

NEWBERRY COMMUNITY SERVICES DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDING
JUNE 30, 2018

NEWBERRY COMMUNITY SERVICES DISTRICT
FOR THE YEAR ENDED
JUNE 30, 2018

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SUPPLEMENTARY INFORMATION

NEWBERRY COMMUNITY SERVICES DISTRICT
 BUDGET TO ACTUAL SCHEDULE
 FOR THE YEAR ENDED
 JUNE 30, 2018

	Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES			
Property taxes	\$ 210,000	225,868	15,868
Interest	940	1,215	275
Fire department	2,700	1,572	(1,128)
Fire department grant	14,000	---	(14,000)
Donation	3,000	5,383	2,383
Rental income	500	380	(120)
Other	360	9,572	9,212
TOTAL OPERATING REVENUE	231,500	243,990	12,490
OPERATING EXPENSES			
Fire protection			
Personnel expenses	21,700	18,465	3,235
Dispatching	14,300	15,932	(1,632)
Grant expense	14,200	195	14,005
Insurance	5,000	5,718	(718)
Membership dues	2,100	2,052	48
Office expense	1,300	1,533	(233)
Utilities	3,500	2,914	586
Fire vehicle maintenance and repair	10,900	8,169	2,731
Non-vehicle equipment maintenance and repair	23,500	21,064	2,436
Depreciation	---	---	---
Parks and recreation			
Materials and services	45,200	41,023	4,177
Depreciation	---	325	(325)
Administration costs			
Personnel expenses	40,500	33,767	6,733
Advertising	500	---	500
Audit expense	7,000	---	7,000
Directors stipend	3,500	2,900	600
Education expense	6,000	580	5,420
Election expense	---	---	---
Insurance	3,700	3,334	366
LAFCO expense	100	204	(104)
Legal	5,000	---	5,000
Office expense	8,300	6,180	2,120
District special expenditures	---	---	---
Miscellaneous expense	200	120	80
Depreciation	---	3,582	(3,582)
Municipal services – Street lighting	6,000	4,947	1,053
TOTAL OPERATING EXPENSES	222,500	173,004	49,496
EXCESS REVENUES OVER EXPENSES AND CHANGE IN NET ASSETS	\$ 9,000	\$ 70,986	61,986

NEWBERRY COMMUNITY SERVICES DISTRICT
 GENERAL INFORMATION
 FOR THE YEAR ENDED
 JUNE 30, 2018

General Information

Type of Governmental District	-	Community services
Date of Formation	-	December 15, 1958
Statutory Authority	-	California Government Code Section 61000, et seq., Division 2, Title 6
Audit Period	-	July 1, 2017 thru June 30, 2018
Formed in the County of	-	San Bernardino, California
Governing Body	-	Board of directors

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Robert Springer	President	November 2018
Paula Deel	Vice-President	December 2020
Larry Clark	Director	December 2020
Vickie Paulsen	Director	November 2018
Robert Shaw	Director	November 2018

General Manager	-	Jodi Howard
Custodian of Financial Records	-	Jodi Howard
Treasurer	-	Kerri Zurcher
Location of Financial Records	-	District Office: 30884 Newberry Road Newberry Springs, CA 92365
Depositories	-	Desert Community Bank 12530 Hesperia Road, Suite 101 Victorville, CA 92392



NEWBERRY COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2018

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The district is exempt from paying income taxes.

Capital Assets

Capital Assets are stated at cost, net of accumulated depreciation, except for the portions acquired by contribution which are recorded at fair value at the time received. The capitalization threshold for all capital assets is \$1,000. Depreciation is based on the estimated useful lives of the assets, which range from 5 to 20 years, using the straight line method.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extended asset lives are not capitalized.

Risk Management

The District is exposed to various risks of loss related to torts; theft or damage to, or destruction of assets; errors or omissions; injuries to employees and the public; or acts of god. For the year ended June 30, 2018, The District has provided for protection against possible losses with insurance.

Taxes Receivables

Taxes receivable reflect monies due to the District at the fiscal year end that have been levied and an enforceable legal claim exists. Unavailable taxes represent the portion of the levied tax revenue that is expected to be received and available for use within 60 days of the fiscal year end.

Date of Management's Evaluation

Management has evaluated the subsequent events through April 18, 2019, the date on which the financial statements were available to be issued. In August 2018, the General Manager for Newberry Community Services District, Le Hayes, passed away.

NEWBERRY COMMUNITY SERVICES DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED
 JUNE 30, 2018

NOTE B: CAPITAL ASSETS

Capital assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the general fund and the government wide financial statements are capitalized at cost or at estimated historical costs if original cost is not available, and contributions are recorded at fair value at the date received.

Depreciation is provided on depreciable capital assets in the government wide financial statements over their estimated useful lives on the straight-line method. Depreciable assets include structures and improvements, equipment and office equipment.

A summary of changes in capital assets is as follows:

	Balance June 30, 2017	Additions	(Dispositions)	Balance June, 30 2018
Land	\$ 6,204	\$ ---	\$ ---	\$ 6,204
Structures and improvements	206,315	---	---	206,315
Equipment	811,686	---	---	811,686
Total	\$ 1,024,205	\$ ---	\$ ---	\$ 1,024,205

A summary of changes in accumulated depreciation for capital assets is as follows:

	Balance June 30, 2017	Additions	(Dispositions)	Balance June, 30 2018
Structures and Improvements	\$ 174,849	\$ 3,907	\$ ---	\$ 178,756
Equipment	811,686	---	---	811,686
Total	\$ 986,535	\$ 3,907	\$ ---	\$ 990,442

Capital Assets net of Depreciation at June 30, 2018:

Non-depreciable assets - Land	\$ 6,204
Depreciable assets - Net	<u>27,559</u>
Total	<u>\$ 33,763</u>

NEWBERRY COMMUNITY SERVICES DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED
 JUNE 30, 2018

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits

Deposit risks include:

- Custodial Credit Risk- for deposits, custodial credit risk is the risk that in the event of the failure of a bank or other counterparty, The District will not be able to recover the value of deposits or collateral securities in the possession of a third party.
- Credit Risk- for deposits, credit risk is the risk that a bank or other counterparty defaults on its principal and/or interest payments owed to the District.
- Interest Rate Risk- for deposits, interest rate risk is the risk that the value of deposits will decrease as a result of a rise in interest rates.

The District has not adopted a specific risk management policy for deposits, but does require all deposits and investments be in compliance of State statutes. Statutes authorize the District to invest in time deposits and banks selected as depositories of District funds, direct debt securities of the United States Government, and certain government agency bonds.

Cash held by The District as of June 30, 2018, consisted of the following:

Petty cash	\$	200
On deposit		668,167
 Total	 \$	 <u>668,367</u>

The District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value. The District's cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) and securities held in safekeeping are pledged to the entity where the security is held. At June 30, 2018, The District's deposits at banks were \$668,167, all of which were fully-insured or collateralized.

The District has adopted an investment policy in accordance with Section 53601 of the State of California Governmental Code. The District may invest in the following investment types:

- Securities of the U.S. Government, or its agencies
- Certificates of Deposit (or Time Deposits)
- Negotiable Certificates of Deposit
- Local Agency Investment Fund (State Pool) Demand Deposits
- Other investments that are, or may become, legal investments through the State of California Code and with prior approval.

NEWBERRY COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2018

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Newberry Community Services District (the District) was formed in 1958 for the purpose of providing services to the local Newberry Springs area residents. The District was initially authorized to provide water services, sewage and waste treatment services, collection and disposal of garbage, fire protection, parks and recreation services, street lights and maintenance of a police department. The present day services provided include parks and recreation, fire protection, and street lighting.

Basic Financial Statements

The basic financial statements (i.e., statement of net assets, the statement of activities and changes in net assets, and the statement of cash flows) report information on all of the activities of the District. The District's activities are accounted for as an enterprise fund. The Governmental Accounting Standards Board (GASB) defines an enterprise fund as a fund related to an organization financed and operated in a manner similar to private business enterprise, where the intent is to recover the costs of providing goods or services to the general public primarily through other charges.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The basic financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the statement of net assets. The statement of activities and changes in net assets presents increase (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to some limitations. The District has elected not to follow subsequent private-sector guidance.

The District's highest level of decision-making authority for committed fund balances is the board of directors. The formal action that is required to be taken to establish (or modify) a fund balance commitment is approval of the board of directors.

The length of time used to define available, for purposes of revenue recognition in the fund financial statements, is sixty days.

The District is not obligated in any manner for special assessment debt as there is none.

The District does not provide employees a compensated absence benefit. There is therefore no liability to pay for sick or vacation days.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

NEWBERRY COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Revenues	\$ 243,991
Payments for expenses	(123,075)
Payments for payroll	<u>(50,926)</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES \$ 69,990

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets	<u>---</u>
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NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES ---

NET INCREASE (DECREASE) TO CASH 69,990

CASH AT BEGINNING OF YEAR 598,337

CASH AT END OF YEAR \$ 668,367

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Changes in net assets	\$ 70,986
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	3,907
Increase (decrease) in:	
Property taxes receivable	---
Accounts receivable	---
Prepaid expenses	---
Increase (decrease) in:	
Accounts payable	(17,822)
Credit card payable	11,614
Deferred revenue	---
Accrued expenses	<u>1,305</u>

NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES \$ 69,990

NEWBERRY COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
JUNE 30, 2018

OPERATING REVENUES

Property taxes	\$	225,868
Interest		1,215
Fire department		1,572
Donation		5,383
Rental Income		380
Other		9,572
		9,572

TOTAL REVENUES

\$ 243,990

OPERATING EXPENSES

Fire protection		
Personnel expenses		18,465
Dispatching		15,932
Grant expense		195
Insurance		5,718
Membership dues		2,052
Office expense		1,533
Utilities		2,914
Fire vehicle maintenance and repair		8,169
Non-vehicle equipment maintenance and repair		21,064
Depreciation		---
		76,042

76,042

Parks and recreation

Materials and services		41,023
Depreciation		325
		41,348

41,348

Administrative costs

Personnel expenses		33,767
Directors stipend		2,900
Education expense		580
Insurance		3,334
LAFCO expense		204
Office expense		6,180
Miscellaneous expense		120
Depreciation		3,582
		50,667

50,667

Municipal services – Street lighting

4,947

TOTAL OPERATING EXPENSES

173,004

EXCESS REVENUES OVER EXPENSES AND CHANGE IN NET ASSETS

70,986

NET ASSETS, BEGINNING OF YEAR

626,463

NET ASSETS, END OF YEAR

\$ 697,449

NEWBERRY COMMUNITY SERVICES DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2018

ASSETS

CURRENT ASSETS

Cash and investments	\$	668,367
Property taxes receivable		2,393
Accounts receivable		---
Prepaid expenses		9,336

TOTAL CURRENT ASSETS

\$ 680,096

PROPERTY AND EQUIPMENT

Land		6,204
Structures and improvements		206,315
Equipment		811,686
Less: accumulated depreciation		<u>(990,442)</u>

NET PROPERTY AND EQUIPMENT

33,763

TOTAL ASSETS

\$ 713,859

LIABILITIES AND NET RESOURCES

CURRENT LIABILITIES

Accounts payable	\$	3,325
Credit card payable		11,614
Deferred revenue		---
Salaries and benefits payable		<u>1,471</u>

TOTAL CURRENT LIABILITIES

\$ 16,410

NET ASSETS

Investment in capital assets, net		33,763
Unrestricted		<u>663,686</u>

TOTAL NET ASSETS

697,449

TOTAL LIABILITIES AND NET ASSETS

\$ 713,859

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Newberry Community Services District
30884 Newberry Road
Newberry Springs, CA 92365

We have audited the accompanying financial statements of the Newberry Community Services District (a nonprofit organization), which comprise the statement of net assets as of June 30, 2018, and the related statements of activities and changes in net assets, and cash flows, for the year then ended, and the related notes to the financial statements.

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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with the 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.

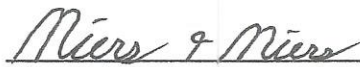
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Newberry Community Services District as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The budget to actual schedule on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Miers & Miers
Certified Public Accountants, LLP
Barstow, California

April 18, 2019