Helendale Community Services District

Helendale, California

Financial Statements

For the Fiscal Year Ended

June 30, 2022

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
Tim Smith	President	Elected	2022
Henry Spiller	Vice President	Elected	2024
Sandy Haas	Director	Elected	2024
Craig Schneider	Director	Elected	2022
Ron Clark	Director	Elected	2022

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, 2022

Helendale Community Services District
Financial Statements
For the Fiscal Year Ended June 30, 2022

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Independent Auditor's Report

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Report on the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

Auditor’s Responsibilities for the Audits of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter

As discussed in Note 12 of the financial statements, adjustments were recognized for the District’s lessor agreements. The District has recorded a lease receivable, a deferred inflow of resources, reclassified a portion of its rental income to interest income, and has recorded a prior period adjustment to restate net position as of July 1, 2020 and June 30, 2021. Our opinion is not modified with respect to this matter.

Independent Auditor's Report, continued

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 4 through 10 and the required supplementary information on pages 57 through 63 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 December 1, 2022, 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 64 and 65.

Fedak & Brown LLP
Cypress, California
December 1, 2022

Helendale Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

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, 2022. 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 2022, the District's net position increased by 12.20% or $2,473,931 to $22,749,391 as a result of ongoing operations.
- In 2022, the District's total revenues increased by 8.33% or $560,577 to $7,291,809.
- In 2022, the District's total expenses increased by 1.73% or $81,936 to $4,817,878.

The presentation of these annual financial statements is for the purpose of clarity, and to provide consistency within the required financial reporting. As a result, the financial statements include governmental 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: General Fund, Property Rental Fund, Parks and Recreation Fund, Recycling Center Fund, which report general revenues and administrative costs 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 of providing and maintaining 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 revenues 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 20 through 56.

Government-wide Financial Analysis

Statements of Net Position

The following table is a summary of the statement of net position at June 30, 2022.

Condensed Statements of Net Position

	Governmental Activities		Business-type Activities		Total District	
	2022	As Restated 2021	2022	As Restated 2021	2022	As Restated 2021
Assets:						
Current assets	$ 721,059	731,510	6,764,841	7,328,384	7,485,900	8,059,894
Non-current assets	3,405,078	3,349,800	18,193,677	16,111,661	21,598,755	19,461,461
Total assets	4,126,137	4,081,310	24,958,518	23,440,045	29,084,655	27,521,355
Deferred outflows of resources	116,672	112,317	175,000	168,470	291,672	280,787
Liabilities:						
Current liabilities	942,757	961,076	1,084,183	968,060	2,026,940	1,929,136
Non-current liabilities	367,678	572,506	3,512,066	4,246,615	3,879,744	4,819,121
Total liabilities	1,310,435	1,533,582	4,596,249	5,214,675	5,906,684	6,748,257
Deferred inflows of resources	13,306	776,498	19,961	1,927	33,267	778,425
Net position:						
Net investment in capital assets	2,218,750	2,054,979	14,248,783	10,531,978	16,467,533	12,586,957
Unrestricted	13,333	(171,432)	6,268,525	7,859,935	6,281,858	7,688,503
Total net position	$ 2,232,083	1,883,547	20,517,308	18,391,913	22,749,391	20,275,460

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 $22,749,391 as of June 30, 2022. 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, 2022.

Condensed Statements of Activities

	Governmental Activities		Business-type Activities		Total District	
	2022	**As Restated 2021**	**2022**	**As Restated 2021**	**2022**	**As Restated 2021**
Revenues:						
Program revenues:						
Charges for services	$ 527,987	470,118	5,274,713	5,532,322	5,802,700	6,002,440
Capital grants and contributions	-	-	746,607	121,788	746,607	121,788
Total program revenues	527,987	470,118	6,021,320	5,654,110	6,549,307	6,124,228
General revenues:						
Property taxes	155,655	145,202	-	-	155,655	145,202
Interest earnings	-	11,262	-	-	-	11,262
Rental income	302,183	301,276	-	-	302,183	301,276
Lease interest	29,845	30,814	-	-	29,845	30,814
Other	109,974	94,507	144,845	23,943	254,819	118,450
Total general revenues	597,657	583,061	144,845	23,943	742,502	607,004
Total revenues	1,125,644	1,053,179	6,166,165	5,678,053	7,291,809	6,731,232
Expenses:						
General	1,366,808	1,364,499	-	-	1,366,808	1,364,499
Property rental	37,739	42,172	-	-	37,739	42,172
Parks and recreation	338,001	255,981	-	-	338,001	255,981
Recycle	176,946	144,147	-	-	176,946	144,147
Investment expense, net of fair value	25,079	-	-	-	25,079	-
Interest on long-term debt	9,513	24,461	-	-	9,513	24,461
Water	-	-	1,192,758	1,217,050	1,192,758	1,217,050
Wastewater	-	-	791,157	820,219	791,157	820,219
Solid waste	-	-	879,877	867,413	879,877	867,413
Total expenses	1,954,086	1,831,260	2,863,792	2,904,682	4,817,878	4,735,942
Excess before transfers	(828,442)	(778,081)	3,302,373	2,773,371	2,473,931	1,995,290
Transfers from(to) other funds	1,176,978	1,296,682	(1,176,978)	(1,296,682)	-	-
Change in net position	348,536	518,601	2,125,395	1,476,689	2,473,931	1,995,290
Net position, beginning of period,	1,883,547	1,124,560	18,391,913	16,915,224	20,275,460	18,039,784
Prior period adjustment (note 12)	-	240,386	-	-	-	240,386
Net position, beginning of period, as restated	1,883,547	1,364,946	18,391,913	16,915,224	20,275,460	18,280,170
Net position, end of period	$ 2,232,083	1,883,547	20,517,308	18,391,913	22,749,391	20,275,460

Compared to prior year, net position of the District increased by 12.20% or $2,473,931 to $22,749,391 as a result of ongoing operations.

Government-wide Financial Analysis, continued

Statements of Activities, continued

Total revenues increased by 8.33% or $560,577 to $7,291,809. The District's program revenues increased by 6.94% or $425,079, due to an increase of $624,819 in capital grants and contributions offset by a decrease of $199,740 in charges for services. The District's general revenues increased by 22.32% or $135,498, due to an increase of $136,369 in other revenues as compared to the prior year.

Total expenses increased by 1.73% or $81,936 to $4,817,878, due primarily to increases of $82,020 in parks and recreation expenses, $32,799 in recycle fund expenses, $25,079 in investment expenses, net of fair value, $12,464 in solid waste expenses; which were offset by decreases of $29,062 in wastewater fund expenses, $24,292 in water fund expenses, $14,948 in interest on long-term debt as compared to the prior year.

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, 2022.

		General	Property Rental	Parks and Recreation	Recycle	Total Governmental Activities
Fund balance, beginning of year	$	204,706	55,693	(508,178)	(717)	(248,496)
Change in fund balance		(1,157)	41,235	(13,767)	1,073	27,384
Fund balance, end of year	$	203,549	96,928	(521,945)	356	(221,112)

In 2022, total fund balance (deficit) increased by 11.02% or $27,384 to $221,112. The General fund decreased by 0.57% or $1,157 to $203,549; the property rental fund increased by 74.04% or $41,235 to $96,928, the parks and recreation fund (deficit) decreased by 2.71% or $13,767 to $521,945; and the recycle fund (deficit) increased by 149.65% or $1,073 to $356.

Governmental Funds Budgetary Highlights

The final actual expenditures for the General Fund as of June 30, 2022, were greater than budgeted by $64,472. In fiscal year 2022, actual payroll expenditures (including salaries and employee benefits) exceeded budgeted amounts by $55,878 as the actual cost of employee benefits expenditures were more than budgeted benefit costs during the fiscal year. Actual materials and services were under budgeted amounts by $3,321. Actual utilities expenditures were over budgeted amounts by $36,994 due to increased electricity demand. Actual investment expense, net of fair value was more than budgeted by $25,079 due to less favorable market conditions and year-end fair value adjustment.

Actual General Fund revenues as of June 30, 2022, exceeded budgeted amounts by $63,578. In fiscal year 2022, actual property tax revenue was above budgeted by $25,843 due to increases in assessed valuations. Actual charges for services exceeded budgeted amounts by $4,539. Actual investment earnings were lower than budgeted for by $30,000 due to less favorable market conditions and year-end fair value adjustment. Actual rental income was less than budgeted for by $2,862. Actual interest earnings were more than budgeted for by $28,896 due to *GASB Statement No. 87* implementation. Actual other revenue was more than budgeted for by $37,162.

Actual General Fund total transfers in were more than budgeted by $49,895.

Governmental Funds Budgetary Highlights, continued

The final actual expenditures for the Property Rental Fund as of June 30, 2022, were less than budgeted for by $36,458. In fiscal year 2022, actual materials and services were less than budgeted amounts by $5,043. Actual utilities expenditures were under budgeted amounts by $1,647. Actual debt payments and interest paid were less than budgeted for by $24,402 and $5,366, respectively, due to the prior year refinancing and payoff of the 2008 and 2011 Installment Sale Agreements, respectively, and offset by the issuance of the 2020 Installment Sale Agreement.

Actual Property Rental Fund revenues as of June 30, 2022, were less than budgeted amounts by $5,508. In fiscal year 2022, actual rental income and interest income was less than budgeted for by $7,030 and more by $949, respectively, due to *GASB Statement No. 87* implementation. Actual other revenue was more than budgeted for by $573.

The final actual expenditures for the Parks and Recreation Fund as of June 30, 2022, were more than budgeted for by $340,762. In fiscal year 2022, actual payroll expenditures (including salaries and employee benefits) were under budget by $10,983, as the actual cost of employee benefits expenditures was less than budgeted benefits costs during the fiscal year. Actual materials and services were above budgeted by $31,687. Actual utilities expenditures exceeded budgeted amounts by $28,229 due to increased electricity demand. Actual capital outlay expenditures were more than budgeted for by $291,829.

Actual Parks and Recreation Fund revenues as of June 30, 2022, were more than budgeted amounts by $45,652. In fiscal year 2022, actual property tax revenue was above budgeted for by $4,467 due to an increase in assessed valuations. Actual charges for services were above budgeted by $10,966 due to an increase in park sports activities after COVID-19. Actual rental income was less than budgeted for by $791. Actual other revenue exceeded budgeted amounts by $31,010 due to increases in revenues sourcing from park development impact fees and the farmer's market.

Actual Parks and Recreation Fund total transfers out were more than budgeted for by $70,210.

The final actual expenditures for the Recycling Fund as of June 30, 2022, were more than budgeted by $3,687. In fiscal year 2022, actual payroll expenditures (including salaries and employee benefits) were above budgeted by $4,943 as the actual cost of employee benefits expenditures was more than budgeted benefits costs during the fiscal year. Actual materials and services expenditures were less than budgeted for by $1,318. Actual utilities expenditures were above budget by $62.

Actual Recycling Fund revenues as of June 30, 2022, were more than budgeted amounts by $39,381. In fiscal year 2022, actual recycling revenue was more than budgeted by $30,852. Other revenue was more than budgeted for by $8,529.

Actual Recycling Fund total transfers out were more than budgeted for by $34,621.

(See Budgetary Comparison Schedule for General Fund under Required Supplementary Information section on pages 57 through 61).

Capital Asset Administration

Capital Assets

		Governmental Activities		Business-type Activities		Total District	
		2022	**2021**	**2022**	**2021**	**2022**	**2021**
Capital assets:							
Non-depreciable assets	$	307,702	307,702	3,165,669	1,064,146	3,473,371	1,371,848
Depreciable assets		4,508,288	4,221,168	28,847,789	28,467,155	33,356,077	32,688,323
Total capital assets		4,815,990	4,528,870	32,013,458	29,531,301	36,829,448	34,060,171
Accumulated depreciation		(2,283,220)	(2,116,319)	(13,819,781)	(13,419,640)	(16,103,001)	(15,535,959)
Total capital assets, net	$	2,532,770	2,412,551	18,193,677	16,111,661	20,726,447	18,524,212

At the end of fiscal year 2022, the District's capital assets amounted to $20,726,447 (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 5 to the basic financial statements.

Long-Term Debt Administration

Long-term Debt

		Governmental Activities		Business-Type Activities		Total	
		2022	**2021**	**2022**	**2021**	**2022**	**2021**
Long-term debt:							
Long-term debt	$	314,020	357,572	3,944,894	4,423,786	4,258,914	4,781,358
Total long-term debt	$	314,020	357,572	3,944,894	4,423,786	4,258,914	4,781,358

Long-term debt decreased by 10.93% or $522,444 to $4,258,914 in 2022 primarily due to regular debt service payments. The long-term debt position of the District is more fully analyzed in Note 7 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 position 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.

Basic Financial Statements

Helendale Community Services District
Statement of Net Position
June 30, 2022

		Governmental Activities	Business-type Activities	Total
Current assets:				
Cash and cash equivalents (note 2)	$	571,365	5,484,188	6,055,553
Accrued interest receivable		5,650	-	5,650
Accounts receivable – utilities		-	479,697	479,697
Accounts receivable – other		14,869	-	14,869
Accounts receivable – grants		43,087	10,000	53,087
Leases receivable (note 3)		72,061	-	72,061
Property taxes and assessments receivable		3,196	20,633	23,829
Due from other funds (note 4)		-	757,807	757,807
Prepaids and other assets		10,831	12,516	23,347
Total current assets		721,059	6,764,841	7,485,900
Non-current assets:				
Leases receivable (note 3)		872,308	-	872,308
Capital assets – not being depreciated (note 5)		307,702	3,165,669	3,473,371
Capital assets – being depreciated, net (note 5)		2,225,068	15,028,008	17,253,076
Total non-current assets		3,405,078	18,193,677	21,598,755
Total assets		4,126,137	24,958,518	29,084,655
Deferred outflows of resources:				
Deferred pension outflows (note 8)		116,672	175,000	291,672
Current liabilities:				
Accounts payable and accrued expenses		50,059	275,158	325,217
Accrued salaries and related payables		42,059	39,290	81,349
Customer deposits and unearned revenue		20,185	222,737	242,922
Accrued interest on long-term debt		165	46,038	46,203
Due to other funds (note 4)		757,807	-	757,807
Long-term liabilities – due within one year:				
Compensated absences (note 6)		27,724	11,318	39,042
Long-term debt (note 7)		44,758	489,642	534,400
Total current liabilities		942,757	1,084,183	2,026,940
Non-current liabilities:				
Long-term liabilities – due in more than one year:				
Compensated absences (note 6)		83,173	33,951	117,124
Long-term debt (note 7)		269,262	3,455,252	3,724,514
Net pension liability (note 8)		15,243	22,863	38,106
Total non-current liabilities		367,678	3,512,066	3,879,744
Total liabilities		1,310,435	4,596,249	5,906,684
Deferred inflows of resources:				
Deferred lease inflows (note 3)		686,985	-	686,985
Deferred pension inflows (note 8)		13,306	19,961	33,267
Total non-current liabilities		700,291	19,961	720,252
Net position (note 9):				
Net investment in capital assets		2,218,750	14,248,783	16,467,533
Unrestricted (deficit)		13,333	6,268,525	6,281,858
Total net position	$	2,232,083	20,517,308	22,749,391

See accompanying notes to the basic financial statements

Helendale Community Services District
Statement of Activities
For the Fiscal Year Ended June 30, 2022

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	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:						
General	$ 1,366,808	166,689	-	(1,200,119)	-	(1,200,119)
Property rental	37,739	-	-	(37,739)	-	(37,739)
Parks and recreation	338,001	30,446	-	(307,555)	-	(307,555)
Recycling	176,946	330,852	-	153,906	-	153,906
Investment expense, net of fair value	25,079	-	-	(25,079)	-	(25,079)
Interest on long-term debt	9,513	-	-	(9,513)	-	(9,513)
Total governmental activities	1,954,086	527,987	-	(1,426,099)	-	(1,426,099)
Business-type activities:						
Water	1,192,758	3,008,398	733,163	-	2,548,803	2,548,803
Wastewater	791,157	1,426,434	13,444	-	648,721	648,721
Solid waste	879,877	839,881	-	-	(39,996)	(39,996)
Total business-type activities	2,863,792	5,274,713	746,607	-	3,157,528	3,157,528
Total	$ 4,817,878	5,802,700	746,607	(1,426,099)	3,157,528	1,731,429
General revenues:						
Property taxes				$ 155,655	-	155,655
Rental income – leases				302,183	-	302,183
Interest earnings – leases				29,845	-	29,845
Other				109,974	144,845	254,819
Total general revenues				597,657	144,845	742,502
Transfers (to)/from other funds (note 10)				1,176,978	(1,176,978)	-
Change in net position				348,536	2,125,395	2,473,931
Net position, beginning of year – as restated (note 12)				1,883,547	18,391,913	20,275,460
Net position, end of year				$ 2,232,083	20,517,308	22,749,391

See accompanying notes to the basic financial statements

Helendale Community Services District
Balance Sheets – Governmental Funds
June 30, 2022

	General	Property Rental	Parks and Recreation	Recycling Center	Total Governmental Activities
Assets:					
Cash and cash equivalents	$ 241,051	115,603	205,066	9,645	571,365
Accrued interest receivable	5,650	-	-	-	5,650
Accounts receivable – services	13,588	1,250	31	-	14,869
Accounts receivable – grants	-	-	43,087	-	43,087
Property taxes and assessments receivable	3,196	-	-	-	3,196
Prepaids	9,474	-	1,206	152	10,832
Total assets	$ 272,959	116,853	249,390	9,797	648,999
Liabilities:					
Accounts payable and accrued expenses	$ 33,525	3,546	7,756	5,233	50,060
Accrued salaries and related payables	34,028	-	3,822	4,208	42,058
Customer deposits and unearned revenue	1,857	16,379	1,950	-	20,186
Due to other funds	-	-	757,807	-	757,807
Total liabilities	69,410	19,925	771,335	9,441	870,111
Fund balance (note 11)**:**					
Assigned	-	-	(521,945)	356	(521,589)
Unassigned	203,549	96,928	-	-	300,477
Total fund balance	203,549	96,928	(521,945)	356	(221,112)
Total liabilities and fund balance	$ 272,959	116,853	249,390	9,797	648,999

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, 2022

Reconciliation:

Fund balance of total governmental funds		$ (221,112)
Amounts reported for governmental funding in the statement of net position is different because:		
Certain 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.		
Leases receivable		944,369
Capital assets		2,532,770
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.	$ 70,858	
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.	1,710	
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.	12,633	
Recognized portion due to net differences in proportions are reported as deferred outflows of resources in the government-wide financial statements.	31,471	116,672
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		(110,897)
Long-term debt		(314,020)
Net pension liability		(15,243)
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.		(13,306)
Recognized portion due to lessor agreements are reported as deferred inflows of resources in the government-wide financial statements.		(686,985)
Interest on long-term debt in not accrued as a governmental fund liability, but rather is recognized as an expenditure when due.		(165)
Net position of governmental funding		$ 2,232,083

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, 2022

	General	Property Rental	Parks and Recreation	Recycling Center	Total Governmental Activities
Revenues:					
Property taxes	$ 133,188	-	22,467	-	155,655
Charges for services	166,689	-	30,446	-	197,135
Recycling	-	-	-	330,852	330,852
Capital grants	-	-	-	-	-
Rental income – leases	155,649	121,250	25,284	-	302,183
Interest earnings – leases	28,896	949	-	-	29,845
Other	54,362	573	46,510	8,529	109,974
Total revenues	538,784	122,772	124,707	339,381	1,125,644
Expenditures:					
General	1,363,645	-	-	-	1,363,645
Property rental	-	28,472	-	-	28,472
Parks and recreation	-	-	336,201	-	336,201
Recycling	-	-	-	176,947	176,947
Capital outlay	-	-	291,829	-	291,829
Investment expense, net of fair value	25,079	-	-	-	25,079
Debt service:					
Debt payments	-	43,552	-	-	43,552
Interest paid	-	9,513	-	-	9,513
Total expenditures	1,388,724	81,537	628,030	176,947	2,275,238
Excess (deficiency) of revenues over expenditures	(849,940)	41,235	(503,323)	162,434	(1,149,594)
Other financing sources (uses) (note 10):					
Transfers in(out) – administrative allocation	1,219,078	-	-	-	1,219,078
Transfers in(out) – board discretionary	(370,295)	-	370,295	-	-
Transfers in(out) – operational	-	-	119,261	(161,361)	(42,100)
Total other financing sources (uses)	848,783	-	489,556	(161,361)	1,176,978
Change in fund balance	(1,157)	41,235	(13,767)	1,073	27,384
Fund balance, beginning of year	204,706	55,693	(508,178)	(717)	(248,496)
Fund balance, end of year	$ 203,549	96,928	(521,945)	356	(221,112)

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, 2022

Reconciliation:

Net changes in fund balance of total governmental funds	$	27,384
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		291,829
Depreciation expense		(166,901)
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.		43,552
Proceeds of long-term debt		-
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		1,821
Net change in compensated absences for the current period		(6,202)
Net change in pension obligations for the current period		157,053
Change in net position of governmental activities	$	348,536

See accompanying notes to the basic financial statements

Helendale Community Services District
Statements of Net Position – Enterprise Funds
June 30, 2022

	Water	Wastewater	Solid Waste	Total Business-type Activities
Current assets:				
Cash and cash equivalents	$ 2,332,588	2,921,286	230,314	5,484,188
Accounts receivable – utilities	270,175	148,381	61,141	479,697
Accounts receivable – grants	10,000	-	-	10,000
Property taxes and assessments receivable	3,105	13,725	3,803	20,633
Due from other funds	-	757,807	-	757,807
Prepaids and other assets	7,909	3,717	890	12,516
Total current assets	2,623,777	3,844,916	296,148	6,764,841
Non-current assets:				
Capital assets – not being depreciated	1,850,520	1,315,149	-	3,165,669
Capital assets – being depreciated, net	12,968,130	2,052,265	7,613	15,028,008
Total non-current assets	14,818,650	3,367,414	7,613	18,193,677
Total assets	17,442,427	7,212,330	303,761	24,958,518
Deferred outflows of resources:				
Deferred pension outflows	90,419	64,164	20,417	175,000
Current liabilities:				
Accounts payable and accrued expenses	90,303	109,090	75,765	275,158
Accrued salaries and related payables	18,595	15,066	5,629	39,290
Customer deposits and deferred revenue	222,737	-	-	222,737
Accrued interest on long-term debt	45,720	318	-	46,038
Long-term liabilities – due within one year:				
Compensated absences	6,065	3,281	1,972	11,318
Long-term debt	403,543	86,099	-	489,642
Total current liabilities	786,963	213,854	83,366	1,084,183
Non-current liabilities:				
Long-term liabilities – due in more than one year:				
Compensated absences	18,193	9,844	5,914	33,951
Long-term debt	2,937,281	517,971	-	3,455,252
Net pension liability	11,813	8,381	2,669	22,863
Total non-current liabilities	2,967,287	536,196	8,583	3,512,066
Total liabilities	3,754,250	750,050	91,949	4,596,249
Deferred inflows of resources:				
Deferred pension inflows	10,313	7,319	2,329	19,961
Net position:				
Net investment in capital assets	11,477,826	2,763,344	7,613	14,248,783
Unrestricted	2,290,457	3,755,781	222,287	6,268,525
Total net position	$ 13,768,283	6,519,125	229,900	20,517,308

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, 2022

	Water	Wastewater	Solid Waste	Total Business-type Activities
Operating revenues:				
Water consumption sales	$ 902,961	-	-	902,961
Monthly meter service charge	1,610,767	-	-	1,610,767
Wastewater service charges	-	1,374,944	-	1,374,944
Solid waste collection charges	-	-	591,699	591,699
Sale or lease of water rights	334,214	-	-	334,214
Special assessment	38,179	22,334	239,514	300,027
Other charges and services	122,277	29,156	8,668	160,101
Total operating revenues	3,008,398	1,426,434	839,881	5,274,713
Operating expenses:				
Salaries and benefits	366,238	291,313	102,956	760,507
Operations	454,435	310,106	776,658	1,541,199
Total operating expenses	820,673	601,419	879,614	2,301,706
Operating income(loss) before depreciation	2,187,725	825,015	(39,733)	2,973,007
Depreciation	(241,225)	(171,438)	(263)	(412,926)
Operating income(loss)	1,946,500	653,577	(39,996)	2,560,081
Non-operating revenues (expenses):				
Interest expense – long-term debt	(130,860)	(18,300)	-	(149,160)
Gain on disposal of capital assets	2,500	-	-	2,500
Other non-operating revenues	94,052	28,521	19,772	142,345
Total non-operating expenses, net	(34,308)	10,221	19,772	(4,315)
Operating income before capital contributions	1,912,192	663,798	(20,224)	2,555,766
Transfers in (out) (note 10)**:**				
Operating transfers in(out)	-	42,100	-	42,100
Administrative allocation transfer in(out)	(609,539)	(597,348)	(12,191)	(1,219,078)
Total transfers in(out)	(609,539)	(555,248)	(12,191)	(1,176,978)
Capital contributions:				
Connection fees	11,258	13,444	-	24,702
Capital grants and contributions	721,905	-	-	721,905
Total capital contributions	733,163	13,444	-	746,607
Change in net position	2,035,816	121,994	(32,415)	2,125,395
Net position, beginning of year	11,732,467	6,397,131	262,315	18,391,913
Net position, end of year	$ 13,768,283	6,519,125	229,900	20,517,308

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, 2022

	Water	Wastewater	Solid Waste	Total Business-type Activities
Cash flows from operating activities:				
Cash receipts from customers	$ 3,102,034	1,418,080	618,796	5,138,910
Cash receipts from special assessments	42,687	28,728	239,269	310,684
Cash paid to employees for salaries and benefits	(483,276)	(376,115)	(127,561)	(986,952)
Cash paid to vendors and suppliers	(390,102)	(254,777)	(817,531)	(1,462,410)
Net cash provided by (used in) operating activities	2,271,343	815,916	(87,027)	3,000,232
Cash flows from non-capital financing activities:				
Transfer of property tax revenue from General fund	-	42,100	-	42,100
Fund net position transfers out	(609,539)	(597,348)	(12,191)	(1,219,078)
Net cash used in non-capital financing activities	(609,539)	(555,248)	(12,191)	(1,176,978)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(1,658,770)	(781,576)	(7,875)	(2,448,221)
Proceeds from sale of capital assets	2,500	-	-	2,500
Proceeds from capital contributions	723,163	13,444	-	736,607
Principal payments on long-term debt	(395,113)	(83,779)	-	(478,892)
Interest payments on long-term debt	(130,860)	(18,300)	-	(149,160)
Net cash used in capital and financing activities	(1,459,080)	(870,211)	(7,875)	(2,337,166)
Net increase (decrease) in cash and cash equivalents	202,724	(609,543)	(107,093)	(513,912)
Cash and cash equivalents, beginning of year	2,129,864	3,530,829	337,408	5,998,101
Cash and cash equivalents, end of year	$ 2,332,588	2,921,286	230,315	5,484,189
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 1,946,500	653,577	(39,996)	2,560,081
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	241,225	171,438	263	412,926
Other non-operating revenues	94,052	28,521	19,772	142,345
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources				
(Increase) decrease in assets and deferred outflows:				
Accounts receivable – utilities, net	19,141	(14,541)	(1,343)	3,257
Property taxes and assessments receivable	4,508	6,394	(245)	10,657
Grants receivable	(10,000)	-	-	(10,000)
Prepaids and other assets	2,045	1,313	258	3,616
Deferred outflows of resources	(3,375)	(2,394)	(761)	(6,530)
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable and accrued expenses	62,288	54,016	(41,131)	75,173
Accrued salaries and related payables	1,982	3,108	1,143	6,233
Customer deposits and deferred revenue	28,622	-	-	28,622
Compensated absences	2,696	(1,532)	1,736	2,900
Net pension liability	(127,659)	(90,596)	(28,827)	(247,082)
Deferred inflows of resources	9,318	6,612	2,104	18,034
Total adjustments	324,843	162,339	(47,031)	440,151
Net cash provided by (used in) operating activities	$ 2,271,343	815,916	(87,027)	3,000,232

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:

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 requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by 18 months.

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.

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

B. Basis of Accounting and Measurement Focus, continued

Financial Reporting, continued

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 were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In October 2021, the GASB issued Statement No. 98 – *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of Annual Comprehensive Financial Report and its acronym in generally accepted accounting principles for state and local governments.

This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for Annual Comprehensive Financial Report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

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.

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

B. Basis of Accounting and Measurement Focus, continued

Financial Reporting, continued

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.

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 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.

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

B. Basis of Accounting and Measurement Focus, continued

Financial Reporting, continued

Fund Financial Statements, continued

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.

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.

Property Rental – This fund is used to account for all property rental activities within the District.

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 Funds

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.

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

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

3. Investments, continued

- State of California Local Area Investment Fund (LAIF)

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.

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.

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 views 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.

7. Property Taxes and Assessments, continued

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

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 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.

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.

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

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

11. Compensated Absences, continued

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 hours 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.

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, 2020
- Measurement Date: June 30, 2021
- Measurement Period: July 1, 2020 to June 30, 2021

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.

- Deferred inflow 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.

14. Net Position

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

- **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.

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

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

14. Net Position, continued

- **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** – 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, 2022, the District shows a negative unrestricted net position balance in the Districts' governmental funds of $221,112 due to current year operating costs exceeding operating revenue. The District intends to reduce the negative unrestricted net position through the collection of general revenue and charges for services revenue in addition to improving the allocation of expenditures between its general fund 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.

- **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 establishes, 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.

(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

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.

(2) Cash and Cash Equivalents

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

		2022
Governmental activity funds:		
General fund	$	241,051
Property rental		115,603
Parks and recreation fund		205,066
Recycling fund		9,645
Total		571,365
Business-type activity funds:		
Water fund		2,332,588
Wastewater fund		2,921,286
Solid Waste fund		230,314
Total		5,484,188
Total cash and cash equivalents	$	6,055,553

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

		2022
Cash on hand	$	300
Deposits held with financial institutions		3,076,357
Deposits held with California Local Agency Investment Fund (LAIF)		2,978,896
Total	$	6,055,553

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

	2022
Deposits held with California Local Agency Investment Fund (LAIF)	311 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.

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 are unknown.

(2) Cash and Cash Equivalents, continued

Investment in the California State Investment Pool, continued

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.

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 is 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.

(2) Cash and Cash Equivalents, continued

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 49.19% of the District's total depository and investment portfolio. There were no investments in any one non-governmental issuer that represent 5% or more of the District's total investments.

Fair Value Measurements

As of June 30, 2022, the District did not hold any investments which require measurement at fair value on a recurring and non-recurring basis.

(3) Leases Receivable

Governmental Activities:

Changes in leases receivable for the year ended June 30, were as follows:

	As Restated Balance 2021	Additions	Principal Payments	Balance 2022	Deferred Inflows
Governmental – General fund					
Cellular tower leases					
T-Mobile	$ 82,816	-	(14,860)	$ 67,956	$ (43,505)
SBA	392,608	-	(17,107)	375,501	(227,184)
Verizon	503,218	-	(19,203)	484,015	(399,623)
Total cellular tower leases	978,642	-	(51,170)	927,472	(670,312)
Governmental – Property Rental fund					
Condo – Unit B	-	11,498	(4,378)	7,120	(7,076)
Condo – Unit C	3,956	-	(3,956)	-	-
Condo – Unit D	14,796	-	(14,796)	-	-
Condo – Unit E	22,477	-	(12,700)	9,777	(9,597)
4-Plex – Unit D	6,222	-	(6,222)	-	-
Total property rental leases	47,451	11,498	(42,052)	16,897	(16,673)
Total leases receivable	$ 1,026,093	11,498	(93,222)	944,369	$ (686,985)
Less: current portion	(88,844)			(72,061)	
Total non-current portion	$ 937,249			$ 872,308	

T-Mobile Lease

On September 30, 2008, the District entered into a lease agreement with T-Mobile Wireless, LLC, (T-Mobile). T-Mobile has agreed to pay the District for purpose of leasing communication tower space at Districts property located at Assessor's Parcel Number (APN), 0465-451-12. The terms of the agreement require T-Mobile to pay the District in monthly installments through May 2026 and is adjusted annually by a CPI rate of 3.00%.

Following the adoption implementation of *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2022, deferred inflows were reported at $43,505.

(3) Leases Receivable, continued

Governmental Activities, continued:

T-Mobile Lease, continued

Future payments to be received and deferred inflows as of June 30, 2022, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2023	$ 15,825	1,823	17,648	$ (11,108)
2024	16,844	1,334	18,178	(11,108)
2025	17,916	814	18,730	(11,108)
2026	17,371	261	17,632	(10,181)
Totals	67,956	4,232	72,188	$ (43,505)
Less: current portion	(15,825)			
Total non-current	$ 52,131			

SBA Lease

On February 15, 2005, the District entered into a lease agreement with Nextel Communications, whereby ownership subsequently transferred to SBA Communications Corporation, (SBA). SBA has agreed to pay the District for purpose of leasing communication tower space at a District tank site. The terms of the agreement require SBA to pay the District in annual installments through January 2025 and is adjusted annually by a CPI rate of 3.00%.

Following the adoption implementation of *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2022, deferred inflows were reported at $227,184.

Future payments to be received and deferred inflows as of June 30, 2022, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2023	$ 18,486	11,265	29,751	$ (17,476)
2024	19,933	10,710	30,643	(17,476)
2025	21,451	10,113	31,564	(17,476)
2026	23,041	9,469	32,510	(17,476)
2027	24,708	8,778	33,486	(17,476)
2028-2032	151,426	31,685	183,111	(87,380)
2033-2035	116,456	7,128	123,584	(52,424)
Totals	375,501	89,148	464,649	(227,184)
Less: current portion	(18,486)			
Total non-current	$ 357,015			

(3) Leases Receivable, continued

Governmental Activities, continued:

Verizon Lease

On October 30, 2015, the District entered into a lease agreement with SMSA Limited Partnership dba Verizon Wireless, (Verizon). Verizon has agreed to pay the District for purpose of leasing communication tower space at 26538 Lakeview Drive. The terms of the agreement require Verizon to pay the District in monthly installments through January 2025 and is adjusted annually by a CPI rate of 3.00%.

Following the adoption implementation of *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2022, deferred inflows were reported at $399,623.

Future payments to be received and deferred inflows as of June 30, 2022, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2023	$ 20,853	14,237	35,090	$ (29,063)
2024	22,585	13,588	36,173	(29,064)
2025	24,403	12,885	37,288	(29,063)
2026	27,322	12,115	39,437	(29,064)
2027	29,352	11,267	40,619	(29,063)
2028-2032	180,784	41,342	222,126	(145,317)
2033-2036	178,716	10,653	189,369	(108,989)
Totals	484,015	116,087	600,102	(399,623)
Less: current portion	(20,853)			
Total non-current	$ 463,162			

Condo – Unit B Lease

On February 1, 2022, the District entered into a lease agreement with a tenant for purpose of leasing residential living space at 15302 Smithson Road, Unit B. The terms of the agreement require the tenant to pay the District in 13 monthly installments through February 2023.

Following the adoption implementation of *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2022, deferred inflows were reported at $7,076.

Future payments to be received and deferred inflows as of June 30, 2022, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2023	$ 7,120	80	7,200	$ (7,076)
Totals	7,120	80	7,200	$ (7,076)
Less: current portion	(7,120)			
Total non-current	$ -			

(3) Leases Receivable, continued

Governmental Activities, continued:

Condo – Unit C Lease

On January 11, 2021, the District entered into a lease agreement with a tenant for purpose of leasing residential living space at 15302 Smithson Road, Unit C. The terms of the agreement require the tenant to pay the District in 13 monthly installments through February 2022.

Following the adoption implementation of *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2022 the lease agreement was paid-in-full.

Condo – Unit D Lease

On April 15, 2021, the District entered into a lease agreement with a tenant for purpose of leasing residential living space at 15302 Smithson Road, Unit D. The terms of the agreement require the tenant to pay the District in 13 monthly installments through April 2022.

Following the adoption implementation of *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2022 the lease agreement was paid-in-full.

Condo – Unit E Lease

On March 22, 2021, the District entered into a lease agreement with a tenant for purpose of leasing residential living space at 15302 Smithson Road, Unit D. The terms of the agreement require the tenant to pay the District in 24 monthly installments through March 2023.

Following the adoption implementation of *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2022, deferred inflows were reported at $9,597.

Future payments to be received and deferred inflows as of June 30, 2022, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2023	$ 9,777	123	9,900	$ (9,597)
Totals	9,777	123	9,900	$ (9,597)
Less: current portion	(9,777)			
Total non-current	$ -			

(3) Leases Receivable, continued

Governmental Activities, continued:

4 Plex – Unit D Lease

On March 1, 2021, the District entered into a lease agreement with a tenant for purpose of leasing residential living space at 15425 Wild Road, Unit D. The terms of the agreement require the tenant to pay the District in 13 monthly installments through March 2022.

Following the adoption implementation of *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2022 the lease agreement was paid-in-full.

(4) Internal Balances – Due To/From Other Funds

Internal balances consist of the following as of June 30, 2022:

Purpose	Receivable Fund	Payable Fund	Amount
Interfund Loan	Wastewater	Parks & Rec	$ 757,807
		Total internal balances:	$ 757,807

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 expansion of the wastewater irrigation area to spread secondary water. The term of the agreement is twenty (20) years from July 1, 2020. As of June 30, 2022, the outstanding balance was $757,807.

(5) Capital Assets

Governmental Activities:

Changes in capital assets at June 30 were as follows:

	Balance 2021	Additions	Deletions/ Transfers	Balance 2022
Non-depreciable assets:				
Land	$ 307,702	-	-	307,702
Construction-in-process	-	291,829	(291,829)	-
Total non-depreciable assets	307,702	291,829	(291,829)	307,702
Depreciable assets:				
Structures and improvements	3,644,178	276,873	-	3,921,051
Equipment	472,563	10,247	-	482,810
Vehicles	104,427	-	-	104,427
Total depreciable assets	4,221,168	287,120	-	4,508,288
Accumulated depreciation:	(2,116,319)	(166,901)	-	(2,283,220)
Total depreciable assets, net	2,104,849	120,219	-	2,225,068
Total capital assets, net	$ 2,412,551			2,532,770

(5) Capital Assets, continued

The District had major governmental capital asset additions during fiscal year 2022 to non-depreciable assets of $291,829 in construction in progress related to various ongoing projects in the parks and recreation fund. Additions during the fiscal year 2022 to depreciable assets consist of $276,873 to structures and improvements and $10,247 to equipment. There were no reported asset disposals in fiscal year 2022.

Business-type Activities:

Changes in capital assets at June 30 were as follows:

	Balance 2021	Additions	Deletions/ Transfers	Balance 2022
Non-depreciable assets:				
Land	$ 771,745	-	-	771,745
Construction-in-process	292,401	2,486,925	(385,402)	2,393,924
Total non-depreciable assets	1,064,146	2,486,925	(385,402)	3,165,669
Depreciable assets:				
Structures and improvements	18,491,308	135,134	-	18,626,442
Equipment	951,175	163,263	(12,644)	1,101,794
Vehicles	379,411	70,418	-	449,829
Water rights and other intangibles	8,645,261	24,463	-	8,669,724
Total depreciable assets	28,467,155	393,278	(12,644)	28,847,789
Accumulated depreciation:	(13,419,640)	(412,785)	12,644	(13,819,781)
Total depreciable assets, net	15,047,515	(19,507)	-	15,028,008
Total capital assets, net	$ 16,111,661			18,193,677

Major enterprise fund capital asset additions during fiscal year 2022, include additions to construction in progress of $2,486,925 that is comprised of capital project additions of $1,663,293 in various water fund projects, $823,632 in wastewater fund projects, and $7,876 in solid waste fund projects. Additions to depreciable assets sourcing from construction-in-progress include $135,134 added to structures and improvements, $163,263 added to equipment, $70,418 added to vehicles, and $24,463 added to water rights and other intangibles. Asset disposals amounted to $12,644 related to surplused equipment.

(5) Capital Assets, continued

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

Governmental activities:		
General government	$	6,217
Property rental		56,464
Parks and Recreation		103,146
Recycle Fund		1,074
Total governmental activities	$	166,901
Business type activities:		
Water Fund	$	241,225
Wastewater Fund		171,438
Solid Waste Fund		263
Total business type activities	$	412,926

(6) 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 2021	Earned	Taken	Balance 2022	Due Within One Year	Due in more than one year
$	104,695	75,063	(68,861)	110,897	27,724	83,173

Enterprise:

	Balance 2021	Earned	Taken	Balance 2022	Due Within One Year	Due in more than one year
$	42,369	61,815	(58,915)	45,269	11,318	33,951

(7) Long-term Debt

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

		Balance 2021	Additions	Payments	Balance 2022
2014 Installment Sale Agreement	$	3,046,579	-	(171,215)	2,875,364
2020 Installment Sale Agreement		1,364,779	-	(166,229)	1,198,550
Water rights note		370,000	-	(185,000)	185,000
Total loan payable		4,781,358	-	(522,444)	4,258,914
Less: current portion		(522,444)			(534,400)
Total non-current portion	$	4,258,914			3,724,514

Long-term debt is allocated to the Governmental and Enterprise funds as follows at June 30, 2022, as follows:

		Gov't Fund Property Rental	Total Governmental Fund	Enterprise Funds Water	Enterprise Funds Wastewater	Total Enterprise Funds	Total Long-term Debt
Balance at June 30, 2021	$	357,572	357,572	3,735,937	687,849	4,423,786	4,781,358
Additions / Transfers		-	-	-	-	-	-
Reductions		(43,552)	(43,552)	(395,113)	(83,779)	(478,892)	(522,444)
Balance at June 30, 2022	$	314,020	314,020	3,340,824	604,070	3,944,894	4,258,914
Current Portion	$	44,758	44,758	403,543	86,099	489,642	534,400
Non-current portion		269,262	269,262	2,937,281	517,971	3,455,252	3,724,514
Total	$	314,020	314,020	3,340,824	604,070	3,944,894	4,258,914

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%.

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%.

(7) Long-term Debt

2014 Installment Sale Agreement, continued

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

Fiscal Year	Principal	Interest	Total
2023	$ 178,569	120,325	298,894
2024	186,240	112,656	298,896
2025	194,238	104,656	298,894
2026	202,582	96,314	298,896
2027	211,283	87,613	298,896
2028-2032	1,200,586	255,718	1,456,304
2033-2035	701,866	83,541	785,407
Totals	2,875,364	860,823	3,736,187
Less: current portion	(178,569)		
Total non-current	$ 2,696,795		

2020 Installment Sale Agreement

On December 23, 2020, the District entered into an Installment Sale Agreement (Agreement) in order to refinance its 2008 Installment Sale Agreement in the amount $1,446,206 at an interest rate of 2.75%.

The installment sale agreement is scheduled to mature on December 23, 2028. Principal and interest are payable semi-annually on June 23rd and December 23rd at an interest rate of 2.75%.

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

Fiscal Year	Principal	Interest	Total
2023	$ 170,831	31,794	202,625
2024	175,561	27,063	202,624
2025	180,422	22,202	202,624
2026	185,418	17,206	202,624
2027	190,552	12,073	202,625
2028-2029	295,766	8,171	303,937
Totals	1,198,550	118,509	1,317,059
Less: current portion	(170,831)		
Total non-current	$ 1,027,719		

(7) Long-term Debt, continued

Water Rights Note

On December 9, 2020, the District entered into an Agreement (Agreement) to purchase water rights in the amount of $740,000.

The installment sale agreement is scheduled to mature on January 15, 2023. Principal is payable annually on January 15th at an interest rate of 0.00%.

Fiscal Year		Principal	Interest	Total
2023	$	185,000	-	185,000
Totals		185,000	-	185,000
Less: current portion		(185,000)		
Total non-current	$	-		

(8) 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.

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.

(8) Defined Benefit Pension Plan, continued

Benefits Provided, continued

The Plans' provision and benefits in effect at June 30, 2022, 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 eligit	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution r	7.96%	6.75%
Required employer contribution r	13.35%	7.59%

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.

Net Pension Liability

For the fiscal year ended June 30, 2022, the contributions for the Plan were as follows:

	Miscellaneous Plan
Contributions – employer	$ 177,146

As of the fiscal year ended June 30, 2022, 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	$ 15,243	22,863	38,106

(8) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

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, 2021 (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, 2020 (the valuation date), rolled forward to June 30, 2021, 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, 2022, was as follows:

	Miscellaneous Plan
Proportion – June 30, 2021	0.00414%
Proportion – June 30, 2022	0.00070%
Change – Increase (Decrease)	-0.00344%

Deferred Pension Outflows (Inflows) of Resources

For the fiscal year ended June 30, 2022, the District recognized pension income of $215,485.

At June 30, 2022, 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	$ 177,146	-
Net differences between actual and expected experience	4,274	-
Net changes in assumptions	-	-
Net differences between projected and actual earnings on plan investments	-	(33,267)
Net differences between actual contribution and proportionate share of contribution	31,581	-
Net adjustment due to differences in proportions of net pension liability	78,671	-
Total	$ 291,672	(33,267)

(8) Defined Benefit Pension Plan, continued

As of June 30, 2022, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of $177,146 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023.

At June 30, 2022, 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
2023	$ 53,492
2024	33,397
2025	10,819
2026	(16,449)
2027	-
Remaining	-

Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation report was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
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.

(8) Defined Benefit Pension Plan, continued

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.

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%
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

(8) Defined Benefit Pension Plan, continued

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, 2022, 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	$ 497,287	38,106	(341,493)

Payable to the Pension Plan

At June 30, 2022, 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 62 through 63 for the Required Supplementary Schedules.

(9) Net Position

Net investment in capital assets is calculated as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets – not being depreciated	$ 307,702	3,165,669	3,473,371
Capital assets – being depreciated, net	2,225,068	15,028,008	17,253,076
Long-term debt – current portion	(44,758)	(489,642)	(534,400)
Long-term debt – long-term portion	(269,262)	(3,455,252)	(3,724,514)
Total	$ 2,218,750	14,248,783	16,467,533

Unrestricted net position is designated as follows:

	Governmental Activities	Business-type Activities	Total
General	$ 2,350	-	2,350
Prepaid expenses and other assets	10,831	12,516	23,347
Water operations and capital replacement	-	6,256,009	6,256,009
Total	$ 13,333	6,268,525	6,281,858

(10) Internal Balances – Interfund Transfers

Interfund transfers consist of the following for the year ended June 30, 2022:

Transfer from	Transfer to	Purpose		Amount
Interfund Administrative Allocation Transfers:				
Water	General	Admin Allocation	$	609,539
Wastewater	General	Admin Allocation		597,348
Solid Waste	General	Admin Allocation		12,191
	Subtotal administrative allocation transfers		$	1,219,078
Interfund Board Discretionary Transfers:				
General	Parks & Rec	Board Discretionary	$	370,295
	Subtotal board discretionary transfers		$	370,295
Interfund Operational Transfers:				
Recycle	Parks & Rec	Operations	$	119,261
	Subtotal operational transfers		$	119,261
Interfund Operational Transfers:				
Parks & Rec	Wastewater	Operations	$	42,100
	Subtotal operational transfers		$	42,100
	Total		$	1,750,734

Interfund Admin Allocation Transfers

During the fiscal year ended June 30, 2022, administrative allocation balance transfers between the Water, Wastewater, and the Solid Waste funds were transferred to General fund upon the closing of the District's books. The District's methodology of allocating the equity/fund balance of the General fund, was 50%, 49% and 1%, to the Water, Wastewater and Solid Waste funds respectively.

Interfund Board Discretionary Transfers

During the fiscal year ended June 30, 2022, interfund transfers between the General fund to the Parks and Recreation fund were designated by the Board to transfer any funds remaining from current fiscal years operations. The funds were transferred accordingly.

Interfund Operational Transfers

During the fiscal year ended June 30, 2022, interfund transfers between the Recycle to the Parks and Recreation fund were designated by the Board to utilize resources to help build reserves towards future repairs of existing assets in the Parks and Recreation fund. The funds were transferred accordingly.

(10) Internal Balances – Interfund Transfers, continued

Interfund Operational Transfers, continued

During the fiscal year ended June 30, 2022, interfund transfers between the Parks and Recreation fund to the Wastewater fund were designated by the Board to for the purpose of internal loan repayment. The funds were transferred accordingly.

(11) 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). See Note 1.C.14 for details of the negative unrestricted fund balance.

Fund balances and their funding composition at June 30, 2022, is as follows:

Fund Balance Category		
Assigned:		
Parks and recreation	$	(521,945)
Recycle		356
Total assigned fund balance		(521,589)
Unassigned fund balance:		
General fund		203,549
Property rental		96,928
Total unassigned fund balance		300,477
Total fund balance	$	(221,112)

(12) Adjustment to Net Position

In fiscal year 2022, the District implemented *GASB Statement No. 87* to recognize its lessor arrangements. The District did not have any lessee arrangements which required restatement. As a result of the implementation, the District recognized the lease receivables and deferred inflows of resources and recorded prior period adjustments of $240,386, an increase of net position, to establish beginning balances for general fund at July 1, 2021, $10,297, an increase of net position, to record fiscal year 2021 lease activity for the general fund, and $194, an increase of net position, and to record fiscal year 2021 lease activity for the property rental fund at June 30, 2021.

The adjustments to net position were as follows:

	Governmental Activities	Business-type Activities	Total
Net position at June 30, 2020, as previously stated	**$ 1,124,560**	**16,915,224**	**$ 18,039,784**
General:			
Effect of adjustment to establish leases receivable and deferred lease inflows as a result of GASB 87	240,386	-	240,386
Net position at July 1, 2020, as restated	**$ 1,364,946**	**16,915,224**	**$ 18,280,170**
General:			
Effect of adjustment for 2021 to remove previously recorded rental income – leases as a result of GASB 87	$ (77,700)	-	$ (77,700)
Effect of adjustment for 2021 to record interest earnings – leases as a result of GASB 87	30,350	-	30,350
Effect of adjustment for 2021 to record rental income – leases as a result of GASB 87	57,647	-	57,647
Subtotal adjustments – General fund	**$ 10,297**	**-**	**$ 10,297**
Property Rental:			
Effect of adjustment for 2021 to remove previously recorded rental income – leases as a result of GASB 87	$ (13,100)	-	$ (13,100)
Effect of adjustment for 2021 to record interest earnings – leases as a result of GASB 87	464	-	464
Effect of adjustment for 2021 to record rental income – leases as a result of GASB 87	12,830	-	12,830
Subtotal adjustments – Property Rental fund	**$ 194**	**-**	**$ 194**
Change in net position at June 30, 2021, as previously stated	**508,110**	**1,476,689**	**1,984,799**
Net position at July 1, 2021, as restated	**$ 1,883,547**	**18,391,913**	**$ 20,275,460**

(13) 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.

(13) Deferred Compensation Savings Plan, continued

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 as of June 30, 2022, was $394,371.

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.

(14) 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 purchases commercial insurance policies with a variety of coverage.

At June 30, 2022, the District's insurance coverage is summarized as follows:

- General and auto liability, personal injury and property damage, public officials' and employees' errors and omissions, up to $1,000,000 per occurrence/act.

In addition to the coverage noted above, the District also has the following insurance coverage:

- Employee theft coverage up to $500,000 per loss, forgery or alteration for $250,000, inside premises for $250,000, inside premises robbery for $250,000, computer fraud for $250,000, funds transfer for $250,000, and money orders & counterfeit for $250,000.
- Property loss is paid at the replacement cost for property on file, subject to a $2,500 deductible per occurrence.
- Boiler and Machinery coverage for the replacement cost up to blanket property limit of $12,487,131 subject to a $2,500 deductible per occurrence.
- Public Officials' outside directorship up to $1,000,000 per act, subject to a $2,500 deductible per claim.
- Excess coverage with $5,000,000 each occurrence and aggregate limits. Underlying coverages are General Liability with $1,000,000 per occurrence and $10,000,000 aggregate, Public Officials & Management Liability $1,000,000 per occurrence and $10,000,000 aggregate, Business Auto $1,000,000 limit, Employers Liability Part B up to $1,000,000 per accident, per disease, policy limit.
- Workers Compensation insurance with statutory limits per occurrence.

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 2022. 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, 2022.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2022, that has effective dates that may impact future financial presentations.

The following pronouncement implementation dates have been delayed due to the COVID-19 pandemic.

Governmental Accounting Standards Board Statement No. 91

In May 2019, 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.

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 were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 92

In January 2020, the GASB issued Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

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

Governmental Accounting Standards Board Statement No. 92, continued

The requirements of this Statement were as follows: (1) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; and (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged and is permitted by topic.

Governmental Accounting Standards Board Statement No. 93

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The requirements of this Statement were effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective dates have been postponed by one year. Earlier application is encouraged.

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

Governmental Accounting Standards Board Statement No. 94

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 96

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

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

Governmental Accounting Standards Board Statement No. 97

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

Governmental Accounting Standards Board Statement No. 99

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

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

Governmental Accounting Standards Board Statement No. 99, continued

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 100

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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

Governmental Accounting Standards Board Statement No. 101, continued

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

(15) 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.

(16) Subsequent Events

Events occurring after June 30, 2022, have been evaluated for possible adjustment to the financial statements or disclosure as of December 1, 2022, 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, 2022

	Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Property taxes	$ 107,345	133,188	25,843
Charges for services	162,150	166,689	4,539
Investment interest earnings	30,000	-	(30,000)
Rental income – leases	158,511	155,649	(2,862)
Interest earnings – leases	-	28,896	28,896
Other	17,200	54,362	37,162
Total revenues	475,206	538,784	63,578
Expenditures:			
Salaries and benefits	842,598	898,476	(55,878)
Materials and services	409,992	406,671	3,321
Utilities	21,504	58,498	(36,994)
Investment expense, net of fair value	-	25,079	25,079
Total expenditures	1,274,094	1,388,724	(64,472)
Deficiency of revenues over expenditures	(798,888)	(849,940)	(894)
Other financing sources(uses):			
Transfers in(out) – administrative transfers	1,153,594	1,219,078	65,484
Transfers in(out) – board discretionary	(354,706)	(370,295)	(15,589)
Total other financing sources	798,888	848,783	49,895
Net change in fund balance	-	(1,157)	$ 49,001
Fund balance – beginning of period	204,706	204,706	
Fund balance – end of period	$ 204,706	203,549	

Helendale Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Property Rental Fund
For the Year Ended June 30, 2022

	Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Rental income – leases	$ 128,280	121,250	(7,030)
Interest earnings – leases	-	949	949
Other	-	573	573
Total revenues	128,280	122,772	(5,508)
Expenditures:			
Materials and services	21,367	16,324	5,043
Utilities	13,795	12,148	1,647
Debt payments	67,954	43,552	24,402
Interest paid	14,879	9,513	5,366
Total expenditures	117,995	81,537	36,458
Net change in fund balance	10,285	41,235	$ 30,950
Fund balance – beginning of period	55,693	55,693	
Fund balance – end of period	$ 65,978	96,928	

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, 2022

	Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Property taxes	$ 18,000	22,467	4,467
Charges for services	19,480	30,446	10,966
Rental income	26,075	25,284	(791)
Other	15,500	46,510	31,010
Total revenues	79,055	124,707	45,652
Expenditures:			
Salaries and benefits	119,952	108,969	10,983
Materials and services	140,579	172,266	(31,687)
Utilities	26,737	54,966	(28,229)
Capital outlay	-	291,829	(291,829)
Total expenditures	287,268	628,030	(340,762)
Deficiency of revenues over expenditures	(208,213)	(503,323)	(295,110)
Other financing sources(uses):			
Transfers in(out) – board discretionary	461,446	370,295	(91,151)
Transfers in(out) – operational	(42,100)	119,261	161,361
Total other financing sources	419,346	489,556	70,210
Net change in fund balance	211,133	(13,767)	$ (224,900)
Fund balance – beginning of period	(508,178)	(508,178)	
Fund balance – end of period	$ (297,045)	(521,945)	

Helendale Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Recycling Fund
For the Year Ended June 30, 2022

	Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Recycling	$ 300,000	330,852	30,852
Other	-	8,529	8,529
Total revenues	300,000	339,381	39,381
Expenditures:			
Salaries and benefits	137,238	142,181	(4,943)
Materials and services	27,400	26,082	1,318
Utilities	8,622	8,684	(62)
Total expenditures	173,260	176,947	(3,687)
Excess of revenues over expenditures	126,740	162,434	43,068
Other financing sources(uses):			
Transfers in(out) – operational	(126,740)	(161,361)	(34,621)
Total other financing sources	(126,740)	(161,361)	(34,621)
Net change in fund balance	-	1,073	$ 8,447
Fund balance – beginning of period	400	(717)	
Fund balance – end of period	$ 400	356	

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, Property Rental, 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, 2022
Last Ten Years*

		Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020	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		0.00070%	0.00414%	0.00375%	0.00341%	0.00346%	0.00316%	0.00318%	0.00331%
District's Proportionate Share of the Net Pension Liability	$	38,106	449,910	384,311	328,486	343,160	273,741	218,114	205,731
District's Covered Payroll	$	1,076,315	979,177	932,536	889,614	929,497	866,792	826,711	734,459
District's proportionate share of the net pension liability as a Percentage of its Covered Payroll		3.54%	45.95%	41.21%	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		98.90%	84.94%	84.99%	84.79%	81.93%	82.25%	81.89%	77.99%
District's Proportionate Share of Aggregate Employer Contributions	$	113,380	113,380	90,191	69,779	58,889	47,227	34,125	19,713

Notes to schedule:

There were no changes in benefits.

Changes in assumptions:
From fiscal year June 30, 2015 to June 30, 2016:
GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administartive expenses.
The discount rate of 7.65% used for the June 30, 2015 measurement date is wthout reduction of pension plan administrative expense.
From fiscal year June 30, 2016 to June 30, 2017:
There were no changes in assumptions.
From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%
From fiscal year June 30, 2018 to June 30, 2019:
The inflation rate was reduced from 2.75% to 2.50%
From fiscal year June 30, 2019 to June 30, 2020:
There were no changes in assumptions.
From fiscal year June 30, 2020 to June 30, 2021:
There were no changes in assumptions.
From fiscal year June 30, 2021 to June 30, 2022:
There were no changes in assumptions.

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Helendale Community Service District
Schedules of Pension Plan Contributions (CalPERS)
As of June 30, 2022
Last Ten Years*

Schedule of Pension Plan Contributions:	**Fiscal Year Ended June 30, 2022**	**Fiscal Year Ended June 30, 2021**	**Fiscal Year Ended June 30, 2020**	**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	$ 161,823	147,431	132,216	126,313	112,597	108,682	97,754	159,159
Contributions in Relation to the Actuarially Determined Contribution	(161,823)	(147,431)	(132,216)	(126,313)	(112,597)	(108,682)	(97,754)	(159,159)
Contribution Deficiency (Excess)	$ -	-	-	-	-	-	-	-
Covered Payroll	$ 1,076,315	979,177	932,536	889,614	929,497	866,792	826,711	734,459
Contribution's as a percentage of Covered Payroll	15.03%	15.06%	14.18%	14.20%	12.11%	12.54%	11.82%	21.67%
Notes to Schedule:								
Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Methods and assumtpions used to determine contribution rates:								
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 year Smoothed Market Method
Inflation	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.00% (3)	7.00% (3)	7.00% (3)	7.00% (3)	7.00% (3)	7.00% (3)	7.00% (3)	7.00% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level of percentage payroll, closed.
(2) Depending on age, service, and type of employment
(3) Net of pension plan investment expense, including inflation.
(4) 50 for all plans with exception of 52 for Miscellaneous 2% @62
(5) Mortality assumptions are based on mortality rates esulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

COMMUNITY SERVICES DISTRICT

HELENDALE

Report on Compliance and Internal Controls

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

Board of Directors
Helendale Community Services District
Helendale, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Helendale Community Services District (District), which comprise the statement of financial position as of June 30, 2022, 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 December 1, 2022.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Fedak & Brown LLP
Cypress, California
December 1, 2022