

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

Fiscal Years Ended June 30, 2016-2020

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT

JUNE 30, 2016, 2017, 2018, 2019 & 2020

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Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Appaloosa Road Community Services District
Altaville, CA

Report on the Financial Statements

We have audited the accompanying financial statements of Appaloosa Road Community Services District as of and for the years ended June 30, 2016, 2017, 2018, 2019 and 2020, 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 opinions 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Appaloosa Road Community Services District, as of June 30, 2016, 2017, 2018, 2019 and 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 and Statement of Expenditures and Revenues Compared to Budget on pages 19-23 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Blumberg & Gifford A.C.

Stockton, CA

December 15, 2020

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis June 30, 2016, 2017, 2018, 2019 and 2020

Our discussion and analysis of the Appaloosa Road Community Services District's financial performance provides an overview of the District's financial activities for the years ended June 30, 2016, 2017, 2018, 2019 and 2020. Please read it in conjunction with the District's basic financial statements, which begin on page 6.

FINANCIAL HIGHLIGHTS

The following summarizes the District's financial highlights for the years ended June 30, 2016, 2017, 2018, 2019 and 2020

- In total, government-wide net positions were \$608,382, \$568,926, \$549,845, \$535,207 and \$548,820 in 2016, 2017, 2018, 2019 and 2020, respectively.
- General revenues accounted for \$7, \$1, \$7,876, \$18,269 and \$20,902 in 2016, 2017, 2018, 2019 and 2020, respectively.
- Total government-wide assets were \$608,382, \$569,876, \$550,795, \$536,157 and \$550,720 in 2016, 2017, 2018, 2019 and 2020, respectively. Cash and investments were \$118,282 in 2016, \$91,799 in 2017, \$84,671 in 2018, \$81,544 in 2019 and \$108,268 in 2020.
- Net capital assets totaled \$484,771, \$472,771, \$460,771 \$449,539 and \$437,386 in 2016, 2017, 2018, 2019 and 2020, respectively
- Total program expenses were \$24,973, \$115,422, \$103,856, \$108,433 and \$94,774 in 2016, 2017, 2018, 2019 and 2020, respectively

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operation in more detail than the government-wide statements.

The fund financial statements are composed of:

- Governmental fund statements, which tell how basic services were financed in the short-term, as well as what remained for future spending.

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis
June 30, 2016, 2017, 2018, 2019 and 2020

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

The Statement of Net Position and the Statement of Activities

The statement of net position and statement of activities report information about the District as a whole and its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position are the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Overtime increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To assess the overall health of the District, you need to consider additional non-financial factors including the condition the District's buildings and other facilities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to record specific sources of funding and spending on particular programs:

- Some funds are required by law and covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that certain revenues have been properly used.

Governmental Funds

Most of the District's basic services are reported in governmental funds which generally focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the modified accrual accounting, which measures cash, and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statement, we provide additional information of the governmental fund statements that explain the relationship (or differences) between them.

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis
June 30, 2016, 2017, 2018, 2019 and 2020

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS (Continued)

Financial Highlights

Appaloosa Road Community Services District had a change in net position of \$51,085 (\$39,456), \$19,081), (\$14,640) and \$13,613 in 2016, 2017, 2018, 2019 and 2020, respectively. The change in net position is primarily due to additional road maintenance expenditures in 2017, 2018, 2019 and 2020.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The financial analysis comparison of the District as a whole.

Appaloosa Road Community Services District				
June 30,				
	2019	2020	\$ Change	% Change
Current Assets	\$ 86,618	\$ 113,334	\$ 26,716	-23.57%
Non Current Assets	449,539	437,386	(12,153)	2.78%
Total Assets	536,157	550,720	14,563	-2.64%
Liabilities	950	1,900	950	0.00%
Total Liabilities	950	1,900	950	0.00%
Net Position	535,207	548,820	13,613	-2.48%
Total Liabilities & Net Position	\$ 536,157	\$ 550,720	\$ 14,563	-2.64%

Appaloosa Road Community Services District				
June 30,				
	2018	2019	\$ Change	% Change
Current Assets	\$ 90,024	\$ 86,618	\$ (3,406)	3.93%
Non Current Assets	460,771	449,539	(11,232)	2.50%
Total Assets	550,795	536,157	(14,638)	2.73%
Liabilities	950	950	-	100.00%
Total Liabilities	950	950	-	100.00%
Net Position	549,845	535,207	(14,638)	2.74%
Total Liabilities & Net Position	\$ 550,795	\$ 536,157	\$ (14,638)	2.73%

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis
June 30, 2016, 2017, 2018, 2019 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Appaloosa Road Community Services District				
June 30,				
	2017	2018	\$ Change	% Change
Current Assets	\$ 97,105	\$ 90,024	\$ (7,081)	7.87%
Non Current Assets	472,771	460,771	(12,000)	2.60%
Total Assets	569,876	550,795	(19,081)	3.46%
Liabilities	950	950	-	-100.00%
Total Liabilities	950	950	-	-100.00%
Net Position	568,926	549,845	(19,081)	3.47%
Total Liabilities & Net Position	\$ 569,876	\$ 550,795	\$ (19,081)	3.46%

Appaloosa Road Community Services District				
June 30,				
	2016	2017	\$ Change	% Change
Current Assets	\$ 123,611	\$ 97,105	\$ (26,506)	27.30%
Non Current Assets	484,771	472,771	(12,000)	2.54%
Total Assets	608,382	569,876	(38,506)	6.76%
Liabilities	-	950	950	-100.00%
Total Liabilities	-	950	950	-100.00%
Net Position	608,382	568,926	(39,456)	6.94%
Total Liabilities & Net Position	\$ 608,382	\$ 569,876	\$ (38,506)	6.76%

Capital Assets

Appaloosa Road Community Services has recorded assets at historical cost or estimated historical cost; if actual historical cost is not available. Donated fixed assets are valued at the estimated fair market value. During the fiscal year ended June 30, 2019, the District incurred capital assets expense of \$768.

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis
June 30, 2016, 2017, 2018, 2019 and 2020

Economic Factors

Revenues and expenditures are projected to stay similar to fiscal year ended June 30, 2020. In addition, capital expenditures will be dependent on the completion of capital improvement plans and other related factors which cannot be accurately estimated at this time.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Appaloosa Road Community Services District at P.O. Box 207, Altaville, CA 95221.

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT

Statement of Net Position

June 30, 2016, 2017, 2018, 2019 and 2020

	As of June 30,				
	2016	2017	2018	2019	2020
ASSETS					
Current Assets					
Cash - General	\$ 108,280	\$ 81,797	\$ 74,668	\$ 71,538	\$ 98,261
Cash - Savings	10,002	10,002	10,003	10,006	10,007
Taxes Receivables	3,857	3,834	3,881	3,833	3,825
Prepaid Expenses	1,472	1,472	1,472	1,241	1,241
Total Current Assets	<u>123,611</u>	<u>97,105</u>	<u>90,024</u>	<u>86,618</u>	<u>113,334</u>
Non-Current Assets					
Road Improvements	676,771	676,771	676,771	677,539	677,539
Accumulated Depreciation	<u>(192,000)</u>	<u>(204,000)</u>	<u>(216,000)</u>	<u>(228,000)</u>	<u>(240,153)</u>
Total Non-Current Assets	<u>484,771</u>	<u>472,771</u>	<u>460,771</u>	<u>449,539</u>	<u>437,386</u>
Total Assets	<u>\$ 608,382</u>	<u>\$ 569,876</u>	<u>\$ 550,795</u>	<u>\$ 536,157</u>	<u>\$ 550,720</u>
LIABILITIES					
Accounts Payable	<u>\$ -</u>	<u>\$ 950</u>	<u>\$ 950</u>	<u>\$ 950</u>	<u>\$ 1,900</u>
Total Liabilities	<u>-</u>	<u>950</u>	<u>950</u>	<u>950</u>	<u>1,900</u>
NET POSITION					
Invested in Capital Assets	484,771	472,771	460,771	449,539	437,386
Unrestricted	<u>123,611</u>	<u>96,155</u>	<u>89,074</u>	<u>85,668</u>	<u>111,434</u>
Total Net Position	<u>608,382</u>	<u>568,926</u>	<u>549,845</u>	<u>535,207</u>	<u>548,820</u>
Total Liabilities and Net Position	<u>\$ 608,382</u>	<u>\$ 569,876</u>	<u>\$ 550,795</u>	<u>\$ 536,157</u>	<u>\$ 550,720</u>

The accompanying notes are an integral part to the financial statements.

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT
Statement of Revenues, Expenses and Changes in Net Position - General Funds
For the Years Ended June 30, 2016, 2017, 2018, 2019 and 2020

	For Fiscal Year Ended June 30,				
	2016	2017	2018	2019	2020
PROGRAM EXPENSES					
Operations	\$ 12,973	\$ 103,422	\$ 91,856	\$ 96,433	\$ 82,621
Depreciation	12,000	12,000	12,000	12,000	12,153
Total Program Expenses	<u>24,973</u>	<u>115,422</u>	<u>103,856</u>	<u>108,433</u>	<u>94,774</u>
PROGRAM REVENUES					
Charges for Services - Assessments	75,971	75,965	76,899	75,524	87,485
Refunds	80	-	-	-	-
Total Program Revenues	<u>76,051</u>	<u>75,965</u>	<u>76,899</u>	<u>75,524</u>	<u>87,485</u>
Net Program Expenses	<u>(51,078)</u>	<u>39,457</u>	<u>(26,957)</u>	<u>(32,909)</u>	<u>(7,289)</u>
GENERAL REVENUES					
Donations	-	-	7,875	18,267	-
Interest Legal Settlement Earnings	7	1	1	2	1
Total General Revenues	<u>7</u>	<u>1</u>	<u>7,876</u>	<u>18,269</u>	<u>1</u>
Excess of Revenues over Expenses	<u>51,085</u>	<u>(39,456)</u>	<u>(19,081)</u>	<u>(14,640)</u>	<u>20,901</u>
Change in Net Position	51,085	(39,456)	(19,081)	(14,638)	13,613
Net Position-Beginning of Year	<u>557,297</u>	<u>608,382</u>	<u>568,926</u>	<u>549,845</u>	<u>535,207</u>
Net Position-End of Year	<u><u>\$ 608,382</u></u>	<u><u>\$ 568,926</u></u>	<u><u>\$ 549,845</u></u>	<u><u>\$ 535,207</u></u>	<u><u>\$ 548,820</u></u>

The accompanying notes are an integral part to the financial statements.

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT

Balance Sheet - General Fund

Governmental Funds

June 30, 2016, 2017, 2018, 2019 and 2020

	As of June 30,				
	2016	2017	2018	2019	2020
ASSETS					
Cash and Investments	\$ 118,282	\$ 91,799	\$ 84,671	\$ 81,544	\$ 108,268
Taxes Receivable	3,857	3,834	3,881	3,833	3,825
Prepaid Expense	1,472	1,472	1,472	1,241	1,241
Total Assets	<u>\$ 123,611</u>	<u>\$ 97,105</u>	<u>\$ 90,024</u>	<u>\$ 86,618</u>	<u>\$ 113,334</u>
LIABILITIES & FUND BALANCES					
LIABILITIES					
Encroachment Deposits	\$ -	\$ 950	\$ 950	\$ 950	\$ 1,900
Total Liabilities	<u>-</u>	<u>950</u>	<u>950</u>	<u>950</u>	<u>1,900</u>
FUND BALANCES					
Unassigned	<u>123,611</u>	<u>96,155</u>	<u>89,074</u>	<u>85,668</u>	<u>111,434</u>
Total Fund Balances	<u>123,611</u>	<u>96,155</u>	<u>89,074</u>	<u>85,668</u>	<u>111,434</u>
Total Liabilities & Fund Balances	<u>\$ 123,611</u>	<u>\$ 97,105</u>	<u>\$ 90,024</u>	<u>\$ 86,618</u>	<u>\$ 113,334</u>

The accompanying notes are an integral part of the financial statements.

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT

Reconciliation of the Governmental Fund Balances
to the Governmental-Wide Statement of Net Position
Governmental Activities

June 30, 2016, 2017, 2018, 2019 and 2020

	<u>As of June 30,</u>				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Fund Balances-Total Governmental Funds	\$ 123,611	\$ 96,155	\$ 89,074	\$ 85,668	\$ 111,434
Amounts reported for governmental activities in the Statement of Net Position are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds Balance Sheet.	<u>484,771</u>	<u>472,771</u>	<u>460,771</u>	<u>449,539</u>	<u>437,386</u>
Net Position of Governmental Activities	<u>\$ 608,382</u>	<u>\$ 568,926</u>	<u>\$ 549,845</u>	<u>\$ 535,207</u>	<u>\$ 548,820</u>

The accompanying notes are an integral part of the financial statements.

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Years Ended June 30, 2016, 2017, 2018, 2019 and 2020

	For Fiscal Year Ended June 30,				
	2016	2017	2018	2019	2020
REVENUES					
Tax Assessments	\$ 75,971	\$ 75,965	\$ 76,899	\$ 75,524	\$ 87,275
Use of Money and Property	7	1	1	2	1
Legal Settlement	-	-	-	-	20,901
Donations	-	-	7,875	18,267	-
Other Fees	80	-	-	-	210
	76,058	75,966	84,775	93,793	108,387
Total Revenues					
EXPENDITURES					
Current General Government:					
Personal Services	-	-	-	-	-
Services and Supplies	12,973	103,422	91,856	96,432	82,621
Capital Outlay/Note Payment	19,472	-	-	767	-
	31,974	103,422	91,856	97,199	82,621
Total Expenditures					
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
	-	-	-	-	-
Total Other Financial Sources (Uses)					
Net Change in Fund Balances	44,084	(27,456)	(7,081)	(3,406)	25,766
Fund Balances-Beginning of Year	79,527	123,611	96,155	89,074	85,668
Fund Balances-Ending of Year	\$ 123,611	\$ 96,155	\$ 89,074	\$ 85,668	\$ 111,434

The accompanying notes are an integral part of the financial statements.

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 to the Government-Wide Statement of Activities-Governmental Activities
 For the Years Ended June 30, 2016, 2017, 2018, 2019 and 2020

	As of June 30				
	2016	2017	2018	2019	2020
Net Change in Fund Balances - Governmental Funds	\$ 44,084	\$ (27,456)	\$ (7,081)	\$ (3,406)	\$ 25,766
Amounts reported for governmental activities in the Statement of net Position are different because:					
Capital outlays is reported in governmental funds as expenditures. However, in the statement of activities, the cost of those asset asset is allocated over their estimated useful lives and reported as depreciation expense.	7,472	(12,000)	(12,000)	(12,000)	(12,153)
Net Change in Net Position of Governmental Activities	\$ 51,556	\$ (39,456)	\$ (19,081)	\$ (14,638)	\$ 13,613

The accompanying notes are an integral part of the financial statements.

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT

Notes to Financial Statements
June 30, 2016, 2017, 2018, 2019 and 2020

Notes 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District relating to the funds and account groups included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments.

A. ORGANIZATION

The District was established for the purpose of improving, maintaining, and repairing Appaloosa Road and its tributaries and maintenance of such roads. The District acts and operates under, and is governed by, the Statutory Authority of the State of California Government codes for Community Services Districts.

B. REPORTING ENTITY

The reporting entity is the Appaloosa Road Community Services District. There are no component units included in this report which meets the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, No. 61 and No. 80.

C. BASIS OF PRESENTATION

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities, if any. Governmental activities are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed as a whole or in part by fees charged to external parties for goods or services. The District does not have business-type funds.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds' present increases, (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT

Notes to Financial Statements
June 30, 2016, 2017, 2018, 2019 and 2020

Notes 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND BALANCE

The District has adopted the provisions of GASB Statement No. 54 Fund Balance and Governmental Fund Type Definitions. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this new classification. The Fund Financial Statement consist of Non-spendable, Restricted, Committed, Assigned and Unassigned amounts as described below:

Non-spendable: Non-spendable items that cannot be spent because they are not in spendable form, such as prepaid items, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan fund.

Restricted: Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, law or regulations of other governments, as well as restrictions imposed by law through constitutional provision or enabling legislation.

Committed: Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner.

Assigned: Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose.

Unassigned: This category is for any balances that have no restrictions placed upon them.

The District established the following policies relating to its fund balance classifications.

1. Committed Fund Balances

- *Highest Level of Decision-Making Authority* – the Board of Directors of the District are acknowledged as the highest level of decision-making authority in terms of establishing fund balance classifications and creating committed fund balances.
- *Formal Action Required* – the Board shall have the authority to establish, modify or rescind committed fund balances by Resolution, where appropriate, passed by a majority vote.
- *Timing* – the Board will take formal action to commit any resources as soon as possible upon determining its desire to take such action, but no later than June 30 of the fiscal year in which it applies in order for the action to be valid for the presentation of the annual report.

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT

Notes to Financial Statements
June 30, 2016, 2017, 2018, 2019 and 2020

Notes 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Assigned Fund Balances

- *Approval Authority* – the Board has not delegated the authority to assign fund balance amounts.

3. Expenditure of Funds – Order of Expenditure

- *Restricted and Unrestricted Funds* – when expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District shall consider that restricted funds shall be spent first until such funds are exhausted, at which time committed, assigned, or unassigned funds will be used.
- *Committed, Assigned or Unassigned Funds* – when an expenditure is incurred where there are no restricted funds available, and for which committed and assigned fund balances are available, the District shall exhaust unassigned funds first unless the board determines the use of available assigned or committed fund balances are appropriate.

E. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues — exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes and grants. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT

Notes to Financial Statements
June 30, 2016, 2017, 2018, 2019 and 2020

Notes 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned revenue:

Unearned revenues arise when assets are received before revenue recognition criteria have been satisfied. Grants received before eligibility requirements are met are recorded as unearned revenue. The District does not have unearned revenues.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

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

F. PREPAID ITEMS

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchase or during the benefiting period. The District has prepaid items on periods ended June 30, 2016, 2017, 2018, 2019 and 2020 for insurance expense.

G. CAPITAL ASSETS

Capital Assets (including infrastructures) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair value at the date of the contribution. The District uses straight-line method to depreciate assets over estimated life of 50 years for road improvements and 5 years for office equipment.

Note 2. REVENUES

The District obtains revenues from benefit assessments added and collected by the County and allocated to the District.

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT

Notes to Financial Statements
June 30, 2016, 2017, 2018, 2019 and 2020

Note 3. CASH AND INVESTMENTS

Cash was held in a checking and savings account at a local bank. Interest income earned on account balances is allocated to the various funds based on quarter ending balances. In addition, there were two bank accounts which the District held in the years ended June 30, 2016, 2017, 2018, 2019 and 2020 with balances of \$118,282, \$91,799, \$84,671, \$81,544 and \$108,268, respectively.

Note 4. CAPITAL ASSETS

	<u>Book Value at June 30, 2018</u>	<u>2019 Additions (Depreciation)</u>	<u>Book Value at June 30, 2019</u>	<u>2020 Additions (Depreciation)</u>	<u>Book Value at June 30, 2020</u>
Improvements and Equipment	\$ 676,771	\$ 768	\$ 677,539	\$ -	\$ 677,539
Accumulated Depreciation	(216,000)	(12,000)	(228,000)	(12,153)	(240,153)
	<u>\$ 460,771</u>	<u>\$ (11,232)</u>	<u>\$ 449,539</u>	<u>\$ (12,153)</u>	<u>\$ 437,386</u>

	<u>Book Value at June 30, 2016</u>	<u>2017 Additions (Depreciation)</u>	<u>Book Value at June 30, 2017</u>	<u>2018 Additions (Depreciation)</u>	<u>Book Value at June 30, 2018</u>
Improvements and Equipment	\$ 676,771	\$ -	\$ 676,771	\$ -	\$ 676,771
Accumulated Depreciation	(192,000)	(12,000)	(204,000)	(12,000)	(216,000)
	<u>\$ 484,771</u>	<u>\$ (12,000)</u>	<u>\$ 472,771</u>	<u>\$ (12,000)</u>	<u>\$ 460,771</u>

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT

Notes to Financial Statements
June 30, 2016, 2017, 2018, 2019 and 2020

Note 4. CAPITAL ASSETS (Continued)

	<u>Book Value at June 30, 2015</u>	<u>2016 Additions (Depreciation)</u>	<u>Book Value at June 30, 2016</u>	<u>2017 Additions (Depreciation)</u>	<u>Book Value at June 30, 2017</u>
Improvements and Equipments	\$ 676,771	\$ -	\$ 676,771	\$ -	\$ 676,771
Accumulated Depreciation	<u>(180,000)</u>	<u>(12,000)</u>	<u>(192,000)</u>	<u>(12,000)</u>	<u>(204,000)</u>
	<u>\$ 496,771</u>	<u>\$ (12,000)</u>	<u>\$ 484,771</u>	<u>\$ (12,000)</u>	<u>\$ 472,771</u>

Note 5. PRONOUNCEMENTS OF GASB AND FASB

The District's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Note 6. RELATED PARTY TRANSACTIONS

There are no related party transactions.

Note 7. STEWARDSHIP, COMMITMENTS AND CONTINGENCIES

The District's management uses a budgetary process to control revenues and expenditures. Annual budgets are prepared by management and approved by the Board of Directors. Expenditures for road maintenance exceeded budget for fiscal years 2017, 2018 and 2019 by \$26,151, \$19,017 and \$17,426 respectively. The excess road maintenance expenditures for fiscal years 2017 and 2018 were approved in the fiscal 2016 budget. The 2019 excess was funded by donations. Management estimates no outstanding commitments or contingencies having a material effect on the financial position of the District as of June 30, 2020.

Note 8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 15, 2020, the dates these financial statements were available for review.

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT

General Fund

Statement of Expenditures Compared to Budget For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Tax Assessments	\$ 75,962	\$ 75,971	\$ 9
Interest	-	7	7
Refunds/Credits	-	80	80
	<u>75,962</u>	<u>76,058</u>	<u>96</u>
EXPENDITURES:			
Road Maintenance	48,082	6,939	41,143
Weed Spraying	2,075	2,075	-
Road Manager Expenses	182	238	(56)
Audit Fund	3,000	-	3,000
Insurance-Liability	3,071	3,070	1
Office Expense	80	180	(100)
Note Payment	19,472	19,472	-
	<u>75,962</u>	<u>31,974</u>	<u>43,988</u>
Total Expenditures	<u>75,962</u>	<u>31,974</u>	<u>43,988</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ 44,084</u>	<u>\$ 44,084</u>

See Independent Auditor's Report and Notes to the Financial Statement.

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT

General Fund

Statement of Expenditures Compared to Budget

For the Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Tax Assessments	\$ 75,962	\$ 75,965	\$ 3
Interest	-	1	1
Total Revenues	<u>75,962</u>	<u>75,966</u>	<u>4</u>
EXPENDITURES:			
Road Maintenance	69,974	96,125	(26,151)
Weed Spraying	2,500	3,275	(775)
Road Manager Expense	300	357	(57)
Insurance-Liability	3,070	3,071	(1)
Office Expense	<u>118</u>	<u>594</u>	<u>(476)</u>
Total Expenditures	<u>75,962</u>	<u>103,422</u>	<u>(27,460)</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ (27,456)</u>	<u>\$ (27,456)</u>

See Independent Auditor's Report and Notes to the Financial Statement.

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT

General Fund

Statement of Expenditures Compared to Budget

For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Tax Assessments	\$ 75,965	\$ 76,899	\$ 934
Interest	-	1	1
Donations	-	7,875	7,875
Refunds/Credits	-	-	-
	<u>75,965</u>	<u>84,775</u>	<u>8,810</u>
EXPENDITURES:			
Road Maintenance	66,853	85,870	(19,017)
Weed Spraying	3,000	2,216	784
Road Manager Expenses	600	322	278
Insurance-Liability	3,071	3,071	-
Office Expense	441	377	64
Election Costs	2,000	-	2,000
	<u>75,965</u>	<u>91,856</u>	<u>(15,891)</u>
Total Expenditures			
	<u>75,965</u>	<u>91,856</u>	<u>(15,891)</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ (7,081)</u>	<u>\$ (7,081)</u>

See Independent Auditor's Report and Notes to the Financial Statement.

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT

General Fund

Statement of Expenditures Compared to Budget

For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Tax Assessments	\$ 76,850	\$ 75,524	\$ (1,326)
Interest	-	2	2
Donations	-	18,267	18,267
Refunds/Credits	-	-	-
	<u>76,850</u>	<u>93,793</u>	<u>16,943</u>
EXPENDITURES:			
Road Maintenance	67,634	85,060	(17,426)
Weed Spraying	3,000	700	2,300
Road Manager Expenses	600	411	189
Insurance-Liability	3,071	2,952	119
Office Expense	545	481	64
Election Costs	2,000	6,828	(4,828)
Office Equipment	-	767	(767)
	<u>76,850</u>	<u>97,199</u>	<u>(20,349)</u>
Total Expenditures	<u>76,850</u>	<u>97,199</u>	<u>(20,349)</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ (3,406)</u>	<u>\$ (3,406)</u>

See Independent Auditor's Report and Notes to the Financial Statement.

APPALOOSA ROAD COMMUNITY SERVICES DISTRICT

General Fund

Statement of Expenditures Compared to Budget

For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Tax Assessments	\$ 87,402	\$ 87,275	\$ (127)
Legal Settlement	-	20,901	20,901
Interest	-	1	1
No Spray Fees	-	210	210
	<u>87,402</u>	<u>108,387</u>	<u>20,985</u>
EXPENDITURES:			
Road Maintenance	70,912	56,637	14,275
Weed Spraying	4,600	3,236	1,364
Road Manager Expenses	450	1,186	(736)
Insurance-Liability	2,720	2,721	(1)
LAFCO Detachment Fees	5,500	5,500	-
Legal Fees	3,000	13,196	(10,196)
Office Expenses	220	145	75
	-	-	-
Total Expenditures	<u>87,402</u>	<u>82,621</u>	<u>4,781</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ 25,766</u>	<u>\$ 25,766</u>

See Independent Auditor's Report and Notes to the Financial Statement.

APPALOOSA ROAD COMMUNITY SERVICE DISTRICT
Notes to Required Supplementary Schedule

NOTE 1 – BASIS OF BUDGETING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Revenues are estimated and annual appropriations are adopted. All annual appropriations lapse at fiscal yearend.

Budgets are normally prepared and executed for all funds under the provision of California Local Budget Law. The budget is adopted by the board of Directors and recorded in the County Budget document. Appropriations are budgeted on the level of detail of object with line items for administrative purposes.

Prior to enacting the resolution, the proposed budget is presented to the Board of Directors and interested citizens. The budget is prepared by fund, activity, and the line. Expenditures may not exceed legally budgeted appropriations at the level of specific objects.