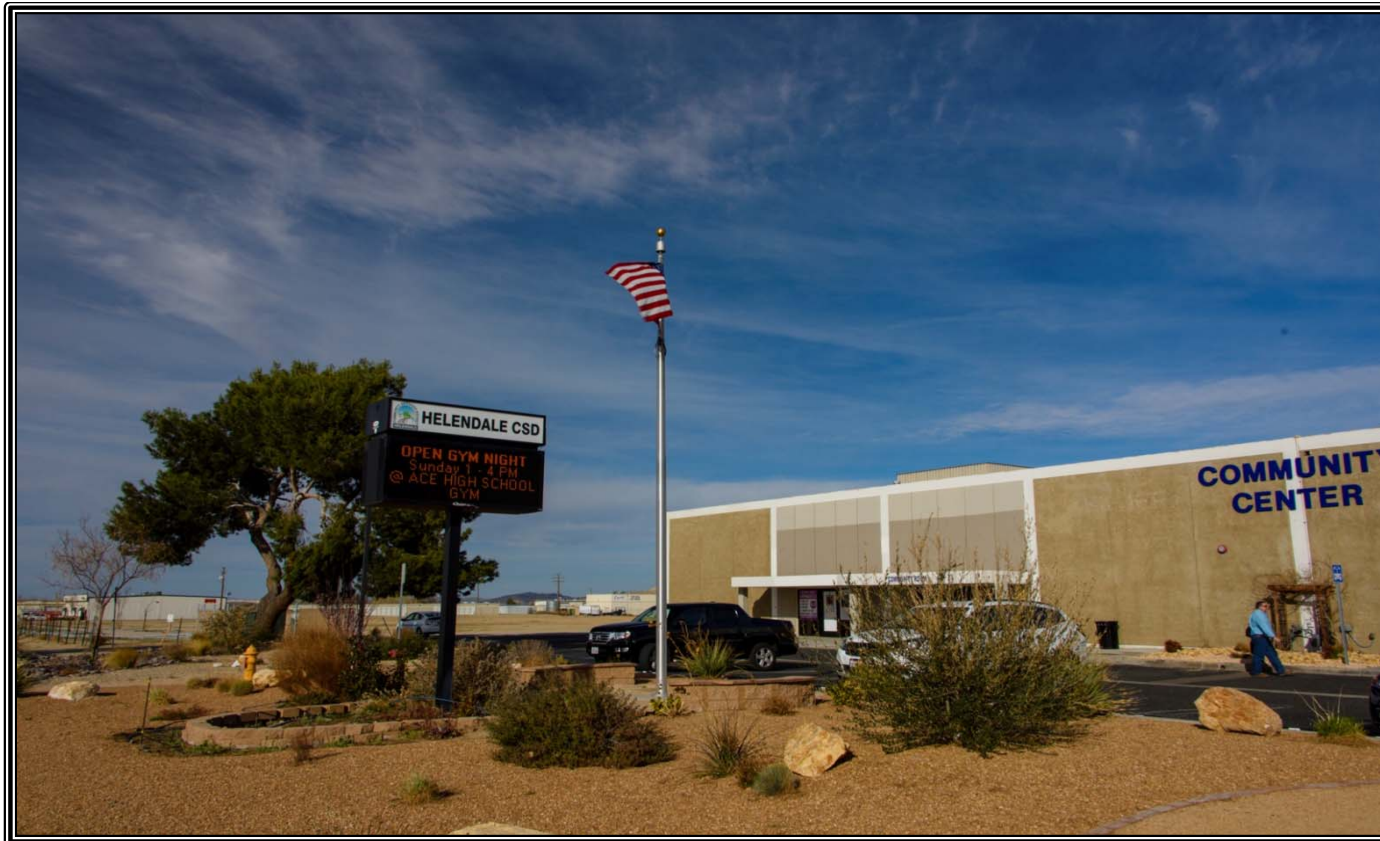
Helendale Community Services District

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

Name	Title	Elected/ Appointed	Term Expires
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

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Financial Section

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Certified Public Accountants

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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.

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.

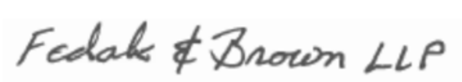
Other Matters

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 November 21, 2019, 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
November 21, 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.

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.

Government-wide Financial Analysis

Statements of Net Position

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

Condensed Statements of Net Position

		Governmental Activities		Business-type Activities		Total District	
		2019	2018	2019	2018	2019	2018
Assets:							
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
Total assets		2,960,308	3,617,061	21,557,005	19,770,059	24,517,313	23,387,120
Deferred outflows of resources		114,646	168,553	171,967	252,827	286,613	421,380
Liabilities:							
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
Total liabilities		3,184,285	3,193,037	5,269,528	5,649,459	8,453,813	8,842,496
Deferred inflows of resources		-	17,546	-	26,320	-	43,866
Net position:							
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
Total net position	$	(109,331)	575,031	16,459,444	14,347,107	16,350,113	14,922,138

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.

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.

Condensed Statements of Activities

	Governmental Activities		Business-type Activities		Total District	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
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
Total program revenues	463,016	396,432	4,718,706	4,577,214	5,181,722	4,973,646
General revenues:						
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
Total general revenues	632,186	545,564	16,208	7,982	648,394	553,546
Total revenues	1,095,202	941,996	4,734,914	4,585,196	5,830,116	5,527,192
Expenses:						
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
Total expenses	1,779,564	1,705,151	2,622,577	2,716,341	4,402,141	4,421,492
Excess before transfers	(684,362)	(763,155)	2,112,337	1,868,855	1,427,975	1,105,700
Transfers from(to) other funds	-	1,054,059	-	(1,054,059)	-	-
Change in net position	(684,362)	290,904	2,112,337	814,796	1,427,975	1,105,700
Net position, beginning of period	575,031	284,127	14,347,107	13,532,311	14,922,138	13,816,438
Net position, end of period	$ (109,331)	575,031	16,459,444	14,347,107	16,350,113	14,922,138

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.

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

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

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.

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

Capital Assets

	Governmental Activities		Business-type Activities		Total District	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
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
Total capital assets	4,424,317	4,205,523	27,336,812	25,507,397	31,761,129	29,712,920
Accumulated depreciation	(1,793,444)	(1,538,968)	(12,692,533)	(12,343,572)	(14,485,977)	(13,882,540)
Total capital assets, net	$ 2,630,873	2,666,555	14,644,279	13,163,825	17,275,152	15,830,380

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

Long-term Debt

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

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.

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.

COMMUNITY SERVICES DISTRICT

HELENDALE

Basic Financial Statements

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

	Governmental Activities	Business-type Activities	Total
Current assets:			
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
Prepaids and other assets	4,730	636	5,366
Total current assets	329,435	6,912,726	7,242,161
Non-current assets:			
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	2,630,873	14,644,279	17,275,152
Total assets	2,960,308	21,557,005	24,517,313
Deferred outflows of resources:			
Deferred pension outflows (note 7)	114,646	171,967	286,613
Current liabilities:			
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	2,022,448	594,288	2,616,736
Non-current liabilities:			
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	1,161,837	4,675,240	5,837,077
Total liabilities	3,184,285	5,269,528	8,453,813
Net position (note 8):			
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	$ (109,331)	16,459,444	16,350,113

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: Charges for Services	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Total
Governmental activities:							
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)
Total governmental activities		1,779,564	463,016	-	(1,316,548)	-	(1,316,548)
Business-type activities:							
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
Total business-type activities		2,622,577	4,668,093	50,613	-	2,096,129	2,096,129
Total	$	4,402,141	5,131,109	50,613	(1,316,548)	2,096,129	779,581

		Governmental Activities	Business-type Activities	Total
General revenues:				
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
Total general revenues		632,186	16,208	648,394
Change in net position		(684,362)	2,112,337	1,427,975
Net position, beginning of year		575,031	14,347,107	14,922,138
Net position, end of year	$	(109,331)	16,459,444	16,350,113

See accompanying notes to the basic financial statements

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

		General	Parks and Recreation	Recycling Center	Total Governmental Activities
Assets:					
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		-	-	-	-
Prepaids		4,677	53	-	4,730
Total assets	$	213,898	109,184	6,353	329,435
Liabilities:					
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
Total liabilities		1,049,683	857,236	5,953	1,912,872
Fund balance (note 11):					
Assigned		-	(748,052)	400	(747,652)
Unassigned		(835,785)	-	-	(835,785)
Total fund balance		(835,785)	(748,052)	400	(1,583,437)
Total liabilities and fund balance	$	213,898	109,184	6,353	329,435

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

		General	Parks and Recreation	Recycling	Total Governmental Activities
Revenues:					
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
Total revenues		680,914	111,202	303,086	1,095,202
Expenditures:					
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
Total expenditures		1,173,183	421,175	165,919	1,760,277
Net income(loss)		(492,269)	(309,973)	137,167	(665,075)
Other financing sources (uses) (note 10):					
Transfers in(out) – board discretionary		(322,682)	322,682	-	-
Transfers in(out) – operational		805,690	(668,923)	(136,767)	-
Total other financing sources (uses)		483,008	(346,241)	(136,767)	-
Change in fund balance		(9,261)	(656,214)	400	(665,075)
Fund balance, beginning of year		(826,524)	(91,838)	-	(918,362)
Fund balance, end of year	$	(835,785)	(748,052)	400	(1,583,437)

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		(30,490)
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

		Water	Wastewater	Solid Waste	Total Business-type Activities
Current assets:					
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
Prepaids and other assets		306	209	121	636
Total current assets		1,272,332	5,196,020	444,374	6,912,726
Non-current assets:					
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
Total non-current assets		12,243,894	2,400,183	202	14,644,279
Total assets		13,516,226	7,596,203	444,576	21,557,005
Deferred outflows of resources:					
Deferred pension outflows		88,851	63,054	20,062	171,967
Current liabilities:					
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
Total current liabilities		453,476	85,718	55,094	594,288
Non-current liabilities:					
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
Total non-current liabilities		4,031,061	618,317	25,862	4,675,240
Total liabilities		4,484,537	704,035	80,956	5,269,528
Net position:					
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
Total net position	$	9,120,540	6,955,222	383,682	16,459,444

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

		Water	Wastewater	Solid Waste	Total Business-type Activities
Operating revenues:					
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
Total operating revenues		2,629,931	1,316,283	721,879	4,668,093
Operating expenses:					
Salaries and benefits		433,661	307,333	106,818	847,812
Operations		337,090	253,258	610,422	1,200,770
Total operating expenses		770,751	560,591	717,240	2,048,582
Operating income before depreciation		1,859,180	755,692	4,639	2,619,511
Depreciation		(235,138)	(132,624)	(203)	(367,965)
Operating income (loss)		1,624,042	623,068	4,436	2,251,546
Non-operating revenues (expenses):					
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
Total non-operating revenues, net		(174,909)	(14,913)	-	(189,822)
Operating income before capital contributions		1,449,133	608,155	4,436	2,061,724
Capital contributions:					
Connection fees		29,007	16,606	-	45,613
Capital grants and contributions		5,000	-	-	5,000
Total capital contributions		34,007	16,606	-	50,613
Change in net position		1,483,140	624,761	4,436	2,112,337
Net position, beginning of year		7,637,400	6,330,461	379,246	14,347,107
Net position, end of year	$	9,120,540	6,955,222	383,682	16,459,444

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

		Water	Wastewater	Solid Waste	Total Business-type Activities
Cash flows from operating activities:					
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		1,862,858	674,162	16,663	2,553,683
Cash flows from capital and related financing activities:					
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		(2,381,417)	(901,254)	(9,786)	(3,292,457)
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	$	537,741	3,737,152	386,666	4,661,559
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	$	1,624,042	623,068	4,436	2,251,546
Adjustments to reconcile operating loss to net cash provided by operating activities:					
Depreciation expense		235,138	132,624	203	367,965
Other non-operating revenues		(2,281)	(7,407)	-	(9,688)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources					
(Increase) decrease in assets and deferred outflows:					
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
Prepaids and other assets		(79)	(44)	11	(112)
Deferred outflows of resources		41,776	29,649	9,435	80,860
Increase (decrease) in liabilities and deferred inflows:					
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		(13,598)	(9,651)	(3,071)	(26,320)
Total adjustments		238,816	51,094	12,227	302,137
Net cash provided by operating activities	$	1,862,858	674,162	16,663	2,553,683

See accompanying notes to the basic financial statements

(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.

(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.

(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.

(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.

(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.

(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

(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.

(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.

(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.

(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.

(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:

		2019
Governmental activity funds:		
General fund	$	191,830
Parks and recreation fund		108,980
Recycling fund		6,353
Total		307,163
Business-type activity funds:		
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:

		2019
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:

	2019
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.

(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.

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.

(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.

(4) Capital Assets

Governmental Activities:

Changes in capital assets at June 30 were as follows:

	Balance 2018	Additions	Deletions/ Transfers	Balance 2019
Non-depreciable assets:				
Land	$ 307,702	-	-	307,702
Construction-in-process	33,207	221,374	(189,959)	64,622
Total non-depreciable assets	340,909	221,374	(189,959)	372,324
Depreciable assets:				
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	3,864,614	187,379	-	4,051,993
Accumulated depreciation:	(1,538,968)	(254,476)	-	(1,793,444)
Total depreciable assets, net	2,325,646	(67,097)	-	2,258,549
Total capital assets, net	$ 2,666,555			2,630,873

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:

	Balance 2018	Additions	Deletions/ Transfers	Balance 2019
Non-depreciable assets:				
Land	$ 611,830	-	-	611,830
Construction-in-process	-	437,275	(437,275)	-
Total non-depreciable assets	611,830	437,275	(437,275)	611,830
Depreciable assets:				
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	24,895,567	1,848,419	(19,004)	26,724,982
Accumulated depreciation:	(12,343,572)	(367,965)	19,004	(12,692,533)
Total depreciable assets, net	12,551,995	1,480,454	-	14,032,449
Total capital assets, net	$ 13,163,825			14,644,279

(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		241,850
Total governmental activities	$	254,476
Business type activities:		
Water Fund	$	235,138
Wastewater Fund		132,624
Solid Waste Fund		203
Total business type activities	$	367,965

(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:

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

Enterprise:

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

(6) Long-term Debt

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

	Balance 2018	Additions	Payments	Balance 2019
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:

	Governmental Fund	Enterprise Funds		Total	Total
	Parks and Recreation	Water	Wastewater	Enterprise Funds	Long-term Debt
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 23rd and December 23rd at an interest rate of 3.90%.

(6) Long-term Debt, continued

2008 Installment Sale Agreement, continued

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

Fiscal Year		Principal	Interest	Total
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 21st and March 21st at an interest rate of 5.25%.

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

Fiscal Year		Principal	Interest	Total
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%.

(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 15th and February 15th at an interest rate of 4.25%.

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

Fiscal Year		Principal	Interest	Total
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.

(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:

	Miscellaneous Plan	
	Classic	**PEPRA**
Hire date	Prior to January 1, 2013	On or after January 1, 2013
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:

	Miscellaneous Plan
Contributions – employer	$ 117,181

(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:

	Proportionate Share of Net Pension Liability		
	Governmental	Enterprise	Total
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:

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

(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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
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	70,273	-
Total	$ 286,613	-

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.

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

(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
Actuarial assumptions:	
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.

(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.

Asset Class	New Strategic Allocation	Real Return Years 1–10*	Real Return Year 11+**
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	100.00%		

* 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:

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

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.

(8) Net Position

Net investment in capital assets is calculated as follows:

		Governmental Activities	Business-type Activities	Total
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)
Total	$	1,585,066	9,928,539	11,513,605

Unrestricted net position is designated as follows:

		Governmental Activities	Business-type Activities	Total
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
Total	$	(1,694,397)	6,530,905	4,836,508

(9) Internal Balances – Interfund Transfers

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

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

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.

(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.

(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.

(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.

(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.

(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 November 21, 2019, 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.

COMMUNITY SERVICES DISTRICT

HELENDALE

Required 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

	Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
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
Total revenues	549,999	680,914	130,915
Expenditures:			
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)
Total expenditures	1,031,777	1,173,183	(141,406)
Excess of revenues over expenditures	(481,778)	(492,269)	(10,491)
Other financing sources(uses):			
Transfers in(out) – board discretionary	(292,150)	(322,682)	(30,532)
Transfers in(out) – operational	915,533	805,690	(109,843)
Total other financing sources	623,383	483,008	(109,843)
Net change in fund balance	141,605	(9,261)	$ (120,334)
Fund balance – beginning of period	-	(826,524)	
Fund balance – end of period	$ 141,605	(835,785)	

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

	Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
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
Total revenues	187,682	111,202	(76,480)
Expenditures:			
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)
Total expenditures	326,928	421,175	(94,247)
Excess of revenues (under) expenditures	(139,246)	(309,973)	(170,727)
Other financing sources(uses):			
Transfers in(out) – board discretionary	355,043	322,682	(32,361)
Transfers in(out) – operational	-	(668,923)	(668,923)
Total other financing sources	355,043	(346,241)	(701,284)
Net change in fund balance	215,797	(656,214)	$ (872,011)
Fund balance – beginning of period	(91,838)	(91,838)	
Fund balance – end of period	$ 123,959	(748,052)	

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

	Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Recycling	$ 276,000	302,900	(26,900)
Other	-	186	(186)
Total revenues	276,000	303,086	(27,086)
Expenditures:			
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
Total expenditures	192,830	165,919	26,911
Excess of revenues (under) expenditures	83,170	137,167	(53,997)
Other financing sources(uses):			
Transfers in(out) – operational	(83,170)	(136,767)	(53,597)
Total other financing sources	(83,170)	(136,767)	(53,597)
Net change in fund balance	-	400	$ (107,594)
Fund balance – beginning of period	-	-	
Fund balance – end of period	$ -	400	

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*

Schedule of Pension Plan Contributions:		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
Actuarially Determined Contribution	$	126,313	112,597	108,682	97,754	159,159
Contributions in Relation to the Actuarially Determined Contribution		(117,181)	(107,488)	(108,682)	(97,754)	(159,159)
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		14.20%	12.11%	12.54%	11.82%	21.67%

Notes:

* Historical information presented above follows the measurement periods for which GASB 68 & 71were 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.

COMMUNITY SERVICES DISTRICT

HELENDALE

Report on Compliance and Internal Controls

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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 November 21, 2019.

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

Fedak & Brown LLP
Cypress, California
November 21, 2019