

Avila Beach Community Services District

Management Report

June 30, 2017



Fedak & Brown LLP

Certified Public Accountants

Avila Beach Community Services District

Management Report

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Board of Directors
Avila Beach Community Services District
Avila Beach, California

Dear Members of the Board:

In planning and performing our audit of the financial statements of Avila Beach Community Services District (District) as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited period described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness. Given these limitations, during our audit we did not identify any deficiencies in internal control to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our comments, all of which have been discussed with the appropriate members of management, are summarized as follows:

Current Year Comments and Recommendations

Year-end Closing Journal Entries

Throughout the year, the District records and reports expenses on a cash basis. As a result, expenditures that occur before the fiscal year and paid after the fiscal year are not reflected on the District's Government-wide financial statements. Also, for budgetary purposes, the District expenses all capital asset purchases. Consequently, capital asset purchases are not reflected as assets of the District on the District's Government-wide financial statements.

Generally accepted accounting principles (GAAP) set by the Governmental Accounting Standards Board (GASB) mandate that the Government-wide financial statements be prepared on a full accrual basis. In doing so, expenditure occurring during the fiscal year is reflected as an expense to the District and capital asset purchases are reflected as non-current assets.

We recommend that the District implement procedures to post closing journal entries to accrue expenditures occurring before its fiscal year and reclassify capital asset purchases as an asset.

Current Year Comments and Recommendations, continued

Year-end Closing Journal Entries, continued

Management's Response

We agree with the auditor's comments and will implement procedures to accrue all expenditures incurred during the year and capitalize all capital purchases.

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the start of the audit. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance.

Prior Year Comments and Recommendations

Segregation of Duties

During our review of the District's internal control structure and policies, we noted that the District's accounting clerk is charged with opening the District's mail, preparing and making bank deposits, and posting receipts and deposits to the District's utility billing software. Best practices encourage separation of duties with regard to the cash handling function to reduce the risk of material misstatement due to error and/or fraud. To reduce the risk of material misstatement due to error and/or fraud, we encourage that the General Manager review the bank reconciliation in a timely manner after it is prepared by the third party consultant.

Prior Year Management's Response

The General Manager reviews the bank statement and bank reconciliation.

Comment Status

The District is a small organization and, wherever possible, attempts to segregate duties to prevent, and detect and correct misstatements due to error or fraud.

Cut-off Procedures for Purchasing, Accounts Payable, and Accrued Liabilities

During our audit, we noted a number of invoices and payments related to fiscal year 2016, totaling \$80,175, were not properly accrued at June 30, 2016. In addition, our procedures indicated that a significant number of transactions improperly recorded in fiscal year 2016, were associated with fiscal year 2015. As a result, the District has recorded a prior period adjustment, totaling \$85,389, to net position. We recommend that the District adopt year-end cut-off procedures to ensure that liabilities and associated expenses are recognized in the proper fiscal year.

Prior Year Comments and Recommendations, continued

Cut-off Procedures for Purchasing, Accounts Payable, and Accrued Liabilities, continued

Prior Year Management's Response

We agree with the auditor's recommendation and will implement proper cut-off procedures.

Comment Status

The comment is in the process of being corrected and is repeated in the current year.

Individual Fund Trial Balance

For fiscal year 2016, it was noted that the trial balance consolidating the District's funds netted to zero. However, the individual fund trial balances did not net out to zero. Accounting is based on a double entry bookkeeping system whereby a transaction will result in an amount recorded in at least two accounts. In the case of the District, all transactions entered into the accounting system corresponding to each District funds should net to zero. Funds that do not balance will not fairly present the current status of each District's funds financial position and will not be helpful in providing useful information to the board and management in making District's decision. We recommend that the District review its general ledger trial balance reports for each fund to verify that all entries are proper and balanced. This should help reduce year-end audit adjustments.

Prior Year Management's Response

The District has implemented procedures to allocate transactions to the proper fund.

Comment Status

The District has corrected the issue and is able to report financial status by fund.

Inventory of Fixed Assets

During our audit, discussions with the General Manager indicated that the District has not conducted a physical inventory of capital assets. We recommend that a physical inventory of fixed assets be performed at least once every two years. This inventory could be performed on a rotating basis with a separate group of assets being inventoried every six months. Physical verification of fixed assets would improve the integrity of fixed asset records, and more importantly, ensure that the District knows that idle or disposed assets are no longer in the books.

Prior Year Management's Response

We agree with the auditor's recommendation. Effective immediately, the District will initiate an inventory of fixed assets.

Comment Status

Inventory of fixed assets is a work in progress.

Prior Year Comments and Recommendations, continued

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the start of the audit. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Prior Year Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance.

* * * * *

This communication is intended solely for the information and use of management and the Board of Directors of the District. This restriction is not intended to be, and should not be, used by anyone than these specified parties.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.



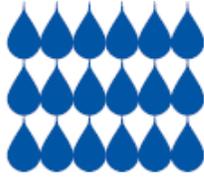
Fedak & Brown LLP
Cypress, California
November 14, 2017

APPENDIX

Avila Beach Community Services District

Audit/Finance Committee Letter

June 30, 2017



Charles Z. Fedak, CPA, MBA
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Board of Directors
Avila Beach Community Services District
Avila Beach, California

We have audited the basic financial statements of the Avila Beach Services District (District) for the year ended June 30, 2017, and have issued our report thereon dated November 14, 2017. Generally accepted auditing standards require that we provide the Governing Board and management with the following information related to our audit of the District's basic financial statements.

Auditor's Responsibility under United States Generally Accepted Auditing Standards

As stated in our Audit Engagement Letter, dated March 23, 2017, our responsibility, as described by professional standards, is to express an opinion about whether the basic financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with United States generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of its responsibilities.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing requirements previously communicated to management. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the basic financial statements.

We noted no transactions entered into by the District during fiscal year 2017, for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Qualitative Aspects of Accounting Practices, continued

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the position in the basic financial statements were:

Management's estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the defined benefit pension plan's: deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial valuation of these amounts which was conducted by a third-party actuary. We evaluated the basis, and actuarial methods and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

Certain basic financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the basic financial statements were:

The disclosure of fair value of investments, in Note 2 to the basic financial statements, represents amounts susceptible to market fluctuations.

The disclosure of capital assets, net in Note 5 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the District's defined benefit pension plan in Note 7 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

The disclosures in the basic financial statements are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Generally Accepted Auditing Standards require us to accumulate all known and likely misstatements identified during the audit, except those that are considered trivial, and communicate them to the appropriate level of management as follows:

There were fourteen audit adjustments, four of which pertains to GASB 68, and five reclassification entries made to the original trial balance presented to us to begin our audit. A schedule of entries can be found at the end of this report.

Disagreements with Management

For the purpose of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the basic financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the Management Representational Letter to the Auditor dated November 14, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principle to the District's basic financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Restriction on Use

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than the specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Conclusion

We appreciate the cooperation extended us by Bradley Hagemann, General Manager, Kristi Dibbern, Accounting Clerk, and Nikki Engle, External Bookkeeper, in the performance of our audit testwork.

We will be pleased to respond to any question you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
November 14, 2017

**Avila Beach Community Services District
Schedule of Adjusting Journal Entries
For the Year Ended June 30, 2017**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 1			
AJE - To adjust property tax receivable as of June 30, 2017.			
1270-01	Taxes Receivable	348.96	
4030-06	County Taxes	1,316.34	
1270-06	Taxes Receivable		1,316.34
4030-01	County Taxes		348.96
Total		<u>1,665.30</u>	<u>1,665.30</u>
Adjusting Journal Entries JE # 2			
AJE - To adjust interest receivable as of June 30, 2017.			
1255-01	Interest Receivable	2,125.04	
4600-01	Interest Income		2,125.04
Total		<u>2,125.04</u>	<u>2,125.04</u>
Adjusting Journal Entries JE # 3			
AJE - To convert capital assets from a modified accrual basis to an accrual basis of accounting.			
1010-05	Heritage Oaks General Checking	2,953.57	
1637-06	Treatment Plant Addition	139,847.55	
1657-05	Distribution Assets Cost	31,394.50	
1690-05	Construction in Progress	6,406.18	
1690-06	Construction in Progress	61,234.45	
6520-05	Equipment Repair & Maint.	2,381.40	
6520-05	Equipment Repair & Maint.	17,974.28	
6524-01	Equip. Rep. & Maint. Avila Only	2,110.00	
8237-06	WW-7 Misc. Wastewater Projects	2,953.57	
1010-06	Heritage Oaks General Checking		2,953.57
1690-05	Construction in Progress		4,587.29
1690-06	Construction in Progress		13,225.45
8224-01	Gen Admin Capital Equipment Exp		2,110.00
8230-05	Capital Purchases in Progress		26,807.21
8230-05	Capital Purchases in Progress		6,406.18
8230-06	Capital Purchases in Progress		61,234.45
8230-06	Capital Purchases in Progress		126,622.10
8273-05	W-3 Misc Water Line Replacement		2,953.57
8273-05	W-3 Misc Water Line Replacement		2,381.40
8273-05	W-3 Misc Water Line Replacement		17,974.28
Total		<u>267,255.50</u>	<u>267,255.50</u>

Avila Beach Community Services District
Schedule of Adjusting Journal Entries
For the Year Ended June 30, 2017

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 4			
AJE - To reconcile cash for the Heritage Oaks General Checking and eliminating the use of pooled cash accounts.			
1005-01	Customer Cash	1,662.48	
1005-01	Customer Cash	21,201.42	
1005-05	Customer Cash	17,188.23	
1005-05	Customer Cash	17,188.23	
1008-01	Petty Cash	80.00	
1010-01	Heritage Oaks General Checking	2,906,747.41	
1010-01	Heritage Oaks General Checking	220.70	
1010-05	Heritage Oaks General Checking	1,453,989.64	
1010-07	Heritage Oaks General Checking	21,201.42	
1030-01	B of A - Payroll	24,611.72	
1050-01	LAIF	2,219,633.04	
1210-06	Undeposited Funds	29,183.18	
1005-01	Customer Cash		220.70
1005-05	Customer Cash		17,188.23
1005-06	Customer Cash		29,183.18
1025-01	Pooled Cash		1,179,284.28
1025-05	Pooled Cash		1,453,989.64
1025-05	Pooled Cash		17,188.23
1025-07	Pooled Cash		21,201.42
1210-01	Undeposited Funds		1,040,348.76
1210-01	Undeposited Funds		2,906,747.41
1210-01	Undeposited Funds		21,201.42
1210-01	Undeposited Funds		80.00
1210-01	Undeposited Funds		24,611.72
4100-01	Misc Income		1,662.48
Total		<u>6,712,907.47</u>	<u>6,712,907.47</u>

Avila Beach Community Services District
Schedule of Adjusting Journal Entries
For the Year Ended June 30, 2017

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 5			
AJE - To reconcile prior year ending net position to current year beginning net position.			
1020-05	B of A - General Checking	1,197.00	
3900-01	Retained Earnings	1,882.69	
3900-06	Retained Earnings	1,197.00	
3900-99	Retained Earnings	1,662.53	
4100-01	Misc Income	1.80	
9999-01	Suspense	1,834.49	
1020-06	B of A - General Checking		1,197.00
1030-99	B of A - Payroll		1,662.53
2201-01	Accrued Payroll		1,834.49
2201-01	Accrued Payroll		1,834.49
3900-05	Retained Earnings		1,197.00
4100-01	Misc Income		50.00
Total		<u><u>7,775.51</u></u>	<u><u>7,775.51</u></u>
Adjusting Journal Entries JE # 8			
AJE - To adjust payroll accrual.			
2250-01	PERS Liability	1,831.27	
5211-01	Regular Pay	24.90	
5447-01	Pension Expense - GASB 68	196.73	
2201-01	Accrued Payroll		24.90
2400-01	Net Pension Liability		2,028.00
Total		<u><u>2,052.90</u></u>	<u><u>2,052.90</u></u>
Adjusting Journal Entries JE # 9			
AJE - To adjust compensated absences.			
2260-01	Vacation Payable	1,015.00	
2262-01	Sick Pay Accrued	730.00	
5211-01	Regular Pay		1,015.00
5211-01	Regular Pay		730.00
Total		<u><u>1,745.00</u></u>	<u><u>1,745.00</u></u>

**Avila Beach Community Services District
Schedule of Adjusting Journal Entries
For the Year Ended June 30, 2017**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 10			
AJE - To adjust accounts receivable and deposits for connection fees to revenues.			
1010-01	Heritage Oaks General Checking	7,000.00	
2305-05	Capacity Fees Held	142,178.40	
2305-06	Capacity Fees Held	110,728.76	
7210-05	Capacity Fees Paid	7,000.00	
7210-05	Capacity Fees Paid	70,588.93	
7210-06	Capacity Fees Paid	132,629.46	
1010-05	Heritage Oaks General Checking		7,000.00
1200-01	Accounts Receivable		7,000.00
1200-05	Accounts Receivable		70,588.93
1200-06	Accounts Receivable		132,629.46
7210-05	Capacity Fees Paid		142,178.40
7210-06	Capacity Fees Paid		110,728.76
Total		<u>470,125.55</u>	<u>470,125.55</u>

Adjusting Journal Entries JE # 13

AJE - To reverse prior year accounts payable.

2100-01	Accounts Payable	11,174.19	
2100-05	Accounts Payable	42,350.36	
2100-06	Accounts Payable	24,816.16	
6102-01	Accounting		220.00
6135-01	Legal		1,301.80
6503-05	Chemicals		5,135.27
6505-01	Contract Labor		7,700.00
6505-05	Contract Labor		32,500.00
6510-06	Critical Spare Parts		115.00
6520-05	Equipment Repair & Maint.		2,380.00
6522-05	Equip. Rep. & Maint-Avila & HD		1,230.93
6522-06	Equip. Rep. & Maint-Avila & HD		6,432.70
6524-05	Equip. Rep. & Maint. Avila Only		120.00
6524-06	Equip. Rep. & Maint. Avila Only		4,243.83
6540-06	Lab Tests		2,609.00
6580-06	Solids Handling		3,772.50
6590-01	Utilities		1,952.39
6805-05	State Water		984.16
8237-06	WW-7 Misc. Wastewater Projects		7,643.13
Total		<u>78,340.71</u>	<u>78,340.71</u>

Avila Beach Community Services District
Schedule of Adjusting Journal Entries
For the Year Ended June 30, 2017

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 14			
AJE - To accrue current year accounts payable.			
1690-06	Construction in Progress	55,693.19	
6503-05	Chemicals	262.53	
6505-01	Contract Labor	2,750.00	
6505-05	Contract Labor	18,043.98	
6505-06	Contract Labor	8,158.69	
6520-05	Equipment Repair & Maint.	1,579.38	
6520-05	Equipment Repair & Maint.	777.28	
6522-05	Equip. Rep. & Maint-Avila & HD	562.95	
6522-05	Equip. Rep. & Maint-Avila & HD	232.18	
6522-05	Equip. Rep. & Maint-Avila & HD	1,908.18	
6522-05	Equip. Rep. & Maint-Avila & HD	329.18	
6524-05	Equip. Rep. & Maint. Avila Only	448.10	
6524-05	Equip. Rep. & Maint. Avila Only	1,460.28	
6524-05	Equip. Rep. & Maint. Avila Only	560.78	
6565-05	Regulatory Compliance	325.00	
6565-05	Regulatory Compliance	75.00	
2100-01	Accounts Payable		2,750.00
2100-05	Accounts Payable		4,940.87
2100-05	Accounts Payable		21,623.95
2100-06	Accounts Payable		8,158.69
2100-06	Accounts Payable		55,693.19
Total		<u>93,166.70</u>	<u>93,166.70</u>
Adjusting Journal Entries JE # 15			
GASB 68 Entry 1 - To reclassify prior year employer contributions to net pension liability.			
1800-01	Deferred Outflows of Resources	14,788.00	
5447-01	Pension Expense - GASB 68		14,788.00
Total		<u>14,788.00</u>	<u>14,788.00</u>
Adjusting Journal Entries JE # 16			
GASB 68 Entry 2 - To record changes in pension liability during current year measurement period.			
1800-01	Deferred Outflows of Resources	31,855.00	
2400-01	Net Pension Liability		9,044.00
2500-01	Deferred Inflows of Resources		18,801.00
5447-01	Pension Expense - GASB 68		4,010.00
Total		<u>31,855.00</u>	<u>31,855.00</u>

**Avila Beach Community Services District
Schedule of Adjusting Journal Entries
For the Year Ended June 30, 2017**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 17			
GASB 68 Entry 3 - To record changes in the deferred outflows and deferred inflows (amortization) for current year measurement period.			
1800-01	Deferred Outflows of Resources	3,973.00	
2500-01	Deferred Inflows of Resources		1,172.00
5447-01	Pension Expense - GASB 68		2,801.00
Total		<u>3,973.00</u>	<u>3,973.00</u>
Adjusting Journal Entries JE # 18			
GASB 68 Entry 4 - To reconcile balances between deferred outflows and deferred inflows of resources.			
2500-01	Deferred Inflows of Resources	18,887.00	
1800-01	Deferred Outflows of Resources		18,887.00
Total		<u>18,887.00</u>	<u>18,887.00</u>
Adjusting Journal Entries JE # 19			
AJE - To record depreciation expense.			
6125-01	Depreciation	1,372.28	
6125-05	Depreciation	28,446.21	
6125-06	Depreciation	204,175.86	
1609-01	Office Equipment Accum Depr		1,372.28
1628-06	Collect Assets Accum Depr		46,598.15
1638-06	Treatment Plant Accum Dep		157,577.71
1658-05	Dist Assets Accum Depr		28,446.21
Total		<u>233,994.35</u>	<u>233,994.35</u>
Adjusting Journal Entries JE # 20			
AJE - To adjust accounts receivable for the customer adjustments.			
4010-05	Operating Revenue	6,299.50	
1280-05	Water & Sewer Billings		6,299.50
Total		<u>6,299.50</u>	<u>6,299.50</u>
Adjusting Journal Entries JE # 22			
AJE - To adjust 2017/2018 water purchase from expense to prepaid.			
1420-05	Prepaid State Water	37,428.60	
6805-05	State Water		37,428.60
Total		<u>37,428.60</u>	<u>37,428.60</u>

Avila Beach Community Services District
Schedule of Adjusting Journal Entries
For the Year Ended June 30, 2017

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
Reclassifying Journal Entries JE # 12			
RJE - To reclassify unbalanced funds.			
1010-99	Heritage Oaks General Checking	220.70	
2999-01	Unbalanced Classes	6,112.52	
2999-05	Unbalanced Classes	108.40	
2999-06	Unbalanced Classes	112.30	
6150-05	Rate Assistance	3,056.29	
6150-06	Rate Assistance	3,056.23	
1010-05	Heritage Oaks General Checking		108.40
1010-06	Heritage Oaks General Checking		112.30
2999-05	Unbalanced Classes		3,056.29
2999-06	Unbalanced Classes		3,056.23
2999-99	Unbalanced Classes		220.70
6150-01	Rate Assistance		6,112.52
Total		<u>12,666.44</u>	<u>12,666.44</u>

Reclassifying Journal Entries JE # 21

RJE - To reclassify property taxes recorded in various funds as transfers.

4030-04	County Taxes	12,698.52	
4030-05	County Taxes	64,804.51	
4030-06	County Taxes	317,288.31	
6104-01	Administrative Transfer	394,791.34	
4030-01	County Taxes		394,791.34
6104-04	Administrative Transfer		12,698.52
6104-05	Administrative Transfer		64,804.51
6104-06	Administrative Transfer		317,288.31
Total		<u>789,582.68</u>	<u>789,582.68</u>