

# TENAJA COMMUNITY SERVICE DISTRICT

Murrieta, CA

**Financial Statements**  
**June 30, 2018**

**SM&CO**  
**Smith Marion & Co.**  
Certified Public Accountants

# Tenaja Community Service District

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June 30, 2018

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### The Governing Body

Tenaja Community Service District  
Murrieta, CA

## INDEPENDENT AUDITORS' REPORT

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

### Management's Responsibility for the Financial Statements

Tenaja Community Service District's 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. 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 governmental activities and each major fund of Tenaja Community Service District, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Tenaja Community Service District

Independent Auditors' Report  
Year Ended June 30, 2018

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### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Statement of Revenues, Expenses, and Changes in Fund Balance Budget to Actual, as described in the table of contents, 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tenaja Community Service District's basic financial statements. The supplemental information, as described in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



January 8, 2019

As management of the Tenaja Community Services District we offer the readers of the accompanying financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ending June 30, 2018. Beginning on page 15, the *Notes to the Financial Statements* provide key definitions and accounting policies used by the District in presenting its annual financial statements. You are encouraged to read those notes to understand why the financial statements classify various revenues and expenses in the proper, yet odd, way they do.

## Financial Highlights

- The assets of the District exceeded its liabilities at the close of the fiscal year by \$6,503,721 (*net position*, p.8). Of this amount, \$967,916 may be used to meet the District's ongoing obligations to citizens and creditors. Accounting for the District's assets is by a modified-accrual method of accounting, which recognizes revenues and expenses as they are reported during the year, regardless of the timing of cash flows for the same items. Hence, revenues (property taxes) are recognized twice per fiscal year, even though Riverside County may actually send the cash in separate calendar years.
- An artifact of accrual accounting is the recording of *depreciation* as an expense, even though it is simply a book entry and does not involve the payment of cash. See Note 5, page 21. Thus, \$170,086 was charged as an expense in FY 2017-18 and while total activities expenditures were \$534,241 (on p. 9 *Statement of Activities*), the *General Government* total of \$534,241 has to be reduced by the \$170,086 to \$364,155 to show real cash expenditures. The District's annual budget expenditures for FY 2017-18 was \$194,050, the difference of (\$100,857) to the actual expenditures indicates a negative variance meaning more expenses were incurred for the fiscal year than what was budgeted. The Budget expenses shown on audit (page 23) is a combined budget of the General Fund and AD2004-1 Fund.
- The District had several Road Projects this Fiscal Year including, grinding and repaving Calle Pino (\$200,354), patch work (\$4,725), inspections (\$5,074), sign replacement and new installs (\$6,191), weed abatement (\$4,950), insurance (\$1,963), and garbage pickup (\$396). This was a total of \$223,653 for the main arterial road system (Tenaja Road and Calle Pino). The District paid for these projects from the following funds:
  - Reserve Fund \$124,825 (this closed this fund as of yearend)
  - Redemption Fund \$28,194 (this closed this fund as of yearend)
  - General Fund \$52,193
  - AD 2004-1 Fund \$18,441

## Overview of the Financial Statements

This discussion and analysis intends to serve as an introduction to the basic Financial Statements of the Tenaja Community Services District. These financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other, supplementary information to amplify the basic financial statements.

# Tenaja Community Service District

Management Discussion & Analysis

Year Ended June 30, 2018

**Government-wide financial statements.** The intent of these statements is to provide a broad overview of the District's finances, in a format similar to a private sector business.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*, otherwise known as net assets. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. In FY 2016-17, the net position was \$6,719,933. For FY 2017-18, the net position was \$6,503,721 representing a deteriorating net position value of \$216,212 due to increased expenditures on road maintenance in the current fiscal year. Road maintenance costs did not increase the value of our assets (capital) because they involved, primarily, grinding and repaving and Pothole repairs which is classified as a maintenance expense item. According to our capitalization rules, normal repairs and maintenance shall not be considered as capital expenditures net assets of the District. In FY2017-18, there were insignificant amounts of work defined as capital improvement. Thus, although we received slightly more revenues than budgeted or anticipated, our net asset position deteriorated due to the continuing aging of our roadways. In FY 2018-19, the District will complete Phase III of the Road Repair by grinding and repaving Tenaja Road from Calle Pino to Corona Cala Camino increasing the amount of road work using existing cash assets.

The District's financial position and operations for the past two years are summarized below based on the information included in the current and prior financial statements.

**TABLE 1  
STATEMENT OF NET POSITION**

	2018	2017	Change
Current and Other Assets	\$ 1,331,153	\$ 1,582,983	\$ (251,830)
Capital Assets, Net	5,535,805	5,705,891	(170,086)
Total Assets	<u>6,866,958</u>	<u>7,288,874</u>	<u>(421,916)</u>
			-
Deferred Inflow of Resources	-	-	-
Total Assets and Deferred Inflow of Resources	<u>6,866,958</u>	<u>7,288,874</u>	<u>(421,916)</u>
			-
Current Liabilities	11,980	231,100	(219,120)
Long-Term Liabilities	5,328	3,320	2,008
Total Liabilities	<u>17,308</u>	<u>234,420</u>	<u>(217,112)</u>
			-
Deferred Outflow of Resources	345,929	334,521	11,408
Total Liabilities and Deferred Outflow of Resources	<u>363,237</u>	<u>568,941</u>	<u>(205,704)</u>
			-
Net Investment in Capital Assets	5,535,805	5,705,891	(170,086)
Restricted	-	-	-
Unrestricted	967,916	1,014,042	(46,126)
Total Net Position	<u>\$ 6,503,721</u>	<u>\$ 6,719,933</u>	<u>\$ (216,212)</u>

# Tenaja Community Service District

Management Discussion & Analysis

Year Ended June 30, 2018

The *Statement of Activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The governmental activities of the Tenaja Community Service District include constructing, managing and maintaining the core road system for the Tenaja area of Riverside County, California.

The government-wide financial statements can be found on pages 8-14 of this report.

**TABLE 2**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**

The following schedule compares the revenues and expenses for the current and previous fiscal year

	2018	2017	Change
<b>REVENUES</b>			
Benefit fees	\$ 293,517	\$ 288,470	\$ 5,047
Interest income	17,130	10,333	6,797
Penalty Assessments	1,382	1,489	(107)
Miscellaneous income	6,000	800	5,200
<b>Total Revenues</b>	<b>318,029</b>	<b>301,092</b>	<b>16,937</b>
<b>EXPENDITURES</b>			
Administrative	12,266	14,116	(1,850)
Personnel	68,773	70,625	(1,852)
Road maintenance	232,425	326,486	(94,061)
Outside services	23,665	27,210	(3,545)
Office expense	20,530	20,930	(400)
County services	4,488	7,463	(2,975)
Principal and interest	-	-	-
<b>Total Expenditures</b>	<b>362,147</b>	<b>466,830</b>	<b>(104,683)</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (44,118)	\$ (165,738)	\$ (87,746)

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Tenaja Community Services District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For example, separate fund accounts are maintained for each zone of benefit, of which there are seven, so that road maintenance and repair revenues and costs are segregated according to which property owners contribute to and benefit from these efforts.

# Tenaja Community Service District

Management Discussion & Analysis

Year Ended June 30, 2018

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**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. All funds accounted for are governmental funds.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Tenaja Community Services District maintained seven funds on a modified accrual basis of accounting: 1) the *General Fund*, which covers revenues and expenditures of the government office and of those roads not included in *zones of benefit*; 2) the *Redemption Fund*, which includes the residual monies from AD 88-01 used for the initial paving of the District's roads;(which is now closed) 3) the *Reserve Fund*, which constitutes monies available for specific projects authorized by the Board and not for current expenditures in the General Fund; (which is now closed) 4) the *AD 2004 Fund*, which includes funds voted by the property owners for the core roads construction and maintenance; 5) the *Zone 2-3 Fund*, which holds dedicated funds for revenues and funds in zones of benefit 2 and 3 property owners; 6) the *Zone 4 Fund*, which holds funds of dedicated revenues and funds for zone 4 property owners; and 7) the *Zone 8 Fund*, which holds funds of dedicated revenues and funds for zone 8 property owners. In the financial statements, expenditures in the zone funds are listed as "Capital Projects" yet they represent slurry-seal projects that qualify as current maintenance expense items and not as capital expenditures.

**Notes to the Financial Statements.** The notes provide key definitions and explanations of accounting method for the figures listed in the Financial Statements. The content is important for understanding how the various revenue and expenditure items have been classified and, in combination with this discussion and analysis, the reader will find useful information for comprehending the financial statements.

**Required Supplementary Information.** In addition to the basic financial information and accompanying notes, the Tenaja Community Services District provides certain required information. The District annually adopts an appropriated budget for its general and special reserve funds. A budgetary comparison statement has been provided to show compliance with this budget. Required supplementary information can be found at page 23.

**Government-wide Financial Analysis.** As noted earlier, net positions over time may serve as a useful indicator of a government's financial status. In the case of the Tenaja Community Services District, assets exceeded liabilities by \$6,503,721 at the close of the most recent fiscal year.

The largest portion of the District's net position reflects its investment in the core road structure (roads and water flow drainage). The only long-term liabilities were \$5,328 in accrued employee leave for the District.

**Governmental Activities.** Governmental activities represented a net reduction in the net position by \$216,212 due primarily to depreciation of \$170,086.



# Tenaja Community Service District

Management Discussion & Analysis

Year Ended June 30, 2018

The *Statement of Revenues, Expenditures, & Charges in Fund Balances - Budget to Actual - General Fund as of June 30, 2018* shows a comparison between the budget to actual amounts and the variance between the two. We received an Increase in *benefit fees* (property taxes) of \$14,817 due to a 20-year payoff of certain assessments, a CPI increase on direct billings, and parcel splits. A separate agreement for a 20-year pay-off was entered into for those parcels. We received an unanticipated increase in revenue of \$3,200 for permit income, and \$6,223 more than planned for investment income. Our actual revenue was \$22,622 more than budgeted. The final variance of budget versus actual is a negative variance in *road maintenance* (\$118,880) due to extensive road repairs. See p. 23 for the detailed schedule.

On pages 30 through 32 is the *Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds for the year Ended June 30, 2018* with each of the seven funds detail presented with the individual and combined fund balances.

**Capital Assets.** At June 30, 2018, the District had \$5,535,805 invested in capital assets (net of accumulated depreciation) which included structures and, equipment, construction in progress and land.

**TABLE 3  
CAPITAL ASSETS AT YEAR-END**

	2018	2017
Right of Way	\$ 3,474,900	\$ 3,474,900
Roads	4,430,519	4,430,519
Repairs	141,452	141,452
Equipment	32,027	32,027
Accumulated Depreciation	<u>(2,543,093)</u>	<u>(2,373,007)</u>
Total	<u>\$ 5,535,805</u>	<u>\$ 5,705,891</u>

Further detail of changes in capital assets can be found in the Notes to the Financial Statements.

## Long Term Liabilities and Debt

The District has no debt as of June 30, 2018.

**Economic Factors.** The District depends upon the property tax assessments collected through the County of Riverside for the funding of its operations; therefore, the District is highly affected mostly by local economic conditions. The District budgets are approved by the District's Board of Directors.

## FINANCIAL CONTACT

This financial report is designed to provide a general overview of the District's accountability for all those interested. If you have additional questions concerning any of the information provided in this report or need additional financial information you should address your concerns to the District's General Manager at Tenaja Community Services District, 24837 Jefferson #207, Murrieta, California 92562.

# Tenaja Community Service District

Statement of Net Position

June 30, 2018

	GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 1,293,192
Benefit fees receivable	31,111
Interest receivable	5,350
Other current assets	1,500
Current Assets Total	1,331,153
Non-current Assets:	
Capital assets (net)	5,535,805
Non-current Assets Total	5,535,805
TOTAL ASSETS	6,866,958
DEFERRED OUFLOWS OF RESOURCES	
-	
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	8,691
Wages and taxes payable	2,289
Permit deposits	1,000
Current Liabilities Total	11,980
Non-current Liabilities:	
Compensated absences - long-term	5,328
Loan payable - due in more than one year	-
Non-current Liabilities Total	5,328
TOTAL LIABILITIES	17,308
DEFERRED INFLOWS OF RESOURCES	
Prepayments of tax assessments	345,929
TOTAL DEFERRED INFLOWS OF RESOURCES	345,929
<b>NET POSITION</b>	
Investment in capital assets	5,535,805
Unrestricted	967,916
TOTAL NET POSITION	\$ 6,503,721

# Tenaja Community Service District

Statement of Activities  
Year Ended June 30, 2018

Functions/Programs	PROGRAM REVENUES				GOVERNMENTAL ACTIVITIES
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Governmental activities					
Road maintenance	\$ 534,241	\$ 6,000	\$ -	\$ -	\$ (528,241)
Total governmental activities	\$ 534,241	\$ 6,000	\$ -	\$ -	\$ (528,241)
General revenues:					
Property taxes					293,517
Investment income					17,130
Penalty assessments					1,382
Gain/(loss) on capital asset dispositions					-
Change in net position					(216,212)
Net position - beginning					
					6,719,933
Net position - ending					\$ 6,503,721

# Tenaja Community Service District

Balance Sheets—Governmental Funds  
June 30, 2018

	GENERAL	DEBT SERVICE	PROJECTS RESERVES	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 597,928	-	\$ 695,264	\$ 1,293,192
Benefit fees receivable	22,659	-	8,452	31,111
Interest receivable	2,051	-	3,299	5,350
Other current assets	1,500	-	-	1,500
Interfund receivable	-	-	-	-
<b>TOTAL ASSETS</b>	<u>624,138</u>	<u>-</u>	<u>707,015</u>	<u>1,331,153</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-	-	-
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 624,138</u>	<u>\$ -</u>	<u>\$ 707,015</u>	<u>\$ 1,331,153</u>

# Tenaja Community Service District

Balance Sheets—Governmental Funds  
June 30, 2018

	GENERAL	DEBT SERVICE	PROJECTS RESERVES	TOTAL GOVERNMENTAL FUNDS
<b>LIABILITIES</b>				
Accounts payable	\$ 4,622	\$ -	\$ 4,069	\$ 8,691
Wages and taxes payable	2,289	-	-	2,289
Permit deposits	1,000	-	-	1,000
Interfund payable	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>7,911</b>	<b>-</b>	<b>4,069</b>	<b>11,980</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Prepayments of tax assessments	178,277	-	167,652	345,929
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>178,277</b>	<b>-</b>	<b>167,652</b>	<b>345,929</b>
<b>FUND BALANCE</b>				
Nonspendable:				
Not in spendable form	1,500	-	-	1,500
Unassigned	436,450	-	-	436,450
Assigned:				
Debt service	-	-	-	-
Capital outlay	-	-	535,294	535,294
<b>TOTAL FUND BALANCE</b>	<b>437,950</b>	<b>-</b>	<b>535,294</b>	<b>973,244</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, &amp; FUND BALANCE</b>	<b>\$ 624,138</b>	<b>\$ -</b>	<b>\$ 707,015</b>	

# Tenaja Community Service District

Balance Sheets—Governmental Funds

June 30, 2018

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balance

973,244

Long-term liabilities, including loans payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.

(5,328)

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

5,535,805

Net position of governmental activities

\$ 6,503,721

**Tenaja Community Service District**  
 Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds  
 Year Ended June 30, 2018

	GENERAL	DEBT SERVICE	PROJECTS RESERVES	GOVERNMENTAL FUNDS	TOTAL
<b>REVENUES</b>					
Benefit fees	\$ 224,580	-	\$ 68,937	\$ 293,517	
Interest income	7,423	83	9,624	17,130	
Penalty Assessments	1,382	-	-	1,382	
Miscellaneous income	6,000	-	-	6,000	
<b>TOTAL REVENUES</b>	<b>239,385</b>	<b>83</b>	<b>78,561</b>		<b>318,029</b>
<b>EXPENDITURES</b>					
Administrative					
Personnel	12,266	-	-	12,266	
Road maintenance	68,773	-	-	68,773	
Outside services	195,459	29,304	7,662	232,425	
Office expense	23,665	-	-	23,665	
County services	20,530	-	-	20,530	
	4,293	-	195	4,488	
<b>TOTAL EXPENDITURES</b>	<b>324,986</b>	<b>29,304</b>	<b>7,857</b>		<b>362,147</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(85,601)</b>	<b>(29,221)</b>	<b>70,704</b>		<b>(44,118)</b>
<b>OTHER FINANCING SOURCES/(USES)</b>					
Interfund transfers	30,079	(24,279)	(5,800)		-
<b>TOTAL FINANCING ACTIVITY</b>	<b>30,079</b>	<b>(24,279)</b>	<b>(5,800)</b>		<b>-</b>
Excess (Deficiency) of Revenues Over Expenditures	(55,522)	(53,500)	64,904		(44,118)
Fund Balance, Beginning of Year	493,472	53,500	470,390		1,017,362
Fund Balance, End of Year	\$ 437,950	\$ -	\$ 535,294		\$ 973,244

See Notes to Financial Statements

## Tenaja Community Service District

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to  
the Statement of Activities  
Year Ended June 30, 2018

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (44,118)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceed capital outlays in the current period.	(170,086)
Decrease in assets incurred for capital assets in the government-wide financial statements.	-
Increase in liability incurred for compensated absences in the government-wide financial statements.	<u>(2,008)</u>
Change in net position of governmental activities	<u>\$ (216,212)</u>



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Introduction*

The Tenaja Community Services District was organized on July 30, 1985, by Resolution 85-409 of the Board of Supervisors, County of Riverside. The District was formed primarily for the purpose of providing road maintenance, public recreation, fire and police protection, and waste and storm water disposal. The District has no component units and is not a component unit of another primary government.

The financial statements of Tenaja Community Service District (the District) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) 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.

### **A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

### **B. Measure focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligible requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

# Tenaja Community Service District

Notes to Financial Statements  
Year Ended June 30, 2018

The District reports the following major governmental funds:

The general fund is the government's primary operation fund. It accounts for all financial resources of the general government, except those required to be accounted in another fund.

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The capital fund accounts for deposits and expenditures related to the capital construction, improvements and equipment of the District.

Amounts reported as *miscellaneous revenues* include 1) charges to customers or applicants for goods, service, or privileges provided, 2) operation grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

## C. Budgetary Data

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund.

## D. Financial Statement Accounts and Other Matters

### *Cash and Cash Equivalents*

Tenaja Community Service District maintains current operating cash with financial institutions and in a pooled, common interest-bearing account with the Local Area Investment Fund (LAIF) in order to maximize investment opportunities. Tenaja Community Service District considers cash and investments with an initial maturity of ninety days or less to be cash.

### *Interfund Receivables and Payables.*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans).

### *Capital Assets.*

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Roads	35
Office equipment	5
Computer equipment	5

# Tenaja Community Service District

Notes to Financial Statements

Year Ended June 30, 2018

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## *Deferred Outflows/Inflows of Resources.*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expense) until then. The District currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arose through the prepayment of twenty years' worth of property tax assessments by the Nature Conservancy, received by the District in 2006.

## *Long-Term Obligations.*

In the government-wide financial statements long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net position. There are no bond premiums or discount associated with these obligations.

## *Compensated Absences.*

Under the terms of the employment contracts and District personnel policies, the District's employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for vacation leave accumulated and vested accumulated sick leave. Vesting of sick leave by employees and the maximum number of hours that can be accumulated for vacation and sick leave are dependent upon an employee's years of service.

A liability has been recorded within the government-wide financial statements for accrued vacation and sick leave and certain salary payments associated with the payment of compensated absences. An estimate by management of 30% of this liability is classified as current and is expected to be used during the next 12-month period. A liability for compensated absences is only reported in governmental funds if they have matured, for example, as a result of employee resignations and retirements.

## *Fund Equity.*

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a) Investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any notes or other borrowings attributable to those capital assets.
- b) Restricted net position – Consists of net assets with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
- c) Unrestricted net position – All other assets that do not meet the definition of "restricted" or "investment in capital assets".

When both restricted and unrestricted net positions are available for use, generally it is the District's policy to use restricted resources first.

# Tenaja Community Service District

Notes to Financial Statements  
Year Ended June 30, 2018

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a) Nonspendable – Includes fund balance amounts that cannot be spent wither because it is not in spendable form or because of legal or contractual requirements.
- b) Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- c) Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority. The District’s Board of Directors are the District’s highest level of decision making authority that can, by adoption of a resolution, commit fund balance. Once adopted, the resolution remains in place until a similar action by the District’s Board of Directors is taken to remove or revise the limitation.
- d) Assigned – Includes fund balance amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. Intent can be stipulated by the District’s Board of Directors.
- e) Unassigned – Includes the residual balance of the General Fund that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes.

When both restricted and unrestricted sources (the total of committed, assigned, and unassigned fund balance) are available for use, generally it is the District’s policy to use restricted resources first. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### *Property Tax Calendar.*

Our assessments are included on county property tax bills. Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien date	March 1	
Levy date	July 1 to June 30	
Due date	November 1	- First installment
	March 1	- Second installment
Delinquent date	December 10	- First installment
	April 10	- Second installment

#### *Use of Estimates.*

The preparation of financial statements in conformity with generally accepted accounting principles as applied to governmental units require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### *Subsequent Events.*

We evaluated subsequent events through January 8, 2019, the date these financial statements were issued.

# Tenaja Community Service District

Notes to Financial Statements  
Year Ended June 30, 2018

## Organization and Principal Officers

The organization and principal officers were comprised of the following individuals as of June 30, 2018:

Name	Title	Term
Peter Millington	President	12/04/2015-12/06/2019
Rob McDaniel	President Pro Tem	12/04/2015-12/06/2019
Karol Hoboy-Tenor	Director	12/04/2015-12/06/2019
Debra Natale	Director	12/04/2018-12/06/2018
Scott Becker	Director	3/02/2016-12/01/2018

In addition to the above Officers, the Administrator of the District is Arlene Miller, who served as the General Manager.

## 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

**Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position** - The government fund balance sheet includes reconciliation between fund balance-total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities, including loans payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of the differences are as follows:

Compensated absences	\$ 5,328
Net adjustment to reduce fund balance - total government funds to arrive at net position - governmental activities	<u>\$ 5,328</u>

## 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at June 30, 2018:

<i>Unrestricted</i>	
Cash and Money Market Accounts	\$ 163,022
Local Agency Investment Funds	<u>1,127,370</u>
Subtotal	<u>1,290,392</u>
 <i>Restricted</i>	
Cash Held in Trust - Permit Deposits	<u>2,800</u>
Subtotal	<u>2,800</u>
 Total Cash and Cash Equivalents	 <u><u>\$ 1,293,192</u></u>

# Tenaja Community Service District

Notes to Financial Statements

Year Ended June 30, 2018

## Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the **investment types** that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address **interest rate risk, credit risk, and concentration credit risk**. This table does not address investment of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of * Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

\* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions

### Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

### Disclosure Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

### Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in anyone issuer that represents 5% or more of total District investments.

### Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government code and the District's investment policy do not contain legal or policy requirement that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California

Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposit.

# Tenaja Community Service District

Notes to Financial Statements  
Year Ended June 30, 2018

At year end the District's cash balance was covered by federal depository insurance.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of a mutual funds or government investment pool.

**4. OTHER CURRENT ASSETS**

The following schedule presents the composition of other current assets as of June 30, 2018:

Prepaid rent	\$	-
Space lease deposit		1,500
Total other current assets		\$ 1,500

**5. CAPITAL ASSETS**

The following is a summary of changes in the capital assets during the fiscal year:

	2017	Additions	Deletions	2018
<i>Non-Depreciable</i>				
Right of Way	\$3,474,900	\$ -	\$ -	\$3,474,900
Total Non-Depreciable	3,474,900	-	-	3,474,900
<i>Depreciable</i>				
Roads	4,430,519	-	-	4,430,519
Repairs	141,452	-	-	141,452
Equipment	32,027	-	-	32,027
Total Capital Assets being Depreciated	4,603,998	-	-	4,603,998
Accumulated Depreciation	(2,373,007)	(170,086)	-	(2,543,093)
Capital Assets (net)	\$5,705,891	\$ (170,086)	\$ -	\$5,535,805

Depreciation expense for the year ended June 30, 2018 was \$170,086.

**6. LONG-TERM LIABILITIES**

The following schedule presents the activity for long-term liabilities during the current fiscal year:

	July 01, 2017	Increases	Decreases	June 30, 2018
Loans	\$ -	\$ -	\$ -	\$ -
Compensated absences	\$ 3,320	\$ 5,328	\$ (3,320)	\$ 5,328

# Tenaja Community Service District

Notes to Financial Statements

Year Ended June 30, 2018

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## **7. PROPOSITION 111 APPROPRIATION LIMITS**

Proposition 111, which added Article XIII B to the State Constitution, established limits on budget appropriations in order to restrict government spending. We have reviewed the appropriations of taxes received by the District during the 2017-2018 fiscal year, and have found them to be within the guidelines established by Proposition 111.



## Tenaja Community Service District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund  
Year Ended June 30, 2018

REVENUES	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Benefit fees	\$ 209,763	\$ 209,763	\$ 224,580	\$ (14,817)
Interest income	1,200	1,200	7,423	(6,223)
Administration fees	5,800	5,800	-	5,800
Penalty assessments	-	-	1,382	(1,382)
Other income	-	-	6,000	(6,000)
<b>TOTAL REVENUES</b>	<b>216,763</b>	<b>216,763</b>	<b>239,385</b>	<b>(22,622)</b>
<b>EXPENDITURES</b>				
Administrative	32,100	32,100	12,266	19,834
Personnel	76,750	76,750	68,773	7,977
Road maintenance	46,500	46,500	165,380	(118,880)
Outside services	30,300	30,300	23,665	6,635
Office expense	4,900	4,900	20,530	(15,630)
County Services	3,500	3,500	4,293	(793)
<b>TOTAL EXPENDITURES</b>	<b>194,050</b>	<b>194,050</b>	<b>294,907</b>	<b>(100,857)</b>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 22,713</u>	<u>\$ 22,713</u>	<u>(55,522)</u>	<u>\$ 78,235</u>
Fund Balance, Beginning of Year			493,472	
Interfund activities (shown as road maintenance)			-	
Fund Balance, End of Year			<u>\$ 437,950</u>	

**Tenaja Community Service District**  
 Combined Balance Sheets -- Governmental Funds  
 June 30, 2018

	GENERAL FUND			TOTAL
	OPERATING	RESERVE	AD2004-1 MAINT.	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 557,349	\$ -	\$ 40,579	\$ 597,928
Benefit fees receivable	16,030	-	6,629	22,659
Interest receivable	1,894	-	157	2,051
Other current assets	1,500	-	-	1,500
Interfund receivable	-	-	-	-
<b>TOTAL ASSETS</b>	<u>576,773</u>	<u>-</u>	<u>47,365</u>	<u>624,138</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 576,773</u>	<u>\$ -</u>	<u>\$ 47,365</u>	<u>\$ 624,138</u>

**Tenaja Community Service District**  
 Combined Balance Sheets -- Governmental Funds  
 June 30, 2018

	<u>DEBT SERVICE</u>
	<u>TOTAL</u>
ASSETS	
Cash and cash equivalents	-
Benefit fees receivable	-
Interest receivable	-
Other current assets	-
Interfund receivable	-
	<u>          </u>
TOTAL ASSETS	<u>          </u>
DEFERRED OUTFLOWS OF RESOURCES	<u>          </u>
	<u>          </u>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ <u>          </u></b>

**Tenaja Community Service District**  
 Combined Balance Sheets --- Governmental Funds  
 June 30, 2018

	PROJECT RESERVES			
	ZONE 8	ZONE 2/3	ZONE 4	TOTAL
<b>ASSETS</b>				
Cash and cash equivalents	\$ 109,129	\$ 470,913	\$ 115,222	\$ 695,264
Benefit fees receivable	3,336	3,585	1,531	8,452
Interest receivable	508	2,246	545	3,299
Other current assets	-	-	-	-
Interfund receivable	-	-	-	-
<b>TOTAL ASSETS</b>	<u>112,973</u>	<u>476,744</u>	<u>117,298</u>	<u>707,015</u>
<b>DEFERRED OUFLOWS OF RESOURCES</b>				
	-	-	-	-
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 112,973</u>	<u>\$ 476,744</u>	<u>\$ 117,298</u>	<u>\$ 707,015</u>

**Tenaja Community Service District**  
 Combined Balance Sheets -- Governmental Funds  
 June 30, 2018

GENERAL FUND			
	OPERATING	RESERVE	TOTAL
		AD2004-1 MAINT.	
<b>LIABILITIES</b>			
Accounts payable	\$ 3,003	\$ -	\$ 4,622
Wages and taxes payable	2,289	-	2,289
Permit deposits	1,000	-	1,000
Interfund payable	-	-	-
<b>TOTAL LIABILITIES</b>	<b>6,292</b>	<b>1,619</b>	<b>7,911</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepayments of tax assessments	162,788	-	178,277
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>162,788</b>	<b>15,489</b>	<b>178,277</b>
<b>FUND BALANCE</b>			
Nonspendable:			
Not in spendable form	1,500	-	1,500
Unassigned	406,193	30,257	436,450
Assigned:			
Debt service	-	-	-
Capital outlay	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>407,693</b>	<b>30,257</b>	<b>437,950</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, &amp; FUND BALANCE</b>	<b>\$ 576,773</b>	<b>\$ 47,365</b>	<b>\$ 624,138</b>

**Tenaja Community Service District**  
 Combined Balance Sheets -- Governmental Funds  
 June 30, 2018

	<u>DEBT SERVICE</u>
	<u>TOTAL</u>
LIABILITIES	
Accounts payable	-
Wages and taxes payable	-
Permit deposits	-
Interfund payable	-
TOTAL LIABILITIES	-
DEFERRED INFLOWS OF RESOURCES	
Prepayments of tax assessments	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-
FUND BALANCE	
Nonspendable:	
Not in spendable form	-
Unassigned	-
Assigned:	
Debt service	-
Capital outlay	-
TOTAL FUND BALANCE	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCE	<u>\$ -</u>

**Tenaja Community Service District**  
 Combined Balance Sheets -- Governmental Funds  
 June 30, 2018

	PROJECT RESERVES			
	ZONE 8	ZONE 2/3	ZONE 4	TOTAL
<b>LIABILITIES</b>				
Accounts payable	\$ 900	\$ 2,719	\$ 450	\$ 4,069
Wages and taxes payable	-	-	-	-
Permit deposits	-	-	-	-
Interfund payable	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>900</b>	<b>2,719</b>	<b>450</b>	<b>4,069</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Prepayments of tax assessments	-	144,149	23,503	167,652
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>144,149</b>	<b>23,503</b>	<b>167,652</b>
<b>FUND BALANCE</b>				
Nonspendable:				
Not in spendable form	-	-	-	-
Unassigned	-	-	-	-
Assigned:				
Debt service	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>112,073</b>	<b>329,876</b>	<b>93,345</b>	<b>535,294</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, &amp; FUND BALANCE</b>	<b>\$ 112,973</b>	<b>\$ 476,744</b>	<b>\$ 117,298</b>	<b>\$ 707,015</b>

**Tenaja Community Service District**  
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-- Governmental Funds  
 Year Ended June 30, 2018

	GENERAL FUND			TOTAL
	OPERATING	RESERVE	AD2004-1 MAINT.	
<b>REVENUES</b>				
Benefit fees	\$ 159,944	\$ -	\$ 64,636	\$ 224,580
Interest income	7,176	-	247	7,423
Penalty assessments	-	-	1,382	1,382
Miscellaneous income	6,000	-	-	6,000
<b>TOTAL REVENUES</b>	<b>173,120</b>	<b>-</b>	<b>66,265</b>	<b>239,385</b>
<b>EXPENDITURES</b>				
Administrative	12,266	-	-	12,266
Personnel	68,773	-	-	68,773
Road maintenance	52,193	124,825	18,441	195,459
Outside services	23,665	-	-	23,665
Office expense	20,530	-	-	20,530
County services	3,965	-	328	4,293
Debt service:				
Interest	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>181,392</b>	<b>124,825</b>	<b>18,769</b>	<b>324,986</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(8,272)</b>	<b>(124,825)</b>	<b>47,496</b>	<b>(85,601)</b>
<b>OTHER FINANCING SOURCES/(USES)</b>				
Interfund transfers	5,800	-	24,279	30,079
<b>TOTAL FINANCING ACTIVITY</b>	<b>5,800</b>	<b>-</b>	<b>24,279</b>	<b>30,079</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(2,472)</b>	<b>(124,825)</b>	<b>71,775</b>	<b>(55,522)</b>
Fund Balance, Beginning of Year	410,165	124,825	(41,518)	493,472
Fund Balance, End of Year	<b>\$ 407,693</b>	<b>\$ -</b>	<b>\$ 30,257</b>	<b>\$ 437,950</b>



**Tenaja Community Service District**  
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-- Governmental Funds  
 Year Ended June 30, 2018

	<u>DEBT SERVICE</u>
	<u>TOTAL</u>
Benefit fees	\$ -
Interest income	83
Penalty assessments	-
Miscellaneous income	-
<b>TOTAL REVENUES</b>	<u>83</u>
EXPENDITURES	
Administrative	-
Personnel	-
Road maintenance	29,304
Outside services	-
Office expense	-
County services	-
Debt service:	
Interest	-
<b>TOTAL EXPENDITURES</b>	<u>29,304</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(29,221)</u>
OTHER FINANCING SOURCES/(USES)	
Interfund transfers	<u>(24,279)</u>
<b>TOTAL FINANCING ACTIVITY</b>	<u>(24,279)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(53,500)</u>
Fund Balance, Beginning of Year	<u>53,500</u>
Fund Balance, End of Year	<u>\$ -</u>

**Tenaja Community Service District**  
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-- Governmental Funds  
 Year Ended June 30, 2018

REVENUES	PROJECT RESERVES			
	ZONE 8	ZONE 2/3	ZONE 4	TOTAL
Benefit fees	\$ 20,511	\$ 37,941	\$ 10,485	\$ 68,937
Interest income	1,425	6,610	1,589	9,624
Penalty assessments	-	-	-	-
Miscellaneous income	-	-	-	-
<b>TOTAL REVENUES</b>	<b>21,936</b>	<b>44,551</b>	<b>12,074</b>	<b>78,561</b>
<b>EXPENDITURES</b>				
Administrative	-	-	-	-
Personnel	-	-	-	-
Road maintenance	1,966	5,247	449	7,662
Outside services	-	-	-	-
Office expense	-	-	-	-
County services	-	195	-	195
Debt service:	-	-	-	-
Interest	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,966</b>	<b>5,442</b>	<b>449</b>	<b>7,857</b>
<b>OPERATING INCOME (LOSS)</b>	<b>19,970</b>	<b>39,109</b>	<b>11,625</b>	<b>70,704</b>
<b>OTHER FINANCING SOURCES/(USES)</b>	<b>(500)</b>	<b>(5,000)</b>	<b>(300)</b>	<b>(5,800)</b>
Interfund transfers				
<b>TOTAL FINANCING ACTIVITY</b>	<b>(500)</b>	<b>(5,000)</b>	<b>(300)</b>	<b>(5,800)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>19,470</b>	<b>34,109</b>	<b>11,325</b>	<b>64,904</b>
<b>Fund Balance, Beginning of Year</b>	<b>92,603</b>	<b>295,767</b>	<b>82,020</b>	<b>470,390</b>
<b>Fund Balance, End of Year</b>	<b>\$ 112,073</b>	<b>\$ 329,876</b>	<b>\$ 93,345</b>	<b>\$ 535,294</b>