

**NEWBERRY  
COMMUNITY SERVICES DISTRICT  
FINANCIAL STATEMENTS  
(With Independent Auditor's Report Thereon)  
FOR THE YEAR ENDED JUNE 30, 2021**



**David B. WHITFORD, Jr.**

*Certified Public Accountant*

**NEWBERRY  
COMMUNITY SERVICES DISTRICT  
FINANCIAL STATEMENTS  
(With Independent Auditor's Report Thereon)  
FOR THE YEAR ENDED JUNE 30, 2021**

NEWBERRY COMMUNITY SERVICES DISTRICT  
JUNE 30, 2021  
TABLE OF CONTENTS

	Page(s)
INDEPENDENT AUDITOR'S REPORT.....	4 - 5
FINANCIAL STATEMENTS.....	6 - 14
Governmental Funds Balance Sheet / Statement of Net Position.....	6
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances / Statement of Activities.....	7
Notes to the Financial Statements.....	8 - 14
REQUIRED SUPPLEMENTARY INFORMATION.....	15 - 17
Budgetary Comparison Schedule.....	16
Notes to Required Supplementary Information Budgetary Comparison Schedule.....	17
SUPPLEMENTARY INFORMATION.....	18



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The California Society of Certified  
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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Newberry Community Services District  
30884 Newberry Road  
PO Box 206  
Newberry Springs, CA 92365

I have audited the accompanying financial statements of the governmental activities, and the major funds of the Newberry Community Services District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that I 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, I 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.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of the Newberry Community Services District, as of June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's financial statements 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 on pages 15 through 17 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. The District has not presented the management's discussion and analysis. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

David B Whitford, Jr., CPA

Menifee, California

June 6, 2022

NEWBERRY COMMUNITY SERVICES DISTRICT  
GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION  
JUNE 30, 2021

	<u>General Fund</u>	<u>Reconciling Items</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
Cash and Investments	\$ 891,387	\$ -	\$ 891,387
Property Taxes Receivable	1,466	-	1,466
Deposits - New Bunkhouse	40,889	-	40,889
Land	-	6,204	6,204
Structures & Improvements	-	206,316	206,316
Machinery & Equipment	-	794,696	794,696
Furniture & Fixtures	-	46,963	46,963
Less Accumulated Depreciation	-	(1,010,205)	(1,010,205)
<b>Total Assets</b>	<u>933,742</u>	<u>43,974</u>	<u>977,716</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Non-Spendable Insurance	16,548	-	16,548
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<u>\$ 950,290</u>	<u>\$ 43,974</u>	<u>\$ 994,264</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 447	\$ -	\$ 447
Credit Card Payable	6,650	-	6,650
<b>Total Liabilities</b>	<u>7,097</u>	<u>-</u>	<u>7,097</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Unavailable Revenue	-	-	-
<b>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>	<u>7,097</u>	<u>-</u>	<u>7,097</u>
<b>FUND BALANCE / NET POSITION</b>			
<b>Fund Balance:</b>			
Assigned	-	-	-
Unassigned	943,193	(943,193)	-
<b>Total Fund Balance</b>	<u>943,193</u>	<u>(943,193)</u>	<u>-</u>
<b>Total Liabilities, Deferred Inflow of Resources and fund balances</b>	<u>\$ 950,290</u>	<u>\$ (943,193)</u>	<u>\$ 7,097</u>
<b>Net Position</b>			
Net Invested in Capital Assets, Net of Related Debt		43,974	43,974
Restricted		-	(7,097)
Unrestricted		-	950,290
<b>Total Net Position</b>		<u>\$ 43,974</u>	<u>\$ 987,167</u>

NEWBERRY COMMUNITY SERVICES DISTRICT  
STATEMENT OF GOVERNMENT FUND REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES / STATEMENT OF ACTIVITIES  
FOR YEAR ENDED JUNE 30, 2021

	General Fund	Reconciling Items	Statement of Net Position
<b>Revenues:</b>			
Property Taxes	\$ 240,861	\$ -	\$ 240,861
Other Income - Settlement of Litigation	249,400	-	249,400
Donated Restricted Funds	9,610	-	9,610
Fire Department	4,188	-	4,188
Charges for Services	2,720	-	2,720
<b>Total Revenues</b>	<b>506,779</b>	<b>-</b>	<b>506,779</b>
<b>Expenditures / Expenses</b>			
Fire Protection			
Equipment Expense	6,723	-	6,723
Equipment Expense, Non-Vehicle	14,619	-	14,619
Insurance	7,727	-	7,727
Membership Dues	3,038	-	3,038
Office Expenses	852	-	852
Utilities	7,751	-	7,751
Dispatching Expense	14,117	-	14,117
Station Expenses	8,285	-	8,285
Firefighter Personnel Expense	20,965	-	20,965
Fire Department Explorers Expenses	69	-	69
Depreciation	-	9,617	9,617
Parks and Recreation			
Community Events	9,890	-	9,890
Community Center Expenses	12,401	-	12,401
Ground Expenses	10,289	-	10,289
Depreciation	-	-	-
Administration Costs			
Auditor Expense	9,506	-	9,506
Bank Fees	48	-	48
Directors Stipend	3,250	-	3,250
Education Expense-Staff & Directors	346	-	346
Election Expenses	1,490	-	1,490
LAFCO Expense	366	-	366
Legal Expenses	4,862	-	4,862
Office Expenses	9,254	-	9,254
Admin Personnel Expenses	34,914	-	34,914
SDRMA Insurance-Liability/Bonding	7,062	-	7,062
Depreciation	-	-	-
Municipal Services - Street Lighting	6,543	-	6,543
Capital Outlay			
Equipment	-	-	-
<b>Total Expenditures / Expenses</b>	<b>194,367</b>	<b>9,617</b>	<b>203,984</b>
Excess/(Deficiency) of Revenues over Expenditures			
Change in Net Position	<b>312,412</b>	<b>(9,617)</b>	<b>302,795</b>
Fund Balance / Net Position:			
Beginning of the Year	630,781	-	684,372
<b>End of the Year</b>	<b>\$ 943,193</b>	<b>\$ (9,617)</b>	<b>\$ 987,167</b>

See Independent Auditor's Report and Notes to the Financial Statements

NEWBERRY COMMUNITY SERVICES DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

**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 lighting and maintenance of a police department. The present-day services provided include parks and recreation, fire protection and street lighting.

The accounting policies of the Newberry Community Services District conform to generally accepted accounting principles as applicable to government units. The following is a summary of the significant accounting policies.

Measurement Focus / Basis of Accounting

The accounts of the District are organized on the basis of funds, each fund is considered to be a separate accounting entity. The general fund summarizes all District financial activities. The current financial resources measurement focus and the modified accrual basis of accounting are followed for the general fund for financial reporting purposes. Under the modified accrual basis of accounting, expenditures are recorded when the liability is incurred and revenue is recorded when received in cash unless susceptible to accrual, i.e., measurable and available to finance the District's operations. The length of time used to define "available" for purposes of revenue recognition in the governmental fund financial statements is sixty days.

The District has implemented the financial reporting model, as required by the provisions of GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", as of July 1, 2003. The government wide financial statements are prepared using the flow of economic resources and the accrual basis of accounting. In the accrual basis of accounting, expenses and revenues are recorded in the period they occur when the amounts can be identified and measured. Depreciable capital assets are reported in the balance sheet net of accumulated depreciation.

The District has elected to combine its fund and government-wide financial statements.

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 or rescind) a fund balance commitment is approval of the board of directors.

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

Compensated Absences

The District will provide each employee benefits for sick leave and vacation days. The company handbook outlines what, how much and when sick leave and vacation days are paid for, taken and carried over. The California State minimum benefits are provided. Records were not kept through June 30, 2021. Previously the district had no provision for sick or vacation days. There has been no accrual for the year ended June 30, 2021. The procedures for accumulating sick leave and vacation days are being prepared.

Sick leave is defined as absence from work due to illness, non-industrial Injury; or quarantine due to exposure to a contagious disease. In addition, medical appointments and other measures to prevent illness may be excused when prior notice is given the general manager. Employees shall be granted twenty-four (24) hours of sick leave at the beginning of each calendar year for these purposes. Refer to the company policy manual for other details and rules associated to this activity.

Vacation Days are provided to all employees for various lengths and various times as follows: During the first five (5) years of employment, each employee will accrue an amount equal to his or her normal work week. No vacation may be taken until an employee has completed at least six (6) months at the status of a regular employee (unless approved in advance by the general manager). At six (6) through ten (10) years each employee will accrue an amount equal to the normal hours worked in two (2) weeks. Vacation days may be accumulated or postponed. Only one week of



NEWBERRY COMMUNITY SERVICES DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

accumulated vacation may be taken in addition to any regular vacation time during any given year. Refer to the company policy manual for additional rules and details associated with vacation days.

Fund Balance Flow Assumptions

Governmental fund equity is reported as fund balance within each respective fund. For governmental funds, the fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- a. Non-spendable Fund Balance – Non-spendable fund balance represents the amount of fund balance within a governmental fund that cannot be spent either because:
  - it is not in spendable form (most commonly evidenced by inventory, prepaid assets, and long-term portions of receivables); or
  - it is legally or contractually required to remain intact (most commonly evidenced by the non-expendable principal in a permanent fund).
- b. Restricted Fund Balance – Restricted fund balance should be reported to reflect legally enforceable constraints that have been placed on resources within total fund balance. As directly stated in GASB Statement 54, the most common examples of such constraints would be those that are:
  - externally imposed by creditors (e.g., debt covenants), grantors, contributors, or laws or regulations of other governments; or
  - imposed by law through constitutional provisions or enabling legislation.

Restricted fund balance primarily represents those resources within fund balance for which constraints exist that cannot be changed or redirected by management. Portions of fund balance that were previously reported as reserved fund balance are primarily evidenced by the total of the new classifications of non-spendable fund balance and restricted fund balance, but that should not be considered an absolute parallel.

- c. Committed Fund Balance – Committed fund balance represents *formal* constraints that have been placed on resources within fund balance through formal action of the government's highest decision-making authority. For school districts, the highest decision-making authority is typically the governing board. The creation of this type of constraint is evidenced by formal governing board actions (e.g., legislation, resolution, or ordinance) that can only be changed by an equivalent action. Also, any formal action by the governing board must have been taken by the end of the reporting period (i.e., such actions cannot be enacted retroactively), although the exact amount subject to constraints can be determined after the end of the reporting period and up until the time that the financial statements are issued.
- d. Assigned Fund Balance – Assigned fund balance represents *intentional* constraints placed on resources within fund balance either by the governing board or its appointees. The creation of these constraints does not require formal action, although formal action to enact is not prohibited. Regardless of the action that gives rise to a classification of assigned fund balance, formal action is not required to reverse that classification. For example, appropriating a portion of fund balance as a potential resource for the next year's budget might be initiated by formal action (e.g., passage of the budget ordinance), but no action is required if that portion of fund balance is not actually used during the next fiscal year. Therefore, the amount of fund balance identified as a potential resource for next year's budget would be reported as assigned fund balance at the end of the reporting period (limited to an amount no greater than the projected excess of expected expenditures over expected revenues). Again, an assignment does not require any formal action to initiate and will most commonly represent management's intent of use for resources included within fund balance. Assignments may not create any deficit in unassigned fund balance.

Assigned fund balance is also the "default" fund balance classification for all governmental funds except the general fund after non-spendable, restricted, and committed fund balance amounts have been identified. The definitions of the special revenue, capital projects, debt service, and permanent funds dictate that the resources within those funds represent, at a minimum,

NEWBERRY COMMUNITY SERVICES DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

assigned portions of fund balance. After the non-spendable, restricted, and committed amounts of fund balance have been identified for these funds, if the remaining amount of fund balance represents a deficit, that amount must be reported as unassigned fund balance. The unassigned fund balance classification, as defined below, is used for special revenue, debt service, capital projects, or permanent funds *only* if the residual amount of fund balance is negative.

- e. Unassigned Fund Balance – Unassigned fund balance is the residual classification for the general fund after the amounts for the non-spendable, restricted, committed, and assigned classifications have been identified. For the general fund, unassigned fund balance may represent either a positive or negative balance. As noted above, this classification may be used for the other governmental fund types only if their respective residual balances are negative.

For financial reporting purposes, the nature of non-spendable, restricted, committed, and assigned components of fund balance (for any governmental fund) may be separately identified on the balance sheet or reported in the aggregate, with details disclosed in the notes to the financial statements.

Net Position Flow Assumption

Net position is required to be classified into three components – invested in capital assets, net of related debt, restricted and unrestricted. These classifications are defined as follows:

- a. Net invested in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, and unamortized bond issuance cost reduced by the outstanding balances of any bond, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of these assets. If there are significant unspent related debt proceeds at year-end, the portion of debt attributable to unspent proceeds is not included in the calculation in capital assets, net of related debt.
- b. Restricted – This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- c. Unrestricted – This component of net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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 amount to report for each category of 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 District’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 the assigned fund balance. Unassigned fund balance is applied last.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net assets that will apply to a future period and will not be recognized as an outflow of resources (expenditure) until that period. The District has one item that qualifies for reporting in this category: Expenditures paid in advance of use. This item will be reported as deferred outflows on the governmental fund balance sheet and will be recognized as an expenditure in a future period/year.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position/fund balance that

NEWBERRY COMMUNITY SERVICES DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

will apply to a future period and will not be recognized as an inflow of resources (revenue) until that period. The District has no item that qualifies for reporting in this category: Unavailable revenue received after the availability period. This would be reported as deferred inflows on the governmental fund balance sheet and will be recognized as revenue in a future period/year.

Deposits

The \$40,889 deposit reflects the amount paid to authorize the construction of a bunkhouse for on duty firefighters to reside during their work shift when not performing duties associated with fighting of fires.

Deposit risk 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 its deposits or collateral securities in the possession of a third party.
- Credit Risk – for deposit, 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 that all deposits and investments be in compliance of State statutes. Statutes authorize the District to invest in time deposits at 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 at June 30, 2021, consisted of the following:

Petty Cash	\$	200
On Deposit		891,187
Total	\$	891,387

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 pledged to the entity where the security is held. The financial institution where the District's monies are kept will collateralize all government entity deposits in excess of the FDIC insurance allowance providing a waiver is on file. In the event a waiver is not on file, the institution fully collateralizes all government entity deposits in full. At June 30, 2021, the District's deposits held in financial institutions were \$891,187; all of the District's deposits were fully-insured or collateralized.

Petty Cash is managed as an impressed fund. Paid invoices are retained and the fund is periodically reimbursed to maintain the \$200 combined balance.

The District has adopted an investment policy in accordance with Section 53601 of the State of California Government 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, 2021

Property Taxes

Real property taxes are levied by the county on October 15, against property owners of record at March 1. The taxes are due in two installments, on November 1 and February 1, and become delinquent after December 10 and April 10, respectively. Tax liens attach annually as of 12:01 am on the first day of March in the fiscal year for which the taxes are levied. Property tax revenue is recognized in the fiscal year for which the taxes have been levied on the accrual basis of accounting used in the government-wide financial statements and in the general fund on the modified accrual basis of accounting, provided it is collected within 60 days of the end of the fiscal year. The county accumulates and distributes the collected property tax revenue to the District throughout the year.

Accounting Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

The District is exposed to various risks of loss related to torts; theft of 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, 2021, the District has provided for protection against possible losses with insurance through the Special District Risk Management Authority (SDRMA). The current limit of liability is \$2.5 million. Refer to policy for details about various limits for individual coverage areas.

Taxes Receivable

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 not expected to be received and available for use within 60 days of the fiscal year end.

Liquidity Statement

The District has \$891,387 of cash financial assets available at the balance sheet date to meet cash needs for annual general expenditures of approximately \$194,400. None of the financial assets are subject to donor or other contractual restrictions that would make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to maintain financial assets, which consist of cash on hand to meet 30 days of normal operating expenses, which are, on average, approximately \$16,200. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, future annual property tax payments from San Bernardino County are projected to be approximately \$241,000 which are anticipated to provide for the District's monthly cash needs.

NEWBERRY COMMUNITY SERVICES DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

**NOTE B: CAPITAL ASSETS**

Capital assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the general fund and in the government wide financial statements they are capitalized at cost, or at estimated historical costs if original cost is not available. Contributions are recorded at fair value at the date received. There is currently no policy stating what value an asset will be recorded as a depreciable item instead of being expensed. 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.

The useful lives of asset items vary as follows:

Structures and Improvements	10 - 20 years
Equipment	5 - 10 years

A summary of changes in capital assets is as follows:

<b>Depreciable Assets</b>	Balance	Additions	(Dispositions)	Balance
	June 30, 2020			June 30, 2021
Structures and Improvements	\$ 206,316	\$ -	\$ -	\$ 206,316
Equipment	841,659	-	-	841,659
Total	\$ 1,047,975	\$ -	\$ -	\$ 1,047,975

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

<b>Accumulated Depreciation</b>	Balance	Additions	(Dispositions)	Balance
	June 30, 2020			June 30, 2021
Structures and Improvements	\$ 191,948	\$ 2,251	\$ -	\$ 194,199
Equipment	808,640	7,366	-	816,006
Total	\$ 1,000,588	\$ 9,617	\$ -	\$ 1,010,205
Capital Assets net of Depreciation				\$ 37,770
Non-Depreciable Assets - Land				6,204
Capital Assets net of Depreciation and Non-Depreciable Assets at June 30, 2021				\$ 43,974

**NOTE C: SUBSEQUENT EVENTS**

Solar Energy Plant: The building of a Solar Energy Plant east of Daggett was proposed in March 2018. The final Environmental Impact Report for the project was approved by the San Bernardino County Board of Supervisors in September 2019. The building of this Solar Energy Plant is expected to have significant and adverse effects on the community of Newberry Community Services District. Adverse water quality and poor air quality are projected. There will be significant training for the Newberry CSD Fire Department due to the proposed plant having lithium batteries. It is anticipated that the future public health and thereby living conditions will be impacted. The extent to which these adverse issues will affect the community has been adjudicated. The legal action that the District has entered into is resolved by agreement of all parties, with no fault on either side, in July of 2020. The District received \$249,400 for anticipated damages that are expected to occur during the plant construction and into the future. No further action will be noted.

NEWBERRY COMMUNITY SERVICES DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

COVID-19: Newberry Community Services District has evaluated subsequent events through June 1, 2022 to assess the need for potential recognition or disclosure in this report. Such events were evaluated through the date these financial statements were available to be issued. Based upon this evaluation, it is determined that a comment should be included as to the effect of the COVID-19 pandemic. The COVID-19 pandemic developed rapidly in 2020, with a significant number of medical cases. Measures taken by various government agencies, including the CA State governor to contain the virus have affected economic activity. The Parks and the Community Center have been temporarily closed and are now being cleaned and reopened. The District has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our fire department staff and volunteers. We are required to, and have maintained social distancing where possible, and wear professional protective clothing as required. Extra expense has been incurred due to the cost of additional protective clothing and equipment plus the cost of sanitizing everything and every person in any call outs for service. The District has been able to secure the materials that are essential to our work process at the above described additional cost. The use of the office for record keeping and paperwork processing has been modified to be used at a minimum. Staff works from home using computers and the internet wherever possible. The monthly Board of Directors meeting was been changed from a group gathering to a zoom meeting on the internet and is now being opened up to back to normal. At this stage, the impact on operations has been minimal due to the adjustments made to facilitate the work to be performed. Based on our experience to date we expect operations to return to normal by mid-2022. The main remaining service for us to provide is fire protection. There has been no change in the demand for our services even with government regulated shutdowns. Management anticipates government regulations will soon be lifted and operations will continue at full capacity. Management will continue to follow the required government policies and advice. The District will continue our operations in the best and safest way possible without jeopardizing the health of our staff and volunteers or the patrons that we serve. We also refer to the Liquidity Statement in Note A which covers proposed future liquidity.

**NOTE D: MANAGEMENT SUBSEQUENT REVIEW**

Management has evaluated events from the end of the financial statement year through June 6, 2022 to assess the need for their potential recognition or disclosure in this report. Such events were evaluated through the date these financial statements were available to be issued. Based upon this evaluation, it was determined that no additional subsequent events occurred that require recognition or disclosure in the financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

See Independent Auditor's Report

NEWBERRY COMMUNITY SERVICES DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2021

**REQUIRED SUPPLEMENTARY INFORMATION**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts (Budgetary Basis) (See Note A)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues (inflows)</b>			
Property Taxes	\$ 235,000	\$ 240,861	\$ 5,861
Other Income - Settlement of Litigation		249,400	249,400
Investment Earnings	1,300	-	(1,300)
Fire Department	12,050	4,188	(7,862)
Rental Income	630	-	(630)
Charges for Services	520	2,720	2,200
Other Income - General Reserve	50,000	-	(50,000)
Donated Funds	6,000	9,610	3,610
<b>Amounts Available for Appropriation</b>	<b>305,500</b>	<b>506,779</b>	<b>201,279</b>
<b>Charges to Appropriations (Outflows)</b>			
<b>Fire Protection</b>			
Equipment Expense	10,000	6,723	(3,277)
Equipment Expense, Non-Vehicle	23,800	14,619	(9,181)
Grant Expenses	500	-	(500)
Insurance	7,000	7,727	727
Membership Dues	3,000	3,038	38
Office Expenses	1,100	852	(248)
Utilities	7,100	7,751	651
Dispatching Expense	13,900	14,117	217
Station Expenses	14,100	8,285	(5,815)
Firefighter Personnel Expense	25,500	20,965	(4,535)
Fire Department Explorers Expenses	1,000	69	(931)
<b>Parks and Recreation</b>			
Community Events	12,300	9,890	(2,410)
Community Center Expenses	24,600	12,401	(12,199)
Ground Expenses	19,100	10,289	(8,811)
<b>Administration Costs</b>			
Advertising	300	-	(300)
Auditor Expense	10,000	9,506	(494)
Bank Fees	200	48	(152)
Directors Stipend	4,000	3,250	(750)
Education Expense-Staff & Directors	2,100	346	(1,754)
Election Expenses	2,500	1,490	(1,010)
LAFCO Expense	700	366	(334)
Legal Expenses	15,000	4,862	(10,138)
Office Expenses	9,800	9,254	(546)
Admin Personnel Expenses	42,400	34,914	(7,486)
SDRMA Insurance-Liability/Bonding	4,000	7,062	3,062
<b>Municipal Services - Street Lighting</b>	6,500	6,543	43
<b>Deposit - New Bunkhouse</b>	45,000	40,889	(4,111)
<b>Capital Outlay</b>			
Equipment	-	-	-
<b>Total Charges to Appropriations</b>	<b>305,500</b>	<b>235,256</b>	<b>(70,244)</b>
<b>Excess/(Deficiency) of Resources Over Charges to Appropriations</b>	<b>\$ -</b>	<b>\$ 271,523</b>	<b>\$ 271,523</b>



NEWBERRY COMMUNITY SERVICES DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 JUNE 30, 2021

**NOTE C: BUDGETS AND BUDGETARY ACCOUNTING**

Prior to the beginning of each fiscal year, the Board of Directors adopts and prepares an itemized statement of estimated operating expenditures, reserve requirements and anticipated revenues, other than taxes. The source of financing for these costs and reserve requirements are (1) the available fund balance carried forward from the preceding years, (2) revenue other than property taxes, and (3) property taxes. Each year's appropriation lapses at year end. The District's policy is to prepare its budget on the cash basis, which recognizes revenues when they are received and expenditures when they are paid. Inter-fund transfers are not budgeted.

**NOTE D: BUDGET TO ACTUAL COMPARISON**

As described in Note C, the District prepares its budget on the cash basis of accounting. The following adjustments have been made to bring the actual amounts of the statement of revenues and expenditures budget-to-actual into conformity with this basis of accounting:

Total Revenues-Financial Accounting Basis	\$	506,779
Accrual Adjustments		-
Total Revenues--Budgetary Basis	<u>\$</u>	<u>506,779</u>
Total Expenditures-Financial Accounting Basis	\$	203,984
Accrual Adjustments		(9,617)
Deposit - New Bunkhouse		40,889
Total Expenditures--Budgetary Basis	<u>\$</u>	<u>235,256</u>

NEWBERRY COMMUNITY SERVICES DISTRICT  
COUNTY OF SAN BERNARDINO  
JUNE 30, 2021

**Supplementary Information**

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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, 2020 thru June 30, 2021
Formed in County of	-	San Bernardino, California
Governing Body	-	Board of directors

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Robert Springer	President	December 2022
Paula Deel	Vice President	December 2024
Margie Roberts	Director	December 2024
Victoria Paulsen	Director	December 2022
Jack Unger	Director	December 2022

District Secretary	-	Jodi Howard
General Manager	-	Jodi Howard
Location of Financial Records	-	District Office: 30884 Newberry Road Newberry Springs, CA 92365
Local Depository	-	Desert Community Bank 12530 Hesperia Rd, Suite 101 Victorville, CA 92392
Head Office	-	5151 Corporate Drive Mail Stop 4-318 Troy, MI 48098