7. Yermo Community Services District

a. Audit for FY 2011-12

Attachment 7a

YERMO
COMMUNITY SERVICES DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET ASSETS
JUNE 30, 2012

	General Fund	Reconciling Items	Statement of Net Assets
ASSETS			
Cash and investments	87,698		87,698
Investments	300,154		300,154
Taxes receivable	6,016		6,016
Other receivables	-		-
Prepaid expenses	3,593		3,593
Land		14,240	14,240
Structures & Improvements		229,738	229,738
Machinery & Equipment		272,762	272,762
Furniture & Fixtures		3,062	3,062
Less accumulated depreciation		(444,404)	(444,404)
Other capital assets, net of		-	-
accumulated depreciation (Note B)			-
Total assets	397,461	75,398	472,859
LIABILITIES			
Accounts Payable	5,101		5,101
Accrued expenses	68		68
Deferred revenue	3,108	(3,108)	-
Total liabilities	8,277	(3,108)	5,169
FUND BALANCE / NET ASSETS			
Fund Balance:			
Reserved for prepaids	3,593		
General Reserve	313,410		
Unreserved	72,181		
Total fund balance	389,184	(389,184)	
Total Liabilities and fund balances	397,461		
Net assets			
Invested in capital assets, net of related debt		5,398	5,398
Restricted		317,003	317,003
Unrestricted		145,289	145,289
Total net assets		-	467,690

See Accountant's Report and accompanying notes to the financial statements

YERMO
COMMUNITY SERVICES DISTRICT
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES / STATEMENT OF ACTIVITIES
FOR YEAR ENDED JUNE 30, 2012

	General Fund	Reconciling Items	Statement of Net Assets
Revenues:			
Property Taxes	100,836	3,108	103,944
Interest	222		222
Rent	1,543		1,543
Newsletter	-		-
Gain on Sale of asset	-		-
Grants	156,598		156,598
Other	19,845		19,845
Total Revenues	279,044	3,108	282,152
Expenditures / Expenses			
Current:			
Fire Protection	58,402		58,402
Parks and Recreation	58,402		58,402
Administration Costs	25,640		25,640
Interest	1,178		1,178
District Special Expense	-		-
Depreciation	-	16,538	16,538
Capital Outlay	-	-	-
Total Expenditures / Expenses	143,622	16,538	160,160
Excess (deficiency) of Revenues over Expenditures	135,422	(135,422)	-
Change in Net Assets		121,992	121,992
Fund Balance / Net Assets:			
Beginning of the year	253,917		344,093
Prior year correction	(155)		1,605
Corrected Fund Balance, Beg.	253,762		345,698
End of the Year	389,184	-	467,690

See Accountant's Report and accompanying notes to the financial statements

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Yermo Community Services District was formed January 22, 1962 to provide services in the community of Yermo, in San Bernardino County, California. Presently the District furnishes fire protection services, park and recreation services, and street lighting services for the citizens of the community. It was formed and operates pursuant to the provisions of Section 61000 – 61891 of the California Government Code.

The accounting policies of the Yermo 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 statement of net assets net of accumulated depreciation.

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

Cash

Cash held by the District at June 30, 2012, consisted of the following:

Petty cash	$ 60
On deposit	87,638
Investments	300,154
Total	$387,852

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.

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, 2010, 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	$ -	$ 3,108
Deferred Tax Revenue	3,108	-
	$ 3,108	$ 3,108

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:

	June 30, 2011	Additions	(Dispositions)	June 30, 2012
Land	$ 14,240			$ 14,240
Structures and improvements	229,738	-	-	229,738
Equipment	272,762	-	-	272,762
Office Equipment	3,062	-	-	3,062
Totals	$ 519,802	$ -	$ -	$ 519,802

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

	July 1, 2011	Additions	(Dispositions)	June 30, 2012
Structures and Improvements	221,818	3,922		225,740
Equipment	206,049	12,615		218,664
Total	$ 427,867	$ 16,537	$ -	$ 444,404

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. Interfund 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	$ 279,044
Accrual adjustments	(3,108)
Total revenues-budgetary basis	$ 275,936

Total expenditures-financial accounting basis	$ 143,622
Accrual adjustments	16,538
Total expenditures--budgetary basis	$ 160,160

YERMO
COMMUNITY SERVICES DISTRICT
BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2012

REQUIRED SUPPLEMENTARY INFORMATION

	Budgeted Amounts	Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1			
Resources (inflows)			
Property Taxes	101,746	100,836	(910)
Investment Earnings	0	222	222
Charges for Services	0	1,543	1,543
Other Revenues	0	173,335	173,335
Amounts available for appropriation	101,746	275,936	174,190
Charges to appropriations (outflows)			
Salaries			
Regular Salary	11,000	18,014	7,014
Employee Benefits	3,100	2,254	(846)
Servies & Supplies			
Communications	3,100	0	(3,100)
Legal Notices	200	0	(200)
Utilities	17,000	28,440	11,440
Insurance	5,000	8,042	3,042
General Office Expense	3,500	6,701	3,201
Auditing	2,600	4,200	1,600
County Services	100	0	(100)
Professional and Special Services	22,000	12,399	(9,601)
General Maintanence - Equipment	10,000	15,718	5,718
General Maintanence - Structure	6,000	7,626	1,626
Rent Leases Equipment	700	3,134	2,434
Transportation and Travel	500	0	(500)
Motor Pool Charges	7,000	9,176	2,176
Directors fees	0	7,731	7,731
Credit Card Expenses	0	19,009	19,009
Interest	0	1,178	1,178
Capital Outlay			
Structures and Improvements	0	0	0
Sports Park	0	0	0
Equipment	0	0	0
Vehicles	12,000	0	(12,000)
Depreciation	0	16,538	16,538
Total Charges to appropriations	103,800	160,160	56,360
Budgetary Fund Balance, June 30	(2,054)	115,776	117,830

YERMO
COMMUNITY SERVICES DISTRICT
COUNTY OF SAN BERNARDINO
JUNE 30, 2012

GENERAL INFORMATION

Type of Governmental District	–	Special District
Date of Formation	–	January 22, 1962
Statutory Authority	–	California Government Code Section 61000, et seq., Division 2, Part 5
Audit period	–	July 1, 2011 thru June 30, 2012
Formed in County of	–	San Bernardino, California
Governing Body	–	Board of Directors

Name	Title	Term Expires
Bob Smith	President - Admin. Officer	December 2012
Geoffrey Berner	Vice President - Financial Officer	December 2014
Loney Weems	Director - Fire Commissioner	December 2012
Paul Ray	Director	December 2014
Mellissa Martin	Director	December 2012

District - Secretary	–	Michelle Bundt
Location of Financial Records	–	District Office 110 McCormick Yermo, CA 92398

Depository

Desert Community Bank
945 East Armory Road
Barstow, CA 92311