

**SCOTIA COMMUNITY SERVICES DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**June 30, 2022**

**SCOTIA COMMUNITY SERVICES DISTRICT**

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# ANDERSON, LUCAS, SOMERVILLE & BORGES, LLP

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### INDEPENDENT AUDITORS' REPORT

Board of Directors  
Scotia Community Services District  
Scotia, California

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Scotia Community Services District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Scotia Community Services District as of June 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Minimum Audit Requirements for California Special Districts issued by the State Controller's Office. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Scotia Community Services District, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Scotia Community Service District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Scotia Community Services District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding , among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

**ANDERSON, LUCAS, SOMERVILLE, & BORGES, LLP**

October 12, 2022  
Fortuna, California

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**SCOTIA COMMUNITY SERVICES DISTRICT**  
**Statement of Net Position**  
June 30, 2022

|  | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>         |
|--|------------------------------------|-------------------------------------|----------------------|
| <b>ASSETS</b>  |                                    |                                     |                      |
| Current Assets   |                                    |                                     |                      |
| Cash and Cash Equivalents                                | \$ 975,541                         | \$ 2,588,699                        | \$ 3,564,240         |
| Restricted Cash  | -                                  | 17,564                              | 17,564               |
| Accounts Receivable                                      | 5,119                              | 174,656                             | 179,775              |
| Prepaid Insurance  | -                                  | -                                   | -                    |
| Total Current Assets                                     | <u>980,660</u>                     | <u>2,780,919</u>                    | <u>3,761,579</u>     |
| Capital Assets, Net of                                   |                                    |                                     |                      |
| Accumulated Depreciation                                 |                                    |                                     |                      |
| Water Services   | -                                  | 4,581,042                           | 4,581,042            |
| Sewer Services   | -                                  | 3,254,405                           | 3,254,405            |
| Governmental Services                                    | <u>9,234,057</u>                   | <u>-</u>                            | <u>9,234,057</u>     |
| Total Capital Assets, Net of<br>Accumulated Depreciation | <u>9,234,057</u>                   | <u>7,835,447</u>                    | <u>17,069,504</u>    |
| Construction in Progress                                 | -                                  | 22,719                              | 22,719               |
| Loan Costs, Net of Amortization                          | <u>52,244</u>                      | <u>-</u>                            | <u>52,244</u>        |
| Total Assets   | <u>10,266,961</u>                  | <u>10,639,085</u>                   | <u>20,906,046</u>    |
| <b>LIABILITIES</b>                                       |                                    |                                     |                      |
| Current Liabilities                                      |                                    |                                     |                      |
| Accounts Payable   | 22,059                             | 16,840                              | 38,899               |
| Payroll Liabilities                                      | -                                  | 7                                   | 7                    |
| Credit Card Payable                                      | 1,123                              | 11,869                              | 12,992               |
| Loan Interest Payable                                    | 7,703                              | -                                   | 7,703                |
| Customer Deposits  | -                                  | 16,902                              | 16,902               |
| Deferred Grant   | -                                  | 300,000                             | 300,000              |
| Current Portion of Long Term Debt                        | <u>58,000</u>                      | <u>-</u>                            | <u>58,000</u>        |
| Total Current Liabilities                                | <u>88,885</u>                      | <u>345,618</u>                      | <u>434,503</u>       |
| Loan Payable, Less Current Portion                       | <u>976,000</u>                     | <u>-</u>                            | <u>976,000</u>       |
| Total Long-Term Liabilities                              | <u>976,000</u>                     | <u>-</u>                            | <u>976,000</u>       |
| Total Liabilities  | <u>1,064,885</u>                   | <u>345,618</u>                      | <u>1,410,503</u>     |
| <b>NET POSITION</b>                                      |                                    |                                     |                      |
| Net Investment in Capital Assets, net of debt            | 8,200,057                          | 7,858,166                           | 16,058,223           |
| Restricted   | -                                  | 17,564                              | 17,564               |
| Unrestricted   | <u>1,002,019</u>                   | <u>2,417,737</u>                    | <u>3,419,756</u>     |
| Total Net Position                                       | <u>\$ 9,202,076</u>                | <u>\$ 10,293,467</u>                | <u>\$ 19,495,543</u> |

The accompanying notes are an integral part of these financial statements

SCOTIA COMMUNITY SERVICES DISTRICT

Statement of Activities

For the Year Ended June 30, 2022

| Functions/Programs                   | Expenses            | Program Revenue      |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |
|--------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|
|                                      |                     | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                           | Business-Type Activities |
| <b>Primary Government</b>            |                     |                      |                                    |                                  |   |                          |
| Governmental Activities:             |                     |                      |                                    |                                  |   |                          |
| Streets and Lighting                 | \$ 30,712           | \$ 68,737            | -                                  | 369,325                          | 407,350   | 407,350                  |
| Storm Drainage                       | 21,523              | 57,446               | -                                  | 86,185                           | 122,108   | 122,108                  |
| Parks and Recreation                 | 141,698             | 170,058              | -                                  | -                                | 28,360  | 28,360                   |
| Total Governmental Activities        | 193,933             | 296,241              | -                                  | 455,510                          | 557,818   | 557,818                  |
| Business-Type Activities:            |                     |                      |                                    |                                  |   |                          |
| Water Services                       | 540,052             | 563,029              | -                                  | 728,421                          | -   | 751,398                  |
| Sewer Services                       | 454,894             | 844,486              | -                                  | 914,445                          | -   | 1,304,037                |
| Total Business-Type Activities       | 994,946             | 1,407,515            | -                                  | 1,642,866                        | -   | 2,055,435                |
| <b>Total District Activities</b>     | <b>\$ 1,188,879</b> | <b>1,703,756</b>     | <b>\$ -</b>                        | <b>\$ 2,098,376</b>              | <b>557,818</b>                                    | <b>2,613,253</b>         |
| General Revenues:                    |                     |                      |                                    |                                  |   |                          |
| Interest Income                      |                     |                      |                                    |                                  | 5,935   | 5,935                    |
| Interest Expense                     |                     |                      |                                    |                                  | (31,634)  | (31,634)                 |
| Operating Transfers (Note 10)        |                     |                      |                                    |                                  | 9,575   | -                        |
| Total General Revenues and Transfers |                     |                      |                                    |                                  | (16,124)  | (25,699)                 |
| Change in Net Position               |                     |                      |                                    |                                  | 541,694   | 2,587,554                |
| Net Position - Beginning of Year     |                     |                      |                                    |                                  | 8,886,500   | 16,907,988               |
| Prior Period Adjustment              |                     |                      |                                    |                                  | (226,118)   | -                        |
| Rounding                             |                     |                      |                                    |                                  | -   | 1                        |
| Net Position - End of Year           |                     |                      |                                    |                                  | \$ 9,202,076                                      | \$ 19,495,543            |

The accompanying notes are an integral part of these financial statements



**EXHIBIT C****SCOTIA COMMUNITY SERVICES DISTRICT**  
**Balance Sheet of Governmental Funds**  
June 30, 2022**ASSETS**

|                                       |                |
|---------------------------------------|----------------|
| Cash and Cash Equivalents             | \$ 975,541     |
| Restricted Cash                       |                |
| Accounts Receivable, Net of Allowance | 5,119          |
| Deposits                              | -              |
|                                       | <hr/>          |
| Total Assets                          | <b>980,660</b> |
|                                       | <hr/> <hr/>    |

**LIABILITIES**

|                       |               |
|-----------------------|---------------|
| Accounts Payable      | 22,059        |
| Credit Card Payable   | 1,123         |
| Loan Interest Payable | 7,703         |
|                       | <hr/>         |
| Total Liabilities     | <b>30,885</b> |
|                       | <hr/>         |

**FUND BALANCE**

|                                    |                   |
|------------------------------------|-------------------|
| Restricted                         | -                 |
| Unassigned                         | 949,775           |
|                                    | <hr/>             |
| Total Fund Balance                 | <b>949,775</b>    |
|                                    | <hr/>             |
| Total Liabilities and Fund Balance | <b>\$ 980,660</b> |
|                                    | <hr/> <hr/>       |

The accompanying notes are an integral part of these financial statements

**Exhibit D**

**SCOTIA COMMUNITY SERVICES DISTRICT**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances of Governmental Funds**  
For the Year Ended June 30, 2022

**OPERATING REVENUES**

|                          |           |
|--------------------------|-----------|
| Streets and Lighting     | \$ 68,737 |
| Storm Drainage           | 57,446    |
| Parks and Recreation     | 170,058   |
| Other Income             | -         |
|                          | -         |
| Total Operating Revenues | 296,241   |

**OPERATING EXPENDITURES**

|                              |         |
|------------------------------|---------|
| Current Expenditures:        |         |
| Services and Supplies        | 149,031 |
| Capital Expenditures:        |         |
| Park Improvements            | 60,245  |
|                              | 60,245  |
| Total Operating Expenditures | 209,276 |

**EXCESS OF REVENUES OVER  
EXPENDITURES**

86,965

**NONOPERATING REVENUES (EXPENDITURES)**

|  |          |
|--|----------|
| Principal Payments on Debt                 | (56,000) |
| Interest Income                            | 5,935    |
| Interest Expense                           | (31,634) |
|  | (31,634) |
| Total Nonoperating Revenues (Expenditures) | (81,699) |

**OTHER FINANCING SOURCES (USES)**

|                    |       |
|--------------------|-------|
| Transfers In (Out) | 9,575 |
|                    | 9,575 |

**NET CHANGE IN FUND BALANCE**

14,841

**FUND BALANCE - Beginning of Year**

1,161,055

Rounding (3)

**PRIOR PERIOD ADJUSTMENT**

(226,118)

**FUND BALANCE - End of Year**

**\$ 949,775**

The accompanying notes are an integral part of these financial statements

**SCOTIA COMMUNITY SERVICES DISTRICT**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
June 30, 2022

**Reconciliation:**

|   |            |
|---|------------|
| Total Fund Balances of Governmental Funds (Exhibit C) | \$ 949,775 |
|---|------------|

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

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds balance sheet. However, the statement of net position includes those capital assets. In the current period, these amounts were as follows:

|                                 |           |
|---------------------------------|-----------|
| Capital Assets                  | 9,359,753 |
| Accumulated Depreciation        | (125,696) |
| Loan Costs, Net of Amortization | 52,244    |

Long-term liabilities applicable to the District are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:

|                |                    |
|----------------|--------------------|
| Long-term Debt | <u>(1,034,000)</u> |
|----------------|--------------------|

|  |                            |
|--|----------------------------|
| Net Position - Governmental Activities (Exhibit A) | <u><u>\$ 9,202,076</u></u> |
|--|----------------------------|

**SCOTIA COMMUNITY SERVICES DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
For the Year Ended June 30, 2022

**Reconciliation:**

Net Change in Fund Balance - Total Governmental Funds (Exhibit D) \$ 14,841

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

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 as depreciation expense as follows:

|                            |          |
|----------------------------|----------|
| Capital Outlay Expense     | 60,245   |
| Contributed Capital Assets | 455,510  |
| Depreciation Expense       | (41,102) |
| Amortization of Loan Costs | (3,800)  |

The repayment of principal of long-term debt consumes current financial resources, and therefore, is reported as debt service principal payments in the governmental funds. However, these payments have no impact on net position, and therefore, are not reported in the statement of activities as follows:

|                        |        |
|------------------------|--------|
| Debt Service Principal | 56,000 |
|------------------------|--------|

|  |            |
|--|------------|
| Change in Net Position - Governmental Activities (Exhibit B) | \$ 541,694 |
|--|------------|

**SCOTIA COMMUNITY SERVICES DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
June 30, 2022

|  | <u>Water<br/>Activities</u> | <u>Sewer<br/>Activities</u> | <u>Total</u>         |
|--|-----------------------------|-----------------------------|----------------------|
| <b>ASSETS</b>  |                             |                             |                      |
| Current Assets   |                             |                             |                      |
| Cash and Cash Equivalents                                | \$ 730,514                  | \$ 1,858,185                | \$ 2,588,699         |
| Restricted Cash  | 8,782                       | 8,782                       | 17,564               |
| Accounts Receivable                                      | 70,175                      | 104,481                     | 174,656              |
| Prepaid Insurance  | -                           | -                           | -                    |
|  | <hr/>                       | <hr/>                       | <hr/>                |
| Total Current Assets                                     | 809,471                     | 1,971,448                   | 2,780,919            |
| Construction in Progress                                 | 22,719                      | -                           | 22,719               |
| Total Capital Assets, Net of<br>Accumulated Depreciation | <hr/>                       | <hr/>                       | <hr/>                |
|  | 4,581,042                   | 3,254,405                   | 7,835,447            |
| Total Assets   | <hr/>                       | <hr/>                       | <hr/>                |
|  | 5,413,232                   | 5,225,853                   | 10,639,085           |
| <b>LIABILITIES</b>                                       |                             |                             |                      |
| Current Liabilities                                      |                             |                             |                      |
| Accounts Payable   | 13,194                      | 3,646                       | 16,840               |
| Customer Deposits  | 8,451                       | 8,451                       | 16,902               |
| Credit Card Payable                                      | -                           | 11,869                      | 11,869               |
| Payroll Liabilities                                      | -                           | 7                           | 7                    |
| Deferred Grant   | 300,000                     | -                           | 300,000              |
|  | <hr/>                       | <hr/>                       | <hr/>                |
| Total Current Liabilities                                | 321,645                     | 23,973                      | 345,618              |
| Total Liabilities  | <hr/>                       | <hr/>                       | <hr/>                |
|  | 321,645                     | 23,973                      | 345,618              |
| <b>NET POSITION</b>                                      |                             |                             |                      |
| Net Investment in Capital Assets                         | 4,603,761                   | 3,254,405                   | 7,858,166            |
| Restricted   | 8,782                       | 8,782                       | 17,564               |
| Unrestricted   | 479,044                     | 1,938,693                   | 2,417,737            |
|  | <hr/>                       | <hr/>                       | <hr/>                |
| Total Net Position                                       | <u>\$ 5,091,587</u>         | <u>\$ 5,201,880</u>         | <u>\$ 10,293,467</u> |

The accompanying notes are an integral part of these financial statements

**SCOTIA COMMUNITY SERVICES DISTRICT**  
**Statement Of Revenues, Expenses, And Changes In Fund Net Position**  
**Proprietary Funds**  
For the Year Ended June 30, 2022

|  | <u>Water</u>            | <u>Sewer</u>            | <u>Total</u>             |
|--|-------------------------|-------------------------|--------------------------|
| <b>OPERATING REVENUES</b>                |                         |                         |                          |
| Treated Water Sales                      | \$ 486,381              | \$ -                    | \$ 486,381               |
| Raw Water Sales                          | 45,555                  | -                       | 45,555                   |
| Sewer Charges                            | -                       | 818,260                 | 818,260                  |
| Other Operating Revenue                  | <u>31,093</u>           | <u>26,226</u>           | <u>57,319</u>            |
| Total Operating Revenues                 | <u>563,029</u>          | <u>844,486</u>          | <u>1,407,515</u>         |
| <b>OPERATING EXPENSES</b>                |                         |                         |                          |
| Personnel Expenses                       | 61,727                  | 105,784                 | 167,511                  |
| Lab Testing and Monitoring               | 1,867                   | 30,222                  | 32,089                   |
| Professional Fees                        | 9,963                   | 25,481                  | 35,444                   |
| Other Contract Services                  | 2,340                   | 9,445                   | 11,785                   |
| Fees and Permits                         | 3,562                   | 7,571                   | 11,133                   |
| Insurance                                | 34,204                  | 29,944                  | 64,148                   |
| Operating Supplies                       | 1,552                   | 2,626                   | 4,178                    |
| Chemical Supplies                        | 17,265                  | 6,213                   | 23,478                   |
| Electrical                               | 137,667                 | 28,032                  | 165,699                  |
| Repairs and Maintenance                  | 3,487                   | 10,585                  | 14,072                   |
| Log Pond Maintenance                     | -                       | 1,500                   | 1,500                    |
| Travel, Training and Meetings            | 174                     | 224                     | 398                      |
| Vehicle Expenses                         | 2,738                   | 2,509                   | 5,247                    |
| Utilities and Communications             | 5,596                   | 4,335                   | 9,931                    |
| Administrative Costs Allocation          | 126,468                 | 110,659                 | 237,127                  |
| Depreciation                             | <u>131,442</u>          | <u>79,764</u>           | <u>211,206</u>           |
| Total Operating Expenses                 | <u>540,052</u>          | <u>454,894</u>          | <u>994,946</u>           |
| Operating Income                         | <u>22,977</u>           | <u>389,592</u>          | <u>412,569</u>           |
| <b>NON-OPERATING REVENUES (EXPENSES)</b> |                         |                         |                          |
| Contributed Capital Assets               | 728,421                 | 914,445                 | 1,642,866                |
| Operating Transfer In (Out)              | <u>(5,107)</u>          | <u>(4,468)</u>          | <u>(9,575)</u>           |
| Total Non-Operating Revenues (Expenses)  | 723,314                 | 909,977                 | 1,633,291                |
| Net Income                               | 746,291                 | 1,299,569               | 2,045,860                |
| <b>NET POSITION</b>                      |                         |                         |                          |
| Beginning of Year                        | 4,217,185               | 3,804,303               | 8,021,488                |
| Prior Period Adjustment                  | 128,111                 | 98,007                  | 226,118                  |
| Rounding                                 | -                       | 1                       | 1                        |
| End of Year                              | <u><u>5,091,587</u></u> | <u><u>5,201,880</u></u> | <u><u>10,293,467</u></u> |

The accompanying notes are an integral part of these financial statements

**SCOTIA COMMUNITY SERVICES DISTRICT**  
**Statement Of Cash Flows**  
**Proprietary Funds**  
For the Year Ended June 30, 2022

|  | <u>Water</u>             | <u>Sewer</u>               | <u>Total</u>               |
|--|--------------------------|----------------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |                          |                            |                            |
| Cash Received from Customers and Users                               | \$ 561,319               | \$ 831,811                 | \$ 1,393,130               |
| Cash Paid for Goods and Services                                     | (348,144)                | (271,235)                  | (619,379)                  |
| Cash Paid for Contract Employees                                     | (59,309)                 | (90,360)                   | (149,669)                  |
| Net Cash Provided by Operating Activities                            | <u>153,866</u>           | <u>470,216</u>             | <u>624,082</u>             |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>              |                          |                            |                            |
| Transfers to Other Funds   | <u>122,674</u>           | <u>93,870</u>              | <u>216,544</u>             |
| Net Cash Provided by Non-Capital Financing Activities                | <u>122,674</u>           | <u>93,870</u>              | <u>216,544</u>             |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>      |                          |                            |                            |
| Acquisition of Capital Assets  | <u>(41,095)</u>          | <u>(84,475)</u>            | <u>(125,570)</u>           |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(41,095)</u>          | <u>(84,475)</u>            | <u>(125,570)</u>           |
| Net Increase in Cash and Cash Equivalents                            | 235,445                  | 479,611                    | 715,056                    |
| Cash and Cash Equivalents - Beginning of Year                        | <u>503,851</u>           | <u>1,387,356</u>           | <u>1,891,207</u>           |
| Cash and Cash Equivalents - End of Year                              | <u><u>\$ 739,296</u></u> | <u><u>\$ 1,866,967</u></u> | <u><u>\$ 2,606,263</u></u> |

The accompanying notes are an integral part of these financial statements

**SCOTIA COMMUNITY SERVICES DISTRICT**  
**Statement Of Cash Flows**  
**Proprietary Funds**  
For the Year Ended June 30, 2022

|  | <u>Water</u>      | <u>Sewer</u>      | <u>Total</u>      |
|--|-------------------|-------------------|-------------------|
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b> |                   |                   |                   |
| Operating Income   | \$ 22,977         | \$ 389,592        | \$ 412,569        |
| Adjustment to Reconcile Operating Income to Net Cash Provided By Operating Activities: |                   |                   |                   |
| Depreciation   | 131,442           | 79,764            | 211,206           |
| (Increase) Decrease in:  |                   |                   |                   |
| Accounts Receivable  | (5,235)           | (12,675)          | (17,910)          |
| Prepaid Expenses   | 3,525             | 3,525             | 7,050             |
| Increase (Decrease) in:  |                   |                   |                   |
| Accounts Payable   | (2,391)           | (5,414)           | (7,805)           |
| Accrued Liabilities  | -                 | 11,869            | 11,869            |
| Accrued Payroll  | 2,418             | 2,425             | 4,843             |
| Customer Deposits  | 1,130             | 1,130             | 2,260             |
| Total Adjustments  | <u>130,889</u>    | <u>80,624</u>     | <u>211,513</u>    |
| Net Cash Provided by Operating Activities  | <u>\$ 153,866</u> | <u>\$ 470,216</u> | <u>\$ 624,082</u> |

The accompanying notes are an integral part of these financial statements



**NOTES TO FINANCIAL STATEMENTS**

**SCOTIA COMMUNITY SERVICES DISTRICT**  
**Notes to Financial Statements**  
June 30, 2022

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The Scotia Community Services District was formed in 2014 under Government Code 61000 to provide water, wastewater, parks and recreation, limited streets and street lighting, and storm drainage services to the community of Scotia.

The District is governed by a board of five directors elected at large from the area within the District's boundaries.

In May 2017, the Board approved the Asset Transfer and Transition Agreement with the Town of Scotia. Real property assets were transferred from the Town of Scotia to the District at no cost. These included the following:

- Water treatment facilities and river intake and distribution system infrastructure
- Wastewater treatment facilities and collection system and discharge infrastructure
- Parks and recreation facilities (Museum, Winema Theatre, Fireman's Park, carpenter shop, and Scotia Soccer Field and Community Forest.
- Streets and street lighting
- Storm drainage infrastructure

In addition to the real property, Town of Scotia also contributed \$155,000 for a contingency fund and purchase of office equipment. Town of Scotia also pre-paid water and sewer utilities in advance to facilitate the transfer.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the options to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

**SCOTIA COMMUNITY SERVICES DISTRICT**  
**Notes to Financial Statements**  
June 30, 2022

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Reporting Entity**

There are no significant activities or organizations over which the District has financial accountability which would require inclusion in the financial statements. Other entities operate within the District's boundaries. The following criteria were used to include or exclude other entities:

1. Simple Accountability:

The District's ability to appoint a voting majority of the other entities' governing board and, either:

- a. The District's ability to impose its will on the other entity, or
- b. The existence of a financial benefit or burden consideration between the other entity and the District

2. Fiscal dependency of the other entity upon the District.

**C. Financial Statement Measurement Focus, Basis of Accounting and Presentation**

The District is a multi-function special purpose government that uses separate funds to account for the transactions related to each of its distinct functions. Separate financial statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements. The District has no non-major funds.

The District uses a governmental fund to account for the activities of its various parks and recreation properties, streets and street lighting, and storm drainage infrastructure, while it uses proprietary funds to account for its water and sewer activities.

The district-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual method of accounting. Under this method of accounting, revenues are recognized when earned and measurable and expenses are recognized when the related liabilities are incurred. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. In general, the District considers most revenue items measurable and available only when cash is received. Typically, the revenues subject to accrual are charges for services, interest income, and intergovernmental revenues. Expenditures are recorded when the related liability is incurred.

## SCOTIA COMMUNITY SERVICES DISTRICT

## Notes to Financial Statements

June 30, 2022

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****D. Cash and Cash Equivalents**

Cash and cash equivalents for purposes of the statement of cash flows includes amounts in demand deposits as well as short-term investments with an original maturity date of three months or less.

**E. Capital Assets**

Capital assets, which include property, plant, equipment, vehicles and infrastructure assets, are reported in the applicable governmental or business-type activities column in the district-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are recorded at cost or estimated historical cost if actual historical cost is not available. Donated assets are recorded at their fair market value on the date donated. The District has an informal capitalization threshold of \$2,500. Improvements are capitalized, while the cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset's life are recorded as expenses in the period incurred. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

|                            |               |
|----------------------------|---------------|
| Water System               | 40 Years      |
| Sewer System               | 40 Years      |
| Other Equipment            | 5 to 10 Years |
| Vehicles                   | 5 Years       |
| Buildings and Improvements | 40 Years      |

**F. Charges for Services**

Charges for services result from the District providing water and sewer services to District residents.

**G. Net Position**

The government-wide financial statements utilize a net position presentation. Net position categories are as follows:

- **Net Investment in Capital Assets** – Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, and reduced by debt balances outstanding or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** – Restricted consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through Enabling legislation.
- **Unrestricted** – Unrestricted consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted components of net position.

**SCOTIA COMMUNITY SERVICES DISTRICT**  
**Notes to Financial Statements**  
June 30, 2022

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Fund Balance**

The financial statements, governmental funds report fund balance as non-spendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

- **Non-spendable fund balance** -amounts that cannot be spent because they are either (a) not Spendable in form or (b) legally or contractually required to be maintained intact.
- **Restricted fund balance** – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.
- **Committed fund balance** -amounts that can only be used for specific purposes determined By formal action of the District’s highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** – amounts that are constrained by the District’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned fund balance** – the residual classification for the District’s general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board of Directors established, modifies, or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, followed by the unrestricted, committed, assigned, and unassigned resources as they are needed.

**I. Inventory**

The District does not maintain a supplies inventory. Supplies are purchased as needed and expensed when purchased.

**SCOTIA COMMUNITY SERVICES DISTRICT**  
**Notes to Financial Statements**  
June 30, 2022

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Policy for Defining Operating and Non-operating Revenues**

Operating revenues consist of customer fees for water and sewer services and operating expenses consist of expenses related to providing such services. Non-operating revenues consist of other revenues and expenses such as interest, grants, and government support.

**K. Use of Estimates**

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

**L. Inter-fund Activity**

Authorized transfers between funds are treated as interfund transfers and included in the results of operations of both governmental and proprietary funds. Cash collected or payments made by one fund on behalf of another fund are treated as short-term interfund loans that affect only the statement of net assets of the funds involved. Interfund loan balances are reported in fund financial statements. Interfund loan balances between similar fund types are eliminated in the district-wide Statement of Net Position while interfund loan balances between governmental and business-type funds are reported in the district-wide Statement of Net Position.

During the fiscal year ended June 30, 2022, the District made inter-fund transfers as detailed at Note 9.

**NOTE 2 — CASH AND INVESTMENTS**

Cash and investments as of June 30, 2022, are classified as follows:

|                      | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>        |
|----------------------|------------------------------------|-------------------------------------|---------------------|
| Cash and Investments | \$ 975,541                         | \$ 2,588,699                        | \$ 3,564,240        |
| Cash - Restricted    | -                                  | 17,564                              | 17,564              |
|                      | <u>\$ 975,541</u>                  | <u>\$ 2,606,263</u>                 | <u>\$ 3,581,804</u> |

**SCOTIA COMMUNITY SERVICES DISTRICT**  
**Notes to Financial Statements**  
June 30, 2022

**NOTE 3 — CAPITAL ASSETS**

Depreciation expense was charged to various functions at June 30, 2022, as follows:

|                                |            |
|--------------------------------|------------|
| Governmental Activities:       |            |
| Parks and Recreation           | \$ 41,102  |
|                                |            |
| Business-type Activities:      |            |
| Water Fund                     | \$ 131,442 |
| Wastewater Fund                | 79,764     |
| Total Business-type Activities | \$ 211,206 |
|                                |            |
| Total Depreciation Expense     | \$ 252,308 |

The following is a summary of capital assets for the year ended June 30, 2022:

|   | June 30, 2022        |           |           |                       | Ending<br>Balance |
|---|----------------------|-----------|-----------|-----------------------|-------------------|
|   | Beginning<br>Balance | Additions | Deletions | Contributed<br>Assets |                   |
| <u>GOVERNMENTAL</u>                         |                      |           |           |                       |                   |
| Capital Assets Not Being Depreciated        |                      |           |           |                       |                   |
| Land  | \$ 7,818,300         | \$ -      | \$ -      | \$ -                  | \$ 7,818,300      |
| Total Capital Assets, Not Being Depreciated | 7,818,300            | -         | -         | -                     | 7,818,300         |
|   |                      |           |           |                       |                   |
| Other Capital Assets                        |                      |           |           |                       |                   |
| Office Building                             | 220,000              | -         | -         | -                     | 220,000           |
| Office Building Improvements                | 20,365               | -         | -         | -                     | 20,365            |
| Office Equipment                            | 7,825                | -         | -         | -                     | 7,825             |
| Museum                                      | 95,020               | -         | -         | -                     | 95,020            |
| Museum Improvements                         | 3,140                | -         | -         | -                     | 3,140             |
| Park Gate Automatic                         | 14,151               | -         | -         | -                     | 14,151            |
| Theatre                                     | 156,548              | -         | -         | -                     | 156,548           |
| Carpenter Shop                              | 221,195              | -         | -         | -                     | 221,195           |
| 2019 Ford Truck                             | 5,430                | -         | -         | -                     | 5,430             |
| Park Fields Improvements                    | 24,366               | -         | -         | -                     | 24,366            |
| Equipment                                   | 5,286                | -         | -         | -                     | 5,286             |
| 2021 Improvements                           | 252,371              | -         | -         | -                     | 252,371           |
| 2022 Improvements/ Phase 3                  | -                    | 60,245    | -         | 455,510               | 515,755           |
| Total Other Capital Assets                  | 1,025,697            | 60,245    | -         | 455,510               | 1,541,452         |
| Less: Accumulated Depreciation              | (84,594)             | (41,102)  | -         | -                     | (125,696)         |
| Capital Assets, Net                         | \$ 8,759,403         | \$ 19,143 | \$ -      | \$ 455,510            | \$ 9,234,056      |

**SCOTIA COMMUNITY SERVICES DISTRICT**  
**Notes to Financial Statements**  
June 30, 2022

**NOTE 3 — CAPITAL ASSETS (Continued)**

|   | June 30, 2022              |                            |                    |                          |                            |
|---|----------------------------|----------------------------|--------------------|--------------------------|----------------------------|
|   | Beginning<br>Balance       | Additions                  | Deletions          | Contributed<br>Assets    | Ending<br>Balance          |
| <b>WATER</b>                                |                            |                            |                    |                          |                            |
| Water Facility                              | \$ 504,000.00              | \$ -                       | \$ -               | \$ -                     | \$ 504,000                 |
| Distribution Lines                          | 1,400,000                  | -                          | -                  | -                        | 1,400,000                  |
| Office Equipment                            | 716                        | -                          | -                  | -                        | 716                        |
| Raw Water Tank                              | 916,200                    | -                          | -                  | -                        | 916,200                    |
| Treated Water Tank                          | 573,000                    | -                          | -                  | -                        | 573,000                    |
| Fire Water Tanks                            | 229,050                    | -                          | -                  | -                        | 229,050                    |
| River Intake Pumps                          | 30,400                     | -                          | -                  | -                        | 30,400                     |
| River Intake Structure                      | 625,000                    | -                          | -                  | -                        | 625,000                    |
| River Pump House                            | 100,000                    | -                          | -                  | -                        | 100,000                    |
| 2019 Ford Truck                             | 16,292                     | -                          | -                  | -                        | 16,292                     |
| Equipment                                   | 6,526                      | -                          | -                  | -                        | 6,526                      |
| CIP (Corridor Phase)                        | 10,000                     | -                          | -                  | -                        | 10,000                     |
| 2022 equipment/ Phase 3                     | -                          | 18,375                     | -                  | 728,422                  | 746,797                    |
| Total Other Capital Assets                  | <u>4,411,184</u>           | <u>18,375</u>              | <u>-</u>           | <u>728,422</u>           | <u>5,157,981</u>           |
| Less: Accumulated Depreciation              | <u>(445,497)</u>           | <u>(131,442)</u>           | <u>-</u>           | <u>-</u>                 | <u>(576,939)</u>           |
| Capital Assets, Net                         | <u><b>\$ 3,965,687</b></u> | <u><b>\$ (113,067)</b></u> | <u><b>\$ -</b></u> | <u><b>\$ 728,422</b></u> | <u><b>\$ 4,581,042</b></u> |
| <b>SEWER</b>                                |                            |                            |                    |                          |                            |
| June 30, 2022                               |                            |                            |                    |                          |                            |
|   | Beginning<br>Balance       | Additions                  | Deletions          | Contributed<br>Assets    | Ending<br>Balance          |
| Capital Assets Not Being Depreciated        |                            |                            |                    |                          |                            |
| Land (Log Pond)                             | \$ 419,197                 | \$ -                       | \$ -               | \$ -                     | \$ 419,197                 |
| Total Capital Assets, Not Being Depreciated | <u>419,197</u>             | <u>-</u>                   | <u>-</u>           | <u>-</u>                 | <u>419,197</u>             |
| Other Capital Assets                        |                            |                            |                    |                          |                            |
| Waste Disposal Facilities                   | 240,700                    | -                          | -                  | -                        | 240,700                    |
| Fencing                                     | 15,342                     | -                          | -                  | -                        | 15,342                     |
| Generator and Propane Tank                  | 30,088                     | -                          | -                  | -                        | 30,088                     |
| Vehicles                                    | 15,476                     | -                          | -                  | -                        | 15,476                     |
| Collection System                           | 109,720                    | -                          | -                  | -                        | 109,720                    |
| Wastewater Distribution Lines               | 84,960                     | -                          | -                  | -                        | 84,960                     |
| Collection Lines                            | 1,400,000                  | -                          | -                  | -                        | 1,400,000                  |
| Office Equipment                            | 1,500                      | -                          | -                  | -                        | 1,500                      |
| 2019 Ford Truck                             | 14,482                     | -                          | -                  | -                        | 14,482                     |
| Equipment                                   | 11,116                     | -                          | -                  | -                        | 11,116                     |
| Primary Clarifier                           | 192,144                    | -                          | -                  | -                        | 192,144                    |
| 2022 equipment/ Phase 3                     | -                          | 84,475                     | -                  | 914,445                  | 998,920                    |
| Total Other Capital Assets                  | <u>2,115,528</u>           | <u>84,475</u>              | <u>-</u>           | <u>914,445</u>           | <u>3,114,448</u>           |
| Less: Accumulated Depreciation              | <u>(199,477)</u>           | <u>(79,764)</u>            | <u>-</u>           | <u>-</u>                 | <u>(279,241)</u>           |
| Capital Assets, Net                         | <u><b>\$ 2,335,248</b></u> | <u><b>\$ 4,711</b></u>     | <u><b>\$ -</b></u> | <u><b>\$ 914,445</b></u> | <u><b>\$ 3,254,404</b></u> |



## SCOTIA COMMUNITY SERVICES DISTRICT

## Notes to Financial Statements

June 30, 2022

**NOTE 4 — LONG TERM DEBT**

The District received a loan through Umpqua Bank for \$1,171,000 at 2.98% interest with payments beginning 4/1/2020 for future ADA improvements to public buildings in Scotia. The maturity date is October 2036. Payments are due April 1 and October 1 each year.

The following are principal and interest requirements for the next five years until the maturity date:

| Years Ending<br><u>June 30</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|--------------------------------|---------------------|-------------------|---------------------|
| 2023                           | 58,000              | 30,381            | 88,381              |
| 2024                           | 60,000              | 28,638            | 88,638              |
| 2025                           | 62,000              | 26,835            | 88,835              |
| 2026                           | 63,000              | 24,987            | 87,987              |
| 2027                           | 65,000              | 23,095            | 88,095              |
| 2027-2031                      | 355,000             | 85,005            | 440,005             |
| 2032-2036                      | <u>371,000</u>      | <u>28,236</u>     | <u>399,236</u>      |
| Total                          | <u>\$ 1,034,000</u> | <u>\$ 247,177</u> | <u>\$ 1,281,177</u> |

**NOTE 5 – PENSION PLAN AND EMPLOYEE BENEFIT TRUST**

The District adopted The Scotia Community Services District Public Agency Retirement Services (PARS) Defined Contribution Plan (the Plan) effective September 1, 2018 for the benefit of its eligible employees to provide retirement benefits to the employees. The Plan and Trust were established to hold assets of the Plan which qualifies under Section 401(a) as a governmental profit-sharing plan.

It is the intention of the employer to make contributions to the Plan equal to 7% of compensation. Such contributions will be made before the close of the Plan Year and be allocated to each participant in the ratio that each participant's compensation bears to the compensation of all participants. The employee will make mandatory contributions equal to 7% of compensation.

The employees are fully vested in their employee contribution account. Vesting in the employer contribution account occurs within 5 years of service with the employer. Should an employee terminate before being fully vested, they shall forfeit that portion of their account in which they are not vested.

Total retirement plan contribution expense for 2022 was \$7,868.

**SCOTIA COMMUNITY SERVICES DISTRICT**  
**Notes to Financial Statements**  
 June 30, 2022

**NOTE 6 — PARTICIPATION IN INSURANCE AUTHORITIES**

The District is a member of the Special District Risk Management Authority (SDRMA). SDRMA is a not-for-profit public agency formed under California Government Code and provides a full-service risk management program for California’s local governments. SDRMA provides comprehensive property, liability, and workers compensation protection. Each member organization pays a premium based on the level of coverage requested. Rates and/or premiums are reviewed and established annually by SDRMA’s Board of Directors. Member organizations share surpluses and deficits proportionately to their participation in the SDRMA. Each entity has an equal voice in the selection of SDRMA’s Board of Directors.

A summary of coverage under this arrangement for the fiscal year ended June 30, 2022 is as follows:

|   |                                       |
|---|---------------------------------------|
| General liability and auto bodily injury and property damage coverage | \$2.5 million per occurrence/accident |
| Public Officials personal   | \$500,000 per occurrence              |
| Errors & Omissions  | \$2.5 million per occurrence          |
| Employee/Public Officials Dishonesty                                  | \$1 million per occurrence            |
| Property Pollution  | \$2 million per occurrence            |
| Public Officials Personal liability coverage                          | \$500,000 per occurrence              |
| Employment Practices Aliability                                       | \$2.5 million per occurrence          |
| Employment Benefits   | \$2.5 million per occurrence          |
| Property Loss   | \$1 billion per occurrence            |
| Boiler & Machinery  | \$100 million per occurrence          |

**NOTE 7 – CONCENTRATIONS**

The District maintains cash balances at two financial institutions. Accounts in the aggregate are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. At June 30, 2022, uninsured cash balances were \$1,656,812.

**SCOTIA COMMUNITY SERVICES DISTRICT**  
**Notes to Financial Statements**  
 June 30, 2022

**NOTE 8 — SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 12, 2022, the date the financial statements were available to be issued.

The Town of Scotia, LLC is improving the infrastructure throughout the town in multiple phases. In August 2018, Phase 2 was completed and additional distribution and collection lines for water and sewer with an estimated fair market value of \$1,600,000 were transferred to the District. Phase III was completed in 2022, with the Town of Scotia, LLC transferring infrastructure valued at \$2,098,376 to the District.

The District is in the process of recalculating previously billed late fees over the past 3 years. This adjustment will be completed in FY 2023. The total late fee adjustment is \$50,866 recorded in November 2022.

**NOTE 9 — OPERATING TRANSFERS**

During the year ended June 30, 2022, the District made operating transfers to cover the allocable costs of the building acquired for use as the District’s Administrative office. The allocations were based on estimates generated by project engineers in the District’s original budgeting process. A summary of the items and amounts are as follows:

|  |        |                         |
|--|--------|-------------------------|
| Capital Outlay - Building Improvements | \$     | -                       |
| Debt Service Payments - Interest       |        | 4,647                   |
| Debt Service Payments - Principal      |        | <u>8,120</u>            |
| <br>Total Allocable Expenditures       | <br>\$ | <br>12,767              |
| <br>Allocated to Water Fund - 40%      | <br>\$ | <br>5,107               |
| <br>Allocated to Sewer Fund - 35%      |        | <br><u>4,468</u>        |
| <br>Total Interfund Transfers          | <br>\$ | <br><u><u>9,575</u></u> |

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCOTIA COMMUNITY SERVICE DISTRICT**  
**Budgetary Comparison Schedule**  
**Budget and Actual - Governmental Funds**  
**For the Year Ended June 30, 2022**

|   | Original<br>Budget | Revised<br>Budget   | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|---------------------|-------------------|--|
| <b>REVENUES</b>   |                    |                     |                   |  |
| Rental Income   | \$ 4,500           | \$ 4,500            | \$ 3,787          | \$ (713)                               |
| Benefit Assessments   | 249,658            | 249,658             | 274,809           | 25,151                                 |
| Interest Income   | 1,300              | 1,300               | 5,935             | 4,635                                  |
| Late fees   | 5,000              | 5,000               | 17,645            | 12,645                                 |
| Miscellaneous   | 200                | 200                 | -                 | (200)                                  |
|   | -                  | -                   | -                 | -                                      |
| Total Revenues  | <u>260,658</u>     | <u>260,658</u>      | <u>302,176</u>    | <u>41,518</u>                          |
| <b>EXPENDITURES</b>   |                    |                     |                   |  |
| Current Expenditures:   |                    |                     |                   |  |
| General and Administrative  |                    |                     |                   |  |
| Legal   | 2,520              | 2,520               | -                 | 2,520                                  |
| Auditor   | 2,040              | 2,040               | -                 | 2,040                                  |
| Board Stipend   | 420                | 420                 | -                 | 420                                    |
| Bookkeeping   | 600                | 600                 | -                 | 600                                    |
| IT Services   | 120                | 120                 | -                 | 120                                    |
| Engineering   | 10,700             | 10,700              | -                 | 10,700                                 |
| Personnel Staff & Benefits  | 27,000             | 27,000              | 13,880            | 13,120                                 |
| Allocated Admin Costs   | 34,500             | 34,500              | 79,042            | (44,542)                               |
| Materials and Services  |                    |                     |                   |  |
| Permits, Licenses, Dues, Publications   | 3,400              | 3,400               | 1,399             | 2,001                                  |
| General Supplies, Lab, Monitoring   | 9,500              | 9,500               | 790               | 8,710                                  |
| Utilities- Communications   | 21,000             | 21,000              | 3,743             | 17,257                                 |
| General Maintenance & Repairs   | 4,600              | 4,600               | 3,774             | 826                                    |
| Liability Insurance   | 22,875             | 22,875              | 21,298            | 1,577                                  |
| Electrical  | 21,500             | 21,500              | 16,855            | 4,645                                  |
| Contracted Maintenance Services   | 14,000             | 14,000              | 6,824             | 7,176                                  |
| Travel, Training, Meetings  | 2,000              | 2,000               | -                 | 2,000                                  |
| Other   | 7,250              | 7,250               | 1,429             | 5,821                                  |
| Office Supplies   | 5,000              | 5,000               | -                 | 5,000                                  |
| Total Current Expenditures  | <u>189,025</u>     | <u>189,025</u>      | <u>149,034</u>    | <u>39,991</u>                          |
| Other Expenditures  |                    |                     |                   |  |
| Annual Debt Service   | 35,000             | 35,000              | 31,634            | 3,366                                  |
| Note Payable Principal  | -                  | -                   | 56,000            | (56,000)                               |
| Transfer to Reserve Fund  | 33,650             | 33,650              | -                 | 33,650                                 |
| Transfer to Equipment Replacement   | 7,500              | 7,500               | -                 | 7,500                                  |
| Total Other Expenditures  | <u>76,150</u>      | <u>76,150</u>       | <u>87,634</u>     | <u>(11,484)</u>                        |
| Non-Current Expenditures:   |                    |                     |                   |  |
| Capital Outlay  | 666,000            | 666,000             | 60,245            | 605,755                                |
|   | -                  | -                   | -                 | -                                      |
| Total Expenditures  | <u>931,175</u>     | <u>931,175</u>      | <u>296,913</u>    | <u>634,262</u>                         |
| Excess (Deficiency) of Revenues Over Expenditures                               | (670,517)          | (670,517)           | 5,263             | 675,780                                |
| Operating Transfers   | -                  | -                   | 9,575             | 9,575                                  |
| Excess (Deficiency) of Revenue and Other Transfers<br>Over (Under) Expenditures | -                  | <u>\$ (670,517)</u> | <u>14,838</u>     | <u>\$ 685,355</u>                      |
| <b>FUND BALANCE - Beginning</b>   |                    |                     | 1,161,055         |  |
| <b>PRIOR PERIOD ADJUSTMENT</b>  |                    |                     | (226,118)         |  |
| <b>FUND BALANCE - Ending</b>  |                    |                     | <u>\$ 949,775</u> |  |