

**NEWBERRY
COMMUNITY SERVICES DISTRICT**

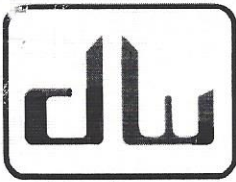
**FINANCIAL STATEMENTS
(With Independent Auditor's Report Thereon)**

JUNE 30, 2011

NEWBERRY
COMMUNITY SERVICES DISTRICT
JUNE 30, 2011

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REPORT OF INDEPENDENT AUDITOR

Board of Directors
Newberry Community Services District

I have been engaged to audit the accompanying financial statements of the governmental activities and the major fund of the Newberry Community Services District, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles 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 of material misstatement, whether due to fraud or error.

Auditor's Responsibility:

My responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer paragraph, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion:

Substantial records and receipts for credit card expenditures, including detailed property records, have not been retained thus making them unavailable for the audit. Therefore, I was not able to obtain sufficient appropriate audit evidence for certain credit card expenditures and fixed asset costs made for the year ended June 30, 2011.

Disclaimer of Opinion:

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly I do not express an opinion on the financial statements referred to in the first paragraph.

The District has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

October 25, 2013

NEWBERRY COMMUNITY SERVICES DISTRICT
 Governmental Funds Balance Sheet/Statement of Net Assets
 June 30, 2011

	<u>General Fund</u>	<u>Reconciling Items</u>	<u>Net Assets</u>
ASSETS			
Cash and investments	338,883		338,883
Taxes Receivable	15,495		15,495
Accounts Receivable	3,278		3,278
Prepaid Expenses	10,937		10,937
Land		6,204	6,204
Other capital assets, net of accumulated depreciation (Note B)		314,145	314,145
Total Assets	<u>368,593</u>	<u>320,349</u>	<u>688,942</u>
LIABILITIES			
Accounts Payable	10,818		10,818
Salaries and benefits payable	976		976
Deferred revenue	15,495	(15,495)	-
Contracts payable:			-
Due within one year	-	19,602	19,602
Due one year after	-	113,027	113,027
Total Liabilities	<u>27,289</u>	<u>117,134</u>	<u>144,423</u>
FUND BALANCE / NET ASSETS			
Fund Balance:			
Reserved for prepaids	10,937		
Unreserved	330,367		
Total fund balance	<u>341,304</u>	(341,304)	
Total Liabilities and Fund Balances	<u>368,593</u>		
Net Assets:			
Invested in capital assets, net of related debt		320,349	320,349
Unrestricted		224,170	224,170
Total net assets		<u>-</u>	<u>544,519</u>

NEWBERRY COMMUNITY SERVICES DISTRICT
Statement of Governmental Fund Revenues, Expenditures,
and Changes in Fund Balances / Statement of Activities
For the Year Ended June 30, 2011

	<u>General Fund</u>	<u>Reconciling Items</u>	<u>Statement of Activities</u>
Revenues:			
Property Taxes	246,167	15,495	261,662
Interest	1,706		1,706
Donations	1,364		1,364
Emergency Response	-		-
Other	9,178		9,178
Fire Department	2,168		2,168
	-		-
Total Revenues	<u>260,582</u>	<u>15,495</u>	<u>276,077</u>
Expenditures / Expenses			
Current:			
Fire Protection	80,315		80,315
Parks and recreation	21,736		21,736
Administration costs	103,703		103,703
District Special expense	352		352
Depreciation	-	54,818	54,818
Capital Outlay:		-	-
Debt Service:			-
Principal	18,706	(18,706)	-
Interest	7,249		7,249
	-		-
Total expenditures / expenses	<u>232,061</u>	<u>36,112</u>	<u>268,173</u>
Excess (deficiency) of revenues over expenditures	<u>28,521</u>	<u>(28,521)</u>	
Change in Net Assets		7,904	7,904
Fund Balance / Net Assets:			
Beginning of the year	159,434		570,152
Prior year correction	153,349		(33,537)
Beginning of the year - as corrected	<u>312,783</u>		<u>536,615</u>
End of the year	<u>341,304</u>		<u>544,519</u>

NEWBERRY COMMUNITY SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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 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 prior year corrections noted on page three correct a presentation error in the 2010 financial statement.

NEWBERRY COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Cash

Cash held by the District at June 30, 2011, consisted of the following:

Petty cash	\$ 353
On deposit	310,265
Monies deposited at L.A.I.F.	<u>28,265</u>
Total	<u>\$ 338,883</u>

Deposits and Investments

The District has adopted an investment policy in accordance with Section 53601 of the 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.

The deposits of the District are entirely insured or collateralized with securities held by the District or held by its agent in the name of the District.

Property Taxes

Real property taxes are levied on October 15, against 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 12:01am 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.

Accounting Estimates

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

NEWBERRY COMMUNITY SERVICES DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

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, 2011, the District has provided for protection against possible losses with insurance.

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. Deferred 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.

	General Fund	Statement of Net Assets
County Tax Revenue	\$ -	\$ 15,495
Deferred Tax Revenue	15,495	-
	\$ 15,495	\$ 15,495

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 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.

A summary of changes in capital assets is as follows:

	Balance July 1, 2010	Additions	(Dispositions)	Balance June 30, 2011
Land	\$ 6,204	\$ -	\$ -	\$ 6,204
Structures and improvements	236,055	-	-	236,055
Equipment	1,053,691	-	-	1,053,691
Totals	\$ 1,295,950	\$ -	\$ -	\$ 1,295,950

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

	Balance July 1, 2010	Additions	(Dispositions)	Balance June 30, 2011
Structures and improvements	\$ 177,909	\$ 4,268	-	\$ 182,177
Equipment	742,874	50,550	-	793,424
Totals	\$ 920,783	\$ 54,818	\$ -	\$ 975,601

NEWBERRY COMMUNITY SERVICES DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE C: LONG-TERM OBLIGATIONS:

Contract payable to Kansas State Bank of Manhattan, due in seven (7) annual installments of \$25,955 each Payable in December of each year including interest at 4.790%, from December 4, 2009 to final payment December 4, 2016	\$ 132,629
Less current portion paid	\$ <u>19,602</u>
Total long term obligation	\$ <u>113,027</u>

Maturities of long-term obligations are as follows:

June 30, XXXX	Principal	Interest	Total
2011	19,602	6,353	25,955
2012	20,541	5,414	25,955
2013	21,525	4,430	25,955
2014	22,556	3,399	25,955
2015	23,636	2,319	25,955
2016	24,769	1,186	25,955
Total	\$ 132,629	\$ 23,101	\$ 155,730

NOTE D: 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. Interfund transfers are not budgeted.

NEWBERRY COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE E: BUDGET TO ACTUAL COMPARISON

As described in Note D, 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	\$ 276,077
Accrual adjustments	<u>(18,773)</u>
Total revenues-budgetary basis	<u>\$ 257,304</u>

Total expenditures-financial accounting basis	\$ 268,173
Accrual adjustments	(11,794)
Depreciation	<u>(54,818)</u>
Total expenditures--budgetary basis	<u>\$ 201,561</u>

NEWBERRY COMMUNITY SERVICES DISTRICT
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2011

REQUIRED SUPPLEMENTARY INFORMATION

	<u>Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis) (Note E)</u>	<u>Variance with Final Budget Positive (Negative)</u>
Budgetary fund balance, July 1			
Resources (inflows)			
Property Taxes	218,111	242,889	24,778
Investment Earnings	6,200	1,706	(4,494)
Charges for Services	6,200	11,345	5,145
Dontations	300	1,364	1,064
Keiwitt Allocation	-	-	-
Fire Department Grant	8,000	-	(8,000)
Amounts available for appropriation	<u>238,811</u>	<u>257,304</u>	<u>18,493</u>
Charges to appropriations (Outflows)			
General Government			
Personal services	33,700	30,311	3,389
Utilities	21,660	20,653	1,007
Communications	2,000	1,767	233
District Special expenditures	850	352	498
Materials and services	43,200	50,553	(7,353)
Capitla outlay	-	-	-
Fire Protection			
Personal services	17,500	12,748	4,752
Materials and services	52,050	26,703	25,347
Fire vehicle maintenance and repair	11,300	15,370	(4,070)
Communications	8,400	7,738	662
Debt service	26,955	25,955	1,000
Capital outlay	25,000	-	25,000
Park and Recreation			
Personal services	3,600	3,000	600
Materials and services	19,750	6,412	13,338
Capital outlay	-	-	-
Total charges to appropriations	<u>265,965</u>	<u>201,561</u>	<u>64,404</u>
Budgetary fund balance, June 30	<u>(27,154)</u>	<u>55,743</u>	<u>82,897</u>

NEWBERRY COMMUNITY SERVICES DISTRICT
COUNTY OF SAN BERNARDINO
JUNE 30, 2011

GENERAL INFORMATION

Type of 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, 2010 thru June 30, 2011

Name	Title	Term Expires
Debbie W Farrington	President	December 2011
Diana H Williams	Vice President / Financial Officer	December 2013
Robert Royalty	Director / Fire Department Liaison	December 2011
Robert Seeley	Director / Park Liaison	December 2013
Wayne Snively	Director	December 2013

General Manager – JoAn Cousino

Custodial of Financial Records – Wayne Weierbach
Secretary

Location of Financial Records – District Office
30884 Newberry Road
Newberry Springs, CA 92365

Depository

Desert Community Bank
945 East Armory Road
Barstow, CA 92311