



# Helendale Community Services District

**BOARD OF DIRECTORS MEETING**  
**November 21, 2019 at 6:30 PM**  
**26540 Vista Road, Suite C, Helendale, CA 92342**

## Call to Order - Pledge of Allegiance

### 1. Approval of Agenda

**2. Public Participation** - *Anyone wishing to address any matter pertaining to District business listed on the agenda or not, may do so at this time. However, the Board of Directors may not take action on items that are not on the agenda. The public comment period may be limited to three (3) minutes per person. Any member may speak on any agenda item at the time the agenda item is discussed by the Board of Directors.*

### 3. Consent Items

- a. Approval of Minutes: November 7, 2019, Regular Board Meeting
- b. Bills Paid and Presented for Approval

### 4. Reports

- a. Directors' Reports
- b. General Manager's Report

### Regular Business:

5. Discussion and Possible Action Regarding Acceptance of the 2019 Fiscal Year Audit
6. Discussion Only Regarding Demonstration of New Website and Required Features
7. Discussion and Possible Action Regarding Award of Contract for Installation of the Replacement Grit Classifier System at the Wastewater Treatment Plant

### Other Business

8. Requested items for next or future agendas (Directors and Staff only)
9. Adjournment

*Pursuant to Government Code Section 54954.2(a), any request for a disability-related modification or accommodation, including auxiliary aids or services, that is sought in order to participate in the above agenda public meeting should be directed to the District's General Manager's office at (760) 951-0006 at least 24 hours prior to said meeting. The regular session of the Board meeting will be recorded. Recordings of the Board meetings are kept for the Clerk of the Board's convenience. These recordings are not the official minutes of the Board meetings.*

### Providing:

- Water
- Wastewater
- Park & Recreation
- Solid Waste Management
- Street lighting
- Graffiti Abatement

### OFFICE HOURS:

Monday – Friday  
8:00 – 5:30 p.m.

### PHONE:

760-951-0006

### FAX:

760-951-0046

### ADDRESS:

26540 Vista Road  
Suite B  
Helendale, CA  
92342

### MAILING

#### ADDRESS:

PO BOX 359  
Helendale, CA  
92342

Visit us on the Web  
at:

[www.helendalecsd.org](http://www.helendalecsd.org)





*Minutes of the Helendale Community Services District  
BOARD OF DIRECTORS MEETING  
November 7, 2019 at 6:30 PM  
26540 Vista Road, Suite C. Helendale, CA 92342*

**Board Members Present:**

Ron Clark – President

Tim Smith - Vice President; Sandy Haas, Secretary; Craig Schneider – Director; Henry Spiller – Director

**Staff Members Present:**

Kimberly Cox, General Manager

Craig Carlson, Water Operations Manager

Cheryl Vermette, Program Coordinator

**Consultants:**

Steve Kennedy, Legal Counsel

**Members of the Public:**

There were ten (10) members of the public present.

**Call to Order and Pledge of Allegiance**

The meeting was called to order at 6:30 by President Ron Clark, after which the Pledge of Allegiance was recited.

**1. Approval of Agenda**

**Discussion:** General Manager Cox requested to remove item #7 from the agenda.

**Action:** A motion was made by Director Schneider to approve the agenda as amended. The motion was seconded by Director Haas.

**Vote:** Motion carried by the following vote: 5 Yes – 0 No – 0 Absent

**2. Public Participation**

Resident Greg Thomson commented on the article in the Daily press on the District's budget award. Mr. Thomson congratulated the District on the award.

Resident Doug Bell commented on the lights over the parking lot, stating that they look beautiful. He also inquired about the motor home in the back of the CSD building. General Manager Cox responded stating that it was donated to the church [that rents the Community Room on Sundays] and is used for Sunday School.

**3. Consent Items**

a. Approval of Minutes: October 17, 2019 Regular Board Meeting

b. Bills Paid and Presented for Approval

**Action:** A motion was made by Vice President Smith to approve the consent items as presented. The motion was seconded by Director Spiller.

**Vote:** Motion carried by the following vote: 5 Yes – 0 No – 0 Absent

#### 4. Reports

##### a. Directors' Reports

Director Schneider commended Staff on the last few Farmers Markets.

Director Spiller thanked the Staff for cleaning up after the markets and commended Staff [Robert Collison] for all his help at the markets.

##### b. General Manager's Report

GM Cox presented the newspaper article that appeared in the Daily Press on October 30th for the District's Budget Award.

GM Cox reported that the XpressWest Project is moving forward, on-boarding point has been moved from Wild Wash Interchange to Stoddard Wells Road area; Victorville, Apple Valley and County area strongly supportive. Barstow has been silent on the train project.

Staff has been working on Manhole rings and have completed four between Vista and Silver Lakes Parkway this week.

GM Cox reminded the Board that the Christmas markets will be on November 13th and 20th. Staff will be serving hot cocoa, apple cider and cookies. The Thrift Store Christmas Sale kick-off will be November 20th in conjunction with market.

GM Cox also notified the Board that the Chaparral Condos are out of water for the second time this year. Staff posted a boil water notice at every unit. Once repaired Staff will have to take water sample and will post cancel boil water notice once the sample is good.

GM Cox also showed a picture of former Water Operations Manager, Mike Simpson presenting at Mojave Water Agency's ribbon cutting ceremony for their new hydro plant.

Water Operations Manager Carlson presented the Water Report. Staff completed the monthly coliform report and has also submitted the 2018-2019 water master report. We are continuing the meter replacement program. Staff is continuing to train new employees on the Districts policies and procedures. Staff has also begun a distribution materials inventory and have gone through all the service trucks to inventory and organize tools.

#### Regular Business

##### 5. Discussion and Possible Action Regarding the Possible Purchase of 30 Acre-Feet of Base Annual Production Water Rights in the Alto Sub-Area.

**Discussion:** General Manager Cox reported that a potential purchase/sale is developing 30 acre-feet of water. The potential 30-acre feet of water will be offered at the current market price of \$4800-\$5000. Free Production Allowance (FPA) and/or Carryover water may also be available at \$350 to \$450. The total deal would be between \$148,620 to \$155,940. Whenever possible water purchases will be brought to the Board for public discourse.

**Action:** A motion was made by Director Schneider to approve the purchase of water rights in an amount not to exceed \$155,940. The motion was seconded by Vice President Smith.

**Vote:** The motion was approved by the following roll call vote: 4 – Yes 1 – No

Director Schneider: Yes; Director Haas: No; President Clark: Yes; Vice President Smith: Yes; Director Spiller: Yes

##### 6. Discussion and Possible Action Regarding New Signage for the Helendale Community Center

**Discussion:** The signage at the community center has not been updated in several years and the current signs are faded and in need of replacement. Program Coordinator Vermette showed photos of the current signage on the building. Staff received three quotes on new signage for the community center, which also includes the Thrift Store and Office. The proposed signage for the Office consists of 18" injected plastic mold letters and the Helendale CSD logo. The designs and location for the signs were presented to the Board. The three quotes for the office were: Cloud Break Signs: \$2,150; Quiel Signs \$5,118.43; and Minutemen Press at \$8,946.55. The next item discussed was the signage for the address, the Thrift Store, the community room and unit D. The Thrift Store signage consisted of a sign for "Suite A" and a "Thrift Store/Recycling Center" sign. The Community Room would have a sign for "Suite C" and a sign for the "Community Room." Also included in the quote was a "Suite D" sign, "Suite B" sign and a sign for the District address. The signs that were quoted were aluminum signs with vinyl letters. Pricing for the aluminum signs were: Cloud Break Signs: \$1,385; Quiel Signs \$3,373.26; and Minutemen Press at \$2,383.20. Also presented were options and pricing from an online sign company for the suite letters, address signs, thrift store, and community room signs. Information and pricing was presented on the Minnesota lettering (the same design as the office sign), plastic letters, cast metal letters, and acrylic letters. Staff recommended that the word "Suite" be dropped and just use letters to represent the suites. The Board directed Staff to move forward with the signage for the office and community center and agreed that all the lettering should match the Helendale CSD office signage. The Board also wanted the Thrift Store signage to read "Thrift Store/Recycling Center."

~~7. Discussion and Possible Action Regarding Receipt of Claims Against the District~~

**Action:** This item was removed from the agenda

**Other Business**

8. Requested items for next or future agendas (Directors and Staff only)

Director Schneider requested that Staff approach the Corps of Engineers to get an opinion on the Mojave Dam.

At 7:16 pm, President Clark announced there will be which will be followed by a closed session meeting.

The closed session meeting was called to order at 7:25 pm

9. **Closed Session**

Conference with Legal Counsel – Anticipated Litigation  
Significant Exposure to Litigation  
Pursuant to Government Code Section 54956.9 (D)(2)  
Two Potential Cases

At 7:35 President Clark adjourned the closed session meeting.

10. **Announcements of Closed Session Items**

President Clark called to order the Open Session of the Board meeting at 7:35 pm at which time Legal Counsel announced there was no reportable action resulting from closed session items.

**11. Adjournment**

**Action:** President Ron Clark adjourned the meeting at 7:36 pm

Submitted by:

Approved By:

\_\_\_\_\_  
Ron Clark, President

\_\_\_\_\_  
Sandy Haas, Secretary

*The Board actions represent decisions of the Helendale Community Services District Board of Directors. A digital voice recording and copy of the PowerPoint presentation are available upon request at the Helendale CSD office.*



# Helendale Community Services District

---

Date: November 21, 2019  
TO: Board of Directors  
FROM: Kimberly Cox, General Manager  
BY: Sharon Kreinop, Senior Account Specialist  
SUBJECT: Agenda item # 3 b.  
Consent Item: Bills Paid and Presented for Approval

---

**STAFF RECOMMENDATION:**  
Report Only. Receive and File

**STAFF REPORT:**  
Staff issued 76 checks and 15 EFT's totaling \$262,065.07

Total cash available:	<u>11/15/19</u>	<u>11/4/19 kcoxk</u>
Cash	\$ 5,017,788.18	\$ 4,919,541.66
Checks/EFT's Issued	\$ 262,065.07	\$ 240,070.63

### Investment Report

The Investment Report shows the status of invested District funds. The current interest rate is 1.96% for CalTRUST Short-Term and 1.71% for Medium-Term Investments, 2.16% for LAIF, and 0.25% for the CBB Sweep Account for Oct 2019. Interest earned in Oct 2019 on the CalTrust investments and the CBB Sweep Account is \$6,272.96



Helendale CSD

# Bills Paid and Presented for Approval

## Transaction Detail

Issued Date Range: 11/04/2019 - 11/15/2019

Cleared Date Range: -

Issued Date	Number	Description	Amount	Type	Module
<b>Bank Account: 251229590 - CBB Checking</b>					
11/04/2019	<a href="#">EFT0002999</a>	To record Merchant Services Fees - #9691	-50.00	EFT	General Ledger
11/04/2019	<a href="#">EFT0003000</a>	To record Merchant Services Fees - #9691	-50.00	EFT	General Ledger
11/04/2019	<a href="#">EFT0003001</a>	To record Merchant Services Fees - #557	-50.00	EFT	General Ledger
11/04/2019	<a href="#">EFT0003002</a>	To record Global Fee - 4366	-578.65	EFT	General Ledger
11/04/2019	<a href="#">EFT0003004</a>	To record Global Fees - 4367	-954.31	EFT	General Ledger
11/05/2019	<a href="#">22480</a>	Apple Valley Communications, Inc	-252.37	Check	Accounts Payable
11/05/2019	<a href="#">22481</a>	Bank of America	-1,184.05	Check	Accounts Payable
11/05/2019	<a href="#">22481</a>	Bank of America Reversal	1,184.05	Check Reversal	Accounts Payable
11/05/2019	<a href="#">22482</a>	Burrtec Waste Industries Inc	-120.49	Check	Accounts Payable
11/05/2019	<a href="#">22483</a>	Grainger, Inc	-436.54	Check	Accounts Payable
11/05/2019	<a href="#">22484</a>	Harbor Freight Tools	-32.31	Check	Accounts Payable
11/05/2019	<a href="#">22485</a>	Henry Spiller	-1,300.00	Check	Accounts Payable
11/05/2019	<a href="#">22486</a>	Infosend	-1,800.82	Check	Accounts Payable
11/05/2019	<a href="#">22487</a>	Inland Water Works Supply Co.	-545.21	Check	Accounts Payable
11/05/2019	<a href="#">22488</a>	Rebecca Gonzalez	-342.00	Check	Accounts Payable
11/05/2019	<a href="#">22489</a>	Ron Clark	-512.50	Check	Accounts Payable
11/05/2019	<a href="#">22490</a>	Sierra Analytical	-5,259.00	Check	Accounts Payable
11/05/2019	<a href="#">22491</a>	Staples Office Supplies	-307.28	Check	Accounts Payable
11/05/2019	<a href="#">22492</a>	Staples, Inc	-596.78	Check	Accounts Payable
11/05/2019	<a href="#">22493</a>	Staples, Inc	-428.13	Check	Accounts Payable
11/05/2019	<a href="#">22494</a>	Sullivan Uniform	-111.30	Check	Accounts Payable
11/05/2019	<a href="#">22495</a>	Tim Smith	-850.14	Check	Accounts Payable
11/05/2019	<a href="#">22496</a>	Tyler Technologies, Inc.	-137.00	Check	Accounts Payable
11/05/2019	<a href="#">22497</a>	UIA Ultimate Internet Access, Inc	-719.41	Check	Accounts Payable
11/05/2019	<a href="#">22498</a>	Uline	-281.25	Check	Accounts Payable
11/05/2019	<a href="#">22499</a>	Southwest Gas Company	-143.59	Check	Accounts Payable
11/05/2019	<a href="#">22501</a>	JACOB REETER	-116.38	Check	Utility Billing
11/05/2019	<a href="#">EFT0003005</a>	To record Tasc Flex Claim Pmt	-559.57	EFT	General Ledger
11/06/2019	<a href="#">22500</a>	Bank of America	-1,184.05	Check	Accounts Payable
11/07/2019	<a href="#">22502</a>	Sonic Systems, Inc	-1,524.40	Check	Accounts Payable
11/07/2019	<a href="#">22503</a>	Southern California Edison	-216.78	Check	Accounts Payable
11/07/2019	<a href="#">22504</a>	Southern California Edison	-90.13	Check	Accounts Payable
11/07/2019	<a href="#">22505</a>	Southern California Edison	-725.53	Check	Accounts Payable
11/07/2019	<a href="#">22506</a>	Southern California Edison	-1,470.87	Check	Accounts Payable
11/07/2019	<a href="#">22507</a>	Southern California Edison	-169.54	Check	Accounts Payable
11/07/2019	<a href="#">22508</a>	Fedak & Brown LLP	-1,103.00	Check	Accounts Payable
11/07/2019	<a href="#">22509</a>	AVCOM Services Inc.	-118.00	Check	Accounts Payable
11/07/2019	<a href="#">22510</a>	Cashier, CDFA- Certified Farmer's Market Program 90303	-10.00	Check	Accounts Payable
11/07/2019	<a href="#">22511</a>	County of San Bernardino	-16.00	Check	Accounts Payable
11/07/2019	<a href="#">22512</a>	DOS COSTAS COMMUNICATIONS	-400.00	Check	Accounts Payable
11/07/2019	<a href="#">22513</a>	Employment Development Center	-128.99	Check	Accounts Payable
11/07/2019	<a href="#">22514</a>	Frank L. Connelly	-1,627.92	Check	Accounts Payable
11/07/2019	<a href="#">22514</a>	Frank L. Connelly Reversal	1,627.92	Check Reversal	Accounts Payable
11/07/2019	<a href="#">22515</a>	Geo-Monitor, Inc.	-229.50	Check	Accounts Payable
11/07/2019	<a href="#">22516</a>	Heather L. Starstman	-801.00	Check	Accounts Payable
11/07/2019	<a href="#">22517</a>	Inland Water Works Supply Co.	-771.90	Check	Accounts Payable
11/07/2019	<a href="#">22518</a>	James MW Radford	-75.00	Check	Accounts Payable
11/07/2019	<a href="#">22519</a>	On Line	-19.95	Check	Accounts Payable
11/07/2019	<a href="#">22520</a>	Stantec Consulting Services Inc	-923.00	Check	Accounts Payable
11/07/2019	<a href="#">EFT0002997</a>	To record CalPERS Health Premium Paid	-12,924.42	EFT	General Ledger
11/08/2019	<a href="#">22521</a>	California State Disbursement Unit	-230.76	Check	Accounts Payable
11/08/2019	<a href="#">22522</a>	Frank L. Connelly	-1,808.88	Check	Accounts Payable

**Bank Transaction Report**

**Issued Date Range: -**

Issued Date	Number	Description	Amount	Type	Module
11/08/2019	<a href="#">22523</a>	Platinum Consulting Group LLC	-7,743.84	Check	Accounts Payable
11/08/2019	<a href="#">22524</a>	Platinum Consulting Group LLC	-5,789.75	Check	Accounts Payable
11/13/2019	<a href="#">22525</a>	ASBCSD	-34.00	Check	Accounts Payable
11/13/2019	<a href="#">22526</a>	Beck Oil Inc	-2,298.63	Check	Accounts Payable
11/13/2019	<a href="#">22527</a>	Burrtec Waste Industries Inc	-1,822.95	Check	Accounts Payable
11/13/2019	<a href="#">22528</a>	Burrtec Waste Industries, Inc.	-41,832.39	Check	Accounts Payable
11/13/2019	<a href="#">22529</a>	Choice Builder	-1,092.03	Check	Accounts Payable
11/13/2019	<a href="#">22530</a>	Desert Community Bank	-280.92	Check	Accounts Payable
11/13/2019	<a href="#">22531</a>	Frontier Communications	-129.08	Check	Accounts Payable
11/13/2019	<a href="#">22532</a>	Frontier Communications	-47.80	Check	Accounts Payable
11/13/2019	<a href="#">22533</a>	Hartford Life	-550.48	Check	Accounts Payable
11/13/2019	<a href="#">22534</a>	Lowe's	-1,868.25	Check	Accounts Payable
11/13/2019	<a href="#">22535</a>	State of California Department of Justice	-98.00	Check	Accounts Payable
11/13/2019	<a href="#">22536</a>	SWRCB FEES	-21,392.00	Check	Accounts Payable
11/13/2019	<a href="#">22537</a>	Uline	-85.09	Check	Accounts Payable
11/13/2019	<a href="#">22538</a>	USA of So. California	-71.05	Check	Accounts Payable
11/13/2019	<a href="#">22539</a>	Southern California Edison	-12,568.80	Check	Accounts Payable
11/13/2019	<a href="#">22540</a>	Southern California Edison	-339.15	Check	Accounts Payable
11/13/2019	<a href="#">22541</a>	Aqua-Metric Sales Co.	-10,155.96	Check	Accounts Payable
11/13/2019	<a href="#">22541</a>	Aqua-Metric Sales Co. Reversal	10,155.96	Check Reversal	Accounts Payable
11/13/2019	<a href="#">22542</a>	Inland Water Works Supply Co.	-307.44	Check	Accounts Payable
11/13/2019	<a href="#">22543</a>	Aqua-Metric Sales Co.	-10,155.96	Check	Accounts Payable
11/13/2019	<a href="#">22544</a>	CHRISTOPHER WENTZ	-84.49	Check	Utility Billing
11/13/2019	<a href="#">22545</a>	FRED ANTHONY HANKERSON	-71.02	Check	Utility Billing
11/13/2019	<a href="#">22546</a>	DORANNA BUXTON	-87.22	Check	Utility Billing
11/14/2019	<a href="#">EFT0002998</a>	To record Oct Sales Tax Pmt - 4th Quartr Pmt	-1,954.00	EFT	General Ledger
11/15/2019	<a href="#">22547</a>	Flo-Services, Inc	-48,060.08	Check	Accounts Payable
11/15/2019	<a href="#">22548</a>	Cardmember Services	-6,002.52	Check	Accounts Payable
11/15/2019	<a href="#">22549</a>	Desert Community Bank	-1,500.00	Check	Accounts Payable
11/15/2019	<a href="#">22550</a>	Frank L. Connelly	-47.73	Check	Accounts Payable
11/15/2019	<a href="#">22551</a>	Home Depot Credit Services	-360.16	Check	Accounts Payable
11/15/2019	<a href="#">22552</a>	Infosend	-1,830.22	Check	Accounts Payable
11/15/2019	<a href="#">22553</a>	Liberty Composting, Inc.	-349.50	Check	Accounts Payable
11/15/2019	<a href="#">22554</a>	O'Reilly Auto Parts	-1,778.76	Check	Accounts Payable
11/15/2019	<a href="#">22555</a>	California State Disbursement Unit	-230.76	Check	Accounts Payable
11/15/2019	<a href="#">EFT0002987</a>	To record CalPERS Pmt Classic PP 9-30-19 - 10/13/19	-5,762.68	EFT	General Ledger
11/15/2019	<a href="#">EFT0002988</a>	To record CalPERS Pmt PEPRA PP 9/30/19 - 10/13/19	-1,347.49	EFT	General Ledger
11/15/2019	<a href="#">EFT0002989</a>	To record CalPERS Pmt 457 Contribution PP 9/30/19 - 10/13/19	-600.00	EFT	General Ledger
11/15/2019	<a href="#">EFT0002990</a>	To record CalPERS Pmt PP 9/16/19 -9/29/19	-650.00	EFT	General Ledger
11/15/2019	<a href="#">EFT0002993</a>	To post Payroll pmt - Dir Deposit	-32,371.62	EFT	General Ledger
11/15/2019	<a href="#">EFT0002994</a>	To post Payroll IRS pmt - PR Tax Pmt	-6,935.03	EFT	General Ledger
11/15/2019	<a href="#">EFT0002995</a>	To post Payroll CA State EDD pmt - PR Tax Pmt	-2,057.45	EFT	General Ledger
<b>Bank Account 251229590 Total: (94)</b>			<b>-262,065.07</b>		
<b>Report Total: (94)</b>			<b>-262,065.07</b>		



**Bank Transaction Report**

<b>Bank Account</b>	<b>Count</b>	<b>Amount</b>
<a href="#">251229590 CBB Checking</a>	94	-262,065.07
<b>Report Total:</b>	<b>94</b>	<b>-262,065.07</b>

<b>Cash Account</b>	<b>Count</b>	<b>Amount</b>
<a href="#">99 99-111000 Cash in CBB - Checking</a>	94	-262,065.07
<b>Report Total:</b>	<b>94</b>	<b>-262,065.07</b>

<b>Transaction Type</b>	<b>Count</b>	<b>Amount</b>
Check	76	-208,187.78
Check Reversal	3	12,967.93
EFT	15	-66,845.22
<b>Report Total:</b>	<b>94</b>	<b>-262,065.07</b>



# Helendale Community Services District

---

**Date:** November 21, 2019  
**TO:** Board of Directors  
**FROM:** Kimberly Cox, General Manager  
**SUBJECT:** Agenda item #5  
Discussion and Possible Action Regarding Acceptance of the 2019 Fiscal Year Audit

---

**STAFF RECOMMENDATION:**

Accept 2018 Fiscal Year Audit.

**STAFF REPORT:**

STAFF RECOMMENDATION:

Review and accept 2018 Fiscal Year Audit.

**STAFF REPORT:**

The District has contracted with the firm of Fedak and Brown (F&B) to prepare the audit for Fiscal Year 2019. Staff has enjoyed working with F&B and appreciates their thoroughness in evaluating the District's financial procedures and adherence to District policies. This is the third year the Fedak and Brown have provided audit services. The District has the option of engaging the firm for an additional two years (FY2020 and FY2021). This will be discussed at a later date.

Attached to the agenda packet is the draft final audit your review and use. This shows the District's financial position as of June 30, 2019. Mr. Chris Brown, CPA, will present an overview of the audit at the Board meeting. The auditors have presented an unmodified audit. This means that the District has followed accounting guidelines and principles to account for the use and receipt of District funds.

During the course of the audit District staff and the financial consulting firm provided access to all information that was relevant to the audit and the financial statements. The auditors met with various District staff and financial consultants that prepare financial documents, payments, investments, payroll and other related operations. The responses to the various inquiries helped to determine the financial condition and compliance with District policies and procedures and State and Federal accounting guidelines and pronouncements.

From time to time the audit landscape changes as requirements for additional information is required by the Governmental Accounting Standards Board (GASB). The requirement to address the pension liability of the District has been complied with and is indicated in the audited financial statement tables and addressed in the notes to the financial statements.

A helpful component of the audit is the Management Discussion and Analysis (MD&A). The discussion is prepared by the auditors and explains the financial transactions of the District during the course of the fiscal year.

The auditors met with the President and Secretary of the Board to review the audit in greater detail prior to the Board meeting.

**Motion:**

A motion to accept the annual audit for fiscal year 2019.

**FISCAL IMPACT:** Annual costs for year three of audit services is \$23,055.

**ATTACHMENTS:** Draft Audit for Fiscal Year 2019  
Audit/Finance Committee letter



**Helendale Community Services District**  
**Helendale, California**  
**Financial Statements**  
**For the Fiscal Year Ended**  
**June 30, 2019**



26540 Vista Road | Helendale, CA

# Helendale Community Services District

## Our Mission Statement

*“The Mission of the Helendale Community Services District is to provide efficient, effective local government through transparent operation in all areas of service for the benefit of the community”*

## Board of Directors

<u>Name</u>	<u>Title</u>	<u>Elected/ Appointed</u>	<u>Term Expires</u>
Ron Clark	President	Elected	2022
Tim Smith	Vice President	Elected	2022
Sandy Haas	Director	Elected	2020
Craig Schneider	Director	Elected	2022
Henry Spiller	Director	Elected	2020

## District Management

Kimberly Cox	General Manager
Craig Carlson	Water Operations Manager
Alex Alves	Wastewater Operations Manager

**Helendale Community Services District  
26540 Vista Road, Suite B, P.O. Box 359  
Helendale, California, 92342  
(760) 951-0006**



**Helendale Community Services District**  
**Helendale, California**  
**Financial Statements**  
**For the Fiscal Year Ended**  
**June 30, 2019**

**Helendale Community Services District  
Financial Statements  
For the Fiscal Year Ended June 30, 2019**

**Table of Contents**

	<b><u>Page No.</u></b>
Table of Contents	i
<b>Financial Section</b>	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-8
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position	9
Statement of Activities	10
<b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	12
Statements of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statements of Net Position – Enterprise Funds	15
Statements of Revenues, Expenses and Changes in Fund Net Position – Enterprise Funds	16
Statements of Cash Flows –Enterprise Funds	17
Notes to the Basic Financial Statements	18-46
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	46
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Parks & Recreation Fund	47
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Recycling Fund	48
Notes to the Required Supplementary Information	49
Schedules of District's Proportionate Share of the Net Pension Liability	50
Schedules of Pension Plan Contributions (CalPERS)	51
<b>Report on Compliance and Internal Controls</b>	
Independent Auditor's 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>	52-53





# Financial Section

## **Independent Auditor's Report**

Board of Directors  
Helendale Community Services District  
Helendale, 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 Helendale Community Services District (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion 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; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independent Auditor's Report, continued

### ***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 the District, as of June 30, 2019, 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and the required supplementary information on pages 48 through 53 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 our report dated [ISSUE DATE], 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. That report can be found on page 54 and 55.

**Fedak & Brown LLP**  
Cypress, California  
[ISSUE DATE]

## **Helendale Community Services District Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Helendale Community Services District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here with additional information that we have furnished in the accompanying basic financial statements and related notes, which follow this section.

### **Financial Highlights**

- In 2019, the District's net position increased by 9.57% or \$1,427,975 to \$16,350,113 as a result of ongoing operations.
- In 2019, the District's total revenues increased 5.48% or \$302,924 to \$5,830,116.
- In 2019, the District's total expenses decreased by 0.44% or \$19,351 to \$4,402,141.

In fiscal year 2019, the District determined to modify the presentation of these and future annual financial statements for the purpose of clarity, and provide consistency within the required financial reporting. As a result, the financial statements include governmental fund and enterprise fund groups. Governmental funds rely on near-term inflows and outflows of spendable resources for those activities. Governmental funds reported in these financial statements include the: Parks and Recreation Fund, Recycling Center Fund, and the General Fund which reports general revenues and administrative cost to provide support to the District in general. The Enterprise Funds consist of the Water Fund, Wastewater Fund, and the Solid Waste Fund. These funds operate in a manner similar to a business whereby service rates are based on the costs on providing and maintain those services over time.

### **Using This Financial Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provides information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the District's investments in resources (assets) and deferred outflows of resources, obligations to creditors (liabilities) and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Activities. This statement measures the success of the District's operations over the past year and can be used to determine the District's profitability and credit worthiness.

### **Government-wide Financial Statements**

#### **Statement of Net Position and Statement of Activities**

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

**Helendale Community Services District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

**Government-wide Financial Statements, continued**

**Statement of Net Position and Statement of Activities, continued**

These two statements report the District's *net position* and changes in it. Think of the District's net position – the difference between assets plus deferred outflows of resources, less liabilities, and deferred inflows of resources – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in the District's property tax base and the types of grants the District applies for to assess the *overall financial health* of the District.

**Fund Financial Statements**

**Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 19 through 47.

**Helendale Community Services District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

**Government-wide Financial Analysis**

**Statements of Net Position**

The following table is a summary of the statement of net position at June 30, 2019.

	<b>Condensed Statements of Net Position</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total District</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Assets:</b>						
Current assets	\$ 329,435	950,507	6,912,726	6,606,233	7,242,161	7,556,740
Non-current assets	2,630,873	2,666,554	14,644,279	13,163,826	17,275,152	15,830,380
<b>Total assets</b>	<b>2,960,308</b>	<b>3,617,061</b>	<b>21,557,005</b>	<b>19,770,059</b>	<b>24,517,313</b>	<b>23,387,120</b>
<b>Deferred outflows of resources</b>	<b>114,646</b>	<b>168,553</b>	<b>171,967</b>	<b>252,827</b>	<b>286,613</b>	<b>421,380</b>
<b>Liabilities:</b>						
Current liabilities	2,022,448	1,961,312	594,288	694,156	2,616,736	2,655,468
Non-current liabilities	1,161,837	1,231,725	4,675,240	4,955,303	5,837,077	6,187,028
<b>Total liabilities</b>	<b>3,184,285</b>	<b>3,193,037</b>	<b>5,269,528</b>	<b>5,649,459</b>	<b>8,453,813</b>	<b>8,842,496</b>
<b>Deferred inflows of resources</b>	<b>-</b>	<b>17,546</b>	<b>-</b>	<b>26,320</b>	<b>-</b>	<b>43,866</b>
<b>Net position:</b>						
Net investment in capital assets	1,585,066	1,542,466	9,928,539	8,193,096	11,513,605	9,735,562
Unrestricted	(1,694,397)	(967,435)	6,530,905	6,154,011	4,836,508	5,186,576
<b>Total net position</b>	<b>\$ (109,331)</b>	<b>575,031</b>	<b>16,459,444</b>	<b>14,347,107</b>	<b>16,350,113</b>	<b>14,922,138</b>

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 plus deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$16,350,113 as of June 30, 2019. The District's total net position is made-up of two components: (1) net investment in capital assets and (2) unrestricted net position.

**Helendale Community Services District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

**Government-wide Financial Analysis, continued**

**Statements of Activities**

The following table is a summary of the statement of activities for the year ended June 30, 2019.

	<b>Condensed Statements of Activities</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total District</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 463,016	372,221	4,668,093	4,528,324	5,131,109	4,900,545
Capital grants and contributions	-	24,211	50,613	48,890	50,613	73,101
<b>Total program revenues</b>	<b>463,016</b>	<b>396,432</b>	<b>4,718,706</b>	<b>4,577,214</b>	<b>5,181,722</b>	<b>4,973,646</b>
<b>General revenues:</b>						
Property taxes	118,025	101,282	-	-	118,025	101,282
Interest earnings	134,690	27,818	-	-	134,690	27,818
Rental income	311,933	298,129	-	-	311,933	298,129
Other	67,538	118,335	16,208	7,982	83,746	126,317
<b>Total general revenues</b>	<b>632,186</b>	<b>545,564</b>	<b>16,208</b>	<b>7,982</b>	<b>648,394</b>	<b>553,546</b>
<b>Total revenues</b>	<b>1,095,202</b>	<b>941,996</b>	<b>4,734,914</b>	<b>4,585,196</b>	<b>5,830,116</b>	<b>5,527,192</b>
<b>Expenses:</b>						
General	1,192,470	1,072,695	-	-	1,192,470	1,072,695
Parks and recreation	373,234	572,757	-	-	373,234	572,757
Recycle	165,919	-	-	-	165,919	-
Interest on long-term debt	47,941	59,699	-	-	47,941	59,699
Water	-	-	1,187,426	1,167,592	1,187,426	1,167,592
Wastewater	-	-	717,708	818,438	717,708	818,438
Solid waste	-	-	717,443	730,311	717,443	730,311
<b>Total expenses</b>	<b>1,779,564</b>	<b>1,705,151</b>	<b>2,622,577</b>	<b>2,716,341</b>	<b>4,402,141</b>	<b>4,421,492</b>
<b>Excess before transfers</b>	<b>(684,362)</b>	<b>(763,155)</b>	<b>2,112,337</b>	<b>1,868,855</b>	<b>1,427,975</b>	<b>1,105,700</b>
<b>Transfers from(to) other funds</b>	<b>-</b>	<b>1,054,059</b>	<b>-</b>	<b>(1,054,059)</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>(684,362)</b>	<b>290,904</b>	<b>2,112,337</b>	<b>814,796</b>	<b>1,427,975</b>	<b>1,105,700</b>
<b>Net position,</b>						
<b>beginning of period</b>	<b>575,031</b>	<b>284,127</b>	<b>14,347,107</b>	<b>13,532,311</b>	<b>14,922,138</b>	<b>13,816,438</b>
<b>Net position, end of period</b>	<b>\$ (109,331)</b>	<b>575,031</b>	<b>16,459,444</b>	<b>14,347,107</b>	<b>16,350,113</b>	<b>14,922,138</b>

Compared to prior year, net position of the District increased 9.57% or \$1,427,975 to \$16,350,113 as a result of ongoing operations.

Total revenues increased 5.48% or \$302,924 to \$5,830,116. The District's program revenues increased by \$208,076, due to increases of \$230,564 in charges for services offset by a decrease of \$22,488 in capital grants and contributions. The District's general revenues increased by \$94,848, due to increases of \$106,872 in interest earnings, \$16,743 in property taxes, and \$13,804 in rental income, which were offset by decrease of \$42,571 in other revenues from prior year.

**Helendale Community Services District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

**Government-wide Financial Analysis, continued**

**Statements of Activities, continued**

Total expenses decreased by 0.44% or \$19,351 to \$4,402,141, due primarily to decreases of \$199,523 in parks and recreation expenses, due to separation of the recycle fund from parks and recreation, \$100,730 in wastewater fund expenses, which were offset by increases of \$119,775 in general fund expenses and \$165,919 in recycle fund expenses, due to the separation of the recycle fund from parks and recreation.

**Changes in fund balance – Governmental funds**

The following table is a summary of the changes in fund balance for all governmental funds for the year ended June 30, 2019.

**Condensed Changes in Fund Balance – Governmental Funds**

	<u>General</u>	<u>Parks and Recreation</u>	<u>Recycle</u>	<u>Total Governmental Activities</u>
Fund balance, beginning of year	\$ (826,524)	(91,838)	-	(918,362)
Change in fund balance	<u>(9,261)</u>	<u>(656,214)</u>	<u>400</u>	<u>(665,075)</u>
Fund balance, end of year	\$ <u>(835,785)</u>	<u>(748,052)</u>	<u>400</u>	<u>(1,583,437)</u>

In 2019, total fund balance (deficit) increased by 72.42% or \$665,075 to \$1,583,437. The General fund increased by 1.12% or \$9,261 to \$835,785; the parks and recreation fund increased by 714.53% or \$656,214 to \$748,052; the recycle fund increased by \$0 to \$400.

**Governmental Funds Budgetary Highlights**

The final actual expenditures for the General Fund as of June 30, 2019, were more than budgeted by \$141,406. In fiscal year 2019, actual payroll expenditures (including salaries and employee benefits) were over budget by \$106,324 as the actual cost of employee benefits expenditures exceeded budgeted benefits costs during the fiscal year. Actual utilities expenditures were over budget by \$39,311 due to increased electricity demand.

Actual General Fund revenues as of June 30, 2019, exceeded budgeted amounts by \$130,915. In fiscal year 2019, property tax revenue was above budgeted by \$14,736. Actual interest earnings were more than budgeted by \$123,145 due to more favorable market conditions. Rental income was less than budgeted by \$23,325. Other revenue was greater than budgeted by \$11,297.

Actual General Fund total transfers in were less than budgeted by \$109,843.

The final actual expenditures for the Parks and Recreation Fund as of June 30, 2019, were more than budgeted by \$94,247. In fiscal year 2019, actual payroll expenditures (including salaries and employee benefits) were under budget by \$54,551 as the actual cost of employee benefits expenditures were less than budgeted benefits costs during the fiscal year. Actual materials and services were less than budgeted by \$80,728. Actual utilities expenditures were over budget due to increased electricity demand. Actual capital outlay expenditures were more than budgeted for by \$218,794.



**Helendale Community Services District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

**Governmental Funds Budgetary Highlights**

Actual Parks and Recreation Fund revenues as of June 30, 2019, were less than budgeted amounts by \$76,480. In fiscal year 2019, grant revenue was below budgeted by \$132,600. Rental income was more than budgeted amounts by \$34,064. Other revenue was more than budgeted by \$25,465.

Actual Parks and Recreation Fund total transfers out were more than budgeted by \$701,284.

The final actual expenditures for the Recycling Fund as of June 30, 2019, were less than budgeted by \$26,911. In fiscal year 2019, actual payroll expenditures (including salaries and employee benefits) were under budget by \$25,973 as the actual cost of employee benefits expenditures were less than budgeted benefits costs during the fiscal year.

Actual Recycling Fund revenues as of June 30, 2019, were more than budgeted amounts by \$27,086. In fiscal year 2019, recycling revenue was more than budgeted by \$26,900.

Actual Recycling Fund total transfers out were more than budgeted by \$53,597.

(See Budgetary Comparison Schedule for General Fund under Required Supplementary Information section on pages 48 through 51).

**Capital Asset Administration**

		<b>Capital Assets</b>					
		<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total District</b>	
		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Capital assets:							
Non-depreciable assets	\$	372,324	340,909	611,830	611,830	984,154	952,739
Depreciable assets		4,051,993	3,864,614	26,724,982	24,895,567	30,776,975	28,760,181
<b>Total capital assets</b>		<b>4,424,317</b>	<b>4,205,523</b>	<b>27,336,812</b>	<b>25,507,397</b>	<b>31,761,129</b>	<b>29,712,920</b>
Accumulated depreciation		(1,793,444)	(1,538,968)	(12,692,533)	(12,343,572)	(14,485,977)	(13,882,540)
<b>Total capital assets, net</b>	<b>\$</b>	<b>2,630,873</b>	<b>2,666,555</b>	<b>14,644,279</b>	<b>13,163,825</b>	<b>17,275,152</b>	<b>15,830,380</b>

At the end of fiscal year 2019, the District's in capital assets amounted to \$17,275,152 (net of accumulated depreciation). Capital assets include land, structures and improvements, equipment, vehicles, water rights and other intangibles, and construction-in-process. The capital assets of the District are more fully analyzed in Note 4 to the basic financial statements.

**Long-Term Debt Administration**

		<b>Long-term Debt</b>					
		<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Long-term debt:							
Long-term debt	\$	1,045,807	1,124,088	4,715,740	4,970,731	5,761,547	6,094,819
<b>Total long-term debt</b>	<b>\$</b>	<b>1,045,807</b>	<b>1,124,088</b>	<b>4,715,740</b>	<b>4,970,731</b>	<b>5,761,547</b>	<b>6,094,819</b>

Long-term debt decreased 5.47% or \$333,272 to \$5,761,547 in 2019 primarily due to regular debt service payments. The long-term debt position of the District is more fully analyzed in Note 6 to the basic financial statements.

**Helendale Community Services District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

**Conditions Affecting Current Financial Position**

Management is unaware of any conditions, which could have a significant impact on the District's current financial position, net assets or operating results in terms of past, present and future.

**Requests for Information**

This financial report is designed to provide the District's present users, including funding sources, customers, stakeholders and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's General Manager, Kimberly Cox at Helendale Community Services District, 26540 Vista Road, Suite B, P.O. Box 359, Helendale, California, 92342, (760) 951-0006, [kcox@helendalecsd.org](mailto:kcox@helendalecsd.org).



# **Basic Financial Statements**

**Helendale Community Services District**  
**Statement of Net Position**  
**June 30, 2019**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Current assets:</b>			
Cash and cash equivalents (note 2)	\$ 307,163	4,661,559	4,968,722
Accrued interest receivable	44	-	44
Accounts receivable – utilities	-	411,878	411,878
Accounts receivable – other	10,974	-	10,974
Property taxes and assessments receivable	6,524	17,834	24,358
Due from other funds (note 3)	-	1,820,819	1,820,819
Prepays and other assets	4,730	636	5,366
Total current assets	<u>329,435</u>	<u>6,912,726</u>	<u>7,242,161</u>
<b>Non-current assets:</b>			
Capital assets – not being depreciated (note 4)	372,324	611,830	984,154
Capital assets – being depreciated, net (note 4)	2,258,549	14,032,449	16,290,998
Total non-current assets	<u>2,630,873</u>	<u>14,644,279</u>	<u>17,275,152</u>
Total assets	<u>2,960,308</u>	<u>21,557,005</u>	<u>24,517,313</u>
<b>Deferred outflows of resources:</b>			
Deferred pension outflows (note 7)	114,646	171,967	286,613
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	64,076	104,379	168,455
Accrued salaries and related payables	8,828	15,143	23,971
Customer deposits and unearned revenue	19,149	140,055	159,204
Accrued interest on long-term debt	5,828	59,436	65,264
Due to other funds (note 3)	1,820,819	-	1,820,819
Long-term liabilities – due within one year:			
Compensated absences (note 5)	22,096	9,421	31,517
Long-term debt (note 6)	81,652	265,854	347,506
Total current liabilities	<u>2,022,448</u>	<u>594,288</u>	<u>2,616,736</u>
<b>Non-current liabilities:</b>			
Long-term liabilities – due in more than one year:			
Compensated absences (note 5)	66,289	28,261	94,550
Long-term debt (note 6)	964,155	4,449,886	5,414,041
Net pension liability (note 7)	131,393	197,093	328,486
Total non-current liabilities	<u>1,161,837</u>	<u>4,675,240</u>	<u>5,837,077</u>
Total liabilities	<u>3,184,285</u>	<u>5,269,528</u>	<u>8,453,813</u>
<b>Net position (note 8):</b>			
Net investment in capital assets	1,585,066	9,928,539	11,513,605
Unrestricted	(1,694,397)	6,530,905	4,836,508
Total net position	<u>\$ (109,331)</u>	<u>16,459,444</u>	<u>16,350,113</u>

See accompanying notes to the basic financial statements

**Helendale Community Services District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>						
General	\$ 1,192,470	140,614	-	(1,051,856)	-	(1,051,856)
Parks and recreation	373,234	19,502	-	(353,732)	-	(353,732)
Recycling	165,919	302,900	-	136,981	-	136,981
Interest on long-term debt	47,941	-	-	(47,941)	-	(47,941)
<b>Total governmental activities</b>	<b>1,779,564</b>	<b>463,016</b>	<b>-</b>	<b>(1,316,548)</b>	<b>-</b>	<b>(1,316,548)</b>
<b>Business-type activities:</b>						
Water	1,187,426	2,629,931	34,007	-	1,476,512	1,476,512
Wastewater	717,708	1,316,283	16,606	-	615,181	615,181
Solid waste	717,443	721,879	-	-	4,436	4,436
<b>Total business-type activities</b>	<b>2,622,577</b>	<b>4,668,093</b>	<b>50,613</b>	<b>-</b>	<b>2,096,129</b>	<b>2,096,129</b>
<b>Total</b>	<b>\$ 4,402,141</b>	<b>5,131,109</b>	<b>50,613</b>	<b>(1,316,548)</b>	<b>2,096,129</b>	<b>779,581</b>
<b>General revenues:</b>						
Property taxes				\$ 118,025	-	118,025
Interest earnings				134,690	-	134,690
Rental income				311,933	-	311,933
Other				67,538	16,208	83,746
<b>Total general revenues</b>				<b>632,186</b>	<b>16,208</b>	<b>648,394</b>
<b>Change in net position</b>				<b>(684,362)</b>	<b>2,112,337</b>	<b>1,427,975</b>
<b>Net position, beginning of year</b>				<b>575,031</b>	<b>14,347,107</b>	<b>14,922,138</b>
<b>Net position, end of year</b>				<b>\$ (109,331)</b>	<b>16,459,444</b>	<b>16,350,113</b>

See accompanying notes to the basic financial statements

**Helendale Community Services District  
Balance Sheets – Governmental Funds  
June 30, 2019**

	<u>General</u>	<u>Parks and Recreation</u>	<u>Recycling Center</u>	<u>Total Governmental Activities</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 191,830	108,980	6,353	307,163
Accrued interest receivable	44	-	-	44
Accounts receivable – services	10,823	151	-	10,974
Property taxes and assessments receivable	6,524	-	-	6,524
Due from other funds	-	-	-	-
Prepays	4,677	53	-	4,730
<b>Total assets</b>	<b>\$ 213,898</b>	<b>109,184</b>	<b>6,353</b>	<b>329,435</b>
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 48,178	12,745	3,153	64,076
Accrued salaries and related payables	5,894	134	2,800	8,828
Customer deposits and unearned revenue	16,799	2,350	-	19,149
Due to other funds	978,812	842,007	-	1,820,819
<b>Total liabilities</b>	<b>1,049,683</b>	<b>857,236</b>	<b>5,953</b>	<b>1,912,872</b>
<b>Fund balance (note 11):</b>				
Assigned	-	(748,052)	400	(747,652)
Unassigned	(835,785)	-	-	(835,785)
<b>Total fund balance</b>	<b>(835,785)</b>	<b>(748,052)</b>	<b>400</b>	<b>(1,583,437)</b>
<b>Total liabilities and fund balance</b>	<b>\$ 213,898</b>	<b>109,184</b>	<b>6,353</b>	<b>329,435</b>

Continued on next page

See accompanying notes to the basic financial statements

**Helendale Community Services District**  
**Reconciliation of the Balance Sheets of Governmental Funds to the Statement of Net Position**  
**June 30, 2019**

**Reconciliation:**

Fund balance of total governmental funds		\$	(1,583,437)
Amounts reported for governmental funding in the statement of net position is different because:			
Non-current assets used in governmental funding are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the Statement of Net Position includes those non-current assets among the assets of the District as a whole.			
Capital assets			2,630,873
Pension contributions made during the fiscal year after the measurement date are reported as expenditures in governmental funds and as deferred outflows of resources in the government-wide financial statements.	\$	46,872	
Recognized changes in net assumptions are reported as deferred outflows of resources in the government-wide financial statements.			11,313
Recognized portion due to net differences between the expected and actual experience are reported as deferred outflows of resources in the government-wide financial statements.			3,328
Recognized portion due to net differences between the actual employer contribution and the proportionate share of contribution are reported as deferred outflows of resources in the government-wide financial statements.			24,373
Recognized portion due to net differences in proportions are reported as deferred outflows of resources in the government-wide financial statements.			28,110
Recognized net difference between projected and actual earnings on pension plan investments are reported as deferred outflows of resources in the government-wide financial statements.		650	114,646
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:			
Compensated absences			(88,385)
Long-term debt			(1,045,807)
Net pension liability			(131,393)
Interest on long-term debt in not accrued as a governmental fund liability, but rather is recognized as an expenditure when due.			(5,828)
Net position of governmental funding		\$	(109,331)

See accompanying notes to the basic financial statements



**Helendale Community Services District**  
**Statements of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds**  
**For the Year Ended June 30, 2019**

	<u>General</u>	<u>Parks and Recreation</u>	<u>Recycling</u>	<u>Total Governmental Activities</u>
<b>Revenues:</b>				
Property taxes	\$ 102,644	15,381	-	118,025
Charges for services	140,614	19,502	-	160,116
Recycling	-	-	302,900	302,900
Investment earnings	134,690	-	-	134,690
Rental income	277,869	34,064	-	311,933
Other	25,097	42,255	186	67,538
<b>Total revenues</b>	<u>680,914</u>	<u>111,202</u>	<u>303,086</u>	<u>1,095,202</u>
<b>Expenditures:</b>				
General	1,173,183	-	-	1,173,183
Parks and recreation	-	76,154	-	76,154
Recycling	-	-	165,919	165,919
Capital outlay	-	218,794	-	218,794
Debt service:				
Debt payments	-	78,286	-	78,286
Interest paid	-	47,941	-	47,941
<b>Total expenditures</b>	<u>1,173,183</u>	<u>421,175</u>	<u>165,919</u>	<u>1,760,277</u>
<b>Net income(loss)</b>	<u>(492,269)</u>	<u>(309,973)</u>	<u>137,167</u>	<u>(665,075)</u>
<b>Other financing sources (uses) (note 10):</b>				
Transfers in(out) – board discretionary	(322,682)	322,682	-	-
Transfers in(out) – operational	805,690	(668,923)	(136,767)	-
<b>Total other financing sources (uses)</b>	<u>483,008</u>	<u>(346,241)</u>	<u>(136,767)</u>	<u>-</u>
<b>Change in fund balance</b>	<u>(9,261)</u>	<u>(656,214)</u>	<u>400</u>	<u>(665,075)</u>
<b>Fund balance, beginning of year</b>	<u>(826,524)</u>	<u>(91,838)</u>	<u>-</u>	<u>(918,362)</u>
<b>Fund balance, end of year</b>	<u>\$ (835,785)</u>	<u>(748,052)</u>	<u>400</u>	<u>(1,583,437)</u>

Continued on next page

See accompanying notes to the basic financial statements

**Helendale Community Services District**  
**Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2019**

**Reconciliation:**

Net changes in fund balance of total governmental funds \$ (665,075)

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

Governmental funds report capital outlay 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	218,794
Depreciation expense	(254,476)

Repayment of long-term debt is reported as expenditures in governmental funds, and thus, has the effect of reducing fund balance because current financial resources have been used. For the District as a whole, however, the principal payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities. 78,286

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenses in governmental funds as follows:

Net change in accrued interest for the current period	338
Net change in compensated absences for the current period	(31,739)
Net change in pension obligations for the current period	<u>(30,490)</u>

Change in net position of governmental activities \$ (684,362)

See accompanying notes to the basic financial statements

**Helendale Community Services District**  
**Statements of Net Position – Enterprise Funds**  
**June 30, 2019**

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Total Business-type Activities</u>
<b>Current assets:</b>				
Cash and cash equivalents	\$ 537,741	3,737,152	386,666	4,661,559
Accounts receivable – utilities	238,396	125,683	47,799	411,878
Property taxes and assessments receivable	6,483	11,351	-	17,834
Due from other funds	489,406	1,321,625	9,788	1,820,819
Prepays and other assets	306	209	121	636
<b>Total current assets</b>	<u>1,272,332</u>	<u>5,196,020</u>	<u>444,374</u>	<u>6,912,726</u>
<b>Non-current assets:</b>				
Capital assets – not being depreciated	167,979	443,851	-	611,830
Capital assets – being depreciated, net	12,075,915	1,956,332	202	14,032,449
<b>Total non-current assets</b>	<u>12,243,894</u>	<u>2,400,183</u>	<u>202</u>	<u>14,644,279</u>
<b>Total assets</b>	<u>13,516,226</u>	<u>7,596,203</u>	<u>444,576</u>	<u>21,557,005</u>
<b>Deferred outflows of resources:</b>				
Deferred pension outflows	88,851	63,054	20,062	171,967
<b>Current liabilities:</b>				
Accounts payable and accrued expenses	26,693	25,199	52,487	104,379
Accrued salaries and related payables	8,426	5,066	1,651	15,143
Customer deposits and deferred revenue	140,055	-	-	140,055
Accrued interest on long-term debt	58,995	441	-	59,436
Long-term liabilities – due within one year:				
Compensated absences	5,948	2,517	956	9,421
Long-term debt	213,359	52,495	-	265,854
<b>Total current liabilities</b>	<u>453,476</u>	<u>85,718</u>	<u>55,094</u>	<u>594,288</u>
<b>Non-current liabilities:</b>				
Long-term liabilities – due in more than one year:				
Compensated absences	17,843	7,550	2,868	28,261
Long-term debt	3,911,386	538,500	-	4,449,886
Net pension liability	101,832	72,267	22,994	197,093
<b>Total non-current liabilities</b>	<u>4,031,061</u>	<u>618,317</u>	<u>25,862</u>	<u>4,675,240</u>
<b>Total liabilities</b>	<u>4,484,537</u>	<u>704,035</u>	<u>80,956</u>	<u>5,269,528</u>
<b>Net position:</b>				
Net investment in capital assets	8,119,149	1,809,188	202	9,928,539
Unrestricted	1,001,391	5,146,034	383,480	6,530,905
<b>Total net position</b>	<u>\$ 9,120,540</u>	<u>6,955,222</u>	<u>383,682</u>	<u>16,459,444</u>

See accompanying notes to the basic financial statements

**Helendale Community Services District**  
**Statements of Revenues, Expenses and Changes In Fund Net Position – Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Total Business-type Activities</u>
<b>Operating revenues:</b>				
Water consumption sales	\$ 831,736	-	-	831,736
Monthly meter service charge	1,382,532	-	-	1,382,532
Wastewater service charges	-	1,279,102	-	1,279,102
Solid waste collection charges	-	-	479,946	479,946
Sale or lease of water rights	297,724	-	-	297,724
Special assessment	23,158	19,144	235,451	277,753
Other charges and services	94,781	18,037	6,482	119,300
<b>Total operating revenues</b>	<u>2,629,931</u>	<u>1,316,283</u>	<u>721,879</u>	<u>4,668,093</u>
<b>Operating expenses:</b>				
Salaries and benefits	433,661	307,333	106,818	847,812
Operations	337,090	253,258	610,422	1,200,770
<b>Total operating expenses</b>	<u>770,751</u>	<u>560,591</u>	<u>717,240</u>	<u>2,048,582</u>
Operating income before depreciation	1,859,180	755,692	4,639	2,619,511
Depreciation	(235,138)	(132,624)	(203)	(367,965)
<b>Operating income (loss)</b>	<u>1,624,042</u>	<u>623,068</u>	<u>4,436</u>	<u>2,251,546</u>
<b>Non-operating revenues (expenses):</b>				
Interest expense – long-term debt	(181,537)	(24,493)	-	(206,030)
Gain (loss) on disposal of capital assets	4,347	2,173	-	6,520
Other non-operating revenues	2,281	7,407	-	9,688
<b>Total non-operating revenues, net</b>	<u>(174,909)</u>	<u>(14,913)</u>	<u>-</u>	<u>(189,822)</u>
<b>Operating income before capital contributions</b>	<u>1,449,133</u>	<u>608,155</u>	<u>4,436</u>	<u>2,061,724</u>
<b>Capital contributions:</b>				
Connection fees	29,007	16,606	-	45,613
Capital grants and contributions	5,000	-	-	5,000
<b>Total capital contributions</b>	<u>34,007</u>	<u>16,606</u>	<u>-</u>	<u>50,613</u>
<b>Change in net position</b>	<u>1,483,140</u>	<u>624,761</u>	<u>4,436</u>	<u>2,112,337</u>
<b>Net position, beginning of year</b>	<u>7,637,400</u>	<u>6,330,461</u>	<u>379,246</u>	<u>14,347,107</u>
<b>Net position, end of year</b>	<u>\$ 9,120,540</u>	<u>6,955,222</u>	<u>383,682</u>	<u>16,459,444</u>

See accompanying notes to the basic financial statements

**Helendale Community Services District  
Statements of Cash Flows – Enterprise Funds  
For the Fiscal Year Ended June 30, 2019**

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Total Business-type Activities</u>
<b>Cash flows from operating activities:</b>				
Cash receipts from customers	\$ 2,610,623	1,315,741	723,517	4,649,881
Cash paid to employees for salaries and benefits	(412,667)	(294,769)	(101,758)	(809,194)
Cash paid to vendors and suppliers	(335,098)	(346,810)	(605,096)	(1,287,004)
Net cash provided by operating activities	<u>1,862,858</u>	<u>674,162</u>	<u>16,663</u>	<u>2,553,683</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(2,033,363)	(851,861)	(9,786)	(2,895,010)
Proceeds from capital contributions	37,968	25,606	-	63,574
Principal payments on long-term debt	(204,485)	(50,506)	-	(254,991)
Interest payments on long-term debt	(181,537)	(24,493)	-	(206,030)
Net cash used in capital and financing activities	<u>(2,381,417)</u>	<u>(901,254)</u>	<u>(9,786)</u>	<u>(3,292,457)</u>
Net increase in cash and cash equivalents	(518,559)	(227,092)	6,877	(738,774)
Cash and cash equivalents, beginning of year	1,056,300	3,964,244	379,789	5,400,333
Cash and cash equivalents, end of year	<u>\$ 537,741</u>	<u>3,737,152</u>	<u>386,666</u>	<u>4,661,559</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 1,624,042	623,068	4,436	2,251,546
<b>Adjustments to reconcile operating loss to net cash provided by operating activities:</b>				
Depreciation expense	235,138	132,624	203	367,965
Other non-operating revenues	(2,281)	(7,407)	-	(9,688)
<b>Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources</b>				
<b>(Increase) decrease in assets and deferred outflows:</b>				
Accounts receivable – utilities, net	(2,674)	(554)	(1,812)	(5,040)
Property taxes and assessments receivable	1,834	(1,581)	3,450	3,703
Grants receivable	3,961	9,000	-	12,961
Prepays and other assets	(79)	(44)	11	(112)
Deferred outflows of resources	41,776	29,649	9,435	80,860
<b>Increase (decrease) in liabilities and deferred inflows:</b>				
Accounts payable and accrued expenses	2,071	(93,508)	5,315	(86,122)
Accrued salaries and related payables	(4,015)	(5,607)	(1,511)	(11,133)
Customer deposits and deferred revenue	(20,148)	-	-	(20,148)
Compensated absences	1,379	1,401	1,234	4,014
Net pension liability	(4,548)	(3,228)	(1,027)	(8,803)
Deferred inflows of resources	<u>(13,598)</u>	<u>(9,651)</u>	<u>(3,071)</u>	<u>(26,320)</u>
Total adjustments	<u>238,816</u>	<u>51,094</u>	<u>12,227</u>	<u>302,137</u>
Net cash provided by operating activities	<u>\$ 1,862,858</u>	<u>674,162</u>	<u>16,663</u>	<u>2,553,683</u>

See accompanying notes to the basic financial statements

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

**A. Organization and Operations of the Reporting Entity**

The Helendale Community Services District (District) was formed on December 5, 2006, for the purpose of construction, operation, and maintenance of wastewater collection and water services. Prior to formation, the service area was administered by the County of San Bernardino as San Bernardino County Special Districts Zones B & C. District staff assumed full responsibility of the District from the County of San Bernardino on April 1, 2007.

The primary component of the District is water, wastewater and solid waste services. Parks and recreation are a vital component to any community. As part of the District there is one community center. This center is utilized for a wide range of activities and is available to the community for a nominal fee. There are two parks, the community park and the dog park. Both parks are available from morning until dusk. The street lights serve primarily the business district of Helendale.

The District normally conducts two monthly general meetings of the Board of Directors which are held on the first and third Thursday of the month in the Helendale Community Center.

**B. Basis of Accounting and Measurement Focus**

**Financial Reporting**

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District has adopted the following GASB pronouncements in the current year:

*Governmental Accounting Standards Board Statement No. 83*

In November 2016, the GASB issued Statement No. 83 – *Certain Asset Retirement Obligations*. This Statement (1) addresses accounting and financial reporting for certain asset retirement obligations (AROs), (2) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (3) requires that recognition occur when the liability is both incurred and reasonably estimable, (4) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, (5) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually, and (6) requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

*Governmental Accounting Standards Board Statement No. 88*

In April 2018, the GASB issued Statement No. 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**B. Basis of Accounting and Measurement Focus, continued**

**Financial Reporting, continued**

*Governmental Accounting Standards Board Statement No. 88, continued*

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

***Government-wide Financial Statements***

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting for both governmental and business-like activities. Accordingly, all of the District's assets (including capital assets), deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, such as, unbilled but utilized utility services are recorded at year end. The Statement of Activities demonstrates the degree to which the operating expenses of a given function are offset by operating revenues. Operating expenses are those that are clearly identifiable with a specific function. The types of transactions reported as operating revenues for the District are charges for services directly related to the operations of the District. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes, operating grants and other items not properly included among operating revenues are reported instead as non-operating revenues. Contributed capital and capital grants are included as capital contributions.

***Fund Financial Statements***

These statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. Accompanying these statements is a schedule to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the Government-wide Financial Statements.

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**B. Basis of Accounting and Measurement Focus, continued**

***Fund Financial Statements, continued***

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period.

Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the District are property tax, interest earnings, investment revenue and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

The accrual basis of accounting is followed by the proprietary enterprise funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, such as unbilled but utilized utility services recorded at year end.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place. Operating revenues and expenses, such as water sales and purchases of water, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories, such as interest income and interest expense, are reported as non-operating revenues and expenses.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts established for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.

Funds are organized into two major categories: governmental and proprietary categories. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operation fund of the District or meets the following criteria:

- a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b) Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.
- c) The entity has determined that a fund is important to the financial statement user.



**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**B. Basis of Accounting and Measurement Focus, continued**

***Fund Financial Statements, continued***

The funds of the financial reporting entity are described below:

***Governmental Funds***

**General Fund** – This fund is used to account for and report all financial resources not accounted for and reported in another Fund.

**Parks and Recreation** – This fund is used to account for all parks and recreation activities within the District.

**Recycling** – This fund is used to account for the recycling center activities within the District which are utilized to support parks and recreation services.

***Enterprise Fund***

**Water** – This fund accounts for the water transmission and distribution operations of the District.

**Wastewater** – This fund accounts for the wastewater operations of the District.

**Solid Waste** – This fund is used to account for sanitation collection and disposal activities within the District.

**C. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position**

**1. Use of Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

**2. Cash and Cash Equivalents**

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

**3. Investments**

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

- State of California Local Area Investment Fund (LAIF)
- CalTRUST

LAIF is regulated by California Government Code (Code) Section 16429 and is under the management of the State of California Treasurer's Office with oversight provided by the Local Agency Investment Advisory Board.

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**C. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued**

**3. Investments, continued**

LAIF is carried at fair value based on the value of each participating dollar as provided by LAIF. The fair value of the District's position in the LAIF is the same as the value of its pooled share. Investments in securities of the U.S. government or its agencies are carried at fair value based on quoted market prices. Bank balances are secured by the pledging of a pool of eligible securities to collateralize the District's deposits with the bank in accordance with the Code.

CalTRUST is a Joint Powers Agency Authority created by local public agencies and is governed by a Board of Trustees made up of experienced local agency Treasurer and investment officers. Investments in securities of the U.S. government or its agencies are carried at fair value based on quoted market prices.

Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**4. Fair Value Measurements**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- **Level 1** – This valuation is based on quoted prices in active markets for identical assets.
- **Level 2** – This valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- **Level 3** – This valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques attempt to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

The District does not currently hold any investments which require the treatment of fair value measurements.

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**C. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued**

**5. Accounts Receivable – Water Sales and Services**

The District extends credit to customers in the normal course of operations. Management reviews all accounts receivable as collectible.

**6. Property Taxes and Assessments**

The San Bernardino County Assessor's Office assesses all real and personal property within the County each year. The San Bernardino County Tax Collector's Office bills and collects the District's share of property taxes and/or tax assessments. The San Bernardino County Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes and assessments receivable at year-end are related to property taxes and special assessments collected by the San Bernardino County, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and February 1
Collection dates	December 10 and April 10

**7. Materials and Supplies Inventory**

Materials and supplies inventory consist primarily of water meters, pipe and pipe fittings for construction and repair to the District's water transmission and distribution system. Inventory is valued at cost using a weighted average method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

**8. Prepaids**

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

**9. Capital Assets**

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition value at the date of donation and/or historical cost. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

***Governmental Activities***

- Structures and improvements – 20 to 40 years
- Equipment – 5 to 15 years
- Vehicles – 5 to 10 years

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**C. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued**

**9. Capital Assets, continued**

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

***Business-Type Activities***

- Structures and improvements – 20 to 40 years
- Equipment – 5 to 15 years
- Vehicles – 5 to 10 years
- Water rights and other intangibles – 20 years

**10. Deferred Outflows of Resources**

The statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of resources applicable to future periods and therefore will *not* be recognized as an outflow of resources (expenditure) until that time. The District has the following pension related items that qualify for reporting in this category:

***Pension Plan:***

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year.
- Deferred outflow for the net differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over a 5 year period.
- Deferred outflow for the net difference in actual and proportionate share of employer contribution and net changes in proportion which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net adjustment due to differences in the changes in proportions of the net pension liability which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**C. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued**

**11. Compensated Absences**

Accrued Vacation – For each full time employee, vacation days shall be earned per biweekly pay period. Upon completion of 1 through 4 years of employment, 80 vacation hours are earned, from year 5 through year 9, 120 vacation hours are earned, from year 10 through year 20, 160 vacation hours are earned and after 20 years, 200 vacation hours are earned.

Part-time regular employees do not accrue leave. Exempt positions will, at the time of hire, begin at two (2) weeks per year. Vacation time may be accumulated up to a maximum of 160 hours (4 weeks). New employees will not be authorized vacation time off until completion of three (3) months of continuous employment. If employment is terminated for any reason, the earned vacation will be paid through the last day of employment.

Accrued Sick Leave – Beginning with the date of employment, sick leave at 3.69 hours per pay period shall be credited to the employee. The biweekly pay record will reflect the current sick leave accumulation for each employee. Sick leave is not considered to be vacation, and is to be used only during physical or mental illness, injury, pregnancy, for a medical, optical, or dental appointment. If sick leave is used up due to illness or injury, vacation can be used. An employee with no sick leave or vacation credit shall not receive compensation for days not worked due to illness or injury. Abuse of sick leave is grounds for discipline, up to and including dismissal.

Sick leave may be accumulated up to a maximum of 1,000 hours. After 10 years of continuous service from the date of hire as a regular full-time employee upon retirement, death, or separation, an employee or the estate of the deceased employee will be paid the unused sick for the following sick leave balances at 30% at 480 hours or less, 35% at 481 to 600 hours, 40% at 601 to 720 hours, 45% at 721 to 840 hours, 50% at 841 to 1,000 hours.

**12. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Date: June 30, 2017
- Measurement Date: June 30, 2018
- Measurement Period: July 1, 2017 to June 30, 2018

**13. Deferred Inflows of Resources**

The statement of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources*, represents an acquisition of resources applicable to future periods and therefore will *not* be recognized as an inflow of resources (revenue) until that time. The District had no reported deferred inflows at June 30, 2019.

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**C. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued**

**14. 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 outstanding balances of any debt, 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 component of net position.

During the fiscal year ended June 30, 2019, the District incurred a negative net position in the District's governmental funds of \$109,331 primarily due to a negative unrestricted net position balance in the Districts' governmental funds of \$1,694,397 due to current year operating costs exceeding operating revenue. The District intends to reduce the negative unrestricted net position through the collection of general and charge for service revenues in addition to improving the allocation of expenditures across all funds in future periods.

**15. Fund Balance**

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

- **Nonspendable 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.

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**C. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued**

**15. Fund Balance, continued**

- **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.

***Fund Balance Policy***

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balances are considered unrestricted.

The purpose of the District’s fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

**16. Utility Sales and Services**

Utility sales are billed on a monthly basis.

**17. Capital Contributions**

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies, or real estate developers desiring services that require capital connection expenditures or capacity commitment.

**18. Budget**

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year, the District’s General Manager prepares and submits an operating budget to the Board for the Governmental and Enterprise Funds no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1. The Board must approve all supplemental appropriations to the budget and transfers between major accounts. The District’s annual budget is presented as a balanced budget (inflows and reserves equal outflows and reserves) adopted for the Governmental and Enterprise Funds at the detailed expenditure-type level.

The District presents a comparison of the annual budget to actual results for the Governmental and Enterprise Funds at the functional expenditure-type major object level for financial reporting purposes. The budgeted expenditure amounts represent the adopted budget. No Board approved supplemental appropriations were made. The budgeted revenue amounts represent the adopted budget as originally approved.

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**C. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued**

**19. Reclassification**

The District has reclassified certain prior year information to conform to current year presentations.

**(2) Cash and Cash Equivalents**

Cash and cash equivalents as of June 30 are classified as follows:

	<b>2019</b>
<b>Governmental activity funds:</b>	
General fund	\$ 191,830
Parks and recreation fund	108,980
Recycling fund	6,353
Total	307,163
<b>Business-type activity funds:</b>	
Water fund	537,741
Wastewater fund	3,737,152
Solid Waste fund	386,666
Total	4,661,559
Total cash and cash equivalents	\$ 4,968,722

Cash and cash equivalents as of June 30 consisted of the following:

	<b>2019</b>
Cash on hand	\$ 300
Deposits held with financial institutions	1,722,647
Deposits held with California Local Agency Investment Fund (LAIF)	6,842
Deposits with Cal Trust – Short Term Fund	2,107,126
Deposits with Cal Trust – Medium Term Fund	1,131,807
Total	\$ 4,968,722

As of June 30 the District's authorized deposits had the following maturities:

	<b>2019</b>
Deposits held with California Local Agency Investment Fund (LAIF)	173 days
Deposits with Cal Trust – Short Term Fund	332 days
Deposits with Cal Trust – Medium Term Fund	788 days

***Authorized Deposits and Investments***

The District's investment policy authorizes investments in Certificates-of-deposit and the California Local Agency Investment Fund (LAIF). The District's investment policy does contain specific provisions intended to limit its exposure to interest rate risk, credit risk, custodial risk, and concentration of credit risk.



**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(2) Cash and Cash Equivalents, continued**

***Investment in the California State Investment Pool***

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Amounts held with LAIF are highly liquid, as deposits can be converted to cash within a twenty-four hour period without loss of accrued interest. Credit and market risk is unknown.

LAIF detail may be obtained from the State of California Treasurer's website at [www.treasurer.ca.gov/pmia-laif/index.asp](http://www.treasurer.ca.gov/pmia-laif/index.asp).

The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by GASB 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

***Custodial Credit Risk***

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the District's bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the code.

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

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value has sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(2) Cash and Cash Equivalents, continued**

***Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization; however, LAIF and CalTrust are not rated. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

***Concentration of Credit Risk***

The District's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. The District's deposit portfolio with a government-sponsored agency, LAIF, is 0.14% of the District's total depository and investment portfolio. The District's deposit portfolio with CalTrust – Short Term and Medium Term funds, are 42% and 23%, respectively, of the District's total depository and investment portfolio. There were no investments in any one non-governmental issuer that represent 5.0% or more of the District's total investments.

***Fair Value Measurements***

As of June 30, 2019, the District did not hold any investments which require measurement at fair value on a recurring and non-recurring basis.

**(3) Internal Balances – Due To/From Other Funds**

Internal balances consist of the following as of June 30, 2019:

Purpose	Receivable Fund	Payable Fund	Amount
Interfund Loan	Wastewater	Parks & Rec	\$ 842,007
Advancement	Water	General	489,406
Advancement	Wastewater	General	479,618
Advancement	Solid Waste	General	9,788
Total internal balances: \$			1,820,819

On June 21, 2018, the District adopted Resolution 2018-01, for the purpose establishing a repayment agreement between the Wastewater and Parks and Recreation funds for the transfer of 35 acres of property in the amount \$842,007 with 0% interest. The purpose of the transfer is for the future expansion of the wastewater irrigation area to spread secondary water. The term of the agreement is twenty (20) years from July 1, 2020.

In 2019, the Water, Wastewater, and Solid Waste Funds reported advances to the General Fund in the amounts \$489,406, \$479,618, and \$9,788, respectively, due to a negative cash position in the General Fund occurring in prior periods. The advancement bears 0% interest and is expected to be re-evaluated and/or repaid in fiscal year 2020.

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(4) Capital Assets**

**Governmental Activities:**

Changes in capital assets at June 30 were as follows:

	<u>Balance 2018</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2019</u>
<b>Non-depreciable assets:</b>				
Land	\$ 307,702	-	-	307,702
Construction-in-process	33,207	221,374	(189,959)	64,622
Total non-depreciable assets	<u>340,909</u>	<u>221,374</u>	<u>(189,959)</u>	<u>372,324</u>
<b>Depreciable assets:</b>				
Structures and improvements	3,328,178	160,713	-	3,488,891
Equipment	432,009	26,666	-	458,675
Vehicles	104,427	-	-	104,427
Total depreciable assets	<u>3,864,614</u>	<u>187,379</u>	<u>-</u>	<u>4,051,993</u>
Accumulated depreciation:	<u>(1,538,968)</u>	<u>(254,476)</u>	<u>-</u>	<u>(1,793,444)</u>
Total depreciable assets, net	<u>2,325,646</u>	<u>(67,097)</u>	<u>-</u>	<u>2,258,549</u>
Total capital assets, net	<u>\$ 2,666,555</u>			<u>2,630,873</u>

The District had major governmental capital asset additions during fiscal year 2019 to non-depreciable assets of \$221,374 in construction in progress related to various ongoing projects in the parks and recreation fund. Additions during the fiscal year 2019 to depreciable assets consist of \$160,713 to structures and improvements and \$26,666 to equipment. There were no disposals in fiscal year 2019.

**Business-type Activities:**

Changes in capital assets at June 30 were as follows:

	<u>Balance 2018</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2019</u>
<b>Non-depreciable assets:</b>				
Land	\$ 611,830	-	-	611,830
Construction-in-process	-	437,275	(437,275)	-
Total non-depreciable assets	<u>611,830</u>	<u>437,275</u>	<u>(437,275)</u>	<u>611,830</u>
<b>Depreciable assets:</b>				
Structures and improvements	17,800,080	309,860	-	18,109,940
Equipment	510,960	144,859	-	655,819
Vehicles	353,134	50,000	(19,004)	384,130
Water rights and other intangibles	6,231,393	1,343,700	-	7,575,093
Total depreciable assets	<u>24,895,567</u>	<u>1,848,419</u>	<u>(19,004)</u>	<u>26,724,982</u>
Accumulated depreciation:	<u>(12,343,572)</u>	<u>(367,965)</u>	<u>19,004</u>	<u>(12,692,533)</u>
Total depreciable assets, net	<u>12,551,995</u>	<u>1,480,454</u>	<u>-</u>	<u>14,032,449</u>
Total capital assets, net	<u>\$ 13,163,825</u>			<u>14,644,279</u>

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(4) Capital Assets, continued**

***Business-type Activities, continued:***

Major enterprise fund capital asset additions during fiscal year 2019, include additions to construction in progress of \$437,275 that is comprised of the following capital project additions: Water meter replacement project of \$104,015, Pipeline Park to System project of \$120,275, Mains Replacement project of \$177,390 and the Manhole cover project of \$26,100. Additions to depreciable assets sourcing from construction-in-progress include \$309,860 added to structures and improvements and \$104,015 added to equipment. District additions not sourcing from construction-in-progress included additions to vehicles of \$50,000 and water rights of \$1,343,700. Disposals included three vehicle dispositions amounting to \$19,004.

Depreciation expense was charged to various functions at June 30, 2019, as follows:

Governmental activities:	
General government	\$ 12,626
Parks and Recreation	<u>241,850</u>
Total governmental activities	<u>\$ 254,476</u>
Business type activities:	
Water Fund	\$ 235,138
Wastewater Fund	132,624
Solid Waste Fund	<u>203</u>
Total business type activities	<u>\$ 367,965</u>

**(5) Compensated Absences**

Compensated absences comprise unpaid vacation leave that accrue when benefits are fully vested and are determined annually. Compensated absences turn-over each year, therefore, the compensated absence balance of the District is considered a current liability on the Statements of Net Position. The compensated absences for governmental funds will generally be liquidated through the general fund. The balance in the proprietary fund will be liquidated through the water fund.

The changes to compensated absences balances at June 30 were as follows:

***Governmental:***

<u>Balance 2018</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2019</u>	<u>Due Within One Year</u>	<u>Due In more than one year</u>
\$ 64,873	74,148	(50,636)	88,385	22,096	66,289

***Enterprise:***

<u>Balance 2018</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2019</u>	<u>Due Within One Year</u>	<u>Due in more than one year</u>
\$ 33,667	54,234	(50,219)	37,682	9,421	28,261

**(6) Long-term Debt**

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

Changes in long-term debt at June 30 were as follows:

	<u>Balance</u> <u>2018</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>2019</u>
2008 Installment Sale Agreement \$	1,795,916	-	(141,403)	1,654,513
2011 Installment Sale Agreement	779,835	-	(40,948)	738,887
2014 Installment Sale Agreement	3,519,068	-	(150,921)	3,368,147
Total loan payable	6,094,819	-	(333,272)	5,761,547
Less: current portion	(333,277)			(347,506)
Total non-current portion	\$ 5,761,542			5,414,041

Long-term debt is allocated to the Governmental and Enterprise funds as follows at June 30, 2019, as follows:

	<u>Governmental</u>		<u>Enterprise Funds</u>		<u>Total</u> <u>Enterprise</u> <u>Funds</u>	<u>Total</u> <u>Long-term</u> <u>Debt</u>
	<u>Fund</u>	<u>Parks and</u> <u>Recreation</u>	<u>Water</u>	<u>Wastewater</u>		
Balance at June 30, 2018	\$	1,124,088	4,329,230	641,501	\$ 4,970,731	\$ 6,094,819
Additions		-	-	-	-	-
Reductions		(78,281)	(204,485)	(50,506)	(254,991)	(333,272)
Balance at June 30, 2019	\$	1,045,807	4,124,745	\$ 590,995	\$ 4,715,740	5,761,547
Current Portion	\$	81,652	213,359	\$ 52,495	\$ 265,854	347,506
Non-current portion		964,155	3,911,386	538,500	4,449,886	5,414,041
Total	\$	1,045,807	4,124,745	\$ 590,995	\$ 4,715,740	5,761,547

**2008 Installment Sale Agreement**

On December 23, 2008, the District entered into an Installment Sale Agreement (Agreement) in order to finance, acquire and construct various capital improvements to the District in the amount \$2,832,000 at an interest rate of 4.95%. The proceeds of the 2008 note were for the purpose of 1) reimbursement of a portion of the purchase price of land and improvements (Silver Lakes Farm property), including water rights acquisition, wastewater effluent disposal area, District administration site and recreation area, 2) improvements to the wastewater treatment plant, including the acquisition and installation of sludge drying beds, headworks and clarifier, and 3) improvements to the water system, including developing well #10, well improvements, and the purchase of additional water rights.

On December 23, 2014, the District entered into Amendment No. 2 for the purpose of reducing the interest and to produce cash flow savings to the District. The interest rate on the unpaid principal balance was reduced from 4.95% to 3.90%. The installment sale agreement is scheduled to mature on December 23, 2028. Principal and interest is payable semi-annually on June 23<sup>rd</sup> and December 23<sup>rd</sup> at an interest rate of 3.90%.

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(6) Long-term Debt, continued**

***2008 Installment Sale Agreement, continued***

Annual debt service requirements on the installment agreement are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 146,977	63,107	210,084
2021	152,765	57,319	210,084
2022	158,780	51,303	210,083
2023	165,033	45,050	210,083
2024	171,532	38,551	210,083
2025-2029	859,426	85,950	945,376
Totals	1,654,513	341,280	1,995,793
Less: current portion	(146,977)		
Total non-current	\$ 1,507,536		

***2011 Installment Sale Agreement***

On June 1, 2011, the District entered into an Installment Sale Agreement (Agreement) in order to finance, acquire and construct various capital improvements to the District in the amount \$1,000,000 at an interest rate of 5.25%. The proceeds of the 2011 note were for the purpose of 1) the acquisition and construction of a water well and other water related projects, and 2) the purchase of the administrative facility.

The installment sale agreement is scheduled to mature on September 21, 2032. Principal and interest is payable semi-annually on September 21<sup>st</sup> and March 21<sup>st</sup> at an interest rate of 5.25%.

Annual debt service requirements on the installment agreement are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 43,126	38,233	81,359
2021	45,420	35,939	81,359
2022	47,836	33,523	81,359
2023	50,380	30,979	81,359
2024	53,059	28,299	81,358
2025-2029	310,756	96,040	406,796
2030-2032	188,310	15,084	203,394
Totals	738,887	278,097	1,016,984
Less: current portion	(43,126)		
Total non-current	\$ 695,761		

***2014 Installment Sale Agreement***

On August 1, 2014, the District entered into an Installment Sale Agreement (Agreement) in order to finance the acquisition of water rights for the District in the amount \$4,000,000 at an interest rate of 4.25%.

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(6) Long-term Debt, continued**

***2014 Installment Sale Agreement, continued***

The installment sale agreement is scheduled to mature on August 15, 2034. Principal and interest is payable semi-annually on August 15<sup>th</sup> and February 15<sup>th</sup> at an interest rate of 4.25%.

Annual debt service requirements on the installment agreement are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 157,403	141,491	298,894
2021	164,164	134,730	298,894
2022	171,216	127,680	298,896
2023	178,569	120,325	298,894
2024	186,240	112,656	298,896
2025-2029	1,058,282	367,120	1,425,402
2030-2034	1,305,936	257,613	1,563,549
2035	146,337	3,109	149,446
Totals	3,368,147	1,264,724	4,632,871
Less: current portion	(157,403)		
Total non-current	\$ 3,210,744		

**(7) Defined Benefit Pension Plan**

***Plan Description***

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and District's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

***Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(7) Defined Benefit Pension Plan**

***Benefits Provided, continued***

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.7% at 55 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. For employees hired prior to January 1, 2013, who are current members of CalPERS or a reciprocal agency as of December 31, 2012, and have not been separated from service from such agency for more than six months, the retirement benefit is 2.7% @ 55 years of age; highest single year of compensation. All other employees hired on or after January 1, 2013, the retirement benefit is 2.0% @ 62 years of age; 3 year final compensation.

The Plans' provision and benefits in effect at June 30, 2019, are summarized as follows:

	<b>Miscellaneous Plan</b>	
	<b>Classic</b>	<b>PEPRA</b>
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7.952%	6.250%
Required employer contribution rates	11.569%	6.842%

***Contributions***

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates, for all public employers, be determined on an annual basis by the actuary and shall be effective on July 1 following notice of the change in rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the fiscal year ended June 30, 2019, the contributions for the Plan were as follows:

	<b>Miscellaneous Plan</b>
Contributions – employer	\$ <u>117,181</u>



**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(7) Defined Benefit Pension Plan, continued**

***Net Pension Liability***

As of the fiscal year ended June 30, 2019, the District reported a net pension liability for its proportionate share of the net pension liability of each Plan as follows:

	<b>Proportionate Share of Net Pension Liability</b>		
	<u>Governmental</u>	<u>Enterprise</u>	<u>Total</u>
Miscellaneous Plan \$	131,393	197,093	328,486

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018 (the measurement date), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 (the valuation date), rolled forward to June 30, 2018, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the pension liability for the Plan as of the fiscal year ended June 30, 2019, was as follows:

	<b>Miscellaneous Plan</b>
Proportion – June 30, 2018	0.00346%
Proportion – June 30, 2019	0.00341%
Change – Increase (Decrease)	-0.00005%

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(7) Defined Benefit Pension Plan, continued**

***Deferred Pension Outflows (Inflows) of Resources***

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$193,408.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 117,181	-
Net differences between actual and expected experience	8,319	-
Net changes in assumptions	28,283	-
Net differences between projected and actual earnings on plan investments	1,624	-
Net differences between actual contribution and proportionate share of contribution	60,933	-
Net adjustment due to differences in proportions of net pension liability	<u>70,273</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>286,613</u></b>	<b><u>-</u></b>

As of June 30, 2019, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$117,181 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020.

At June 30, 2019, the District recognized other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension liability, which will be recognized as pension expense as follows.

<u>Fiscal Year Ending June 30,</u>	<u>Deferred Net Outflows/(Inflows) of Resources</u>
2019	\$ 102,977
2020	88,076
2021	(19,337)
2022	(2,284)
2023	-
Remaining	-

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(7) Defined Benefit Pension Plan, continued**

***Actuarial Assumptions***

The total pension liability in the June 30, 2018, actuarial valuation report was determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
<b>Actuarial assumptions:</b>	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	7.50 % Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

\* The mortality table used above was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study report. Further details of the Experience Study can be found on the CalPERS website.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, the amortization and smoothing periods recently adopted by CalPERS were utilized. The crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments.

Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(7) Defined Benefit Pension Plan, continued**

***Discount Rate, continued***

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10*</u>	<u>Real Return Year 11+**</u>
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Infrastructure and Forestland	0.00%	0.00%	0.00%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

\* An expected inflation of 2.5% used for this period

\*\* An expected inflation of 3.0% used for this period

***Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate***

The following table presents the District's proportionate share of the net position liability for the Plan, calculated using the discount rate, as well as what the District's proportional share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

At June 30, 2019, the discount rate comparison was the following:

	<u>Discount Rate - 1%</u>	<u>Current Discount Rate</u>	<u>Discount Rate + 1%</u>
	6.15%	7.15%	8.15%
District's Net Pension Liability	\$ <u>620,723</u>	<u>328,486</u>	<u>87,249</u>

***Payable to the Pension Plan***

At June 30, 2019, the District reported \$0 in payables for the outstanding amount of contribution to the pension plan.

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 52 through 53 for the Required Supplementary Schedules.

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(8) Net Position**

Net investment in capital assets is calculated as follows:

	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
Capital assets – not being depreciated	\$ 372,324	611,830	984,154
Capital assets – being depreciated, net	2,258,549	14,032,449	16,290,998
Long-term debt – current portion	(81,652)	(265,854)	(347,506)
Long-term debt – long-term portion	(964,155)	(4,449,886)	(5,414,041)
<b>Total</b>	<b>\$ 1,585,066</b>	<b>9,928,539</b>	<b>11,513,605</b>

Unrestricted net position is designated as follows:

	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
General	\$ (1,699,331)	-	(1,699,331)
Parks and recreation	204	-	204
Recycling	-	-	-
Materials and supplies inventory	-	1,820,819	1,820,819
Prepaid expenses and other assets	4,730	636	5,366
Water operations and capital replacement	-	4,709,450	4,709,450
<b>Total</b>	<b>\$ (1,694,397)</b>	<b>6,530,905</b>	<b>4,836,508</b>

**(9) Internal Balances – Interfund Transfers**

Interfund transfers consist of the following for the year ended June 30, 2019:

<b>Transfer</b>	<b>Transfer</b>	<b>Purpose</b>	<b>Amount</b>
<b>from</b>	<b>to</b>		
<b><i>Interfund Operational Transfers:</i></b>			
General	Parks & Rec	Operations	\$ 322,682
Parks & Rec	General	Operations	668,923
Recycle	General	Operations	136,767
<b>Total transfers</b>			<b>\$ 1,128,372</b>

***Interfund Operational Transfers***

During the fiscal year ended June 30, 2019, interfund transfers between the General and Parks and Recreation funds were designated by the Board to utilize resources from General fund revenue to help balance the Parks and Recreation fund budget. The funds were transferred accordingly.

During the fiscal year ended June 30, 2019, interfund transfers between the Parks and Recreation and Recycle funds to the General fund were designated by the Board to transfer any funds remaining from current fiscal years operations. The funds were transferred accordingly.

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(10) Fund Balance**

Fund balances are presented in the following categories: non-spendable, restricted, committed, assigned, and unassigned (See Note 1.C.15 for a description of these categories). Fund balances and their funding composition at June 30, 2019, is as follows:

Fund Balance Category	
Assigned:	
Parks and recreation	\$ (748,052)
Recycle	400
Total assigned fund balance	(747,652)
Unassigned fund balance:	
General fund	(835,785)
Total fund balance	\$ (1,583,437)

**(11) Deferred Compensation Savings Plan**

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. Market value of the plan assets held in trust at June 30, 2019, was \$401,756.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

**(12) Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

At June 30, 2019, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability, personal injury and property damage, public officials' and employees' errors and omissions, up to \$5,000,000 for each wrongful act.

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(12) Risk Management, continued**

In addition to the previous page, the District also has the following insurance coverage:

- Employee and Public officials' dishonesty coverage up to \$1,000,000 per loss includes public employee or officials' dishonesty, forgery or alteration and theft, disappearance and destruction coverage.
- Property loss is paid at the replacement cost for property on file, if replaced within three years after the loss, otherwise paid on an actual cash value basis, to a combined member (pool) total of \$1.0 billion per occurrence, subject to a \$1,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to a \$1,000 deductible per occurrence, unless otherwise specified.
- Public officials' personal liability up to \$500,000 each occurrence, with an annual aggregate of \$500,000 per each elected/appointed official to which this coverage applies, subject to the terms, subject to a \$500 deductible per claim.
- Workers compensation insurance with statutory limits per occurrence and Employer's Liability Coverage up to \$5 million.

Settled claims have not exceeded any of the coverage amounts in the last fiscal years. There were no reductions in insurance coverage in fiscal year 2019. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no material IBNR claim payables as of June 30, 2019.

**(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2019 that have effective dates that may impact future financial presentations.

***Governmental Accounting Standards Board Statement No. 84***

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The provisions of this Statement are effective for reporting periods beginning after December 15, 2018. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 87***

In June 2017, the GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The provisions of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

***Governmental Accounting Standards Board Statement No. 89***

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.



**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 90***

In August 2018, the GASB issued Statement No. 90 – *Majority Equity Interests*—an amendment of GASB Statements No. 14 and No. 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

***Governmental Accounting Standards Board Statement No. 91***

In August 2018, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

**Helendale Community Services District**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2019**

**(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 91, continued***

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

**(14) Commitments and Contingencies**

***Grant Awards***

Grant funds received by the District are subject to audit by the grantor agencies. Such an audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

***Litigation***

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

**(15) Subsequent Event**

Events occurring after June 30, 2019, have been evaluated for possible adjustment to the financial statements or disclosure as of [ISSUE DATE], which is the date the financial statements were available to be issued. The District is not aware of any further subsequent events that would require recognition or disclosure in the financial statements.



## Required Supplementary Information

Supplementary Information

**Helendale Community Services District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual – General Fund  
For the Year Ended June 30, 2019**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Property taxes	\$ 87,908	102,644	14,736
Charges for services	135,552	140,614	5,062
Investment earnings	11,545	134,690	123,145
Rental income	301,194	277,869	(23,325)
Other	13,800	25,097	11,297
<b>Total revenues</b>	<u>549,999</u>	<u>680,914</u>	<u>130,915</u>
<b>Expenditures:</b>			
Salaries and benefits	571,040	677,364	(106,324)
Materials and services	427,877	423,648	4,229
Utilities	32,860	72,171	(39,311)
<b>Total expenditures</b>	<u>1,031,777</u>	<u>1,173,183</u>	<u>(141,406)</u>
<b>Excess of revenues over expenditures</b>	<u>(481,778)</u>	<u>(492,269)</u>	<u>(10,491)</u>
<b>Other financing sources(uses):</b>			
Transfers in(out) – board discretionary	(292,150)	(322,682)	(30,532)
Transfers in(out) – operational	915,533	805,690	(109,843)
<b>Total other financing sources</b>	<u>623,383</u>	<u>483,008</u>	<u>(109,843)</u>
<b>Net change in fund balance</b>	141,605	(9,261)	\$ <u>(120,334)</u>
Fund balance – beginning of period	<u>-</u>	<u>(826,524)</u>	
<b>Fund balance – end of period</b>	<u>\$ 141,605</u>	<u>(835,785)</u>	

**Helendale Community Services District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual – Parks and Recreation Fund  
For the Year Ended June 30, 2019**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Property taxes	\$ 17,292	15,381	(1,911)
Charges for services	21,000	19,502	(1,498)
Grant revenue	132,600	-	(132,600)
Rental income	-	34,064	34,064
Other	16,790	42,255	25,465
<b>Total revenues</b>	<u>187,682</u>	<u>111,202</u>	<u>(76,480)</u>
<b>Expenditures:</b>			
Salaries and benefits	97,079	42,528	54,551
Materials and services	80,728	-	80,728
Utilities	22,560	33,626	(11,066)
Capital outlay	-	218,794	(218,794)
Debt payments	85,882	78,286	7,596
Interest paid	40,679	47,941	(7,262)
<b>Total expenditures</b>	<u>326,928</u>	<u>421,175</u>	<u>(94,247)</u>
<b>Excess of revenues (under) expenditures</b>	<u>(139,246)</u>	<u>(309,973)</u>	<u>(170,727)</u>
<b>Other financing sources(uses):</b>			
Transfers in(out) – board discretionary	355,043	322,682	(32,361)
Transfers in(out) – operational	-	(668,923)	(668,923)
<b>Total other financing sources</b>	<u>355,043</u>	<u>(346,241)</u>	<u>(701,284)</u>
<b>Net change in fund balance</b>	<u>215,797</u>	<u>(656,214) \$</u>	<u>(872,011)</u>
<b>Fund balance – beginning of period</b>	<u>(91,838)</u>	<u>(91,838)</u>	
<b>Fund balance – end of period</b>	<u>\$ 123,959</u>	<u>(748,052)</u>	

**Helendale Community Services District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual – Recycling Fund  
For the Year Ended June 30, 2019**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Recycling	\$ 276,000	302,900	(26,900)
Other	-	186	(186)
<b>Total revenues</b>	<u>276,000</u>	<u>303,086</u>	<u>(27,086)</u>
<b>Expenditures:</b>			
Salaries and benefits	152,086	126,113	25,973
Materials and services	27,700	28,707	(1,007)
Utilities	13,044	11,099	1,945
<b>Total expenditures</b>	<u>192,830</u>	<u>165,919</u>	<u>26,911</u>
<b>Excess of revenues (under) expenditures</b>	<u>83,170</u>	<u>137,167</u>	<u>(53,997)</u>
<b>Other financing sources(uses):</b>			
Transfers in(out) – operational	<u>(83,170)</u>	<u>(136,767)</u>	<u>(53,597)</u>
<b>Total other financing sources</b>	<u>(83,170)</u>	<u>(136,767)</u>	<u>(53,597)</u>
<b>Net change in fund balance</b>	-	400	<u>\$ (107,594)</u>
Fund balance – beginning of period	<u>-</u>	<u>-</u>	
<b>Fund balance – end of period</b>	<u>\$ -</u>	<u>400</u>	

**Helendale Community Service District  
Notes to the Required Supplementary Information  
June 30, 2019**

**Basis of Budgeting**

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year, the District's General Manager prepares and submits a capital and operating budget to the Board of Directors and adopted no later than June of each year. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government and proprietary funds. Annual budgets are adopted on the modified accrual basis of accounting for government fund types and accrual basis for the proprietary fund. The adopted budget becomes operative on July 1.

The Board of Directors must approve all supplemental appropriations to the budget and transfers between major funds. The legal level of budgetary control is at the fund level. Budget information is presented as required supplementary information for the General, Parks and Recreation, and Recycling Funds.



**Helendale Community Service District  
Schedules of the District's Proportionate Share of the Net Pension Liability  
As of June 30, 2019  
Last Ten Years\***

	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015
District's Proportion of the Net Pension Liability	0.00341%	0.00346%	0.00316%	0.00318%	0.00331%
District's Proportionate Share of the Net Pension Liability	\$ 328,486	\$ 343,160	\$ 273,741	\$ 218,114	\$ 205,731
District's Covered Payroll	\$ 889,614	\$ 929,497	\$ 866,792	\$ 826,711	\$ 734,459
District's proportionate share of the net pension liability as a as a Percentage of its Covered Payroll	36.92%	36.92%	31.58%	26.38%	28.01%
District's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	84.79%	81.93%	82.25%	81.89%	77.99%
District's Proportionate Share of Aggregate Employer Contributions	\$ 69,779	\$ 58,889	\$ 47,227	\$ 34,125	\$ 19,713

**Notes:**

**Changes in Benefit Terms** – For the measurement date June 30, 2018, there were no changes in the benefit terms.

**Changes of Assumptions** – For the measurement date June 30, 2018, there were no changes in the assumptions.

\* Historical information presented above follows the measurement periods for which GASB 68 & 71 were applicable. The fiscal year ended June 30, 2015, was the first year of implementation required by GASB 68 & 71; therefore only five years are shown.

**Helendale Community Service District**  
**Schedules of Pension Plan Contributions (CalPERS)**  
**As of June 30, 2019**  
**Last Ten Years\***

<b>Schedule of Pension Plan Contributions:</b>	<b>Fiscal Year Ended June 30, 2019</b>	<b>Fiscal Year Ended June 30, 2018</b>	<b>Fiscal Year Ended June 30, 2017</b>	<b>Fiscal Year Ended June 30, 2016</b>	<b>Fiscal Year Ended June 30, 2015</b>
Actuarially Determined Contribution	\$ 126,313	112,597	108,682	97,754	159,159
Contributions in Relation to the Actuarially Determined Contribution	<u>(117,181)</u>	<u>(107,488)</u>	<u>(108,682)</u>	<u>(97,754)</u>	<u>(159,159)</u>
Contribution Deficiency (Excess)	\$ 9,132	5,109	-	-	-
Covered Payroll	\$ 889,614	929,497	866,792	826,711	734,459
Contribution's as a percentage of Covered Payroll	<u>14.20%</u>	<u>12.11%</u>	<u>12.54%</u>	<u>11.82%</u>	<u>21.67%</u>

**Notes:**

\* Historical information presented above follows the measurement periods for which GASB 68 & 71 were applicable. The fiscal year ended June 30, 2015, was the first year of implementation required by GASB 68 & 71, therefore, only five years are shown.





# **Report on Compliance and Internal Controls**



**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Helendale Community Services District  
Helendale, California

We have audited, in accordance with the 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, the financial statements of the Helendale Community Services District (District), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated [ISSUE DATE].

**Internal Control Over Financial Reporting**

In planning and performing our audits of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Independent Auditor's Report on Internal Controls Over Financial Reporting  
And on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*, (continued)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Fedak & Brown LLP**  
Cypress, California  
[ISSUE DATE]



**Helendale Community Services District**

**Management Report**

**June 30, 2019**



**Fedak & Brown LLP**  
Certified Public Accountants

**Helendale Community Services District**

**Management Report**

**Table of Contents**

<u>Item</u>	<u>Page No.</u>
General Introduction	1
Summary of Current Year Comments and Recommendations	2
Status of Comments and Recommendations Made in the Previous Year	2
<b>Appendix:</b>	
Audit/Finance Committee Letter	1-3
Schedule of Adjusting/Reclassification Entries	4-12

**CONFIDENTIAL**

Board of Directors  
Helendale Community Services District  
Helendale, California

**Dear Members of the Board:**

We have audited, 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; and the State Controller's Minimum Audit Requirements for California Special Agency's, the basic financial statements of the Helendale Community Services District (District) as of and for the year ended June 30, 2019, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of District 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 or, significant deficiencies. 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:

**Summary of Current Year Comments and Recommendations**

***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 audit begins. 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 these adjustments varied throughout the engagement but were primarily concentrated in capital assets and the net pension liability and related deferred amounts. These entries were made during the engagement directly between audit fieldwork and during the production and translation of the trial balance comparative to prior year. Therefore there are no adjustments presented in this report. 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 and have entered them into the general ledger of the District as of June 30, 2019.

**Status of Comments and Recommendations Made In the Previous Year**

***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 audit begins. 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 these adjustments varied throughout the engagement but were primarily concentrated in capital assets and the net pension liability and related deferred amounts. These entries were made during the engagement directly between audit fieldwork and during the production and translation of the trial balance comparative to prior year. Therefore there are no adjustments presented in this report. 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 and have entered them into the general ledger of the District as of June 30, 2018.

\*\*\*\*\*

This report is intended solely for the information and use of management and the Board of Directors of the District. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

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.

**APPENDIX**

**Helendale Community Services District**

**Audit/Finance Committee Letter**

**June 30, 2019**

Board of Directors  
Helendale Community Services District  
Helendale, California

We have audited the basic financial statements of the Helendale Community Services District (District) for the year ended June 30, 2019 and have issued our report thereon dated [ISSUE DATE]. 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 26, 2019, our responsibility, as described by professional standards, is to express an opinion about whether the basic financial statements prepared by management with oversight of the Governing Board 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 the Governing Board or management of its responsibilities of oversight in the District's external financial reporting process or any other processes.

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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.

### **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 2019 for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

### **Management's Judgments, Accounting Estimates and Financial Disclosures**

Accounting estimates play an integral part in the preparation of basic financial statements by management and are based upon management's knowledge, experience and current judgments 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 are:

Management's estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and 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 evaluation of these amounts which was conducted by a third-party actuary. We evaluated the basis, 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.

The disclosures in the basic financial statements are neutral, consistent and clear. Certain basic financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the basic financial statements is (are):

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

The disclosure of capital assets, net in Note 4 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 8 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

### **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 twenty-two (22) total audit adjustments to the original trial balance presented to us. Six (6) of the adjustments related to the fifth year implementation of GASB Pronouncement No. 68 which was proposed by the Auditor. Five (5) of the adjustments made were proposed by the auditor. Eleven (11) of the adjustments were proposed by the District. There was one (1) unrecorded audit adjustment. The audit adjustments are noted in the schedule of audit adjusting entries attached to the end of this report.

**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 principal 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.

**Difficulties Encountered in Performing the Audit**

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

**Disagreements with Management**

For the purpose of this letter, professional standards define a disagreement with management as 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 of the District.

**Management Representations**

We have requested certain representations from management that are included in the Management Representational Letter to the Auditor dated [ISSUE DATE].

**Conclusion**

We appreciate the cooperation extended us by Kimberly Cox, General Manager 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.

**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.

**Fedak & Brown LLP**  
Cypress, California  
[ISSUE DATE]



Helendale Community Services District  
Schedule of Audit Adjusting Journal Entries  
June 30, 2019

Account	Description	Debit	Credit
<b>Adjusting Journal Entries</b>			
<b>Adjusting Journal Entries JE # 1</b>			
GASB 88 Entry #1 - RJE - To reclassify prior year ending balances to change reporting from Option A to Option C for FY 18/19.			
01-290100	D/I - Change in Employer's Proportion	8,887.00	
01-290500	D/I - Changes of Assumptions	1,874.00	
01-290600	D/I - Diff Betwn Exp & Actual Experience	198.00	
02-290100	D/I - Change in Employer's Proportion	6,307.00	
02-290500	D/I - Changes of Assumptions	1,330.00	
02-290600	D/I - Diff Betwn Exp & Actual Experience	141.00	
05-290100	D/I - Change in Employer's Proportion	287.00	
05-290500	D/I - Changes of Assumptions	60.00	
05-290600	D/I - Diff Betwn Exp & Actual Experience	6.00	
06-290100	D/I - Change in Employer's Proportion	2,007.00	
06-290500	D/I - Changes of Assumptions	423.00	
06-290600	D/I - Diff Betwn Exp & Actual Experience	45.00	
10-290100	D/I - Change in Employer's Proportion	11,181.00	
10-290500	D/I - Changes of Assumptions	2,357.00	
10-290600	D/I - Diff Betwn Exp & Actual Experience	249.00	
01-190100	D/O - Change in Employer's Proportion		8,887.00
01-190500	D/O - Changes of Assumptions		1,874.00
01-190600	D/O - Diff Betwn Exp and Actual Experiences		198.00
02-190100	D/O - Change in Employer's Proportion		6,307.00
02-190500	D/O - Changes of Assumptions		1,330.00
02-190600	D/O - Diff Betwn Exp and Actual Experiences		141.00
05-190100	D/O - Change in Employer's Proportion		287.00
05-190500	D/O - Changes of Assumptions		60.00
05-190600	D/O - Diff Betwn Exp and Actual Experiences		6.00
06-190100	D/O - Change in Employer's Proportion		2,007.00
06-190500	D/O - Changes of Assumptions		423.00
06-190600	D/O - Diff Betwn Exp and Actual Experiences		45.00
10-190100	D/O - Change in Employer's Proportion		11,181.00
10-190500	D/O - Changes of Assumptions		2,357.00
10-190600	D/O - Diff Betwn Exp and Actual Experiences		249.00
<b>Total</b>		<b>35,352.00</b>	<b>35,352.00</b>

Helendale Community Services District  
Schedule of Audit Adjusting Journal Entries  
June 30, 2019

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 2</b>			
GASB 68 Entry #2 - RJE - RJE - To reclassify prior year ending balances from multiple outflow accounts to single account by fund for FY 18/19.			
01-190000	Deferred Outflows - Pension Related	86,347.00	
01-290600	D/I - Diff Betwn Exp & Actual Experience	2,639.00	
02-190000	Deferred Outflows - Pension Related	61,278.00	
02-290600	D/I - Diff Betwn Exp & Actual Experience	1,873.00	
05-190000	Deferred Outflows - Pension Related	2,786.00	
05-290600	D/I - Diff Betwn Exp & Actual Experience	47.00	
06-190000	Deferred Outflows - Pension Related	19,498.00	
06-290600	D/I - Diff Betwn Exp & Actual Experience	635.00	
10-190000	Deferred Outflows - Pension Related	108,631.00	
10-290600	D/I - Diff Betwn Exp & Actual Experience	3,320.00	
01-190100	D/O - Change in Employer's Proportion		33,211.00
01-190400	D/O - Diff Betwn Actual Contrib & Prop Share		24,881.00
01-190500	D/O - Changes of Assumptions		22,698.00
01-190700	D/O - Net Diff betwn Proj & Actual Earnings		5,557.00
01-290000	Deferred Inflows - Pension Related		2,639.00
02-190100	D/O - Change in Employer's Proportion		23,569.00
02-190400	D/O - Diff Betwn Actual Contrib & Prop Share		17,657.00
02-190500	D/O - Changes of Assumptions		16,108.00
02-190700	D/O - Net Diff betwn Proj & Actual Earnings		3,944.00
02-290000	Deferred Inflows - Pension Related		1,873.00
05-190100	D/O - Change in Employer's Proportion		1,071.00
05-190400	D/O - Diff Betwn Actual Contrib & Prop Share		803.00
05-190500	D/O - Changes of Assumptions		733.00
05-190700	D/O - Net Diff betwn Proj & Actual Earnings		179.00
05-290600	D/I - Diff Betwn Exp & Actual Experience		47.00
06-190100	D/O - Change in Employer's Proportion		7,499.00
06-190400	D/O - Diff Betwn Actual Contrib & Prop Share		5,618.00
06-190500	D/O - Changes of Assumptions		5,126.00
06-190700	D/O - Net Diff betwn Proj & Actual Earnings		1,255.00
06-290600	D/I - Diff Betwn Exp & Actual Experience		635.00
10-190100	D/O - Change in Employer's Proportion		41,782.00
10-190400	D/O - Diff Betwn Actual Contrib & Prop Share		31,302.00
10-190500	D/O - Changes of Assumptions		28,556.00
10-190700	D/O - Net Diff betwn Proj & Actual Earnings		6,991.00
10-290000	Deferred Inflows - Pension Related		3,320.00
<b>Total</b>		<b>287,054.00</b>	<b>287,054.00</b>
<b>Adjusting Journal Entries JE # 3</b>			
GASB 68 Entry #3 - To reclassify prior year FY17/18 District Share of Contributions to reduce the Districts Net Pension Liability for FY 18/19.			
01-280000	Net Pension Liability	33,321.00	
02-280000	Net Pension Liability	23,647.00	
05-280000	Net Pension Liability	1,075.00	
06-280000	Net Pension Liability	7,524.00	
10-280000	Net Pension Liability	41,921.00	
01-190200	D/O - Employer Pension Contributions		33,321.00
02-190200	D/O - Employer Pension Contributions		23,647.00
05-190200	D/O - Employer Pension Contributions		1,075.00
06-190200	D/O - Employer Pension Contributions		7,524.00
10-190200	D/O - Employer Pension Contributions		41,921.00
<b>Total</b>		<b>107,488.00</b>	<b>107,488.00</b>

Helendale Community Services District  
Schedule of Audit Adjusting Journal Entries  
June 30, 2019

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 4</b>			
GASB 68 Entry #4 - To reclassify current year FY18/19 District Share of Contributions from expense to Deferred Outflows FY 18/19.			
01-190200	D/O - Employer Pension Contributions	36,327.00	
02-190200	D/O - Employer Pension Contributions	25,780.00	
05-190200	D/O - Employer Pension Contributions	1,171.00	
06-190200	D/O - Employer Pension Contributions	8,202.00	
10-190200	D/O - Employer Pension Contributions	45,701.00	
01-510100-00-0	Actuarial Pension Expense Adjustment		36,327.00
02-510100-00-0	Actuarial Pension Expense Adjustment		25,780.00
05-510100-00-0	Actuarial Pension Expense Adjustment		1,171.00
06-510100-00-0	Actuarial Pension Expense Adjustment		8,202.00
10-510100-00-0	Actuarial Pension Expense Adjustment		45,701.00
<b>Total</b>		<u>117,181.00</u>	<u>117,181.00</u>

Helendale Community Services District  
Schedule of Audit Adjusting Journal Entries  
June 30, 2019

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 5</b>			
GASB 68 Entry #5 - To record changes in pension liability, deferred outflows and deferred inflows during FY17/18 at June 30, 2019.			
01-190000	Deferred Outflows - Pension Related	11.00	
01-190000	Deferred Outflows - Pension Related	12,907.00	
01-190000	Deferred Outflows - Pension Related	11,690.00	
01-190000	Deferred Outflows - Pension Related	6,288.00	
01-290000	Deferred Inflows - Pension Related	2,639.00	
01-510100-00-0	Actuarial Pension Expense Adjustment	14,366.00	
02-190000	Deferred Outflows - Pension Related	9,159.00	
02-190000	Deferred Outflows - Pension Related	8.00	
02-190000	Deferred Outflows - Pension Related	4,481.00	
02-190000	Deferred Outflows - Pension Related	8,298.00	
02-290000	Deferred Inflows - Pension Related	1,873.00	
02-510100-00-0	Actuarial Pension Expense Adjustment	10,195.00	
05-190000	Deferred Outflows - Pension Related	417.00	
05-190000	Deferred Outflows - Pension Related	202.00	
05-190000	Deferred Outflows - Pension Related	377.00	
05-290600	D/I - Diff Betwn Exp & Actual Experience	86.00	
05-510100-00-0	Actuarial Pension Expense Adjustment	483.00	
06-190000	Deferred Outflows - Pension Related	3.00	
06-190000	Deferred Outflows - Pension Related	2,914.00	
06-190000	Deferred Outflows - Pension Related	2,639.00	
06-190000	Deferred Outflows - Pension Related	1,420.00	
06-290600	D/I - Diff Betwn Exp & Actual Experience	598.00	
06-510100-00-0	Actuarial Pension Expense Adjustment	3,244.00	
10-190000	Deferred Outflows - Pension Related	14.00	
10-190000	Deferred Outflows - Pension Related	7,910.00	
10-190000	Deferred Outflows - Pension Related	16,237.00	
10-190000	Deferred Outflows - Pension Related	14,707.00	
10-290000	Deferred Inflows - Pension Related	3,320.00	
10-510100-00-0	Actuarial Pension Expense Adjustment	18,071.00	
01-190000	Deferred Outflows - Pension Related		1.00
01-190000	Deferred Outflows - Pension Related		3,539.00
01-190000	Deferred Outflows - Pension Related		2,640.00
01-190000	Deferred Outflows - Pension Related		12,948.00
01-280000	Net Pension Liability		28,773.00
02-190000	Deferred Outflows - Pension Related		1,873.00
02-190000	Deferred Outflows - Pension Related		9,189.00
02-190000	Deferred Outflows - Pension Related		2,511.00
02-280000	Net Pension Liability		20,419.00
05-190000	Deferred Outflows - Pension Related		115.00
05-190000	Deferred Outflows - Pension Related		85.00
05-190000	Deferred Outflows - Pension Related		417.00
05-280000	Net Pension Liability		928.00
06-190000	Deferred Outflows - Pension Related		598.00
06-190000	Deferred Outflows - Pension Related		2,924.00
06-190000	Deferred Outflows - Pension Related		799.00
06-280000	Net Pension Liability		6,497.00
10-190000	Deferred Outflows - Pension Related		3,320.00
10-190000	Deferred Outflows - Pension Related		16,289.00
10-190000	Deferred Outflows - Pension Related		1.00
10-190000	Deferred Outflows - Pension Related		4,452.00
10-280000	Net Pension Liability		36,197.00
<b>Total</b>		<b>164,513.00</b>	<b>154,513.00</b>

Helendale Community Services District  
Schedule of Audit Adjusting Journal Entries  
June 30, 2019

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 6</b>			
GASB 88 Entry #6 - To record changes in the deferred outflows and deferred inflows (amortization) during FY17/18 at June 30, 2019.			
01-510100-00-0	Actuarial Pension Expense Adjustment	45,591.00	
02-510100-00-0	Actuarial Pension Expense Adjustment	32,355.00	
05-510100-00-0	Actuarial Pension Expense Adjustment	1,471.00	
06-510100-00-0	Actuarial Pension Expense Adjustment	10,295.00	
10-510100-00-0	Actuarial Pension Expense Adjustment	57,357.00	
01-190000	Deferred Outflows - Pension Related		24,332.00
01-190000	Deferred Outflows - Pension Related		1,514.00
01-190000	Deferred Outflows - Pension Related		17,693.00
01-190000	Deferred Outflows - Pension Related		1,089.00
01-190000	Deferred Outflows - Pension Related		983.00
02-190000	Deferred Outflows - Pension Related		1,075.00
02-190000	Deferred Outflows - Pension Related		12,556.00
02-190000	Deferred Outflows - Pension Related		17,268.00
02-190000	Deferred Outflows - Pension Related		697.00
02-190000	Deferred Outflows - Pension Related		759.00
05-190000	Deferred Outflows - Pension Related		49.00
05-190000	Deferred Outflows - Pension Related		785.00
05-190000	Deferred Outflows - Pension Related		34.00
05-190000	Deferred Outflows - Pension Related		571.00
05-190000	Deferred Outflows - Pension Related		32.00
06-190000	Deferred Outflows - Pension Related		342.00
06-190000	Deferred Outflows - Pension Related		5,495.00
06-190000	Deferred Outflows - Pension Related		3,995.00
06-190000	Deferred Outflows - Pension Related		222.00
06-190000	Deferred Outflows - Pension Related		241.00
10-190000	Deferred Outflows - Pension Related		1,906.00
10-190000	Deferred Outflows - Pension Related		1,345.00
10-190000	Deferred Outflows - Pension Related		30,611.00
10-190000	Deferred Outflows - Pension Related		1,237.00
10-190000	Deferred Outflows - Pension Related		22,258.00
<b>Total</b>		<b>147,069.00</b>	<b>147,069.00</b>
<b>Adjusting Journal Entries JE # 7</b>			
AJE - To accrue June payables paid in July for Check 22077 (Invoice 4220), 22087 (Invoice LA733160), 22126 (Invoice 6.2019.S), 22136 (Invoice 1001F), 22154 (Invoice 2754), 22209 (Invoice 025-265300) and PCG June Services Invoice, at June 30, 2019.			
02-521500-00-0	Contractual Services	9,741.00	
02-541000-00-0	Operations and Maintenance	10,200.00	
04-541000-00-4	Operation & Maintenance - Smithson	2,410.00	
05-553000-00-0	Operating Supplies - Park	2,885.05	
06-521510-00-0	Contract Service - Burntec Fees	39,350.34	
10-521500-00-0	Contractual Services	10,202.18	
10-524500-00-0	Education and Training	5,604.08	
02-211050	Accrued Payables		9,741.00
02-211050	Accrued Payables		10,200.00
04-211050	Accrued Payables		2,410.00
05-211050	Accrued Payables		2,885.05
06-211050	Accrued Payables		39,350.34
10-211050	Accrued Payables		10,202.18
10-211050	Accrued Payables		5,604.08
<b>Total</b>		<b>80,392.65</b>	<b>80,392.65</b>

Helendale Community Services District  
Schedule of Audit Adjusting Journal Entries  
June 30, 2019

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 8</b>			
AJE - To accrue June SCE Electricity by meter paid in July for Checks 22132 and 22206 at June 30, 2019.			
01-531000-00-0	Utilities - Electric	5,241.63	
01-531000-00-0	Utilities - Electric	56.39	
01-531000-00-0	Utilities - Electric	2,858.63	
01-531000-00-0	Utilities - Electric	6,717.76	
01-531000-00-0	Utilities - Electric	6,322.02	
02-531000-00-0	Utilities - Electric	1,177.32	
01-211050	Accrued Payables		8,156.65
01-211050	Accrued Payables		13,039.78
02-211050	Accrued Payables		1,177.32
<b>Total</b>		<u>22,373.75</u>	<u>22,373.75</u>
<b>Adjusting Journal Entries JE # 9</b>			
AJE - To accrue June purchases for Bank of America credit card July Statement (check 22168) at June 30,			
01-553000-00-0	Operating Supplies	94.40	
02-553000-00-0	Operating Supplies	70.80	
03-553000-00-0	Operating Supplies	221.62	
03-553000-00-0	Operating Supplies	1,292.97	
05-545000-00-0	Vehicle Maintenance	28.22	
05-545000-00-0	Vehicle Maintenance	15.06	
05-545000-00-0	Vehicle Maintenance	134.46	
05-553000-00-0	Operating Supplies - Park	2,289.69	
05-553000-00-0	Operating Supplies - Park	11.80	
10-553000-00-0	Operating Supplies - Office	11.80	
10-553000-00-0	Operating Supplies - Office	1,302.98	
01-211050	Accrued Payables		94.40
02-211050	Accrued Payables		70.80
03-211050	Accrued Payables		221.62
03-211050	Accrued Payables		1,292.97
05-211050	Accrued Payables		177.74
05-211050	Accrued Payables		11.80
05-211050	Accrued Payables		2,289.69
10-211050	Accrued Payables		1,302.98
10-211050	Accrued Payables		11.80
<b>Total</b>		<u>5,473.80</u>	<u>5,473.80</u>
<b>Adjusting Journal Entries JE # 10</b>			
AJE - To adjust compensated absence liability for 1) June 30 payrates and 2) sick leave payout requires 10 years of service, at June 30, 2019			
01-212600	Accrued Vacation & Sick Payable	4,895.59	
02-212600	Accrued Vacation & Sick Payable	342.53	
05-212600	Accrued Vacation & Sick Payable	49.34	
06-212600	Accrued Vacation & Sick Payable	1,187.09	
10-212600	Accrued Vacation & Sick Payable	7,200.22	
01-500001-00-0	Salaries - Full Time		4,895.59
02-500001-00-0	Salaries - Full Time		342.53
05-500001-00-0	Salaries - Full Time		49.34
06-500001-00-0	Salaries - Full Time		1,187.09
10-500001-00-0	Salaries - Full Time		7,200.22
<b>Total</b>		<u>13,674.77</u>	<u>13,674.77</u>

Helendale Community Services District  
Schedule of Audit Adjusting Journal Entries  
June 30, 2019

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 11</b>			
RJE - To reclassify checking sweep to balance per bank reconciliation at June 30, 2019.			
DO NOT POST			
99-111500	Cash in CBB - Sweep	71,353.51	
99-111000	Cash in CBB - Checking		71,353.51
<b>Total</b>		<u>71,353.51</u>	<u>71,353.51</u>
<b>Adjusting Journal Entries JE # 12</b>			
CPE - To reverse entry to move net income from Recycling Center to Parks.			
03-100000	Cash in Bank - Recycling Center	138,681.13	
05-999700-00-0	Board Discretionary Revenue	138,681.13	
03-999700-00-0	Board Discretionary Revenue		138,681.13
05-100000	Cash in Bank - Park		138,681.13
<b>Total</b>		<u>277,362.26</u>	<u>277,362.26</u>
<b>Adjusting Journal Entries JE # 13</b>			
CPE - To remove transfer to solid waste and move it to parks for board disc since Solid Waste didn't have a			
05-100000	Cash in Bank - Park	19,376.29	
06-999700-00-0	Board Discretionary Revenue	19,376.29	
05-999700-00-0	Board Discretionary Revenue		19,376.29
06-100000	Cash in Bank - Solid Waste		19,376.29
<b>Total</b>		<u>38,752.58</u>	<u>38,752.58</u>
<b>Adjusting Journal Entries JE # 14</b>			
CPE - To move Recycle (fund 3) cash into Parks and Rec (fund 5).			
03-999800-00-0	Interfund Transfer In	136,766.54	
05-100000	Cash in Bank - Park	136,766.54	
03-100000	Cash in Bank - Recycling Center		136,766.54
05-999800-00-0	Interfund Transfer In		136,766.54
<b>Total</b>		<u>273,533.08</u>	<u>273,533.08</u>
<b>Adjusting Journal Entries JE # 15</b>			
CPE - To transfer of Rental Net income, with a new account to first transfer the amount of the Parks debt service in the 2008 bond and remaining balance in a regular transfer account.			
04-999800-00-0	Interfund Transfer In	81,437.34	
05-100000	Cash in Bank - Park	81,437.34	
04-100000	Cash in Bank - Property Rental		81,437.34
05-999800-00-0	Interfund Transfer In		81,437.34
<b>Total</b>		<u>162,874.68</u>	<u>162,874.68</u>
<b>Adjusting Journal Entries JE # 16</b>			
CPE - To move Property Tax revenues to Parks through Board Discretionary.			
05-100000	Cash in Bank - Park	6,404.22	
10-999700-00-0	Board Discretionary Revenue	6,404.22	
05-999700-00-0	Board Discretionary Revenue		6,404.22
10-100000	Cash in Bank - Admin		6,404.22
<b>Total</b>		<u>12,808.44</u>	<u>12,808.44</u>
<b>Adjusting Journal Entries JE # 17</b>			
CPE - To record 5 months of Mojave Admin Charges.			
10-100000	Cash in Bank - Admin	750.00	
50-590000-00-0	Administrative Charges	750.00	
10-419000-00-0	Fees & Charges		750.00
50-100000	Cash in Bank - Mojave Land Trust		750.00
<b>Total</b>		<u>1,500.00</u>	<u>1,500.00</u>

Helendale Community Services District  
Schedule of Audit Adjusting Journal Entries  
June 30, 2019

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 18</b>			
CPE - To reclass Property tax revenue for Street lights.			
05-999700-00-0	Board Discretionary Revenue	15,380.81	
05-700000-00-0	Property Taxes - Current		15,380.81
<b>Total</b>		<u>15,380.81</u>	<u>15,380.81</u>
<b>Adjusting Journal Entries JE # 19</b>			
CPE - To debt reclass - see V2 in audit files, tab that says 6/30/19 reclass.			
01-230000	CNB Loan #08-073	34,392.44	
01-230010	CNB Loan #11-007	21,562.94	
01-230020	Water Right Loan	157,403.51	
02-230000	CNB Loan #08-073	52,495.15	
04-225000	LT Debt Current Portion	76,281.38	
04-230000	CNB Loan #08-073	676,383.11	
05-235000	Less: LT Debt Current Portion	3,370.23	
05-553000-00-0	Operating Supplies - Park	4.58	
05-999800-00-0	Interfund Transfer In	676,383.11	
01-225000	LT Debt Current Portion		17,748.72
01-235000	Less: LT Debt Current Portion		195,610.17
02-225000	LT Debt Current Portion		3,968.72
02-235000	Less: LT Debt Current Portion		48,526.43
04-235000	Current Portion Offset - LT Debt		78,281.38
04-999800-00-0	Interfund Transfer In		676,383.11
05-225000	LT Debt Current Portion		85,021.84
05-230000	CNB Loan #08-073		4.58
05-230000	CNB Loan #08-073		594,711.50
<b>Total</b>		<u>1,700,236.45</u>	<u>1,700,236.45</u>
<b>Adjusting Journal Entries JE # 20</b>			
CPE - To record 5/31/19 Monthly Entry for Billy GoForth - the part-time mechanic. All time accounted for in Water Fund, then allocated out Cash, Due to/From Transfer so the other funds can reimburse Water for the			
01-100000	Cash in Bank - Water	1,679.63	
02-545000-00-0	Vehicle Maintenance	1,343.70	
05-545000-00-0	Vehicle Maintenance	268.74	
06-545000-00-0	Vehicle Maintenance	67.19	
01-419700-00-0	Mechanic Service Reimbursement		1,679.63
02-100000	Cash in Bank - Sewer		1,343.70
05-100000	Cash in Bank - Park		268.74
06-100000	Cash in Bank - Solid Waste		67.19
<b>Total</b>		<u>3,359.26</u>	<u>3,359.26</u>
<b>Adjusting Journal Entries JE # 21</b>			
CPE - To record 6/30/19 Monthly Entry for Billy GoForth - the part-time mechanic. All time accounted for in Water Fund, then allocated out Cash, Due to/From Transfer so the other funds can reimburse Water for the			
01-100000	Cash in Bank - Water	969.34	
02-545000-00-0	Vehicle Maintenance	775.47	
05-545000-00-0	Vehicle Maintenance	155.09	
06-545000-00-0	Vehicle Maintenance	38.78	
01-419700-00-0	Mechanic Service Reimbursement		969.34
02-100000	Cash in Bank - Sewer		775.47
05-100000	Cash in Bank - Park		155.09
06-100000	Cash in Bank - Solid Waste		38.78
<b>Total</b>		<u>1,938.68</u>	<u>1,938.68</u>



Helendale Community Services District  
Schedule of Audit Adjusting Journal Entries  
June 30, 2019

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 22</b>			
CPE - To allocate net income in Admin fund to Funds 1, 2, 6.			
01-999100-00-0	Admin Allocation	31,639.28	
02-999100-00-0	Admin Allocation	31,006.49	
06-999100-00-0	Admin Allocation	632.78	
10-100000	Cash in Bank - Admin	63,278.55	
01-100000	Cash in Bank - Water		31,639.28
02-100000	Cash in Bank - Sewer		31,006.49
06-100000	Cash in Bank - Solid Waste		632.78
10-999100-00-0	Admin Allocation		63,278.55
<b>Total</b>		<u>126,567.10</u>	<u>126,567.10</u>
<b>Total Adjusting Journal Entries</b>		<u>3,656,228.82</u>	<u>3,656,228.82</u>
<b>Proposed Journal Entries</b>			
<b>Proposed Journal Entries JE # 100</b>			
PAJE - To classify prepayment made in June of August expense to prepaids at June 30, 2019 noted during testing of bank rec outstanding checks.			
02-140000	Prepaid Expense	1,700.00	
02-524500-00-0	Education and Training		1,700.00
<b>Total</b>		<u>1,700.00</u>	<u>1,700.00</u>
<b>Total Proposed Journal Entries</b>		<u>1,700.00</u>	<u>1,700.00</u>
<b>Total All Journal Entries</b>		<u>3,657,928.82</u>	<u>3,657,928.82</u>

**Legend:**

GASB 68 Entry	Audit Adjusting Entry for the Fifth Year Implementation of GASB 68
AJE	Audit Adjusting Journal Entry
RJE	Reclassifying Adjusting Journal Entry
CPE	District Prepared Adjusting Journal Entry



# Helendale Community Services District

---

**Date:** November 21, 2019  
**TO:** Board of Directors  
**FROM:** Kimberly Cox, General Manager  
**BY:** Cheryl Vermette  
**SUBJECT:** Agenda item #6  
Discussion Only Regarding Demonstration of New Website and Required Features

---

**STAFF RECOMMENDATION:**

Staff seeks input from the Board regarding the updated website and related features

**STAFF REPORT:**

Passed in 2018, Senate Bill 929 – The Special Districts Transparency Act, provided the requirements for all special districts to have a website and post certain information on their site. This is yet another unfunded mandate from that state. The California Special Districts Association published a very informative article on the Bill which is attached for your information.

Staff has been working for a few months on modification of the District’s website that meets all of the requirements for transparency and accessibility. While it is not yet completed, Staff wanted to take the opportunity to share with the Board the progress that has been made to date. We are on track with going live with the website by January 2020.

**FISCAL IMPACT:** \$3500 for webmaster services to develop net site.

**ATTACHMENTS:** Website checklist from Streamline  
CSDA article on new website requirements for 2020



Requirement

Checkpoint

Additional Information

**Public Records Act\***

- We have created our Enterprise System Catalog (per SB 272), with copies available at our office, and posted it to our website if we have one

This catalog listing your computer systems that meet certain requirements is required even if you don't have a website. Learn more about the law or sign up for the free compliance tool at [getstreamline.com/sb272](http://getstreamline.com/sb272)

**Public Records Act**

- We post the content most often requested by our constituents, and most often requested via Public Records Act request, to our website in an easy to find location

This can save the cost of making copies thanks to newly-passed AB 2853, allowing you to refer to your website when complying with PRA requests. In addition, it helps reduce phone calls!

**Brown Act\***

- We post all agendas 72 hours in advance for general meetings—including on our website, if we have one

Original Brown Act requirement

**Brown Act\***

- Our most recent agenda is posted directly to the homepage of our website, if we have one (2019)

AB 2257 - new Brown Act requirement coming in 2019. Must also be retrievable, downloadable, indexable, and electronically searchable

**Financial Transaction Report\***

- Last year's financial transaction report is submitted to the Controller, and posted to our website (if we have one) "within seven months after the close of each fiscal year"

You can find more at: [tinyurl.com/special-district](http://tinyurl.com/special-district)

**Compensation Report\***

- Compensation report is submitted to Controller by April 30 each year; if we have a website, the full report or a link to the PublicPay website is posted in a conspicuous location

Instructions and more information can be found on the Controller's site at [tinyurl.com/district-compensation](http://tinyurl.com/district-compensation)

**Healthcare District websites\***

- If we are a healthcare district, we have a website that includes district contact information

As of January 2018, AB 1728 requires healthcare districts to have a website with contact information (Note that all other CA requirements apply as well.)

**Open Data**

- Anything we post online and call "open data" meets the requirements for open data (per AB 169)

California law defines what the term "open data" means, for content posted to an agency website

**Section 508**

- Our site meets ADA (Americans with Disabilities Act) requirements and passes a scan from a Section 508 scanner

Required so that people with disabilities can access your website. Check at [achecker.com](http://achecker.com), a popular scanner to test for compliance

**Mobile Friendly**

- Our website passes Google's mobile-friendliness scanner so that we appear in search results on mobile devices

Prevent ranking penalties, check out the free scanner at <https://search.google.com/test/mobile-friendly>

\*California state mandatory posting requirement



**California Special Districts Association**  
*Districts Stronger Together*

CONTACT US



# New Laws of 2020 Series Part 1: New Special District Website Requirements Kicking In

By CSDA ADMIN posted 17 days ago

Follow ☆

1 LIKE

*By: Sloane Dell'Ortto, Streamline*

California's special district website requirement goes into effect January 1, 2020, and many people we talk to are concerned about the difficulty of creating and/or maintaining a compliant website. Districts who already have a website are confused about the posting requirements, or wondering how to make sure their site is accessible to visitors with disabilities. This article should help clarify the



requirements, and the time and effort it will take to comply. For those who don't currently have a website it may also help convince you that having a website is worth the effort when you consider the positive ways it will allow you to share information with your community.

## Background

Senate Bill 929 - the Special Districts Transparency Act - was passed in late 2018, giving California independent special districts just over a year to create and/or maintain a compliant website. CSDA, which typically opposes state mandated programs, sponsored the bill with overwhelming support from its member districts. It was agreed that districts would be better off defining their own transparency requirements than to wait and see what the State Legislature adopted for them.

## The bad and good news

The bad: SB 929 was tucked into the California Public Records Act, so the state is not required to reimburse your district for the cost to comply.

The good: it's not expensive, or difficult, to comply, and special districts even have an opportunity to exempt themselves if the requirements would create too difficult a hardship. You can use Streamline's affordable, compliant website platform created in partnership with CSDA, or even take advantage of one of the free solutions available elsewhere on the Internet. Whatever you choose, just make sure your site meets the requirements listed here.

There is a lot of information in this article, but hopefully it will give you everything you need to make sure your district is compliant. There are also links to more information, which you can check out or skip, depending on how much you really want to understand the subject.

## Maintain a website for your district (SB 929)

Of course, the first requirement is that you actually have (and maintain) a website. But other than that, there are only five basic posting requirements - and four of them *existed before the passage of SB 929!* In addition, those four are things you are (hopefully) already publishing, so adding them to your website is easier than you might expect.

# Posting requirements

## 1. Current agenda (*The Brown Act, AB 2257*)

Agendas must be posted at least 72 hours in advance of regular meetings (24 for special meetings), in a **text-based, searchable format**. A link that opens the current agenda for the **main governing board** with one click must be placed on your home page. That link cannot be in a “contextual menu” - in other words, don’t include it in your drop-down navigation menu.

Your agenda (the brief list of topics that will be discussed at your next meeting) should be kept separate from the full agenda packet. Create the agenda in Word, then **save or export to PDF** directly from Word. (Don’t print it and then scan it back to PDF, that turns it into a “flat” unsearchable file.) Add this simple text-based PDF to your website as the agenda for your upcoming meeting, add a direct link to it from your home page, and keep that link up until the next agenda is available.

**When this was required:** Agendas have been required since The Brown Act was passed, but posting them to your site wasn’t required until 2011 (if your district had a website). [AB 2257](#) started requiring agendas to be posted in a *searchable, text-based format* (and linked from the home page) as of January 2019.

**What happens if you’re out of compliance:** Technically, since this is part of The Brown Act, any action your board has taken while out of compliance could be nullified. It’s unlikely that this would happen, but it’s important that you make sure that you’re following this requirement to ensure you don’t wind up with a Brown Act violation. (Can you imagine if every action you’d taken in board meetings since January 2019 was nullified?)

**FAQs about this requirement:** Does the whole agenda packet need to be searchable? (No.) Does the whole packet need to be posted to the website? (No.) What about minutes, do they have to be posted to the website? (Nope!) The only requirement is that your current agenda is posted at least 72 hours

in advance, in a searchable format, and linked to directly from the home page. Another fun fact: you could actually remove the agenda altogether once the next one is available, although we don't suggest that you do so.

## ***2. Financial Transaction Report (State Controller)***

Hopefully, you're already completing the required forms and submitting a report to the State Controller each year. The easiest way to comply with this requirement is to simply add a link to the Controller's *ByTheNumbers* site to your own website. While you can be an overachiever and post the actual report if you'd like, that requires you to update it each year. Adding a link to their site has to be done only once! The link to use is <https://bythenumbers.sco.ca.gov/>

**When this was required:** Way back in 2014.

**What happens if you're out of compliance:** As far as we know there isn't any agency running around the internet to make sure you've posted it, however, this is what the State Controller's notice letter says: "Please note that in accordance with GC section 12464, if the reports are not made in the time, form, and manner required—or there is reason to believe that a report is false, incomplete, or incorrect—the SCO is authorized to conduct an investigation to obtain the required information. Any costs incurred by the SCO as a result of such an investigation shall be borne by the district."

**FAQs about this requirement:** Can you add a link directly to your actual report on the Controller's site? (Sure! If you want to make life easy for anyone looking for this information, you can go to <https://bythenumbers.sco.ca.gov/> and search for your particular district, click through to the report, and add that full URL to your site. Personally, I'd make it easy and use the main website address, just in case the Controller's office changes the way their links work in the future. You can find all the forms and other info on the State Controller's informational website.)

### ***3. Compensation Report (State Controller)***

This is going to sound a bit familiar: hopefully you're already completing the required compensation report forms and submitting to the State Controller each year. To comply with the website posting requirement, simply add a link to the Controller's *PublicPay* site to your own website. The link to use is <https://publicpay.ca.gov/>

**When this was required:** You guessed it - also back in 2014.

**What happens if you're out of compliance:** Again, not sure anyone is really looking, but the Controller's office publishes a shame list of out of compliance / non-reporting districts if you don't file the report at all.

**FAQs about this requirement:** Can I link directly to the actual report on the Controller's site? (Yep. As mentioned above, you just need to add a link to <https://publicpay.ca.gov/> - but you can also search for your particular district, click through, and add the full URL to your site.) Do you need to file this report if you're a fully volunteer district, with no paid staff and a volunteer board? (Yep - check out the FAQs on the Controller's site.)

### ***4. Enterprise System Catalog (SB 272, Public Records Act)***

From the bill text: "This bill would require **each local agency, except a local educational agency**, in implementing the California Public Records Act, to create a catalog of enterprise systems, as defined, to make the catalog publicly available upon request in the office of the person or officer designated by the agency's legislative body, and to post the catalog on the local agency's Internet Web site. The bill would require the catalog to disclose a list of the enterprise systems utilized by the agency..."



What the heck is an enterprise system? It's probably easiest to think about it this way: you need to create a list of all software your district uses that meets specific guidelines put forth by SB 272, make that list publicly available, and post it to your website. Anything that is a "system of record" and contains "information about the public" needs to be included.

**When this was required:** Your first catalog was supposed to be published by July 2016, and updated annually every year after that.

**What happens if you're out of compliance:** Few, if any, of your citizens will likely care what software you're using. However, after the bill passed, the sponsor did arrange for a group of folks to partner with the Electronic Frontier Foundation to spend four hours searching for online catalogs. And since it's tucked into the California Public Records Act, the assumption is that the typical CPRA violation rules apply (you can be sued and would be responsible for the plaintiff's attorney costs if found in violation).

**FAQs about this requirement:** Do you need to create this catalog if you have no software? (Yes.) Do you need to create this catalog if your district has no computer? (Yes.) If you're a small district, or a fully volunteer district, do you need to comply? (Yes.) Are there any exemptions at all? (Nope... other than school districts.) If you're going to adopt a resolution to exempt your district from having a website at all, do you still need to create and update this catalog? (Yep.)

Seriously, if you need to write "Enterprise System Catalog" on a yellow pad and under that, "No systems to report" then do so. And update it annually with the new date, because that's also part of the requirement.

You can learn more about this subject and sign up to use Streamline's free SB 272 Enterprise System Catalog compliance tool at <https://www.getstreamline.com/sb272>. The tool walks you through simple yes/no questions to help you determine what needs to be included. You can learn more in the [FAQs from some of our early webinars](#), or [reach out](#) and we'll be happy to help. If you don't have a website, you can still use this tool and keep a hard copy of the report at your district.

## ***5. Contact information for the district (SB 929)***

This is the best requirement of all! Simply include contact information for your district on your shiny new website.

**When this is required:** January 1, 2020.

**What happens if you're out of compliance?** Since it's tucked into the California Public Records Act, the assumption is that the typical CPRA violation rules apply (you can be sued and would be responsible for the plaintiff's attorney costs if found in violation).

**FAQs about this requirement:** What do they mean by "contact information?" Do we need to include an email address, physical address, and phone number? (The law doesn't specify - just make sure you include a way for citizens to reach your district.)

## **Formatting requirements**

The last area we'll touch on is formatting requirements for your website. In addition to the searchability of agendas from AB 2257 mentioned above, there are a few other guidelines you need to know about.

### ***Open Data (AB 169)***

AB 169 maintains that, "...if a local agency, except a school district, maintains an Internet Resource, including, but not limited to an Internet Web site, Internet Web page, or Internet Web portal, which the local agency describes or titles as 'open data,' and the local agency voluntarily posts a public record on that Internet Resource, would require the local agency to post the public record in an open format that meets specified requirements, including, **among others**, that the format is able to be retrieved, downloaded, indexed, and searched by a commonly used Internet search application."

The assumption is that this law is intended to make sure electronic documents are in a format that is useful for sharing with the public. The challenge is with the “among others” part in bold, above. Among *what* others? Where would I find this information? How do I know what the requirements are if they aren’t even listed, but just loosely referred to?

**When this was required:** Signed into law October 2015.

**What happens if you’re out of compliance?** No known consequences.

**FAQs about this requirement:** Do I have to post content and call it open data? (Nope. In fact, we suggest very strongly that you simply do not call anything on your site “open data” and you’re all set.)

## **Accessibility for visitors with disabilities (Section 508 / CA Unruh Act)**

Under the Americans with Disabilities Act (ADA) and its California equivalent, the Unruh Act, your district’s website must be accessible to people with disabilities. Title II of the ADA applies to state and local government entities, and protects qualified individuals with disabilities from discrimination on the basis of disability in services, programs and activities provided by state and local government entities. Several courts have interpreted the ADA to apply to websites and, recently, a California state court ruled that the Unruh Act also applied to websites. (Learn more in [this article](#) from Best Best & Krieger.)

**When this was required:** The Unruh Act was passed in 1959, but obviously there weren’t any websites at that time. The more recent court cases that include websites in the protections under the Unruh Act are from 2019. Lawsuits over Section 508 violations against special districts in Florida started in 2016.

**What happens if you're out of compliance?** If someone files a complaint, your district will likely be liable for court costs and damages, as well as being required to make your site accessible anyway. So, it's much better to do so in advance. (Especially since losing in court or even settling out of court can cost many thousands of dollars, or more.) Website accessibility lawsuits are on the rise, so it's better to do the work ahead of time.

**FAQs about this requirement:** Are you sure our site has to be accessible? (Yep.) Is there an exemption of any sort? (Nope.) How do we know if it's accessible? (You can learn more about accessibility, including how to run basic free tests, on our website.) What do I do if I know my site isn't accessible? (Reach out to your website developer and ask them to make it accessible, or switch to Streamline - we've spent a lot of effort making sure it's accessible! You can also pay a third party to help out, and we're happy to share recommendations.)

The bottom line is that your website needs to be accessible to visitors with disabilities, which means conforming to WCAG 2.0 AA standards.

## Claiming an exemption to SB 929

There is a method to exempt your district from the website requirement, and if you've read this far then you're probably tempted to do so! However, before you make a decision consider this:

**Would the public, or your district, be served in any way by having a website?** If it really wasn't difficult, are there pluses that would benefit your community and your district? Things like increased citizen engagement and education, the ability to tell your story and the "why" of an upcoming rate increase, savings on printing out PRA requested documents, etc. It's easy to focus on all the things that seem difficult (even though they aren't!), but make sure you're also thinking of the potential benefits.

**What does *not* being able to maintain a website mean to the public, or the State Legislature?** Is it possible that they will feel you aren't being transparent or that you have something to hide? Will the legislature wonder about the viability of districts that cannot maintain a simple, inexpensive website?

These are some of the questions that arose during the Little Hoover Commission's study of special districts a few years ago.

**Make sure you're also ready to delete any district social media accounts, if you have them.** It's hard to claim that you cannot manage one online presence (an official website) if your district has social media pages that it manages.

We truly believe that using a website to connect with your community is vital - otherwise we wouldn't do what we do! However, we also understand how busy district folks are doing their "regular" jobs, and that most of you simply don't have time to play webmaster. That's why we've built a system that allows us to create a compliant site for you in about 20 minutes - the only time your district will need to invest in staying compliant going forward is to upload your agenda each month, which takes about 30 seconds.

With all that said, some districts simply have no need of a website. For example, a road district that does snow removal for a handful of residents along a road that is 2 miles long - those residents will simply come knock on someone's door if they have a question! If your district is like this, it might make sense to adopt a hardship resolution.

So how do you do that?

**From the text of SB 929:** *An independent special district shall be exempt ... if, pursuant to a majority vote of its governing body at a regular meeting, the district adopts a resolution declaring its determination that a hardship exists that prevents the district from establishing or maintaining an Internet Web site. A resolution adopted pursuant to this subdivision shall include detailed findings, based upon evidence set forth in the minutes of the meeting, supporting the board's determination that a hardship prevents the district from establishing or maintaining an Internet Web site. The findings may include, but shall not be limited to, inadequate access to broadband communications network facilities that enable high-speed Internet access, significantly limited financial resources, or*

*insufficient staff resources. A resolution adopted pursuant to this subdivision shall be valid for one year. In order to continue to be exempt ... the governing body of an independent special district shall adopt a resolution pursuant to this subdivision annually so long as the hardship exists.*

If you decide to go this route, just be sure to include evidence of the reason you cannot maintain a website, and adopt the resolution annually in a public meeting.

## Where to learn more

CSDA is always happy to help, and so is Streamline. Learn more about SB 929 compliance at an [upcoming webinar](#), sign up for the [free Enterprise System Catalog tool](#), or learn more about our [affordable, accessible website platform](#). I'm also happy to answer any questions you have, feel free to email me at [sloane@getstreamline.com](mailto:sloane@getstreamline.com).

*This article was written by guest author Sloane Dell'Orto from Streamline as part of CSDA's New Laws Series, where experts explain legislation passed in 2018 and how it will impact special districts moving forward. This article is provided for general information only and is not offered or intended as legal advice. Readers should seek the advice of an attorney when confronted with legal issues and attorneys should perform an independent evaluation of the issues raised in these materials.*

*Stay tuned to the New Laws Series in CSDA's eNews for more in-depth analyses on new laws affecting special districts.*

#AdvocacyNews

#FeatureNews

0 comments

2626 views

## Permalink



# Helendale Community Services District

---

**Date:** November 21, 2019  
**TO:** Board of Directors  
**FROM:** Kimberly Cox, General Manager  
**SUBJECT:** Agenda item #7  
Discussion and Possible Action Regarding Award of Contract for Installation of the Replacement Grit Classifier System at the Wastewater Treatment Plan

---

**STAFF RECOMMENDATION:**

Staff requests the Board approve recommendation.

**STAFF REPORT:**

In February, Staff noticed a failure of the grit pump at the headworks of the wastewater plant. The pump mechanical seal broke and allowed water to flow into the connection where the motor shaft meets the pump shaft causing damage to the motor. The mechanical seal also balances the shaft. When the seal broke it allowed the shaft to flex causing unrepairable damage to the shaft. Since that time, Staff has been in communication with Misco Water who is the Southern California Rep for Westech. In June 2019, the Board approved a sole source contract with Misco Water for a new Westech grit classifier system.

Replacement cost for the two separate units that will be required to replace the current grit system is \$84,643. The system includes the grit classifier as well as the new self-priming grit pump and a new control panel.

Due to the 26-week lead time on the new parts, Staff used the time to seek quotes for installation which included Misco, Westech and Jamison Engineering. Below are the quotes:

Westech	\$115,882 plus daily per diem
Misco Water	\$59,720
Jamison	\$45,925

Each of the three proposers are certified installers. Based upon the results of the bids, staff is recommending that the Board award the installation to the lowest responsible bidder. The solicitation for bids has complied with the District's Purchasing Policy. Based upon the requirements that the installation be completed by factory certified installers, bids were solicited directly from qualified vendors.

**FISCAL IMPACT:** \$45,925 plus 15% for unknown incidentals.

**REQUESTED ACTION:** Approve award of installation contract to Jamison Engineering in an amount not to exceed \$45,925 plus 15% for unknown incidentals.

**ATTACHMENTS:** Bids from Westec, Misco and Jamison.



**Quote # 02690-A revA**

**DATE: May 24, 2019**

**TO: Helendale Community Service District, CA**

**ATTENTION: Alex Aviles – Plant Operator**

**REFERENCE: Helendale CSD - Grit Classifier System installation**

Dear Alex,

**We propose to do the following for the price of *Forty One Thousand Nine Hundred Fifty Dollars and 00/100 (\$41,950.00)*, including all applicable taxes.**

- 1. Install the new grit classifier system (Gritt Mitt Slim Line Shaftless Classifier Model GSS31, Control Panel, and Self Priming Grit Pump) supplied by WesTech Engineering described on proposal #1560828 (WESTECH).**

**NOTE:**

- *Any additional rentals, materials, and outside services required will be billed at cost plus 15%.***
- *No site prep is included***
- *No demolition is included***
- *All work required beyond normal work shift of eight (8) hours will be charged at the rate of 1 ½ times the quoted wage/hourly rate.***

We appreciate the opportunity of presenting this quotation.

It will remain firm for **120 days**.

Respectfully submitted,

*Andrew Jamison*

**Quote # 02690 Addition 1**

**DATE:** Sept 26th, 2019  
**TO:** MISCO  
**ATTENTION:** Steve Wallace  
**REFERENCE:** Helendale Grit Classifier Stainless Piping

Dear Steve,

**We propose to do the following for the price of Three Thousand Nine Hundred Seventy-Five Dollars and 00/100 (\$3,975.00), including all applicable taxes**

1. Supply Stainless Steel piping instead of steel
2. Fabricate onsite

**NOTE:**

- *Any additional rentals, materials, and outside services required will be billed at cost plus 15%.*
- *All work required beyond normal work shift of eight (8) hours will be charged at the rate of 1 ½ times the quoted wage/hourly rate.*

We appreciate the opportunity of presenting this quotation. It will remain firm for thirty days.

If you have any questions, please call Andrew at (714) 325-1857

Respectfully submitted,

*Andrew Jamison*



**Quote # Est\_111419-11SW**

**November 14, 2019**

**To: Helendale Community Service District, CA.**

**Attn: Alex Aviles – Plant Operator Helendale CSD**

**Re: Grit Classifier System installation**

**MISCOwater proposes to do the following for the price of \$59,720.00.**

**Install the new grit classifier system supplied by WesTech Engineering described on their proposal #1560828, (Gritt-Mitt Slim Line Shaft less Classifier Model GSS31, with Control Panel, and Self Priming Grit Pump).**

- 1. Supply Stainless Steel piping instead of steel**
  - 2. Fabricate onsite**
- Any additional rentals, materials, and outside services required will be billed at cost plus 15%**
  - No site prep is included**
  - No demolition is included**
  - All work required beyond normal work shift of (8) hours will be charged at 1.5 times the quoted wage/hourly rate**

---

ALBUQUERQUE    AURORA    FOOTHILL RANCH    LAS VEGAS    PLEASANTON    TEMPE

27101 Burbank, Suite B □ Foothill Ranch, CA 92610 □ T 949-458-5555 □ F 949-458-5500

[www.miscowater.com](http://www.miscowater.com)

- Quote will remain firm for 120 days
  - **SALES TAX:** Proposal does not include any sales, use, federal, state, local, excise, or other similar taxes or duties unless expressly stated in this quotation. Buyer shall pay all applicable taxes . If order is tax exempt, Buyer must provide a resale certificate or tax exemption certificate, whichever is applicable, to Seller upon acceptance of order
  - **FREIGHT:** Proposal does not include freight. If you need freight included on proposal, we can provide you an estimated freight cost
  - **PAYMENT TERMS:** Subject to prior credit approval, the terms of payment are 100% upon order acceptance, Net 30 Days
  - **TERMS & CONDITIONS:** MISCOWater's standard Terms and Conditions of Sale apply and are an integral part of this quotation unless specifically noted otherwise in this proposal.
  - **SHIPPING & BILLING:** Please provide Shipping Address for Delivery and Billing Address for Invoice
  - Please Make Purchase Order Out To: MISCOWATER

*Thank you for the opportunity to submit our proposal,*

**Steve Wallace, Territory Sale Manager**

**MISCOWater, 949-540-5806**



# Helendale CSD

California

## Represented by

Steve Wallace

MISCOWater

Foothill Ranch, California

(949) 458-5555

[swallace@miscowater.com](mailto:swallace@miscowater.com)

## Furnished by

Adrian Williams

[awilliams@westech-inc.com](mailto:awilliams@westech-inc.com)

David Worthington

[dworthington@westech-inc.com](mailto:dworthington@westech-inc.com)

## Scope of Supply

One (1) Gritt Mitt Slim Line Classifier

One (1) Control Panel

One (1) Self Priming Grit Pump

Installation and Demolition

**WESTECH**

WesTech Opportunity Number: 1560828

Thursday, April 18, 2019



## Item A-1 – One (1) Gritt Mitt Slim Line Shaftless Classifier Model GSS31

### General Design Criteria (EACH)

Description	Dimension/Capacity	Units
Application	Grit Dewatering	
Feed Rate to Cyclone	250	gpm
Feed Rate to Classifier	25	gpm
Solids Throughput Capacity	25	cfh
Spiral OD	11	Inches
Trough Angle of Inclination	25	Degrees
Cyclone Inlet Connection	4	Inches, flanged
Cyclone Overflow Connection	6	Inches, flanged
Classifier Overflow Connection	4	Inches, flanged
Classifier Drain Connection	2	Inches, NPT

### Utility Requirements (EACH)

Classifier Motor HP	1/2 HP, 460/3/60	Suitable for a Non-Hazardous Location
Spray Wash	4	gpm @ 40 psi

### Classifier Detailed Scope of Supply (EACH)

Description	Material
Straight settling tank	304SS
Pipe stub with entrance weir for overflow	304SS
Bolted Covers	304SS
Integral trough with wear bars and drain coupling at base	304SS
Spiral Screw with welded coupling plate at the drive end	High Strength Alloy Steel, Protective primer coating
Drive shaft bolted to the spiral; Drive shaft mounts directly to the reducer	Carbon Steel
Spray Bar	304SS
One (1) 2 inch manual ball valve for drain connection	Brass/PVC
One (1) 1/2 inch manual ball valve for spray wash connection	Brass

### Classifier Support (EACH)

Description	Material
Integral stand for tank and conveyor tube support	304SS

---

### Hardware (EACH)

---

Description	Material
Assembly fasteners	304SS
Anchor rods	304SS

---

### Hydrocyclone Detailed Scope of Supply (EACH)

---

Description	Material
One (1) Krebs hydrocyclone model D10LB	Steel housing
Liner	Pure gum rubber
Apex	Steel
Vortex Finder	NiHard
Gravity discharge to the grit classifier underflow connection. Includes elbow	Neoprene
Pressure Gauge	
Support stand	304SS

---

### Electrical Devices (EACH)

---

One (1) NEMA 4X 120V brass body solenoid valves to control water spray
--

---

### Control Panel (EACH)

---

The existing control panel to be used. An optional adder cost has been provided for WesTech to provide the control panel to operate the classifier and self-priming pump.

---

### Spares (TOTAL)

---

QTY	Description
None	

---

### Field Service (TOTAL)

---

Trips	Days	Description
One (1)	One (1)	Installation inspection, start-up, and operator training

---

## Item A-2 – One (1) Control Panel

WestTech to provide a control panel to operate one (1) Grit Mitt Slim Line Shaftless Classifier and one (1) Self-Priming Pump. Panel described below:

<b>Control Panel (EACH)</b>	
<b>Description</b>	<b>Material</b>
One (1) NEMA 4X Control Panel, 480/3/60	304SS
Wall mount enclosure	
Programmable control relay to provide control logic functions	
Non-reversing motor starter (classifier and pump)	
Current monitor for overload and branch circuit protection	
Step down control transformer and through door disconnect with handle	
Emergency stop pushbutton	
HOA switches (classifier, water scour, grit pump)	
Hour meter for each motor	
Control power and run indicating lights	
Alarm lights indicating faults	
Alarm reset pushbutton	
Run and alarm auxiliary contacts	
UL Label	

  

<b>Electrical Devices (Each)</b>
One (1) NEMA 4X Local emergency stop pushbutton, Field mounted at the unit



### Optional Item A-3 – One (1) Self Priming Grit Pump

WesTech to provide a Self-Priming grit pump to remove the grit from the lower hopper of the aerated grit chamber.

#### Grit Pump Detailed Scope of Supply (Each)

Description	Material
One (1) self-priming grit pump – Gorman Rupp Super T4	
Pump duty point estimated at 250 gpm @ 40-45 feet TDH	
Pump shall be capable of passing a 3 inch solid	
Pump volute	Cast Iron Class 30
Inlet/Outlet flanges	125# gray iron 30
Impeller and seal plate	Hard iron – 400 Brinell
Wear plate	Hardened alloy steel
Impeller shaft	Alloy steel 4150 with alloy steel 4130 shaft sleeve
Integral check valve	Neoprene with steel reinforcing
Bearing cavity in separate oil reservoir with sight gauge	
Mechanical seals in separate oil reservoir with site gauge	Silicone Carbide
Pressure Relief Valve	Brass
Pump over motor orientation with common base and belt guard	
V-belt drive system	

#### Utility Requirements (EACH)

Grit Pump Motor HP	10 HP (Max), 460/3/60	Suitable for a Non-Hazardous Location
--------------------	-----------------------	---------------------------------------

#### Electrical Devices (Each)

One (1) NEMA 4X 120V 1.5 inch NPT brass body solenoid valves to control scour water functions

#### MISC. Devices (Each)

One (1) 1.5 inch brass body manual ball valve to control scour water functions

### Optional Item B – Installation of Demolition of Equipment

### Westech to provide the following items:

- Labor, tools, cranes and equipment to perform demolition of (1) grit classifier and grit pump and install new equipment.
- 4 inch and 6 inch schedule 80 PVC pipe for connection of new units to existing piping.
- 2 days for assisting startup.

#### Electrical Panel

- Labor and materials for a complete electrical installation.
- Fence and grating modifications.
- Isolate and demo existing electrical
- Install new control Panel ( on existing stand )
- Re-connect existing conduit and wiring to the new Gritt Classifier Panel ( utilize existing power distribution and control conduits and wiring
- Install new conduit and wiring to the following devices: (1) E stop (1) agitator Motor, (1) Spiral Motor, (1) Solenoid Valve
- Re-connect existing conduit and wire connections to the new Grit Pump ( utilize existing power distribution and controls and wiring )
- 

### Quality Assurance Program

Westech prides itself on its quality products and customer service. Recognizing the importance of continuous improvement, Westech has developed a quality management system in order to meet our customer's needs for exceptional quality and service. This system is based on, and complies with, the International Organization for Standardization's ISO-9001 standard, and its technical U.S. equivalent ANSI/ASQC Q9001.

### Items Not by Westech

Other wiring not pertaining directly with our equipment, Electrical equipment other than the classifier control panel, Piping, valves, or fittings, shimming material, lubricating oil or grease, shop or field painting, field welding, erection, detail shop fabrication drawings, performance testing, unloading, storage, concrete work, hoist or lifting apparatus, grating, platforms, stairs, handrailing, or field service (except as specifically noted).

**Note: Any Item Not Listed Above to Be Furnished by Others.**

### Clarifications

- Unit anchorage designed around RedHead A7 adhesive system. Adhesive and applicator by others.

- 4 inch suction line from the lower hopper to the inlet pump connection by others, not by WesTech. All interconnecting piping between the WesTech supplied connections by others, not by WesTech. All piping to be supported independently from the unit.
- If optional item 2 is selected, a 1.5 inch diameter fluidizing line (either air or water) will be required to fluidize the grit bed prior to pumping. The 1.5 inch fluidizing pipe is by others, not by WesTech. WesTech has included in that optional item a solenoid and manual ball valve to control the scour line.
- No painting of PVC piping included in price.
- No hazardous abatement.
- Site calculations is by others.
- WesTech assumes the existing concrete foundations are adequate in size and location for the new equipment.
- No concrete or earthwork included.
- Painting of any kind is by others
- SCADA or programming work by others
- Terminations at control panel is by others.

*This proposal has been reviewed and is approved for issued by David Worthington.*

# Firm Pricing

Proposal Name: Helendale CSD

Proposal Number: 1560828

Thursday, April 18, 2019

## 1. Bidder's Contact Information

Company Name	WesTech Engineering, Inc.
Contact Name	Adrian Williams
Phone	801.265.1000
Email	awilliams@westech-inc.com
Address: Number/Street	3665 S West Temple
Address: City, State, Zip	Salt Lake City, UT 84115

## 2. Pricing

Currency US Dollars

### Scope of Supply

A	(1) Gritt Mitt Slim Line Shaftless Classifier Model GSS31	\$50,869.00
A-1	Control Panel	\$14,421.00
A-2	Self Priming Grit Pump	\$19,353.00
B	Turnkey Labor to Demolish Existing/Install New Classifier/Pump	\$115,882.00

Taxes (sales, use, VAT, IVA, IGV, duties, import fees, etc.) Not Included

Prices are for a period not to exceed 30 days from date of proposal.

### Field Service

First Day \$4,700.00

Additional Daily Rate \$1,457.00

Prices do not include field service unless noted, but it is available at the daily rate plus expenses. The customer will be charged for a minimum of three days for time at the jobsite. Travel will be billed at the daily rate. Any canceled charges due to the customer's request will be added to the invoice. The greater of visa procurement time or a two week notice is required prior to trip departure date.

## 3. Payment Terms

Submittals Approved 15%

Release for Fabrication 35%

Net 30 days from Shipment 50%

All payments are net 30 days. Partial shipments are allowed. Other terms per WesTech proforma invoice.

#### 4. Schedule

Submittals, after PO receipt	6 to 8 Weeks
Customer Review Period	2 weeks
Ready to Ship, after Submittal Approval	18 to 20 weeks
<b>Total Weeks from PO to Shipment</b>	<b>26 to 30 weeks</b>

**Terms & Conditions:** This proposal, including all terms and conditions contained herein, shall become part of any resulting contract or purchase order. Changes to any terms and conditions, including but not limited to submittal and shipment days, payment terms, and escalation clause shall be negotiated at order placement, otherwise the proposal terms and conditions contained herein shall apply.

**Freight:** Prices quoted are **F.O.B. shipping point** with freight allowed to a readily accessible location nearest to jobsite. All claims for damage or loss in shipment shall be initiated by purchaser.

**Paint:** If your equipment has paint included in the price, please take note to the following. Primer paints are designed to provide only a minimal protection from the time of application (usually for a period not to exceed 30 days). Therefore, it is imperative that the finish coat be applied within 30 days of shipment on all shop primed surfaces. Without the protection of the final coatings, primer degradation may occur after this period, which in turn may require renewed surface preparation and coating. If it is impractical or impossible to coat primed surfaces within the suggested time frame, WesTech strongly recommends the supply of bare metal, with surface preparation and coating performed in the field. All field surface preparation, field paint, touch-up, and repair to shop painted surfaces are not by WesTech.

# One-Year Warranty

---

WesTech equipment is backed by WesTech's reputation as a quality manufacturer, and by many years of experience in the design of reliable equipment.

Equipment manufactured or sold by WesTech Engineering, Inc., once paid for in full, is backed by the following warranty:

For the benefit of the original user, WesTech warrants all new equipment manufactured by WesTech Engineering, Inc. to be free from defects in material and workmanship, and will replace or repair, F.O.B. its factories or other location designated by it, any part or parts returned to it which WesTech's examination shall show to have failed under normal use and service by the original user within one (1) year following initial start-up, or eighteen (18) months from shipment to the purchaser, whichever occurs first.

Such repair or replacement shall be free of charge for all items except for those items such as resin, filter media and the like that are consumable and normally replaced during maintenance, with respect to which, repair or replacement shall be subject to a pro-rata charge based upon WesTech's estimate of the percentage of normal service life realized from the part. WesTech's obligation under this warranty is conditioned upon its receiving prompt notice of claimed defects, which shall in no event be later than thirty (30) days following expiration of the warranty period, and is limited to repair or replacement as aforesaid.

**This warranty is expressly made by WesTech and accepted by purchaser in lieu of all other warranties, including warranties of merchantability and fitness for particular purpose, whether written, oral, express, implied, or statutory. WesTech neither assumes nor authorizes any other person to assume for it any other liability with respect to its equipment. WesTech shall not be liable for normal wear and tear, corrosion, or any contingent, incidental, or consequential damage or expense due to partial or complete inoperability of its equipment for any reason whatsoever.**

This warranty shall not apply to equipment or parts thereof which have been altered or repaired outside of a WesTech factory, or damaged by improper installation, application, or maintenance, or subjected to misuse, abuse, neglect, accident, or incomplete adherence to all manufacturer's requirements, including, but not limited to, Operations & Maintenance Manual guidelines & procedures.

This warranty applies only to equipment made or sold by WesTech Engineering, Inc.

WesTech Engineering, Inc. makes no warranty with respect to parts, accessories, or components purchased by the customer from others. The warranties which apply to such items are those offered by their respective manufacturers.

# Terms & Conditions

Terms and Conditions appearing in any order based on this proposal which are inconsistent herewith shall not be binding on WesTech Engineering Inc. The sale and purchase of equipment described herein shall be governed exclusively by the foregoing proposal and the following provisions:

**1. SPECIFICATIONS:** WesTech Engineering Inc. is furnishing its standard equipment as outlined in the proposal and as will be covered by final approved drawings. The equipment may not be in strict compliance with the Engineer's/Owner's plans, specifications, or addenda as there may be deviations. The equipment will, however, meet the general intention of the mechanical specifications of these documents.

**2. ITEMS INCLUDED:** This proposal includes only the equipment specified herein and does not include erection, installation, accessories, nor associated materials such as controls, piping, etc., unless specifically listed.

**3. PARTIES TO CONTRACT:** WesTech Engineering Inc. is not a party to or bound by the terms of any contract between WesTech Engineering Inc.'s customer and any other party. WesTech Engineering Inc.'s undertakings are limited to those defined in the contract between WesTech Engineering Inc. and its direct customers.

**4. PRICE AND DELIVERY:** All selling prices quoted are subject to change without notice after 30 days from the date of this proposal unless specified otherwise. Unless otherwise stated, all prices are F.O.B. WesTech Engineering Inc. or its supplier's shipping points. All claims for damage, delay or shortage arising from such equipment shall be made by Purchaser directly against the carrier. When shipments are quoted F.O.B. job site or other designation, Purchaser shall inspect the equipment shipped, notifying WesTech Engineering Inc. of any damage or shortage within forty-eight hours of receipt, and failure to so notify WesTech Engineering Inc. shall constitute acceptance by Purchaser, relieving WesTech Engineering Inc. of any liability for shipping damages or shortages.

**5. PAYMENTS:** All invoices are net 30 days. Delinquencies are subject to a 1.5 percent service charge per month or the maximum permitted by law, whichever is less on all past due accounts. Pro rata payments are due as shipments are made. If shipments are delayed by the Purchaser, invoices shall be sent on the date when WesTech Engineering Inc. is prepared to make shipment and payment shall become due under standard invoicing terms. If the work to be performed hereunder is delayed by the Purchaser, payments shall be based on the purchase price and percentage of completion. Products held for the Purchaser shall be at the risk and expense of the Purchaser. Unless specifically stated otherwise, prices quoted are for equipment only. These terms are independent of and not contingent upon the time and manner in which the Purchaser receives payment from the owner.

**6. PAYMENT TERMS:** Credit is subject to acceptance by WesTech Engineering Inc.'s Credit Department. If the financial condition of the Purchaser at any time is such as to give WesTech Engineering Inc., in its judgment, doubt concerning the Purchaser's ability to pay, WesTech Engineering Inc. may require full or partial payment in advance or may suspend any further deliveries or continuance of the work to be performed by the WesTech Engineering Inc. until such payment has been received.

**7. ESCALATION:** If shipment is, for any reason, deferred by the Purchaser beyond the normal shipment date, or if material price increases are greater than 5% from proposal date to material

procurement date, stated prices set forth herein are subject to escalation. The escalation shall be based upon increases in labor and material and other costs to WesTech Engineering Inc. that occur in the time period between quotation and shipment by WesTech Engineering Inc. Purchaser agrees to this potential escalation regardless of contradicting terms in the contract, except when an agreed upon escalation adder is included in the price.

(a) The total quoted revised price is based upon changes in the indices published by the United States Department of Labor, Bureau of Labor Statistics. Labor will be related to the Average Hourly Earnings indices found in the Employment and Earnings publication. Material will be related to the Metal and Metal Products Indices published in Wholesale Prices and Prices Indices.

(b) Price revision for items furnished to, and not manufactured by WesTech Engineering Inc., which exceed the above escalation calculation, will be passed along by WesTech Engineering Inc. to Purchaser based upon the actual increase in price to WesTech Engineering Inc. for the period from the date of quotation to the date of shipment by WesTech Engineering Inc. Any item that is so revised will be excluded from the index escalation calculations set forth in subparagraph (a) above.

**8. APPROVAL:** If approval of equipment submittals by Purchaser or others is required, a condition precedent to WesTech Engineering Inc. supplying any equipment shall be such complete approval.

**9. INSTALLATION SUPERVISION:** Prices quoted for equipment do not include installation supervision. WesTech Engineering Inc. recommends and will, upon request, make available, at WesTech Engineering Inc.'s then current rate, an experienced installation supervisor to act as the Purchaser's employee and agent to supervise installation of the equipment. Purchaser shall at its sole expense furnish all necessary labor equipment, and materials needed for installation.

Responsibility for proper operation of equipment, if not installed by WesTech Engineering Inc. or installed in accordance with WesTech Engineering Inc.'s instructions, and inspected and accepted in writing by WesTech Engineering Inc., rests entirely with Purchaser; and any work performed by WesTech Engineering Inc. personnel in making adjustment or changes must be paid for at WesTech Engineering Inc.'s then current per diem rates plus living and traveling expenses.

WesTech Engineering Inc. will supply the safety devices described in this proposal or shown in WesTech Engineering Inc.'s drawings furnished as part of this order but excepting these, WesTech Engineering Inc. shall not be required to supply or install any safety devices whether required by law or otherwise. The Purchaser hereby agrees to indemnify and hold harmless WesTech Engineering Inc. from any claims or losses arising due to alleged or actual insufficiency or inadequacy of the safety devices offered or supplied hereunder, whether specified by WesTech Engineering Inc. or Purchaser, and from any damage resulting from the use of the equipment supplied hereunder.

**10. ACCEPTANCE OF PRODUCTS:** Products will be deemed accepted without any claim by Purchaser unless written notice of non-acceptance is received by WesTech Engineering Inc. within 30 days of delivery if shipped F.O.B. point of shipment, or 48 hours of delivery if shipped F.O.B. point of destination. Such written notice shall not be considered received by WesTech Engineering Inc. unless it is accompanied by all freight bills for said shipment, with Purchaser's

notations as to damages, shortages and conditions of equipment, containers, and seals. Non-accepted products are subject to the return policy stated below.

**11. TAXES:** Any federal, state, or local sales, use or other taxes applicable to this transaction, unless specifically included in the price, shall be for Purchaser's account.

**12. TITLE:** The equipment specified herein, and any replacements or substitutes therefore shall, regardless of the manner in which affixed to or used in connection with realty, remain the sole and personal property of WesTech Engineering Inc. until the full purchase price has been paid. Purchaser agrees to do all things necessary to protect and maintain WesTech Engineering Inc.'s title and interest in and to such equipment; and upon Purchaser's default, WesTech Engineering Inc. may retain as liquidated damages any and all partial payments made and shall be free to enter the premises where such equipment is located and remove the same as its property without prejudice to any further claims on account of damages or loss which WesTech Engineering Inc. may suffer from any cause.

**13. INSURANCE:** From date of shipment until the invoice is paid in full, Purchaser agrees to provide and maintain at its expense, but for WesTech Engineering Inc.'s benefit, adequate insurance including, but not limited to, builders risk insurance on the equipment against any loss of any nature whatsoever.

**14. SHIPMENTS:** Any shipment of delivery dates recited represent WesTech Engineering Inc.'s best estimate but no liability, direct or indirect, is assumed by WesTech Engineering Inc. for failure to ship or deliver on such dates.

WesTech Engineering Inc. shall have the right to make partial shipments; and invoices covering the same shall be due and payable by Purchaser in accordance with the payment terms thereof. If Purchaser defaults in any payment when due hereunder, WesTech Engineering Inc. may, without incurring any liability therefore to Purchaser or Purchaser's customers, declare all payments immediately due and payable with maximum legal interest thereon from due date of said payment, and at its option, stop all further work and shipments until all past due payments have been made, and/or require that any further deliveries be paid for prior to shipment.

If Purchaser requests postponements of shipments, the purchase price shall be due and payable upon notice from WesTech Engineering Inc. that the equipment is ready for shipment; and thereafter any storage or other charge WesTech Engineering Inc. incurs on account of the equipment shall be for the Purchaser's account.

If delivery is specified at a point other than WesTech Engineering Inc. or its supplier's shipping points, and delivery is postponed or prevented by strike, accident, embargo, or other cause beyond WesTech Engineering Inc.'s reasonable control and occurring at a location other than WesTech Engineering Inc. or its supplier's shipping points, WesTech Engineering Inc. assumes no liability in delivery delay. If Purchaser refuses such delivery, WesTech Engineering Inc. may store the equipment at Purchaser's expense. For all purposes of this agreement such tender of delivery or storage shall constitute delivery.

**15. WARRANTY:** WESTECH ENGINEERING INC. WARRANTS EQUIPMENT IT SUPPLIES ONLY IN ACCORDANCE WITH THE WARRANTY EXPRESSED IN THE ATTACHED COPY OF "WESTECH WARRANTY" AGAINST DEFECTS IN WORKMANSHIP AND MATERIALS WHICH IS MADE A PART HEREOF. SUCH WARRANTY IN LIEU OF ALL OTHER WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR PARTICULAR PURPOSE, WHETHER WRITTEN, ORAL, EXPRESSED, IMPLIED OR STATUTORY, WESTECH ENGINEERING INC. SHALL NOT BE LIABLE ANY CONTINGENT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES FOR ANY REASON WHATSOEVER.

**16. PATENTS:** WesTech Engineering Inc. agrees that it will, at its own expense, defend all suits or proceedings instituted against Purchaser and pay any award of damages assessed against it in such suits or proceedings, so far as the same are based on any claim that the said equipment or any part thereof constitutes an infringement of any apparatus patent of the United States issued at the date of this Agreement, provided WesTech Engineering Inc. is given prompt notice in writing of the institution or threatened institution of any suit or proceeding and is given full control of the defense, settlement, or compromise of any such action; and Purchaser agrees to give WesTech Engineering Inc. needed information, assistance, and authority to enable WesTech Engineering Inc. so to do. In the event said equipment is held or conceded to infringe such a patent, WesTech Engineering Inc. shall have the right at its sole option and expense to a) modify the equipment to be non-infringing, b) obtain for Purchaser the license to continue using said equipment, or c) accept return of the equipment and refund to the Purchaser the purchase price thereof less a reasonable charge for the use thereof. WesTech Engineering Inc. will reimburse Purchaser for actual out-of-pocket expenses, exclusive of legal fees, incurred in preparing such information and rendering such assistance at WesTech Engineering Inc.'s request. The foregoing states the entire liability of WesTech Engineering Inc., with respect to patent infringement; and except as otherwise agreed to in writing, WesTech Engineering Inc. assumes no responsibility for process patent infringement.

**17. SURFACE PREPARATION AND PAINTING:** If furnished, shop primer paint is intended to serve only as minimal protective finish. WesTech Engineering Inc. will not be responsible for the condition of primed or finish painted surfaces after equipment leaves its shops. Purchasers are invited to inspect paint in shops for proper preparation and application prior to shipment. WesTech Engineering Inc. assumes no responsibility for field surface preparation or touch-up of shipping damage to paint. Painting of fasteners and other touch-up to painted surfaces will be by Purchaser's painting contractor after mechanism installation.

Motors, gear motors, and other components not manufactured by WesTech Engineering Inc. will be painted with that manufacturer's standard paint system. It is WesTech Engineering Inc.'s intention to ship major steel components as soon as fabricated, often before drive, motors, and other manufactured components. Unless Purchaser can ensure that shop primed steel shall be field painted within thirty (30) days after arrival at the job site, WesTech Engineering Inc. encourages the Purchaser to order these components without primer.

WesTech Engineering Inc.'s prices are based on paints and surface preparations as outlined in the main body of this proposal. In the event that an alternate paint system is selected, WesTech Engineering Inc. requests that Purchaser's order advise of the paint selection. WesTech Engineering Inc. will then either adjust the price as may be necessary to comply or ship the material unpainted if compliance is not possible due to application problems or environmental controls.

**18. CANCELLATION, SUSPENSION, OR DELAY:** After acceptance by WesTech Engineering Inc., this proposal, or Purchaser's order based on this proposal, shall be a firm agreement and is not subject to cancellation, suspension, or delay except upon payment by Purchaser of appropriate charges which shall include all costs incurred by WesTech Engineering Inc. to date of cancellation, suspension, or delay plus a reasonable profit. Additionally, all charges related to storage and/or resumption of work, at WesTech Engineering Inc.'s plant or elsewhere, shall be for Purchaser's sole account; and all risks incidental to storage shall be assumed by Purchaser.

**19. RETURN OF PRODUCTS:** No products may be returned to WesTech Engineering Inc. without WesTech Engineering Inc.'s prior written permission. Said permission may be withheld by WesTech Engineering Inc. at its sole discretion.



**20. BACKCHARGES:** WesTech Engineering Inc. will not approve or accept backcharges for labor, materials, or other costs incurred by Purchaser or others in modification, adjustment, service, or repair of WesTech Engineering Inc.-furnished materials unless such back charge has been authorized in advance in writing by a WesTech Engineering Inc. employee, by a WesTech Engineering Inc. purchase order, or work requisition signed by WesTech Engineering Inc.

**21. INDEMNIFICATION:** Purchaser agrees to indemnify WesTech Engineering Inc. from all costs incurred, including but not limited to court costs and reasonable attorney fees, from enforcing any provisions of this contract, including but not limited to breach of contract or costs incurred in collecting monies owed on this contract.

**22. ENTIRE AGREEMENT:** This proposal expresses the entire agreement between the parties hereto superseding any prior understandings, and is not subject to modification except by a writing signed by an authorized officer of each party.

**23. MOTORS AND MOTOR DRIVES:** In order to avoid shipment delays of WesTech Engineering Inc. equipment, the motor drives may be sent directly to the job site for installation by the equipment installer. Minor fit-up may be required.

**24. EXTENDED STORAGE:** Extended storage instructions will be part of information provided to shipment. If equipment installation and start-up is delayed more than 30 days, the provisions of the storage instructions must be followed to keep WARRANTY in force.

**25. LIABILITY:** Professional liability insurance, including but not limited to, errors and omissions insurance, is not included. In any event, liability for errors and omissions shall be limited to the lesser of \$100,000USD or the value of the particular piece of equipment (not the value of the entire order) supplied by WesTech Engineering Inc. against which a claim is sought.

**26. ARBITRATION NEGOTIATION:** Any controversy or claim arising out of or relating to the performance of any contract resulting from this proposal or contract issued, or the breach thereof, shall be settled by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered to any court having jurisdiction.

**ACCEPTED BY PURCHASER**

Customer Name: \_\_\_\_\_

Customer Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Contact Name: \_\_\_\_\_

Contact Phone: \_\_\_\_\_

Contact Email: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_