

**1. 2012-13 San Bernardino County Grand  
Jury Report**

**b. Responses to Grand Jury Report  
and County Auditor**

**Attachment 1b**

**RESPONSES**  
**TO THE**  
**SAN BERNARDINO COUNTY**  
**2012-2013 GRAND JURY**  
**FINAL REPORT**



SAN BERNARDINO COUNTY GRAND JURY  
351 N. ARROWHEAD AVENUE, ROOM 200  
SAN BERNARDINO, CA 92415-0243  
(909) 387-3820



# Newberry Community Services District

Established 1958

**Robert Royalty**  
President/Director

**September 25, 2013**

•

**Kathleen Ridler**  
Vice President/Director

To: San Bernardino County Grand Jury  
351 N. Arrowhead Ave  
San Bernardino CA 92415

•

**Diana Williams**  
Director

**Attn: Presiding Judge**

•

**Wayne L. Snively**  
Director

From: Newberry Community Services District  
30884 Newberry Road  
Newberry Springs CA 92365

•

**Paula Deel**  
Director

Please find attached the following Responses to Findings:

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**Peter Porritt**  
General Manager

page 1-3 NCSO PC 933.05 Responses to Findings

page 4 Response #1

page 5 Response #1 Attachments

page 6 Response #2

page 7 Response #2 Attachments

page 8 Response #3

page 9 Response #4

page 10 Response #4 Attachments

page 11 Response #5

page 12 Response #5 Attachments

Response 6 & 7 - not ours

page 13 Response #8

page 14-18 Response #8 Attachments

page 19 Response #9

page 20-21 Response #9 Attachments

page 22 Response #10

page 23 Response #11

Treasurer

•

**Robert Rogers**  
Assistant Fire Chief

•

Fire Chief



30884 Newberry Road • PO Box 206 • Newberry Springs, CA 92365-0206  
(760) 257-3613 • FAX (760) 257-4314 • NewberryCSD.net

**RECEIVED**

**SEP 27 2013**

**San Bernardino County Grand Jury**

page 24 Response #12  
page 25 Response #13  
page 26-30 Response #13 Attachments  
page 31 Response #14  
page 32-36 Supporting Documents-7-9-2013 Minutes  
page 37-40 Supporting Documents-2013-2014 Fiscal Year Budget

Newberry Community Services District  
PC 933.05 Responses to Findings

1. The NCSD Board should direct the General Manager to develop proposed policies and rules for conducting public meetings, based on Roberts Rules of Order and other accepted standards for parliamentary procedures.
2. Seek to attend courses offered by the CSDA and CSAC on the roles and functions of elected officials, including those offered on leadership and conduction public meetings.
3. Direct the General Manger to begin and maintain a process to record, transcribe, post and safeguard official Board minutes within two weeks of any Board meeting, in accordance with the District's current policy.
4. Re-Adopt a numerical and hierarchical account numbering structure for use in the District's general ledger and income statement.
5. Work with the Board, County Auditor, and utilize resources such as the California Special Districts Association to develop a basic accounting manual.
8. The Board of Directors should - Revise its purchase card policies to:
  - A. Exclude Board members from the use of purchase cards in order to be in compliance with the State Master Services Agreement for purchase cards, subsequently relinquish any purchase cards currently issued to Board members
  - B. Include additional policies to ensure that there are sufficient funds for paying authorized purchase card transactions, prevent potential fraud and abuse through unauthorized and/or inappropriate purchases, and avoid unnecessary penalties and fees from late payment such as
    - I. Spending and transaction limits for each cardholder
    - V. Clearly segregated duties for approving, executing, and reconciling purchases among the General Manager, Treasurer, and other purchase cardholders

VI. A process for handling disputes and unauthorized purchases

VII. A requirement that purchase cardholders use personal funds to pay for transactions that lack the timely submission of sufficient documentation of the transaction and purpose, as well as any subsequent penalties and fees that result from the delay in submitting such documentation

9. Diligently review the list of disbursements to be approved on the consent agenda prior to scheduled Board meetings and
  - A. discuss questionable disbursement with the General Manager and/or
  - B. request to pull questionable disbursements from the consent agenda that results from the delay in submitting such documentation
  
10. Train all participants in the purchase card program on the new and revised policies and procedures for purchase cards
  
11. Review consultants or vendors with a single invoice over \$5000.00, or multiple invoices that, together, exceed \$5000.00 to ensure that they have a contract or total expenditure approved by the Board of Directors at a meeting. If the contract was not approved by at least two Board members, or no contract exists, steps should be taken to bring the purchase(s) into compliance with the Policy Handbook
  
12. Carefully review all requests for reimbursements, including supporting documentation, against the policies and procedures in the District Policy Handbook prior to approval
  
13. Establish the following to ensure that the District is in compliance with the Policy Handbook and maintains adequate internal control
  - A. District Legal Counsel Log
  
  - B. Policy Handbook for the Fire Department
  
  - C. Catalog of all retained District records
  
14. Establish a Capital Asset Management System that records capital asset information such as the purchase date, condition it was in at the time of purchase, warranties,

maintenance history, usage statistics, original useful life, remaining useful life, and replacement costs.

**2012-2013 GRAND JURY REPORT  
RESPONSE FORM**

**GROUP** Newberry Community Services District  
**AGENCY/DEPARTMENT** Board of Directors  
**SUBMITTED BY**  
Peter Porritt/General Manager

**DATE** September 25, 2013  
**RECOMMENDATION NO.** 1  
**PAGE** 23-24

**RESPONSE**

On August 13, 2013 the Newberry Community Services District Board of Directors hired Peter Porritt as the new General Manager. On September 5, 2013 Mr. Porritt started his position as General Manager for the District (after having successfully completed a live scan and background check). Mr. Porritt is aware there are several key items that will need to be addressed and this item is one of them. Currently there is no re-structuring of the NCSD Policies and Procedures before the Board. Please see attached copy of Agenda Item 9G dated July 9, 2013 and Approved Minutes from the July 9, 2013 Board Meeting.

# NEWBERRY

## COMMUNITY SERVICES DISTRICT

### AGENDA MATTER:

Enforcement of existing NCSD By-Laws and Policy Handbook while current By-Laws and Policy Handbook are reviewed/updated

### EXECUTIVE SUMMARY:

Per Grand Jury Report dated June 28, 2013 pg 14 ..." references to internal control in the NCSD By-Laws and Policy Handbook are not consistently implemented by District Board members and personnel."

### DISCUSSION:

All Directors and All Staff review the NCSD By-Laws and Policy Handbook for familiarization of our current rules and policies

Recognize importance of adhering to and enforcing existing By-Laws and Policies to ensure minimum District exposure

Recognize need for By-Law and Policy updates/review

### RECOMMENDED ACTION:

Enforce existing NCSD By-Laws and Policy Handbook to ensure minimum District exposure

Begin process of Revise/Update of NCSD By-Laws and Policy Handbook including the following:

safe guarding of the District's Financial and Capital Assets

safe guarding of all NCSD inventory and maintenance records

PROPOSED BY	FUNDS BUDGETED	FUNDS AVAILABLE	MEETING DATE
Director Ridler	n/a	n/a	July 9, 2013
APPROVED BY	AMOUNT REQUIRED	CATEGORY	ITEM NUMBER
President Royalty	n/a		9G

**2012-2013 GRAND JURY REPORT  
RESPONSE FORM**

GROUP Newberry Community Services District  
AGENCY/DEPARTMENT Board of Directors  
SUBMITTED BY  
Peter Porritt/General Manager

DATE September 25, 2013  
RECOMMENDATION NO. 2  
PAGE 23-23

**RESPONSE**

August 2013 the Newberry Community held a mail ballot election to fill 3 seats on the Board of Directors. The current Board of Directors felt it wiser to wait until after the election and appointment (swearing in) of the newly elected Board Members before sending them to training.

The Budget Committee was made aware of this decision and the 2013-2014 Fiscal Year Budget was structured to afford this training in 2014.

Please see attached copy of Agenda Item 9I dated July 9, 2013 and Approved Minutes from the July 9, 2013 Board Meeting.

Also, please see attached the Approved NCSD 2013-2014 Fiscal Year Budget.

# NEWBERRY

## COMMUNITY SERVICES DISTRICT

### AGENDA MATTER:

ALL NCSD Director' attend CSDA & CSAC Leadership Courses and AB1234 Ethics Training

### EXECUTIVE SUMMARY:

Per Grand Jury Report dated June 28, 2013 pg 6 ..."Seek to attend course offered by the CSDA and CSAC on the roles and functions of elected officials, including those offered on leadership and conducting public meetings."

### DISCUSSION:

Review 2014 CSDA and CSAC Trainings offered and schedule appropriate class  
Review Ethics Training Certificates and schedule renewal or new class

### RECOMMENDED ACTION:

Approve future attendance of CSDA and/or CSAC Director Trainings  
Direct all Directors to complete Ethics Training

PROPOSED BY	FUNDS BUDGETED	FUNDS AVAILABLE	MEETING DATE
Director Ridler	unknown	unknown	July 9, 2013
APPROVED BY	AMOUNT REQUIRED	CATEGORY	ITEM NUMBER
President Royalty	unknown	Education/Training	9I

**2012-2013 GRAND JURY REPORT  
RESPONSE FORM**

**GROUP** Newberry Community Services District  
**AGENCY/DEPARTMENT** Board of Directors  
**SUBMITTED BY**  
Peter Porritt/General Manager

**DATE** September 25, 2013  
**RECOMMENDATION NO.** 3  
**PAGE** 23-24

**RESPONSE**

On August 13, 2013 the Newberry Community Services District Board of Directors hired Peter Porritt as the new General Manager. On September 5, 2013 Mr. Porritt started his position as General Manager for the District (after having successfully completed a live scan and background check). Mr. Porritt is aware there are several key items that will need to be addressed and this item is one of them.

Currently, written minutes of all regular and special meetings are posted on the NCSD website within 48 hours of the meeting date. A copy of the audio portion of the meeting is labeled and filed with the approved minutes. This practice will continue until such time as a new/different practice is presented to the Board of Directors for approval.

**2012-2013 GRAND JURY REPORT  
RESPONSE FORM**

**GROUP** Newberry Community Services District  
**AGENCY/DEPARTMENT** Board of Directors  
**SUBMITTED BY**  
Peter Porritt/General Manager

**DATE** September 25, 2013  
**RECOMMENDATION NO.** 4  
**PAGE** 23-24

**RESPONSE**

On July 9, 2013 the NCSD Board of Directors considered and approved the re-adoption of chart of account numbers and a standing monthly review finance committee. On August 27, 2013 the NCSD Board of Directors approved the 2013-2014 Fiscal Year Budget including the numerical accounting system. This accounting system is being incorporated into daily use by both staff and Board Members.

Please see attached copy of Agenda Item 9B dated July 9, 2013 and Approved Minutes from the July 9, 2013 Board Meeting.

In addition, please see copy of the Approved 2013-2014 Fiscal Year Budget.

# NEWBERRY

## COMMUNITY SERVICES DISTRICT

### AGENDA MATTER:

Re-Adopt NCSD Numerical Accounting System, Develop basic accounting system and Appoint a monthly review committee

### EXECUTIVE SUMMARY:

Per Grand Jury Report dated June 28, 2013 pg 12 ... "Re-adopt a numerical and hierarchical account numbering structure for use in the District's general ledger and income statement."

### DISCUSSION:

Review SAMPLE chart of account numbers added to 2013-2014 NCSD Budget

Benefits of a Budget Review Committee

Special Monthly Meeting to pre approve all expenses/warrant registers prior to approval of consent calendar

Move Warrant Register from consent calendar to business Item 9A on NCSD agendas

### RECOMMENDED ACTION:

Assign chart of account numbers to all general ledger accounts (income and expense)

Appoint a Budget Review Committee

Schedule Special Monthly Meetings to pre approve all expenses/warrant registers prior to approval of consent calendar at NCSD regular monthly meetings

Move warrant registers from consent calendar to Item 9A at NCSD regular monthly meetings

PROPOSED BY	FUNDS BUDGETED	FUNDS AVAILABLE	MEETING DATE
Director Ridler	n/a	n/a	July 9, 2013
APPROVED BY	AMOUNT REQUIRED	CATEGORY	ITEM NUMBER
President Royalty	n/a		9B

**2012-2013 GRAND JURY REPORT  
RESPONSE FORM**

**GROUP** Newberry Community Services District  
**AGENCY/DEPARTMENT** Board of Directors  
**SUBMITTED BY**  
Peter Porritt/General Manager

**DATE** September 25, 2013  
**RECOMMENDATION NO.** 5  
**PAGE** 23-24

**RESPONSE**

On September 24, 2013 The Newberry Community Services District board of Directors hired Kerri Zurcher as the new District Treasurer. Upon successful completion of a live scan and background check this individual will start working on or about October 2, 2013. This individual is aware there are several key items that will need to be addressed and this item is one of them.

The Board of Directors has already approved the numerical accounting system. The NCSD does have a current Auditor, David B. Whitford Jr. and the new District Treasurer will be working with the Auditor.

Please see attached copy of Agenda Item "Closed Session" dated September 24, 2013.



# Newberry Community Services District

Established 1958

## BOARD OF DIRECTORS REGULAR MEETING AGENDA

Tuesday, September 24, 2013

5:30 pm

Newberry Community Center  
30884 Newberry Road  
Newberry Springs, CA 92365

Posting Locations:

- Newberry CSD Office
- Newberry CSD Website ([www.NewberryCSD.net](http://www.NewberryCSD.net))

**CALL TO ORDER**

**ROLL CALL**

**PLEDGE OF ALLEGIANCE**

**CLOSED SESSION:**

**PUBLIC EMPLOYMENT: (Government Code Section 54957)**

"To consider the appointment, employment, evaluation of performance, discipline, or dismissal of a public employee or to hear complaints or charges brought against the employee."

**Treasurer - Employment**

**REPORT FROM CLOSED SESSION:**

**1. WELCOME TO GUESTS**

- 2. PUBLIC COMMENTS:** This is the time and place for the General Public to address the Newberry Community Services District Board of Directors on matters within their jurisdiction that are not currently on the printed agenda. A Request to be Heard Card must be completed and submitted to speak. State law prohibits the Newberry Community Services District Board of Directors from addressing any issue not previously included on the agenda. The Board of Directors may receive comments and set the matter for a subsequent meeting. Speakers are asked to limit their comments to three (3) minutes.

Any member of the audience who would like to address the Board on a specific agenda item is required to complete a Request to be Heard Card and submit to the Secretary of the Board, prior to REVIEW AND APPROVAL OF THE AGENDA. Speakers will be limited to three (3) minutes and are asked to voluntarily identify themselves for the record. Speakers will be given an opportunity to address the Board on the specific agenda item prior to the Board's motion and discussion of the agenda item.

**3. SUGGESTED FUTURE AGENDA ITEMS, INFORMATION, QUESTIONS FROM BOARD MEMBERS AND STAFF**

The president shall poll the Directors followed by staff.

**4. WRITTEN COMMUNICATIONS**

All written communications are available for public viewing in the office during regular business hours and at the Secretary table at all meetings.

**LAFCO Meeting date of 9-18-2013 with an Agenda Item referencing Grand Jury Response to NCSD (Agenda Item #8)**

**5. REVIEW AND APPROVAL OF THE AGENDA - Action Item**

**2012-2013 GRAND JURY REPORT  
RESPONSE FORM**

**GROUP** Newberry Community Services District  
**AGENCY/DEPARTMENT** Board of Directors  
**SUBMITTED BY**  
Peter Porritt/General Manager

**DATE** September 25, 2013  
**RECOMMENDATION NO.** 8  
**PAGE** 23-24

**RESPONSE**

On July 9, 2013 the Newberry Community Services District Board of Directors reviewed amendments to their current NCSD Policy # 3075, NCSD Purchasing Card Use Agreement, and on August 27, 2013 approved and passed the amendments and revisions to NCSD Policy # 3075 including the Credit Card Usage Agreement and Cardholder Acknowledgement and Responsibility Form. These amendments/changes went into effect on September 1, 2013.

The NCSD Board of Directors has also separated the duties of their staff by adding additional staff members.

General Manager

District Treasurer

District Office Assistant

Board Secretary

Fire Dept. Office Administrator

The 2013-2014 Fiscal Year Budget reflects the allowance of pay for all positions. Currently all said positions are filled except Board Secretary. That position is being covered by the Board Administrator until a Board Secretary is appointed/hired.

Please see attached copy of Agenda Item 9E dated July 9, 2013.

Also, please see attached copies of NCSD Policy # 3075, Credit Cardholder/User Acknowledgement and Responsibility Agreement and Purchasing Cardholder/User Expense Explanation Form.

# NEWBERRY

## COMMUNITY SERVICES DISTRICT

**AGENDA MATTER:**

NCSD Purchasing Card Use Agreement and NCSD Policy #3075

**EXECUTIVE SUMMARY:**

Per Grand Jury Report dated June 28, 2013 pg 23 ..."Revise its purchase card policies to exclude Board members from use, include additional policies to ensure sufficient funds for paying authorized transactions, spending and transaction limits per cardholder, and requirement that cardholder use personal fund to pay for transactions that lack the timely submission of sufficient documentation, as well as penalties and fees resulting from

**DISCUSSION:**

- Review NCSD Policy #3075 - Purchasing Card Usage
- Review NCSD Policy Credit Card Usage Agreement
- Review CAL-Card SAMPLE of Credit Cardholder Acknowledgement and Responsibility Form
- Review CAL-Card Required Training for Administrators and Cardholders

**RECOMMENDED ACTION:**

- Immediate removal of any purchasing cards assigned to directors and non-staff
- Appoint NEW Purchasing Card Administrator including Approval Officer, Billing Officer and Card Holder
- Creation of NEW Purchasing Card Use Agreement
- Creation of NEW Purchasing Card procedures including limits, proper documentation collections and guarantee of timely payment process
- Define duties between General Manager, Treasurer, Purchasing Card Administrator and Card Holder
- Creation of Process for handling disputes on un authorized purchases and a requirement for that card holders use personal funds when they violate Purchasing Card Policy
- Assign fuel cards to the NSVFD vehicles with limits
- Establish NCSD Corporate Card for reoccurring monthly expenses

PROPOSED BY	FUNDS BUDGETED	FUNDS AVAILABLE	MEETING DATE
Director Ridler	n/a	n/a	July 9, 2013
APPROVED BY	AMOUNT REQUIRED	CATEGORY	ITEM NUMBER
President Royalty	n/a		9E

# Newberry Community Services District

## POLICY HANDBOOK

**POLICY TITLE:** Purchasing Card Usage  
**POLICY NUMBER:** 3075

**3075.1** Purpose The purpose of this policy is to prescribe the internal controls for management of District purchasing cards.

**3075.2** Scope This policy applies to all individuals who are authorized to use District purchasing cards and/or who are responsible for managing purchasing card accounts and/or paying purchasing card bills.

**3075.3** Implementation A purchasing card shall be assigned to the General Manager for monthly re-occurring auto pay bills. Purchasing cards shall not be issued to members of the Board of Directors. All recipients/users of purchasing cards shall read and sign the Credit Cardholder Acknowledgement and Responsibility Agreement.

**3075.4** Payment All purchasing card bills shall be paid in a timely manner to avoid late fees and finance charges and to take advantage of the incentive rebate program.

**3075.4.1** All purchasing card expenses shall be reasonable and necessary for day to day furtherance of District business. **No personal expenses shall be charged** on a District purchasing card. If there is an overlap on a transaction between personal and District business, the purchasing cardholder/employee shall pay for the transaction personally and then request reimbursement by the District.

**3075.4.2** All purchasing card transactions require third-party documents (receipts) attached and the District purpose annotated by the cardholder/user including chart of account number and purpose of purchase. Each Department Head shall review and verify all required documents are attached by completing the Purchasing Cardholder/User Expense Explanation Form before submitting to the Treasurer. Failure to provide the required documents will result in the cardholder/user paying for the transaction out of their own personal money.

**3075.4.3** The Treasurer shall review and approve purchasing card transactions received from Department Head(s) or cardholder/users before payment is made. Transactions NOT containing the required documentation will be sent back to the department head(s) or cardholder/user.

**3075.4.4** The Treasurer or General Manager will inform the Board if additional purchasing cards are necessary to conduct the business of the District.

**3075.4.5** The Treasurer or Purchasing Card Administrator shall have the authority to recommend internal usage guideline for District purchasing cards to the Board for approval.

**3075.4.6** The Department Heads and Board shall have the authority to request the Purchasing Card Administrator suspend, limit, or revoke the purchasing card of any cardholder.

**3075.5**      Accounting All purchases shall indicate the department and chart of account number they will be applied towards (Administration, 1006.4 Education Expense: Mileage). No one (1) purchase shall go over 1/12th of that chart of account numbers total fiscal budget unless pre-approved by the Board. Completion of the Purchasing Cardholder/User Expense Explanation Form will accompany all purchases for payment.

# Newberry Community Services District

## POLICY HANDBOOK

**POLICY TITLE:** Credit Cardholder/User Acknowledgement and Responsibility Agreement

The U S Bank Purchasing Card Number # \_\_\_\_\_ has been assigned to \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_ in the year \_\_\_\_\_.

By signing this form the above named person acknowledges they are responsible for the security of the purchasing card and for the appropriate use(s) of this card for departmental and official purchases only, as describe in NCSD Policy # 3075 . **No personal purchases are allowed.** Furthermore, the above named person has participated in the training video per CAL-Card Requirements and understands fully their agency's policies and procedures. This Agreement includes all cardholders and all card users.

The above named person understands this card is valid only while employed in the department; upon termination of employment or transfer to another department or agency the cardholder must relinquish this card to the assigned Purchasing Card Administrator for their agency.

\_\_\_\_\_  
Cardholder/User

\_\_\_\_\_  
Date

\_\_\_\_\_  
Purchasing Card Administrator

\_\_\_\_\_  
Date

# Newberry Community Services District

Purchasing Cardholder/User Expense Explanation Form

Date of Purchase \_\_\_\_\_ Name of Cardholder/User \_\_\_\_\_

Department Incurring Expense \_\_\_\_\_ Chart of Account # \_\_\_\_\_

Brief explanation of expense \_\_\_\_\_

\_\_\_\_\_

Copy of receipt attached \_\_\_\_\_ Original receipt received \_\_\_\_\_

Amount budgeted for Chart of Account used \_\_\_\_\_ Amount remaining \_\_\_\_\_

\_\_\_\_\_  
Signature of Department Head authorization payment approval

**2012-2013 GRAND JURY REPORT  
RESPONSE FORM**

GROUP Newberry Community Services District  
AGENCY/DEPARTMENT Board of Directors  
SUBMITTED BY  
Peter Porritt/General Manager

DATE September 25, 2013  
RECOMMENDATION NO. 9  
PAGE 23-24

**RESPONSE**

On July 9, 2013 the Newberry Community Services District Board of Directors considered possible way to reduce non-warranted expenditures within the District. Agenda Item 9B addressed this concern. The final decision made by the Board of Directors was to remove the monthly warrant register from the consent calendar and make it Item 9A on the monthly regular meeting agenda. The Board of Directors also gave staff direction that any item not considered normal monthly expense or any expense in question shall be a separate item on the agenda for specific review. This adjustment has already alerted the District to two (2) such expenses. Please see copy of regular monthly meeting agenda with Agenda Item 9A addressing the warrant register.



# Newberry Community Services District

Established 1958

## BOARD OF DIRECTORS REGULAR MEETING AGENDA

Tuesday, August 27, 2013

6:00 pm

Newberry Community Center  
30884 Newberry Road  
Newberry Springs, CA 92365

Posting Locations:

- Newberry CSD Office
- Newberry CSD Website ([www.NewberryCSD.net](http://www.NewberryCSD.net))

**CALL TO ORDER**

**ROLL CALL**

**PLEDGE OF ALLEGIANCE**

**1. WELCOME TO GUESTS**

- 2. PUBLIC COMMENTS:** This is the time and place for the General Public to address the Newberry Community Services District Board of Directors on matters within their jurisdiction that are not currently on the printed agenda. A Request to be Heard Card must be completed and submitted to speak. State law prohibits the Newberry Community Services District Board of Directors from addressing any issue not previously included on the agenda. The Board of Directors may receive comments and set the matter for a subsequent meeting. Speakers are asked to limit their comments to three (3) minutes.

Any member of the audience who would like to address the Board on a specific agenda item is required to complete a Request to be Heard Card and submit to the Secretary of the Board, prior to REVIEW AND APPROVAL OF THE AGENDA. Speakers will be limited to three (3) minutes and are asked to voluntarily identify themselves for the record. Speakers will be given an opportunity to address the Board on the specific agenda item prior to the Board's motion and discussion of the agenda item.

**3. SUGGESTED FUTURE AGENDA ITEMS, INFORMATION, QUESTIONS FROM BOARD MEMBERS AND STAFF**

The president shall poll the Directors followed by staff.

**4. WRITTEN COMMUNICATIONS**

All written communications are available for public viewing in the office during regular business hours and at the Secretary table at all meetings.

**5. REVIEW AND APPROVAL OF THE AGENDA - Action Item**

Review agenda for the purpose of rearranging the order of the Agenda, adding emergency items, or removing items from the Agenda, or moving items from the consent calendar for discussion and/or separate action.

**6. CONSENT CALENDAR - Action Item**

All matters on the Consent Calendar are to be approved on one motion, unless a Board member, staff member, or any member of the public requests a separate action on a specific item. Questions for **clarification purposes** can be asked prior to acceptance of the consent calendar.

July 9, 2013 Special Meeting Minutes  
July 23, 2013 Regular Meeting Minutes  
July 30, 2013 Special Meeting Minutes

**7. REPORTS**

- 7A Sheriff Department Report
- 7B Fire Department Report
- 7C General Manager/Purchasing Card Administrator/Board Administrator Report(s)
- 7D Multi-CSD Luncheon Report
- 7E MWA Technical Advisory Committee Report
- 7F Finance Committee Report
- 7G Parks Report

**8. SPECIAL PRESENTATION**

None

**9. BUSINESS ITEMS**

1. Present Item. 2. Public Comment 3. Motion 4. Director Discussion

- 9A Review and Approval of the NCSD July 2013 Warrant Register Action Item
- 9B Final Approval of the 2013-2014 NCSD Budget and Adopt NCSD Resolution No. 65-2013 for the 2013-2014 Fiscal Year Budget Action Item
- 9C Appoint one candidate by majority vote of the Board to fill vacancy on the NCSD Board created by Director Owens' resignation and completes his term ending 12-2015 Action Item
- 9D Public Records Request Action Item
- 9E 2003.1 Contract Labor: Landscape Bids Action Item
- 9F Basketball Project Proposal Update Action Item
- 9G Securing of NCSD Main Building Action Item
- 9H Duarte's Landscape Invoice Action Item

**CLOSED SESSION:**

**PUBLIC EMPLOYMENT: (Government Code Section 54957)**

"To consider the appointment, employment, evaluation of performance, discipline, or dismissal of a public employee or to hear complaints or charges brought against the employee."

**Treasurer** - Employment

**REPORT FROM CLOSED SESSION**

**ADJOURN**

**DECLARATION OF POSTING:**

I, Robert Royalty, **declare under penalty of perjury**, that I am the President of the Board of Directors, of the Newberry Community Services District, and posted the foregoing Agenda, 72 hours prior to the stated meeting, at the District Offices on the 23rd Day of August, 2013 in a place accessible to the public and the District's website at [www.NewberryCSD.net](http://www.NewberryCSD.net).

Approved by: \_\_\_\_\_

Robert Royalty, Director/Board President

**2012-2013 GRAND JURY REPORT  
RESPONSE FORM**

**GROUP** Newberry Community Services District  
**AGENCY/DEPARTMENT** Board of Directors  
**SUBMITTED BY**  
Peter Porritt/General Manager

**DATE** September 25, 2013  
**RECOMMENDATION NO.** 10  
**PAGE** 23-24

**RESPONSE**

On July 9, 2013 the Newberry Community Services District Board of Directors addressed many issues in Agenda Item 9E, this item was included. The Board of Directors appointed Jodi Howard, District Office Assistant, as the Purchasing Card Administrator which includes training of all Cardholders. The new Purchasing Card Policy # 3075 and supporting forms went into effect September 1, 2013. Copies of the above mentioned are included in this packet.

**2012-2013 GRAND JURY REPORT  
RESPONSE FORM**

**GROUP** Newberry Community Services District  
**AGENCY/DEPARTMENT** Board of Directors  
**SUBMITTED BY**  
Peter Porritt/General Manager

**DATE** September 25, 2013  
**RECOMMENDATION NO.** 11  
**PAGE** 23-24

**RESPONSE**

Although many of the items discussed by the Newberry Community Services District Board of Directors has hit areas close to this item, it has not been addressed separately from other items. The agreed enforcement of current Policies and By-Laws until new/amended ones are presented is a start. The separation of duties between staff also will help this process along with staff pulling any items other than normal District expenses and placing them on the agenda as a single item of discussion.  
As our General Manger settles in to his new job responsibilities like this item will be directly addressed.

**2012-2013 GRAND JURY REPORT  
RESPONSE FORM**

**GROUP** Newberry Community Services District  
**AGENCY/DEPARTMENT** Board of Directors  
**SUBMITTED BY**  
Peter Porritt/General Manager

**DATE** September 25, 2013  
**RECOMMENDATION NO.** 12  
**PAGE** 23-24

**RESPONSE**

With the creation and approval of Policy # 3075 and supporting forms that detail the purchases allowed in conjunction with the 2013-2014 Fiscal Year Budget with chart of account numbers the hope is this will clear up past confusion and alert staff to misuse of District Charge Cards. The separation of duties of staff now requires each level of review to sign off on all purchases before payment or reimbursement is requested. The separation of the monthly warrant register from the consent calendar and the monthly Agenda Item 9A addressing the warrant register along with staff singling out any other than normal expenses of the District should also bring any discrepancies to the attention of the Board of Directors.

**2012-2013 GRAND JURY REPORT  
RESPONSE FORM**

**GROUP** Newberry Community Services District  
**AGENCY/DEPARTMENT** Board of Directors  
**SUBMITTED BY**  
Peter Porritt/General Manager

**DATE** September 25, 2013  
**RECOMMENDATION NO.** 13  
**PAGE** 23-24

**RESPONSE**

On August 13, 2013 the Newberry Community Services District Board of Directors hired Peter Porritt as their new General Manager. On September 5, 2013 Mr. Porritt started his position as General Manger for the District (after having successfully completed a live scan and background check). Mr. Porritt is aware there are several key items that will need to be addressed and these items are listed.

A. On July 9, 2013 the NCSD Board of Directors addressed the need for the creation of a Legal Counsel Log Book. This document will aid in the tracking of correspondence with the District's Legal Counsel.

Please see attached copy of Agenda Item 9K dated July 9, 2013 along with "Confidential" District Legal Counsel Log Book document.

B. On July 9, 2013 the NCSD Board of Directors addressed the need for a current Newberry Springs Volunteer Fire Department Policy Handbook. Per NCSD Policy # 1071 this document is to be created by the Fire Chief and District General Manager. On July 30, 2013 the NCSD Board of Directors appointed/hired Robert Rogers as their Assistant Fire Chief. He will be acting Fire Chief until such time as a Fire Chief is appointed/hired or he is promoted. The Board of Directors feels confident that Mr. Rogers and Mr. Porritt are qualified to begin this process.

Please see attached copy of Agenda Item 9H dated July 9, 2013.

C. On July 9, 2013 the NCSD Board of Directors addressed the need for the creation of a document to help track the records of the District. Again, this is an item that once all staff members are trained and comfortable with their daily duties will be addressed.

Please see attached copy of Agenda Item 9J dated July 9, 2013 along with Catalog of District Documents form.

# NEWBERRY

## COMMUNITY SERVICES DISTRICT

### AGENDA MATTER:

Creation of NCSD Legal Counsel Log Book and review NCSD Policy #3092

### EXECUTIVE SUMMARY:

Per Grand Jury Report dated June 28, 2013 pg 24 ...."Establish District Legal Counsel Log to ensure the District is in compliance with the Policy Handbook and maintains adequate internal control."

### DISCUSSION:

Review NCSD Policy #3092, Communication with District Legal Counsel  
Review Sample NCSD "Confidential" District Legal Counsel Log Book Document

### RECOMMENDED ACTION:

Approve creation of NCSD "Confidential" District Legal Counsel Log Book and direct staff to create such a document and present to Board for final Approval

PROPOSED BY	FUNDS BUDGETED	FUNDS AVAILABLE	MEETING DATE
Director Ridler	n/a	n/a	July 9, 2013
APPROVED BY	AMOUNT REQUIRED	CATEGORY	ITEM NUMBER
President Royalty	n/a		9K



# NEWBERRY

## COMMUNITY SERVICES DISTRICT

### AGENDA MATTER:

Creation of NSV Fire Department Policy Handbook and review of NCSD Policy #1071

### EXECUTIVE SUMMARY:

Per Grand Jury Report dated June 28, 2013 pg 24 ..."Policy handbook for the Fire Department to ensure that the District is in compliance with the Policy Handbook and maintains adequate internal controls."

### DISCUSSION:

Review NCSD Policy #1071 Newberry Springs Fire Department Policies

Make appointment of qualified and informed Fire Chief and General Manager a priority so this task may be accomplished per NCSD Policy #1071

### RECOMMENDED ACTION:

Recognize importance of Fire Department Policy Handbook and its creation upon appointment of Fire Chief and placement of General Manager

PROPOSED BY	FUNDS BUDGETED	FUNDS AVAILABLE	MEETING DATE
Director Ridler	n/a	n/a	July 9, 2013
APPROVED BY	AMOUNT REQUIRED	CATEGORY	ITEM NUMBER
President Royalty	n/a	Fire Department	9H

# NEWBERRY

## COMMUNITY SERVICES DISTRICT

### AGENDA MATTER:

Establish catalog of ALL NCSD retained documents and review NCSD Policy #3090

### EXECUTIVE SUMMARY:

Per Grand Jury Report dated June 28, 2013 pg 24 ..."Establish Catalog of all retained District records to ensure that the District is in compliance with the Policy Handbook and maintains adequate internal controls."

### DISCUSSION:

Review NCSD Policy #3090, Records Retention  
Review Sample NCSD Catalog of District Documents

### RECOMMENDED ACTION:

Approve creation of NCSD Retained Catalog of District's Retained Documents and direct staff to create such a document and present to Board for final Approval.

PROPOSED BY	FUNDS BUDGETED	FUNDS AVAILABLE	MEETING DATE
Director Ridler	n/a	n/a	July 9, 2013
APPROVED BY	AMOUNT REQUIRED	CATEGORY	ITEM NUMBER
President Royalty	n/a		9J



**2012-2013 GRAND JURY REPORT  
RESPONSE FORM**

**GROUP** Newberry Community Services District  
**AGENCY/DEPARTMENT** Board of Directors  
**SUBMITTED BY**  
Peter Porritt/General Manager

**DATE** September 25, 2013  
**RECOMMENDATION NO.** 14  
**PAGE** 23-24

**RESPONSE**

On August 13, 2013 the Newberry Community Services District Board of Directors hired Peter Porritt as their new General Manager. On September 5, 2013 Mr. Porritt started his position as General Manger for the District (after having successfully completed a live scan and background check). Mr. Porritt is aware there are several key items that will need to be addressed and this item is a large one.

This particular item will require the help of the Assistant Fire Chief (acting as Fire Chief) The goal for completion of this recommendation is January 2014.



# Newberry Community Services District

Established 1958

## BOARD OF DIRECTORS SPECIAL MEETING

Tuesday, July 9, 2013

6:00 pm

Newberry Community Center  
30884 Newberry Road  
Newberry Springs, CA 92365

## MINUTES

This Document is provided as a complement to the audio recording intended to be included with approval of this document as the official minutes of the herein referenced meeting. A digital copy of the audio recording shall be referenced for identification as "Minutes - July 9, 2013 - AUDIO PORTION"

**CALL TO ORDER:** President Royalty called the meeting to order 6:05 p.m.

**ROLL CALL:** By President Royalty

Director Snively - Present  
Director Williams - Absent  
Director Owens - Absent  
Director Ridler - Present  
Director Royalty - Present

### PLEDGE OF ALLEGIANCE

1. WELCOME TO GUESTS
2. PUBLIC COMMENTS NONE
3. REVIEW AND APPROVAL OF THE AGENDA

**Special Meeting: July 9, 2013**

**MOTION:** Director Ridler moved, seconded by Director Snively to accept the Agenda as written with the noted corrections that Business Items are 4 not 9  
President Royalty call for the vote

Director Snively - Aye  
Director Williams - Absent  
Director Owens - Absent  
Director Ridler - Aye  
Director Royalty - Aye

**NOTE:** For the record Director Owens arrived at 6:11 p.m.

4. BUSINESS ITEMS
  - 4A. NCS D President regains control of Meeting(s)

**Recommended Action:** Discussion Only

**PUBLIC COMMENTS:**

Robert Vasseur

**NOTE:** Review of our current rules/policies and use of Robert's Rules of Order

**4B. Re-Adopt NCSD Numerical Accounting System, Develop basic accounting system and Appoint a monthly review committee**

**Recommended Action:** Assign Chart of account numbers to all general ledger accounts  
Appoint a Budget Review Committee

Schedule Special Monthly Meetings to pre approve all expenses/warrant registers prior to approval of consent calendar at NCSD regular monthly meetings

Move warrant registers from consent calendar to item 9A at NCSD regular monthly meetings

**PUBLIC COMMENT:**

Robert Vasseur

Paula Deel

**MOTION:** Director Ridler moved, seconded by Director Snively to Adopt NCSD Numerical Chart of Accounting System, Develop basic accounting system and appoint a monthly review committee

President Royalty call for the vote

Director Snively - Aye

Director Williams - Absent

Director Owens - Aye

Director Ridler - Aye

Director Royalty - Aye

President Royalty appoints Debbie Farrington chairperson of Budget/Finance Committee and acknowledges Daphne Lanier, Robert Shaw and Robert Vasseur as members

**NOTE:** Moving warrant register to Business Item 9A for pre-review

**4C. Hire qualified and sufficient staff for NCSD**

**Recommended Action:** Examine applicants closer to ensure they are well qualified for positions

Treasurer, keep this position separate and redefine job duties including establishment of correct account procedures for the District

Board Secretary, keep this position separate and redefine job duties including the creation of a process to record, transcribe, post and safe guard all meeting minutes and post results within 2 weeks including catalog system of all minutes/audio

General Manager, keep this position separate and redefine job duties and enforcement of NCSD Policies

Fire Dept Administrator, keep this position separate and redefine job duties and enforcement of NCSD Policies

**PUBLIC COMMENTS:**

None

**MOTION:** Director Owens moved, seconded by Director Ridler to hire qualified people

**AMENDED MOTION:** Director Ridler moved, seconded by Director Snively to recognize the positions of Board Secretary, Treasurer, General Manager and Fire Dept

Administrator as 4 separate positions with their own duties and set compensation

President Royalty called for the vote

Director Snively - Aye

Director Williams - Absent

Director Owens - Aye

Director Ridler - Aye

Director Royalty - Aye

**MOTION:** Director Ridler moved, seconded by Director Snively to set compensation for the 4 positions, Board Secretary, Treasurer, General Manager and Fire Dept Administrator

Board Secretary - \$200 monthly salary

Treasurer - \$300 monthly salary

General Manager - \$783 monthly salary

Fire Dept Administrator - \$600 monthly salary

President Royalty called for the vote  
Director Snively - Aye  
Director Williams - Absent  
Director Owens - Aye  
Director Ridler - Aye  
Director Royalty - Aye

**4D. Approve in Concept the Proposed 2013-2014 Newberry Community Services District Budget**

**Recommended Action:** Approve in concept the proposed 2013-2014 Fiscal year NCSD Budget

Direct staff to keep the proposed budget posted at the District office and on the website until final acceptance of the 2013-2014 Fiscal year NCSD Budget by action of the board  
Place agenda item for final acceptance of the 2013-2014 Fiscal Year NCSD Budget at the August 27, 2013 Regular Meeting

**PUBLIC COMMENTS:**

None

**MOTION:** Director Snively moved, seconded by Director Ridler to approve concept of the proposed 2013-2014 NCSD Budget

President Royalty called for a break at 7:32 p.m.

President Royalty called meeting back to order at 7:43 p.m.

**NOTE:** Let the record reflect Director Owens left the meeting at 7:45 p.m.

**AMENDED MOTION:** Director Ridler moved, seconded by Director Snively to approve in concept the 2013-2014 NCSD Budget with the following changes

Administration item 1012.4 increase to \$3600, Fire Department item 2.1 reduced to zero, FD item 4.1 to \$2500, FD item 4.3 to \$750, FD item 5.1 to \$1000, FD item 5.2 to \$1500, FD item 6.1 to \$260, FD item 7.5 to \$5335, FD item 8.1 to \$200 with total income and expense of \$205,800.00

President Royalty called for the vote

Director Snively - Aye  
Director Williams - Absent  
Director Owens - Absent  
Director Ridler - Aye  
Director Royalty - Aye

**NOTE:** Debbie Farrington will get clean copy to Jodi Howard for posting and the Board thanks her and the committee for all their hard work

**4E. NCSD Purchasing Card Use Agreement and NCSD Policy #3075**

**Recommended Action:** Immediate removal of any purchasing cards assigned to directors and non-staff

Appoint new Purchasing Card Administrator including Approval Officer, Billing Officer and Card Holder

Creation of new Purchasing Card Use Agreement

Creation of new Purchasing Card procedures including limits, proper documentation collections and guarantee of timely payment process

Define duties between General Manger, Treasurer, Purchasing Card Administrator and Card Holder

Creation of Process for handling disputes on un authorized purchases and a requirement for that card holder use personal funds when they violate Purchasing Card Policy

Assign fuel cards to the NSVFD vehicles with limits

Establish NCSD Corporate Card for reoccurring monthly expenses

**PUBLIC COMMENTS:**

Paula Deel

Debbie Farrington

Ellen Johnson

**MOTION:** Director Snively moved, seconded by Director Ridler to remove purchasing cards assigned to directors - appoint new purchasing card administrator including approval officer - creation of new purchasing card agreement - creation of new purchasing card procedures including limits, proper documentation collections and guarantee of timely payment process - define duties between GM, Treasurer, Purchasing Card Administrator and Card Holder - Creation of Process for handling disputes on un authorized purchases and requiring card holder use personal funds when they violate Purchasing Card Policy - assign fuel cards to the NSVFD vehicles with limits - and establish NCS D Corporate Card for reoccurring monthly expenses

- Original Motion broke into separate Motions -

**MOTION 1:** Director Ridler moved, seconded by Director Snively to immediately remove Director Owens' purchasing card

President Royalty called for the vote

Director Snively - Aye  
Director Williams - Absent  
Director Owens - Absent  
Director Ridler - Aye  
Director Royalty - Aye

**MOTION 2:** Director Ridler moved, seconded by Director Snively to appoint Jodi Howard as new purchasing card administrator and approval officer and training administrator

President Royalty called for the vote

Director Snively - Aye  
Director Williams - Absent  
Director Owens - Absent  
Director Ridler - Aye  
Director Royalty - Aye

**MOTION 3:** Director Ridler moved, seconded by Director Snively to create new Purchasing Card Use Agreement and present to the board

President Royalty called for the vote

Director Snively - Aye  
Director Williams - Absent  
Director Owens - Absent  
Director Ridler - Aye  
Director Royalty - Aye

**MOTION 4:** Director Ridler moved, seconded by Director Snively to create a new purchasing card procedure and present to the board

President Royalty called for the vote

Director Snively - Aye  
Director Williams - Absent  
Director Owens - Absent  
Director Ridler - Aye  
Director Royalty - Aye

**MOTION 5:** Director Ridler moved, seconded by Director Snively that definition of duties between GM, Treasurer and Purchasing Card Administrator should be with job description

President Royalty called for the vote

Director Snively - Aye  
Director Williams - Absent  
Director Owens - Absent  
Director Ridler - Aye  
Director Royalty - Aye

**NOTE:** Dispute agreement should be included with User Agreement - Fuel Card and Corporate Card assignment given to Jodi Howard

**4F. District's Finances and Spending  
Recommended Action - Discussion Only**

**PUBLIC COMMENTS:**

None

- NOTE:** re present this idea after budget resolution
- 4G. Enforcement of existing NCSD By-Laws and Policy Handbook while current By-Laws and Policy Handbook are reviewed/updated**  
**Recommended Action - Discussion Only**  
**PUBLIC COMMENTS:**  
None  
**NOTE:** follow current rules and present for first review in August, By-laws & Policies
- 4H. Creation of NSV Fire Department Policy Handbook and review of NCSD Policy #1071**  
**Recommended Action - Discussion Only**  
**PUBLIC COMMENTS:**  
None  
**NOTE:** Fire Dept will present to Board when ready
- 4I. All NCSD Directors attend CSDA & CSAC Leadership Courses and AB 1234 Ethics Training**  
**Recommended Action - Discussion Only**  
**PUBLIC COMMENTS:**  
None  
**NOTE:** training should be considered after January 2014
- 4J. Establish catalog of ALL Retained District documents and review NCSD Policy #3090**  
**Recommended Action - Discussion Only**  
**PUBLIC COMMENTS:**  
None  
**NOTE:** recommend use of form after hiring of full staff
- 4K. Creation of NCSD Legal Counsel Log Book and review NCSD Policy #3092**  
**Recommended Action - Discussion Only**  
**PUBLIC COMMENTS:**  
None  
**NOTE:** recommend use of form after staff in place

**ADJOURN**

Director Ridler moved, seconded by Director Snively to adjourn the meeting  
President Royalty called for the vote

Director Snively - Aye  
Director Williams - Absent  
Director Owens - Absent  
Director Ridler - Aye  
Director Royalty - Aye

President Royalty declared the meeting adjourned at 8:35 p.m.

Respectfully Submitted,

**Kathleen S Ridler**

Director Ridler - Board Administrator  
July 10, 2013

**Newberry Community Services District  
2013-2014 Proposed Budget**

**1000.0 ADMINISTRATION**

<b>1001.0 Advertising</b>	<b>\$300.00</b>
<b>1002.0 Annex</b>	
1002.1 Annex Capital Improvement	\$0.00
1002.2 Annex/Parking Lot Electric	\$1,250.00
1002.3 Annex Propane	\$1,800.00
1002.4 Annexr Repair/Maintenance	\$500.00
<b>1003.0 Auditor</b>	<b>\$29,150.00</b>
<b>1004.0 Bank Fees</b>	<b>\$100.00</b>
<b>1005.0 Director Stipends</b>	<b>\$4,500.00</b>
<b>1006.0 Education Expenses</b>	
1006.1 Education: Tuition	\$3,925.00
1006.2 Education: Books	\$500.00
1006.3 Education Expense: Lodging	\$555.00
1006.4 Education Expense: Mileage	\$800.00
<b>1007.0 Election Expenses</b>	<b>\$3,000.00</b>
<b>1008.0 LAFCO</b>	<b>\$100.00</b>
<b>1009.0 Legal Expenses</b>	<b>\$5,000.00</b>
<b>1010.0 Office Expense</b>	
1010.1 Office Supplies	\$750.00
1010.2 Office Equipment: Maintenance/Repair	\$600.00
1010.3 Office Equipment: Purchases	\$0.00
1010.4 Postage/Shipping	\$500.00
1010.5 Annex Telephone/Fax	\$500.00
1010.6 Subscription/Membership Fees	\$500.00
1002.3 Annex Internet	\$1,000.00
<b>1011.0 Outside Bookkeeping</b>	
1011.1 Stewart's	\$580.00
<b>1012.0 Administrative Personnel Expenses</b>	
1012.1 Salary: Board Secretary	\$2,400.00
1012.2 Salary: General Manager	\$9,400.00
1012.3 Salary: Office Assistant	\$7,200.00
1012.4 Salary: Treasurer	\$3,600.00
1012.5 Payroll Taxes (District Portion)	\$3,250.00
1012.6 California State Distribution - no cost item	\$0.00
1012.7 Department of Justice - Live Scane	\$210.00
<b>1013.0 SDRMA Insurance: Liability/Bonding</b>	<b>\$4,700.00</b>
<b>SUB-TOTAL</b>	<b>\$86,670.00</b>

**Newberry Community Services District  
2013-2014 Proposed Budget**

**2000.0 PARK & RECREATION**

<b>2001.0 Community Events</b>		
2001.1	Community Event: Advertising	\$150.00
2001.2	Community Event: Expenses	\$12,500.00
<b>2002.0 Community Center Expenses</b>		
2002.1	Consumable Supplies	\$850.00
2002.2	CSD Electric	\$6,000.00
2002.3	CSD Propane	\$3,000.00
2002.4	Contract Labor: Cleaning	\$4,620.00
2002.5	Health Permits	\$1,000.00
2002.6	Maintenance/Repair: CSD Building	\$500.00
2002.7	Pest Control	\$600.00
<b>2003.0 Grounds Expenses</b>		
2003.1	Contract Labor: Landscape	\$4,900.00
2003.2	Disposal Services	\$1,800.00
2003.3	Maintenance/Repair: Equipment	\$500.00
2003.4	Maintenance/Repair: Grounds	\$1,500.00
2003.5	Maintenance/Repair: Well	\$1,000.00
2003.6	Mojave Water Agency Fees	\$100.00
2003.7	Park: Capital Improvements	\$0.00
2003.8	Park: Electric	\$900.00
2003.9	Water Testing Fees	\$600.00
<b>SUB-TOTAL</b>		<b>\$40,520.00</b>

**3000.0 STREET LIGHTS**

3001.0	Street Lights	\$5,000.00
<b>SUB-TOTAL</b>		<b>\$5,000.00</b>



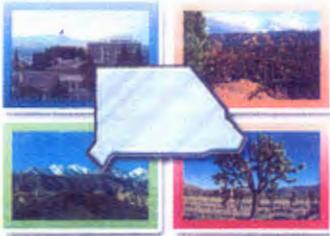
**Newberry Community Services District  
2013-2014 Proposed Budget**

**5000.0 INCOME**

<b>5001.0 Interest</b>	
5001.1 Bank Interest	\$500.00
5001.2 Certificate of Deposit	\$0.00
5001.3 Savings Account	\$0.00
<b>5002.0 Rental</b>	
5002.1 Building Rental	\$800.00
5002.2 Equipment: Table/Chairs	
<b>5003.0 Fire Department</b>	
5003.1 Fire Department: Burn Permits	\$2,000.00
5003.2 Fire Department: Response Charges	\$0.00
5003.3 Fire Department: Grant Income	\$0.00
5003.4 Fire Department Donations	\$0.00
<b>5004.0 Other Income</b>	
5004.1 Kiewitt Fund Transfer for public events	\$10,000.00
5004.2 Rebate: Purchasing Card	\$0.00
5004.3 Copies	\$0.00
5004.4 Fireworks Donations	\$2,500.00
<b>5005.0 San Bernardino County Tax Share</b>	<b>\$190,000.00</b>
<b>TOTAL</b>	<b>\$205,800.00</b>

**Expense Totals**

1000.0 Administration	\$86,670.00
2000.0 Park and Recreation	\$40,520.00
3000.0 Street Lights	\$5,000.00
4000.0 Fire Department	\$73,610.00
<b>Total</b>	<b>\$205,800.00</b>
BALANCE BETWEEN INCOME AND EXPENSES	\$0.00



# LAFCO

## Local Agency Formation Commission for San Bernardino County

215 North "D" Street, Suite 204  
San Bernardino, CA 92416-0480  
909.383.9900 | Fax 909.383.9901  
E-mail: lafco@lafco.sbcounty.gov  
www.sbclafco.org

Established by the State of California  
to serve the Citizens, Cities, Special Districts  
and the County of San Bernardino

### COMMISSIONERS

JIM BAGLEY  
Public Member

KIMBERLY COX, Vice Chair  
Special District

JAMES V. CURATALO, Chair  
Special District

ROBERT A. LOVINGOOD  
Board of Supervisors

LARRY McCALLON  
City Member

JAMES RAMOS  
Board of Supervisors

DIANE WILLIAMS  
City Member

### ALTERNATES

DAWN ROWE  
City Member

JANICE RUTHERFORD  
Board of Supervisors

SUNIL SETHI  
Public Member

ROBERT W. SMITH  
Special District

### STAFF

KATHLEEN ROLLINGS-McDONALD  
Executive Officer

SAMUEL MARTINEZ  
Assistant Executive Officer

MICHAEL TUERPE  
Project Manager

REBECCA LOWERY  
Clerk to the Commission

### LEGAL COUNSEL

CLARK H. ALSOP

September 25, 2013

RECEIVED  
SEP 27 2013

SUPERIOR COURT OF CALIFORNIA  
COUNTY OF SAN BERNARDINO  
OFFICE OF THE PRESIDING JUDGE

Honorable Marsha G. Slough, Presiding Judge  
Superior Court of California  
County of San Bernardino  
303 West Third Street, Fourth Floor  
San Bernardino, CA 92415-0302

Dear Judge Slough:

This response is provided to the *2012-13 San Bernardino County Final Grand Jury Report* identifying issues related to the Newberry Community Services District and the Local Agency Formation Commission for San Bernardino County (hereafter LAFCO).

**Recommendation #15:** "Review suggestions made in its (LAFCO) 2009 report and include more robust analysis of governance and reorganization options for the next Service Review of the District, scheduled for 2014." (*Italics included by LAFCO staff*)

**Response:** On August 21 and September 18 LAFCO reviewed Recommendation #15 outlined above as well as the Grand Jury concerns related to the operations of the Newberry Community Services District. By action taken September 18, LAFCO has directed its staff to undertake an immediate off-cycle service review for the Newberry Community Services District as well as the Yermo and Daggett Community Services Districts to address the concerns outlined in the Grand Jury Report and Recommendation #15. The Commission chose to look at all three communities on the basis that the original report addressed the regional area and outlined the concerns for future sustainability of services. Due to the severity of the issues identified in the Grand Jury report, LAFCO was concerned that the next service review, while currently scheduled for 2014, would be delayed. Therefore, an off-cycle response was approved.

The Commission's direction to its staff is to undertake a detailed analysis of the various service delivery options (which will include but will not be limited to consolidation, transfer of service to a more regional entity, etc.) available for the area. A copy of the report presented to the Commission for the September hearing is included for your information. LAFCO staff will be contacting the three

Community Services Districts in the near future to request submission of financial and service plan documents to commence the study.

Should you have any questions on this response or LAFCO actions to be undertaken, please do not hesitate to contact me directly at the address or phone number listed above or by email at: [kmcdonald@lafco.sbcounty.gov](mailto:kmcdonald@lafco.sbcounty.gov).

Sincerely,



KATHLEEN ROLLINGS-McDONALD  
Executive Officer

Attachment

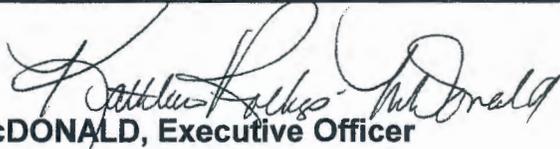
**LOCAL AGENCY FORMATION COMMISSION  
FOR SAN BERNARDINO COUNTY**

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

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**DATE:** SEPTEMBER 10, 2013  
**FROM:** KATHLEEN ROLLINGS-McDONALD, Executive Officer  
**TO:** LOCAL AGENCY FORMATION COMMISSION

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**SUBJECT:** Agenda Item #8 – Consideration of Response to San Bernardino County Grand Jury Report Related to the Newberry Community Services District

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**RECOMMENDATION:**

Staff recommends that the Commission approve the response to the San Bernardino County Grand Jury Report related to the Newberry Springs Community Services District as follows:

1. Concur with the 2012-13 Grand Jury Final Report Recommendation #15 and determine the option for addressing the information needs identified – Option #1 or Option #2 – as outlined in this report; and,
2. Authorize the Executive Officer to submit the response to the Presiding Judge of the Superior Court outlining the Option chosen to address the recommendation by the deadline of September 28, 2013.

**BACKGROUND:**

At the August 21, 2013 hearing the Commission reviewed the staff report related to the mandatory response to the 2012-13 Grand Jury Final Report (copy included as Attachment #1) related to the Newberry Community Services District. Recommendation #15 relates to LAFCO and reads as follows (the italics have been provided by LAFCO staff):

“Review suggestions made in its 2009 report (*Service Review for the Communities of Daggett, Yermo and Newberry Springs*) and include more robust analysis of governance and reorganization options for the next Service Review of the District, scheduled for 2014.”

The reorganization options identified in this 2009 report included, among others, is the consolidation of the three CSDs into a single agency, which the staff recommendation supported through a consolidated sphere of influence. The staff's rationale was identified as being that the three CSDs were experiencing governance issues (compliance with audit requirements, budget compliance, etc.) to varying degrees and the consolidation would pool resources to allow for the hiring of professional staff to move them toward compliance. The August staff report provided two options for consideration to respond to the Grand Jury:

**OPTION #1** Concur with Recommendation #15 and direct staff to provide a more detailed analysis of the potential consolidation of the District during the second cycle review, anticipated to be 2014 but could be later in time; or,

**OPTION #2** Concur with Recommendation #15 and because of the severity of the issues identified direct staff to undertake an off-cycle review of the Newberry Community Services District, as well as the Yermo and Daggett Community Services Districts, to provide a more detailed financial and operational analysis for governance options. The only issue with undertaking this option would be funding since the revenues for service reviews must come from the Commission's mandatory apportionment process, as no fees can be charged for the process.

The key issue of concern for LAFCO staff was the estimated cost of in conducting this special study. At the August meeting staff was directed to see if there were mechanisms to reduce the cost of Option #2, then estimated to be between \$15,000 and \$20,000. Staff has reviewed the cost estimate and identified that in order to provide the necessary information on the actual cost and structure of any governance changes (such as a preparation of a financial and governance analysis including documentation of a future board of directors, etc.), the necessary outreach to the residents and property owners in the area, and the costs of hearings before the Commission, staff believes that \$15,000 is needed. Some of the direct costs associated with the estimates anticipated at this time include:

- Notice to all landowners and registered voters of at least a single community meeting, if not more, and the Commission's consideration. In 2009 the cost for conducting a community meeting and providing individual notice had a direct cost of \$2,144. In addition there would be a charge from the Registrar of Voters to provide the mailing list currently estimated at \$240 per district. The total cost for two mailings would be \$4,768.
- Legal advertising in the Desert Dispatch, the newspaper of general circulation in the area, for the prior service review was \$810. The estimate for legal advertising would be \$1,620 (one community meeting and Commission hearing).
- Travel and salary costs for staff to meet with the staff of each of the districts and possibly needing to develop the information to complete the study \$3,000.

The total of the estimated direct costs are \$9,388. The indirect costs of LAFCO staff, at all levels, to provide the report needed and the presentation to the Commission would consume the remaining \$5,612, for a total cost of \$15,000.

At the July hearing staff identified in the unaudited financial report for Fiscal Year 2012-13 the potential of an additional carryover of \$37,692. Since that time, the final year-end financial reports have been received and this figure has been verified; therefore, there is some additional funding available for this study. LAFCO staff would recommend that if there is an interest in moving forward with a special study of governance options for the three communities, that the cost be divided between LAFCO (\$10,000) and the First District (\$5,000). The First District funding identified in this proposal is for financial assistance to LAFCO staff in gathering and disseminating information on governance options for the three communities. Staff believes that it is extremely important that governance issues be reviewed and discussed within the communities as this will be the last major area of potential developable lands in the I-15 and I-40 corridors for the future, being the gateway to the Mojave Preserve and other federally held lands.

Based upon the Commission's determination of option, staff will prepare the letter response to the presiding judge of the Superior Court and submit by the September 28, 2013 deadline. Should the Commission have any questions, staff will be happy to answer them prior to or at the hearing.

KRM

Attachment – August 12, 2013 Staff Report



County of San Bernardino

# INTEROFFICE MEMO

DATE: October 2, 2013

PHONE: 386-9000

FROM: **LARRY WALKER** *LW*  
Auditor-Controller/Treasurer/Tax Collector

TO: **MARSHA G. SLOUGH**, Presiding Judge  
Superior Court of California

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SUBJECT: **RESPONSE TO 2012-2013 SAN BERNARDINO COUNTY GRAND JURY REPORT**

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The Auditor-Controller/Treasurer/Tax Collector (ATC) respectfully responds to the 2012-13 San Bernardino County Grand Jury Final Report (hereinafter "The Report"). There was one recommendation in The Report that addresses ATC and one follow-up recommendation from the 2010-11 Grand Jury Report that is also related to ATC.

## Grand Jury Report 2012-13

<u>Finding</u>	<u>Recommendation</u>
No Finding	13-27

## Grand Jury Report 2010-11

<u>Finding</u>	<u>Recommendation</u>
No Finding	2011-30

### Recommendation 13-27

#### [Rec. 6, p.12]

We partially concur with this recommendation, while noting that no funding exists for the suggested work in the absence of voluntary cooperation by the agency.

ATC had procedures in place to notify special districts of their duties.

For the FY 2009-2010 report, ATC Internal Audits Section (IAS) sent Newberry Community Services District (NCSD) the following reminder and late notice letters:

- Late Notice 1 – July 8, 2011
- Late Notice 2 – February 10, 2012
- Late Notice/Reminder Letter – May 7, 2013

In addition to the letters, ATC also contacted the General Manager of NCSD in February of 2013 to obtain his permission to work directly with the District's external auditors, DB Whitford, to discuss the status and submission of the outstanding reports. DB Whitford informed ATC that due to tax season they were unable to provide the reports, but indicated their intent to submit them as soon as possible.

ATC has modified our special district notification procedures. We now send the reminder letters annually in December. We also begin the late notification process much sooner. Our notification process is as follows:

- **Reminder Letter**-December 1<sup>st</sup> - Letter is sent to remind districts that their financial statements for the previous fiscal year are due to ATC before next June 30<sup>th</sup>.
- **Late Notice 1**-July 1<sup>st</sup> - Delinquent notices are mailed to non-compliant districts.
- **Late Notice 2**-October 1<sup>st</sup> - (three months after the financial statements are overdue).
- **Final Notice**-January 1<sup>st</sup> - (six months after the financial statements are overdue).
- An annual report will be presented to the Board of Supervisors no later than June. The report will include any district that has not submitted annual financial statements to ATC after receiving the final notice from our office. ATC will cause the audit of the non-compliant districts financial statements following the Board of Supervisors' acceptance of the annual report, which will include cost estimates for the delinquent work.

**[Rec. 7, p.12]**

Members of ATC are available to work with the NCSD General Manager to determine the best approach to bring the District in compliance with Government Code section 26909.

**Recommendation 2011-30**

ATC does not concur with the Grand Jury response to the follow-up of this recommendation. ATC's response to this recommendation on September 30, 2011 was not reported as we responded. ATC's response to this recommendation was as follows:

*“ATC Central Collections will cooperate with the Public Defender to implement this recommendation.”*

It appears the County Administration's response was included in place of ATC's response. Central Collections does not conduct fee studies for departments. Central Collections is able to provide limited accounts receivable and collections data to departments for fee studies.

The 2012-2013 Grand Jury's question and answer below does not accurately characterize ATC's responsibility in the implementation of the recommendation.

**Question:** *“Has the recommendation been implemented?”*

**Answer:** *“The recommendation has not been implemented. The Central Collections Department was advised that the Public Defender's Office and Internal Audit are responsible for implementing this recommendation.”*

The Public Defender's office is responsible for implementation of this recommendation. ATC Internal Audits Section does not conduct fee studies and does not have the ability to implement the recommendation. County departments are required to independently review their departmental fees on an annual basis and report to the Board of Supervisors. Any analysis provided by ATC would be conducted by the Management Services Section of the Controller Division. We respectfully request the Grand Jury revise the report to reflect that it is the sole responsibility of the Public Defender's office to implement the recommendation and to clarify that 1) Central Collections is a division within ATC, not a department, and 2) ATC assistance to the Public Defender to study costs is available from ATC Management Services Section.

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

LDW:MJB:wds