



AGENDA

Please turn off all cell phones while meeting is in progress.

STALLION SPRINGS COMMUNITY SERVICES DISTRICT
27800 STALLION SPRINGS DRIVE, TEHACHAPI, CA 93561

BOARD OF DIRECTORS SPECIAL BOARD MEETING
TUESDAY, JANUARY 19, 2021 @ 5:00 PM

**Due to the COVID-19 Virus this meeting will be held via zoom:
if you wish to attend virtually please contact the
CSD office at 661-822-3268 for information.**

1. Presentation of the Fiscal Year 2019/2020 Audit presented by Paul Kaymark with Nigro & Nigro.

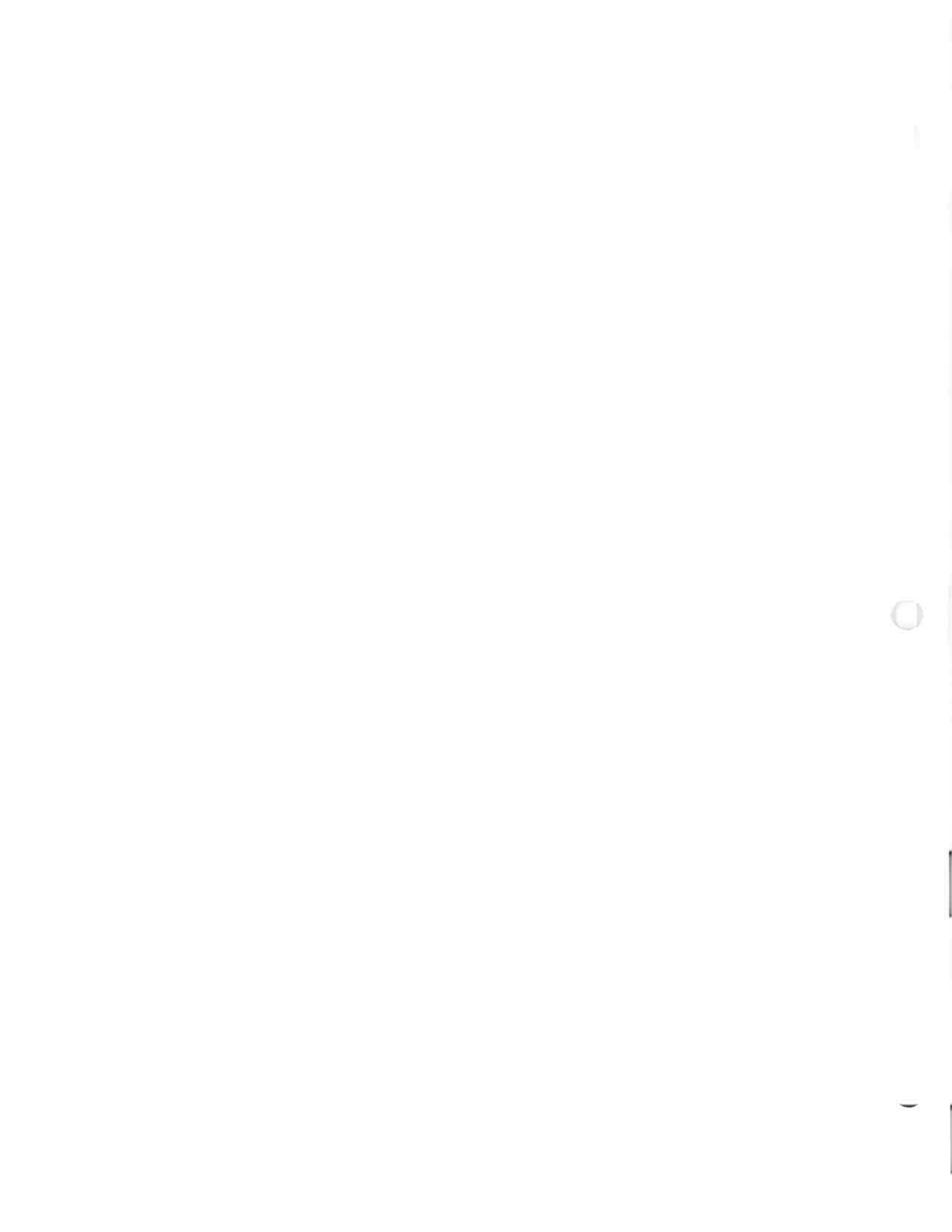
BOARD OF DIRECTORS REGULAR BOARD MEETING
TUESDAY, JANUARY 19, 2021 @ 6:00 PM

1. **Flag Salute:**
2. **Call to Order:**
3. **Roll Call:**

Directors present:

Directors absent:

4. **Reserved for President's Comments and Addendum.**
5. **PUBLIC PRESENTATIONS** – This portion of the meeting is reserved for persons desiring to address the Board on any matter not on this agenda and over which this Board has jurisdiction. "Please be advised however, the Brown Act prohibits action on items that are not listed on the Agenda, or properly added to the Agenda under the provisions of the Brown Act. The Board may set such items for consideration at some future Board meeting." Speakers are



limited to three (3) minutes. PLEASE STEP TO THE PODIUM TO MAKE YOUR PRESENTATION. STATE YOUR NAME AND ADDRESS FOR THE RECORD, before making your presentation. Thank you.

6. **BOARD MEMBER ITEMS** – This portion of the meeting is reserved for Directors to present to the Board and to the public, information, announcements and items that have come to their attention. No formal action will be taken. A Board member may request that an item be placed, for consideration, at a future Board meeting.
7. Approval of the Fiscal Year 2019/2020 Audit.
8. Appointment of Director Barry Leslie.
9. Interview candidates and appoint an individual to serve on the Board to fill the vacant position.
10. Approval of Resolution No. 2021-01, A Resolution of the Board of Directors of the Stallion Springs Community Services District adopting the updated Multi-Jurisdiction Hazard Mitigation Plan.
11. Approval of the November 17, 2020 Regular Board Meeting Minutes and the December 4, 2020 Special Board Meeting Minutes.
12. Approval of Checks for November and December 2020 and the CalPERS Retirement Payments.
13. Financial Reports.
14. Police Report.
15. General Manager's Report.





STALLION SPRINGS COMMUNITY SERVICES DISTRICT

27800 STALLION SPRINGS DRIVE, TEHACHAPI, CA 93561
(661) 822-3268, FAX (661) 822-1878, sscsd@stallionspringscsd.com

AGENDA SUPPORTING INFORMATION

Agenda #1

Subject: Presentation of the Fiscal Year 2019/2020 Audit.

Submitted by: Vanessa Stevens, General Manager

Meeting Date: January 19, 2021

Background: Each year, as required by law, the District has an independent auditor provide an audit report for the Districts operations.

This year Paul Kaymark with Nigro & Nigro will present the audit for Fiscal Year 2019/2020.

Please listen as Paul presents pertinent information and feel free to ask him any questions in regard to the financial situation of the District.



STALLION SPRINGS COMMUNITY SERVICES DISTRICT

27800 STALLION SPRINGS DRIVE, TEHACHAPI, CA 93561
(661) 822-3268, FAX (661) 822-1878, sscsd@stallionspringscsd.com

AGENDA SUPPORTING INFORMATION

Agenda #7

Subject: Approval of the Fiscal Year 2019/2020 Audit.

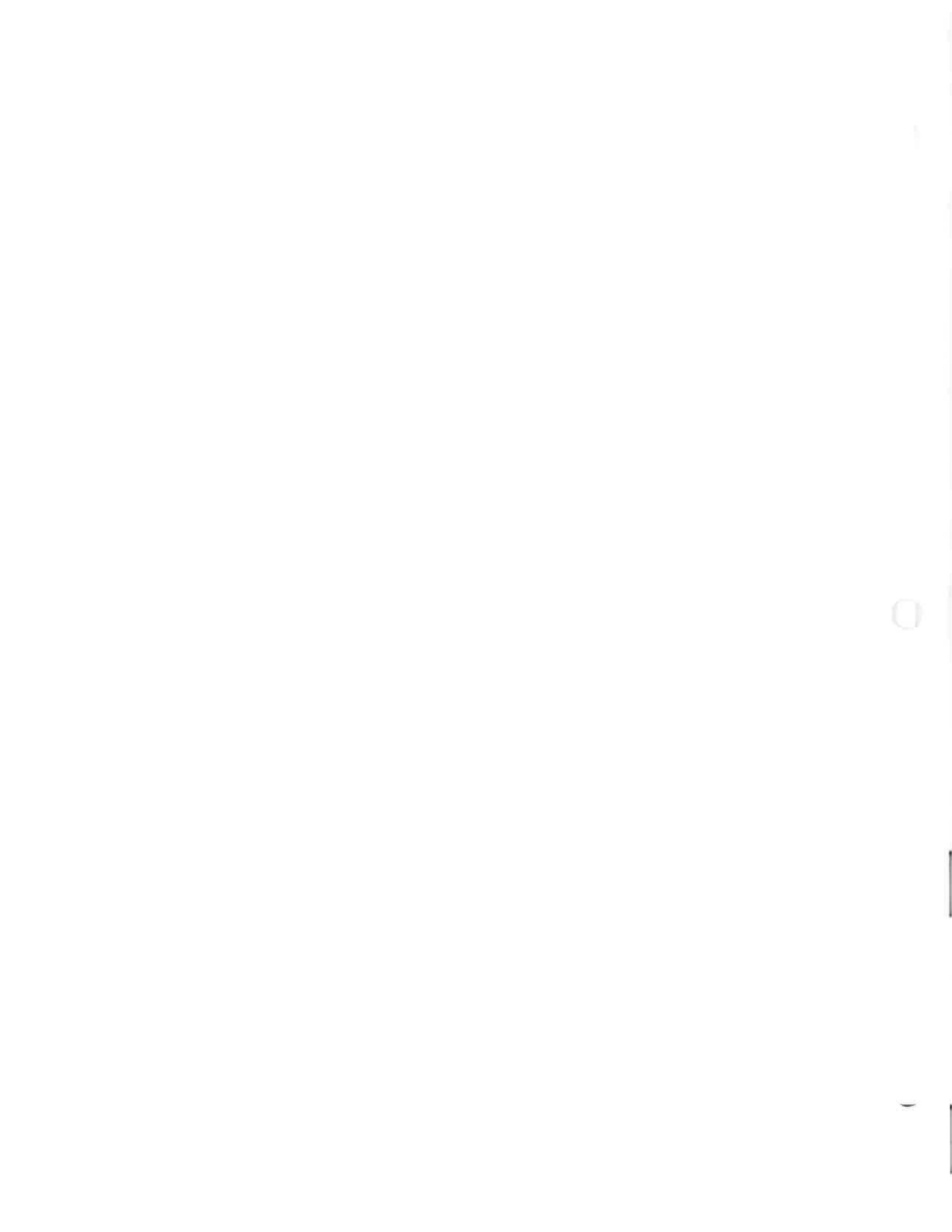
Submitted by: Vanessa Stevens, General Manager

Meeting Date: January 19, 2021

Background: Paul Kaymark with Nigro & Nigro presented the audit for Fiscal Year 2019/2020 in our special meeting at 5pm on January 19, 2021.

The Board of Directors listened to the presentation asked questions to better understand the financial status of the District. The next step in the process is to approve the audit as presented.

Recommendation: Approve the Fiscal Year 2019/2020 Audit as presented by Paul Kaymark with Nigro & Nigro.



**STALLION SPRINGS COMMUNITY SERVICES
DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2020**

STALLION SPRINGS COMMUNITY SERVICES DISTRICT

For the Fiscal Year Ended June 30, 2020

Table of Contents

FINANCIAL SECTION

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	10
Statement of Activities.....	11
Governmental Funds Financial Statements:	
Governmental Funds Balance Sheet	13
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position	14
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Fund Balances	15
Reconciliation of the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	16
Proprietary Fund Financial Statements:	
Balance Sheets.....	17
Statement of Revenues, Expenses, and Changes in Net Position.....	18
Statement of Cash Flows.....	19
Notes to Financial Statements.....	20

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule - General Fund	47
Budgetary Comparison Schedule - Parks and Recreation Department	48
Budgetary Comparison Schedule - Public Safety Fund.....	49
Budgetary Comparison Schedule - Roads Fund.....	50
Schedule of Proportionate Share of the Net Pension Liability	51
Schedule of Pension Contributions	52
Notes to the Required Supplementary Information	53

OTHER INDEPENDENT AUDITORS' REPORTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	54
---	----

Financial Section



NIGRO & NIGRO^{PC}

A PROFESSIONAL ACCOUNTANCY CORPORATION

INDEPENDENT AUDITORS' REPORT

Board of Directors
Stallion Springs Community Services District
Stallion Springs, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Stallion Springs Community Services District as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Opinion

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 and each major fund of Stallion Springs Community Services District, as of June 30, 2020, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, budgetary comparison information, schedule of proportionate share of the net pension liability, and schedule of contributions 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 15, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Murrieta, California
December 15, 2020

STALLION SPRINGS COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2020

Management's Discussion and Analysis (MD&A) offers readers of Stallion Springs Community Services District's financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2020. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position decreased 1.2%, or (\$114,226) from the prior year's net position of \$9,652,828 to \$9,538,602, as a result of this year's operations.
- Total revenues from all sources increased by 3.5%, or \$125,881 from \$3,554,683 to \$3,680,564, from the prior year, primarily due to an increase in program revenues of \$232,368.
- Total expenses for the District's operations before depreciation expense decreased by 7.0% or \$175,496 from \$2,501,419 to \$2,325,923, from the prior year.

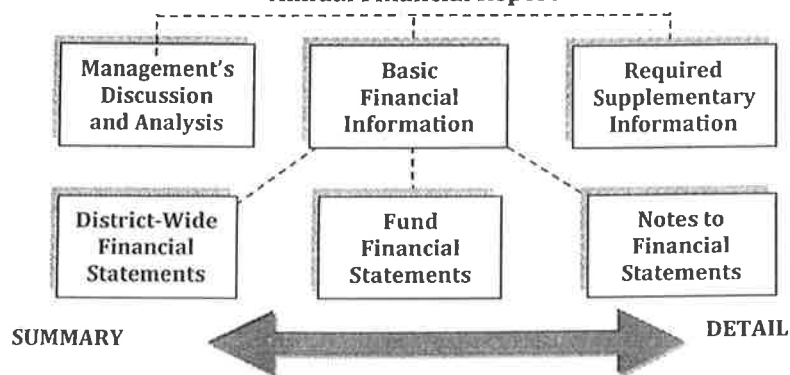
OVERVIEW OF THE FINANCIAL STATEMENTS

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

- *District-wide financial statements* provide both short-term and long-term information about the District's overall financial status.
- *Fund financial statements* focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The *governmental funds* statements tell how basic services were financed in the short term as well as what remains for future spending.
 - Short and long-term financial information about the activities of the District that operate like businesses (self-insurance funds) are provided in the *proprietary funds statements*.

Figure A-1. Organization of Stallion Springs Community Services District's Annual Financial Report

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



STALLION SPRINGS COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Fund	Proprietary Funds
<i>Scope</i>	Entire District	The activities of the District that are not proprietary or fiduciary, such as fire and ambulance services	Activities of the District that operate like a business, such as self-insurance funds
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses, & Changes in Net Position • Statement of Cash Flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

STALLION SPRINGS COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of buildings and other facilities.
- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as weed abatement, landscape maintenance, and administration. State and local programs finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by grantor requirements.

The District has two kinds of funds:

- 1) **Governmental funds** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.
- 2) **Proprietary funds** – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the District's internal service fund is included within the governmental activities reported in the district-wide statements but provide more detail and additional information, such as cash flows. The District uses the internal service fund to report activities that relate to the District's self-insured programs for workers compensation claims, health and welfare benefits, and property and liability claims.

STALLION SPRINGS COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2020

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
ASSETS:						
Current assets	\$ 2,353,650	\$ 2,176,437	\$ 1,902,545	\$ 2,090,343	\$ 4,256,195	\$ 4,266,780
Capital assets, net	4,296,948	4,569,192	5,798,392	5,200,565	10,095,340	9,769,757
Total assets	6,650,598	6,745,629	7,700,937	7,290,908	14,351,535	14,036,537
DEFERRED OUTFLOWS OF RESOURCES	235,533	227,500	101,998	97,840	337,531	325,340
LIABILITIES:						
Current liabilities	259,853	254,459	394,660	285,387	654,513	539,846
Non-current liabilities	1,905,067	1,945,228	2,501,783	2,146,111	4,406,850	4,091,339
Total liabilities	2,164,920	2,199,687	2,896,443	2,431,498	5,061,363	4,631,185
DEFERRED INFLOWS OF RESOURCES	57,179	46,131	31,922	31,733	89,101	77,864
NET POSITION						
Net investment in capital assets	3,054,472	3,195,584	3,467,682	3,200,565	6,522,154	6,396,149
Unrestricted	1,609,560	1,531,727	1,406,888	1,724,952	3,016,448	3,256,679
Total net position	\$ 4,664,032	\$ 4,727,311	\$ 4,874,570	\$ 4,925,517	\$ 9,538,602	\$ 9,652,828

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$9,538,602 as of June 30, 2020.

By far the largest portion of the District's net position (68% as of June 30, 2020) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of fiscal year 2020, the District shows a positive balance in its unrestricted net position of \$3,016,448 that may be utilized in future years.

STALLION SPRINGS COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2020

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses

Table A-2: Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
REVENUES:						
Program revenues	\$ 761,910	\$ 748,827	\$ 1,934,136	\$ 1,714,851	\$ 2,696,046	\$ 2,463,678
General revenues	922,320	1,024,433	62,198	66,572	984,518	1,091,005
Total revenues	1,684,230	1,773,260	1,996,334	1,781,423	3,680,564	3,554,683
EXPENSES:						
Operations	1,252,374	1,091,211	1,073,549	1,410,208	2,325,923	2,501,419
Depreciation expense	444,048	2,193,882	961,121	961,121	1,405,169	3,155,003
Interest expense	51,087	60,685	12,611	12,611	63,698	73,296
Total expenses	1,747,509	3,345,778	2,047,281	2,383,940	3,794,790	5,729,718
Change in net position	(63,279)	(1,572,518)	(50,947)	(602,517)	(114,226)	(2,175,035)
NET POSITION:						
Beginning of year	4,727,311	6,299,829	4,925,517	5,528,034	9,652,828	11,827,863
End of year	\$ 4,664,032	\$ 4,727,311	\$ 4,874,570	\$ 4,925,517	\$ 9,538,602	\$ 9,652,828

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, the operations of the District decreased by (\$114,226) during the fiscal year ended June 30, 2020.

Total revenues from all sources increased by 3.5%, or \$125,881 from \$3,554,683 to \$3,680,564, from the prior year, primarily due to an increase in program revenues of \$232,368.

Total expenses for the District's operations before depreciation expense decreased by 7.0% or \$175,496 from \$2,501,419 to \$2,325,923, from the prior year.

STALLION SPRINGS COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2020

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unreserved fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2020, the District reported a total fund balance in its governmental funds of \$2,267,390. An amount of \$1,538,925 constitutes the District's *unassigned fund balance*, which is available for future expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budgeted expenditures for the District's governmental funds at year-end were \$34,447 less than actual. Actual revenues were greater than the anticipated budget by \$231,182.

CAPITAL ASSET ADMINISTRATION

Table A-3: Capital Assets at Year End, Net of Depreciation

	Balance July 1, 2019	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2020
Non-depreciable capital assets	\$ 975,279	\$ 92,504	\$ (93,622)	\$ 974,161
Depreciable capital assets	22,599,461	1,137,414	93,622	23,830,497
Total capital assets	23,574,740	1,229,918	-	24,804,658
Accumulated depreciation	(13,804,983)	(904,335)	-	(14,709,318)
Total capital assets, net	\$ 9,769,757	\$ 325,583	\$ -	\$ 10,095,340

At the end of fiscal year 2020, the District's investment in capital assets amounted to \$10,095,340 (net of accumulated depreciation). This investment in capital assets includes structures, improvements and equipment. Major capital asset additions during the year include various ongoing road improvements, equipment, and a parcel of land with a building and well on it totaling \$1,229,918.

See Note 3 for further information on the District's capital assets.

STALLION SPRINGS COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2020

CAPITAL ASSET ADMINISTRATION (continued)

Table A-4: Long-term Debt and Debt Service

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2020</u>
Notes payable	\$ 3,373,608	\$ 510,000	\$ (310,422)	\$ 3,573,186

In 2020, the District entered into a \$510,000 loan for the lift station project.

See Note 5 for further information on the District's long-term debt.

FACTORS AFFECTING CURRENT FINANCIAL POSITION

At the end of the first quarter of calendar year 2020, the United States and global economy suffered a major decline due to the impact of the COVID-19 virus. This economic decline may affect the District's operations and investment earnings for the remainder of calendar year 2020 and beyond. However, the potential impact to the District is unknown at this time.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District's General Manager at (661) 822-3268.

STALLION SPRINGS COMMUNITY SERVICES DISTRICT
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments (note 2)	\$ 2,342,424	\$ 1,632,178	\$ 3,974,602
Accrued interest receivable	400	6	406
Accounts receivable – services	1,535	269,737	271,272
Property taxes and assessments receivable	9,291	624	9,915
Total current assets	2,353,650	1,902,545	4,256,195
Non-current assets:			
Capital assets – not being depreciated (note 3)	73,657	900,504	974,161
Capital assets – being depreciated, net (note 3)	4,223,291	4,897,888	9,121,179
Total non-current assets	4,296,948	5,798,392	10,095,340
Total assets	6,650,598	7,700,937	14,351,535
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows of resources (Note 6)	235,533	101,998	337,531
Total deferred outflows of resources	235,533	101,998	337,531
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	86,260	157,249	243,509
Accrued interest payable	4,012	35,455	39,467
Compensated absences (note 4)	33,532	16,084	49,616
Notes payable (note 5)	136,049	185,872	321,921
Total current liabilities	259,853	394,660	654,513
Non-current liabilities:			
Compensated absences (note 4)	62,275	29,870	92,145
Notes payable (note 5)	1,106,427	2,144,838	3,251,265
Net pension liability (note 6)	736,365	327,075	1,063,440
Total non-current liabilities	1,905,067	2,501,783	4,406,850
Total liabilities	2,164,920	2,896,443	5,061,363
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows of resources (Note 6)	57,179	31,922	89,101
Total deferred inflows of resources	57,179	31,922	89,101
NET POSITION			
Net investment in capital assets (note 7)	3,054,472	3,467,682	6,522,154
Unrestricted	1,609,560	1,406,888	3,016,448
Total net position	\$ 4,664,032	\$ 4,874,570	\$ 9,538,602

STALLION SPRINGS COMMUNITY SERVICES DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Capital and Operating Grants</u>
Primary government:			
Governmental activities:			
General government	\$ 211,180	\$ 38,018	\$ -
Parks and recreation	326,162	102,321	-
Public safety	666,050	127,266	155,948
Roads	544,117	338,357	-
Total governmental activities	1,747,509	605,962	155,948
Business-type activities:			
Water	1,532,382	1,161,556	168,762
Sewer	325,631	364,380	64,360
Solid waste	189,268	175,078	-
Total business-type activities	2,047,281	1,701,014	233,122
Total primary government	\$ 3,794,790	\$ 2,306,976	\$ 389,070

STALLION SPRINGS COMMUNITY SERVICES DISTRICT

Statement of Activities (continued)

For the Fiscal Year Ended June 30, 2020

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (173,162)	\$ -	\$ (173,162)
Parks and recreation	(223,841)	-	(223,841)
Public safety	(382,836)	-	(382,836)
Roads	(205,760)	-	(205,760)
Total governmental activities	(985,599)	-	(985,599)
Business-type activities:			
Water	-	(202,064)	(202,064)
Sewer	-	103,109	103,109
Solid waste	-	(14,190)	(14,190)
Total business-type activities	-	(113,145)	(113,145)
Total primary government	(985,599)	(113,145)	(1,098,744)
General revenues:			
Property taxes	853,102	-	853,102
Investment earnings	69,218	62,198	131,416
Total general revenues	922,320	62,198	984,518
Change in net position	(63,279)	(50,947)	(114,226)
Net position:			
Beginning of year	4,727,311	4,925,517	9,652,828
End of year	\$ 4,664,032	\$ 4,874,570	\$ 9,538,602

STALLION SPRINGS COMMUNITY SERVICES DISTRICT

Balance Sheet – Governmental Funds

June 30, 2020

<u>Assets:</u>	<u>General Government</u>	<u>Parks and Recreation</u>	<u>Public Safety</u>	<u>Roads</u>	<u>Total Governmental Funds</u>
Cash and investments	\$ 1,615,913	\$ 255,533	\$ 37,062	\$ 433,916	\$ 2,342,424
Accrued interest receivable	367	-	8	25	400
Accounts receivable – services	1,535	-	-	-	1,535
Property taxes and assessments receivable	-	-	6,192	3,099	9,291
Total assets	\$ 1,617,815	\$ 255,533	\$ 43,262	\$ 437,040	\$ 2,353,650
Liabilities and Fund Balance					
Liabilities:					
Accounts payable and accrued expenses	\$ 16,156	\$ 50,333	\$ 18,690	\$ 1,081	\$ 86,260
Total liabilities	16,156	50,333	18,690	1,081	86,260
Fund balance: (note 8)					
Committed	32,152	8,501	55,154	435,959	531,766
Assigned	-	196,699	-	-	196,699
Unassigned	1,569,507	-	(30,582)	-	1,538,925
Total fund balance	1,601,659	205,200	24,572	435,959	2,267,390
Total liabilities and fund balance	\$ 1,617,815	\$ 255,533	\$ 43,262	\$ 437,040	\$ 2,353,650

STALLION SPRINGS COMMUNITY SERVICES DISTRICT

*Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020*

Total Fund Balances - Total Governmental Funds	<u>\$ 2,267,390</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capitalized assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes	4,296,948
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred outflows of resources.	235,533
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities' both current and long-term, are reported in the statement of net position as follows:	
Accrued interest payable	(4,012)
Compensated absences	(95,807)
Notes payable	(1,242,476)
Net pension liability	(736,365)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred inflows of resources.	<u>(57,179)</u>
Total adjustments	<u>2,396,642</u>
Net Position of Governmental Activities	<u><u>\$ 4,664,032</u></u>

STALLION SPRINGS COMMUNITY SERVICES DISTRICT

*Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2020*

	General Government	Parks and Recreation	Public Safety	Roads	Total Governmental Funds
Revenues:					
Taxes:					
Property taxes	\$ 272,888	\$ 245,000	\$ 335,214	\$ -	\$ 853,102
Special assessments	1,358	-	118,759	331,783	451,900
Charges for services	36,660	102,321	8,507	6,574	154,062
Federal and state aid	-	-	155,948	-	155,948
Investment earnings	46,054	4,229	4,560	14,375	69,218
Total revenues	356,960	351,550	622,988	352,732	1,684,230
Expenditures:					
Current:					
Salaries and benefits	82,402	161,644	493,657	103,885	841,588
Materials and services	45,694	93,499	93,218	74,536	306,947
Capital outlay	80,655	82,045	9,104	-	171,804
Debt service:					
Principal	-	-	-	131,132	131,132
Interest	-	-	-	51,510	51,510
Total expenditures	208,751	337,188	595,979	361,063	1,502,981
Change in fund balance	148,209	14,362	27,009	(8,331)	181,249
Fund balances:					
Beginning of year	1,453,450	190,838	(2,437)	444,290	2,086,141
End of year	\$ 1,601,659	\$ 205,200	\$ 24,572	\$ 435,959	\$ 2,267,390

STALLION SPRINGS COMMUNITY SERVICES DISTRICT

*Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2020*

Net Changes in Fund Balance - Total Governmental Funds	<u>\$ 181,249</u>
Amounts reported for governmental activities in the statement of activities is different because:	
Some expenses reported in the statement of activities do not require the use of current financial resources. Therefore, those expenses are not reported as expenditures in governmental funds as follows:	
Change in accrued interest payable	423
Change in compensated absences	(24,316)
Change in net pension expense	(79,523)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those capitalized assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay	171,804
Depreciation expense	(444,048)
Repayment of long-term debt is reported as an expenditure in governmental funds. However, principal repayments reduce liabilities in the statement of net position and do not result in expenses in the	<u>131,132</u>
Total adjustments	<u>(244,528)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (63,279)</u></u>

STALLION SPRINGS COMMUNITY SERVICES DISTRICT
Balance Sheets – Proprietary Funds
June 30, 2020

<u>ASSETS</u>	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>Solid Waste Operations</u>	<u>Total</u>
Current assets:				
Cash and investments	\$ 961,808	\$ 309,475	\$ 360,895	\$ 1,632,178
Accrued interest receivable	6	-	-	6
Accounts receivable – services	194,950	48,812	25,975	269,737
Property assessments receivable	624	-	-	624
Total current assets	1,157,388	358,287	386,870	1,902,545
Non-current assets:				
Capital assets – not being depreciated	835,700	64,804	-	900,504
Capital assets – being depreciated, net	4,036,589	676,954	184,345	4,897,888
Total non-current assets	4,872,289	741,758	184,345	5,798,392
Total assets	6,029,677	1,100,045	571,215	7,700,937
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension related deferred outflows of resources	79,744	22,254	-	101,998
Total deferred outflows of resources	79,744	22,254	-	101,998
Total assets and deferred outflows of resources	\$ 6,109,421	\$ 1,122,299	\$ 571,215	\$ 7,802,935
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 47,217	\$ 11,087	\$ 98,945	\$ 157,249
Accrued interest payable	28,793	6,662	-	35,455
Compensated absences	10,577	5,507	-	16,084
Notes payable	175,163	10,709	-	185,872
Total current liabilities	261,750	33,965	98,945	394,660
Non-current liabilities:				
Compensated absences	19,644	10,226	-	29,870
Notes payable	1,655,924	488,914	-	2,144,838
Net pension liability	255,714	71,361	-	327,075
Total non-current liabilities	1,931,282	570,501	-	2,501,783
Total liabilities	2,193,032	604,466	98,945	2,896,443
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension related deferred inflows of resources	24,957	6,965	-	31,922
Total deferred inflows of resources	24,957	6,965	-	31,922
<u>NET POSITION</u>				
Net investment in capital assets	3,041,202	242,135	184,345	3,467,682
Unrestricted	850,230	268,733	287,925	1,406,888
Total net position	3,891,432	510,868	472,270	4,874,570
Total liabilities, deferred inflows of resources and net position	\$ 6,109,421	\$ 1,122,299	\$ 571,215	\$ 7,802,935

STALLION SPRINGS COMMUNITY SERVICES DISTRICT

*Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2020*

	Water Operations	Sewer Operations	Solid Waste Operations	Total
Operating revenues:				
Water consumption sales	\$ 1,024,272	\$ -	\$ -	\$ 1,024,272
Sewer service charges	-	350,774	-	350,774
Solid waste collection charges	-	-	175,078	175,078
Special assessments	85,992	8,879	-	94,871
Other charges for services	51,292	4,727	-	56,019
Total operating revenues	1,161,556	364,380	175,078	1,701,014
Operating expenses:				
Operations	1,032,406	254,738	165,833	1,452,977
Total operating expenses	1,032,406	254,738	165,833	1,452,977
Operating income before depreciation	129,150	109,642	9,245	248,037
Depreciation expense	(398,774)	(38,078)	(23,435)	(460,287)
Operating income(loss)	(269,624)	71,564	(14,190)	(212,250)
Non-operating revenue(expense):				
Investment earnings	40,865	10,645	10,688	62,198
Interest expense	(101,201)	(22,816)	-	(124,017)
Cost of debt issuance	-	(10,000)	-	(10,000)
Total non-operating, net	(60,336)	(22,171)	10,688	(71,819)
Capital contributions:				
Connection fees	168,762	64,360	-	233,122
Total capital contributions	168,762	64,360	-	233,122
Change in net position	(161,198)	113,753	(3,502)	(50,947)
Net position:				
Beginning of year	4,052,630	397,115	475,772	4,925,517
End of year	\$ 3,891,432	\$ 510,868	\$ 472,270	\$ 4,874,570