

SPALDING
COMMUNITY SERVICES DISTRICT

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the year ended June 30, 2018

ROBERT W. JOHNSON
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Spalding Community Services District
Spalding, California

Report on the Financial Statements

We have audited the accompanying financial statements of the enterprise activities and the governmental activities of Spalding Community Services District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts. 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 respective financial position of the enterprise activities and governmental activities of Spalding Community Services District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

Other-Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents 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, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Robert W. Johnson, CMA Accountancy Corporation

Citrus Heights, California
May 15, 2019

SPALDING COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2018

ASSETS	Governmental Fund			Enterprise Fund	
	Fire and Marina			Sewer	
	General Fund	Adjustments	Statement of Net Position		Total
Current assets:					
Cash and investments (Note 3)	\$ 95,923	\$ -	\$ 95,923	\$ 12,494	\$ 108,417
Accounts receivable	414	-	414	19,648	20,062
Prepaid expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,383</u>	<u>6,383</u>
Total current assets	<u>96,337</u>	<u>-</u>	<u>96,337</u>	<u>38,525</u>	<u>134,862</u>
Capital assets, at cost (Note 5):	-	6,359,156	6,359,156	13,432,931	19,792,087
Less, accumulated depreciation	<u>-</u>	<u>1,374,536</u>	<u>1,374,536</u>	<u>4,387,416</u>	<u>5,761,952</u>
	<u>-</u>	<u>4,984,620</u>	<u>4,984,620</u>	<u>9,045,515</u>	<u>14,030,135</u>
Restricted cash (Note 4)	<u>167,206</u>	<u>-</u>	<u>167,206</u>	<u>434,808</u>	<u>602,014</u>
	<u>\$ 263,543</u>	<u>\$4,984,620</u>	<u>\$5,248,163</u>	<u>\$ 9,518,848</u>	<u>\$14,767,011</u>

See notes to financial statements

	Governmental Fund			Enterprise Fund	
	Fire and Marina			Sewer	
LIABILITIES AND NET POSITION	General Fund	Adjustments	Statement of Net Position		Total
Current liabilities:					
Accounts payable	\$ 3,436	\$ -	\$ 3,436	\$ -	\$ 3,436
Payroll liabilities	<u>5,676</u>	<u>-</u>	<u>5,676</u>	<u>2,598</u>	<u>8,274</u>
Total current liabilities	<u>9,112</u>	<u>-</u>	<u>9,112</u>	<u>2,598</u>	<u>11,710</u>
Fund balances (Note 6):					
Restricted	-	-	-		
Committed	167,206	(167,206)	-		
Unassigned	<u>87,225</u>	<u>(87,225)</u>	<u>-</u>		
Total fund balances	<u>254,431</u>	<u>(254,431)</u>	<u>-</u>		
Total liabilities and fund balances	<u>\$ 263,543</u>				
Net position (Note 6):					
Net investment in capital assets		4,984,620	4,984,620	9,045,515	14,030,135
Restricted		-	-	-	-
Unrestricted		<u>254,431</u>	<u>254,431</u>	<u>470,735</u>	<u>725,166</u>
		<u>5,239,051</u>	<u>5,239,051</u>	<u>9,516,250</u>	<u>14,755,301</u>
		<u>\$4,984,620</u>	<u>\$5,248,163</u>	<u>\$ 9,518,848</u>	<u>\$14,767,011</u>

SPALDING COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
for the year ended June 30, 2018

<u>Functions/Programs</u>	<u>Program Revenues</u>		
Primary government:	<u>Expenses</u>	<u>Charges for Services</u>	<u>Grants and Contributions</u>
Governmental activities:			
Fire	\$ 126,743	\$ 22,548	\$ 443,744
Marina	<u>95,548</u>	<u>7,369</u>	<u>-</u>
Total governmental activities	<u>222,291</u>	<u>29,917</u>	<u>443,744</u>
Business-type activities:			
Sewer	<u>657,801</u>	<u>199,797</u>	<u>-</u>
Total business-type activities	<u>657,801</u>	<u>199,797</u>	<u>-</u>
Total primary government	<u>\$ 880,092</u>	<u>\$ 229,714</u>	<u>\$ 443,744</u>
		General revenues:	
		Property taxes	
		Interest income	
		Other	
		Rents	
		Total general revenues	
		Changes in net position	
		Net position – beginning	
		Net position – ending	

See notes to financial statements

Net (Expense) Revenue and Changes in Net Position

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ 339,549		\$ 339,549
(88,179)		(88,179)
<u>251,370</u>		<u>251,370</u>
<u>-</u>	\$(458,004)	(458,004)
<u>-</u>	(458,004)	(458,004)
<u>251,370</u>	(458,004)	(206,634)
35,046	35,464	70,510
3,126	6,954	10,080
2,584	4,831	7,415
<u>82,355</u>	<u>-</u>	<u>82,355</u>
<u>123,111</u>	<u>47,249</u>	<u>170,360</u>
374,481	(410,755)	(36,274)
<u>4,864,570</u>	<u>9,927,005</u>	<u>14,791,575</u>
<u>\$5,239,051</u>	<u>\$ 9,516,250</u>	<u>\$14,755,301</u>

SPALDING COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUND - SEWER
for the year ended June 30, 2018

Operating revenues:		
Sewer service fees		\$ 8,230
Finance charges		<u>191,567</u>
Total operating revenues		199,797
Operating expenses:		
Salaries and benefits	\$ 50,091	
Communications	6,831	
Insurance	1,933	
Maintenance	46,085	
Spec. dept.	7,686	
Utilities	6,809	
Admin't transfer	77,029	
Depreciation	433,681	
Memberships	999	
Professional service	18,563	
Household	853	
Rent	771	
Other	<u>6,470</u>	
Total operating expenses		<u>657,801</u>
Operating income (loss)		(458,004)
Non-operating revenues (expenses):		
Property taxes	35,464	
Interest income	6,954	
Other income	<u>4,831</u>	
		<u>47,249</u>
Income (loss) before contributions		(410,755)
Capital contributions		<u>-</u>
Changes in net position		(410,755)
Total net position:		
Beginning, as restated (Note 7)		<u>9,927,005</u>
Ending		<u>\$ 9,516,250</u>

See notes to financial statements

SPALDING COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS – ENTERPRISE FUND – SEWER
for the year ended June 30, 2018

Cash flows from operating activities:		
Receipts from customers		\$ 193,823
Payments to suppliers		(156,298)
Payment to employees		<u>(76,119)</u>
Net cash provided to operating activities		(38,594)
Cash flows from noncapital financing activities:		
Receipts from property taxes and other nonoperating income		40,295
Cash flows from capital and related financing activities:		
Purchase of capital assets	\$(34,593)	
Other	<u>(7,410)</u>	
		(42,003)
Cash flows from investing activities:		
Interest income		<u>6,954</u>
Net decrease in cash and cash equivalents		(33,348)
Cash at beginning of year		<u>480,650</u>
Cash at end of year		<u>\$ 447,302</u>

See notes to financial statements

SPALDING COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS – ENTERPRISE FUND – SEWER, continued
for the year ended June 30, 2018

Reconciliation of operating income (loss) to net cash provided to operating activities:		
Loss		\$(458,004)
Adjustments to reconcile operating income to net cash provided to operating activities:		
Depreciation expense	\$ 433,681	
Changes in operating assets and liabilities:		
Receivables	(5,974)	
Prepays	(6,383)	
Accounts payable	(3,517)	
Accrued liabilities	<u>1,603</u>	
		<u>419,410</u>
Net cash provided to operating activities		<u>\$(38,594)</u>

See notes to financial statements

SPALDING COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES
AND EXPENDITURES – FIRE DEPARTMENT
for the year ended June 30, 2018

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Public protection	\$ 84,300	\$ -	\$ 84,300
Support services	-	-	-
Capital outlay	417,913	(417,913)	-
Depreciation	<u>-</u>	<u>42,443</u>	<u>42,443</u>
Total program expenditures/ expenses	<u>502,213</u>	<u>(375,470)</u>	<u>126,743</u>
Program revenues:			
Charges for services	<u>22,548</u>	<u>-</u>	<u>22,548</u>
General revenues:			
Property taxes	35,046	-	35,046
Interest income	3,116	-	3,116
Rents & concessions	82,355	-	82,355
Grant income	436,836	-	436,836
Miscellaneous	2,584	-	2,584
Donations	<u>6,908</u>	<u>-</u>	<u>6,908</u>
Total general revenues	<u>566,845</u>	<u>-</u>	<u>566,845</u>
Excess of revenues over (expenditures)/ change in net position	<u>\$ 87,180</u>	<u>\$ 375,470</u>	<u>\$ 462,650</u>

See notes to financial statements

SPALDING COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FIRE DEPARTMENT
for the year ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
Revenues:			
Property taxes	\$ -	\$ 35,046	\$ 35,046
Interest income	-	3,116	3,116
Rents & concessions	-	82,355	82,355
Grant income	-	436,836	436,836
Miscellaneous	-	2,584	2,584
Charges for services	75,200	22,548	(52,652)
Donations	<u>-</u>	<u>6,908</u>	<u>6,908</u>
 Total revenues	 <u>75,200</u>	 <u>589,393</u>	 <u>514,193</u>
Expenditures:			
Salaries and benefits	-	58,491	(58,491)
Clothing and personal	600	144	456
Communications	750	7,052	(6,302)
Food	1,300	1,751	(451)
Household	1,750	1,067	683
Insurance	11,000	13,554	(2,554)
Mtce. – equip.	1,750	8,588	(6,838)
– vehicles	5,500	6,230	(730)
– bldgs.	800	4,813	(4,013)
Medical supplies	1,000	147	853
Memberships	125	2,561	(2,436)
Office	500	2,665	(2,165)
Postage	75	804	(729)
Professional services	2,000	33,725	(31,725)
Publications	250	481	(231)
Rent	-	1,518	(1,518)
Small tools	10,500	8,907	1,593
Spec. Dept.	500	622	(122)
Travel	100	3,537	(3,437)
Conferences/training	300	1,684	(1,384)

See notes to financial statements

SPALDING COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL, continued
FIRE DEPARTMENT
for the year ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
Expenditures (continued):			
Utilities	\$ 1,400	\$ 2,222	\$(822)
Capital outlay	21,000	417,913	(396,913)
PTA fee	-	54	(54)
Admin transfer (in)/out	24,534	(77,029)	101,563
Miscellaneous	<u>-</u>	<u>712</u>	<u>(712)</u>
Total expenditures	<u>85,734</u>	<u>502,213</u>	<u>(416,479)</u>
Excess of revenues over (expenditures)	<u>\$ (10,534)</u>	<u>\$ 87,180</u>	<u>\$ 97,714</u>

See notes to financial statements

SPALDING COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES
AND EXPENDITURES – MARINA
for the year ended June 30, 2018

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Recreation	\$ 12,687	\$ -	\$ 12,687
Support services	-	-	-
Capital outlay	6,983	(6,983)	-
Depreciation	<u>-</u>	<u>82,861</u>	<u>82,861</u>
Total program expenditures/ expenses	<u>19,670</u>	<u>75,878</u>	<u>95,548</u>
Program revenues:			
Charge for services	<u>7,369</u>	<u>-</u>	<u>7,369</u>
General revenues:			
Interest income	10	-	10
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues	<u>10</u>	<u>-</u>	<u>10</u>
Excess of revenues over (expenditures)/ change in net position	<u>\$(12,291)</u>	<u>\$ -</u>	<u>\$(88,169)</u>

See notes to financial statements

SPALDING COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
MARINA
for the year ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
Interest income	\$ -	\$ 10	\$ 10
Miscellaneous	-	-	-
Charges for services	<u>50,000</u>	<u>7,369</u>	<u>(42,631)</u>
Total revenues	<u>50,000</u>	<u>7,379</u>	<u>(42,621)</u>
Expenditures:			
Salaries and benefits	3,500	6,778	(3,278)
Household	1,000	656	344
Maintenance	3,000	3,212	(212)
Professional services	-	100	(100)
Other	-	630	(630)
Utilities	-	1,311	(1,311)
Capital outlay	<u>20,000</u>	<u>6,983</u>	<u>13,017</u>
	<u>27,500</u>	<u>19,670</u>	<u>7,830</u>
Excess of revenues over (expenditures)	<u>\$ 22,500</u>	<u>\$ (12,291)</u>	<u>\$ (34,791)</u>

See notes to financial statements

SPALDING COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. Organization:

Spalding Community Services District (the "District") was formed in 1985 and provides sewer, fire protection and recreational services to residents of the District.

The District's financial and administrative functions are governed by a five member Board of Directors elected by the voting population within the District.

2. Summary of Significant Accounting Policies:

The basic financial statements of Spalding Community Services District have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Enterprise Funds

The Enterprise Fund is used to account for sewer operations that are financed and operated in a manner similar to private business enterprises. The intent of the District is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

SPALDING COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies, continued:

Governmental Fund

The governmental fund is used to account for all financial resources of the fire and marina departments. This fund is also used to establish accounting control and accountability for fixed assets of the aforementioned activities.

Fixed Assets

Fixed assets are stated at cost or estimated historical cost.

Depreciation of those assets is computed by the use of the straight-line method over the estimated useful lives.

Maintenance, repairs and renewals of a minor nature are charged to expense as incurred. Major repairs or renewals and betterments which extend the useful life are capitalized. Upon sale or retirement, cost and accumulated depreciation are eliminated from the accounts and any gain or loss on disposal is included in the statement of income and changes in retained earnings.

Basis of Accounting

The basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All government funds are accounted for using the current financial resources measurement focus. Under this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) as changes in net current assets.

Governmental funds are maintained on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period they become measurable and available. The District considers revenues as available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues considered susceptible to accrual include property taxes, interest and certain other intergovernmental revenues. Expenditures are recognized in the accounting period in which the liability is incurred.

SPALDING COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies, continued:

Basis of Accounting, continued

Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the period earned and expenses are recognized in the period incurred. Under this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) as changes in net total assets.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead; other expenses are nonoperating.

Statement of Cash Flows

All highly liquid investments with a maturity of three months or less when purchased, are considered to be cash equivalents.

Compensated Absences

Vested or accumulated vacation and comp. time (non-exempt employees) that is expected to be liquidated with expendable available financial resources is reported as an expense and as a current liability. Sick pay is not vested.

Budget and Budgetary Accounting

The Board of Directors annually adopts an operating budget. The operating budgets are prepared on the accrual basis.

SPALDING COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies, continued:

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Property Taxes

The District receives property taxes from Lassen County. Property taxes receivable are recorded in the fiscal year for which the tax is levied based on the assessed value as of September 1 of the preceding fiscal year. They become a lien on the first day of the year they are levied. Secured property tax is levied on September 1 and due in two installments, on November 1 and March 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1, and become delinquent on August 31. The District elected to receive the property taxes from the County under the Teeter Bill Program. Under this Program, the District receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies.

Cash and Investments

The District maintains cash balances with the Treasurer of Lassen County in an interest-bearing pooled investment account. The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The funds maintained by the County are secured by federal depository insurance.

SPALDING COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies, continued:

Net Position

Net position is classified in the following categories:

Net Investment in capital assets – groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted – presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – represents the net position of the District, which are not restricted or invested in capital assets net of related debt.

Fund Balance

Fund balance is classified in the following categories:

Restricted – includes fund balance amounts that are subject to externally enforceable legal restrictions or constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed – includes fund balance amount that can only be used for specific purposes pursuant to constraints imposed by the formal actions of the District's Board of Directors.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.

Unassigned – includes fund balance which has not been classified within the above mentioned categories.

SPALDING COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

3. Cash and Investments:

The District had the following unrestricted cash balances at June 30, 2018:

	<u>Fire & Marina</u>	<u>Sewer</u>
Petty cash	\$ 126	\$ -
Cash with County – admin.	8,240	-
– fire	89,384	-
– recreation	(3,050)	-
– recreation trust	1,223	-
– sewer	<u>-</u>	<u>12,494</u>
	<u>\$ 95,923</u>	<u>\$ 12,494</u>

4. Restricted Cash:

Cash with County -

	<u>Fire & Marina</u>	<u>Sewer</u>
Fire capital improvement trust	\$ 167,206	\$ -
Sewer capital replacement fund	<u>-</u>	<u>434,808</u>
	<u>\$ 167,206</u>	<u>\$ 434,808</u>

SPALDING COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

5. Capital Assets:

Changes in governmental (fire and marina) capital assets for the year ended June 30, 2018 are as follows:

	<u>Balance</u> <u>6/30/2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/2018</u>
Land & impts.	\$ 1,350,000	\$ -	\$ -	\$ 1,350,000
Buildings & infras.	3,837,343	17,070	-	3,854,413
Vehicles & other	410,159	407,826	13,328	804,657
Marina dredging	<u>350,086</u>	<u>-</u>	<u>-</u>	<u>350,086</u>
	<u>\$ 5,947,588</u>	<u>\$ 424,896</u>	<u>\$ 13,328</u>	<u>\$ 6,359,156</u>

Changes in enterprise (sewer) capital assets for the year ended June 30, 2018 are as follows:

	<u>Balance</u> <u>6/30/2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/2018</u>
Land & impts.	\$ 119,211	\$ -	\$ -	\$ 119,211
Utility plant & infras.	12,440,552	-	-	12,440,552
Buildings	664,302	34,593	-	698,895
Vehicles & other	<u>174,273</u>	<u>-</u>	<u>-</u>	<u>174,273</u>
	<u>\$13,398,338</u>	<u>\$ 34,593</u>	<u>\$ -</u>	<u>\$13,432,931</u>

SPALDING COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

6. Net Position/Fund Balance:

Net position at June 30, 2018 is analyzed as follows:

	<u>Governmental Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Net investment in capital assets	\$4,984,620	\$ 9,045,515	\$14,030,135
Restricted	-	-	-
Unrestricted:			
Designated by Board	167,206	434,808	602,014
Undesignated	<u>87,225</u>	<u>35,927</u>	<u>123,152</u>
Total net position	<u>\$5,239,051</u>	<u>\$ 9,516,250</u>	<u>\$14,755,301</u>

General fund (Fire and Marina):

Total fund balances consists of:

Committed:

Recreation Trust	\$ -	\$ -
Fire Capital Improvement	<u>167,206</u>	<u>167,206</u>
	167,206	167,206
Unassigned	<u>87,225</u>	<u>87,225</u>
	<u>\$ 254,431</u>	<u>\$ 254,431</u>

SPALDING COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

7. Restatement:

	<u>Fire and Marina</u>	<u>Sewer</u>
Beginning equity, as originally stated	\$4,712,219	\$10,082,570
Add (less) – prior year correction	<u>152,351</u>	<u>(155,565)</u>
Beginning equity, as restated	<u>\$4,864,570</u>	<u>\$ 9,927,005</u>

8. Risk of Loss:

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During the 2018 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

9. Subsequent Events:

Management has evaluated subsequent events through May 15, 2019, the date these June 30, 2018 financial statements were available to be issued.