
JVIB 07072410T	2410	JAN 2014 DATA PROC		2/7/2014	\$ 84.46
JVIB 07072410X	2410	JAN 2014 DATA PROC		2/7/2014	\$ 152.99
JVATXRT12219	2415	2013/2014 COWCAP		2/25/2014	\$ 1,513.16
JVIB 07072421F	2421	JAN 2014 ISD DIRECT		2/10/2014	\$ 52.52
JVIB 07072450B	2450	ISD APPLICATION DEVELOPMENT		2/7/2014	\$ 4,071.70
<b>TOTAL</b>					<b>\$ 11,196.89</b>

**MONTH OF FEBRUARY 2014 CASH RECEIPTS**

DEPOSIT			DEPOSIT	
DOCUMENT ID	ACCOUNT	DESCRIPTION	DATE	AMOUNT
CR890A09633	9800	LAFCO FEES	2/24/2014	\$ 1,728.00
	9930	MISCELLANEOUS	2/24/2014	\$ 14.00
<b>TOTAL</b>				<b>\$ 1,742.00</b>

**MONTH OF FEBRUARY 2014 INTERNAL TRANSFERS RECEIVED**

TRANSFER			TRANSFER	
DOCUMENT ID	ACCOUNT	NAME	DATE	AMOUNT
JVSPDRT10914	9545	LEGAL NOTICE	2/3/2014	\$ 1,000.00
	9555	LEGAL DEPOSIT	2/3/2014	\$ 1,150.00
	9660	ENVIRONMENTAL	2/3/2014	\$ 750.00
	9800	FILING FEES	2/3/2014	\$ 7,500.00
<b>TOTAL</b>				<b>\$ 10,400.00</b>

  
 REBECCA LOWERY, Clerk to the Commission

3/10/2014  
DATE

RECONCILIATION APPROVED BY:

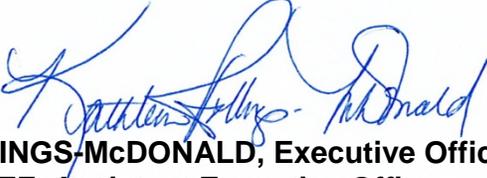
  
 KATHLEEN ROLLINGS-MCDONALD, Executive Officer

3/10/2014  
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](mailto:lafco@lafco.sbcounty.gov)  
[www.sbclafco.org](http://www.sbclafco.org)

---

**DATE:** MARCH 10, 2014   
**FROM:** KATHLEEN ROLLINGS-McDONALD, Executive Officer  
SAMUEL MARTINEZ, Assistant Executive Officer  
**TO:** LOCAL AGENCY FORMATION COMMISSION

---

**SUBJECT:** AGENDA ITEM #4 – Consideration of Request for Reduction in Filing Fees Submitted by the County of San Bernardino for LAFCO 3179 – Sphere of Influence Expansion for County Service Area 54 (streetlights) and LAFCO 3180 -- Reorganization to Include Annexations to County Service Area 54, Detachment from County Service Area SL-1 and Dissolution of County Service Areas 73 and 53 Zone A

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## **RECOMMENDATION:**

Staff recommends that the Commission modify the County's request for reduced application fees/deposits for LAFCOs 3179 and 3180 totaling \$15,400. The following is a breakdown of the fees/deposits:

a. LAFCO 3179 Sphere of Influence Amendment Proposal (single area)	\$5,000
b. LAFCO 3180 Reorganization Proposal (single area)	\$7,500
c. Legal Counsel Deposit	\$1,150
d. Environmental Review Deposit	\$ 750
e. Deposit for Display Ad in lieu of Individual Notice	\$1,000
<b>TOTAL</b>	<b>\$15,400</b>

## **BACKGROUND:**

On January 29, 2014, the County submitted two concurrent proposals for a sphere of influence amendment (expansion) for County Service Area (CSA) 54 (LAFCO 3179) and a reorganization that includes annexations to CSA 54, a detachment from CSA SL-1, and dissolutions of CSAs 73 and 53 Zone A (LAFCO 3180).

Included in the County's application was a letter requesting a reduction and a waiver of filing fees (see attached letter from Ms. Pamela Vandervoort, Regional Manager for the Special

Districts Department). Specifically, the County is requesting a waiver of the sphere of influence amendment fee and a reduction of its reorganization fee to a single charge for the whole reorganization proposal in addition to payment of all applicable deposits. The total fees/deposits the County paid at the time the proposals were submitted was \$10,400. The following provides a breakdown of amount submitted:

• Reorganization Proposal	\$7,500
• Legal Counsel Deposit	\$1,150
• Environmental Review Deposit	\$750
• Deposit for Display Ad in lieu of Individual Notice	\$1,000
<b>TOTAL</b>	<b>\$10,400</b>

However, based on the Commission’s adopted fee schedule, the total filing fee for the sphere change and reorganization would total \$65,205. The breakdown below shows all the required fees/deposits for both the sphere of influence amendment and the reorganization proposals:

**LAFCO Filing Fees**

a. Sphere of Influence Amendment ( <i>assessed by area</i> )	
• Sphere Expansion - Hilltop community	\$5,000
• Sphere Expansion - Bear Valley community	\$5,000
b. Reorganization ( <i>assessed by area and size of area</i> )	
• Area 1 - SL-1 Lake Arrowhead (8 ac.)	\$5,000
• Area 2 - CSA 73 (429 ac.)	\$7,500
Additional Fee (\$1 per acre over 275 ac.)	\$154
• Area 3 - CSA 53A (5,925 ac.)	\$7,500
Additional Fee (\$1 per acre over 275 ac.)	\$5,650
• Area 4 - CSA 53A (1,776 ac.)	\$7,500
Additional Fee (\$1 per acre over 275 ac.)	\$1,501
• Area 5 – CSA 53A (157 ac.)	\$7,500
• Dissolution of CSA 73 ( <i>flat fee</i> )	\$5,000
• Dissolution CSA 53A ( <i>flat fee</i> )	\$5,000

**Required Deposits**

c. Legal Counsel	\$1,150
d. Environmental Review	\$750
e. Display Ad in lieu of Individual Notice	\$1,000
<b>TOTAL</b>	<b>\$65,205</b>

In discussions with County Special Districts’ staff prior to the initiation of these proposals, LAFCO staff provided a breakdown of all the fees required for the two proposals. The staff’s original quote provided to the County overlooked two additional fees -- fees for the three separate areas for CSA 53 Zone A reorganization and an additional sphere amendment fee based on the two separate sphere expansion areas, which resulted in an increase from \$40,367 (original quote) to the new overall total of \$65,205.

Nonetheless, because the sphere of influence amendment and reorganization proposals relate to a single purpose entity, and since these proposals have been initiated in order to consolidate streetlighting services within the entire mountain region into a single county service area to reduce indirect costs and continue to provide this service, LAFCO staff supports reducing the fees, just not to the amount requested by the County.

It is the staff's position that the reorganization fee encompassing the five separate areas and the dissolution fees for the two districts, CSAs 73 and 53 Zone A, can be combined into a single reorganization fee along with all the required deposits. However, because the sphere of influence expansion proposal triggers a service review for CSA 54, as required by Government Code Section 56430, staff is recommending adding a single sphere of influence amendment fee to the overall application fees.

Therefore, staff supports the request for reduction in filing fees/deposits for a total of \$15,400 -- \$5,000 more than the County's request.

The staff will be happy to answer any questions of the Commission prior to or at the hearing.

KRM/sm

Attachment

1. Letter Dated January 29, 2014 from the County's Special Districts Department
2. Maps of the Sphere of Influence Expansion and the Reorganization Proposals

**Letter Dated January 29, 2014 from the  
County's Special Districts Department**

**Attachment 1**

**SPECIAL DISTRICTS DEPARTMENT**



COUNTY OF SAN BERNARDINO

157 West Fifth Street, Second Floor • San Bernardino, CA 92415-0450 (909) 387-5940  
Fax (909) 387-5542

JEFFREY O. RIGNEY  
Director

RECEIVED  
JAN 29 2014

LAFCO  
San Bernardino County

3179/3180

January 29, 2014

Ms. Kathleen Rollings-McDonald  
Local Agency Formation Commission  
215 N D Street, Suite 204  
San Bernardino CA 92415

Dear Ms. Rollings-McDonald:

On January 14, 2014, the Board of Supervisor's approved the submission of an application to LAFCO for the reorganization of County Service Area 53, County Service Area 73, County Service Area 53A and the Cedar Glen portion of SL-1. The Board also approved the request to LAFCO to reduce the fees for this reorganization.

Therefore, we request LAFCO waive the Sphere of Influence Expansion Fee and charge only one reorganization fee for this application.

The purpose of this reorganization is to save overhead charges so the CSAs can continue to provide streetlight services at the existing level. None of the CSAs have the funds to pay for these reorganization costs. Therefore, the Department is paying for these charges and initiating the reorganization to avoid the necessity of turning off streetlights.

Thank you for your consideration.

Sincerely,

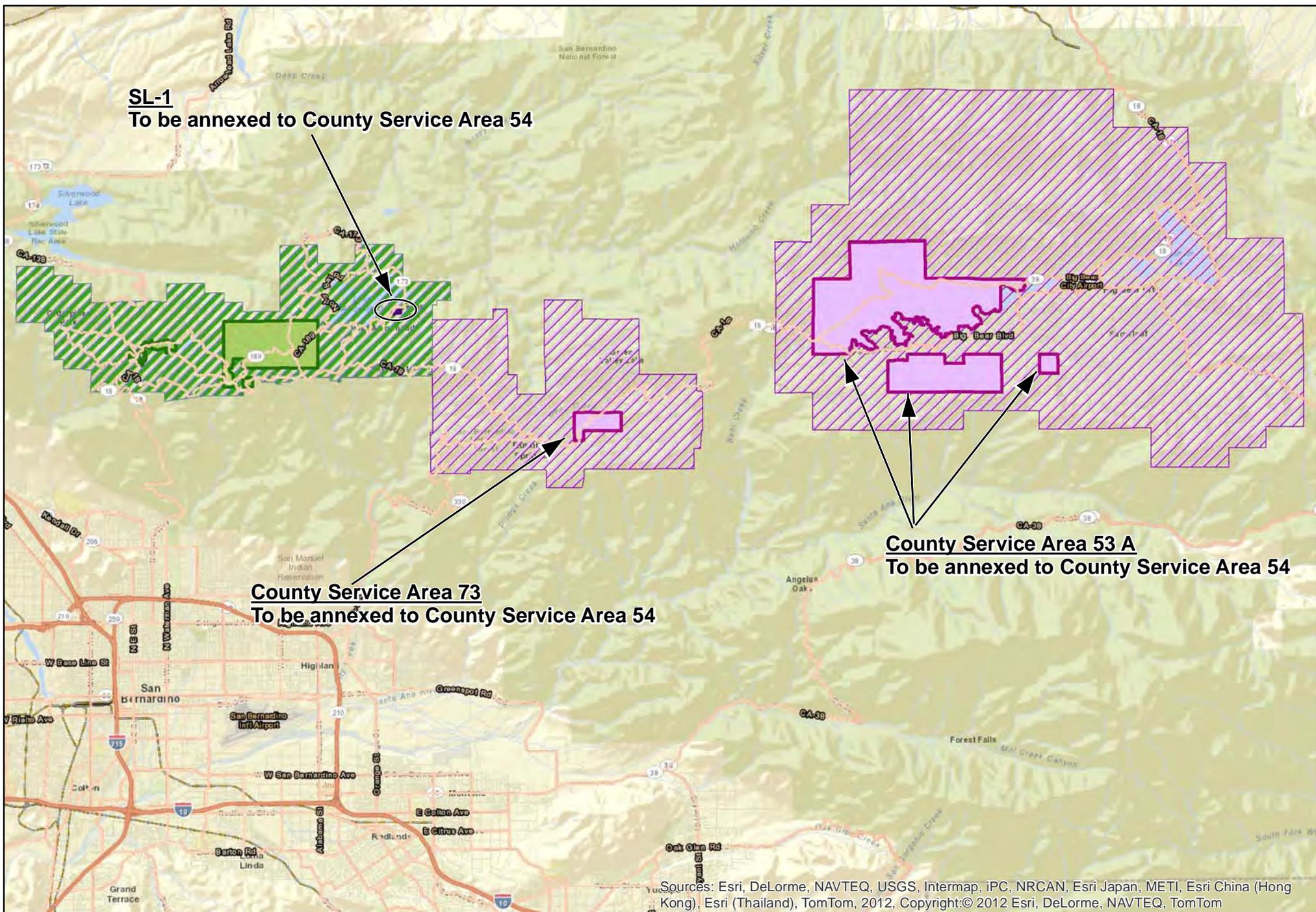
Pamela Vandervoort, Regional Manager

GREGORY C. DEVEREAUX  
Chief Executive Officer

Board of Supervisors  
ROBERT A. LOVINGOOD.....First District      JAMES RAMOS.....Third District  
JANICE RUTHERFORD.....Second District      GARY C. OVITT.....Fourth District  
JOSIE GONZALES.....Fifth District

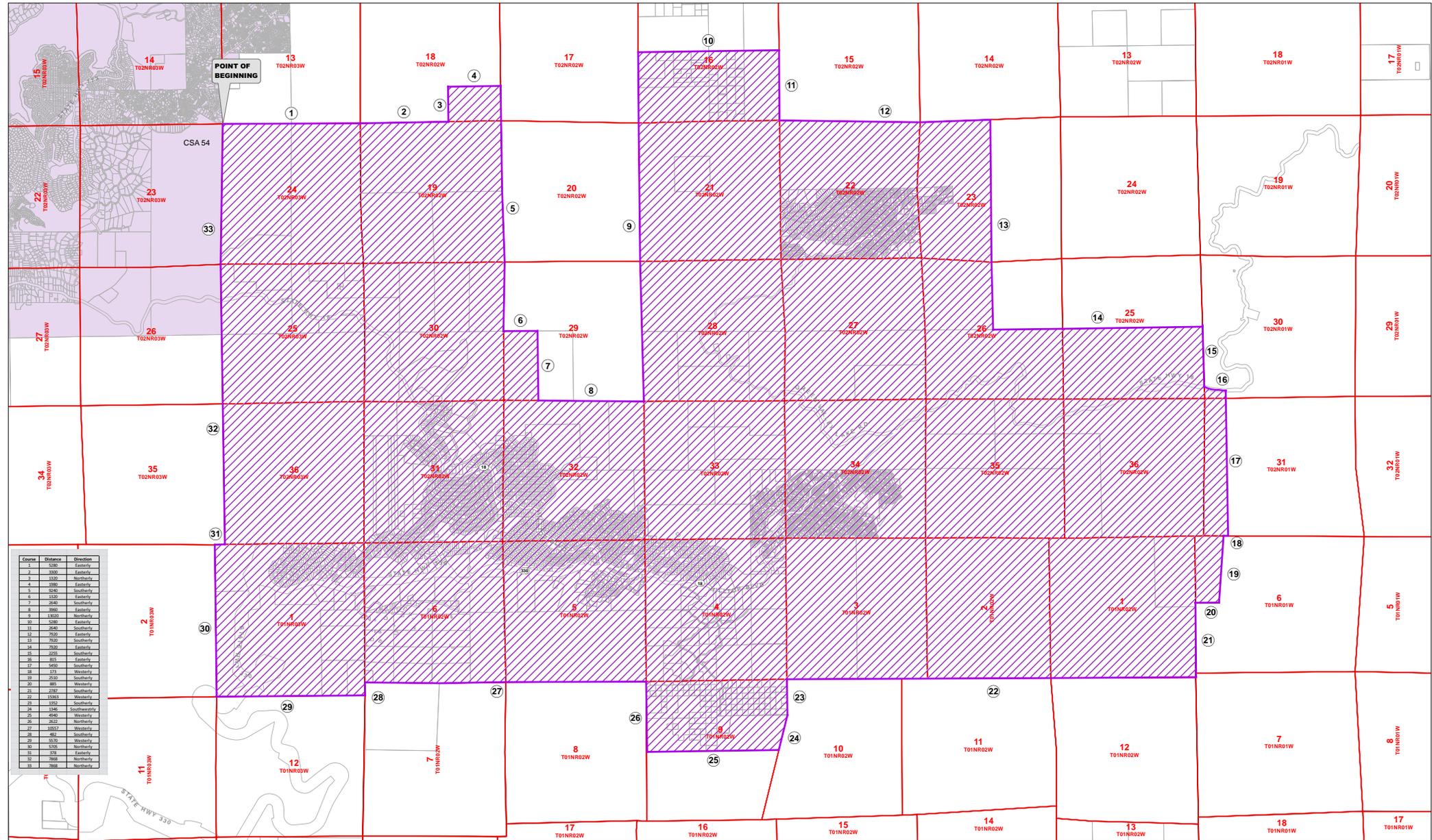
# **Maps of the Sphere of Influence Expansion and the Reorganization Proposals**

**Attachment 2**



**Legend**

- CSA 54
- CSA 54 Sphere
- CSA 54 Sphere Expansion Area
- Area to be annexed to County Service Area 54



**COUNTY SERVICE AREA 54 SPHERE OF INFLUENCE EXPANSION**  
**Area A - Sheet 1 of 2**

This portion of Section 6, Township 1 North, Range 1 West, S.B.M., that portion of Section 9, and Sections 1, 2, 3, 4, 5, and 6, Township 1 North, Range 2 West, S.B.M., Section 1, Township 1 North, Range 3 West, S.B.M., those portions of Sections 20 and 31, Township 2 North, Range 1 West, S.B.M., those portions of Sections 16, 18, 23, 25, 26 and 29, and Sections 19, 21, 22, 27, 28, 30, 31, 32, 33, 34, 35 and 36, Township 2 North, Range 2 West, S.B.M., Sections 24, 25 and 36, Township 2 North, Range 3 West, S.B.M., in the County of San Bernardino, State of California.

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION

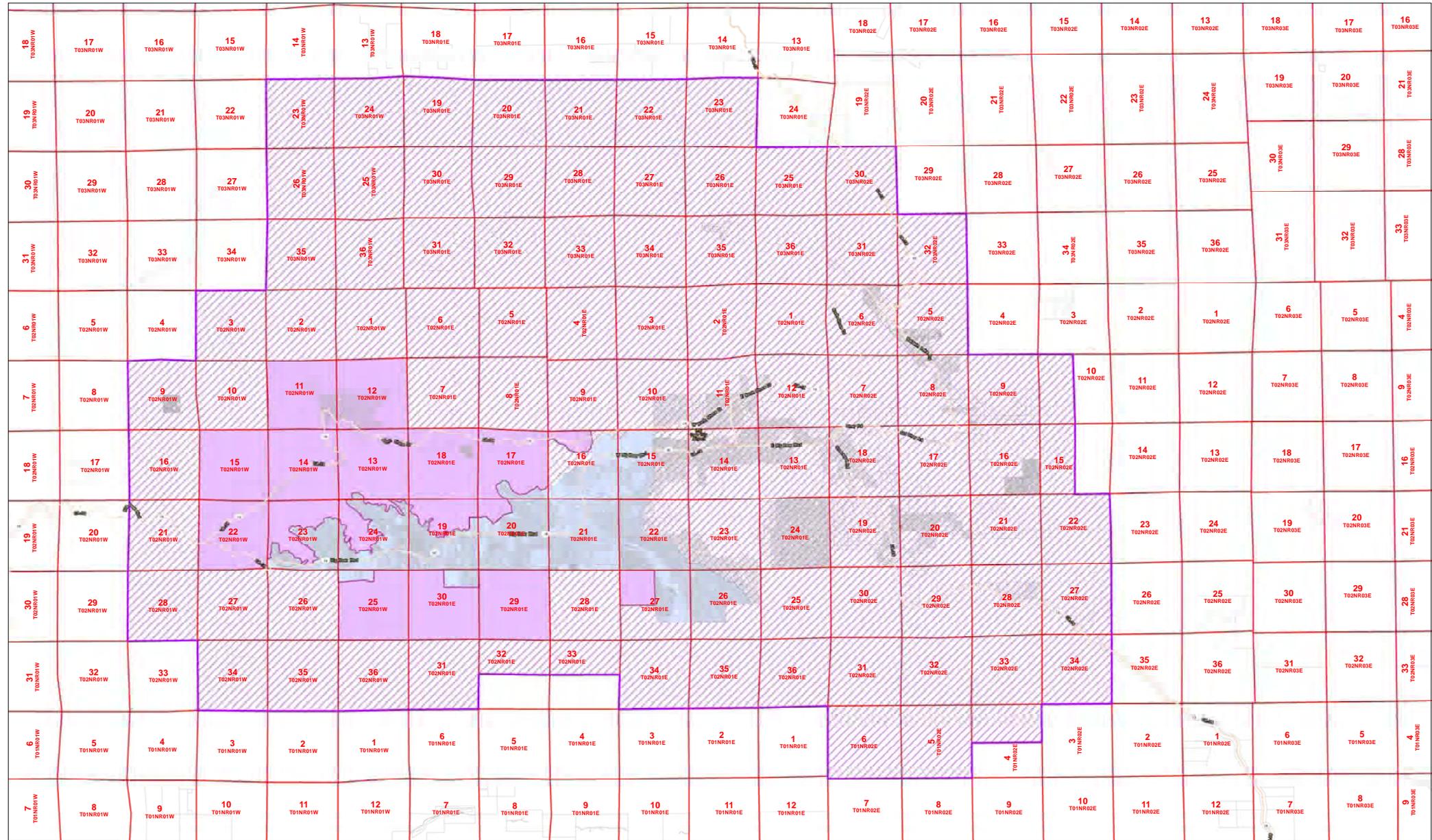
N. Ryan S. Hunsicker  
 Deputy County Surveyor  
 PLS No. 8302  
 Exp. 12/31/23

Date: 12/12/23  
 Job Number: 02244.PDF

Area A Site Location

CSA 54 Sphere - Area A Containing 16003.8 Acres, More or Less  
 CSA 54  
 Parcels  
 Section Lines  
 Course Number

1" = 1000'



**COUNTY SERVICE AREA 54 SPHERE OF INFLUENCE EXPANSION**  
**Area B - Sheet 2 of 2**

This portion of Section 6, Township 4 North, Range 1 West, S.B.M., that portion of Section 9, and Sections 1, 2, 3, 4, 5, and 6, Township 1 North, Range 2 West, S.B.M., Section 1, Township 1 North, Range 3 West, S.B.M., those portions of Sections 30 and 31, Township 2 North, Range 1 West, S.B.M., those portions of Sections 16, 18, 23, 25, 26 and 29, and Sections 19, 21, 22, 27, 28, 30, 31, 32, 33, 34, 35 and 36, Township 2 North, Range 2 West, S.B.M., Sections 24, 25 and 36, Township 2 North, Range 3 West, S.B.M., in the County of San Bernardino, State of California.

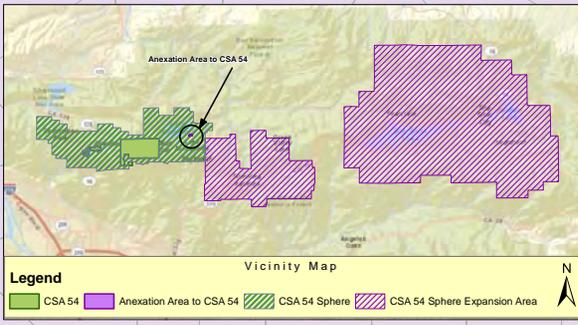
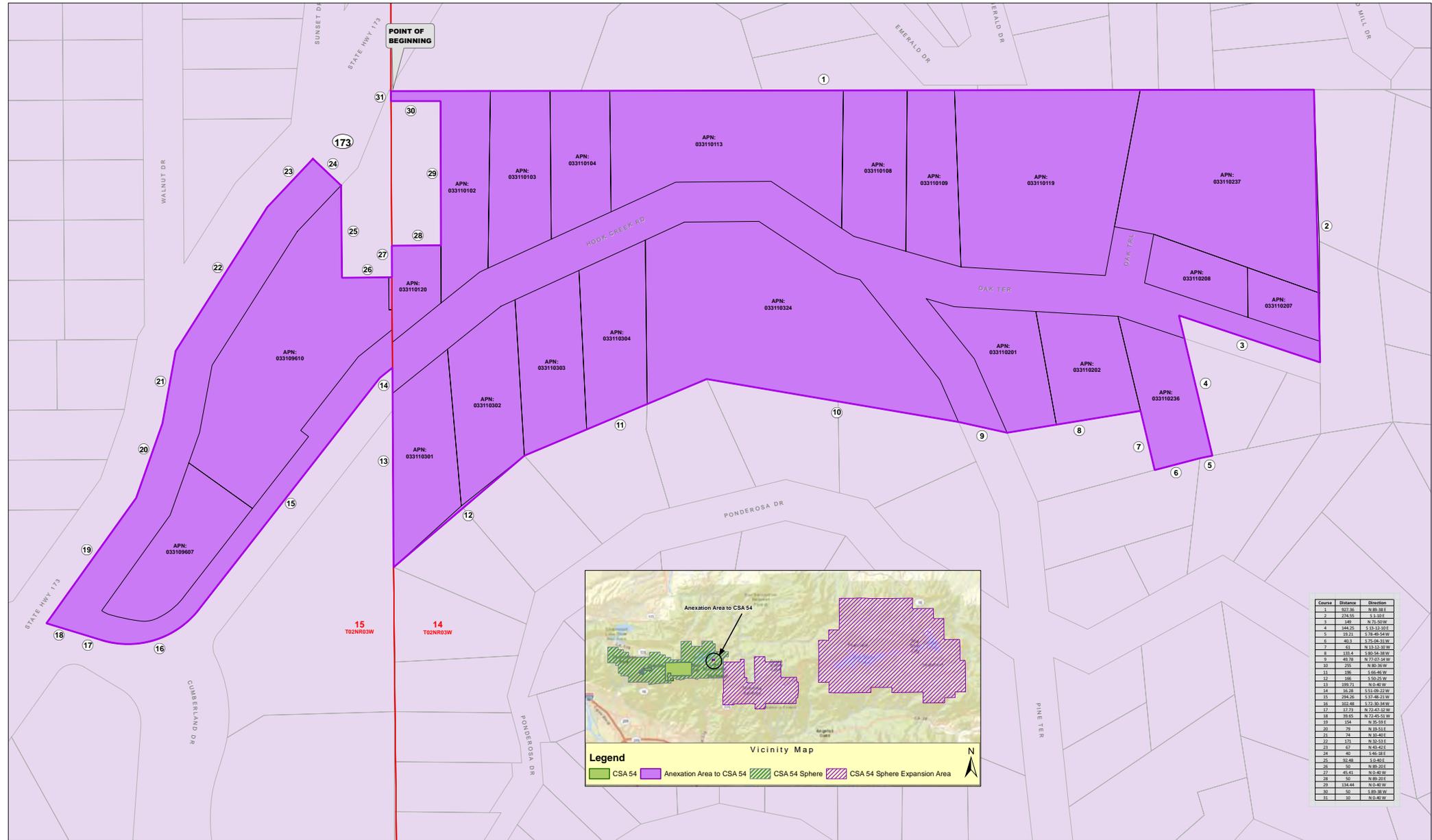
1:500 1 inch = 2,000 feet

**Area B Site Location**

- CSA 54 Sphere - Area A Containing 8386.3 Acres, More or Less
- CSA 53A
- City of Big Bear Lake
- CSA 54
- Parcels
- Section Lines

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION

N. Ryan S. Hunsicker Date  
 Deputy County Surveyor Exp. 12/31/19  
 PLS 8302 Job Number 02242.PDF



Course	Distance	Direction
1	827.38	N 89-38 E
2	174.95	N 55-20 E
3	149	N 25-20 E
4	144.25	S 55-13 E
5	32.21	S 75-24 W
6	40.3	S 75-24 W
7	61	S 75-13 W
8	133.4	S 85-54 W
9	49.76	N 71-21 W
10	25	N 89-38 W
11	136	S 66-45 W
12	166	S 62-21 W
13	159.21	N 0-40 W
14	31.28	S 52-22 W
15	244.25	S 77-48 W
16	102.46	S 72-30 W
17	13.21	S 72-45 W
18	39.65	N 72-45 W
19	154	N 25-21 E
20	29	N 28-51 E
21	24	N 89-40 E
22	171	N 25-21 E
23	67	N 45-42 E
24	40	S 62-21 W
25	52.48	S 62-21 W
26	50	N 89-38 W
27	45.41	N 0-40 W
28	56	N 89-23 W
29	134.44	N 0-40 W
30	50	S 89-38 W
31	31	N 0-40 W

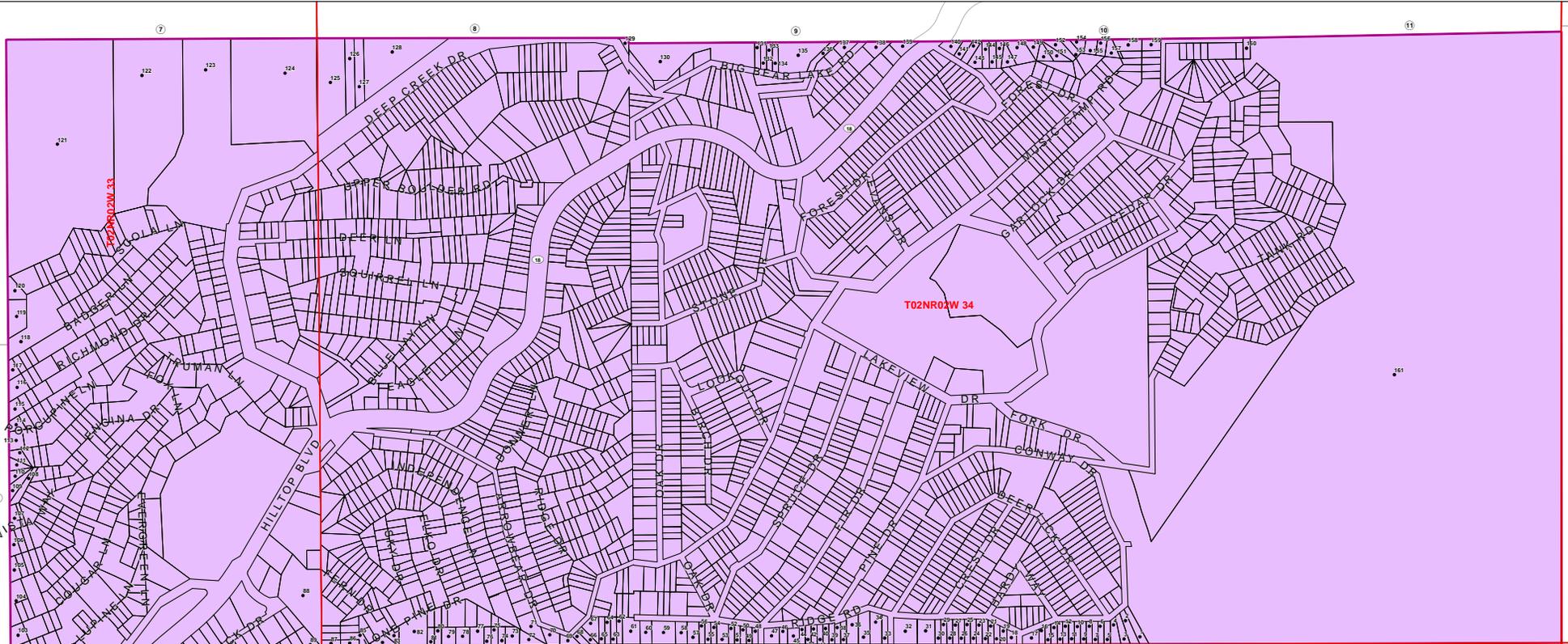


- CSA SL-1 Containing 8.46 Acres, More or Less
- CSA 54
- Parcels
- Section Lines
- Course Number

**LAFCO \_\_\_ - Reorganization to Include Annexations to County Service Area 54, Detachment from County Service Area SL-1, and Dissolutions of County Service Areas 73 and 53 Zone A Detachment from County Service Area SL-1 and Annexation to County Service Area 54**

That portion of Sections 14 and 15, Township 2 South, Range 3 West, S.B.M., in the County of San Bernardino, State of California

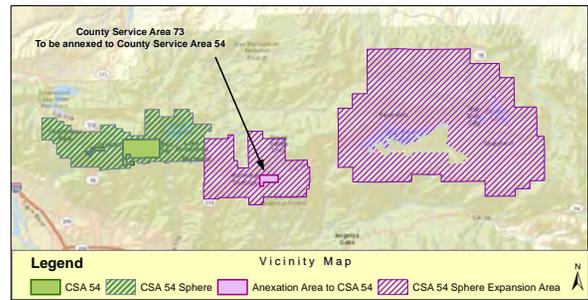
0 20 40 80 Ft  
1 inch = 40 feet



APN	Reference #						
00271814	1	00272432	43	00272441	81	00272450	103
00271815	2	00272433	42	00272442	82	00272451	102
00271816	3	00272434	41	00272443	83	00272452	101
00271817	4	00272435	40	00272444	84	00272453	100
00271818	5	00272436	39	00272445	85	00272454	99
00271819	6	00272437	38	00272446	86	00272455	98
00271820	7	00272438	37	00272447	87	00272456	97
00271821	8	00272439	36	00272448	88	00272457	96
00271822	9	00272440	35	00272449	89	00272458	95
00271823	10	00272441	34	00272450	90	00272459	94
00271824	11	00272442	33	00272451	91	00272460	93
00271825	12	00272443	32	00272452	92	00272461	92
00271826	13	00272444	31	00272453	93	00272462	91
00271827	14	00272445	30	00272454	94	00272463	90
00271828	15	00272446	29	00272455	95	00272464	89
00271829	16	00272447	28	00272456	96	00272465	88
00271830	17	00272448	27	00272457	97	00272466	87
00271831	18	00272449	26	00272458	98	00272467	86
00271832	19	00272450	25	00272459	99	00272468	85
00271833	20	00272451	24	00272460	100	00272469	84
00271834	21	00272452	23	00272461	101	00272470	83
00271835	22	00272453	22	00272462	102	00272471	82
00271836	23	00272454	21	00272463	103	00272472	81
00271837	24	00272455	20	00272464	104	00272473	80
00271838	25	00272456	19	00272465	105	00272474	79
00271839	26	00272457	18	00272466	106	00272475	78
00271840	27	00272458	17	00272467	107	00272476	77
00271841	28	00272459	16	00272468	108	00272477	76
00271842	29	00272460	15	00272469	109	00272478	75
00271843	30	00272461	14	00272470	110	00272479	74
00271844	31	00272462	13	00272471	111	00272480	73
00271845	32	00272463	12	00272472	112	00272481	72
00271846	33	00272464	11	00272473	113	00272482	71
00271847	34	00272465	10	00272474	114	00272483	70
00271848	35	00272466	9	00272475	115	00272484	69
00271849	36	00272467	8	00272476	116	00272485	68
00271850	37	00272468	7	00272477	117	00272486	67
00271851	38	00272469	6	00272478	118	00272487	66
00271852	39	00272470	5	00272479	119	00272488	65
00271853	40	00272471	4	00272480	120	00272489	64
00271854	41	00272472	3	00272481	121	00272490	63
00271855	42	00272473	2	00272482	122	00272491	62
00271856	43	00272474	1	00272483	123	00272492	61
00271857	44	00272475	0	00272484	124	00272493	60
00271858	45	00272476	0	00272485	125	00272494	59

Course	Distance	Direction
1	5280	West
2	1320	South
3	1820	West
4	3047.171	North
5	1806.96	North
6	3065.06	North
7	1320	East
8	1320.29	S 89-30.1 E
9	1335.86	S 89-55.1 E
10	1317.89	N 89-40.1 W
11	1317.72	N 89-40.1 W
12	3040	South

T01NR02W 3



POINT OF BEGINNING

T01NR02W 2



- Parcel Index Number
- ① Course Number
- CSA 73 - Containing 429 Acres, More or Less
- Parcels
- Section Lines

**LAFCO - Reorganization to Include Annexations to County Service Area 54, Detachment from County Service Area SL-1, and Dissolutions of County Service Areas 73 and 53 Zone A**  
**Dissolution of County Service Area 73 and Annexation to County Service Area 54**

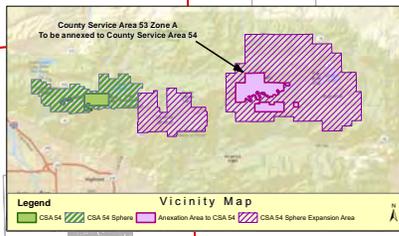
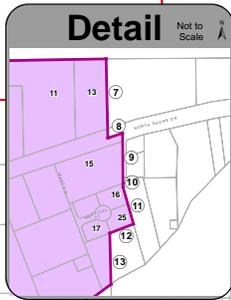
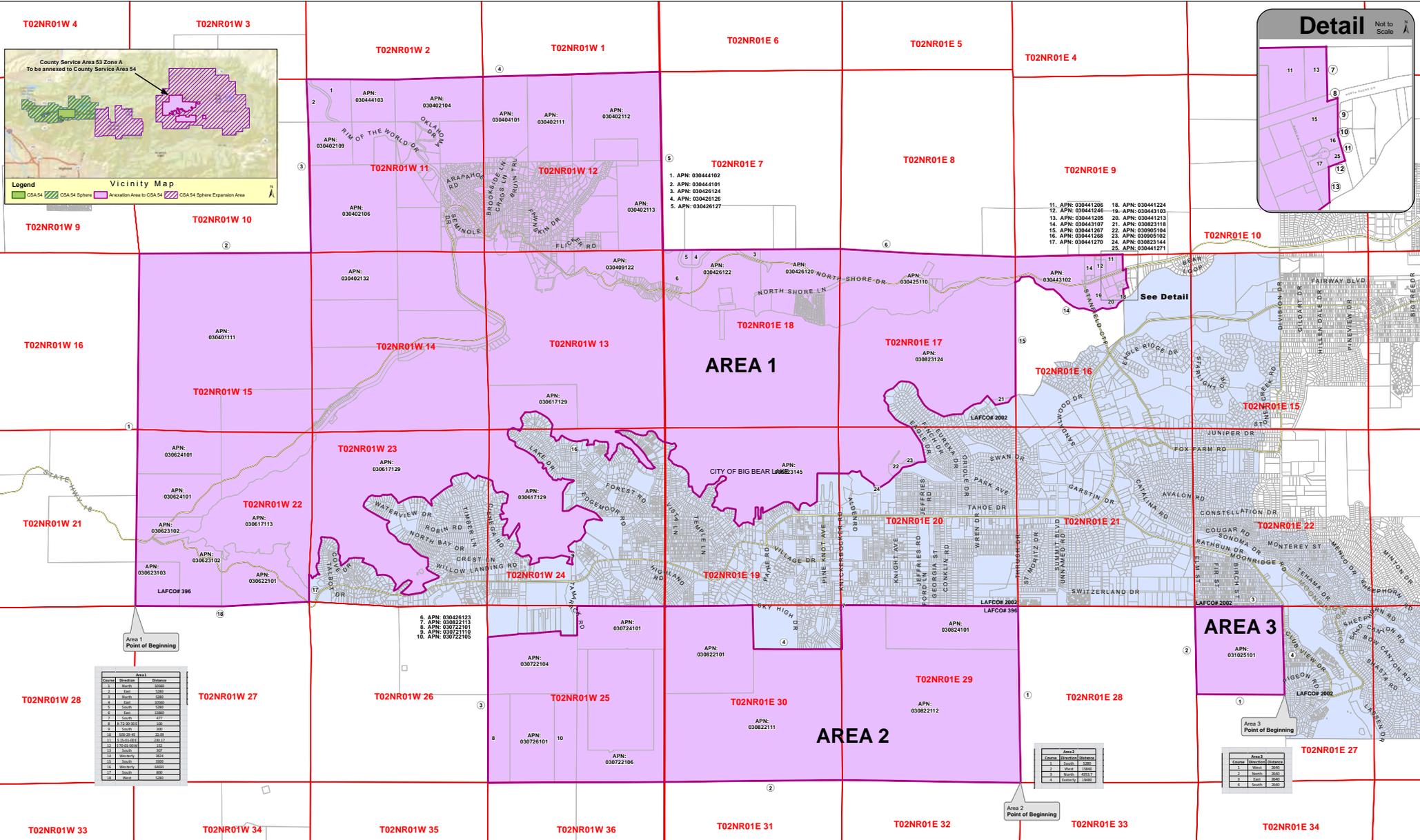
These portions of Section 33 and 34, Township 2 North, Range 2 West, and a portion of Section 4 Township 1 North, Range 2 West S.B.M., in the unincorporated territory of the County of San Bernardino, State of California.



THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION



*Ryan S. Hunsicker* 1/20/14  
 Ryan S. Hunsicker  
 Deputy County Surveyor  
 PLS 8392 ERL 129102615  
 Date: 1/20/14  
 Job Number 0025270 - Revised January 20, 2014



**Legend**

- CSA 54
- CSA 54 Spheres
- Annexation Area to CSA 54
- CSA 54 Sphere Expansion Area

**Vicinity Map**

Area 1 Point of Beginning

Course	Direction	Distance
1	North	520.0
2	West	120.0
3	South	120.0
4	East	120.0
5	North	477.0
6	West	172.34-261.0
7	South	350.0
8	East	100.0
9	North	288.12
10	West	200.0
11	South	300.0
12	East	100.0
13	North	100.0
14	West	100.0
15	South	100.0
16	East	100.0
17	North	100.0
18	West	100.0

Area 2 Point of Beginning

Course	Direction	Distance
1	North	100.0
2	West	100.0
3	South	100.0
4	East	100.0

Area 3 Point of Beginning

Course	Direction	Distance
1	North	100.0
2	West	100.0
3	South	100.0
4	East	100.0



CSA 53A - Containing Area 1 - 5925.3 Acres, More or Less  
 Area 2 - 1776.4 Acres, More or Less  
 Area 3 - 157.3 Acres, More or Less  
 Total Area of Areas 1, 2 and 3 containing 7,859 Acres, more or less

APN: Assessor Parcel Number  
 Course Number  
 City of Big Bear Lake  
 Parcels  
 Section Lines

**LAFCO - Reorganization to Include Annexations to County Service Area 54, Detachment from County Service Area SL-1, and Dissolutions of County Service Areas 73 and 53 Zone A**  
 Dissolution of County Service Area 53 Zone A and Annexation to County Service Area 54

That portion of Section 16, 17, 18, 19, 20, 27, 29 and 30 Township 2 North, Range 1 East, S.B.M. and these portions of Sections 11, 12, 13, 14, 15, 22, 23, 24 and 25 Township 2 North, Range 1 West, S.B.M., in the unincorporated area of the County of San Bernardino, State of California.



THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION

01/20/2014

Ryan S. Hunsicker  
 Deputy County Surveyor  
 PLS 8302  
 Job Number 00252670 - Revised January 20, 2014

# 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:** MARCH 11, 2014  
**FROM:** KATHLEEN ROLLINGS-McDONALD, Executive Officer  
**TO:** LOCAL AGENCY FORMATION COMMISSION



---

**SUBJECT:** AGENDA ITEM #5 – CONSIDERATION OF SPECIAL COUNSEL FOR LAFCO 3157 – SPHERE OF INFLUENCE ESTABLISHMENT FOR CSA 120 AND LAFCO 3177 – REORGANIZATION TO INCLUDE CITY OF FONTANA ANNEXATION NO. 173 AND DETACHMENT FROM COUNTY SERVICE AREAS 70 AND SL-1

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## **RECOMMENDATION:**

Staff recommends that the Commission take the following actions:

1. Note the disqualification of Legal Counsel Alsop from representation on LAFCO 3157 and LAFCO 3177;
2. Retain the law firm of Colantuono & Levin, PC, Ms. Holly Whatley, as Special Counsel for LAFCO 3157 and waive potential conflict;
3. Retain the law firm of Rutan & Tucker LLP, Mr. John Ramirez, as Special Counsel for LAFCO 3177; and,
4. Authorize the Executive Officer to sign the Agreements as presented.

## **BACKGROUND:**

LAFCO Legal Counsel Clark Alsop is a partner in the firm Best Best and Krieger (BB&K). BB&K is Counsel for the City of Fontana and the Inland Empire Resource Conservation District, entities affected in both LAFCO 3157 and LAFCO 3177. Pursuant to Commission policy the issue of waiver of conflict was required to be addressed.

For LAFCO 3157, staff received notification of the potential conflict immediately prior to the February hearing on the environmental determination for the proposal. Pursuant to the Commission's policy related to Legal Counsel Conflict, the Executive Officer and Legal Counsel reviewed the question of the potential for controversy on this proposal and were of the opinion that a controversy could exist. Therefore, a waiver of conflict would not apply. LAFCO staff then contacted the firm of Colantuono & Levin, PC (C&L) to represent the Commission on this proposal as they did for the MSR and sphere of influence update for the Town of Apple Valley. Ms. Holly Whatley of C&L has identified that the firm does represent the City of Rialto and City of San Bernardino (affected agencies in this consideration) in other matters, but does not believe that it represents a conflict in their representation of the Commission for LAFCO 3157. LAFCO staff has reviewed this question and believes that a conflict waiver would be appropriate. C&L has provided a representation agreement for this service (copy attached) indicating the hourly rate for Counsel will be \$270, a discounted rate, and the acknowledgement of the conflict waiver.

For LAFCO 3177, at the Departmental Review Committee meeting held on January 22, 2014, it was identified that BB&K was the City Attorney for the City of Fontana, and that controversy did exist on the proposal; therefore, no waiver would apply. LAFCO staff contacted the firm of Rutan and Tucker LLP, specifically Jeffery Goldfarb, to represent the Commission as he has in the past on questions of changes of organization. Staff was notified that Mr. Goldfarb will be taking an extended leave of absence from the firm, but that Mr. John Ramirez, a partner at Rutan & Tucker, would be available to represent the Commission. Mr. Ramirez has presented the commission with an Agreement for Provision of Legal Services which identifies an hourly rate of \$275, a discounted rate (copy attached).

Staff is requesting that the Commission take the actions to: (1) note Mr. Alsop's disqualification on each of the applications; (2) direct staff to retain the firm of C&L to represent the Commission in the matter of LAFCO 3157 and waive potential conflict; (3) direct staff to retain the firm of Rutan & Tucker to represent the Commission in the matter of LAFCO 3177; and (4) Authorize the Executive Officer to sign the respective Special Counsel Agreements.

KRM

Attachments:

1. Commission Policy on Waiver of Legal Counsel Conflicts
2. Representation Letter, Dated March 5, 2014, from Colantuono & Levin, PC for LAFCO 3157
3. Representation Agreement with Rutan & Tucker LLP for LAFCO 3177

# **Commission Policy on Waiver of Legal Counsel Conflicts**

**Attachment 1**

**POLICY #10 OF PROJECT PROCESSING SECTION OF POLICY AND PROCEDURE MANUAL:**

**WAIVER OF LAFCO LEGAL COUNSEL CONFLICTS OF INTEREST** *(Adopted May 18, 2005)*

Subject to procedures defined below, the Commission authorizes the Executive Officer to waive conflicts of interest under Rule 3.310 of the California Rules of Professional Conduct for LAFCO Counsel's public agency clients.

**PROCEDURE:**

LAFCO Counsel and the Executive Officer shall discuss each potential conflict and make the following determinations:

- a. Where controversy is identified by either party, no waiver is approved.
- b. Where no controversy is identified, a waiver will be tentatively approved subject to the following:
  - 1) In each case where a waiver is tentatively approved, the Executive Officer shall individually notify the Commission members of his/her proposed decision.
  - 2) In the event the Executive Officer receives no objection from any Commissioner, the waiver is approved.

**Representation Letter, Dated March 5,  
2014, from Colantuono & Levin, PC for  
LAFCO 3157**

**Attachment 2**

RECEIVED  
MAR 05 2014

**LAFCO**  
San Bernardino County

Holly O. Whatley  
HWhatley@CLLAW.US  
(213) 542-5704

**Colantuono & Levin, PC**  
300 S. Grand Avenue, Suite 2700  
Los Angeles, CA 90071-3137  
Main: (213) 542-5700  
FAX: (213) 542-5710  
WWW.CLLAW.US  
SANDRA J. LEVIN, OF COUNSEL

March 5, 2014

VIA E-MAIL AND U.S. MAIL

Kathleen Rollings-McDonald  
Executive Officer  
San Bernardino County LAFCo  
215 North D Street, Suite 204  
San Bernardino, CA 92415-0490

Re: **Representation of San Bernardino LAFCO re Sphere of Influence  
Establishment for County Service Area 120**

Dear Kathy:

As you asked, I write to propose the terms under which we agree to represent San Bernardino LAFCO ("you" or "LAFCO") regarding the Sphere of Influence Establishment for County Service Area 120. This will be our sole project for you; if we can assist you on other matters, please let me know. Colantuono & Levin, PC and all of its professionals are very pleased to have the opportunity to represent you in this matter.

This letter sets forth the basis upon which our firm will provide legal services to you and bill you for services and costs. The firm maintains a conflict of interest index which lists all clients of our firm and matters in which we represent them. We will not represent any party with an interest that may be adverse to an indexed person without first determining if a professional conflict of interest would arise. We propose to index the following with respect to this matter:

Client-Affiliated Parties:

San Bernardino Local Agency Formation Commission

Kathleen Rollings-McDonald  
March 5, 2014  
Page 2

Adverse Parties:

City of Upland  
City of Rancho Cucamonga  
City of Fontana  
City of Rialto  
City of San Bernardino  
Inland Empire RCD  
San Bernardino County (CSA 120)  
Cucamonga Valley Water District  
West Valley Water District  
San Bernardino Valley MWD  
Inland Empire Utilities Agency  
San Bernardino Associated Governments (aka, SanBAG)

Please let me know if any of these names are incorrect or if there are other parties with an interest in this matter that we should list. Unless we hear from you to the contrary, we will assume that the above listing is accurate and complete.

We have reviewed our files and our conflicts index and have no other client relationships which would interfere with our ability to represent you in this matter except as follows: We currently represent the City of Rialto in a pending lawsuit challenging the City's extraterritorial wastewater rates as violating Proposition 218. (*Nguyen v. Rialto*, SBSC Case No. CIVDS1309032). The subject matter of that lawsuit has no factual relationship to the project for which you seek to retain us. However, we understand the City of Rialto did provide some feedback to LAFCO at the initial study phase of the CEQA review process for the proposed sphere of influence update for CSA 120. The City of Rialto, however, has agreed to waive any potential or actual conflict created by our representing you in the above matter.

Also, we represent the City of San Bernardino as one of a large coalition of cities throughout the state defending a telephone user tax refund case (*Sipple et al v. Alhambra et al*, LASC Case No. BC462270). However, in the retainer agreement with our firm on that matter, the City of San Bernardino explicitly agreed to waive in advance any conflicts on future unrelated matters, which waiver encompasses your retention of our firm to advise LAFCO regarding the sphere of influence update described above. Moreover, that tax refund claim has no factual relationship to the project for which you seek to retain us.

Kathleen Rollings-McDonald

March 5, 2014

Page 3

Because the LAFCO Commission has authority with respect to changes of organization affecting local governments in San Bernardino County and because we wish to represent those local governments (the cities of San Bernardino and Rialto) on matters unrelated to LAFCO, we will need your written consent to do so. Signing this letter provides that consent. You should consider carefully whether to do so and may wish to consult your General Counsel on that point. There may be at least the perception that our ability to vigorously assert your interests may be impaired by our duties of loyalty to cities and other local governments subject to LAFCO's authority. We believe we can effectively represent you and local governments in San Bernardino County on unrelated matters. However, you should judge that matter for yourself. Of course, consistent with our ethical obligations, we will not represent entities on matters that are factually related to matters on which we represent LAFCO; nor we will represent entities on matters in which any confidences we learn from LAFCO may be pertinent.

As we have discussed, the nature of the matter makes it impossible for us to precisely estimate the total amount of fees you may incur. You will receive monthly statements informing you of the fees and costs incurred during the prior month. We will, of course, do our best to represent you efficiently and without undue expense.

Please make payments payable to Colantuono & Levin, PC directly to our Penn Valley office at:

Colantuono & Levin, PC  
11364 Pleasant Valley Road  
Penn Valley, CA 95946-9000

Our federal employer identification number is 75-3031545.

I will have primary responsibility for your representation, and the firm will use other attorneys and legal assistants in the best exercise of our professional judgment. If at any time you have questions, concerns or criticisms, please contact me at once. Naturally, we expect you to keep us reasonably informed of all significant developments in matters relating to this representation.

We review all statements before they are issued to ensure that the amount charged is appropriate. The statement for fees is simply the product of the hours

Kathleen Rollings-McDonald

March 5, 2014

Page 4

worked multiplied by the hourly rates for the attorneys and legal assistants who did the work.

Our hourly rates are based upon the experience, reputation and ability of the lawyer or legal assistant performing the services, and for 2014 range between \$195 and \$450 per hour for attorneys' time, and between \$125 and \$145 for the time of paralegals and legal assistants. As a courtesy to you, however, we agree to cap our rates for providing advisory services on the above matter at \$270. If the matter proceeds to litigation and LAFCO requests that we continue to represent it, we will cap our litigation rates at \$350. Our rate structure in general and the rates of particular lawyers may be increased from time to time, and are usually adjusted as of the beginning of each calendar year.

It may be necessary to bill you for items such as, but not limited to, authorized travel, long distance telephone calls, filing fees, photocopying, computerized legal research outside the scope of our Westlaw contract and the like. These items are separately itemized on our statement as "disbursements." These amounts will be billed in addition to our fees.

We will send you monthly statements, and expect payment within 15 days of the billing date. If payment is not received within 30 days of the billing date, we reserve the right to charge interest on the unpaid balance at the rate of 1% per month and to terminate our representation.

We rarely have disputes with clients over our fees. Nevertheless, you should be aware that you are entitled to require that any fee dispute be resolved by binding arbitration in Los Angeles or Nevada Counties pursuant to the arbitration rules for legal fee disputes of the respective County Bar Association. We agree that all disputes between us regarding the services rendered or fees charged not resolved via County Bar fee arbitration will be submitted to binding arbitration in Los Angeles County to be conducted by ADR Services, Inc. in accordance with its commercial arbitration rules. **YOU SHOULD REVIEW THIS PARAGRAPH CAREFULLY AND, IF YOU WISH, SEEK INDEPENDENT LEGAL COUNSEL REGARDING IT, AS YOU AND WE ARE AGREEING TO FOREGO SIGNIFICANT RIGHTS IN THE EVENT OF A DISPUTE BETWEEN US, INCLUDING THE RIGHT TO A JURY TRIAL.**

Kathleen Rollings-McDonald

March 5, 2014

Page 5

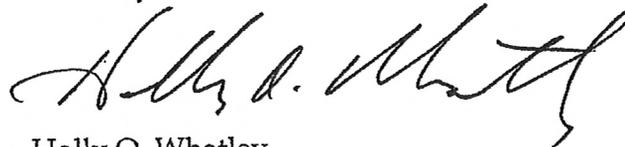
You have the right to terminate our representation at any time. We have the same right, subject to an obligation to give you reasonable notice to arrange alternative representation. In either circumstance, you agree to secure new counsel to represent you as quickly as possible and to cooperate fully in the substitution of the new counsel as counsel of record in any litigation in which we subsequently agree to be involved. Notwithstanding the termination of our representation, you will remain obligated to pay to us all fees and costs incurred prior thereto.

You agree that we may, in our discretion, maintain all or part of your client file in electronic format. You also agree that following termination of our attorney-client relationship, we will not be required to maintain your client file for more than two years. If you ask us to deliver your file to you, you agree that delivery of an electronic version, together with any materials that cannot be saved electronically, satisfies our obligation to release all your client papers and property to you. Two years after termination of our relationship, and after reasonable notice, you agree that we will be free to destroy your client file, including all electronic records. We may also discharge our obligation to maintain your file prior to the expiration of two years by mailing a copy to you at your address last known to us. You agree that "reasonable notice" means our mailing a notice of our intent to destroy your client file to you at that address.

I apologize for the formality of this letter, but we are required by California law to provide this information to you in writing. We are also required to inform you that we currently maintain professional liability insurance coverage.

Please review the foregoing and, if it meets with your approval, execute it and return it to me by fax, mail or email. If you have any questions, please feel free to call me at the direct-dial number above. Thank you for the opportunity to represent you!

Sincerely,



Holly O. Whatley

HOW:hw

Enclosure (duplicate original and return envelope)

Kathleen Rollings-McDonald

March 5, 2014

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On behalf of San Bernardino LAFCO, I agree to retain Colantuono & Levin, PC to provide legal services as set forth above.

\_\_\_\_\_  
Signature

Date: \_\_\_\_\_, 2014

By: \_\_\_\_\_

Title: \_\_\_\_\_

**Representation Agreement with  
Rutan & Tucker LLP for LAFCO 3177**

**Attachment 3**

## RUTAN & TUCKER, LLP

### AGREEMENT FOR PROVISION OF LEGAL SERVICES

This AGREEMENT FOR PROVISION OF LEGAL SERVICES ("Agreement") is entered into as of March \_\_, 2014, by and between RUTAN & TUCKER, LLP, a limited liability partnership including professional corporations ("Attorney"), and SAN BERNARDINO COUNTY LOCAL AGENCY FORMATION COMMISSION ("Client").

#### **1. Scope of Agreement**

Client retains Attorney to provide the following legal services: Advise Client on California Environmental Quality Act ("CEQA") and Cortese-Knox legal compliance issues in connection with an annexation application that was filed by the City of Fontana ("City") pertaining to certain lands that are located within the City's sphere of influence. Attorney hereby designates John A. Ramirez, a partner of Attorney, as the lead counsel to provide legal services under this Agreement; provided, however, that the lead counsel shall have the discretion to utilize the services of any of the partners, associates, or staff of Attorney in connection with services to be undertaken under this Agreement.

#### **2. Duties of Attorney and Client**

Attorney shall provide those legal services reasonably required to represent Client in the matter described in Paragraph 1 of this Agreement, including but not limited to preparation of pleadings and court documents, attendance at court hearings, review of Client documents and applicable laws, legal research, client conferences, and attendance at conferences with third parties when reasonably required by Client. Attorney shall also take reasonable steps to keep Client informed of significant developments and to respond to Client's inquiries.

Client shall cooperate with Attorney, keep Attorney informed of all developments, documents, or facts that would affect the provision of Attorney's services described in Paragraph 1 of this Agreement, perform all obligations Client has agreed to perform under this Agreement, and pay in a timely manner all of Attorney's statements for services performed and costs incurred.

#### **3. Billing Rates**

Client agrees to pay for Attorney's legal services for all work performed by Attorney at the hourly rate of Two Hundred Seventy Five Dollars (\$275.00). This is a significant discount off of Attorney's regular hourly rate. This rate is subject to periodic adjustment.

#### **4. Costs and Expenses**

Client shall reimburse Attorney for all actual costs and expenses incurred by Attorney, including but not limited to court filing fees; court reporter fees; long-distance and mobile telephone calls, electronic mail, messenger and other delivery fees; postage in excess of \$1.00 per item; photocopying; parking and tolls; mileage at \$0.25 per mile for travel outside of Orange County, California; charges for computer research and text editing; and charges for clerical staff

overtime necessitated by Client's (but not Attorney's) time demands. Attorney shall not bill Client for travel, meal, or lodging expenses for travel within Orange County.

**5. Statements**

Client shall be responsible for payment of the entire invoice(s) transmitted by Attorney for services rendered and costs incurred. Attorney shall send Client a statement for fees and costs incurred on a monthly basis. Attorney's statements shall clearly indicate the basis thereof, including the amount, rate and basis of calculation of Attorney's Fees.

Client shall notify Attorney promptly in writing if Client disputes any entry for legal services or costs on any statement; and if Client fails to do so within thirty (30) days after receipt thereof, all such entries shall be acknowledged as correct as between Attorney and Client.

Attorney's billing statements shall be due and payable within thirty (30) days after receipt. In the event any statement remains unpaid past the due date(s) specified herein, interest thereon at the rate of ten percent (10%) per annum shall be due and payable from the date of the statement until the date of ultimate payment of the statement and all accrued interest.

Client acknowledges that if any amount owing under this Agreement remains unpaid for in excess of ninety (90) days after the date such amounts are originally billed, Attorney, in his sole discretion, may seek to cease his or her representation of Client. In such a situation, Client will execute any and all such documents necessary to release Attorney of any and all obligations to continue to represent Client, regardless of when such decision is made. Such written consent shall be made within seven (7) days of the date Attorney notifies Client of his decision to seek to end representation of Client under the terms of this section.

**6. Disclaimer of Guarantee**

Attorney has made no representations, promises, warranties or guarantees to Client, expressed or implied, regarding the outcome of Client's matter, and nothing in this Agreement shall be construed as such a representation, promise, warranty or guarantee.

**7. Future Work for Others**

It is understood and agreed that Attorney's representation of Client is for the specific purposes set forth in Paragraph 1 above, and Client agrees that Attorney may represent parties in the future on matters that may be before Client and/or adverse to Client, so long as such future representation does not involve confidential information which Attorney gained from its representation of Client pursuant to this Agreement.

Client further expressly acknowledges that Attorney represents numerous municipalities in Southern California as city attorney and general counsel. While neither Client nor Attorney presently anticipate that any of the legal services to be provided under this Agreement will involve any of those municipalities, Client understands and agrees that Attorney intends to continue to represent those municipalities and governmental entities during the course of performing services under this Agreement, and agrees not to attempt to disqualify Attorney from such representation in the future.

**8. Termination or Conclusion**

Client may discharge Attorney at any time, with or without cause, by written notice to Attorney and Attorney may discharge Client at any time, with or without cause, by written notice to Client. Attorney and Client shall each execute any documents reasonably necessary to complete discharge or withdrawal. Attorney shall, upon demand therefor by Client, deliver Client's file to Client at or after the termination or conclusion of Attorney's services.

Upon the termination or conclusion (by discharge or by withdrawal) of Attorney's services hereunder, all unpaid charges for services rendered and costs incurred or advanced through the date of termination or conclusion shall become immediately due and payable.

**9. Integration**

This Agreement represents the entire understanding of Attorney and Client as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered by this Agreement. Except for the modification or adjustment of billing rates as set forth in Paragraph 3 hereinabove, this Agreement may not be modified, altered, or amended except in writing by Attorney and Client.

**RUTAN & TUCKER, LLP**

**SAN BERNARDINO COUNTY  
LOCAL AGENCY FORMATION  
COMMISSION**

By: \_\_\_\_\_  
**John A. Ramirez**  
**Partner**

By: \_\_\_\_\_  
**Kathleen Rollings-McDonald**  
**Executive Officer**

# 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](mailto:lafco@lafco.sbcounty.gov)  
[www.sbclafco.org](http://www.sbclafco.org)

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DATE: MARCH 10, 2014   
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer  
SAMUEL MARTINEZ, Assistant Executive Officer  
TO: LOCAL AGENCY FORMATION COMMISSION

---

SUBJECT: AGENDA ITEM #7: 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

---

## INITIATED BY:

Resolution of the Board of Directors of the Helendale Community Services District

## RECOMMENDATION:

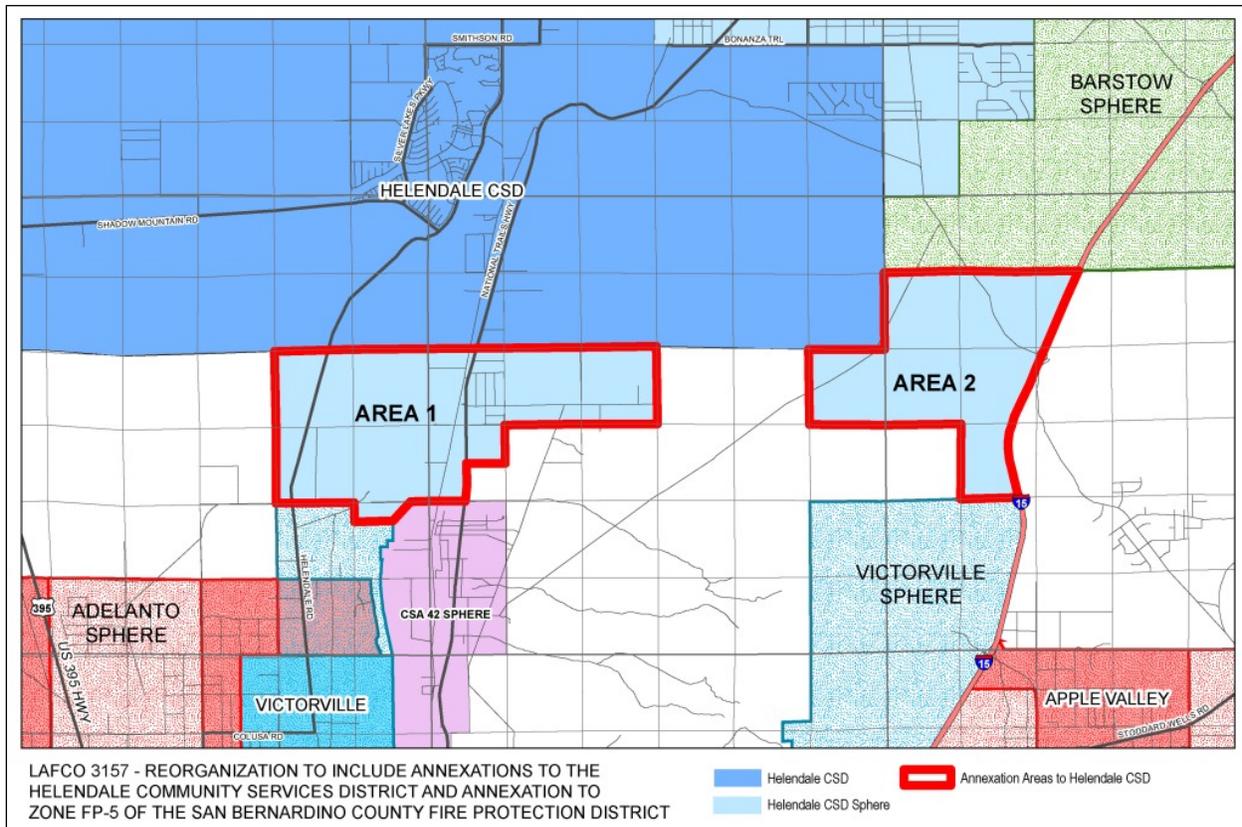
Staff recommends that the Commission approve LAFCO 3175 by taking the following actions:

1. For environmental review, Certify that LAFCO 3175 is statutorily exempt from the provisions of the California Environmental Quality Act and direct the Executive Officer to file the Notice of Exemption within five (5) days;
2. Approve LAFCO 3175, reorganization proposal with the standard conditions of approval, which include the “hold harmless” clause for potential litigation costs, continuation of fees, charges, assessments, etc.; and,
3. Adopt LAFCO Resolution #3179 setting forth the Commission’s findings, determinations, and conditions of approval concerning the reorganization proposal.

## BACKGROUND:

The Helendale Community Services District (hereinafter identified as “Helendale CSD” or the “District”) submitted an application for annexation of two separate areas that include the Helendale CSD’s southern and southeastern sphere of influence (location and vicinity maps

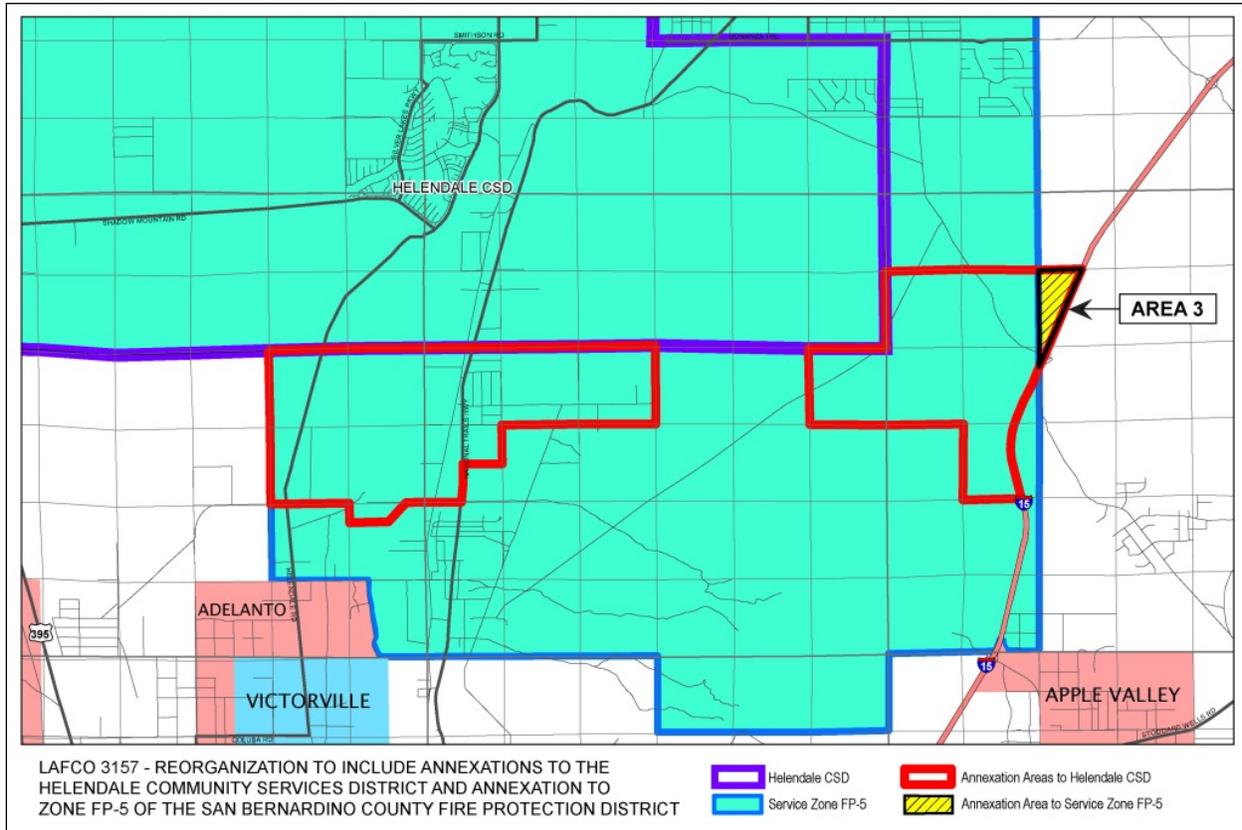
for Areas 1 and 2 are included as a part of Attachment #1 to this report). The proposed reorganization for the Helendale CSD encompasses approximately 8,832 acres within two separate areas. Area 1 includes all of the District's sphere of influence located southerly of its boundaries, east and west of both the National Trails Highway and Helendale Road. Area 2 includes all of the District's sphere of influence located southeasterly of its boundaries, generally along the Wild Wash Road and I-15 Freeway interchange.



The purpose of the reorganization is to respond to future landowner requests for annexation. In particular, the Helendale CSD initiated this proposal in anticipation of the growth planned for the area, particularly associated with the Helendale Specific Plan. The District wants to plan for growth that is projected and to ensure that services are provided adequately within these areas. Currently, the District provides water and sewer service to the developed portion of the Silver Lakes community and its immediate periphery. In addition, the District also provides solid waste disposal, parks and recreation, streetlighting, and graffiti abatement within its boundaries.

In processing this application, LAFCO staff expanded the consideration to include the annexation to the San Bernardino County Fire Protection District (SBCFPD) Service Zone FP-5 (hereinafter identified as "Service Zone FP-5") as part of the overall proposal (location and vicinity map for Area 3 are also included as a part of Attachment #1 to this report). Service Zone FP-5 is a special taxing entity for fire protection and emergency response for the Helendale community and it was determined that the eastern boundary for Service Zone

FP-5 split a parcel along its existing boundary near the Wild Wash Interchange. Therefore, in order to fix this boundary discrepancy LAFCO staff modified the District's proposal to include Area 3, the annexation to Service Zone FP-5.



This report will provide the Commission with the information related to the four major areas of consideration required for a jurisdictional change – boundaries, land uses, service delivery and the effects on other local governments, and environmental considerations for the proposal.

### **BOUNDARIES:**

As outlined above, the reorganization as modified consists of three (3) separate areas that are wholly within the District's sphere of influence. Areas 1 and 2 are annexations to the Helendale CSD:

**Area 1** encompasses approximately 5,133 acres generally located southerly of the Helendale CSD. The study area includes all of Sections 16, 17, 18, and a portion of Section 19 of Township 7 North, Range 4 West; and all of Sections 13, 14, 23, 24, and a portion of Section 25 of Township 7 North, Range 5 West.

**Area 2** encompasses approximately 3,699 acres generally east of the existing Helendale CSD boundary and west of the centerline of the Interstate 15 freeway.

The study area includes all of Sections 7, 8, 18, and portions of Sections 9, 17 and 20 of Township 7 North, Range 3 West; and all of Section 13 of Township 7 North, Range 4 West.

Area 3 is the annexation to Service Zone FP-5 of the San Bernardino County Fire Protection District.

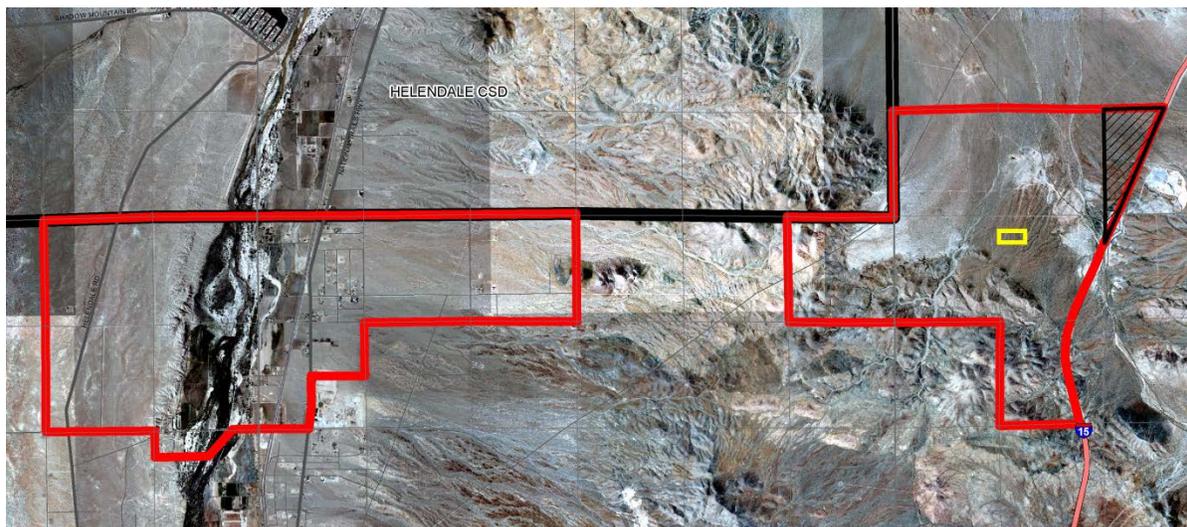
**Area 3** encompasses approximately 240 acres generally east of the existing SBCFPD Service Zone FP-5 boundary along the Wild Wash Road Interchange of the I-15 Freeway. The territory includes a portion of Section 9, Township 7 North, Range 3 West and is a part of Area 2 proposed for annexation to the Helendale CSD.

The annexations to the Helendale CSD, Areas 1 and 2, present no boundary concerns since the reorganization includes the entirety of its existing sphere of influence southerly (Area 1) and southeasterly (Area 2) of the District's boundaries. The annexation to Service Zone FP-5 (Area 3) is an annexation proposed by LAFCO staff (with concurrence from the San Bernardino County Fire Protection District) to address a split parcel discrepancy along its existing boundary near the Wild Wash Interchange. In addition, this expansion keeps the Helendale CSD's easterly boundary wholly within the boundaries of Service Zone FP-5, which is a special taxing entity for fire protection and emergency response for the Helendale community.

For these reasons, LAFCO staff supports the annexation boundaries for the Helendale CSD and Service Zone FP-5 as presented.

### **LAND USES:**

The reorganization proposal is predominantly vacant. Area 1 is primarily vacant with approximately 80 dwelling units. Areas 2 and 3 consist entirely of vacant lands. The surrounding land uses are also predominantly vacant with a few scattered dwelling units.



The County's current land use designations for the reorganization areas are RL-5 (Rural Living, one unit per 5 acres), RL (one unit per 2.5 acres), AG (Agricultural), and FW (Floodway) for Area 1, and RC (Resource Conservation) for Areas 2 and 3.

Nonetheless, the approval of this proposal will have no direct impact on the current County land use designations assigned for the area.

However, there have been proposals initiated with the County Land Use Services department to intensify the zoning designations through the now tabled Helendale Specific Plan and the project commonly known as Safari Ranch.

In addition, Wild Wash Road connects westerly from the I-15 Freeway to National Trails Highway. This access road is largely unpaved at this time; however, this ultimately can be a viable alternative access route into the community. The Helendale CSD recently purchased a parcel within Area 2 (parcel shown in yellow) intended as a public facility, service center, and other maintenance responsibilities when future development occurs in the area.

#### **SERVICE DELIVERY AND EFFECT ON LOCAL GOVERNMENT SERVICE PROVIDERS:**

In every consideration for jurisdictional change, the Commission is required to look at the existing and proposed service providers within an area. Current County service providers within the reorganization area include County Service Area 60 (Apple Valley Airport (portion) County Service Area 70 (multi-function entity), and San Bernardino County Fire Protection District, its North Desert Service Zone, and Service Zone FP-5. In addition, the following entities overlay the reorganization area: Mojave Water Agency (the State Water Contractor), and Mojave Desert Resource Conservation District (portion).

The Helendale CSD has submitted a "Plan for Service and Fiscal Impact Analysis" for LAFCO 3175. In addition, the San Bernardino County Fire Protection District (hereinafter "County Fire"), on behalf of its Service Zone FP-5, has also provided a plan for service for Area 3 that is being annexed into its Service Zone FP-5. Both plans have been submitted as required by law and Commission policy. A copy of the Helendale CSD's Plan for Service and Fiscal Impact Analysis is included as a part of Attachment #2 and County Fire's plan for service is included as Attachment #3 to this report.

Upon reorganization, the area will receive water, sewer, solid waste collection and disposal, park and recreation, graffiti abatement, and/or streetlighting services from the Helendale CSD. Since the annexation areas are predominantly vacant, current services provided and/or needed are minimal.

The plans, in general, identify the following:

- Wastewater collection and treatment will be provided by the Helendale CSD and can be extended to the reorganization area when proper economic and development conditions take place. Existing properties or new development would require a

feasibility study to connect to the District's wastewater facilities. The cost to connect to sewer will be the responsibility of the property owner and/or developer.

- Water service will also be provided by the Helendale CSD and can be extended to the area when proper economic and development conditions take place. Existing properties or new development would require a feasibility study to connect to the District's water facilities including a response on availability of water rights pursuant to the District's existing policies at the time of development. The cost to connect to water will be the responsibility of the property owner and/or developer.
- The County's Solid Waste Management Division (SWMD), through a contract with AVCO/Burrtec, currently provides solid waste services (collection and disposal) within the reorganization area. Solid waste services will transfer to the Helendale CSD who also contracts with AVCO/Burrtec for its services. Upon annexation, the District will be providing the billing for solid waste services.
- Local park service will be provided by the Helendale CSD. Current park and recreation services by the District include exercise classes, arts/crafts classes, a teen center, a dog park and the annual Mojave River Trail Days Festival. In addition, a 3-acre park facility is also currently being developed.

County Regional Parks will continue to provide regional park services to all residents within the area. The closest County Regional Park is Mojave Narrows located within 20 to 30 minutes from the annexation areas.

- Streetlighting services will also be available through the Helendale CSD and can be extended to the reorganization area when proper economic and development conditions take place in these areas. The District currently provides streetlighting services within public right-of-ways, and public easements. The cost to provide streetlighting will be the responsibility of the property owner and/or developer.

Due to the undeveloped nature of the area, no immediate service provision is anticipated.

- Graffiti abatement will also be available through the Helendale CSD. The County, through its Public Works Department, will continue to provide graffiti abatement to road signs and bridges along Historic Route 66.
- Law enforcement responsibilities are currently provided by the San Bernardino County Sheriff's Department, and no change will occur to this service provider through the reorganization.
- Fire protection and paramedic services are currently provided by County Fire through its Fire Station No. 4 (Silver Lakes/Helendale Station). County Fire and its North Desert Service Zone will continue to be the service provider for fire protection and emergency response for the Helendale community. Service Zone FP-5 is a

special taxing entity that provides funding for an increased level of fire protection and emergency medical services to the community.

Upon completion of the reorganization proposal, the only financial effect will be for the single parcel within Area 3, APN 0418-011-77, which will be charged an annual tax assessment of approximately \$135.95 (with an annual cost-of-living increase of up to 3 percent) for fire protection and emergency response associated with County Fire's special taxing entity Service Zone FP-5.

For the rest of the reorganization area, there will be no financial effect as the Helendale CSD does not have any fees or special taxes to be extended. However, it should be noted that the current annual refuse disposal fee for developed parcels (approximately \$85/year), will be transferred from the County (shown on the property tax bill as *County Land Use-SWMD*) to the Helendale CSD (*Helendale-Refuse Land Use*) upon completion of the reorganization proposal.

It is the position of LAFCO staff that LAFCO 3175 is a straightforward and logical extension of service delivery through the Helendale CSD and County Fire's Service Zone FP-5. As required by Commission policy and State law, the plans submitted by the Helendale CSD and County Fire indicate that the extension of services within the reorganization area will maintain, and/or exceed, current service levels provided through the County and its special districts.

#### **ENVIRONMENTAL:**

As the CEQA lead agency, the Commission's Environmental Consultant, Tom Dodson from Dodson and Associates, has indicated that the review of LAFCO 3175 is statutorily exempt from the California Environmental Quality Act (CEQA). This recommendation is based on the finding that the Commission's approval of the reorganization has no potential to cause any adverse effect on the environment. The Helendale CSD's decision to extend services in the future, responding to either individual property owner requests or potential development projects planned for the area, will require their own separate environmental review and County Fire already provides service within the area being annexed into its Service Zone FP-5. Therefore, the proposal is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061 (b)(3). A copy of Mr. Dodson's analysis is included as Attachment #4 to this report.

#### **CONCLUSION:**

The primary purpose of the reorganization was to respond to future landowner requests for service. In addition, the Helendale CSD initiated this proposal in anticipation of growth planned for the area, particularly that associated with the Helendale Specific Plan.

Staff supports approval of LAFCO 3175 for the following reasons:

- It allows the Helendale CSD to plan and respond to requests for extension of its municipal services; and,

- It ensures that the services available from the Helendale CSD can be adequately provided within the reorganization area.

For these reasons, and those outlined throughout the staff report, the staff supports the approval of LAFCO 3175.

**DETERMINATIONS:**

The following findings and determinations are required to be provided by Commission policy and Government Code Section 56668 for any change of organization/reorganization proposal:

1. The Registrar of Voters Office has determined that the reorganization area is legally inhabited, containing 75 registered voters (all within Area 1) as of February 19, 2014.
2. The County Assessor has determined that the assessed value of land and improvements within the reorganization area is \$22,494,939 (land--\$16,358,706; improvements--\$6,136,233).

	AREA 1	AREA 2	AREA 3
Land Value	\$14,203,776	\$2,154,930	\$232,071
Improvement Value	\$6,136,233		
Total	\$20,340,009		

3. The reorganization area is within the sphere of influence assigned the Helendale Community Services District. San Bernardino County Fire Protection District Service Zone FP-5 does not have a sphere of influence since zones to a fire protection district are not assigned a sphere.
4. Notice of the Commission's review of this proposal has been advertised in *The Daily Press*, a newspaper of general circulation within the reorganization area. Individual notice has been provided to affected and interested agencies, County departments, and those individuals and agencies having requested such notification.
5. LAFCO staff has provided individual notices to landowners and registered voters within the annexation area (totaling 357), and to landowners and registered voters surrounding the reorganization area (totaling 436) in accordance with state law and adopted Commission policies. To date, no written comments in support or opposition have been received regarding the consideration of this proposal.
6. The County's land use designations for the reorganization proposal are RL-5 (Rural Living, one unit per 5 acres), RL (one unit per 2.5 acres), AG (Agricultural), and FW (Floodway) for Area 1, and RC (Resource Conservation). This reorganization proposal has no direct effect on the County's General Plan land use designations assigned for the area.

7. The Commission's Environmental Consultant, Tom Dodson and Associates, has recommended that this proposal is statutorily exempt from environmental review based on the finding that the Commission's approval of the reorganization has no potential to cause any adverse effect on the environment; and therefore, the proposal is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061 (b)(3). Mr. Dodson recommends that the Commission adopt the Statutory Exemption and direct its Executive Officer to file a Notice of Exemption within five (5) days. A copy of Mr. Dodson's response letter is included as Attachment #4 to this report.

8. The area in question is presently served by the following local agencies:

County of San Bernardino  
Mojave Water Agency (the State Water Contractor)  
Mojave Desert Resource Conservation District (portion)  
San Bernardino County Fire Protection District, its North Desert Service Zone, and its Service Zone FP-5 (portion)  
County Service Area 60 (Apple Valley Airport)(portion)  
County Service Area 70 (multi-function)

None of these agencies will be affected by this proposal.

9. The Helendale Community Services District has submitted a plan for the extension of its services (Plan for Service and Fiscal Impact Analysis) as required by law and Commission policy (included as a part of Attachment #2 to this report). The financial information presented within the Fiscal Impact Analysis indicates that the extension of services can be maintained and operated through existing revenue resources available. The Plan for Service indicates that the Helendale CSD, at a minimum, can maintain the level of service delivered and can improve the level and range of selected services currently available in the area.

The San Bernardino County Fire Protection District, on behalf of its Service Zone FP-5, has submitted a plan for the extension of its fire protection and emergency medical service. The plan for service indicates that County Fire already provides fire service; thus, services can be maintained and operated through its existing revenues that fund the increased level of fire protection and emergency medical services. The Plan for Service indicates that the San Bernardino County Fire Protection District, at a minimum, can maintain the level of service delivered and can improve the level and range of services currently available in the area.

10. The reorganization area can benefit from the availability of services from the Helendale CSD and has benefitted from fire protection and emergency medical services from the San Bernardino County Fire Protection District, its North Desert Service Zone, and its Service Zone FP-5. Service Zone FP-5 is a special taxing entity that provides funding for an increased level of fire protection and emergency medical services.

11. With respect to environmental justice, the reorganization area will benefit from the extension of services and facilities from the Helendale Community Services District and Service Zone FP-5 of the San Bernardino County Fire Protection District; and, at the same time, not result in the unfair treatment of any person based on race, culture or income.
12. The County of San Bernardino adopted a resolution determining there will be no transfer of property tax revenues. This resolution fulfills the requirement of Section 99 of the Revenue and Taxation Code.
13. The map and legal description, as revised, are in substantial compliance with LAFCO and State standards through certification by the County Surveyor's Office.

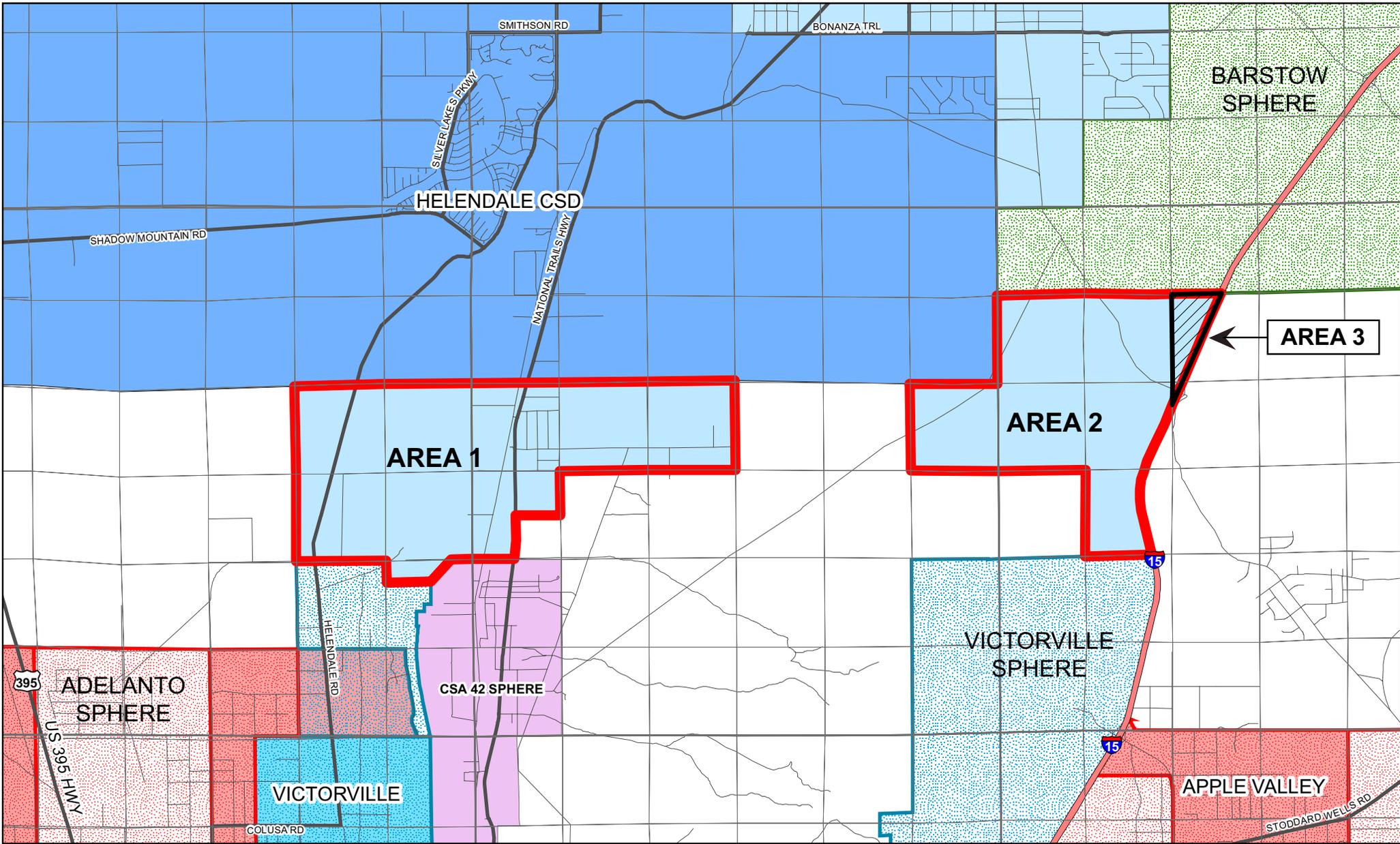
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Attachments:

1. Maps—Vicinity and Location
2. Helendale Community Services District Application including Plan for Service and Fiscal Impact Analysis
3. San Bernardino County Fire Protection District's Plan for Service for its Service Zone FP-5
4. Response from the Commission's Environmental Consultant, Tom Dodson and Associates, on Environmental Determination
5. Draft Resolution No. 3179

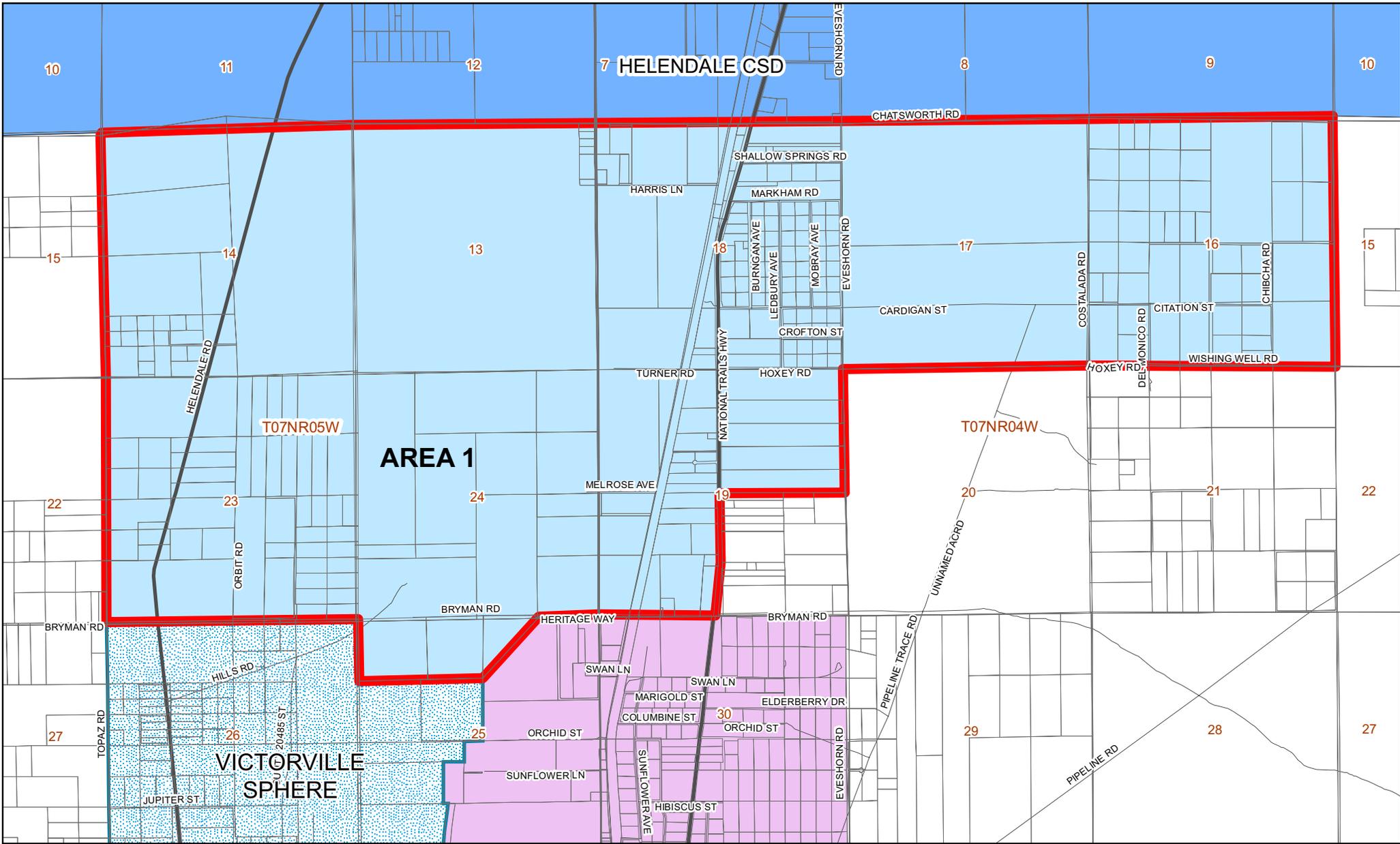
# **Maps – Vicinity and Location**

**Attachment 1**



LAFCO 3157 - REORGANIZATION TO INCLUDE ANNEXATIONS TO THE HELENDALE COMMUNITY SERVICES DISTRICT AND ANNEXATION TO ZONE FP-5 OF THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT

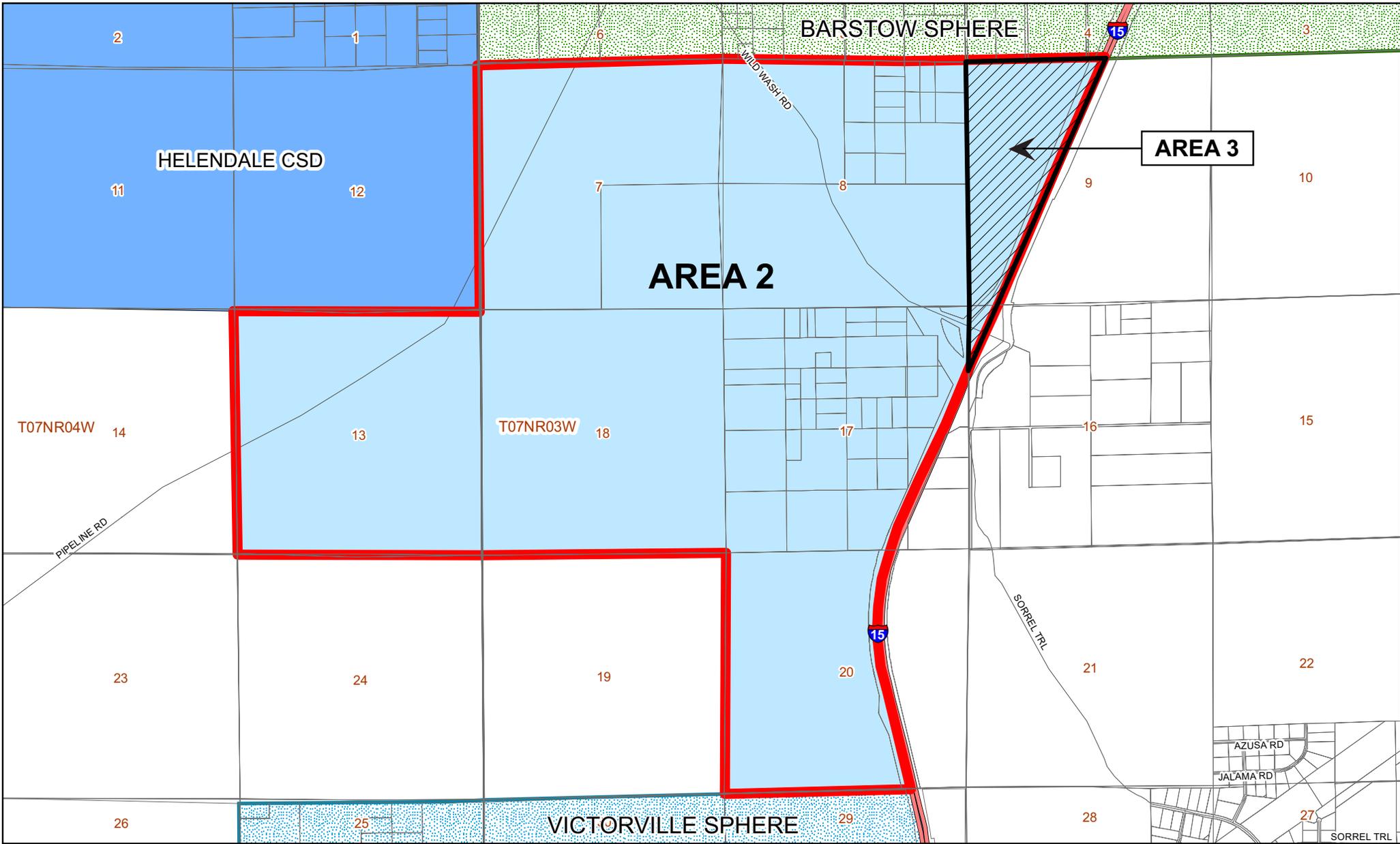
- Helendale CSD
- Helendale CSD Sphere
- Annexation Areas to Helendale CSD
- Annexation Area to Service Zone FP-5 of SBCFPD



LAFCO 3157 - REORGANIZATION TO INCLUDE ANNEXATIONS TO THE HELENDALE COMMUNITY SERVICES DISTRICT AND ANNEXATION TO ZONE FP-5 OF THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT

**AREA 1 DETAIL MAP**

- Helendale CSD
- Helendale CSD Sphere
- Annexation Areas to Helendale CSD
- CSA 42 Sphere of Influence



LAFCO 3157 - REORGANIZATION TO INCLUDE ANNEXATIONS TO THE HELENDALE COMMUNITY SERVICES DISTRICT AND ANNEXATION TO ZONE FP-5 OF THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT

**AREAS 2 & 3 DETAIL MAP**

- Helendale CSD
- Helendale CSD Sphere
- Annexation Areas to Helendale CSD
- Annexation Area to Service Zone FP-5 of SBCFPD

**Helendale Community Services District  
Application including Plan for Service and  
Fiscal Impact Analysis**

**Attachment 2**

## SAN BERNARDINO LAFCO APPLICATION AND PRELIMINARY ENVIRONMENTAL DESCRIPTION FORM

**INTRODUCTION:** The questions on this form and its supplements are designed to obtain enough data about the proposed project site to allow the San Bernardino LAFCO, its staff and others to adequately assess the project. By taking the time to fully respond to the questions on the forms, you can reduce the processing time for your project. You may also include any additional information which you believe is pertinent. Use additional sheets where necessary, or attach any relevant documents.

### GENERAL INFORMATION

1. **NAME OF PROPOSAL:** Helendale CSD Annexation Areas 1 and 2

2. **NAME OF APPLICANT:** Helendale Community Services District

**MAILING ADDRESS:** 26540 Vista Road, Suite # B  
P.O. Box 359  
Helendale, CA 92342

**PHONE:** (760) 951-0006

**FAX:** (760) 951-0046

**E-MAIL ADDRESS:** kcox@helendalecsd.org

3. **GENERAL LOCATION OF PROPOSAL:**

The Helendale CSD annexation proposal includes two areas within the Helendale Community CSD sphere of influence that are located in the unincorporated area of San Bernardino County, adjacent to the existing CSD southern boundary, generally along Highway 66 and the western side of Interstate 15.

The first area just south of the existing Silver Lakes community is referred to as: Area 1 – South of Silver Lakes; and, the second area to the southeast of the CSD is referred to as: Area 2 – Wild Wash. The Wild Wash area has an existing intersection on the Interstate 15 freeway.

4. **Does the application possess 100% written consent of each landowner in the subject territory?** YES \_\_\_ NO X If YES, provide written authorization for change.

5. **Indicate the reasons that the proposed action has been requested.**

- a) To respond to landowner request
- b) To plan responsibly for the future of the Helendale community
- c) To ensure that services are adequately provided and development pays for itself.

Because the two annexation areas do not have a great deal of growth planned for the next five years, the rationale for annexation into the Helendale CSD at this time is that significant future growth is planned for both the Helendale Specific Plan area and the Victorville Desert Gateway Specific plan area. A portion of the growth within the Helendale Specific Plan area would be located within the existing CSD boundaries, and

a portion of the growth would be located within the proposed annexation area just south of the Silver Lakes area. However, for the Desert Gateway Specific plan area, the growth is planned in the Victorville sphere of influence just north of their existing city boundaries and just south of the proposed Wild Wash annexation area. In this later case, the planned growth in Victorville is seen as growth inducing for the Wild Wash annexation area.

**6. Would the proposal create a totally or substantially surrounded island of unincorporated territory?**

YES \_\_\_ NO X If YES, please provide a written justification for the proposed boundary configuration.

**LAND USE AND DEVELOPMENT POTENTIAL**

**1. Total land area (defined in acres):**

8,832 total acres with 5,133 acres in Area 1 (South of Silver Lakes) and 3,699 acres in Area 2( Wild Wash)

**2. Current dwelling units in area classified by type (Single Family detached, multi-family (duplex, four-plex, 10-unit), apartments)**

106 total single family units in Area 1 (South of Silver Lakes) and Area 2 is vacant

**3. Approximate current population in area:**

Total estimated population is 249 (all in Area 1 – South of Silver Lakes)

**4. Indicate the General Plan designation(s) of the affected city (if any) and uses permitted by this designation(s):**

Not Applicable

**San Bernardino County General Plan designation(s) and uses permitted by this designation(s):**

Area 1 (South of Silver Lakes) has 4 General Plan categories:

- o RL5 Rural Living: 1 unit per 5 acres
- o RL Rural Living: 1 unit per 40 acres
- o AG: Agriculture
- o FW: Floodway

Area 2 (Wild Wash) has one General Plan category:

- o RC: Resource Conservation

**5. Describe any special land use concerns expressed in the above plans. In addition, for a City Annexation or Reorganization, provide a discussion of the land use plan's consistency with the regional transportation plan as adopted pursuant to Government Code Section 65080 for the subject territory:**

Not Applicable

**6. Indicate the existing land use.**

Area 1 (South of Silver Lakes):

- o Agriculture – 40 acres
- o Other – 55 acres
- o Single Family – 671 acres
- o Vacant – 4,063 acres
- o Vacant – Other – 304 acres

Area 2 (Wild Wash)

- o Vacant – 3,699 acres

**What is the proposed land use?** No Proposed Land Use Changes

**7. For a city annexation, State law requires pre-zoning of the territory proposed for annexation. Provide a response to the following: Not Applicable**

- a. Has pre-zoning been completed? YES \_\_\_ NO \_\_\_
- b. If the response to "a" is NO, is the area in the process of pre-zoning? YES \_\_\_ NO \_\_\_

Identify below the pre-zoning classification, title, and densities permitted. If the pre-zoning process is underway, identify the timing for completion of the process. Not Applicable

**8. Will the proposal require public services from any agency or district which is currently operating at or near capacity (including sewer, water, police, fire, or schools)?**  
YES \_\_\_ NO X If YES, please explain.

**9. On the following list, indicate if any portion of the territory contains the following by placing a checkmark next to the item:**

- |                                     |   |                          |   |
|-------------------------------------|---|--------------------------|---|
| <input checked="" type="checkbox"/> | Agricultural Land Uses  | <input type="checkbox"/> | Agricultural Preserve Designation       |
| <input type="checkbox"/>            | Williamson Act Contract   | <input type="checkbox"/> | Area where Special Permits are Required |
| <input type="checkbox"/>            | Any other unusual features of the area or permits required: _____ |                          |   |

**10. If a Williamson Act Contract(s) exists within the area proposed for annexation to a City, please provide a copy of the original contract, the notice of non-renewal (if appropriate) and any protest to the contract filed with the County by the City. Please provide an outline of the City's anticipated actions with regard to this contract.**

No Williamson Act Contracts exist in the annexation areas.

**11. Provide a narrative response to the following factor of consideration as identified in §56668(o): *The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services:***

The Helendale CSD currently practices environmental justice in providing the following six (6) public services within its existing boundaries: 1) sewer; 2) water; 3) solid waste management; 4) parks and recreation; 5) street lighting; and, 6) graffiti abatement. The

CSD will continue to practice the principals of environmental justice when providing these services to Area 1 and Area 2 upon annexation into the CSD. Water, sewer and street lighting services will not be extended to the annexation areas upon annexation and for the first five year after annexation into the CSD, but would be extended under the proper economic and development conditions. The remaining services of solid waste management, parks and recreation and graffiti abatement would be provided to Annexation Areas 1 and 2 upon annexation into the CSD.

**ENVIRONMENTAL INFORMATION**

**1. Provide general description of topography.**

The annexation areas are located in the center of a valley with many preserved riparian zones along or near the Mojave River. Drainage generally flows in the direction of the Mojave River. The areas feature picturesque views of Silver Mountain and Quartzsite Mountain and large amounts of open space areas.

**2. Describe any existing improvements on the site as % of total area.**

Residential	_____8%	Agricultural	_____0.5%
Commercial	_____0%	Vacant	_____88%
Industrial	_____0%	Other	_____4%

**3. Describe the surrounding land uses:**

NORTH	Vacant and Residential
EAST	Vacant and Residential
SOUTH	Vacant and Residential
WEST	Vacant and Residential

**4. Describe site alterations that will be produced by improvement projects associated with this proposed action (installation of water facilities, sewer facilities, grading, flow channelization, etc.).**

The Helendale CSD is currently responsible for providing six (6) public services within its existing boundaries, and will be responsible for potentially providing these services upon annexation of Area 1 and Area 2 into the CSD boundaries: 1) sewer; 2) water; 3) solid waste management; 4) parks and recreation; 5) street lighting; and, 6) graffiti abatement. The fiscal analysis assumes that water, sewer and street lighting services will not be extended to the annexation areas upon annexation and for the first five year after annexation into the CSD, but would be extended under the proper economic and development conditions.

**5. Will service extensions accomplished by this proposal induce growth on this site? YES \_\_\_ NO X Adjacent sites? YES \_\_\_ NO X Unincorporated X Incorporated \_\_\_**

**6. Are there any existing out-of-agency service contracts/agreements within the area? YES \_\_\_ NO X If YES, please identify.**

7. Is this project a part of a larger project or series of projects? YES \_\_\_ NO X If YES, please explain.

**NOTICES**

Please provide the names and addresses of persons who are to be furnished mailed notice of the hearing(s) and receive copies of the agenda and staff report.

**NAME** Kimberly Cox, General Manager

**TELEPHONE NO.** (760) 951-0006

**ADDRESS:** 26540 Vista Road, Suite # B  
P.O. Box 359  
Helendale, CA 92342

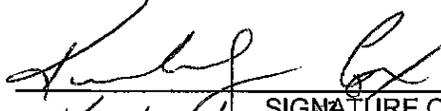
**CERTIFICATION**

As a part of this application, the Helendale Community Services District (the applicant) and/or the \_\_\_\_\_ (real party in interest: subject landowner and/or registered voter) agree to defend, indemnify, hold harmless, and release the San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it. This indemnification obligation shall include, but not be limited to, damages, costs, and expenses, including attorney fees. The person signing this application will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I/We understand that if this application is approved, the Commission will impose a condition requiring the applicant to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

As the proponent, I/We acknowledge that annexation to the Helendale Community Services District may result in the imposition of taxes, fees, and assessments existing within the (city or district) on the effective date of the change of organization. I hereby waive any rights I may have under Articles XIII C and XIII D of the State Constitution (Proposition 218) to a hearing, assessment ballot processing or an election on those existing taxes, fees and assessments.

I hereby certify that the statements furnished above and in the attached supplements and exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE 9-23-13

  
SIGNATURE OF APPLICANT  
Kimberly Cox  
PRINTED NAME OF APPLICANT  
General Manager  
TITLE

PLEASE CHECK SUPPLEMENTAL FORMS ATTACHED:

- ANNEXATION, DETACHMENT, REORGANIZATION SUPPLEMENT
- SPHERE OF INFLUENCE CHANGE SUPPLEMENT
- CITY INCORPORATION SUPPLEMENT
- FORMATION OF A SPECIAL DISTRICT SUPPLEMENT
- ACTIVATION OR DIVESTITURE OF FUNCTIONS AND/OR SERVICES FOR SPECIAL DISTRICTS SUPPLEMENT

KRM-Rev. 8/15/2012

**SUPPLEMENT  
ANNEXATION, DETACHMENT, REORGANIZATION PROPOSALS**

**INTRODUCTION:** The questions on this form are designed to obtain data about the specific annexation, detachment and/or reorganization proposal to allow the San Bernardino LAFCO, its staff and others to adequately assess the project. You may also include any additional information which you believe is pertinent. Use additional sheets where necessary, and/or include any relevant documents.

**1. Please identify the agencies involved in the proposal by proposed action:**

ANNEXED TO	DETACHED FROM
<u>Helendale Community Services District</u>	<u>None</u>

**2. Will the territory proposed for change be subject to any new or additional special taxes, any new assessment districts, or fees?**

No new or additional taxes, assessment districts for fees are proposed for Helendale Community Services District (CSD) Annexation Areas 1 and 2.

**3. Will the territory be relieved of any existing special taxes, assessments, district charges or fees required by the agencies to be detached?**

No

**4. Provide a description of how the proposed change will assist the annexing agency in achieving its fair share of regional housing needs as determined by SCAG.**

The SCAG fair share housing requirements do not apply to the Helendale CSD for the proposed Annexation Areas 1 and 2. The County is the land use authority for the annexation areas and will remain the land use authority for the proposed Helendale CSD Annexation Areas 1 and 2. No change in land use will occur by the proposed annexation to the Helendale CSD, and the two annexation areas are not planning significant development for the next five years. Future development would have to meet the County's fair share of regional housing needs as determined by SCAG.

**5. PLAN FOR SERVICES:**

For each item identified for a change in service provider, a narrative "Plan for Service" (required by Government Code Section 56653) must be submitted. This plan shall, at a minimum, respond to each of the following questions and be signed and certified by an official of the annexing agency or agencies.

1. A description of the level and range of each service to be provided to the affected territory.
2. An indication of when the service can be feasibly extended to the affected territory.

3. An identification of any improvement or upgrading of structures, roads, water or sewer facilities, other infrastructure, or other conditions the affected agency would impose upon the affected territory.
4. The Plan shall include a Fiscal Impact Analysis which shows the estimated cost of extending the service and a description of how the service or required improvements will be financed. The Fiscal Impact Analysis shall provide, at a minimum, a five (5)-year projection of revenues and expenditures. A narrative discussion of the sufficiency of revenues for anticipated service extensions and operations is required.
5. An indication of whether the annexing territory is, or will be, proposed for inclusion within an existing or proposed improvement zone/district, redevelopment area, assessment district, or community facilities district.
6. If retail water service is to be provided through this change, provide a description of the timely availability of water for projected needs within the area based upon factors identified in Government Code Section 65352.5 (as required by Government Code Section 56668(k)).

The Plan for Service and Fiscal Analysis, Annexation Areas 1 and 2, Helendale Community Services District, County of San Bernardino, September 17, 2013 prepared by Stanley R. Hoffman Associates, Inc. is submitted with this application.

**CERTIFICATION**

As a part of this application, the Helendale Community Services District (the applicant) and/or the \_\_\_\_\_ (real party in interest: subject landowner and/or registered voter) agree to defend, indemnify, hold harmless, and release the San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it. This indemnification obligation shall include, but not be limited to, damages, costs, and expenses, including attorney fees. The person signing this application will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I/We understand that if this application is approved, the Commission will impose a condition requiring the applicant to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

As the proponent, I/We acknowledge that annexation to the Helendale Community Services District may result in the imposition of taxes, fees, and assessments existing within the CSD on the effective date of the change of organization. I hereby waive any rights I may have under Articles XIII C and XIII D of the State Constitution (Proposition 218) to a hearing, assessment ballot processing or an election on those existing taxes, fees and assessments.

I hereby certify that the statements furnished above and the documents attached to this form present the data and information required to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE 9-23-13



\_\_\_\_\_  
SIGNATURE OF APPLICANT

# Plan for Service and Fiscal Impact Analysis Annexation Areas 1 and 2 Helendale Community Services District County of San Bernardino

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Prepared for:

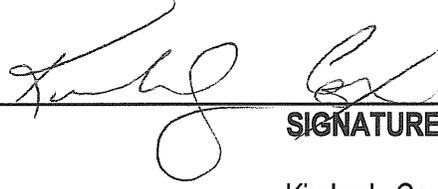
Helendale Community Services District  
26540 Vista Road, Suite # B  
P.O. Box 359  
Helendale, CA 92342  
Attn: Kimberly Cox, General Manager

September 19, 2013

SRHA Job #1250

**CERTIFICATION**

The Helendale Community Services District (CSD) hereby certifies that this document presents the data and information required for the Plan for Service and Fiscal Impact Analysis *for the Helendale CSD Annexation Areas 1 and 2* to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE 9-19-13  \_\_\_\_\_

**SIGNATURE OF APPLICANT**

Kimberly Cox, General Manager  
Helendale Community Services District

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## EXECUTIVE SUMMARY

The following is a summary of the plan for service and projected recurring fiscal impacts for two areas within the Helendale Community Services District (CSD) sphere of influence that are planning to annex into the CSD. Helendale is located in the unincorporated area of San Bernardino County, north of the City of Victorville along Highway 66.

The proposed annexation areas include South of Silver Lakes (Area 1) and Wild Wash (Area 2) along the western side of Interstate 15. The total of all the acres for the combined parcels and land uses in both annexation areas is about 8,832 acres. Most of the land, 7,762 acres, or 88 percent, is designated as vacant. Based on data from the 2000 and 2010 United States Census, there are an estimated 106 housing units in the South of Silver Lakes Annexation Area. The Wild Wash Annexation Area has only vacant land that has not been developed for any uses, although there is an interchange with the Interstate 15 at Wild Wash Road. Virtually no building permit activity occurred in the years from 2010 to 2013 in the annexation areas, with the exception of grading for one single-family home. Based on the County building permit information, the 2010 U.S. Census household and population estimates will be used for the 2013 analysis.

The County and various special districts currently provide many services to the area, including general government, community development, fire and paramedic, police, library, regional parks and recreation, road maintenance, health and welfare and regional flood control. After annexation, these services would continue to be provided by the various County and special districts. The Helendale CSD would provide a limited number of services to property owners within its jurisdiction including solid waste disposal, parks and recreation, street lighting and graffiti abatement. Water and sewer services are not assumed to be extended to the project areas upon annexation and for the first five years after annexation into the CSD, but would be extended under the proper economic and development conditions. This analysis assumes that if capital expenditures are required to extend services, such as sewer and water, the properties receiving that service would cover their pro rata share of extending those services.

Based on an analysis of current service delivery capabilities, the Helendale CSD is equipped to handle additional demand from the proposed annexation of the 106 existing homes in the two annexation areas in the County unincorporated area. The Helendale CSD is projected to cover the annual recurring projected costs for the services provided, with a projected recurring surplus of about \$2,258.

# CHAPTER 1 INTRODUCTION

## 1.1 Purpose of the Study

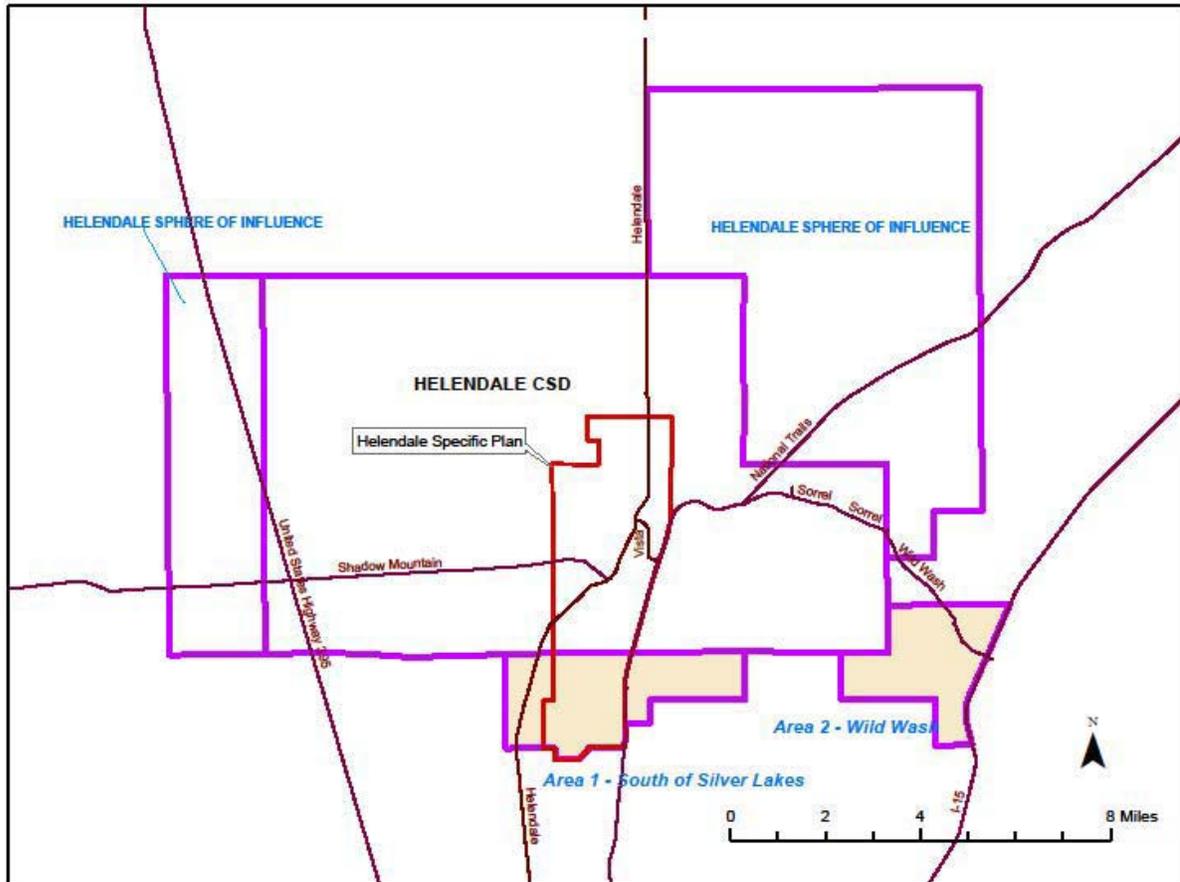
The Local Agency Formation Commission (LAFCO) of the County of San Bernardino requires a jurisdiction to submit a Plan for Service and Fiscal Impact Analysis when the jurisdiction is affected by a proposed change in boundaries, formation, or organization. The Helendale Community Services District (CSD) proposes to annex two areas within its Sphere of Influence as shown in Figure 1-1. The first area just south of the existing Silver Lakes community is referred to as: Area 1 – South of Silver Lakes; and, the second area to the southeast of the CSD is referred to as: Area 2 – Wild Wash. The Wild Wash area has an existing intersection on the Interstate 15 freeway.

The Helendale CSD is currently responsible for providing six (6) public services within its existing boundaries, and will be responsible for potentially providing these services upon annexation of Area 1 and Area 2 into the CSD boundaries: 1) sewer; 2) water; 3) solid waste management; 4) parks and recreation; 5) street lighting; and, 6) graffiti abatement. The fiscal analysis assumes that water and sewer services will not be extended to the project areas upon annexation and for the first five years after annexation into the CSD, but would be extended under the proper economic and development conditions. This analysis assumes that if capital expenditures are required to extend services, such as sewer and water, the properties receiving that service would cover their pro rata share of extending those services.

The purpose of this study is to show that the selected infrastructure improvements and services can be provided to developments within the annexation areas that meet the appropriate service criteria. Per the LAFCO August 2012 *Policy and Procedure* Manual, the Plan for Service must include the following components:

- a. *A description of the level and range of each service to be provided to the affected territory.*
- b. *An indication of when those services can feasibly be extended to the affected territory.*
- c. *An identification of any improvement or upgrading of structures, roads, water or sewer facilities, other infrastructure, or other conditions the affected agency would impose upon the affected territory.*
- d. *The Plan shall include a Fiscal Impact Analysis which shows the estimated cost of extending the service and a description of how the service or required improvements will be financed. The Fiscal Impact Analysis shall provide, at a minimum, a five (5)-year*

**Figure 1-1  
Study Area Map  
Annexation Areas 1 and 2  
Helendale Community Services District**



Source: Stanley R. Hoffman Associates, Inc.

- projection of revenues and expenditures. A narrative discussion of the sufficiency of revenues for anticipated service extensions and operations is required.*
- e. *An indication of whether the affected territory is, or will be, proposed for inclusion within an existing or proposed improvement zone/district, redevelopment area, assessment district, or community facilities district.*
- f. *If retail water service is to be provided through this change of organization, provide a description of the timely availability of water for projected needs within the area based upon the factors identified in Government Code Ch3 65352.5.*

**1.2 Rationale for the Proposed Annexations**

Because the two annexation areas do not have a great deal of growth planned for the next several years, the rationale for annexation into the Helendale CSD at this time is that significant future

growth is planned for both the Helendale Specific Plan area and the Victorville Desert Gateway Specific plan area. A portion of the growth within the Helendale Specific Plan area would be located within the existing CSD boundaries, and a portion of the growth would be located within the proposed annexation area just south of the Silver Lakes area. However, for the Desert Gateway Specific plan area, the growth is planned in the Victorville sphere of influence just north of their existing city boundaries and just south of the proposed Wild Wash annexation area. In this later case, the planned growth in Victorville is seen as growth inducing for the Wild Wash annexation area. Both of these specific plans are described briefly below.

**Preliminary Helendale Specific Plan.** While still in the early stages of planning, two development alternatives have been proposed for the preliminary Helendale Specific Plan. Both alternatives include about 8,929 acres with developed acres ranging from an estimated 8,557 developed parcels in one alternative to an estimated 9,934 parcels for the other alternative. Alternative one proposes fewer housing units and less commercial and industrial development than alternative two. Each land use alternative includes a different mix of housing densities, with a total of 10,027 units planned for alternative one and 11,014 units planned for alternative two after buildout. Population for alternative one is projected at 24,868 with the population for alternative two projected at 27,315 after buildout. Alternative one of the Helendale Specific Plan also proposes about 2.67 million square feet of commercial and industrial square feet, while alternative two proposes about 3.20 million commercial and industrial square feet after buildout.

**Victorville Desert Gateway Specific Plan.** The Desert Gateway Specific Plan for the City of Victorville contains the area southeast of the proposed Helendale Wild Wash annexation area. The Specific Plan calls for transit-oriented residential and commercial developments along the proposed route for the Desert Xpress high-speed rail line between Las Vegas and Los Angeles, and will have a terminus located in Victorville. The Desert Gateway Specific Plan proposes 26,100 new residential developments to meet the housing demands for a projected population of 82,900.<sup>1</sup> Additionally there are a variety of non-residential development plans including: 283 acres of commercial space; 1,085 acres of business park and light industrial space; 510 acres of mixed use, village and town center uses; and 4,564 acres of institutional, educational, recreational and open space uses. These new developments, in addition to the possibility of the

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<sup>1</sup> City of Victorville: Desert Gateway Specific Plan 2010

Desert Xpress rail line in Victorville, will have growth inducing effects for the whole area, thus increasing development pressure on the neighboring Helendale CSD.

### **1.3 Organization of the Report**

Chapter 1 explains the purpose of the study and the rationale for annexation of the two proposed areas to the Helendale CSD. Chapter 2 provides a description of the residential and non-residential growth potential in each annexation area. Chapter 3 describes the services provided both “before” and “after” the proposed annexations. Since most of the service delivery is from San Bernardino County and its respective special districts, the focus of service delivery is on the services that the Helendale CSD will be empowered to provide once the annexations are approved. Chapter 4 presents the fiscal impact analysis of the new services for the annexation areas. The report concludes with supporting appendices and a list of the project references used in the preparation of this report.

## CHAPTER 2 PROJECT DESCRIPTION

### 2.1 Existing Development

Table 2-1 displays the acreage for the different land uses on the parcels in both annexation Area 1 (South of Silver Lakes) and Area 2 (Wild Wash). Based on the current County Assessor’s file, these areas have limited developed land uses; the five designated uses for each area include: agriculture, other, single-family homes, vacant, and vacant other, as shown in Figure 2-1. There are no commercial or industrial uses in these areas.

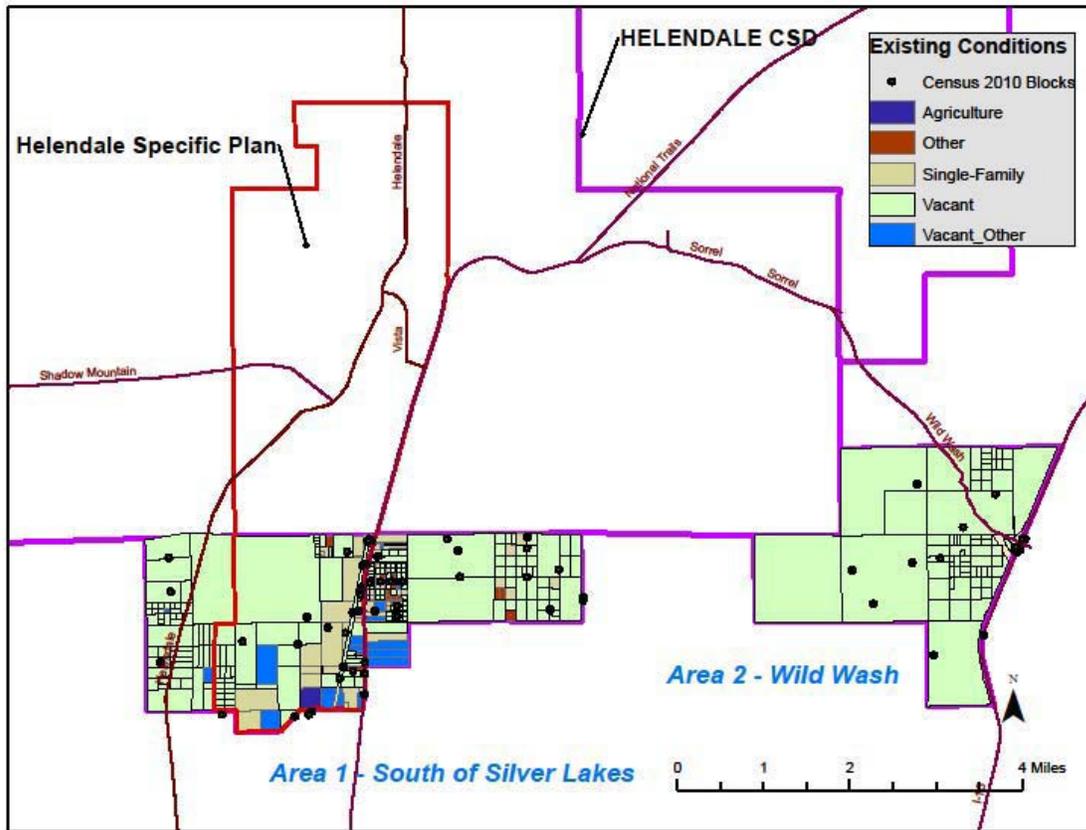
- Area 1 (South of Silver Lakes) is characterized by a high number of vacant parcels totaling 4,063 acres, as shown in Table 2-1. Single-family homes occupy the second highest quantity of land, totaling 671 acres. Agriculture has the lowest number of parcels totaling only 40 acres for the area. None of the agriculture acres are designated as Williams Act contract lands and none are located within an Agriculture Preserve.
- Area 2: Wild Wash only has vacant land totaling 3,699 acres, as shown in Table 2-1. There are no other land uses identified in the area.
- The total of all the acres for the combined parcels and land uses in both areas is 8,832 acres. Most of the land, 7,762 acres, or 88 percent, is designated as vacant.
- There is also a category called “vacant – other” and this designation includes a variety of categories that have unique uses, such as: industrial/agriculture, industrial/restricted, commercial/institutional, unimproved cemetery land, billboard site, cellular tower site, oil and gas production, chemical production, electric power plant, water rights and pipeline right of way.

**Table 2-1  
Parcel Acreages  
Annexation Areas 1 and 2  
Helendale Community Services District**

Land Use	Area 1	Area 2	Grand Total
	South of Silver Lakes	Wild Wash	
Agriculture	40	0	40
Other	55	0	55
Single-Family	671	0	671
Vacant	4,063	3,699	7,762
Vacant - Other	<u>304</u>	<u>0</u>	<u>304</u>
<b>Grand Total</b>	<b>5,133</b>	<b>3,699</b>	<b>8,832</b>

Sources: Stanley R. Hoffman Associates, Inc.  
San Bernardino County Assessor File

**Figure 2-1  
Existing Land Uses  
Annexation Areas 1 and 2  
Helendale Community Services District**



Source: Stanley R. Hoffman Associates, Inc.

Sou

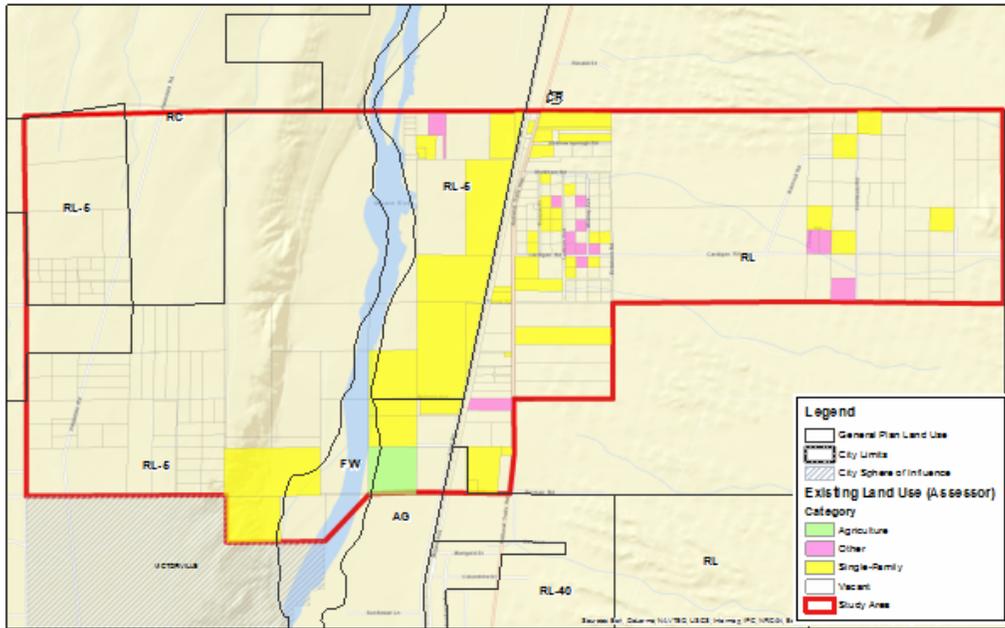
## 2.2 General Plan Land Uses

Figure 2-2 and Figure 2-3 present the San Bernardino County’s General Plan land uses for the two annexation areas, as follows:

- Area 1 has 4 general plan categories:
  - RL-5 Rural Living: 1 unit per 5 acres
  - RL Rural Living: 1 unit per 40 acres
  - AG: Agriculture
  - FW: Floodway
- Area 2 has one General Plan category and that is listed as RC: Resource Conservation

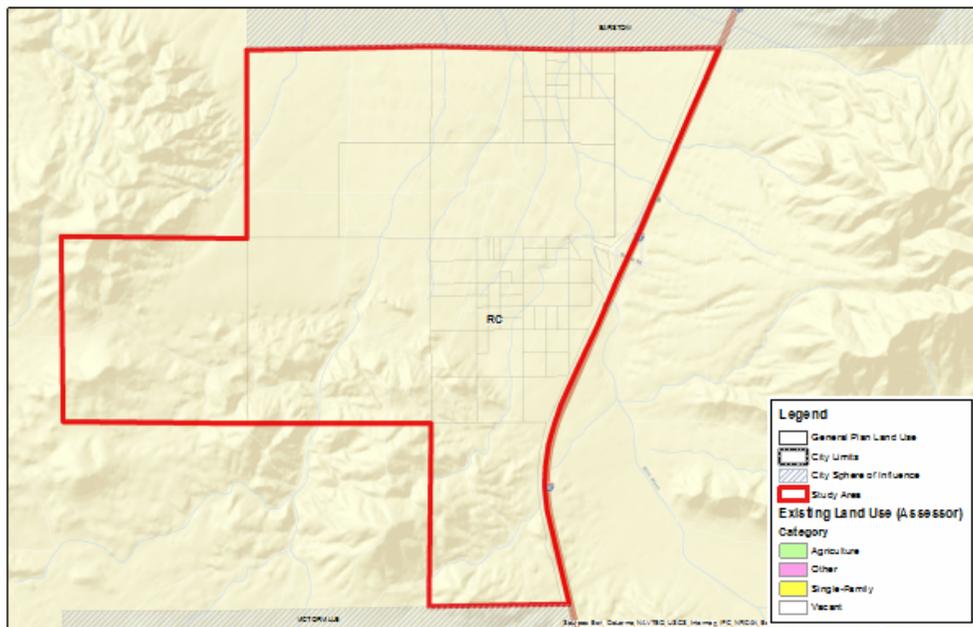
In order to accommodate some of the planned residential and non-residential development in the future, important General Plan amendments and rezoning will be required.

**Figure 2-2**  
**General Plan Land Uses, Annexation Area 1 (South of Silver Lakes)**  
**Helendale Community Services District**



Source: Stanley R. Hoffman Associates, Inc.

**Figure 2-3**  
**General Plan Land Uses, Annexation Area 2 (Wild Wash)**  
**Helendale Community Services District**



Source: Stanley R. Hoffman Associates, Inc.

### **2.3 Historical Demographic Growth**

Table 2-2 displays the historical demographic growth for both annexation areas, Area 1 (South of Silver Lakes) and Area 2 (Wild Wash), based on data from the 2000 and 2010 United States Census. The different categories researched for demographic change include: population, housing units, households, and persons per household.

- Area 1 (South of Silver Lakes) shows an average change of 8.6 in population per year from 2000 to 2010.
- Area 2 (Wild Wash) only has vacant land that has not been developed for any uses. There have been no inhabitants or households in this area; thus, there has been no change in demographic variables.
- The housing units for Area 1 also increased, at an average change of 4.5 housing units per year over for the past decade, and average persons per housing unit grew from 2.67 persons per unit in 2000 to 2.35 persons per unit in 2010.
- In Area 1, the number of households (or occupied housing units) grew at an average change of 2.4 households per year, and average persons per household grew from 3.02 persons per household in 2000 to 3.19 persons per household in 2010.
- While the total growth from 2000–2010 was 86 people and 45 units, for the fiscal analysis, this rate of growth was not sustained from 2010 to 2013.
- Table 2-3 shows that virtually no building permit activity occurred in those years from 2010 to 2013, with the exception of a grading permit for one single-family home.
- There has been no building activity in Area 2.
- Based on these estimates, the 2010 U.S. Census household and population estimates will be used for the 2013 analysis.

### **2.4 Assessed Valuation**

Table 2-4 displays the total existing assessed valuation for both annexation areas, Area 1 (South of Silver Lakes) and Area 2 (Wild Wash). The land and improvement valuations are limited to the area's five designated land uses that include: agriculture, other, single-family homes, vacant, and vacant - other.

- Area 1 (South of Silver Lakes) has the highest total assessed valuation of \$20.4 million while Area 2 (Wild Wash) has a total assessed valuation of only about \$2.3 million; the total assessed valuation of the two areas combined is about \$22.7 million.
- The highest assessed value category is vacant land in Area 1 (South of Silver Lakes) at about \$7.7 million; the next highest category is single family units, also in Area 1, at about \$6.4 million.
- Area 2 (Wild Wash) has only one land use with assessed value, and that is vacant land, estimated at about \$2.4 million.

**Table 2-2  
Historical Demographic Growth  
Annexation Areas 1 and 2  
Helendale Community Services District**

Category	Year 2000	Year 2010	10-Year Change	Average Change per Year
<b>Area 1 - South of Silver Lakes</b>				
Population	163	249	86	8.6
Housing Units	61	106	45	4.5
Households	54	78	24	2.4
Persons per Unit	2.67	2.35	-0.32	-0.03
Persons per Household	3.02	3.19	0.17	0.02
<b>Area 2 - Wild Wash</b>				
Population	0	0	0	n/a
Housing Units	0	0	0	n/a
Households	0	0	0	n/a
Persons per Unit	n/a	n/a	n/a	n/a
Persons per Household	n/a	n/a	n/a	n/a
<b>TOTAL OF AREAS</b>				
Population	163	249	86	8.6
Housing Units	61	106	45	4.5
Households	54	78	24	2.4
Persons per Unit	2.67	2.35	-0.32	-0.03
Persons per Household	3.02	3.19	0.17	0.02

Sources: Stanley R. Hoffman Associates, Inc.  
U.S. Census 2000  
U.S. Census 2010

**Table 2-3  
Building Permit Activity: 2010-2013, Annexation Area 1(South of Silver Lakes)  
Helendale Community Services District**

Year	Job Site Address	APN <sup>1</sup>	Description	Annex Area
2011	15222 CARDIGAN ST, 92368	47018201	FIELD INVESTIGATION	1
2011	15225 MARKHAM RD, 92342	47018207	GRADING FOR SFR	1
2012	23454 NATIONAL TRAILS HWY, 92368	47005113	PRE-ALTER/REHAB KITCHEN, WINDOWS	1
2013	24829 NATIONAL TRAILS HWY, 92870	47003110	PREALT FOR ELECTRIC PANEL UPGRADE	1
2013	23454 NATIONAL TRAILS HWY, 92368	47005113	PATIO	1

<sup>1</sup> Assessor Parcel Number

Sources: Stanley R. Hoffman Associates, Inc.  
San Bernardino County Planning Department

**Table 2-4**  
**Total Valuation**  
**Annexation Areas 1 and 2**  
**Helendale Community Services District**  
(In Constant 2013 Dollars)

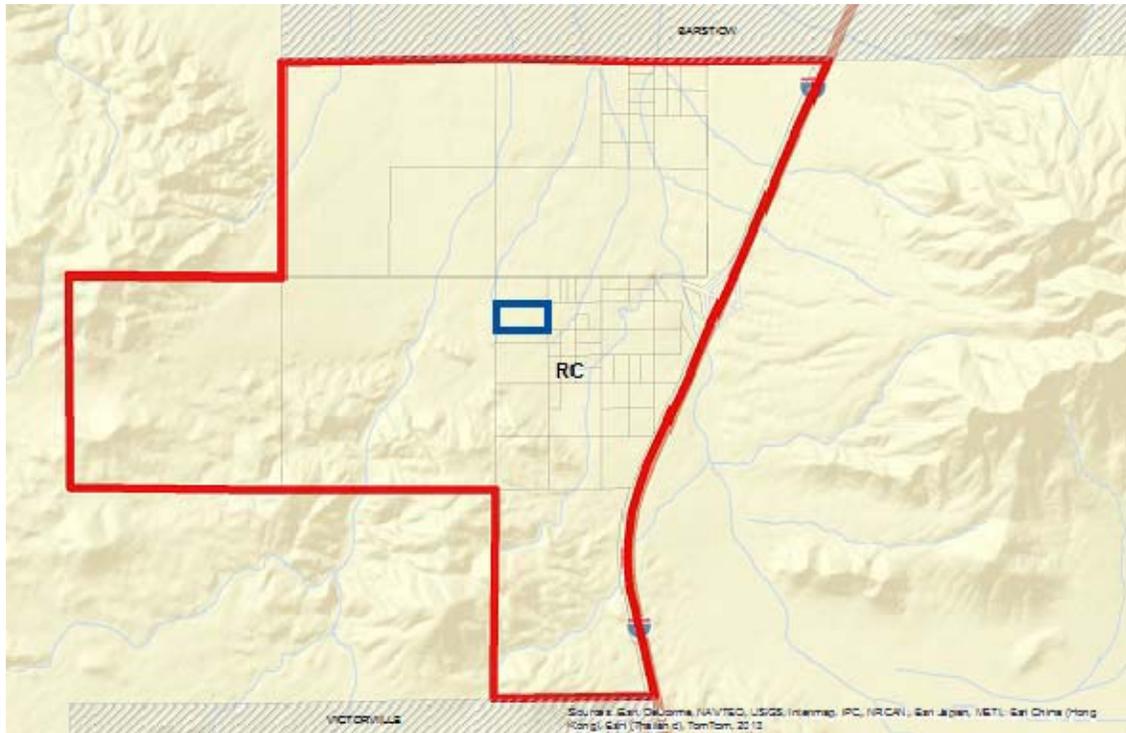
Land Use	Area 1	Area 2	Grand Total
	South of Silver Lakes	Wild Wash	
Agriculture	\$162,299	\$0	\$162,299
Other	\$1,284,584	\$0	\$1,284,584
Single-Family	\$6,446,272	\$0	\$6,446,272
Vacant	\$7,720,020	\$2,368,643	\$10,088,663
Vacant - Other	\$4,756,202	\$0	\$4,756,202
<b>Grand Total</b>	<b>\$20,369,377</b>	<b>\$2,368,643</b>	<b>\$22,738,020</b>

Sources: Stanley R. Hoffman Associates, Inc.  
San Bernardino County Assessor File

## 2.5 Regional Connectivity

- Helendale is served by the National Trails Highway, Historic Route 66, in generally a north-south direction.
- Shadow Mountain Road is a two lane highway that connects eastward from Highway 395 to the southern edge of Silver Lakes; however, it does not continue directly across the Mojave River, but rather traffic that is coming eastward would turn northward on Helendale Road and then proceed eastward across the Mojave River on Vista Road which then connects to the National Trails Highway.
- Sorrel/Wild Wash Road connects eastward from the National Trails Highway to Interstate 15. This road remains largely unpaved except for the short section when it comes to an intersection with Interstate 15.
- The Helendale CSD recently bought a 20 acre parcel in Annexation Area 2 (Wild Wash), as shown outlined with a blue line on Figure 2-4. This parcel is intended to be used as a CSD public facility service center for water and sewer and other CSD maintenance responsibilities when future development occurs.

**Figure 2-4**  
**Future Public Facilities Site, Wild Wash Annexation (Area 2)**  
**Helendale Community Services District**



Source: Stanley R. Hoffman Associates, Inc.

## CHAPTER 3 PUBLIC FACILITIES AND SERVICES BEFORE AND AFTER ANNEXATION

San Bernardino County Government provides a number of services to the Helendale Community Services District (CSD). Many of these services will continue to be provided by San Bernardino County after the proposed annexation, and this holds true for the areas within the proposed CSD Annexation Areas 1 and 2 as well. Upon annexation of the proposed areas, San Bernardino County would remain the service provider for its respective services while the Helendale CSD would then be authorized to provide its services to the newly annexed areas. Under the proper economic and development conditions, some services that the Helendale CSD provides could be extended on an as needed basis.

There are three broad categories of service providers, which are summarized below and presented in detail in Table 3-1:

### 1. County Government/County-Governed Special Districts

- General Government Services
- Sheriff
- Animal Control
- Fire and Paramedic
- Flood Control and Drainage
- Health and Welfare
- Schools
- Transportation

### 2. Helendale Community Services District

- CSD Administration
- Sewer
- Water
- Solid Waste Management
- Parks and Recreation
- Street Lighting
- Graffiti Abatement

### 3. Private Utilities

- Cable/Internet Provider
- Power
- Telephone
- Natural Gas

### 3.1 General Government

**Before Annexation and After Annexation.** The County of San Bernardino provides general government services, including: all Administrative services, Community Development services and Economic Development services to the Helendale CSD and the annexation areas. After the annexation, both Areas 1 and 2 will continue to receive all general government services from the County of San Bernardino.

**Table 3-1  
Services Providers Before and After Annexation  
Annexation Areas 1 and 2  
Helendale Community Services District**

Category of Service	Service Providers in Proposed Annexation Area	
	Before Annexation	After Annexation
<b>General Government - Administration Services:</b>		
Finance Division	San Bernardino County	San Bernardino County
Human Resources Division	San Bernardino County	San Bernardino County
Business Registration	San Bernardino County	San Bernardino County
<b>Community Development:</b>		
Planning	San Bernardino County	San Bernardino County
Building and Safety	San Bernardino County	San Bernardino County
Code Compliance	San Bernardino County	San Bernardino County
<b>Sheriff</b>	San Bernardino County Sheriff	San Bernardino County Sheriff
<b>Animal Control</b>	San Bernardino Animal Control	San Bernardino Animal Control
<b>Fire</b>	San Bernardino County Fire Protection District, North Desert Regional Service Zone and Service Zone FP-5 <sup>1</sup>	San Bernardino County Fire Protection District, North Desert Regional Service Zone and Service Zone FP-5 <sup>1</sup>
<b>Paramedic</b>	AMR - Exclusive Operation Area (EOA) 12 and Desert Ambulance - EOA 13	AMR - Exclusive Operation Area (EOA) 12 and Desert Ambulance - EOA 13
<b>Flood Control and Drainage:</b>		
Local Facilities	San Bernardino County Flood Control District	San Bernardino County Flood Control District
Regional Facilities	San Bernardino County Flood Control District	San Bernardino County Flood Control District
<b>Health and Welfare</b>	San Bernardino County Department of Public Health	San Bernardino County Department of Public Health
<b>Library</b>	San Bernardino County Library	San Bernardino County Library
<b>Schools</b>	Area 1 - Adelanto and Oro Grande Elementary School Districts; Victor Valley Union High School District Area 2 - Oro Grande Elementary School District, Barstow Unified School District and Victor Valley Union High School District	Area 1 - Adelanto and Oro Grande Elementary School Districts; Victor Valley Union High School District Area 2 - Oro Grande Elementary School District, Barstow Unified School District and Victor Valley Union High School District
<b>Transportation:</b>		
Freeways and Interchanges	Cal Trans	Cal Trans
Arterials and Collectors	San Bernardino County - Public Works	San Bernardino County - Public Works
Local Roads: Maintenance	San Bernardino County - Public Works	San Bernardino County - Public Works
<b>Utilities:</b>		
Cable/Internet Provider	Direct TV and Dish Network	Direct TV and Dish Network
Power	Southern California Edison	Southern California Edison
Telephone	Verizon (Phone and Internet)	Verizon (Phone and Internet)
Natural Gas	Southwest Gas Corporation	Southwest Gas Corporation
<b>Helendale Community Services District (CSD):</b>		
District Administration	not applicable	Helendale CSD
<b>Sewer</b>	Septic Systems	Helendale CSD (upon future development)
<b>Water:</b>		
Domestic Water	Private Wells	Helendale CSD (upon future development)
Recycled Water	Private Wells	Helendale CSD (upon future development)
Water Quality	Private Wells	Helendale CSD (upon future development)
<b>Solid Waste Management</b>	San Bernardino County Solid Waste Management Division (SWMD) under contract with AVCO/Burrtec	Helendale CSD under contract with AVCO/Burrtec
<b>Parks and Recreation:</b>		
Local Facilities	San Bernardino County - Parks and Recreation <sup>1</sup>	Helendale CSD
Regional Facilities	San Bernardino County - Parks and Recreation	San Bernardino County - Parks & Recreation
<b>Street Lighting</b>	San Bernardino County - Public Works	Helendale CSD
<b>Graffiti Abatement</b> <sup>2</sup>	San Bernardino County - Public Works	San Bernardino County - Public Works Helendale CSD

Note: 1. San Bernardino County Parks and Recreation would be the responsible agency for providing these services to the area. However, at present there are no local park facilities and the agency is focused on regional parks only.  
2. Upon annexation to the Helendale CSD, the County continues to provide graffiti abatement services to road signs, bridges and other County structures. The Helendale CSD will provide graffiti abatement to other local structures in the annexation areas.

Sources: Stanley R. Hoffman Associates, Inc.  
Helendale Community Services District  
San Bernardino County

### **3.2 Sheriff**

**Before Annexation and After Annexation.** The San Bernardino County Sheriff-Coroner's Department provides public safety services to the Helendale CSD and the proposed annexation areas. The County Sheriff operates from an office in the City of Adelanto at 11613 Bartlett Avenue. The California Highway Patrol provides traffic patrol on State Highways and roadways within the unincorporated areas of the County. The Highway Patrol can also provide emergency response backup to the County Sheriff upon request. The County Sheriff will continue to provide public safety services to Area 1 and Area 2 after annexation into the Helendale CSD.

### **3.3 Animal Control**

**Before Annexation and After Annexation.** Currently, the proposed annexation areas are serviced by San Bernardino County Animal Control. Animal Control is responsible for animal licensing, dead animal pickup, loose animal investigations, animal shelter management and other services. The agency will continue to provide services to the areas after annexation.

### **3.4 Fire**

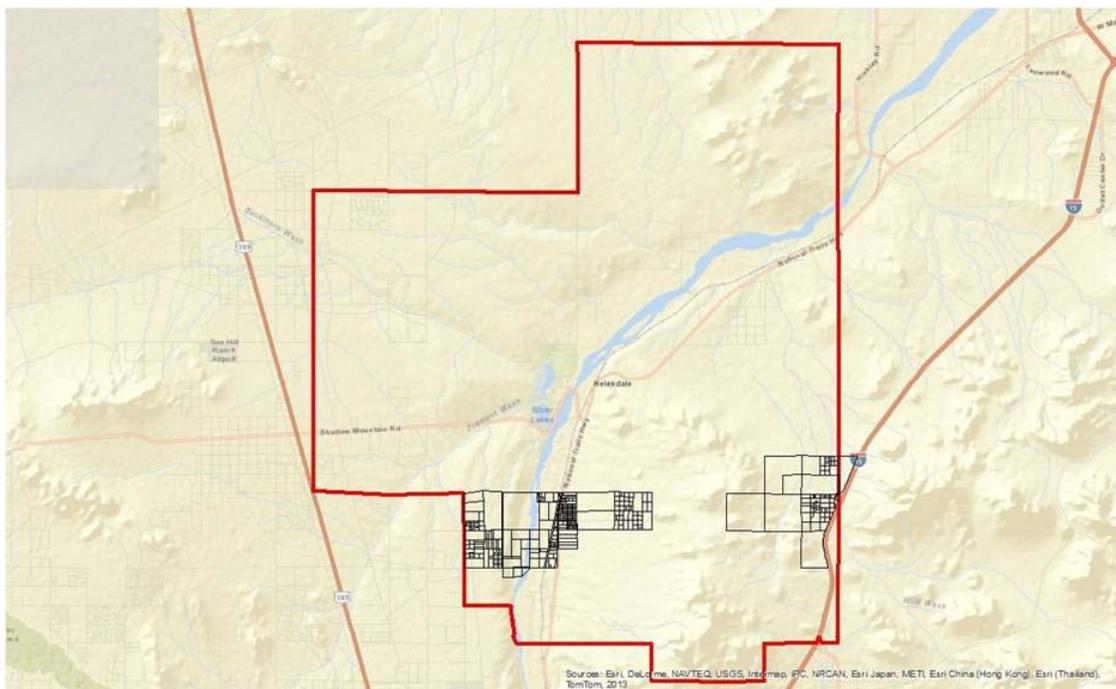
**Before Annexation and After Annexation.** Currently, the San Bernardino County Fire Protection District (SBCFPD) North Desert Regional Service Zone and Service Zone FP-5 are responsible for fire protection services in the Helendale CSD and most of Annexation Areas 1 and 2. As shown in Figure 3-1, the Helendale CSD sphere of influence is almost entirely covered by FP-5, except for a small, triangular undeveloped area northeast of the Wild Wash interchange with Interstate 15.

The Helendale CSD is serviced by San Bernardino County Fire Station Number 4 (Silver Lakes/Helendale Station). Property tax is allocated to the (SBCFPD) North Desert Regional Service Zone from development in the proposed annexation areas. A special tax of \$117 per parcel with an annual cost of living increase of up to 3 percent was approved in 2006 for Service Zone FP-5. Based on the 2013-2014 County Budget, the current cost is estimated at \$136 per parcel. The SBCFPD North Desert Regional Service Zone and Fire Protection Zone FP-5 will continue to be the service provider for fire prevention and protection services after the annexation.

### 3.5 Paramedic

**Before Annexation and After Annexation.** Currently, emergency response services in the Helendale CSD and most of Annexation Areas 1 and 2 are provided under exclusive operation

**Figure 3-1  
Boundary of FP-5 and Proposed CSD Annexation Areas 1 and 2 Boundaries  
Helendale Community Services District**



Source: Stanley R. Hoffman Associates, Inc.

area (EOA) franchise agreements. Annexation Area 1 is within American Medical Response (AMR) EOA 12. Annexation Area 2 is within both AMR EOA 12 and Desert Ambulance EOA 13. Emergency medical services will continue to be provided by these EOA franchise agreements after the annexation. Users of ambulance services are billed on a per trip basis.

### 3.6 Flood Control and Drainage

**Before Annexation and After Annexation.** On a regional level, the San Bernardino County Flood Control District intercepts and manages flood flows through and away from developed areas throughout the County. The San Bernardino County Flood Control District will continue to provide services to the area after the annexation.

### **3.7 Health and Welfare**

**Before Annexation and After Annexation.** San Bernardino County Department of Public Health currently serves the Helendale CSD and the annexation areas for the general public's health and welfare services. The department provides a variety of programs and services that informs and educates the public about health issues. The County Department of Public Health additionally provides public assistance welfare and healthcare needs for all residents within San Bernardino County. There are no anticipated changes in service levels after the annexation of Area 1 and Area 2.

### **3.8 Library**

**Before Annexation and After Annexation.** Currently, the existing households within the Helendale CSD and the proposed annexation areas are served by the San Bernardino County Library system. The nearest County library, the Adelanto Branch Library is located at 11497 Bartlett Avenue in Adelanto, and is a driving distance of about 20.6 miles away from the area. There are no anticipated changes in library services after the annexation of Areas 1 and 2.

### **3.9 Schools**

**Before Annexation and After Annexation.** The various school districts serving Annexation Area 1 and Annexation Area 2 are the same before the annexation and after the annexation. The school districts serving Annexation Area 1 include the Adelanto Elementary School District, the Oro Grande Elementary School District and the Victor Valley Union High School District. The school districts serving Annexation Area 2 are the Oro Grande Elementary School District, the Barstow Unified School District and the Victor Valley Union High School District.

### **3.10 Transportation**

**Before Annexation and After Annexation.** Current transportation services for the Helendale CSD and the proposed annexation areas include freeways and interchanges serviced by Cal Trans; arterials and collectors are serviced by the Public Works Department of San Bernardino County; local roads are also serviced by the Public Works Department of San Bernardino County; and local street sweeping within the Silver Lakes community is provided by the Silver Lakes Homeowners Association. There will be no change in transportation services or service providers after the annexation.

### **3.11 Utilities**

**Before Annexation and After Annexation.** The current cable and internet providers are primarily Direct TV and Dish Network; telephone services are provided by Verizon; electricity and power are provided by Southern California Edison; natural gas is provided by Southwest Gas Corporation. There is no anticipated change in services or service providers after annexation into the Helendale CSD.

### **3.12 Helendale CSD District Administration**

**Before Annexation.** Annexation Areas 1 and 2 would not receive Helendale CSD District administrative services prior to annexation.

**After Annexation.** The Helendale CSD District Administration includes the services provided by a 5-member elected Board of Directors, the General Manager and support staff. These services by the CSD management provide for regulatory compliance, CSD personnel services, CSD budgeting services, monthly billing for water, sewer and solid waste; and other general overhead functions for the CSD.

### **3.13 Sewer**

**Before Annexation.** Residences or businesses in Area 1 and Area 2 rely on individual septic systems for sewer services.

**After Annexation.** After annexation, current and future residences within Area 1 and Area 2 will be able to obtain sewer services from the Helendale CSD. All of the residences connected to the CSD sewer system are charged a monthly flat rate for services. The fees cover the costs of the treatment plant and sewer maintenance, plus any connection charges. Existing properties or new developments would be evaluated as to their feasibility to connect to the existing treatment plant, or to have new facilities built. The cost of extending these services to existing properties would be the responsibility of the affected property owners.

### **3.14 Water**

**Before Annexation.** Area 1 and Area 2 rely on underground wells for their drinking water needs. The Helendale CSD provides their water services only to properties within CSD boundaries. Properties outside the CSD boundaries generally rely on underground water wells.

**After Annexation.** The Helendale CSD has the power “to supply water for any beneficial use” as outlined in the Municipal Water District Law of 1911<sup>2</sup>. Helendale CSD now provides drinking water to residents through a system of two reservoirs, which have a combined storage capacity of 5 million gallons, and nine groundwater wells. Seven of these wells are currently operational and two are on standby or inactive. Currently, the CSD provides domestic water and water quality services to residents who reside within the CSD. These services will be extended to the properties within annexation Area 1 and Area 2 under the proper economic and development conditions, and would be the cost responsibility of the affected property owners.

### **3.15 Solid Waste Management**

**Before Annexation.** The proposed annexation areas currently rely on San Bernardino County Solid Waste Management Division (SWMD) under contract with AVCO/Burrtec for solid waste disposal services.

**After Annexation.** Under its solid waste disposal powers, Helendale CSD may “collect, transfer, and dispose of solid waste and provide solid waste handling service, including source reduction, recycling, composting activities”. In fiscal year 2010-2011, the Helendale CSD assumed responsibility for solid waste disposal within its boundaries from SWMD and collects an assessment of \$85.14 per parcel for solid waste disposal. This fee is currently collected by SWMD and will transfer to the Helendale CSD upon annexation. This assessment pays for the tipping fee and gate fee at the San Bernardino County refuse dump for the contract trash hauler and for access to the dump by individual CSD residents. The Helendale CSD contracts with AVCO/Burrtec to provide these services, and the CSD will be providing billing for solid waste disposal services to Areas 1 and 2 after annexation.

### **3.16 Parks and Recreation**

**Before Annexation.** The County Regional Parks Department provides regional park services to all residents within the County, including the proposed annexation areas. The closest County Regional Park is Mohave Narrows located within 20 to 30 minutes of the annexation areas. The County does not provide local park services.

**After Annexation.** After annexation, the areas will have access to the local park services provided by the Helendale CSD parks and recreation department. Current parks and recreation services include the operation of exercise classes and arts/crafts classes during the weekdays, a newly

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<sup>2</sup> San Bernardino LAFCO Policy Manual Section V. “Exhibit ‘A’: Listing of Special District Functions and Services”. March 2008.

remodeled teen center open on Friday evenings, a dog park and an annual Mojave River Trail Days Festival held in October at the Helendale Community Park. A 3-acre park facility is currently under development. Current and future residents will have access to the parks and recreation services that the Helendale CSD operates. These new residents will also be subject to any user charges associated with these services.

### **3.17 Street Lighting**

**Before Annexation.** Street lighting is a service potentially provided to the annexation areas by the San Bernardino County Public Works Department. Currently, no street lights are provided because of the rural nature of the areas.

**After Annexation.** In accordance with its street lighting power, Helendale CSD may “acquire, construct, improve, maintain and operate street lighting and landscaping on public property, public rights-of-way, and public easements”<sup>3</sup>. Currently, the CSD provides street lighting on public rights-of-way generally in and around the Silver Lakes subdivision paid with CSD property tax revenues. Area 1 and Area 2 will have access to the street lighting services that the Helendale CSD operates. These services would be extended under the proper economic and development conditions, and with future residents of these areas subject to any applicable one-time development impact fees or ongoing user charges.

### **3.18 Graffiti Abatement**

**Before Annexation.** San Bernardino County maintains graffiti abatement for the road signs and bridges in the annexation areas. The Helendale CSD currently provides graffiti abatement to the properties within the CSD’s boundary only.

**After Annexation.** After the proposed annexation of Area 1 and Area 2, the areas will be considered under the Helendale CSD graffiti services; therefore, receiving graffiti abatement services, as necessary. There will be no changes in the services provided by San Bernardino County to the road signs and bridges along Historic Route 66.

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<sup>3</sup> Ibid.

## CHAPTER 4 FISCAL IMPACT ANALYSIS FOR ANNEXATION AREAS 1 and 2

This chapter presents a fiscal analysis of the administrative, parks and recreation and solid waste management public services that will potentially be provided by the Helendale CSD upon annexation of Area 1 (South of Silver Lakes) and Area 2 (Wild Wash) into the CSD boundary, and for the first five years after annexation.

Water service, sewer service and street lighting service are not assumed to be extended to the project areas upon annexation and for the first five years after annexation into the CSD, but would be extended under the proper economic and development conditions. This analysis assumes that if capital expenditures are required to extend a service, such as sewer and water, the property receiving the service would pay their pro rata share of extending the service.

### 4.1 Annual Recurring Fiscal Impacts

As shown in Table 4-1, a recurring surplus of about \$2,258 is projected to the Helendale CSD for Annexation Area 1 (South of Silver Lakes) and no impacts are projected for Annexation Area 2 (Wild Wash). Most of the CSD revenues and costs are projected on a developed parcel basis, which are estimated at 106 developed parcels for the Annexation Area 1 (South of Silver Lakes,; there are no parcels currently developed in Annexation Area 2 (Wild Wash).

**Recurring Revenues.** The majority of the CSD total projected recurring revenues for the annexation areas are for solid waste ESFR fees and estimated thrift store sales, which total about 77.0 percent of total recurring revenues, as shown in Table 4-1. Franchise fee revenues are estimated at about 11.8 percent of total recurring revenues and solid waste billing fees are estimated at about 9.0 percent of total recurring revenues. Revenues for CSD water and sewer operations are not projected because these services are not assumed to be extended to the project areas upon annexation and for the first five years after annexation. Also, based on the tax rate areas (TRAs) property tax allocations for the annexation areas, the CSD currently receives no allocation of the basic one percent levy on the assessed valuation in these annexation areas.

**Recurring Costs.** As also shown in Table 4-1, solid waste disposal is estimated at 44.5 percent of total recurring costs, and are offset by projected recurring solid waste ESFR fees. Parks and recreation services (which include CSD graffiti abatement) are projected at about 38.8 percent of total projected costs for the annexation areas. Remaining costs of CSD administration costs are

**Table 4-1**  
**Projected Annual Recurring Fiscal Impacts**  
**Annexation Areas 1 and 2**  
**Helendale Community Services District**  
(In Constant 2013 Dollars)

Category	Upon Annexation to CSD and First 5 Years After Annexation <sup>1</sup>			
	Area 1	Area 2	Grand Total	Percent of Total
	South of Silver Lakes	Wild Wash		
<b>Recurring Revenues</b>				
Property tax	\$0	\$0	\$0	0.0%
Water operations <sup>2</sup>	0	0	0	0.0%
Sewer operations <sup>2</sup>	0	0	0	0.0%
Franchise fees	2,649	0	2,649	11.8%
Solid waste billing fee	2,038	0	2,038	9.0%
Solid waste ESFR fee	9,025	0	9,025	40.1%
Park and recreation fees	408	0	408	1.8%
Thrift store revenues	8,314	0	8,314	36.9%
Teen Center revenues	41	0	41	0.2%
Investments	56	0	56	0.2%
Total Recurring Revenues	\$22,531	\$0	\$22,531	100.0%
<b>Recurring Costs</b>				
Administration	\$3,379	\$0	\$3,379	16.7%
Water operations <sup>2</sup>	0	0	0	0.0%
Sewer operations <sup>2</sup>	0	0	0	0.0%
Parks and recreation	7,869	0	7,869	38.8%
Street lighting expense <sup>3</sup>	0	0	0	0.0%
Solid waste disposal	9,025	0	9,025	44.5%
Total Recurring Costs	\$20,273	\$0	\$20,273	100.0%
<b>Net Recurring Surplus</b>	\$2,258	\$0	\$2,258	
<b>Revenue/Cost Ratio</b>	1.11	n/a	1.11	

- Note: 1. This table presents the projected recurring fiscal impacts to the Helendale CSD upon annexation and for the first 5 years after annexation. No new development is assumed for the first 5 years after annexation; therefore, projected fiscal impacts are the same upon annexation and for each of the first 5 years after annexation.
2. Water and sewer revenues and costs are not projected in the fiscal analysis because these services are not expected to be extended to the annexation areas at the time of annexation and for the first five years after annexation. If water and sewer services are extended to the annexation areas, the CSD would provide water and sewer services and receive water and sewer revenues.
3. Street lighting costs are not projected upon annexation and for the first five years after annexation. Upon development of street lighting in the annexation areas, the CSD would incur operations and maintenance costs for street lights.

Sources: Stanley R. Hoffman Associates, Inc.  
Helendale Community Services District, *Fiscal Year 2013-14 Adopted Operating Budget*

estimated at 16.7 percent of total projected costs. As discussed earlier, there are no street lights assumed in the annexation areas, therefore no street lighting costs are projected to the CSD. Also, CSD water and sewer operations costs are not projected because these services are not assumed for the project areas upon annexation and for the first five years after annexation.

## 4.2 Fiscal Assumptions

The revenue and cost assumptions for projected fiscal impacts to the Helendale CSD for the proposed annexation of Area 1 (South of Silver Lakes) and Area 2 (Wild Wash) are presented in Table 4-2. Most of the recurring revenues and costs are projected on a per developed parcel basis. For parcel amounts not shown in the budget, calculations are based on the adopted Fiscal Year 2013-2014 revenues and costs provided by the CSD Assistant General Manager and the estimated 2,601 developed parcels in the CSD.

### Recurring Revenue Assumptions

As shown in Table 4-2, CSD revenues for water and sewer operations and street lighting are not projected for the annexation area upon annexation and for the first five years after annexation because these services are not expected to extend to the annexation area upon annexation and during the first five years after annexation. If water and sewer services are extended to the annexation areas by the CSD, these revenues would be projected at about \$622 per parcel and about \$505 per parcel, respectively

**Property Tax.** Generally, the Helendale CSD receives property tax based on a tax rate area (TRA) allocation of the basic one percent levy on the assessed valuation in which the property is located. However, as shown in Appendix Table A-1 and A-2, the Helendale CSD currently receives no property tax from the TRAs for the South of Safari Ranch and Wild Wash annexation areas.

As discussed earlier in Chapter 2, the Helendale CSD owns a 20 acre parcel in Annexation Area 2 (Wild Wash). The CSD currently pays property taxes of about \$144 annually for this 20 acre parcel. It is assumed that the CSD will not pay property taxes on this parcel when it is developed as a public facility center for water and sewer and other CSD maintenance responsibilities when future development occurs.

**Other Revenue Assumptions.** Solid waste monthly fees and charges provide most of the operating revenues for the Helendale CSD, as shown in Table 4-2. In addition, the CSD receives franchise fees revenues from Burrtec and revenue from sales at the community thrift store purchased by the CSD in 2011. While the Helendale CSD receives lease and rental income, these revenues are not projected in the fiscal analysis because they are not assumed to increase as a result of the proposed annexations.

## **Recurring Costs Assumptions**

The annual Helendale CSD solid waste disposal costs are offset by projected recurring solid waste ESFR fees. Annual CSD operations and maintenance costs are for parks and recreation services and administrative services represent the remaining projected CSD costs for the annexation areas, as also shown in Table 4-2.

As discussed earlier, CSD water and sewer service costs are not projected because these services are not assumed for the project areas upon annexation and for the first five years after annexation. If these services are extended to the annexation areas by the CSD, water and sewer costs would be projected at about \$347 per parcel and about \$263 per parcel, respectively. Also, there are no street lights assumed in the annexation areas, therefore no street lighting costs are projected to the CSD. If street lighting is extended to the annexation areas, these costs are projected at \$151.27 per street light.

**Administration.** Helendale CSD general overhead services include a 5-member elected Board of Directors, the General Manager and support staff responsible for regulatory compliance, personnel services, annual budgets services, monthly billing for water, sewer billing, and solid waste; and other general overhead functions for the CSD. As shown in Table 4-2, administration costs of \$872,436 represent about 40 percent of the total non-administrative adopted FY 2013-14 CSD budget of \$2,133,157 (\$3,005,593 minus \$872,436). However, administrative costs will not increase on a one to one basis with direct service costs and the CSD will not be providing water, sewer and street lighting costs upon annexation and for the first five years after annexation. Therefore, the fiscal analysis projects CSD administration costs at a 50 percent marginal rate, or at 20 percent of direct services costs.

**Parks and Recreation.** Based on discussion with CSD staff, the Parks and Recreation debt service fixed payment of \$159,531 would not be impacted by the annexation areas, and is therefore removed from the FY 2013-14 adopted budget for cost estimation purposes. Parks and Recreation costs are projected at \$74.23 per parcel based on the adjusted cost of \$193,085 for Parks and Recreation and the estimated 2,601 parcels in the CSD.

**Solid Waste Disposal.** These services are projected at \$85.14 per parcel based on the FY 2013-14 CSD budget. As discussed previously, the annual Helendale CSD solid waste disposal costs are offset by projected recurring solid waste ESFR fees.

**Table 4-2**  
**Annual Recurring Revenue and Cost Assumptions**  
**Annexation Areas 1 and 2**  
**Helendale Community Services District**  
(In Constant 2013 Dollars)

Category	Adopted FY 2013-14 Amounts	Adjusted Amount	Projection Basis	Projection Factor
<b>A. RECURRING REVENUES</b>				
Property Taxes - General <sup>1</sup>	\$60,000	\$60,000	Assessed Valuation	Case Study <sup>1</sup>
Property Taxes - Parks <sup>1</sup>	\$40,000	\$40,000		Share of basic 1% property tax levy: 0.00% South of Silver Lakes 0.00% Wild Wash
Water Operations <sup>2</sup>	\$1,616,652	\$1,616,652	Developed Parcels = 2,601	\$621.55 per developed parcel - <i>not projected</i> <sup>2</sup>
Sewer Operations <sup>2</sup>	\$1,314,000	\$1,314,000	Developed Parcels = 2,601	\$505.19 per developed parcel - <i>not projected</i> <sup>2</sup>
Franchise Fees	\$65,000	\$65,000	Developed Parcels = 2,601	\$24.99 per developed parcel
Solid Waste Billing Fee	\$50,000	\$50,000	Developed Parcels = 2,601	\$19.22 per developed parcel
Solid Waste ESFR Fee <sup>3</sup>	\$221,750	\$221,750	Case Study <sup>3</sup>	\$85.14 per developed parcel
Park and Recreation Fees	\$10,000	\$10,000	Developed Parcels = 2,601	\$3.84 per developed parcel
Thrift Store Sales	\$204,000	\$204,000	Developed Parcels = 2,601	\$78.43 per developed parcel
Investments	\$15,000	\$15,000	Share of Recurring Revenues	0.39% of recurring revenues
Teen Center Concessions	\$1,000	\$1,000	Developed Parcels = 2,601	\$0.38 per developed parcel
Teen Center Donations <sup>4</sup>	\$1,000	\$1,000	Developed Parcels = 2,601	\$0.38 per developed parcel - <i>not projected</i> <sup>4</sup>
Other <sup>4</sup>	\$2,500	\$2,500	Developed Parcels = 2,601	\$0.96 per developed parcel - <i>not projected</i> <sup>4</sup>
Event Donations <sup>4</sup>	\$7,000	\$7,000	Developed Parcels = 2,601	\$2.69 per developed parcel - <i>not projected</i> <sup>4</sup>
Rental Income <sup>4</sup>	\$154,180	\$154,180	Developed Parcels = 2,601	\$59.28 per developed parcel - <i>not projected</i> <sup>4</sup>
Radio Site Rental <sup>4</sup>	\$58,000	\$58,000	Developed Parcels = 2,601	\$22.30 per developed parcel - <i>not projected</i> <sup>4</sup>
Salvage <sup>4</sup>	<u>\$1,500</u>	\$1,500	Developed Parcels = 2,601	\$0.58 per developed parcel - <i>not projected</i> <sup>4</sup>
Total Revenues	\$3,821,582			
<b>B. RECURRING COSTS</b>				
Administration <sup>5</sup>	\$872,436		Case Study <sup>5</sup>	20% of recurring costs
Water Operations <sup>2</sup>	\$902,435	\$902,435	Developed Parcels = 2,601	\$346.96 per developed parcel - <i>not projected</i> <sup>2</sup>
Sewer Operations <sup>2</sup>	\$682,921	\$682,921	Developed Parcels = 2,601	\$262.56 per developed parcel - <i>not projected</i> <sup>2</sup>
Parks and Recreation <sup>6</sup>	\$352,266	\$193,085	Developed Parcels = 2,601	\$74.23 per developed parcel
Street Lighting <sup>7</sup>	\$17,850	\$17,850	Street Lights = 118	\$151.27 per developed parcel - <i>not projected</i> <sup>4</sup>
Solid Waste Disposal <sup>3</sup>	<u>\$177,685</u>	\$177,685	Case Study <sup>3</sup>	\$85.14 per developed parcel
Total Costs	\$3,005,593			

- Note: 1. The CSD currently receives property tax based on the tax rate area (TRA) allocation of the basic one percent levy on the assessed valuation in which the property is located. However, the Helendale CSD currently receives no property tax allocation from the TRAs for the South of Safari Ranch and Wild Wash annexation areas.
2. Water and sewer revenues and costs are not projected in the fiscal analysis because these services are not expected to be extended to the annexation areas at the time of annexation and for the first five years after annexation. If water and sewer services area extended to the annexations areas, the CSD would provide water and sewer services at the overall CSD average cost per parcel and receive water and sewer revenues at the overall CSD amount per parcel.
3. The CSD assumed responsibility for solid waste disposal within its boundaries from the County in fiscal year 2010-11, and the CSD receives a voter approved annual assessment of \$84.14 per parcel for solid waste disposal services.
4. Teen Center donations, other revenues, event donations and salvage rentals are not projected due to the uncertainty of these revenues in the future. Rental income from the lease of residential properties and facilities at the 75-acre racehorse training ranch and radio site rental income are not projected because these revenues are not assumed to increase upon annexation of Area 1 and Area 2.
5. Administration costs represent about 40 percent of total non-administrative recurring costs in the CSD budget. However, administration costs will not increase on a one to one basis to direct service costs for the annexation areas and CSD water, sewer and street lighting costs are not assumed for the first five years of annexation. Therefore, the fiscal analysis assumes administration costs at a marginal rate of 50 percent, or at 20 percent of projected recurring direct costs for the annexation areas.
6. The debt service fixed payment of \$159,531 in the Parks and Recreation Adopted FY 2013-2014 costs is not included as a recurring cost that would potentially be impacted by the population in the annexation area. Therefore, the budgeted costs of \$352,266 for Parks and Recreation is adjusted to \$193,085 for the fiscal analysis.
7. Street lighting costs are not projected upon annexation and for the first five years after annexation. Upon development of street lighting in the annexation areas, the CSD would incur operations and maintenance costs projected at \$151.27 per street light.

Sources: Stanley R. Hoffman Associates, Inc.  
San Bernardino County Auditor-Controller, Property Tax Division, Report P1739DYL, Allocation Percentage Calculation, Tax Roll 2012  
Helendale Community Services District, Fiscal Year 2013-14 Adopted Operating Budget Summary  
Helendale Community Services District, General Manager

# APPENDIX A TAX RATE AREA (TRA) ALLOCATIONS FOR ANNEXATION AREAS

## Table A-1 Tax Rate Area (TRA) Allocations for Annexation Area 1 (South of Silver Lakes) San Bernardino County

Agency Code	Agency <sup>1</sup>	South of Silver Lake Annexation Area					Weighted Average
		TRA 99024 Allocation	TRA 99025 Allocation	TRA 99026 Allocation	TRA 99028 Allocation <sup>2</sup>	TRA 99030 Allocation	
AB01 GA01	San Bernardino County General Fund	0.14528245	0.14536052	0.14701145	0.00000000	0.16577884	0.14797895
AB02 GA01	Educational Revenue Augmentation Fund (ERAF)	0.22014089	0.22025948	0.22276079	0.00000000	0.25119845	0.22422702
BF04 GA01	Flood Control, Zone 4	0.02296982	0.02297972	0.00000000	0.00000000	0.00000000	0.01749593
BF06 GA01	Flood Control, Zone 6	0.00000000	0.00000000	0.01159623	0.00000000	0.01308024	0.00294325
BF08 GA01	Flood Control District, Administration, Zones 3-6	0.00087891	0.00087933	0.00088914	0.00000000	0.00100271	0.00089514
BL01 GA01	San Bernardino County Free Library	0.01407940	0.01408562	0.01424177	0.00000000	0.01606794	0.01433942
BS01 GA01	County Superintendent of Schools, Countywide	0.00498843	0.00499119	0.00504771	0.00000000	0.00569226	0.00508107
BS01 GA02	County Superintendent, ROP	0.00085554	0.00085571	0.00086540	0.00000000	0.00097613	0.00087117
BS01 GA03	County Superintendent, Physically Handicapped	0.00196288	0.00196324	0.00198525	0.00000000	0.00223848	0.00199855
BS01 GA04	County Superintendent, Mentally Retarded	0.00157573	0.00157640	0.00159429	0.00000000	0.00179793	0.00160482
BS01 GA05	County Superintendent, Development Center	0.00051430	0.00051464	0.00052042	0.00000000	0.00058670	0.00052387
SC66 GA01	Victor Valley Community College	0.06533681	0.06536370	0.06609619	0.00000000	0.07454929	0.06654095
SE02 GA01	Adelanto Elementary School District, General Tax Levy	0.00000000	0.00000000	0.00000000	0.00000000	0.21587353	0.02564398
SE30 GA01	Helendale Elementary School District	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000
SE46 GA01	Oro Grande Elementary School District, General Tax Levy	0.18312202	0.18319964	0.18524605	0.00000000	0.00000000	0.16167736
SH66 GA01	Victor Valley Union High School District	0.17804829	0.17812169	0.18011339	0.00000000	0.20316023	0.18133009
UD44 GA01	CSA 60 - Victorville	0.01007856	0.01008325	0.01019558	0.00000000	0.01150104	0.01026484
UF01 GA03	San Bernardino County Fire Protection District, North Desert Service Area	0.11817978	0.11822806	0.11955010	0.00000000	0.00000000	0.10433892
UF01 GA05	San Bernardino County Fire Protection District, Administration	0.02619554	0.02620609	0.02649776	0.00000000	0.02989529	0.02667862
WC12 GA01	<b>Helendale Community Services District</b>	<b>0.00000000</b>	<b>0.00000000</b>	<b>0.00000000</b>	<b>0.00000000</b>	<b>0.00000000</b>	<b>0.00000000</b>
WR03 GL01	Mojave Desert Resource Conservation District	0.00060823	0.00031217	0.00054565	0.00000000	0.00068688	0.00040326
WY20 GI01	Mojave Water Agency, General Tax Levy L & I	0.00518242	0.00501955	0.00524283	0.00000000	0.00591406	0.00516280
	Total	1.00000000	1.00000000	1.00000000	0.00000000	1.00000000	1.00000000
Assessed Valuation of TRAs for Annexation Area		\$1,280,000	\$14,229,059	\$2,440,605	\$0	\$2,419,713	\$20,369,377
Percent of Total AV		6.3%	69.9%	12.0%	0.0%	11.9%	100%

Note: 1. The Helendale CSD allocations are highlighted in bold print.  
2. TRA 99028 is not included in the PI739DYL report from San Bernardino County. The PI164 County report lists no valuation on the tax roll for TRA 99028.

Sources: Stanley R. Hoffman Associates, Inc.  
San Bernardino County Auditor-Controller, Property Tax Division, Report PI739DYL, Allocation Percentage Calculation, Tax Roll 2012  
San Bernardino County Auditor-Controller, Property Tax Division, Report PI164, TRA Net Valuations, October 30, 2012

**Table A-2**  
**Tax Rate Area (TRA) Allocations for Annexation Area 2 (Wild Wash)**  
**San Bernardino County**

Agency Code	Agency <sup>1</sup>	Wild Wash Annexation Area		
		TRA 56022 Allocation	TRA 99003 Allocation	Weighted Average
AB01 GA01	San Bernardino County General Fund	0.17773421	0.16695367	0.16798920
AB02 GA01	Educational Revenue Augmentation Fund (ERAF)	0.26935895	0.25297883	0.25455223
BF06 GA01	Flood Control, Zone 6	0.01395988	0.01317094	0.01324672
BF08 GA01	Flood Control District, Administration, Zones 3-6	0.00107670	0.00100984	0.00101626
BL01 GA01	San Bernardino County Free Library	0.01767388	0.01617651	0.01632034
BS01 GA01	County Superintendent of Schools, Countywide	0.00610376	0.00573263	0.00576828
BS01 GA02	County Superintendent, ROP	0.00104727	0.00098291	0.00098909
BS01 GA03	County Superintendent, Physically Handicapped	0.00240550	0.00225496	0.00226942
BS01 GA04	County Superintendent, Mentally Retarded	0.00000000	0.00181056	0.00163665
BS01 GA05	County Superintendent, Development Center	0.00063055	0.00059100	0.00059480
SC10 GA01	Barstow Community College, General Tax Levy	0.10332528	0.00000000	0.00992495
SU10 GA01	Barstow Unified School District, General Tax Levy	0.34891002	0.00000000	0.03351470
SC66 GA01	Victor Valley Community College	0.00000000	0.07506918	0.06785838
SE46 GA01	Oro Grande Elementary School District, General Tax Levy	0.00000000	0.21040015	0.19019008
SH66 GA01	Victor Valley Union High School District	0.00000000	0.20456911	0.18491914
UD44 GA01	CSA 60 - Victorville	0.01240321	0.01158042	0.01165945
UF01 GA05	San Bernardino County Fire Protection District, Administration	0.03200613	0.03009710	0.03028047
VB01 GA01	Barstow Cemetery District, General Tax Levy	0.00748021	0.00000000	0.00071851
WC12 GA01	<b>Helendale Community Services District</b>	<b>0.00000000</b>	<b>0.00000000</b>	<b>0.00000000</b>
WR03 GL01	Mojave Desert Resource Conservation District	0.00047285	0.00066759	0.00064888
WY20 GI01	Mojave Water Agency, General Tax Levy L & I	<u>0.00541160</u>	<u>0.00595460</u>	<u>0.00590244</u>
	Total	1.00000000	1.00000000	1.00000000

Assessed Valuation of TRA for Wild Wash Annexation Area	\$227,521	\$2,141,122	\$2,368,643
<i>Percent of Total AV</i>	9.6%	90.4%	100%

Note: 1. The Helendale CSD allocations are highlighted in bold print.

Sources: Stanley R. Hoffman Associates, Inc.

San Bernardino County Auditor-Controller, Property Tax Division, *Report PI739DYL*, Allocation Percentage Calculation, Tax Roll 2012

## APPENDIX B PROJECT REFERENCES

**Helendale Community Services District,**  
760-951-0006  
Kimberly Cox, General Manager  
Paul E. Harmon, Assistant General Manager

**San Bernardino County LAFCO,**  
909-383-9900  
Kathleen Rollings-McDonald, Executive Officer  
Sam Martinez, Assistant Executive Officer

### **Websites Consulted**

[www.helendalecsd.org](http://www.helendalecsd.org)

[www.sbcounty.gov](http://www.sbcounty.gov)

[www.sbclafco.org](http://www.sbclafco.org)

**San Bernardino County Fire Protection  
District's Plan for Service for its Service  
Zone FP-5**

**Attachment 3**

**SUPPLEMENT  
ANNEXATION, DETACHMENT, REORGANIZATION PROPOSALS**

**INTRODUCTION:** The questions on this form are designed to obtain data about the specific annexation, detachment and/or reorganization proposal to allow the San Bernardino LAFCO, its staff and others to adequately assess the project. You may also include any additional information which you believe is pertinent. Use additional sheets where necessary, and/or include any relevant documents.

1. Please identify the agencies involved in the proposal by proposed action:

ANNEXED TO  
**SBCFPD Service Zone FP-5**

DETACHED FROM  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

2. Will the territory proposed for change be subject to any new or additional special taxes, any new assessment districts, or fees?

**Yes, a special fire tax of \$135.95 is levied on all parcels within Service Zone FP-5 for the funding of fire protection and emergency response. This per-parcel special tax has a 3 percent maximum annual cost of living increase to ensure that the district can maintain this level of fire and emergency medical services in the future.**

3. Will the territory be relieved of any existing special taxes, assessments, district charges or fees required by the agencies to be detached?

**No**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. Provide a description of how the proposed change will assist the annexing agency in achieving its fair share of regional housing needs as determined by SCAG.

**Not applicable**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. **PLAN FOR SERVICES:**

For each item identified for a change in service provider, a narrative "Plan for Service" (required by Government Code Section 56653) must be submitted. This plan shall, at a minimum, respond to each of the following questions and be signed and certified by an official of the annexing agency or agencies.

1. A description of the level and range of each service to be provided to the affected territory.

**The San Bernardino County Fire Protection District (SBCFPD) Service Zone FP-5 was created in 2006 to provide increased fire protection and emergency medical services within the Helendale/Silver Lakes area.**

**The special tax generated within Service Zone FP-5 is to fund three (3) regular full-time engineers and six regular full-time firefighter paramedics.**

2. An indication of when the service can be feasibly extended to the affected territory.

**The increased fire and emergency medical services to Area 3 will be extended immediately. Area 3 has been within County Fire's service area and is already receiving fire protection and emergency medical services from County Fire.**

**In addition to increased fire protection and emergency medical services, County Fire also provides a whole range of other services including watershed, prevention, inspection, suppression, weed abatement, hazardous materials services, rescue, first aid, ambulance transportation, and disaster preparedness planning.**

3. An identification of any improvement or upgrading of structures, roads, water or sewer facilities, other infrastructure, or other conditions the affected agency would impose upon the affected territory.

**Not applicable. The parcel within Area 3 is currently vacant and is not anticipated to be developed in the near future.**

4. The Plan shall include a Fiscal Impact Analysis which shows the estimated cost of extending the service and a description of how the service or required improvements will be financed. The Fiscal Impact Analysis shall provide, at a minimum, a five (5)-year projection of revenues and expenditures. A narrative discussion of the sufficiency of revenues for anticipated service extensions and operations is required.

**County Fire already provides fire protection and emergency response within Area 3. The per-parcel special tax generated within SBCFPD Service Zone FP-5 is to provide increased fire protection and emergency medical services within the community. Since the annexation to the service zone only includes a single parcel, there will be no new or additional cost to provide the service.**

In addition, County Fire has the ability to bill for emergency response related to traffic accidents particularly those that occur along the freeway.

- 5. An indication of whether the annexing territory is, or will be, proposed for inclusion within an existing or proposed improvement zone/district, redevelopment area, assessment district, or community facilities district.

The proposed reorganization is to include the one parcel, APN 0418-011-77, into SBCFPD's Service Zone FP-5. The parcel would bring additional revenue of \$135.95 annually to provide increased fire protection and emergency medical services.

- 6. If retail water service is to be provided through this change, provide a description of the timely availability of water for projected needs within the area based upon factors identified in Government Code Section 65352.5 (as required by Government Code Section 56668(k)).

Not applicable.

**CERTIFICATION**

As a part of this application, the **San Bernardino County Fire Protection District**, agree to defend, indemnify, hold harmless, and release the San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it. This indemnification obligation shall include, but not be limited to, damages, costs, and expenses, including attorney fees. The person signing this application will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I/We understand that if this application is approved, the Commission will impose a condition requiring the applicant to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

As the proponent, I/We acknowledge that annexation to the **San Bernardino County Fire Protection District Service Zone FP-5** may result in the imposition of taxes, fees, and assessments existing within **Service Zone FP-5** on the effective date of the change of organization. I hereby waive any rights I may have under Articles XIII C and XIII D of the State Constitution (Proposition 218) to a hearing, assessment ballot processing or an election on those existing taxes, fees and assessments.

I hereby certify that the statements furnished above and the documents attached to this form present the data and information required to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE 3/4/14

  
SIGNATURE OF APPLICANT

FIRE MARSHAL

SBC FIRE

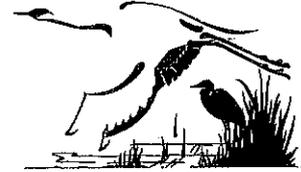
(909) 386-8431

/REVISED: krm - 8/15/2012

**Response from the Commission's  
Environmental Consultant, Tom Dodson  
and Associates, on Environmental  
Determination**

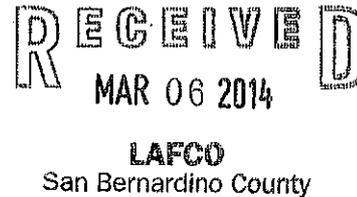
**Attachment 4**

**TOM DODSON & ASSOCIATES**  
2150 N. ARROWHEAD AVENUE  
SAN BERNARDINO, CA 92405  
TEL (909) 882-3612 • FAX (909) 882-7015  
E-MAIL tda@tdaenv.com



March 5, 2014

Ms. Kathleen Rollings-McDonald  
Local Agency Formation Commission  
215 North "D" Street, Suite 204  
San Bernardino, CA 92415-0490



Dear Kathy:

LAFCO 3175 consists of a Reorganization to include Annexations to the Helendale Community Services District (District) and Annexation to Zone FP-5 of the San Bernardino County Fire Protection District. The proposed annexations include three areas generally located in the District' south and southeastern sphere of influence within the unincorporated areas of San Bernardino County. The proposed reorganization area for the District encompasses approximately 8,832 acres within two separate areas located in the northern desert region of San Bernardino County. The third area is proposed for annexation to Zone FP-5 (special fire tax zone for Helendale), and is currently within the existing boundaries of the San Bernardino County Fire Protection District.

The specific areas of annexation include the following (refer to the attached map):

Area 1 encompasses approximately 5,133 acres generally located southerly of the District. The study area includes all of Sections 16, 17, 18 and a portion of Section 19 of Township 7 North, Range 4 West; and all of Sections 13, 14, 23, 24 and a portion of Section 25 of Township 7 North, Range 5 West SBBM.

Area 2 encompasses approximately 3,699 acres generally east of the existing Helendale CSD boundary and west of the centerline of the Interstate 15 freeway. The study area includes all of Sections 7, 8, 18, and portions of Section 19, 17 and 20 of Township 7 North, Range 3 West, and all of Section 13 of Township 7 North and Range 4 West SBBM.

Area 3 encompasses approximately 240 acres generally east of the existing SBCFPD Zone FP-5 boundary along Wild Wash Road Interchange of the I-15 Freeway. The territory includes a portion of Section 9, Township 7 North, Range 3 West SBBM and is a part of Area 2 proposed for annexation to the District.

This Reorganization will extend District services into the approximate 8,832 acre area and will extend the special fire tax zone to a portion of this area that encompasses about the 240 acres located in the vicinity of Wild Wash Road Interchange of the I-15 Freeway. Aside

from responding to demands for specific services on a future case-by-case basis or District decisions to extend services, which will require individual review under the California Environmental Quality Act (CEQA), the Reorganization would not result in any specific physical changes to the environment. County Fire already provides service into the 240 acre area that will be annexed into Zone FP-5.

Therefore, after careful review, I am recommending that the Commission consider the adoption of a General Rule Statutory Exemption for LAFCO 3175. I recommend that the Commission find that a Statutory Exemption (as defined in CEQA applies to LAFCO 3175 under Section 15061 (b) (3) of the State CEQA Guidelines, which states: "A project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." It is my opinion, and recommendation to the Commission, that this circumstance applies to LAFCO 3175

Based on this review of LAFCO 3175 and the pertinent sections of CEQA and the State CEQA Guidelines, I conclude that LAFCO 3175 does not constitute a project under CEQA and adoption of General Rule Statutory Exemption and filing of a Notice of Exemption is the most appropriate determination to comply with CEQA for this action. The Commission can approve the review and findings for this action and I recommend that you notice LAFCO 3175 as statutorily exempt from CEQA for the reasons outlined in the State CEQA Guideline sections cited above. The Commission needs to file a Notice of Exemption with the County Clerk to the Board for this action once the hearing is completed.

A copy of this exemption recommendation should be retained in LAFCO's project file to serve as verification of this evaluation and as the CEQA environmental determination record. If you have any questions, please feel free to give me a call.

Sincerely,



Tom Dodson

**Draft Resolution No. 3179**

**Attachment 5**

**PROPOSAL NO.: LAFCO 3175**

**HEARING DATE: MARCH 19, 2014**

**RESOLUTION NO. 3179**

**A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO 3175 AND APPROVING THE REORGANIZATION TO INCLUDE ANNEXATIONS TO THE HELENDALE COMMUNITY SERVICES DISTRICT AND ANNEXATION TO ZONE FP-5 OF THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT.** The reorganization area includes three separate areas located within the Helendale community. Areas 1 and 2, which are annexations to the Helendale Community Services District, encompassing a total of approximately 8,832 acres, includes all of the District's sphere of influence located southerly of its boundaries, east and west of both the National Trails Highway and Helendale Road (Area 1) and all of the District's sphere of influence located southeasterly of its boundaries, generally along the Wild Wash Road and I-15 Freeway interchange (Area 2). Area 3, which is the annexation to the Service Zone FP-5 of the San Bernardino County Fire Protection District, encompasses approximately 240 acres along the Wild Wash Road and I-15 Freeway interchange and is a part of Area 2 proposed for annexation to the Helendale Community Services District.

**On motion of Commissioner \_\_\_\_\_, duly seconded by Commissioner \_\_\_\_\_, and carried, the Local Agency Formation Commission adopts the following resolution:**

**WHEREAS**, an application for the proposed reorganization in the County of San Bernardino was filed with the Executive Officer of this Local Agency Formation Commission (hereinafter referred to as "the Commission") in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.), and the Executive Officer has examined the application and executed her certificate in accordance with law, determining and certifying that the filings are sufficient; and,

**WHEREAS**, at the times and in the form and manner provided by law, the Executive Officer has given notice of the public hearing by the Commission on this matter; and,

**WHEREAS**, the Executive Officer has reviewed available information and prepared a report including her recommendations thereon, the filings and report and related information having been presented to and considered by this Commission; and,

**RESOLUTION NO. 3179**

**WHEREAS**, the public hearing by this Commission was called for March 19, 2014 at the time and place specified in the notice of public hearing; and,

**WHEREAS**, at the hearing, this Commission heard and received all oral and written support and/or opposition; the Commission considered all plans and proposed changes of organization and all evidence which were made, presented, or filed; it received evidence as to whether the territory is inhabited or uninhabited, improved or unimproved; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the application, in evidence presented at the hearing;

**NOW, THEREFORE, BE IT RESOLVED**, by the Local Agency Formation Commission for San Bernardino County, State of California, that the Commission does hereby determine, find, resolve, and order, as follows:

**DETERMINATIONS:**

**SECTION 1.** The proposal is approved subject to the terms and conditions hereinafter specified:

**CONDITIONS:**

**Condition No. 1.** The boundaries are approved as set forth in Exhibits "A", "A-1", "B", and "B-1" attached.

**Condition No. 2.** The following distinctive short-form designation shall be used throughout this proceeding: LAFCO 3175.

**Condition No. 3.** All previously authorized charges, fees and/or assessments currently in effect by the Helendale Community Services District and the San Bernardino County Fire Protection District Service Zone FP-5 (annexing agencies) shall be assumed by the annexing territory in the same manner as provided in the original authorization pursuant to Government Code Section 56886(t).

**Condition No. 4.** The Helendale Community Services District shall indemnify, defend, and hold harmless the Local Agency Formation Commission for San Bernardino County from any legal expense, legal action, or judgment arising out of the Commission's approval of this proposal, including any reimbursement of legal fees and costs incurred by the Commission.

**Condition No. 5.** The date of issuance of the Certificate of Completion shall be the effective date of this reorganization.

**SECTION 2. FINDINGS.** The following findings are noted in conformance with Commission policy:

1. The Registrar of Voters Office has determined that the reorganization area is legally inhabited, containing 75 registered voters as of February 19, 2014.
2. The County Assessor's Office has determined that the value of land and improvements within the reorganization area is \$22,494,939 (land--\$16,358,706; improvements--\$6,136,233).

## RESOLUTION NO. 3179

3. The reorganization area is within the sphere of influence assigned the Helendale Community Services District. San Bernardino County Fire Protection District Service Zone FP-5 does not have a sphere of influence since zones to a fire protection district are not assigned a sphere.
4. In compliance with the requirements of Government Code Section 56157 and Commission policy, individual notice was mailed to landowners and registered voters (totaling 357 notices) within the reorganization area. Individual notice was also mailed to surrounding landowners and registered voters (436) within approximately 1,350 feet of the exterior boundaries of the reorganization area. Comments from landowners and any affected local agency have been reviewed and considered by the Commission in making its determination. No expression of support or opposition to this reorganization has been received by the Commission.
5. Notice of this hearing has been advertised as required by law through publication in *The Daily Press*, a newspaper of general circulation within the area. As required by State law, individual notification was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice. Comments from any affected local agency have been received by the Commission.
6. The County's land use designations for the reorganization proposal are RL-5 (Rural Living, one unit per 5 acres), RL (one unit per 2.5 acres), AG (Agricultural), and FW (Floodway) for Area 1, and RC (Resource Conservation). This reorganization proposal has no direct effect on the County's General Plan land use designations assigned for the area.
7. The Local Agency Formation Commission has determined that this proposal is statutorily exempt from environmental review. The basis for this determination is that the Commission's approval of the reorganization has no potential to cause any adverse effect on the environment. The Helendale CSD's decision to extend services in the future, responding to either individual property owner requests or potential development projects planned for the area, will require their own separate environmental review and County Fire already provides service within the area being annexed into its Service Zone FP-5. Therefore, the proposal is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061 (b)(3). The Commission adopted the Statutory Exemption and directed its Executive Officer to file a Notice of Exemption within five (5) days with the San Bernardino County Clerk of the Board of Supervisors.
8. The local agencies currently serving the area are: County of San Bernardino, Mojave Water Agency (the State Water Contractor), Mojave Desert Resource Conservation District (portion), San Bernardino County Fire Protection District, its North Desert Service Zone, and its Service Zone FP-5 (portion), County Service Area 60 (Apple Valley Airport)(portion), and County Service Area 70 (multi-function unincorporated area Countywide).  
  
None of these agencies will be directly affected by completion of this reorganization proposal as they are regional in nature.
9. The Helendale Community Services District and the San Bernardino County Fire Protection District, on behalf of its Service Zone FP-5, have submitted plans for the provision of services as required by Government Code Section 56653, which indicate that the Helendale Community Services District and the San Bernardino County Fire Protection District can, at a minimum, maintain the existing level of service delivery and can improve the level and range of selected

## RESOLUTION NO. 3179

services currently available in the area. The financial information presented within the district's Plans for Service indicates that the extension of services can be maintained and operated within the existing revenue resources available through existing fees for service. These Plans for Service have been reviewed and compared with the standards established by the Commission and the factors contained within Government Code Section 56668. The Commission finds that these plans conform to those adopted standards and requirements.

10. The reorganization area can benefit from the availability of services from the Helendale Community Services District and has benefitted from fire protection and emergency medical services from the San Bernardino County Fire Protection District, its North Desert Service Zone, and its Service Zone FP-5. Service Zone FP-5 is a special taxing entity that provides funding for an increased level of fire protection and emergency medical services
11. With respect to environmental justice, the reorganization area will benefit from the extension of services and facilities from the Helendale Community Services District and Service Zone FP-5 of the San Bernardino County Fire Protection District; and, at the same time, will not result in unfair treatment of any person based upon race, culture or income.
12. The County of San Bernardino (on behalf of the Helendale Community Services District and Service Zone FP-5 of the San Bernardino County Fire Protection District) adopted a resolution indicating no transfer of property tax revenues would be required. A copy of the resolution adopted by the San Bernardino County Board of Supervisors is on file in the LAFCO office. This negotiated agreement fulfills the requirements of Section 99 of the Revenue and Taxation Code.
13. The maps and legal descriptions, as revised, are in substantial compliance with LAFCO and state standards through certification by the County Surveyor's Office.

**SECTION 5.** Approval by the Local Agency Formation Commission indicates that completion of this proposal would accomplish the proposed change of organization in a reasonable manner with a maximum chance of success and a minimum disruption of service to the functions of other local agencies in the area.

**SECTION 7.** The Executive Officer is hereby authorized and directed to mail certified copies of this resolution in the manner provided by Section 56882 of the Government Code.

**SECTION 8.** The Commission hereby directs that, following completion of the reconsideration period specified by Government Code Section 56895(b), the Executive Officer is hereby directed to initiate protest proceedings in compliance with this resolution and State law (Part 4, commencing with Government Code Section 57000) and set the matter for consideration of the protest proceedings, providing notice of hearing pursuant to Government Code Sections 57025 and 57026.

**SECTION 9.** Upon conclusion of the protest proceedings, the Executive Officer shall adopt a resolution setting forth her determination on the levels of protest filed and not withdrawn and setting forth the action on the proposal considered.

**SECTION 10.** Upon adoption of the final resolution by the Executive Officer, either a Certificate of Completion or a Certificate of Termination, as required by Government Code Sections 57176 through



**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**

**Annexations to the Helendale Community Services District**

Page 1 of 4

**AREA 1**

All that certain real property in all of Sections 13, 14, 23, 24 and portions of the North 1/2 of the North 1/2 of Section 25, Township 7 North, Range 5 West; and all of Sections 16, 17, 18 and 19, Township 7 North, Range 4 West, excepting therefrom the South 1/2 of said Section 19 lying easterly of the centerline of National Trails Highway; all in the San Bernardino Base and Meridian, in the County of San Bernardino, State of California, more particularly described as:

TRUE POINT OF BEGINNING (T.P.O.B.): The T.P.O.B. is the same point as the Point of Commencement (P.O.C.) and is at the Northwest corner of said Section 14 and said point is along the current southern boundary limit of the Helendale Community Services District per reorganization LAFCO #2996.

- COURSE 1: Thence east along the current southern boundary limit of the Helendale Community Services District along the north line of said sections 14, 13, 18, 17 and 16, to the Northeast Corner of said Section 16;
- COURSE 2: Thence southerly leaving said Helendale Community Service District and along the east line of said Section 16, to the Southeast Corner of said Section 16;
- COURSE 3: Thence westerly along the south line of said Sections 16 and 17, to the Southwest corner of said Section 17 and Northeast corner of said Section 19;
- COURSE 4: Thence southerly along the east line of said Section 19 to the East 1/4 Corner of said Section 19;
- COURSE 5: Thence westerly along south line of the North 1/2 of said Section 19, a distance of 2,682.66+/- feet, to the centerline of National Trails Highway;
- COURSE 6: Thence along the centerline of National Trails Highway through its various courses in a generally southerly direction to a point on the centerline of National Trails Highway and the South line of said Section 19;
- COURSE 7: Thence westerly along the south line of said Section 19 and continuing along section lines to the East 1/16 corner of Section 24 and Section 25, Township 7 North, Range 5 West, S.B.M.;

**AREA 1 – continued**

COURSE 8: Thence South 42°38'47" West a distance of 1,857.67 feet along the easterly parcel line of Parcel 1 of Parcel Map 4909, as shown on map recorded in Parcel Map Book 45, Page 17 to the Center North 1/16 corner of said Section 25, Township 7 North, Range 5 West, S.B.M.

COURSE 9: Thence westerly along the south line of the North 1/2 of the North 1/2 of said Section 25, to a point on the west line of said Section 25, said point being the North 1/16 Corner of said Section 25 and Section 26;

COURSE 10: Thence northerly along the west line of said Section 25 to the Northwest Corner of said Section 25 and Southeast corner of said Section 23;

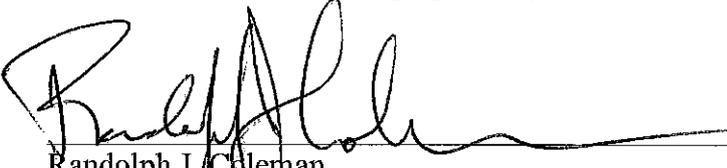
COURSE 11: Thence westerly along the south line of the said Section 23 to the Southwest Corner of said Section 23;

COURSE 12: Thence northerly along the west line of said Section 23 and Section 14, to the Northwest Corner of said Section 14, said point is along the southern boundary of the Helendale Community Services District and said point is also the True Point of Beginning.

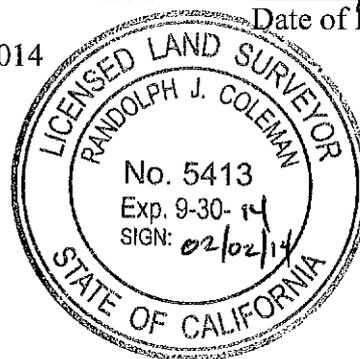
Said Area 1 contains 5,133 acres more or less.

*For assessment purposes only. The description of land is not a legal description as defined in the Subdivision Map Act and may not be used as the basis for an offer for sale of the land described.*

This legal description was prepared by me or under my direction.

  
Randolph J. Coleman,  
Licensed Land Surveyor #5413, Expires 9-30-2014

02/02/2014  
Date of Preparation



## **AREA 2**

All that certain real property in all of Sections 7, 8 and 18, Township 7 North, Range 3 West; and all those portions of Sections 9, 16, 17 and 20, Township 7 North, Range 3 West, lying westerly of the centerline of Interstate 15 Freeway; and all of Section 13, Township 7 North, Range 4 West; all in the San Bernardino Base and Meridian, in the County of San Bernardino, State of California, more particularly described as:

**TRUE POINT OF BEGINNING (T.P.O.B.):** The T.P.O.B. is the same point as the Point of Commencement (P.O.C.) and is at the Northwest Corner of said Section 7 and said point is along the current eastern boundary limit and one mile northerly of the existing southeastern corner of the Helendale Community Services District per Reorganization LAFCO #2996;

**COURSE 1:** Thence easterly along the north line of said Section 7 and 8 and 9 to the centerline of Interstate 15 Freeway;

**COURSE 2:** Thence along the centerline of Interstate 15 Freeway through its various courses in a generally southerly direction to a point on the centerline of Interstate 15 Freeway and the south line of said Section 20, said point is along the westerly boundary of the Apple Valley Fire Protection District;

**COURSE 3:** Thence westerly along the south line of said Section 20 to the Southwest Corner of said Section 20;

**COURSE 4:** Thence northerly along said Section 20 to the Northwest Corner of said Section 20 and the Southeast corner of said Section 18;

**COURSE 5:** Thence westerly along the south line of said Section 18, Township 7N, Range 3 West and Section 13, Township 7 North, Range 4 West, to the Southwest Corner of said Section 13;

**COURSE 6:** Thence northerly along the west line of said Section 13 to the Northwest Corner of said Section 13, said point being the current Southern Boundary Limit of the Helendale Community Services District;

**COURSE 7:** Thence easterly along the north line of said Section 13, to the Northeast Corner of said Section 13 and Southwest Corner of said Section 7, said point is the current southeastern corner of the Helendale Community Services District;

**AREA 2 – continued**

COURSE 8: Thence northerly along the Eastern Boundary Limit of the Helendale Community Services District and along the west line of said Section 7, said point is also the True Point of Beginning.

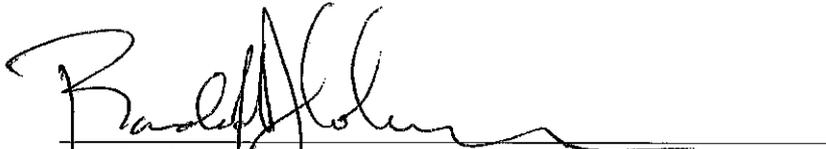
Said Area 2 contains 3,699 acres more or less.

Said Area 1 contains 5,133 acres more or less and Said Area 2 contains 3,699 acres more or less.

Said Total Area contains 8,832 acres more or less.

*For assessment purposes only. The description of land is not a legal description as defined in the Subdivision Map Act and may not be used as the basis for an offer for sale of the land described.*

This legal description was prepared by me or under my direction.

  
\_\_\_\_\_  
Randolph J. Coleman,  
Licensed Land Surveyor #5413, Expires 9-30-2014

02/02/2014  
Date of Preparation



AREA 1: - 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 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

AREA 2: - 3699+/- ACRES

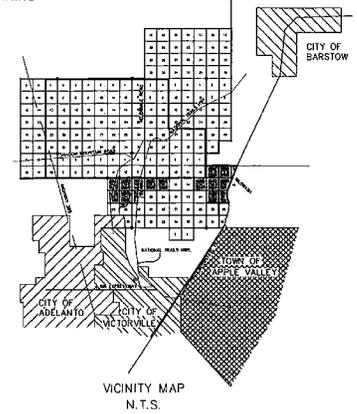
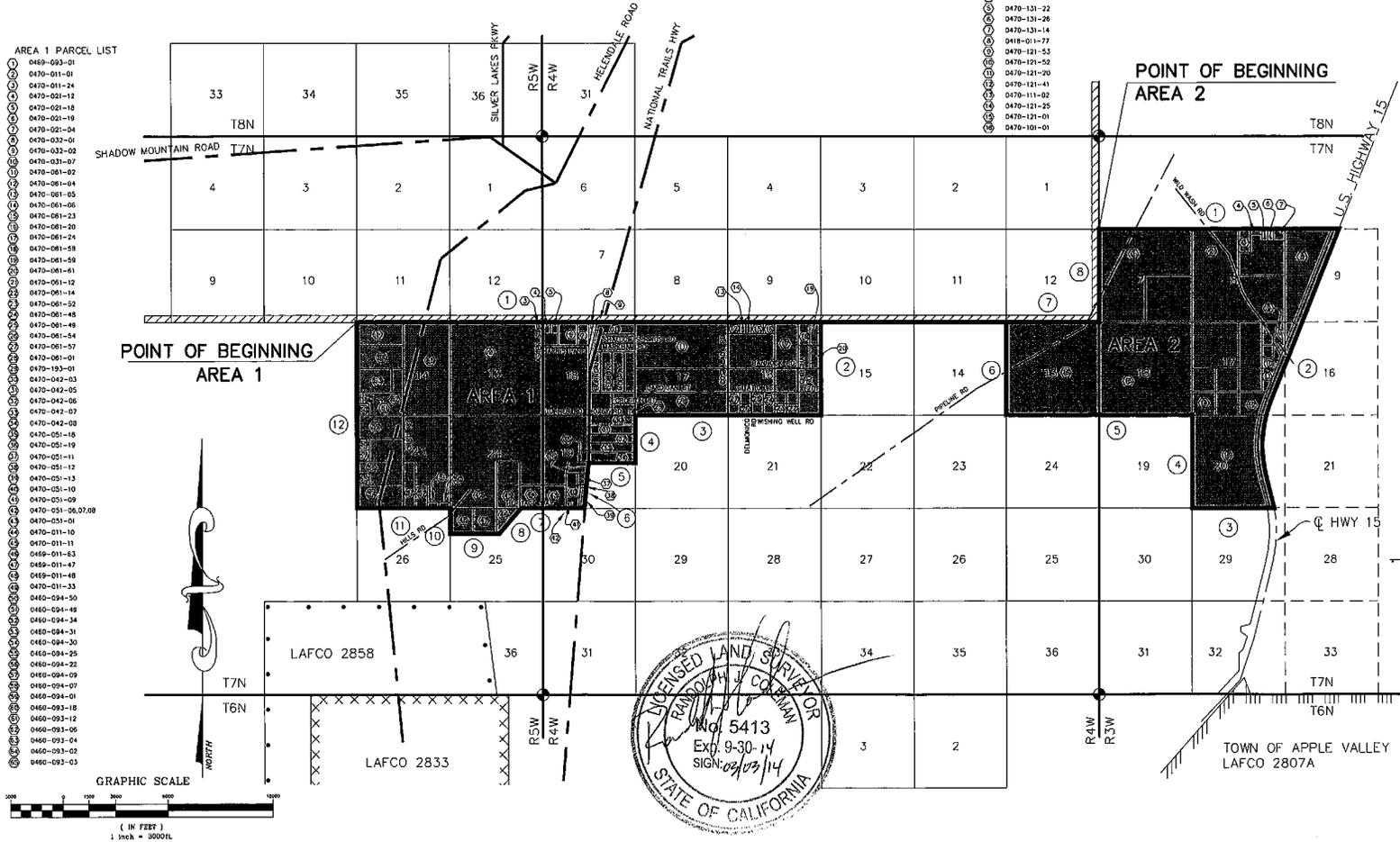
COURSE	BEARING/Delta	DISTANCE	OTHER
COURSE NO.1	EAST	13,630' M/L	TO CENTERLINE INTERSTATE 15
COURSE NO.2	SOUTHWEST	16,000' M/L	ALONG CENTERLINE INTERSTATE 15
COURSE NO.3	WEST	4,670' M/L	
COURSE NO.4	NORTH	5,280' M/L	
COURSE NO.5	WEST	10,460' M/L	
COURSE NO.6	NORTH	5,280' M/L	
COURSE NO.7	EAST	5,280'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

TO CENTERLINE INTERSTATE 15  
 ALONG CENTERLINE INTERSTATE 15  
 TO THE TRUE POINT OF BEGINNING

LAFCO # 3175  
 ANNEXATIONS TO THE  
 HELENDALE COMMUNITY SERVICES DISTRICT

- AREA 1 PARCEL LIST
- 0469-093-01
  - 0470-011-01
  - 0470-011-24
  - 0470-021-12
  - 0470-021-18
  - 0470-021-19
  - 0470-021-04
  - 0470-032-02
  - 0470-032-07
  - 0470-061-02
  - 0470-061-04
  - 0470-061-05
  - 0470-061-06
  - 0470-061-23
  - 0470-061-30
  - 0470-061-24
  - 0470-061-58
  - 0470-061-59
  - 0470-061-61
  - 0470-061-12
  - 0470-061-14
  - 0470-061-52
  - 0470-061-48
  - 0470-061-48
  - 0470-061-54
  - 0470-061-57
  - 0470-061-01
  - 0470-032-01
  - 0470-042-03
  - 0470-042-05
  - 0470-042-06
  - 0470-042-07
  - 0470-042-08
  - 0470-051-18
  - 0470-051-19
  - 0470-051-11
  - 0470-051-12
  - 0470-051-13
  - 0470-051-10
  - 0470-051-09
  - 0470-051-01
  - 0470-011-10
  - 0470-011-11
  - 0469-011-63
  - 0469-011-47
  - 0469-011-48
  - 0470-011-33
  - 0460-024-30
  - 0460-024-25
  - 0460-024-22
  - 0460-024-09
  - 0460-024-07
  - 0460-024-01
  - 0460-024-18
  - 0460-024-12
  - 0460-024-06
  - 0460-024-04
  - 0460-024-02
  - 0460-024-03

- AREA 2 PARCEL LIST
- 0470-131-11
  - 0470-131-02
  - 0470-131-17
  - 0470-131-19
  - 0470-131-22
  - 0470-131-26
  - 0470-131-14
  - 0470-131-77
  - 0470-121-53
  - 0470-121-52
  - 0470-121-20
  - 0470-121-41
  - 0470-111-02
  - 0470-121-25
  - 0470-121-01
  - 0470-101-01



- LEGEND:
- Ⓝ INDICATES THE COURSE NUMBER PER THE LEGAL DESCRIPTION
  - INDICATES THE EXISTING LAFCO #3089 SPHERE BOUNDARY
  - ⊕ INDICATES TOWNSHIP CORNERS
  - ▤ INDICATES EXISTING HELENDALE CSD BOUNDARY
  - AREA INDICATES 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
  - M/L INDICATES MORE OR LESS

AFFECTED AGENCIES:  
 HELENDALE COMMUNITY SERVICES DISTRICT



RANDOLPH COLEMAN LS #5413 exp. 9/30/2014  
 DATE OF PREPARATION

DESIGNED BY: RICK	<b>ALFCO ENGINEERING CORP.</b> 19531 Highway 18 Appie Valley, CA. 92307 (760) 242-8900 • Fax (760) 242-8918	<b>HELENDALE C.S.D.</b> P.O. BOX 2608 26719 VISTA ROAD, STE 5 HELENDALE, CA. 92342	SCALE: 1" = 3000'  WORK ORDER NO.: 13-0030	LAFCO 3175 -- ANNEXATIONS TO THE HELENDALE COMMUNITY SERVICES DISTRICT AND ANNEXATION TO ZONE PP-5 OF THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT  GENERAL LOCATION: AREA 1: SECTIONS 13, 14, 25, 26, AND A PORTION OF 35, TOWNSHIP 7 NORTH, RANGE 4 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 16, 18, AND PORTIONS OF 9, 17, AND 20 WEST OF THE CENTERLINE OF INTERSTATE 15, TOWNSHIP 7 NORTH, RANGE 3 WEST, SAN BERNARDINO MERRIAM, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA.	SHEET 1 OF 1
DRAWN BY: RICK  REV. REVISION DESCRIPTION BY DATE					RANDOLPH COLEMAN, LS #5413 exp. 9/30/14

## LAFCO 3175

### Reorganization to include Annexations to the Helendale Community Service District and Annexation to Service Zone FP-5 of the San Bernardino County Fire Protection District

#### Area 3- Annexation to Service Zone FP-5 of the San Bernardino County Fire Protection District

That portion of Section 9 and 16 of Township 7 North, Range 3 West, S.B.M., in the County of San Bernardino, State of California, described as follows:

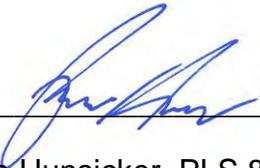
**Beginning** at a point on the existing boundary of the Service Zone FP-5 of the San Bernardino County Fire Protection District per LAFCO 3000, also being the southwest corner of said Section 9 as shown on Record of Survey 98-0011, as per map recorded in book 109 of records of survey, page 87, recorded in said county;

1. Thence along the west line of Section 9, said west line also being the existing boundary of said Service Zone FP-5, North  $01^{\circ} 06' 27''$  West, a distance of 2642.14 more or less to West  $\frac{1}{4}$  corner of said section 9, as shown on said record of survey;
2. Thence continuing along said west line of said section 9, and said FP-5 boundary, North  $00^{\circ} 35' 00''$  East, a distance of 2638.26 more or less to the North West corner of section 9, as shown on said Record of Survey, said corner also being a point on the boundary of the Sphere of Influence of the Helendale Community Service District per LAFCO 3089;
3. Thence leaving the existing boundary of said Service Zone FP-5, and said west line of said section 9, North  $89^{\circ} 09' 36''$  East, along the north line of said section 9, and along said boundary of said Sphere of Influence, a distance of 2640.64 feet more or less to the North  $\frac{1}{4}$  Corner of said section 9, as shown on said Record Of Survey;

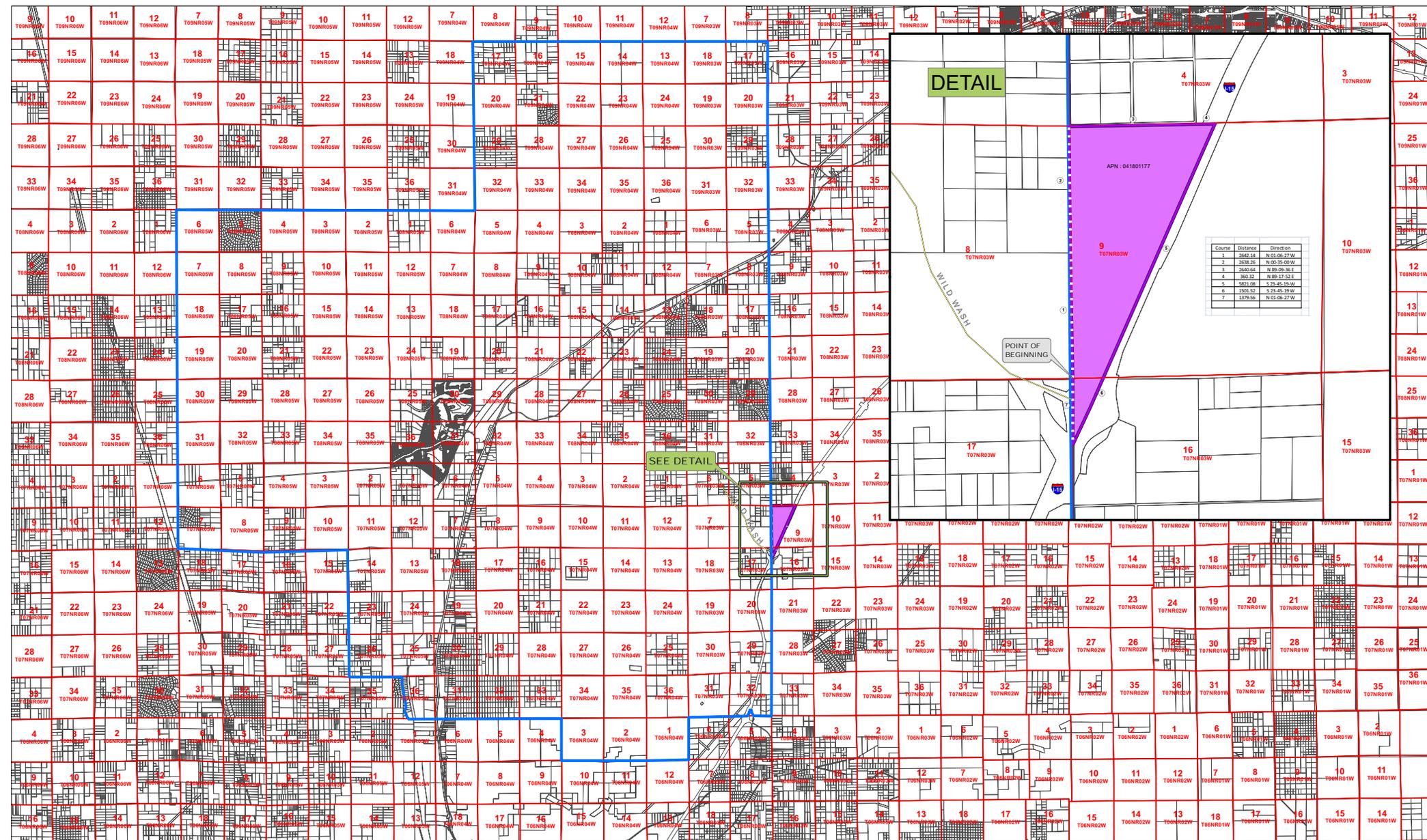
4. Then continuing along said north line of said section 9, and along the boundary of said Sphere of Influence, North  $89^{\circ} 17' 52''$  East, a distance of 360.32 feet more or less to the centerline of Interstate 15 as shown on said Record of Survey, point also being on the easterly boundary of said Sphere of Influence;
5. Thence leaving said North line of said section 9, South  $23^{\circ} 45' 19''$  West, along the easterly boundary of said Sphere of Influence, and along the centerline of Interstate 15, a distance of 5821.08 more or less, to the south line of said section 9 as shown on said Record of Survey;
6. Thence leaving said south line of section 9, South  $23^{\circ} 45' 19''$  West, along said centerline of Interstate 15, a distance of 1501.52 feet more or less, to a point on the West line of said section 16, said point also being on the existing boundary of said Service Zone FP-5;
7. Thence leaving said centerline of Interstate 15, North  $01^{\circ} 06' 27''$  West, along the West line of said section 16, and along the existing boundary of said Service Zone FP-5, a distance of 1379.56 feet more or less, to the point of beginning.

Containing 233.00 acres, more or less.

This legal description was prepared by me or under my direction.

by:  03/04/2014  
Ryan Hunsicker, PLS 8302 Dated  
Deputy County Surveyor





- Annexation Area Containing 233 Acres, More or Less
- County Fire Protection District FP-5
- Parcels
- Section Lines
- Course Number

### LAFCO 3175 - Reorganization to Include Annexations to the Helendale Community Service District and Annexation to Service Zone FP-5 of the San Bernardino County Fire Protection District

#### Area 3- Annexation to Service Zone FP-5 of the San Bernardino County Fire Protection District

That portion of Sections 9 and 16 of Township 7 North, Range 3 West, S.B.M., in the County of San Bernardino, State of California.

Affected Agencies:  
County Fire Protection District FP-5



THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION

**Ryan S. Hunsicker**  
Deputy County Surveyor  
PLS 8392

Date: \_\_\_\_\_  
Exam: 12/31/2015  
Job Number: 00226.F0 - Revised March 5, 2014



# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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E-MAIL: [lafco@lafco.sbcounty.gov](mailto:lafco@lafco.sbcounty.gov)  
[www.sbclafco.org](http://www.sbclafco.org)

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**DATE:** MARCH 11, 2014

**FROM:** KATHLEEN ROLLINGS-McDONALD, Executive Officer

**TO:** LOCAL AGENCY FORMATION COMMISSION

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

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## **RECOMMENDATION:**

Staff recommends that the Commission:

1. Direct staff to continue to monitor the District's compliance with the condition related to financial reporting outlined in Resolution No. 3095;
2. Set another status report for presentation at the September 2014 hearing following adoption of the District's Final Budget; 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. Three of the four conditions have been met previously leaving a single item for ongoing monitoring:

*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.*

At the October 7 2013, hearing the Commission was updated on progress made by the District. It was noted that the Audit for FY 2011-12 had been completed and presented but that questions remained on the items of deficiency identified by the District's audit team, as well as ongoing questions on the District's financial management systems. The matter was continued to allow for completion of the FY 2012-13 Audit.

On February 18, 2014, LAFCO staff received the Audit for 2012-13 from the District. However, staff noted that the Agenda for the District's January 27<sup>th</sup> meeting identifies that the audit to be approved was a "draft" not the final. The District responded to staff's questions noting its policy that the Audit is considered "draft" until approved by the Board of Directors. That approval was received at the January 27<sup>th</sup> meeting so the document included as Attachment #1 to this report is the final audit.

The weaknesses identified by the District's audit team, Rogers Anderson Malody and Scott (RAMS) were both significant and material weaknesses in the District's internal controls. These are the same weaknesses identified in the 2012 Audit report (copy included as Attachment #2) which were noted as being addressed by District staff. Since the two audits were completed within only a few months of each other, it is understandable that these are ongoing concerns. LAFCO staff would note that reconciliation of accounts was identified as a material weakness, which has contributed in the past to the questions on development of budgets and outstanding payments. The District, again, identified that it is taking the steps necessary to address these deficiencies.

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. District staff has provided the documents upon request of LAFCO staff.
2. The District is now current with its Audits having completed the 2013 Audit as outlined above. The 2013 Audit identifies that the District has again exceeded its expenditure authority during the fiscal year. This concern has been identified on several occasions by LAFCO staff and the District's Auditors have made the same observation and expression of concern for the audit years of 2010-11, 2011-12, and 2012-13. However for FY 2012-13 the District did adopt a revised budget, through adoption of Revised Resolution 06122012-4A on August 26, 2013 (included as a part of Attachment #1); however, it appears this correction was not reflected in the Audit.

In the past two reviews of the audits for the District, LAFCO staff has questioned the terminology that identifies the District's revenue as "special assessment" revenue rather than its true nature being a special tax. It is possible that this distinction is not material to the audit team, but to the general public and the District the restrictions and uses are significantly different and should be addressed accurately.

3. The following chart, with information extracted from the adopted audits, identifies that the District has reined in expenses for the last two years when FY 2011-12 was restated in the 2012-13 Audit. This appears to be a product of the District's contract with RAMS to provide for an update in its chart of accounts and methods for reconciliation and is a positive step for the District to address the concerns of past practices.

	For the Year Ended June 30		
	2013	2012	2011
	Restated		
<b>REVENUE</b>			
Special Tax Proceeds	\$757,828.00	\$736,369.00	\$731,394.00
Delinquent Tax and Interest	\$9,370.00	\$9,762.00	\$8,058.00
Rents and Concessions	\$80,932.00	\$74,695.00	\$86,945.00
Intergovernmental	\$0.00	\$39,950.00	\$0.00
Charges for Service:			
Recreation	\$158,881.00	\$144,800.00	\$86,477.00
Childcare	\$141,512.00	\$179,111.00	\$148,491.00
Contributions and Donations	\$0.00	\$470.00	\$16,871.00
Other	\$2,495.00	\$8,254.00	\$28,022.00
<b>TOTAL REVENUES</b>	<b>\$1,151,018.00</b>	<b>\$1,193,411.00</b>	<b>\$1,106,258.00</b>
<b>Insurance Recovery</b>	<b>\$89,066.00</b>		
<b>Revenues</b>	<b>\$1,240,084.00</b>		
<b>EXPENDITURES</b>			
Administration:			
Salaries and Benefits	\$310,312.00	\$264,961.00	\$183,231.00
Services and Supplies	\$167,010.00	\$266,803.00	\$233,957.00
Utilities	\$83,960.00	\$74,540.00	\$81,204.00
<b>Total Administration</b>	<b>\$561,282.00</b>	<b>\$606,304.00</b>	<b>\$498,392.00</b>
Recreation			
Salaries and Benefits	\$48,832.00	\$51,734.00	\$55,730.00
Services and Supplies	\$230,062.00	\$98,394.00	\$39,338.00
<b>Total Recreation</b>	<b>\$278,894.00</b>	<b>\$150,128.00</b>	<b>\$95,068.00</b>
Child Care:			
Salaries and Benefits	\$129,979.00	\$149,828.00	\$153,806.00
Services and Supplies	\$16,564.00	\$31,426.00	\$66,062.00
Utilities	\$2,064.00	\$1,826.00	\$2,339.00
<b>Total Child Care</b>	<b>\$148,607.00</b>	<b>\$183,080.00</b>	<b>\$222,207.00</b>
Debt Service			
Principal	\$115,639.00	\$214,679.00	\$213,779.00
Interest	\$33,100.00	\$34,894.00	\$79,351.00
<b>Total Debt Service</b>	<b>\$148,739.00</b>	<b>\$249,573.00</b>	<b>\$293,130.00</b>
<b>TOTAL EXPENDITURES</b>	<b>\$1,137,522.00</b>	<b>\$1,189,085.00</b>	<b>\$1,108,797.00</b>
Beginning Fund Balance	\$179,326.00	\$175,000.00	-\$322,461.00
Ending Fund Balance	\$281,888.00	\$179,326.00	\$175,000.00

While these positive activities are noted; two items remain a concern to LAFCO staff: (1) the information shows that the Recreation activities are not self-sufficient requiring subsidies from the District's primary source of revenue, its special tax. In Fiscal Year 2012-13 the subsidy required was approximately \$31,000 when the insurance recovery is factored in; and (2) the Child Care activities also require an annual subsidy but its annual requirement has been substantially reduced. However, the mid-year budget review for the District (copy included as Attachment #3) identifies that there have been significant reductions in participation in this program. In general terms, both of these activities are considered to be enterprise activities as the District charges for the service which should come close to cost recovery. As the District considers additional programs for delivery in the future the questions regarding recovery of true costs should be addressed.

4. In the past LAFCO staff has identified as an ongoing concern that the District has not included a Management Discussion and Analysis (MD&A) within its audits. For the audit prepared for Fiscal Year 2012-13 this document has been included and the District has presented a response to the material and significant deficiencies identified by the Audit. The District's development of a new chart of accounts to allow it to reconcile its finances in a timelier manner is a positive step for the District and over time should allow it to better address its financial position. These are the types of steps the Commission envisioned when conducting its service review.
5. Since the last status report in October, the District has finalized its termination of participation in the San Bernardino County Employee Retirement Association (SBCERA) effective December 2, 2013. The actuarially determined unfunded liability for the District as of May 31, 2013 (the last date employees participated in SBCERA) is \$669,204. The District requested and has been authorized to pay this amount over a 20 year period at a rate of \$2,788.35 per month (copy of Resolution 01272014-2 included as Attachment #4) This is a new obligation for the District which required an amendment to the budget for the six payments to be processed in FY 2013-14 beginning January 2014. The total increase is \$16,730 for the current year and \$33,460 each year thereafter. No mention is made in the materials if there is interest to be charged on this debt.

With this new information, LAFCO staff has prepared a forecast of expenditures and revenues for the next two years, through to FY 2015-16. This forecast anticipates no change in special tax revenues, projects revenues based upon audited data, maintains charges for recreation and child care services at prior audit year levels, applies a 2.5% increase to audited salaries and services and supplies line items, retains the level of maintenance activities (excluding the flood damage expense) as this was the main emphasis in the special tax increase election, and included the new requirement for SBCERA repayment. As the chart which follows illustrates, there is the potential for the District to begin to reverse its positive financial gains in the coming years.

Item # 8 – Status Report for  
Rim of the World Recreation and Park District  
March 11, 2014

	AUDITS			ADOPTED BUDGET 2014 Revised	FORECAST	
	For the Year Ended June 30				YEAR ENDING JUNE 30	
	2011	2012 Restated	2013		2015	2016
<b>REVENUE</b>						
Special Tax Proceeds	\$731,394.00	\$736,369.00	\$757,828.00	\$750,000.00	\$757,828.00	\$757,828.00
Delinquent Tax and Interest	\$8,058.00	\$9,762.00	\$9,370.00		\$9,500.00	\$9,500.00
Rents and Concessions	\$86,945.00	\$74,695.00	\$80,932.00	\$73,476.00	\$65,000.00	\$65,000.00
Intergovernmental	\$0.00	\$39,950.00	\$0.00			
Charges for Service:						
Recreation	\$86,477.00	\$144,800.00	\$158,881.00	\$170,000.00	\$158,881.00	\$158,881.00
Childcare	\$148,491.00	\$179,111.00	\$141,512.00	\$145,000.00	\$140,000.00	\$140,000.00
Contributions and Donations	\$16,871.00	\$470.00	\$0.00	\$1,000.00	\$0.00	\$0.00
Other	\$28,022.00	\$8,254.00	\$2,495.00	\$3,500.00	\$5,000.00	\$5,000.00
<b>TOTAL REVENUES</b>	<b>\$1,106,258.00</b>	<b>\$1,193,411.00</b>	<b>\$1,151,018.00</b>	<b>\$1,142,976.00</b>	<b>\$1,136,209.00</b>	<b>\$1,136,209.00</b>
Insurance Recovery			\$89,066.00			
Revenues			\$1,240,084.00			
<b>EXPENDITURES</b>						
Administration:						
Salaries and Benefits	\$183,231.00	\$264,961.00	\$310,312.00	\$330,069.80	\$338,321.55	\$346,779.58
Services and Supplies	\$233,957.00	\$266,803.00	\$167,010.00	\$183,185.25	\$187,764.88	\$192,459.00
Utilities	\$81,204.00	\$74,540.00	\$83,960.00	\$86,059.00	\$88,210.48	\$90,415.74
SBCERA Termination Payment				\$16,730.10	\$33,460.20	\$33,460.00
Total Administration	\$498,392.00	\$606,304.00	\$561,282.00	\$616,044.15	\$647,757.10	\$663,114.32
Recreation						
Salaries and Benefits	\$55,730.00	\$51,734.00	\$48,832.00	\$50,291.80	\$51,549.10	\$52,837.82
Services and Supplies	\$39,338.00	\$98,394.00	\$230,062.00	\$157,813.55	\$161,758.89	\$165,802.86
Total Recreation	\$95,068.00	\$150,128.00	\$278,894.00	\$208,105.35	\$213,307.98	\$218,640.68
Child Care:						
Salaries and Benefits	\$153,806.00	\$149,828.00	\$129,979.00	\$133,228.48	\$136,559.19	\$139,973.17
Services and Supplies	\$66,062.00	\$31,426.00	\$16,564.00	\$32,211.65	\$33,016.94	\$33,842.36
Utilities	\$2,339.00	\$1,826.00	\$2,064.00	\$2,115.60	\$2,168.49	\$2,222.70
Total Child Care	\$222,207.00	\$183,080.00	\$148,607.00	\$167,555.73	\$171,744.62	\$176,038.23
Debt Service						
Principal	\$213,779.00	\$214,679.00	\$115,639.00	\$16,661.00	\$17,658.00	\$18,740.00
Interest	\$79,351.00	\$34,894.00	\$33,100.00	\$31,886.00	\$30,782.00	\$29,700.00
Total Debt Service	\$293,130.00	\$249,573.00	\$148,739.00	\$48,547.00	\$48,440.00	\$48,440.00
<b>TOTAL EXPENDITURES</b>	<b>\$1,108,797.00</b>	<b>\$1,189,085.00</b>	<b>\$1,137,522.00</b>	<b>\$1,040,252.23</b>	<b>\$1,081,249.70</b>	<b>\$1,106,233.24</b>
<b>Change in Fund Balance</b>		<b>\$4,326.00</b>	<b>\$13,496.00</b>	<b>\$102,723.78</b>	<b>\$54,959.30</b>	<b>\$29,975.76</b>
Beginning Fund Balance	-\$322,461.00	\$175,000.00	\$179,326.00	\$281,888.00	\$384,611.78	\$439,571.07
Ending Fund Balance	\$175,000.00	\$179,326.00	\$281,888.00	\$384,611.78	\$439,571.07	\$469,546.83

In concluding this status report on compliance, the District continues to work toward resolution of its financial reporting and management issues as identified by LAFCO staff and its Audit team. LAFCO staff believes that many of the questions and concerns identified by the Commission are being addressed. However, staff has outlined its concern that the District may be moving toward an unsustainable position, much as it was before the increase in the special tax was approved. LAFCO staff feels confident that the District and its staff will provide the attention to this issue needed to preclude the problems of the past from resurfacing.

LAFCO staff recommends that a further status report on compliance be scheduled for the September 2014 hearing in order to review the final budget materials for Fiscal Year 2014-15 and other information provided by the District. Should the Commission have any questions, staff will be happy to answer them prior to or at the hearing.

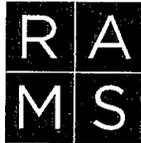
KRM

Attachments:

1. Audit for Fiscal Year 2012-13 and Copy of Action Item #1 from August 26, 2013 Board of Directors Meeting Amending FY 2012-13 Budget
2. Audit for Fiscal Year 2011-12
3. District Mid-Year Budget Review Including Resolution No. 01272014-1 Increasing Expenditure Authority and Resolution 01272014-2 for Settlement Agreement with SBCERA
4. District Resolution No. 01272014-2 For Settlement Agreement with San Bernardino County Employees' Retirement Association for Termination of Participation

**Audit for Fiscal Year 2012-13 and  
Copy of Action Item #1 from August 26,  
2013 Board of Directors Meeting  
Amending FY 2012-13 Budget**

**Attachment 1**



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

January 14, 2014

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San Bernardino, CA 92408  
909 889 0871 T  
909 889 5361 F  
ramscca.net

To the Board of Directors and Management  
Rim of the World Recreation and Park District

**PARTNERS**

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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)

**MANAGERS / STAFF**

Bradferd A. Welebir, CPA, MBA  
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Papa Matar Thiaw, CPA, MBA  
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Daniel T. Turner, CPA, MSA  
Derek J. Brown, CPA, MST  
David D. Henwood, CPA  
Nathan Statham, CPA, MBA

In planning and performing our audit of the 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, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in the District's internal control to be material weaknesses (items 1-3).

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the District's internal control to be significant deficiencies (item 4).

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

The District's written responses have not been subjected to the audit procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

*Rogers Anderson Malody & Scott, LLP*

**MEMBERS**

American Institute of  
Certified Public Accountants

*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental Audit  
Quality Center*

California Society of  
Certified Public Accountants

## ***MATERIAL WEAKNESSES***

(1)

### ***Accounting policies and procedures manual***

#### ***Observation***

During our review of internal controls, we noted that the District does not have a current written policies and procedures manual for accounting practices and procedures. The current manual was adopted in 1987. Updated manuals are needed in order to stay current with the District's operating and compliance environment. An updated accounting and procedures manual, adopted by the District Board, would help to ensure that the District's financial activity is recorded and reported in an accurate and timely manner, even when there is a change in staff. Such a manual could greatly minimize the time required to train any new staff members with accounting responsibilities. Issues that can be addressed in such a manual include, but are not limited to, specifying closing practices to be followed for preparation of financial reports, journal entry processes, cash receipts and disbursement procedures, descriptions of responsibilities for personnel involved in the accounting process, and the approval process.

#### ***Recommendation***

We do realize the District has adopted several updated policies, so we recommend that the District keep updating its current written manual addressing all pertinent accounting policies and procedures that have developed over the past 20 years.

#### ***Management response***

We agree that our manual should be updated and kept current to reflect any new policies and procedures that are implemented as our operations are streamlined.

(2)

### ***Segregation of duties***

#### ***Observation***

During our audit of the District, we noted a lack of segregation of duties in the District's accounting process. Currently, one employee controls the general ledger (posts journal entries and other adjustments), performs the bank reconciliation and processes payroll and disbursements. Proper segregation of duties dictates that the functions of recording, authorization, custody and execution are not dominated by one individual. Adequately segregated duties helps to reduce the possibility of fraud and defalcations from occurring and to ensure the integrity of the information provided by the District's financial reporting system. As stated above, an adequate segregation of duties requires that one individual does not handle a transaction from its inception to its completion.

However, we realize that this is due to the limited number of employees available to the District to perform numerous, and sometimes incompatible, duties. As such, there may be no practical corrective action possible for this inherent weakness. However, we believe it is important for management and the Board to be aware that whenever a limited number of people are in control of the accounting process, the system is far more susceptible to errors or other irregularities, either intentional or unintentional, not being discovered.

#### ***Recommendation***

We recommend the District implement other safeguards, such as heavy management/board oversight, requiring various approvals for disbursements and other transactions such as nonrecurring journal entries and reviewing payroll registers.

*Management response*

We have recently or are in the process of implementing the following: 1) review and approval by the General Manager of each bi-weekly payroll; 2) preparation of vendor checks only under the terms of an approved purchase order or blanket purchase order; and, 3) front desk signage telling our customers to always obtain a receipt for any monies given to the District. Separate personnel then reconcile receipt book detail to aggregate deposits made into the District's operating bank account.

(3)

***Financial statement close process/material misstatements***

*Observation*

We noted in the audit process that the District's financial close process is flawed which resulted in material misstatements in the financial statements. We believe there are ineffective controls to ensure timely review of all account reconciliations and significant financial statement amounts. These conditions could potentially result in a material misstatement to the District's financial statements that would not be prevented or detected on a timely basis.

*Recommendation*

To improve the financial close process, we recommend the District establish a monthly reconciliation process of all significant balance sheet and income statement accounts which include proper reviews and approvals. By doing this throughout the year, the District will be better prepared for the audit at year-end thus reducing the risk of a material misstatement due to error. In addition, timely reconciliations are a strong deterrent to misappropriation of assets or fraudulent financial reporting.

*Management response*

We agree. Moreover, in light of the amount of time which has transpired since some accounts were last reconciled, combined with our limited staff resources, the Board of Directors will need to make decisions regarding the allocation of District resources which will determine the time frame and scope of our implementation.

***SIGNIFICANT DEFICIENCIES***

(4)

***Payroll processing/administration***

*Observations*

During our audit of wages and benefits, we noted several areas of the payroll process which could use significant improvement. We noted the following issues:

1. There was no evidence of current authorized wages in personnel files,
2. Payroll is processed by one individual who has authorization to change wages, add or delete employees with the payroll company,
3. The personnel manual was last updated in 1987.

### *Recommendations*

Based on the above, we recommend the following:

1. All wage increases or decreases should be in writing and signed by the general manager and a supervisor (if applicable) and placed in the respective employees personnel file. A simple personnel action form can be developed to accomplish this. Also, the reason for the increase or decrease should be documented on this form. There should be no change to any wage unless this written, signed authorization is present.
2. Every payroll register should be reviewed by management other than the finance manager. A careful review of the payroll register and payroll check register can highlight several types of payroll fraud. While performing the review, the individual should be alert for unusual matters that might suggest fraud, such as the following:
  - a. Duplicate names or addresses
  - b. Names of former employees
  - c. Unusual/unauthorized pay rate or numbers of hours worked
  - d. Employee names not recognized (ghost employees)

If possible, it is also recommended that a payroll change report be obtained from the payroll processing company. This report should be reviewed, at a minimum of once a month, by someone in management, excluding the finance manager, for unusual changes made from one pay period to the next.

3. We recommend that an employee or personnel manual be updated and distributed to employees with periodic updates made as necessary. A comprehensive and up-to-date manual can help communicate, and encourage adherence to, District policies; prevent possible confusion, inconsistent treatment or misunderstandings among personnel. In addition, an updated policy could provide a measure of liability protection in case of employee legal challenges of District actions. After drafting, we recommend the District have legal counsel review it before distribution.

### *Management response*

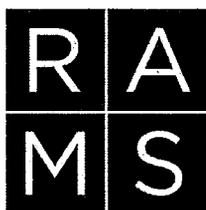
We have taken the following steps to improve the payroll processing and administration of payroll:

1. An employee written evaluation (including any wage increase) now accompanies all wage increase. Both the employee's supervisor and the General Manager must approve this increase.
2. Every payroll is reviewed and signed off by the General Manager. A detailed payroll report is also obtained from the payroll company.
3. The District has completed an updated personnel policy and it is currently under the review of Park District's Attorney's office. Once this review is completed, the Board of Directors must approve and adopted it. It is the intention of the District to have an employee meeting to review and answer questions on the new personnel manual. A copy of this new manual will be distributed to all employees.

# **Rim of the World Recreation and Park District**

Report on Audit and Financial Statements

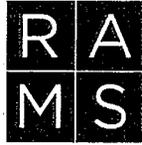
For the year ended June 30, 2013



ROGERS, ANDERSON, MALODY & SCOTT, LLP  
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**Rim of the World Recreation and Park District  
Basic Financial Statements  
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Rim of the World Recreation and Park District

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Scott W. Manno, CPA, CGMA  
Leena Shanbhag, CPA, MST, CGMA  
Jay H. Zercher, CPA (Partner Emeritus)  
Phillip H. Waller, CPA (Partner Emeritus)

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Yiann Fang, CPA  
Daniel T. Turner, CPA, MSA  
Derek J. Brown, CPA, MST  
David D. Henwood, CPA  
Nathan Statham, CPA, MBA

**INDEPENDENT AUDITOR'S REPORT**

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 (District), California as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**MEMBERS**

American Institute of  
Certified Public Accountants

*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental Audit  
Quality Center*

California Society of  
Certified Public Accountants

## 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 Rim of the World Recreation and Park District as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other matters

### *Required supplementary information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information as listed in the table of contents 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 Malock & Scott, LLP*

San Bernardino, CA  
January 14, 2014

**Rim of the World Recreation and Park District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Rim of the World Recreation & Park District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section. (Certain amounts as of June 30, 2012, and for the year then ended, have been restated for the reasons set forth in Note 10 to the financial statements.)

### **Financial Highlights**

- The District's net position increased 10.26% or \$205,833 to \$2,220,847 in 2013 as a result of this year's operations.
- During the year, the District's assessment revenues increased by 2.82% or \$21,067 in 2013.
- Program revenues decreased by 2.47% or \$7,610 to \$300,393 in 2013. This overall decrease was a combination of a positive increase of \$29,989 in revenues from recreation programs as a result of adding additional classes/programs and enrollment increases in the youth basketball and track and field programs. Offsetting this was a decrease of \$37,599 in child care stemming from a steady decline in enrollment, which coincides with the decline in enrollment of students in the local school district. Additionally, some participants dropped out because one or more of the parents became unemployed and could not afford the enrollment fees.
- Total expenses, excluding depreciation and repair expenses covered by insurance, decreased by 4.27% or \$41,589 to \$932,817 in 2013. Administration salaries increased primarily because 2013 included the salary of the General Manager for the entire year. Administration services and supplies decreased because of less spending on professional services and facility improvements. Recreation services and supplies increased primarily because of the flood at the Twin Peaks Senior Center.

### **Using This Financial Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Activities. This statement measures the success of the District's operations over the past year and can be used to determine the District's profitability and credit worthiness.

### **Government-wide Financial Statements**

#### **Statement of Net Position and Statement of Activities**

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

**Rim of the World Recreation and Park District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013**

These two statements report the District's *net position* and changes in them. Think of the District's net position - the difference between assets and liabilities - as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors; however, such as changes in the District's property tax base to assess the *overall health* of the District.

**Governmental Funds Financial Statements**

**Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Rim of the World Recreation and Park District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013**

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets of the District exceeded liabilities by \$1,959,259 as of June 30, 2013.

	<u>2013</u>	<u>2012</u>	<u>% change</u>	<u>\$ change</u>
<b>Assets:</b>				
Current and other	\$ 408,038	\$ 349,425	16.77%	\$ 58,613
Capital, net	<u>2,467,232</u>	<u>2,481,455</u>	-0.57%	(14,223)
<b>Total assets</b>	<u><u>2,875,270</u></u>	<u><u>2,830,880</u></u>		
<b>Liabilities:</b>				
Current	148,901	302,885	-50.84%	(153,984)
Due in more than one year	<u>505,522</u>	<u>513,130</u>	-1.48%	(7,608)
<b>Total liabilities</b>	<u><u>654,423</u></u>	<u><u>816,664</u></u>		
<b>Net position:</b>				
Net investment in capital assets	1,959,259	1,957,843	0.07%	1,416
Unrestricted	<u>261,588</u>	<u>57,022</u>	364.03%	205,215
<b>Total net position</b>	<u><u>\$ 2,220,847</u></u>	<u><u>\$ 2,014,865</u></u>		

A portion of the District's net position 88.22% or \$1,959,259 as of June 30, 2013, reflects its investment in capital assets (net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to operate the District; consequently, these assets are *not* available for future spending. At the end of fiscal year 2013, the District showed a positive balance in its unrestricted net position of \$261,588 that may be utilized in future years.

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, net position increased by \$205,982 for the fiscal year ended June 30, 2013.

**Governmental Funds Financial Analysis**

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unreserved fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2013, the District's Governmental Fund reported a fund balance of \$281,888, all of which is unassigned and is available for future District expenses.

**Rim of the World Recreation and Park District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013**

	<u>2013</u>	<u>2012</u>	<u>% change</u>	<u>\$ change</u>
<b>REVENUES</b>				
Special assessments	\$ 757,828	\$ 736,369	2.91%	\$ 21,459
Delinquent assessments and interest	9,370	9,762	-4.02%	(392)
Rents and concessions	80,932	74,695	8.35%	6,237
Intergovernmental	-	39,950	-100.00%	(39,950)
Charges for services:				
Recreation	158,881	144,800	9.72%	14,081
Childcare	141,512	179,111	-20.99%	(37,599)
Contributions and donations	-	470	-100.00%	(470)
Other	2,495	8,254	-69.77%	(5,759)
 Total revenues	 <u>1,151,018</u>	 <u>1,193,411</u>		
<b>EXPENDITURES</b>				
Administration:				
Salaries and benefits	310,312	264,961	17.12%	45,351
Services and supplies	167,010	266,803	-37.40%	(99,793)
Utilities	83,960	74,540	12.64%	9,420
Recreation:				
Salaries and benefits	48,832	51,734	-5.60%	(2,902)
Services and supplies	230,062	98,394	133.82%	131,668
Child care:				
Salaries and benefits	129,979	149,828	-13.25%	(19,849)
Services and supplies	16,564	31,426	-47.29%	(14,862)
Utilities	2,064	1,826	13.03%	238
Debt service:				
Principal	115,639	214,679	-46.13%	(99,040)
Interest	33,100	34,894	-5.14%	(1,794)
 Total expenditures	 <u>1,137,522</u>	 <u>1,189,085</u>		
Excess (deficit) of revenues over expenditures	13,496	4,326		
Insurance recovery	89,066	-		
 Net change in fund balance	 102,562	 4,326		
Fund balance, beginning of year, restated	179,326	175,000		
Fund balance, end of year	<u>\$ 281,888</u>	<u>\$ 179,326</u>		

**Rim of the World Recreation and Park District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013**

**Capital Asset Administration**

Changes in capital assets for fiscal year 2013 were as follows:

	<u>2013</u>	<u>2012</u>	<u>% change</u>	<u>\$ change</u>
Capital assets not being depreciated	\$ 1,312,849	\$ 1,312,849	0.00%	\$ -
Capital assets being depreciated	2,060,882	2,028,212	1.61%	32,670
Less accumulated depreciation	<u>(906,499)</u>	<u>(859,606)</u>	5.46%	(46,893)
	<u>1,154,383</u>	<u>1,168,606</u>		
Total capital assets, net	<u>\$ 2,467,232</u>	<u>\$ 2,481,455</u>		

At the end of fiscal year 2013, the District's investment in capital assets amounted to \$2,467,232 (net of accumulated depreciation). This investment in capital assets is primarily comprised of basic infrastructure assets and equipment. The District's investment in capital assets is more fully analyzed in Note 3 to the basic financial statements.

**Long-term Liabilities Administration**

Long-term liabilities for fiscal year 2013 were as follows:

	<u>2013</u>	<u>2012</u>	<u>% change</u>	<u>\$ change</u>
Note Payable - Union Bank	\$ 507,973	\$ 523,612	-2.99%	\$ (15,639)
County loan	-	100,000	-100.00%	(100,000)
Compensated absences	20,300	22,304	-8.98%	(2,004)
Less current portion	<u>(22,751)</u>	<u>(22,247)</u>	2.26%	(504)
Total long-term liabilities	<u>\$ 505,522</u>	<u>\$ 623,669</u>		

At the end of fiscal year 2013, the District had secured debt of \$507,973, of which \$491,312 is designated as long-term. Similarly, the District had \$20,300 in compensated absences, of which \$14,210 is designated as long-term. The District's investment in capital assets and related debt are more fully analyzed in Notes 3 and 4 to the basic financial statements.

**Conditions Affecting Current Financial Position**

Management is unaware of any conditions, which could have a significant impact on the District's current financial position, net position or operating results in terms of past, present and future.

**Requests for Information**

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's General Manager at P.O. Box 8 – 26577 State Highway 18, Rimforest, CA 92378.

**Rim of the World Recreation and Park District  
Statement of Net Position  
June 30, 2013**

	Governmental Activities
<b>ASSETS</b>	
Cash	\$ 370,363
Accounts receivable, net	6,882
Intergovernmental receivables	30,793
Capital assets not being depreciated	1,312,849
Capital assets being depreciated, net	1,154,383
Total assets	2,875,270
<b>LIABILITIES</b>	
Accounts payable	45,696
Accrued wages and benefits	17,024
Other current liabilities	63,430
Noncurrent liabilities:	
Due within one year	22,751
Due in more than one year	505,522
Total liabilities	654,423
<b>NET POSITION</b>	
Net investment in capital assets	1,959,259
Unrestricted	261,588
Total net position	\$ 2,220,847

*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, 2013**

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Governmental Activities
Governmental activities:					
Administration	\$ 570,440	\$ 850,474	\$ -	\$ -	\$ 280,034
Recreation	266,618	158,881	-	78,731	(29,006)
Childcare	153,607	141,512	-	-	(12,095)
Interest expense	33,100	-	-	-	(33,100)
Total governmental activities	\$ 1,023,765	\$ 1,150,867	\$ -	\$ 78,731	205,833
General revenues:					
Other					149
Total general revenues					149
Change in net position					205,982
Net position, beginning of year, restated					2,014,865
Net position, end of year					\$ 2,220,847

*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, 2013**

**ASSETS**

Cash	\$ 370,363
Accounts receivable, net	6,882
Intergovernmental receivable	<u>30,793</u>
Total assets	<u><u>\$ 408,038</u></u>

**LIABILITIES AND FUND BALANCE**

Liabilities:	
Accounts payable	\$ 45,696
Accrued wages and benefits	17,024
Other current liabilities	<u>63,430</u>
Total liabilities	<u>126,150</u>
Fund balance:	
Unassigned	<u>281,888</u>
Total fund balance	<u>281,888</u>
Total liabilities and fund balance	<u><u>\$ 408,038</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 Position  
Governmental Fund  
June 30, 2013**

<b>Fund balance of governmental fund</b>	\$ 281,888
--	------------

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,467,232
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in funds.	
--	--

Notes payable - Union Bank	(507,973)
Compensated absences payable	<u>(20,300)</u>

<b>Net position of governmental activities</b>	<u><u>\$ 2,220,847</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, 2013**

**REVENUES**

Special assessments	\$	757,828
Delinquent assessments and interest		9,370
Rents and concessions		80,932
Charges for services:		
Recreation		158,881
Childcare		141,512
Other		2,495
		1,151,018
Total revenues		1,151,018

**EXPENDITURES**

Administration:		
Salaries and benefits		310,312
Services and supplies		167,010
Utilities		83,960
Recreation:		
Salaries and benefits		48,832
Services and supplies		230,062
Childcare:		
Salaries and benefits		129,979
Services and supplies		16,564
Utilities		2,064
Debt service:		
Principal		115,639
Interest		33,100
		1,137,522
Total expenditures		1,137,522

Excess of revenues over (under) expenditures		13,496
--	--	--------

**OTHER FINANCING SOURCES (USES)**

Insurance recovery		89,066
Total other financing sources (uses)		89,066

Net change in fund balance		102,562
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Fund balance, beginning of year, restated		179,326
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Fund balance, end of year		\$ 281,888
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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 the Governmental Fund to the  
 Statement of Activities  
 For the year ended June 30, 2013**

**Net change in fund balance - total governmental fund** \$ 102,562

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	52,957
Depreciation expense	(67,180)

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

Principal payment on loans	115,639
----------------------------	---------

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.	2,004
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**Change in net position of governmental activities** \$ 205,982

*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, 2013**

**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 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, 2013**

**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 position 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*. *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, 2013**

**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 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	\$	19,332
Allowance for uncollectible accounts		(12,450)
		6,882
Net realizable value	\$	6,882

***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, 2013**

**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 \$20,300 at June 30, 2013.

***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, 2013**

**Note 1: Summary of Significant Accounting Policies (continued)**

***Fund equity***

The District has 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.

***Implementation of new pronouncements***

Beginning with the current fiscal year, the District implemented GASBS No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement is designed to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on the government's net position.

Deferred outflows of resources are transactions that result in the consumption of net position in one period that are applicable to future periods and are not considered assets as described by the statement. Deferred outflows of resources are required to be presented separately after assets on the statement of net position.

Deferred inflows of resources are transactions that result in the acquisition of net position in one period that are applicable to future periods and are not considered to be liabilities as described by the statement. Deferred outflows of resources are required to be presented separately after liabilities on the statement of net position.

**Rim of the World Recreation and Park District  
Notes to the Basic Financial Statements  
June 30, 2013**

**Note 2: Cash and Investments**

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash	\$ 370,363
	<hr/>
Total cash and investments	\$ 370,363
	<hr/> <hr/>

Cash and investments as of June 30, 2013 consist of the following:

Cash in County pool	\$ 217,921
Bank deposits	152,377
Petty cash and undeposited funds	<hr/> 65
	<hr/>
Total cash and investments	\$ 370,363
	<hr/> <hr/>

***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, 2013. 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.

**Rim of the World Recreation and Park District**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 2: Cash and Investments (continued)**

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.

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:

Investment type	Total	Remaining maturity 12 months or less
County pool	<u>\$ 217,921</u>	<u>\$ 217,921</u>

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

At June 30, 2013, the District had aggregate deposits of \$21,917 with Bank of America and \$147,440 with Union Bank of California.

**Rim of the World Recreation and Park District**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 2:           Cash and Investments (continued)**

***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, 2013.

**Rim of the World Recreation and Park District**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 3: Capital Assets**

Changes in capital assets for the fiscal year ended June 30, 2013, were as follows:

	Beginning balance	Additions	Deletions	Ending balance
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 574,257	\$ -	\$ -	\$ 574,257
Improvements to land	738,592	-	-	738,592
<b>Total capital assets not being depreciated</b>	<b>1,312,849</b>	<b>-</b>	<b>-</b>	<b>1,312,849</b>
Capital assets being depreciated:				
Structures and improvements	1,813,213	63,292	(30,622)	1,845,883
Equipment	150,415	-	-	150,415
Depreciable improvements to land	64,584	-	-	64,584
<b>Total capital assets being depreciated</b>	<b>2,028,212</b>	<b>63,292</b>	<b>(30,622)</b>	<b>2,060,882</b>
Less accumulated depreciation	(859,606)	(67,180)	20,287	(906,499)
<b>Total capital assets being depreciated, net</b>	<b>1,168,606</b>	<b>(3,888)</b>	<b>(10,335)</b>	<b>1,154,383</b>
<b>Total capital assets, net</b>	<b>\$ 2,481,455</b>	<b>\$ (3,888)</b>	<b>\$ (10,335)</b>	<b>\$ 2,467,232</b>

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

Administration	\$ 11,164
Recreation	51,016
Childcare	5,000
<b>Total depreciation expense</b>	<b>\$ 67,180</b>

**Rim of the World Recreation and Park District  
Notes to the Basic Financial Statements  
June 30, 2013**

**Note 4: Long-Term Liabilities**

Changes in long-term debt for the fiscal year ended June 30, 2013, 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	\$ 523,612	\$ -	\$ (15,639)	\$ 507,973	\$ 16,661
County loan	100,000	-	(100,000)	-	-
Compensated absences	<u>22,304</u>	<u>10,051</u>	<u>(12,055)</u>	<u>20,300</u>	<u>6,090</u>
Total long-term liabilities	<u>\$ 645,916</u>	<u>\$ 10,051</u>	<u>\$ (127,694)</u>	<u>\$ 528,273</u>	<u>\$ 22,751</u>

Outstanding at  
June 30, 2013

***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 approximately \$473,658 is due and payable.

\$ 507,973

***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. The loan was paid in the current fiscal year.

Total notes and loans payable

\$ 507,973

**Rim of the World Recreation and Park District  
Notes to the Basic Financial Statements  
June 30, 2013**

**Note 4: Long-Term Liabilities (continued)**

The annual requirements to amortize the Union Bank note payable outstanding as of June 30, 2013, including interest payments to maturity, are as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 16,661	\$ 31,886
2015	17,658	30,782
2016	473,654	8,693
Totals	<u>\$ 507,973</u>	<u>\$ 71,361</u>

**Note 5: Employees' Retirement Plans**

Currently, the District participates in the following retirement plans:

During the current fiscal year, the District contributed \$14,194 to the plan.

*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.

*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.

**Rim of the World Recreation and Park District**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**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 earthquake is \$50,000 per occurrence or 5% of the value of the building, contents and/or structure damage, whichever is greater. The deductible for all loss or damage arising from the risk of flood is \$20,000.

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.

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.

There have been no significant reductions in insurance coverage from the prior year.

**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.

**Rim of the World Recreation and Park District**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**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
2014	\$ 79,662
2015	82,882
2016	47,720
2017	48,378
2018	49,055
Total	<u>\$ 307,697</u>

The cell tower leases operate under five year renewable contracts. As of June 30, 2013, each lease has been renewed at least once. However, there is no guarantee the leases will be renewed in the future.

**Note 10: Equity Restatement**

Beginning equity on the government-wide financial statements has been restated by \$649 due to an overstatement of accounts payable (\$15,705) and an understatement of compensated absences (\$15,056) in prior years. The fund financial statements were restated by the \$15,705 only.

**Note 11: Subsequent Event**

During the year under audit, the District filed a notice of intent to withdraw from the San Bernardino County Employees' Retirement Association (SBCERA) defined benefit plan. If the District withdraws from SBCERA, it will remain liable to SBCERA for their share of any unfunded actuarial liability, which is attributable to District employees who either have retired or will retire from SBCERA. SBCERA estimates the District's unfunded liability to be \$669,204.

**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, 2013**

	Budgeted amounts		Actual amountsfinal	Variance with budget
	Original	Final		
<b>REVENUES</b>				
Special assessments	\$ 745,000	\$ 745,000	\$ 757,828	\$ 12,828
Delinquent assessments and interest	-	-	9,370	9,370
Rents and concessions	73,311	73,311	80,932	7,621
Charges for services:				
Recreation	163,962	163,962	158,881	(5,081)
Childcare	146,038	146,038	141,512	(4,526)
Contributions and donations	15,000	15,000	-	(15,000)
Other	3,500	3,500	2,495	(1,005)
<b>Total revenues</b>	<b>1,146,811</b>	<b>1,146,811</b>	<b>1,151,018</b>	<b>4,207</b>
<b>EXPENDITURES</b>				
Administration:				
Salaries and benefits	288,099	288,099	310,312	(22,213)
Services and supplies	228,646	228,646	167,010	61,636
Utilities	77,105	77,105	83,960	(6,855)
Recreation:				
Salaries and benefits	50,589	50,589	48,832	1,757
Services and supplies	110,607	110,607	230,062	(119,455)
Child care:				
Salaries and benefits	161,312	161,312	129,979	31,333
Services and supplies	22,677	22,677	16,564	6,113
Utilities	1,895	1,895	2,064	(169)
Debt service:				
Principal	114,344	114,344	115,639	(1,295)
Interest	35,096	35,096	33,100	1,996
<b>Total expenditures</b>	<b>1,090,370</b>	<b>1,090,370</b>	<b>1,137,522</b>	<b>(47,152)</b>
Excess of revenues over (under) expenditures	56,441	56,441	13,496	(42,945)
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance recovery	-	-	89,066	89,066
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>89,066</b>	<b>89,066</b>
Net change in fund balance	56,441	56,441	102,562	46,121
Fund balance, beginning of year, restated	179,326	179,326	179,326	-
Fund balance, end of year	<b>\$ 235,767</b>	<b>\$ 235,767</b>	<b>\$ 281,888</b>	<b>\$ 46,121</b>

**Rim of the World Recreation and Park District  
Notes to Required Supplementary Information  
June 30, 2013**

**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 \$47,152 which was primarily due to restoration work on the Senior Center after a flood. The District received \$89,066 in insurance proceeds.

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 Hugh Bialecki, the Board adopted Resolution 06132013-4  as presented  with modifications



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

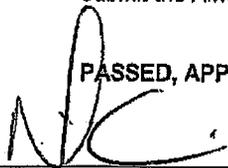
Revenue

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

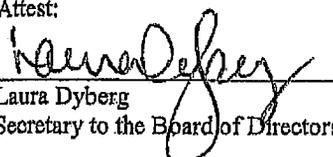
NOW, THEREFORE, the Board of Directors of the Rim of the World Recreation & Park District does hereby submit the Amended 2012/2013 Final Budget to the San Bernardino County, Auditor/Controller's Office.

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

  
Rick Claig

~~Chairman of the Board of Directors~~

Attest:

  
Laura Dyberg

Secretary to the Board of Directors

**RIM OF THE WORLD RECREATION AND PARK DISTRICT  
PROPOSED 2013/2014 FINAL**

		<b>BUDGET</b>					
		<b>ACTUAL YEAR-END FY 2009/2010</b>	<b>ACTUAL YEAR-END FY 2010/11</b>	<b>ACTUAL YEAR-END FY 2011/2012</b>	<b>AMENDED (as of 8/26/13) BUDGET FY 2012/2013</b>	<b>ESTIMATED ACTUAL FY 2012/2013</b>	<b>STAFF FINAL BUDGET FY 2013/2014</b>
<b>COLUMN 1</b>		<b>COLUMN 2</b>	<b>COLUMN 3</b>	<b>COLUMN 4</b>	<b>COLUMN 5</b>	<b>COLUMN 6</b>	<b>COLUMN 7</b>
<b>Fund balance, beginning of year</b>		(286,080)	-322,461	176,000	163,621	163,621	166,127
<b>Income</b>	<b>500-100</b>						
	Assessment Income	372,610	736,766	746,048	745,000	766,000	760,000
	Donations	32,167	16,871	40,420	16,000	2,000	1,000
	Fees and Charges	298,059	285,130	314,484	310,000	290,000	315,000
	Other Income	1,179	3,887	6,088	92,588	92,588	3,500
	Rental Income	67,110	85,546	71,896	78,311	73,476	73,476
	<b>Gross Revenue-as originally reported</b>	<b>761,114</b>	<b>1,110,219</b>	<b>1,180,936</b>	<b>1,235,877</b>	<b>1,213,042</b>	<b>1,142,976</b>
	Debt Issued-SB County		600,000				
	To reconcile with audited F/S	-948	-3,961	12,476	n/a	n/a	n/a
<b>Total</b>		<b>760,166</b>	<b>1,806,258</b>	<b>1,193,411</b>	<b>1,235,877</b>	<b>1,213,042</b>	<b>1,142,976</b>
<b>Expense</b>	<b>905-</b>						
	Advertising	266	616	806	2,000	2,000	2,000
	Auto Expense	6,087	5,836	6,186	9,000	11,000	9,000
	Bank Fees & Services	1,634	2,039	1,847	2,000	2,600	2,000
	Building Loan Payment	48,440	48,440	48,440	48,440	48,440	48,440
	Communications	8,647	12,967	10,997	12,000	10,000	12,000
	Computer Software	0	2,880	1,109	600	600	6,000
	Equipment and Supplies	8,732	29,427	51,562	28,000	28,000	28,000
	Equipment Maintenance & Repair	2,900	826	1,664	2,000	2,000	2,000
	Food	3,289	2,437	2,832	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	600	600
	Legal Notices	36	662	30	600	600	600
	Memberships	2,898	3,255	3,601	4,500	4,500	5,000
	Outside Help (1089)	31,298	34,486	48,668	52,500	56,500	56,500
	Postage	1,301	687	930	1,000	1,000	1,000
	Printing	1,818	1,728	703	2,000	2,000	4,000
	Private Mileage	633	1,146	1,366	2,200	2,200	3,000
	Professional Services	91,724	208,636	116,664	96,826	88,326	107,600
	Publications/Marketing	642	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	12,637	13,000	13,000	13,000
	Special Expense	24,926	29,493	44,018	40,630	40,630	41,000
	Staff Uniforms	0	826	204	500	500	600
	Structure Maintenance & Repair	15,776	40,720	36,362	142,366	142,366	66,000
	Subscriptions	46	70	20	76	76	76
	Training	181	638	803	3,000	3,000	4,000
	Travel	0	0	927	1,000	1,000	1,000
	Utilities	76,962	80,668	76,146	79,000	83,000	79,000
	New Facilities / CIP	16,074	20,778	43,073	0	100	0
	<b>Total Service &amp; Supplies</b>	<b>376,470</b>	<b>805,641</b>	<b>540,817</b>	<b>579,436</b>	<b>581,636</b>	<b>522,716</b>
	Compensation & Benefits	400,241	362,623	468,432	500,000	500,000	613,800
	<b>Total Appropriations-as originally reported</b>	<b>776,711</b>	<b>968,664</b>	<b>999,249</b>	<b>1,079,436</b>	<b>1,081,636</b>	<b>1,086,516</b>
	Debt principal payments to SB County		200,000	200,000	100,000	100,000	
	To reconcile with audited F/S	19,826	-69,867	6,641	n/a	n/a	n/a
	Contingency/SBCERA						106,461
<b>Total expenditures</b>		<b>796,537</b>	<b>1,108,797</b>	<b>1,204,790</b>	<b>1,179,436</b>	<b>1,181,636</b>	<b>1,142,976</b>
<b>Net change in fund balance</b>		<b>(36,371)</b>	<b>487,461</b>	<b>(11,379)</b>	<b>68,441</b>	<b>31,606</b>	<b>-</b>
<b>Fund balance, end of year</b>		<b>(322,461)</b>	<b>176,000</b>	<b>163,621</b>	<b>220,062</b>	<b>196,127</b>	<b>196,127</b>
	Estimated Bank Balances as of 06-30-2013						263,800
	Reserves for 2014/2015 Jul-Dec Operations						300,000

# **Audit for Fiscal Year 2011-12**

**Attachment 2**

# Memorandum

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**To:** Rim of the World Recreation and Park District  
Board of Directors and;

Rogers, Anderson, Malody & Scott, LLP

**From:** Karen Reams, General Manager  
Robyn Sydow, Finance Manager

**Date:** June 10, 2013

**Re:** Management Review of 2011 and 2012 Audit

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Listed below is the Audit Report for the 2011 and 2012 Audit of the Rim of the World Recreation and Park District. You will also find the Auditors Observation, Recommendations, and the ROWRPD staff's Management Response.

*From the Auditors Report:*

In planning and performing our audit of the 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, and June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain

deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in District's internal control to be material weaknesses (items 1-5).

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the District's internal control to be significant deficiencies (items 6-8).

This communication is intended solely for the information and use of management the Board of Directors, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

## ***MATERIAL WEAKNESSES***

(1)

### ***Accounting policies and procedures manual***

#### *Observation*

During our review of internal controls, we noted that the District does not have a current written policies and procedures manual for accounting practices and procedures. The current manual was adopted in 1987. Updated manuals are needed in order to stay current with the District's operating and compliance environment. An updated accounting and procedures manual, adopted by the District Board, would help to ensure that the District's financial activity is recorded and reported in an accurate and timely manner, even when there is a change in staff. Such a manual could greatly minimize the time required to train any new staff members with accounting responsibilities. Issues that can be addressed in such a manual include, but are not limited to, specifying closing practices to be followed for preparation of financial reports, journal entry processes, cash receipts and disbursement

procedures, descriptions of responsibilities for personnel involved in the accounting process, and the approval process.

*Recommendation*

We recommend that the District update its current written manual addressing all pertinent accounting policies and procedures that have developed over the past 20 years.

*Management Response*

*We agree that our manual should be updated and kept current to reflect any new policies and procedures that are implemented as our operations are streamlined. We are in the process of getting this policy manual approved by the Board of Directors in 2013/14.*

(2)

**Fraud risk assessment**

*Observation*

While performing our review of the District's internal control over financial reporting, we noted that the District has not developed a fraud risk assessment program. A formal fraud risk assessment program is an essential part of internal control over financial reporting. The assessment should address such issues as management's understanding of fraud within the government (including specific fraud risks to be identified), programs and controls implemented to address identified fraud risks (or otherwise help prevent, deter, and detect fraud), management's understanding of the susceptibility of the government's operating locations to fraud and how those locations are to be monitored and how ethical behavior is to be communicated to employees.

*Recommendation*

Therefore, in order to strengthen internal controls over financial reporting, we recommend that the District adopt a formal fraud risk assessment program, at a minimum covering the above-mentioned items.

*Management Response*

*We agree that a fraud risk assessment program should be developed. To achieve this goal, it would be beneficial if staff seeks out examples from other organizations of our similar size and structure whom have implemented such a program.*

(3)

**Segregation of duties**

*Observation*

During our audit of the District, we noted a lack of segregation of duties in the District's accounting process. Proper segregation of duties dictates that the functions of recording, authorization, custody and execution are not dominated by one individual. This separation reduces the possibility of fraud and defalcations from occurring and provides adequate controls to ensure the integrity of the information provided by the District's financial reporting system. As stated above, an adequate segregation of duties requires that one individual does not handle a transaction from its inception to its completion. However, we realize that this is due to the limited number of employees available to the District to perform numerous, and sometimes incompatible, duties. As such, there may be no practical corrective action possible for this inherent weakness. However, we believe it is important for management and the Board to be aware that whenever a limited number of people are in control of the accounting process, the system is far more susceptible to errors or other irregularities, either intentional or unintentional, not being discovered.

*Recommendation*

We recommend the District implement other safeguards, such as heavy management/board oversight, requiring various approvals for disbursements and other transactions such as nonrecurring journal entries, and requiring two signatures on all checks to help mitigate any effects of the above condition.

*Management Response*

*We have recently or are in the process of implementing the following: 1) review and approval by the General Manager of each bi-weekly payroll; 2) preparation of vendor checks only under the terms of an approved purchase order or blanket purchase order; and, 3) front desk signage telling our customers to always obtain a receipt for any monies given to the District. Separate personnel then reconcile receipt book detail to aggregate deposits made into the District's operating bank account.*

(4)

***Financial statement close process/material misstatements***

*Observation*

We noted in the audit process the District's financial close process is flawed which resulted in material misstatements in the financial statements. We believe there are ineffective controls to ensure timely review of all account reconciliations and significant financial statement amounts. These conditions could potentially result in a material misstatement to the District's financial statements that would not be prevented or detected on a timely basis.

*Recommendation*

To improve the financial close process, we recommend the District establish a monthly reconciliation process of all significant balance sheet and income statement accounts which include proper reviews and approvals. By doing this throughout the year, the District will be better prepared for the audit at year-end thus reducing the risk of a material misstatement due to error. In addition, timely reconciliations are a strong deterrent to misappropriation of assets or fraudulent financial reporting.

*Management Response*

*We agree. Moreover, in light of the amount of time which has transpired since some accounts were last reconciled, combined with our limited staff resources, the Board of Directors will need to make decisions regarding the allocation of District resources which will determine the time frame and scope of our implementation.*

(5)

***Aged accounts receivable maintenance***

*Observation*

Over the past few years, the amount of accounts receivable due over one year has not been properly monitored. Currently, Management does not prepare periodic aging analyses of customer accounts receivable balances. Periodic preparation and review of such an analysis would allow for prompt action on delinquent accounts. Collections on delinquent accounts are likely to be better the earlier the collection

efforts are started. We believe that once a receivable is over 90 days old, it becomes increasingly difficult to collect. Uncollectible accounts should be written off and sent to collections (if desired).

In addition, the detail of all accounts receivable should be reviewed on a monthly basis for the following unusual items:

1. Unusually large entries or transactions.
2. Unusual credits.
3. Credit balances.
4. Significant delinquent balances.
5. Unusual items or patterns (such as an unusual number or credits or write-offs by one employee).
6. Unusual credit memos or voids, late charges or misclassifications.
7. Accounts written off shortly after being established, particularly ones on which no payments were recorded.

#### *Recommendation*

We recommend the District implement procedures to address the above conditions. As of now, valuing accounts receivable is already a difficult endeavor, but if the issues above are not addressed in a timely manner, valuation of accounts receivable will only become more cumbersome and difficult.

#### *Management Response*

*Management agrees with this and has set in to practice in fiscal year 2013 to address these conditions. These accounts will be monitored on a monthly basis.*

### **SIGNIFICANT DEFICIENCIES**

(6)

#### ***Delinquent accounts receivable write-offs***

#### *Observation*

In coordination with item 5 above, delinquent accounts deemed to be uncollectible should be written off by the District. After an analysis of uncollectible accounts, the District general manager or the board should authorize the write-off of identified accounts.

*Recommendation*

We recommend the District implement procedures to address the above conditions.

*Management Response*

*Management agrees with this and will bring a new policy in fiscal year 2013 by authorizing the Board of Directors to write-off of identified accounts.*

(7)

**Update signature cards**

*Observation*

During our audit of cash balances, we noted that persons no longer associated with the District are still listed on the District's signature card for the Union Bank checking account. Such a situation is a security risk over the District's checking account.

*Recommendation*

We recommend the District update its authorized check signers immediately by contacting the bank, in writing, as soon as possible. To prevent its recurrence, we recommend that the District periodically check the signature cards and make any updates as necessary and that the bank be promptly and formally notified.

*Management Response*

*This has been corrected in fiscal year 2011.*

(8)

**Outstanding checks**

*Observation*

Our review of accounting procedures revealed that several checks and deposits from 2005 are still showing as outstanding as of the latest 2011 bank reconciliation. Having outstanding checks for long periods of time hinders the accounting personnel's ability to reflect an accurate cash balance and adds necessary steps to the bank reconciliation process.

*Recommendation*

We recommend District personnel investigate all outstanding checks on a regular basis. Stop payment notices should be sent as needed and checks should be written off when deemed necessary. This practice will provide a much stronger control over cash and the bank reconciliation process.

*Management Response*

*District staff is in the process of reconciling these outstanding checks. This process will be complete in fiscal year 2013 and will continue to be completed on a monthly basis.*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the Local Agency Formation Commission for San Bernardino County (Commission) provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the financial statements as outlined in the table of contents.

### Using the Accompanying Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Commission as a whole and present a longer view of the Commission's finances. Also included in the accompanying report are fund financial statements. For governmental activities, the fund financial statements tell how the services were financed in the short-term as well as what remains for future spending.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of two parts - management's discussion and analysis (this section), and the basic financial statements. The basic financial statements provide both long-term and short-term information about the Commission's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The basic financial statements also include additional budgetary information.

### Reporting the Commission as a Whole

The accompanying Government-wide financial statements include two statements that present financial data for the Commission as a whole. An important question to be asked about the Commission's finances is, "Is the Commission as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Commission as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows.

The statements report the Commission's net assets and changes in them. You can think of the Commission's net assets – the difference between assets and liabilities - as one way to measure the Commission's financial health or financial position. Over time, increases and decreases in the Commission's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other factors, such as changes in the Commission's revenues, to assess the overall health of the Commission.

### Reporting the Commission's Fund Activity

The fund financial statements provide detailed information about the Commission's governmental fund as it operates under a single-program government fund. All of the Commission's basic services are reported in its General Fund. The fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. We describe the relationship or differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) in the reconciliation following the fund financial statements.

The following table provides the Statement of Net Assets for the past two fiscal years:

**TABLE 1  
NET ASETS – GOVERNMENTAL ACTIVITIES**

	2011-12	2010-11	Difference
<b>Assets:</b>			
Cash and investments	\$ 481,982	\$ 305,056	\$ 176,926
Capital assets, net of depreciation	7,022	8,192	(1,170)
Accounts receivable	5,596	0	5,596
<b>Total Assets</b>	<b>494,600</b>	<b>313,248</b>	<b>181,352</b>
<b>Liabilities:</b>			
Accounts payable	24,982	5,915	19,067
Salaries and benefits payable	28,122	23,674	4,448
Unearned revenue	7,832	15,642	(7,810)
Deposits payable	2,593	16,647	(14,054)
Compensated absences	70,604	57,675	12,929
<b>Total Liabilities</b>	<b>134,133</b>	<b>119,553</b>	<b>14,580</b>
<b>Net Assets:</b>			
Invested in capital assets	7,022	8,192	(1,170)
Unrestricted	353,445	185,503	167,942
<b>Total Net Assets</b>	<b>\$ 360,467</b>	<b>\$ 193,695</b>	<b>\$ 166,772</b>

The following table provides the Statement of Activities for the past two fiscal years:

**TABLE 2  
CHANGE IN NET ASETS – GOVERNMENTAL ACTIVITIES**

	2011-12	2010-11	Difference
<b>Revenues</b>			
Charges for services	\$ 58,930	\$ 92,509	\$ (33,579)
Operating contributions	933,639	1,033,911	(100,272)
Interest	3,992	6,569	(2,577)
<b>Total Revenues</b>	<b>996,561</b>	<b>1,132,989</b>	<b>(136,428)</b>
<b>Expenses</b>	<b>829,789</b>	<b>976,769</b>	<b>(146,980)</b>
<b>Change in Net Assets</b>	<b>166,772</b>	<b>156,220</b>	<b>10,552</b>
Net Assets Beginning	193,695	37,475	156,220
<b>Net Assets Ending</b>	<b>\$ 360,467</b>	<b>\$ 193,695</b>	<b>\$ 166,772</b>

The tables presented above show an overall reduction in the receipt of revenues, as well as reductions in expenditures for both personnel and operations. Some of the more significant

reasons for the changes in the revenues and expenses of the Commission's governmental activities are outlined as follows:

- Table 1 -- The return of the Executive Officer as a contract employee for the entire fiscal year reduced overall salaries and benefits.
- Table 2 -- Revenues related to proposal activity were significantly reduced (\$33,579 less than prior year or 36%) due to the economic climate within the region which translates into a corresponding reduction in proposal activity.
- Table 2 - Apportionment contributions decreased by \$100,272 during the period due to the Commission's determination to reduce overall costs.
- Table 2 -- Overall, total expenditures decreased by \$146,980 over the prior year. Therefore, Net Assets Ending continues to show movement in a positive direction.

The following table provides a summary of the Long Term Liabilities for the past two fiscal years:

**TABLE 3  
LONG-TERM LIABILITIES**

	<b>2011-12</b>	<b>2010-11</b>	<b>Difference</b>
<b>Compensated Absences</b>	\$ 70,604	\$ 57,675	\$ 12,929

Compensated Absences is comprised of the year-end balances for administrative, holiday, vacation, and sick leaves. For sick-leave calculations, LAFCO's Benefits Plan Section 108 (E) – Retirement Medical Trust – states that those employees with more than five years of service shall receive 75% of their accumulated sick leave, up to a max of 1,400 hours, paid into the Trust at their current rate of pay upon leaving the employ of the Commission. The calculation within the financial statements of compensated absences accommodates this Benefit Plan determination. During Fiscal Year 2011-12 compensated absences increased by \$12,929, calculated as follows:

- Additions of \$51,327 comprised of natural balance accruals for four employees and one employee becoming vested for accumulated sick leave.
- Additions of \$6,182 due to Administrative Leave now being counted as a liability.
- Deletions of \$44,580 comprised of leave taken during the fiscal year for four employees.

The total for Reserves and Contingencies increased from \$159,305 in FY 2010-11 to \$339,510. Contingencies and General Reserve each increased from the prior year. Also, the Commission established two additional reserve categories to accommodate future costs related to the Countywide Cost Allocation Plan (COWCAP) and compensated absences.

**TABLE 4  
CONTINGENCIES AND RESERVES**

	<b>2011-12</b>	<b>2010-11</b>
<b>Contingencies</b>	\$ 41,507	\$ 35,197
<b>General Reserve</b>	180,000	124,108
<b>COWCAP Reserve</b>	56,000	--
<b>Compensated Absences Reserve</b>	62,003	--
<b>Total</b>	<b>\$ 339,510</b>	<b>\$ 159,305</b>

***Contacting the Commission's Financial Management:***

This financial report is designed to provide our citizen's, taxpayers, customers, and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Officer at 215 North D Street, Suite 204, San Bernardino, CA 92415-0490.

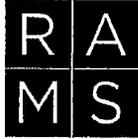
Rim of the World Recreation and Park District

Report on Audit

June 30, 2012

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

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**INDEPENDENT AUDITOR'S REPORT**

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.

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 Maloney & Scott, LLP*

August 1, 2013

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

	<u>Governmental Activities</u>
<b>ASSETS</b>	
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>
<b>LIABILITIES</b>	
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>
<b>NET ASSETS</b>	
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>	 <u>203,918</u>
 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>
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Total liabilities and fund balance	<u><u>\$ 349,425</u></u>
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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 Balance Sheet of the Governmental Fund  
to the Statement of Net Assets  
Governmental Fund  
June 30, 2012**

<b>Fund balance of governmental fund</b>	<b>\$ 163,621</b>
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	<u>(7,248)</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 2,014,216</u></b>

*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	24,162
	<hr/>
Total revenues	1,193,411

**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	34,894
	<hr/>
Total expenditures	1,204,790
	<hr/>
Net change in fund balance	(11,379)
	<hr/>
Fund balance, beginning of year	175,000
	<hr/>
Fund balance, end of year	\$ 163,621

*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>17,837</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
	<hr/>
Total cash and investments	\$ 312,151
	<hr/> <hr/>

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
	<hr/>
Total cash and investments	\$ 312,151
	<hr/> <hr/>

**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
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 574,257	\$ -	\$ -	\$ 574,257
Improvements to land	738,592	-	-	738,592
<b>Total capital assets not being depreciated</b>	<b>1,312,849</b>	<b>-</b>	<b>-</b>	<b>1,312,849</b>
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
<b>Total capital assets being depreciated</b>	<b>1,958,477</b>	<b>69,735</b>	<b>-</b>	<b>2,028,212</b>
Less accumulated depreciation	(792,792)	(66,814)	-	(859,606)
<b>Total capital assets being depreciated, net</b>	<b>1,165,685</b>	<b>2,921</b>	<b>-</b>	<b>1,168,606</b>
<b>Total capital assets, net</b>	<b>\$ 2,478,534</b>	<b>\$ 2,921</b>	<b>\$ -</b>	<b>\$ 2,481,455</b>

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

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

**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:

	Beginning balance	Additions	Deletions	Ending balance	Current portion
Note payable - Union Bank	\$ 538,291	\$ -	\$ (14,679)	\$ 523,612	\$ 15,556
County loan	300,000	-	(200,000)	100,000	100,000
Compensated absences	8,739	-	(1,491)	7,248	2,174
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	<u>473,825</u>	<u>8,693</u>
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 - 3<sup>rd</sup> 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		<u>246,522</u>
Annual contributions made		<u>229,169</u>
Increase/(decrease) in pension assets		(17,353)
Pension assets, beginning of year		719,134
Pension assets, end of year	\$	<u><u>701,781</u></u>

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	\$ 146,700

**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		
<b>REVENUES</b>				
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
<b>Total revenues</b>	<b>1,100,409</b>	<b>1,100,409</b>	<b>1,193,411</b>	<b>93,002</b>
<b>EXPENDITURES</b>				
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
<b>Total expenditures</b>	<b>975,971</b>	<b>1,177,107</b>	<b>1,204,790</b>	<b>(27,683)</b>
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	<u>\$ 299,438</u>	<u>\$ 98,302</u>	<u>\$ 163,621</u>	<u>\$ 65,319</u>

**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.

**District Mid-Year Budget Review Including  
Resolution No. 01272014-1 Increasing  
Expenditure Authority and Resolution  
01272014-2 for Settlement Agreement with  
SBCERA**

**Attachment 3**

## **Rim of the World Recreation and Park District**



### **Management's Discussion and Analysis For the 2013/2014 Mid-Year Review Ending December 31, 2013**

#### **Revenue Summary:**

The District has budgeted \$1,142,976 of revenue for the 2013/14 fiscal year. The District has recognized \$582,580.00. At midyear, the District has recognized 51% of our anticipated revenue for the 2013/14 fiscal year. When compared to prior year budget 2012/13, the District is on track and the result should be that the District would come in at budget of \$1,142,967, by June 2014.

#### **Expense Summary:**

The District has budgeted \$1,053,245 in Expense for the 2013/14 fiscal year. The District has spent at this midyear point, \$468,178. At midyear, the District has recognized 45% of our anticipated expense.

Recreation and Outside Help expense was budgeted at \$56,500 for the FY and of that, \$40,976 has been spent to this mid-year period. This shows the popularity of our contract recreation programs and their increase in growth.

District will come in at budget of \$1,053,245 by June 2014.

Revenue Detail:

Special Parcel Tax

The District has budgeted \$750,000 of Special Parcel Tax for the year 2013/14. Of that amount, \$417,152 has been collected and the District is at 56%. The variance of budget v. actual at midyear is over the Districts historical data along with the Auditor-Controller schedule for this time period. The District recognizes that Special Parcel Tax Income for the FY 13/14 will meet projections.

Donation Income

The District has budgeted \$1,000 for donation income and has received 100% of this amount as of midyear.

Fees and Charges

The District has budgeted \$157,500 for the period of July – December 2013. Of that, \$118,043 has been collected. Some of this revenue is seasonal programs; staff expects to see an increase in this amount by the end of the fiscal year. Childcare did not operate during the summer months as budgeted due to low enrollment. This decline is attributable to the decline in enrollment that mirrors the decline in Rim of the World Unified School District. However, staff has initiated a strong marketing plan for both childcare and recreation programs, and has seen an increase in participation/enrollment since December 2013.

The variance is \$39,457 under budget. Staff estimates that it should receive \$295,000 of the \$315,000 budgeted amount.

Other Income

The District has budgeted \$1,750 for the period of July – December 2013 for Other Income. Revenue realized is \$9,883, due to a transfer of funds from the Rim Recreation Foundation 501c (3) to the District. These are dedicated funds earmarked to be returned to the Rim Recreation Foundation once the Foundation is reorganized and a new Foundation Board of Directors is approved.

## Rental Income

The District has budgeted \$36,738 for the first six months of the year. Of that, \$36,502 has been collected. It is anticipated that 100% of the budgeted amount for the year will be collected.

## Expense Detail

### Utilities

The District budgeted \$39,500 for utility expense in the first six months of the FY. Utility expense in the first six months was \$57,319. The District's utility expense is greatest in the first third of the FY due to ball field irrigation, evening ball-field lighting, and air conditioning expense. Water utility invoices were greater than previous years due to record below-average precipitation combined with rate increases. Utility use at parks and ball fields is dramatically reduced in the second half of the FY due to the absence of irrigation during the winter months. It is anticipated that the \$79,000 budgeted for the FY will be met.

All other expense accounts will meet their budgeted amount and at mid-year are supporting this statement.

### **Over all Summary:**

Rim of the World Recreation and Park District is continuing to grow our recreation program revenues with our redesigned website to provide improvements through on-line registration and payment opportunities. The General Manager and the Board of Directors are reviewing all of our programs and events to determine their viability. The District is assessing all program effectiveness (for near and long term) for both cost-benefit analysis and community impact.

Developing new physical facilities to meet the needs of our residents from Crestline to Green Valley Lake will require a community wide needs assessment. We are working with partners, like Rim of the World Unified School District, to improve mutual facilities use and cost effectiveness. Our structure maintenance and repair costs have stabilized since the FY 2012/13 while we continue to invest in timely maintenance for high safety standards and community satisfaction.

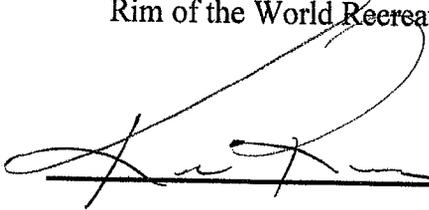
The District has an anticipated fund balance of \$281,888, and feels we are on target to meet this projection.

**Other items:**

In December 2013, the Board of Directors of the District finalized and approved an agreement with the San Bernardino County Employee's Retirement Association accepting its unfunded liability of \$669,204 resulting with the District's termination of its membership in the association. Moreover, the District has agreed with the association to pay this liability over a period of 20 years by paying monthly installments of \$2,788.35 commencing January 30, 2014.

No significant changes in operations are planned. Working capital is adequate to finance operations and the district is in discussions with various lenders to refinance the building loan on which the District headquarters in Rim Forest for which the District currently pays \$4036.67 monthly. The outstanding balance for October 25, 2015, is estimated to be \$473,658. This amount is due and payable at that time. The current loan bears interest at an annual rate of 6.35%. Now, the District believes that it will be able to refinance this loan at a much lower annual interest rate.

By: Karen Reams, General Manager  
Rim of the World Recreation and Park District



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Dated: February 13, 2014



RESOLUTION No. 01272014-1

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 2013/2014 FINAL BUDGET & INCREASING THE APPROPRIATIONS  
LIMIT FOR SUBMITTAL TO THE COUNTY AUDITOR/CONTROLLER'S OFFICE.

**WHEREAS**, on December 2, 2013, the District approved and adopted a resolution to terminate their participation in SBCERA effective December 2, 2013; and;

**WHEREAS**, as a result of District's termination, SBCERA notified District by letter that SBCERA's actuary had determined that, as of May 31, 2013, the last day of the last month in which District employees participated in SBCERA, the District owed SBCERA \$669,204 for the unfunded liability for the termination of its membership from SBCERA; and

**WHEREAS**, Rim has requested to pay the \$669,204 for the unfunded liability over a period of 20 years; and

**WHEREAS**, Rim will pay to SBCERA \$2,788.35 per month commencing on or before January 30, 2014, and subsequent payments due on or before the last day of each month thereafter, for a period of twenty (20) years, until the total amount of \$669,204, is paid to SBCERA in full.

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

**Expenditures**

Compensation and Benefits	\$ 522,715.00
Service and Supplies	\$ 513,800.00
Six installments to SBCERA	\$ <u>16,730.00</u>
Total	<u>\$1,053,245.00</u>

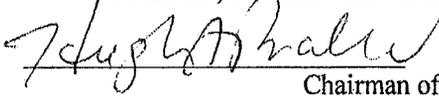
**Revenue**

Special Parcel Tax (\$22.00 per parcel)	\$ 750,000.00
Fees & Charges (Programs / Facilities)	\$ 315,000.00
Donations	\$ 1,000.00
Rental Income	\$ 73,476.00
Other Income	\$ <u>3,500.00</u>
Total	<u>\$1,142,976.00</u>

**WHEREAS**, the Board of Directors has determined to increase the Appropriations Limit to Expenditures by \$16,730.00 from \$1,036,515.00 to 1,053,245.00

**NOW, THEREFORE**, the Board of Directors of the Rim of the World Recreation & Park District does hereby submit the Amended 2013/2014 Final Budget to the San Bernardino County, Auditor/Controller's Office.

**PASSED, APPROVED AND ADOPTED** this 27th day of January 2014

  
Hugh A. Bialecki, DMD, Acting  
Chairman of the Board of Directors

Attest:

  
Richard Lavin, Acting  
Secretary to the Board of Directors

**District Resolution No. 01272014-2  
For Settlement Agreement with  
San Bernardino County Employees'  
Retirement Association for Termination  
of Participation**

**Attachment 4**



RESOLUTION No. 01272014-2

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
RIM OF THE WORLD RECREATION AND PARK DISTRICT  
DISTRICT SETTLEMENT AGREEMENT  
SAN BERNARDINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
IN ACCORDANCE WITH  
CALIFORNIA GOVERNMENT CODE SECTION 31564

**WHEREAS**, on December 2, 2013, the District approved and adopted a resolution to terminate their participation in SBCERA effective December 2, 2013; and

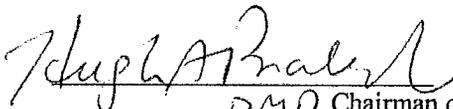
**WHEREAS**, as a result of Districts termination and pursuant to Government Code section 31564.2, on or about August 9, 2013, SBCERA notified District by letter that SBCERA's actuary had determined that, as of May 31, 2013, the last day of the last month in which District employees participated in SBCERA, District owed SBCERA \$669,204 for the unfunded liability for termination of its membership from SBCERA; and

**WHEREAS**, District has requested to pay the \$669,204 for the unfunded liability over a period of 20 years; and

**WHEREAS**, District will pay to SBCERA \$2,788.35 per month commencing on or before January 30, 2014, and subsequent payments due on or before the last day of each month thereafter, for a period of twenty (20) years, until the total amount of \$669,204, is paid to SBCERA in full; and

**WHEREAS**, District has amended its fiscal year 2014 budget to include said monthly payments.

**PASSED, APPROVED AND ADOPTED** this Twenty-seven day of January 2014.

  
Hugh A. Bialecki, DMD, Acting  
DMD Chairman of the Board of Directors

Attest:

  
Richard Lavin, Acting  
Secretary to the Board of Directors

	ACTUAL YEAR-END FY 2010/11	ACTUAL YEAR-END FY 2011/2012, RESTATED	AMENDED (as of 8/26/13) BUDGET FY 2012/2013	ACTUAL YEAR-END FY 2012/2013	AMENDED BUDGET FY 2013/2014	ACTUAL SIX MONTHS FY 2013/2014
COLUMN 1	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6	COLUMN 7	COLUMN 8
Fund balance, beginning of year	-322,461	175,000	179,326	179,326	281,888	281,888
Income						
Special Parcel Tax	738,786	746,048	745,000	767,198	750,000	417,152
Donations	16,871	40,420	15,000	0	1,000	1,000
Fees and Charges	265,130	314,484	310,000	300,393	315,000	118,043
Other Income	3,887	8,088	92,566	91,558	3,500	9,869
Rental Income	85,545	71,895	73,311	80,932	73,476	36,502
Gross Revenue-as originally reported	1,110,219	1,180,935	1,235,877	1,240,084	1,142,976	582,580
Debt issued-SB County	500,000					
To reconcile with audited F/S	-3,961	12,476	n/a	n/a	n/a	
Total	1,606,258	1,193,411	1,235,877	1,240,084	1,142,976	582,580
Expense						
Advertising	615	806	2,000	2,201	2,000	170
Auto Expense	5,836	6,186	9,000	9,460	9,000	4,333
Bank Fees & Services	2,039	1,847	2,000	2,867	2,000	1,200
Building Loan Payment	48,440	48,440	48,440	48,440	48,440	20,183
Communications	12,957	10,997	12,000	10,388	12,000	3,702
Computer Software	2,680	1,109	500	0	5,000	0
Equipment and Supplies	29,427	51,552	28,000	14,351	28,000	5,375
Equipment Maintenance & Repairs	826	1,654	2,000	1,324	2,000	3,158
Food	2,437	2,632	3,000	7,253	3,000	2,247
Insurance	23,527	27,960	28,000	31,496	29,500	19,794
Interest Expense	44,690	1,136	1,000	299	500	0
Legal Notices	552	30	500	0	500	150
Memberships	3,255	3,601	4,500	4,437	5,000	1,599
Outside Help (1099)	34,485	48,668	52,500	59,359	56,500	40,967
Postage	687	930	1,000	1,681	1,000	169
Printing	1,728	703	2,000	1,369	4,000	767
Private Mileage	1,145	1,388	2,200	1,668	3,000	976
Professional Services	206,638	116,564	95,825	73,044	107,500	36,144
Publications/Marketing	2,102	2,400	5,000	1,373	10,000	911
Rent/Lease Building/Land	10	125	500	624	200	0
Rent/Lease of Equipment	8,683	12,537	13,000	13,918	13,000	5,706
Special Expense	29,493	44,018	40,530	39,869	41,000	19,347
Staff Uniforms	826	204	500	0	500	0
Structure Maintenance & Repairs	40,720	35,362	142,366	135,923	55,000	10,782
Subscriptions	70	20	75	158	75	0
Training	538	803	3,000	777	4,000	0
Travel	0	927	1,000	98	1,000	471
Utilities	80,658	75,146	79,000	86,024	79,000	57,319
New Facilities / CIP	20,778	43,073	0	0	0	0
Total Service & Supplies	605,641	540,817	579,436	548,399	522,715	235,472
Compensation & Benefits	362,823	458,432	500,000	489,123	513,800	232,706
Total Appropriations-as originally reported	968,664	999,249	1,079,436	1,037,522	1,036,515	468,178
Debt principal payments to SB	200,000	200,000	100,000	100,000		0
To reconcile with audited F/S	-59,867	-10,164	n/a	n/a	n/a	0
Contingency/Carry forward					89,731	114,402
Six monthly payments to SB CERA					16,730	
Total expenditures	1,108,797	1,189,085	1,179,436	1,137,522	1,053,245	582,580
Net change in fund balance	497,461	4,326	56,441	102,562	89,731	0
Fund balance, end of year	175,000	179,326	235,767	281,888	281,888	281,888