



Helendale Community Services District
Helendale, California
Financial Statements
For the Fiscal Year Ended
June 30, 2023



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
Henry Spiller	President	Elected	2024
Ron Clark	Vice President	Elected	2026
Sandy Haas	Secretary	Elected	2024
Georgo Cardenas	Director	Elected	2026
Annette Roper	Director	Elected	2026

District Management

Dr. 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**



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Helendale, California
Financial Statements
For the Fiscal Year Ended
June 30, 2023

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Financial Section



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Independent Auditor's Report

Board of Directors
Helendale Community Services District
Helendale, California

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, 2023, 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, 2023, 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.

Independent Auditor's Report, continued

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.

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 55 through 61 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 February 1, 2024, 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 62 and 63.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs

Cypress, California

February 1, 2024

Helendale Community Services District Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

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, 2023. 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 2023, the District's net position increased by 4.05% or \$921,167 to \$23,670,558 as a result of ongoing operations.
- In 2023, the District's total revenues decreased by 3.50% or \$254,275 to \$7,012,455.
- In 2023, the District's total expenses increased by 27.09% or \$1,298,489 to \$6,091,288.

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.

**Helendale Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

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 54.

**Helendale Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

Government-wide Financial Analysis

Statements of Net Position

The following table is a summary of the statement of net position at June 30, 2023.

Condensed Statements of Net Position						
	Governmental Activities		Business-type Activities		Total District	
	2023	2022	2023	2022	2023	2022
Assets:						
Current assets	\$ 1,003,332	721,059	7,268,676	6,764,841	8,272,008	7,485,900
Non-current assets	3,263,007	3,405,078	18,128,185	18,193,677	21,391,192	21,598,755
Total assets	4,266,339	4,126,137	25,396,861	24,958,518	29,663,200	29,084,655
Deferred outflows of resources	218,512	116,672	327,757	175,000	546,269	291,672
Liabilities:						
Current liabilities	902,333	942,757	790,020	1,084,183	1,692,353	2,026,940
Non-current liabilities	571,354	367,678	3,543,691	3,512,066	4,115,045	3,879,744
Total liabilities	1,473,687	1,310,435	4,333,711	4,596,249	5,807,398	5,906,684
Deferred inflows of resources	731,513	700,291	-	19,961	731,513	720,252
Net position:						
Net investment in capital assets	2,083,038	2,218,750	14,672,933	14,248,783	16,755,971	16,467,533
Unrestricted	196,613	13,333	6,717,974	6,268,525	6,914,587	6,281,858
Total net position	\$ 2,279,651	2,232,083	21,390,907	20,517,308	23,670,558	22,749,391

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 \$23,670,558 as of June 30, 2023. The District's total net position is made-up of two components: (1) net investment in capital assets and (2) unrestricted net position.

**Helendale Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

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, 2023.

Condensed Statements of Activities						
	Governmental Activities		Business-type Activities		Total District	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 540,378	527,987	5,671,646	5,274,713	6,212,024	5,802,700
Capital grants and contributions	-	-	48,676	746,607	48,676	746,607
Total program revenues	<u>540,378</u>	<u>527,987</u>	<u>5,720,322</u>	<u>6,021,320</u>	<u>6,260,700</u>	<u>6,549,307</u>
General revenues:						
Property taxes	143,494	155,655	-	-	143,494	155,655
Investment earnings	185,687	(25,079)	-	-	185,687	(25,079)
Rental income	309,834	302,183	-	-	309,834	302,183
Lease interest	31,288	29,845	-	-	31,288	29,845
Other	81,452	109,974	-	144,845	81,452	254,819
Total general revenues	<u>751,755</u>	<u>572,578</u>	<u>-</u>	<u>144,845</u>	<u>751,755</u>	<u>717,423</u>
Total revenues	<u>1,292,133</u>	<u>1,100,565</u>	<u>5,720,322</u>	<u>6,166,165</u>	<u>7,012,455</u>	<u>7,266,730</u>
Expenses:						
General	1,755,266	1,366,808	-	-	1,755,266	1,366,808
Property rental	37,860	37,739	-	-	37,860	37,739
Parks and recreation	320,038	338,001	-	-	320,038	338,001
Recycle	227,346	176,946	-	-	227,346	176,946
Interest on long-term debt	8,306	9,513	-	-	8,306	9,513
Water	-	-	1,803,971	1,192,758	1,803,971	1,192,758
Wastewater	-	-	1,006,753	791,157	1,006,753	791,157
Solid waste	-	-	929,487	879,877	929,487	879,877
Other	-	-	2,261	-	2,261	-
Total expenses	<u>2,348,816</u>	<u>1,929,007</u>	<u>3,742,472</u>	<u>2,863,792</u>	<u>6,091,288</u>	<u>4,792,799</u>
(Deficit) Excess before transfers	(1,056,683)	(828,442)	1,977,850	3,302,373	921,167	2,473,931
Transfers from(to) other funds	<u>1,104,251</u>	<u>1,176,978</u>	<u>(1,104,251)</u>	<u>(1,176,978)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>47,568</u>	<u>348,536</u>	<u>873,599</u>	<u>2,125,395</u>	<u>921,167</u>	<u>2,473,931</u>
Net position,						
beginning of period,	<u>2,232,083</u>	<u>1,883,547</u>	<u>20,517,308</u>	<u>18,391,913</u>	<u>22,749,391</u>	<u>20,275,460</u>
Net position, end of period	<u>\$ 2,279,651</u>	<u>2,232,083</u>	<u>21,390,907</u>	<u>20,517,308</u>	<u>23,670,558</u>	<u>22,749,391</u>

Compared to prior year, net position of the District increased by 4.05% or \$921,167 to \$23,670,558 as a result of ongoing operations.

**Helendale Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

Government-wide Financial Analysis, continued

Statements of Activities, continued

Total revenues decreased by 3.50% or \$254,275 to \$7,012,455. The District's program revenues decreased by 4.41% or \$288,607, due to an decrease of \$697,931 in capital grants and contributions, which was offset by an increase of \$409,324 in charges for services. The District's general revenues increased by 4.79% or \$34,332, due to an increase of \$210,766 in investment earnings, which was offset by a decrease of \$173,367 in other revenues as compared to the previous fiscal year.

Total expenses increased by 27.09% or \$1,298,489 to \$6,091,288, due primarily to increases of \$611,213 in water fund expenses, \$388,458 in general fund expenses, \$215,596 in wastewater fund expenses, \$50,400 in recycle fund expenses, and \$49,610 in solid waste expenses; which were offset by a decrease of \$17,963 in parks and recreation expenses as compared to the previous fiscal 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, 2023.

	<u>General</u>	<u>Property Rental</u>	<u>Parks and Recreation</u>	<u>Recycle</u>	<u>Total Governmental Activities</u>
Fund balance, beginning of year	\$ 203,549	96,928	(521,945)	356	(221,112)
Change in fund balance	<u>7,349</u>	<u>39,833</u>	<u>268,955</u>	<u>1,074</u>	<u>317,211</u>
Fund balance, end of year	\$ <u>210,898</u>	<u>136,761</u>	<u>(252,990)</u>	<u>1,430</u>	<u>96,099</u>

In 2023, total fund balance increased by 143.46% or \$317,211 to \$96,099. The General fund increased by 3.61% or \$7,349 to \$210,898; the property rental fund increased by 41.01% or \$39,833 to \$136,761, the parks and recreation fund increased by 51.53% or \$268,955 to \$252,990; and the recycle fund increased by 301.69% or \$1,074 to \$1,430.

Governmental Funds Budgetary Highlights

The final actual expenditures for the General Fund as of June 30, 2023, were greater than budgeted by \$50,953. In fiscal year 2023, actual payroll expenditures (including salaries and employee benefits) were less than budgeted amounts by \$9,427 as the actual cost of employee benefits expenditures were less than budgeted benefit costs during the fiscal year. Actual materials and services were below budgeted amounts by \$20,643. Actual utilities expenditures were over budgeted amounts by \$62,388 due to increased electricity demand. Actual capital outlay expenditures were more than budgeted for by \$18,635.

Actual General Fund revenues as of June 30, 2023, exceeded budgeted amounts by \$247,847. In fiscal year 2023, actual property tax revenue was above budgeted by \$36,354 due to increases in assessed valuations. Actual charges for services exceeded budgeted amounts by \$837. Actual investment earnings were greater than budgeted for by \$178,547 due to a change in investment mix combined with a more favorable market. Actual rental income and related interest was less and greater than budgeted for by \$8,955 and by \$27,325, respectively, due to annual adjustments related to *GASB Statement No. 87*. Actual other revenue was more than budgeted for by \$13,739.

**Helendale Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

Governmental Funds Budgetary Highlights, continued

Actual General Fund total transfers in were less than budgeted by \$189,545.

The final actual expenditures for the Property Rental Fund as of June 30, 2023, were more than budgeted for by \$1,863. In fiscal year 2023, actual materials and services were less than budgeted amounts by \$11,508. Actual utilities expenditures were greater than budgeted amounts by \$1,721. Actual debt payments and interest paid were greater and less than budgeted for by \$11,674 and \$24, respectively.

Actual Property Rental Fund revenues as of June 30, 2023, were more than budgeted amounts by \$1,486. In fiscal year 2023, actual rental income and interest income was less and more than budgeted for by \$6,282 and by \$3,963, respectively, due to annual adjustments related to *GASB Statement No. 87*. Actual other revenue was more than budgeted for by \$3,805.

The final actual expenditures for the Parks and Recreation Fund as of June 30, 2023, were more than budgeted for by \$2,015. In fiscal year 2023, actual payroll expenditures (including salaries and employee benefits) were under budget by \$11,126, as the actual cost of employee benefits expenditures were less than budgeted benefits costs during the fiscal year. Actual materials and services were above budgeted by \$204. Actual utilities expenditures exceeded budgeted amounts by \$7,437 due to increased electricity demand. Actual capital outlay expenditures were more than budgeted for by \$5,500.

Actual Parks and Recreation Fund revenues as of June 30, 2023, were more than budgeted amounts by \$16,921. In fiscal year 2023, actual property tax revenue was below budgeted for by \$23,533 due to a year end allocation reclassification to balance Board Discretionary transfers. Actual charges for services were above budgeted by \$11,886 due to an increase in park sports activity post COVID-19. Actual rental income was more than budgeted for by \$1,981. Actual other revenue exceeded budgeted amounts by \$26,587 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 \$78,729.

The final actual expenditures for the Recycling Fund as of June 30, 2023, were less than budgeted by \$28,399. In fiscal year 2023, actual payroll expenditures (including salaries and employee benefits) were above budgeted by \$10,414 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 \$14,693. Actual utilities expenditures were less than budget by \$24,120.

Actual Recycling Fund revenues as of June 30, 2023, were more than budgeted amounts by \$7,438. In fiscal year 2023, actual recycling revenue was more than budgeted by \$5,117. Other revenue was more than budgeted for by \$2,321.

Actual Recycling Fund total transfers out were more than budgeted for by \$37,018.

(See Budgetary Comparison Schedule for General Fund under Required Supplementary Information section on pages 55 through 59).

**Helendale Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

Capital Asset Administration

Capital Assets						
	Governmental Activities		Business-type Activities		Total District	
	2023	2022	2023	2022	2023	2022
Capital assets:						
Non-depreciable assets	\$ 307,702	307,702	3,433,470	3,165,669	3,741,172	3,473,371
Depreciable assets	4,363,830	4,508,288	27,948,884	28,847,789	32,312,714	33,356,077
Total capital assets	4,671,532	4,815,990	31,382,354	32,013,458	36,053,886	36,829,448
Accumulated depreciation	(2,319,231)	(2,283,220)	(13,254,169)	(13,819,781)	(15,573,400)	(16,103,001)
Total capital assets, net	\$ 2,352,301	2,532,770	18,128,185	18,193,677	20,480,486	20,726,447

At the end of fiscal year 2023, the District's capital assets amounted to \$20,480,486 (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	
	2023	2022	2023	2022	2023	2022
Long-term debt:						
Long-term debt	\$ 269,263	314,020	3,455,252	3,944,894	3,724,515	4,258,914
Total long-term debt	\$ 269,263	314,020	3,455,252	3,944,894	3,724,515	4,258,914

Long-term debt decreased by 12.55% or \$534,399 to \$3,724,515 in 2023 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, 2023

	Governmental Activities	Business-type Activities	Total
Current assets:			
Cash and investments (note 2)	\$ 834,246	5,980,215	6,814,461
Accrued interest receivable	8,209	-	8,209
Accounts receivable – utilities	-	536,040	536,040
Accounts receivable – other	14,230	-	14,230
Accounts receivable – grants	43,087	-	43,087
Leases receivable (note 3)	88,356	-	88,356
Property taxes and assessments receivable	4,508	21,952	26,460
Due from other funds (note 4)	-	715,707	715,707
Prepays and other assets	10,696	14,762	25,458
Total current assets	<u>1,003,332</u>	<u>7,268,676</u>	<u>8,272,008</u>
Non-current assets:			
Leases receivable (note 3)	910,706	-	910,706
Capital assets – not being depreciated (note 5)	307,702	3,433,470	3,741,172
Capital assets – being depreciated, net (note 5)	<u>2,044,599</u>	<u>14,694,715</u>	<u>16,739,314</u>
Total non-current assets	<u>3,263,007</u>	<u>18,128,185</u>	<u>21,391,192</u>
Total assets	<u>4,266,339</u>	<u>25,396,861</u>	<u>29,663,200</u>
Deferred outflows of resources:			
Deferred pension outflows (note 8)	<u>218,512</u>	<u>327,757</u>	<u>546,269</u>
Current liabilities:			
Accounts payable and accrued expenses	41,903	139,547	181,450
Accrued salaries and related payables	46,460	43,432	89,892
Customer deposits and unearned revenue	17,999	236,204	254,203
Accrued interest on long-term debt	142	43,141	43,283
Due to other funds (note 4)	715,707	-	715,707
Long-term liabilities – due within one year:			
Compensated absences (note 6)	34,125	11,893	46,018
Long-term debt (note 7)	<u>45,997</u>	<u>315,803</u>	<u>361,800</u>
Total current liabilities	<u>902,333</u>	<u>790,020</u>	<u>1,692,353</u>
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (note 6)	102,375	35,676	138,051
Long-term debt (note 7)	223,266	3,139,449	3,362,715
Net pension liability (note 8)	<u>245,713</u>	<u>368,566</u>	<u>614,279</u>
Total non-current liabilities	<u>571,354</u>	<u>3,543,691</u>	<u>4,115,045</u>
Total liabilities	<u>1,473,687</u>	<u>4,333,711</u>	<u>5,807,398</u>
Deferred inflows of resources:			
Deferred lease inflows (note 3)	<u>731,513</u>	<u>-</u>	<u>731,513</u>
Total non-current liabilities	<u>731,513</u>	<u>-</u>	<u>731,513</u>
Net position (note 9):			
Net investment in capital assets	2,083,038	14,672,933	16,755,971
Unrestricted	<u>196,613</u>	<u>6,717,974</u>	<u>6,914,587</u>
Total net position	<u>\$ 2,279,651</u>	<u>21,390,907</u>	<u>23,670,558</u>

See accompanying notes to the basic financial statements.

Helendale Community Services District
Statement of Activities
For the Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
General	\$ 1,755,266	171,095	-	(1,584,171)	-	(1,584,171)
Property rental	37,860	-	-	(37,860)	-	(37,860)
Parks and recreation	320,038	39,166	-	(280,872)	-	(280,872)
Recycling	227,346	330,117	-	102,771	-	102,771
Interest on long-term debt	8,306	-	-	(8,306)	-	(8,306)
Total governmental activities	2,348,816	540,378	-	(1,808,438)	-	(1,808,438)
Business-type activities:						
Water	1,803,971	3,022,787	28,510	-	1,247,326	1,247,326
Wastewater	1,006,753	1,784,551	20,166	-	797,964	797,964
Solid waste	929,487	864,308	-	-	(65,179)	(65,179)
Total business-type activities	3,740,211	5,671,646	48,676	-	1,980,111	1,980,111
Total	\$ 6,089,027	6,212,024	48,676	(1,808,438)	1,980,111	171,673
General revenues (expense):						
Property taxes				\$ 143,494	-	143,494
Investment earnings				185,687	-	185,687
Rental income – leases				309,834	-	309,834
Interest earnings – leases				31,288	-	31,288
Other revenues (expense)				81,452	(2,261)	79,191
Total general revenues				751,755	(2,261)	749,494
Transfers (to)/from other funds (note 10)				1,104,251	(1,104,251)	-
Change in net position				47,568	873,599	921,167
Net position, beginning of year				2,232,083	20,517,308	22,749,391
Net position, end of year				\$ 2,279,651	21,390,907	23,670,558

See accompanying notes to the basic financial statements.

Helendale Community Services District
Balance Sheets – Governmental Funds
June 30, 2023

	<u>General</u>	<u>Property Rental</u>	<u>Parks and Recreation</u>	<u>Recycling Center</u>	<u>Total Governmenta Activities</u>
Assets:					
Cash and investments	\$ 239,381	152,616	430,415	11,834	834,246
Accrued interest receivable	8,209	-	-	-	8,209
Accounts receivable – services	14,230	-	-	-	14,230
Accounts receivable – grants	-	-	43,087	-	43,087
Property taxes and assessments receivable	3,818	-	690	-	4,508
Prepays	9,510	-	1,003	184	10,697
Total assets	<u>\$ 275,148</u>	<u>152,616</u>	<u>475,195</u>	<u>12,018</u>	<u>914,977</u>
Liabilities:					
Accounts payable and accrued expenses	\$ 24,186	2,866	9,004	5,847	41,903
Accrued salaries and related payables	38,364	-	3,354	4,741	46,459
Customer deposits and unearned revenue	1,700	12,989	120	-	14,809
Due to other funds	-	-	715,707	-	715,707
Total liabilities	<u>64,250</u>	<u>15,855</u>	<u>728,185</u>	<u>10,588</u>	<u>818,878</u>
Fund balance (note 11):					
Assigned	-	-	(252,990)	1,430	(251,560)
Unassigned	210,898	136,761	-	-	347,659
Total fund balance	<u>210,898</u>	<u>136,761</u>	<u>(252,990)</u>	<u>1,430</u>	<u>96,099</u>
Total liabilities and fund balance	<u>\$ 275,148</u>	<u>152,616</u>	<u>475,195</u>	<u>12,018</u>	<u>914,977</u>

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, 2023

Reconciliation:

Fund balance of total governmental funds	\$	96,099
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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		999,062
Capital assets		2,352,301

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.

	\$	80,022
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Recognized changes in net assumptions are reported as deferred inflows of resources in the government-wide financial statements.

		25,179
--	--	--------

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.

		1,630
--	--	-------

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.

		2,742
--	--	-------

Recognized portion due to net differences in proportions are reported as deferred outflows of resources in the government-wide financial statements.

		63,930
--	--	--------

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.

	45,009	218,512
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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		(136,500)
Long-term debt		(269,263)
Net pension liability		(245,713)

Recognized portion due to lessor agreements are reported as deferred inflows of resources in the government-wide financial statements.

		(731,513)
--	--	-----------

Interest on long-term debt is not accrued as a governmental fund liability, but rather is recognized as an expenditure when due.

		(3,334)
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Net position of governmental activities	\$	2,279,651
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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, 2023

	<u>General</u>	<u>Property Rental</u>	<u>Parks and Recreation</u>	<u>Recycling Center</u>	<u>Total Governmental Activities</u>
Revenues:					
Property taxes	\$ 143,494	-	-	-	143,494
Charges for services	171,095	-	39,166	-	210,261
Recycling	-	-	-	330,117	330,117
Investment earnings, net of fair value	185,687	-	-	-	185,687
Rental income – leases	164,580	119,198	26,056	-	309,834
Interest earnings – leases	27,325	3,963	-	-	31,288
Other	33,239	3,805	42,087	2,321	81,452
Total revenues	<u>725,420</u>	<u>126,966</u>	<u>107,309</u>	<u>332,438</u>	<u>1,292,133</u>
Expenditures:					
General	1,429,569	-	-	-	1,429,569
Property rental	-	34,070	-	-	34,070
Parks and recreation	-	-	310,990	-	310,990
Recycling	-	-	-	227,346	227,346
Capital outlay	18,635	-	5,500	-	24,135
Debt service:					
Debt payments	-	44,757	-	-	44,757
Interest paid	-	8,306	-	-	8,306
Total expenditures	<u>1,448,204</u>	<u>87,133</u>	<u>316,490</u>	<u>227,346</u>	<u>2,079,173</u>
Excess (deficiency) of revenues over expenditures	<u>(722,784)</u>	<u>39,833</u>	<u>(209,181)</u>	<u>105,092</u>	<u>(787,040)</u>
Other financing sources (uses) (note 10):					
Transfers in(out) – administrative allocation	1,146,351	-	-	-	1,146,351
Transfers in(out) – board discretionary	(416,218)	-	416,218	-	-
Transfers in(out) – operational	-	-	61,918	(104,018)	(42,100)
Total other financing sources (uses)	<u>730,133</u>	<u>-</u>	<u>478,136</u>	<u>(104,018)</u>	<u>1,104,251</u>
Change in fund balance	<u>7,349</u>	<u>39,833</u>	<u>268,955</u>	<u>1,074</u>	<u>317,211</u>
Fund balance, beginning of year	<u>203,549</u>	<u>96,928</u>	<u>(521,945)</u>	<u>356</u>	<u>(221,112)</u>
Fund balance, end of year	<u>\$ 210,898</u>	<u>136,761</u>	<u>(252,990)</u>	<u>1,430</u>	<u>96,099</u>

Continued on next page

See accompanying notes to the basic financial statements.

Helendale Community Services District
Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Reconciliation:

Net changes in fund balance of total governmental funds	\$ 317,211
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	24,135
Depreciation expense	169,216
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.	
	44,757
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	23
Net change in compensated absences for the current period	(25,603)
Net change in pension obligations for the current period	(492,336)
Some revenues in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the governmental funds as follows:	
Net change in lease receivables for the current period	10,165
Change in net position of governmental activities	\$ <u><u>47,568</u></u>

See accompanying notes to the basic financial statements.

Helendale Community Services District
Statements of Net Position – Enterprise Funds
June 30, 2023

	Water	Wastewater	Solid Waste	Total Business-type Activities
Current assets:				
Cash and investments	\$ 2,666,786	3,146,228	167,201	5,980,215
Accounts receivable – utilities	281,806	189,304	64,930	536,040
Accounts receivable – grants	-	-	-	-
Property taxes and assessments receivable	4,332	13,818	3,802	21,952
Due from other funds	-	715,707	-	715,707
Prepays and other assets	9,258	4,453	1,051	14,762
Total current assets	2,962,182	4,069,510	236,984	7,268,676
Non-current assets:				
Capital assets – not being depreciated	2,118,321	1,315,149	-	3,433,470
Capital assets – being depreciated, net	12,695,730	1,992,160	6,825	14,694,715
Total non-current assets	14,814,051	3,307,309	6,825	18,128,185
Total assets	17,776,233	7,376,819	243,809	25,396,861
Deferred outflows of resources:				
Deferred pension outflows	169,344	120,175	38,238	327,757
Current liabilities:				
Accounts payable and accrued expenses	49,281	24,799	65,467	139,547
Accrued salaries and related payables	20,204	16,835	6,393	43,432
Customer deposits and deferred revenue	236,204	-	-	236,204
Accrued interest on long-term debt	42,869	272	-	43,141
Long-term liabilities – due within one year:				
Compensated absences	7,085	2,730	2,078	11,893
Long-term debt	227,320	88,483	-	315,803
Total current liabilities	582,963	133,119	73,938	790,020
Non-current liabilities:				
Long-term liabilities – due in more than one year:				
Compensated absences	21,253	8,190	6,233	35,676
Long-term debt	2,709,961	429,488	-	3,139,449
Net pension liability	190,426	135,139	43,001	368,566
Total non-current liabilities	2,921,640	572,817	49,234	3,543,691
Total liabilities	3,504,603	705,936	123,172	4,333,711
Deferred inflows of resources:				
Deferred pension inflows	-	-	-	-
Net position:				
Net investment in capital assets	11,876,770	2,789,338	6,825	14,672,933
Unrestricted	2,564,204	4,001,720	152,050	6,717,974
Total net position	\$ 14,440,974	6,791,058	158,875	21,390,907

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, 2023

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Total Business-type Activities</u>
Operating revenues:				
Water consumption sales	\$ 864,559	-	-	864,559
Monthly meter service charge	1,618,015	-	-	1,618,015
Wastewater service charges	-	1,741,595	-	1,741,595
Solid waste collection charges	-	-	618,981	618,981
Sale or lease of water rights	401,245	-	-	401,245
Special assessment	24,042	17,587	236,271	277,900
Other charges and services	114,926	25,369	9,056	149,351
Total operating revenues	<u>3,022,787</u>	<u>1,784,551</u>	<u>864,308</u>	<u>5,671,646</u>
Operating expenses:				
Salaries and benefits	586,703	457,741	152,586	1,197,030
Operations	418,309	326,010	776,113	1,520,432
Total operating expenses	<u>1,005,012</u>	<u>783,751</u>	<u>928,699</u>	<u>2,717,462</u>
Operating income(loss) before depreciation	2,017,775	1,000,800	(64,391)	2,954,184
Depreciation	<u>(674,045)</u>	<u>(207,023)</u>	<u>(788)</u>	<u>(881,856)</u>
Operating income(loss)	<u>1,343,730</u>	<u>793,777</u>	<u>(65,179)</u>	<u>2,072,328</u>
Non-operating revenues (expenses):				
Interest expense – long-term debt	(124,914)	(15,979)	-	(140,893)
Loss on disposal of capital assets	(13,735)	(6,419)	-	(20,154)
Other non-operating revenues (expenses)	12,276	-	5,617	17,893
Total non-operating expenses, net	<u>(126,373)</u>	<u>(22,398)</u>	<u>5,617</u>	<u>(143,154)</u>
Operating income before capital contributions	<u>1,217,357</u>	<u>771,379</u>	<u>(59,562)</u>	<u>1,929,174</u>
Transfers in (out) (note 10):				
Operating transfers in(out)	-	42,100	-	42,100
Administrative allocation transfer in(out)	(573,176)	(561,712)	(11,463)	(1,146,351)
Total transfers in(out)	<u>(573,176)</u>	<u>(519,612)</u>	<u>(11,463)</u>	<u>(1,104,251)</u>
Capital contributions:				
Connection fees	13,510	20,166	-	33,676
Capital grants and contributions	15,000	-	-	15,000
Total capital contributions	<u>28,510</u>	<u>20,166</u>	<u>-</u>	<u>48,676</u>
Change in net position	672,691	271,933	(71,025)	873,599
Net position, beginning of year	<u>13,768,283</u>	<u>6,519,125</u>	<u>229,900</u>	<u>20,517,308</u>
Net position, end of year	<u>\$ 14,440,974</u>	<u>6,791,058</u>	<u>158,875</u>	<u>21,390,907</u>

See accompanying notes to the basic financial statements.

Helendale Community Services District
Statements of Cash Flows – Enterprise Funds
For the Fiscal Year Ended June 30, 2023

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Total Business-type Activities</u>
Cash flows from operating activities:				
Cash receipts from customers	\$ 3,022,857	1,726,041	629,865	5,378,763
Cash receipts from special assessments	22,815	17,494	236,271	276,580
Cash paid to employees for salaries and benefits	(491,639)	(394,749)	(131,215)	(1,017,603)
Cash paid to vendors and suppliers	(460,680)	(411,037)	(786,572)	(1,658,289)
Net cash provided by (used in) operating activities	<u>2,093,353</u>	<u>937,749</u>	<u>(51,651)</u>	<u>2,979,451</u>
Cash flows from non-capital financing activities:				
Transfer of property tax revenue from General fund	-	42,100	-	42,100
Fund net position transfers out	(573,176)	(561,712)	(11,463)	(1,146,351)
Net cash used in non-capital financing activities	<u>(573,176)</u>	<u>(519,612)</u>	<u>(11,463)</u>	<u>(1,104,251)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(682,297)	(104,864)	-	(787,161)
Proceeds from sale of capital assets	(13,735)	(6,419)	-	(20,154)
Proceeds from capital contributions	38,510	20,166	-	58,676
Principal payments on long-term debt	(403,543)	(86,099)	-	(489,642)
Interest payments on long-term debt	(124,914)	(15,979)	-	(140,893)
Net cash used in capital and financing activities	<u>(1,185,979)</u>	<u>(193,195)</u>	<u>-</u>	<u>(1,379,174)</u>
Net increase (decrease) in cash and investments	334,198	224,942	(63,114)	496,026
Cash and investments, beginning of year	2,332,588	2,921,286	230,315	5,484,189
Cash and investments, end of year	\$ 2,666,786	3,146,228	167,201	5,980,215
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 1,343,730	793,777	(65,179)	2,072,328
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	674,045	207,023	788	881,856
Other non-operating revenues	12,276	-	5,617	17,893
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources				
(Increase) decrease in assets and deferred outflows:				
Accounts receivable – utilities, net	(11,631)	(40,923)	(3,789)	(56,343)
Property taxes and assessments receivable	(1,227)	(93)	-	(1,320)
Grants receivable	10,000	-	-	10,000
Prepays and other assets	(1,349)	(736)	(161)	(2,246)
Deferred outflows of resources	(78,925)	(56,011)	(17,821)	(152,757)
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable and accrued expenses	(41,022)	(84,291)	(10,298)	(135,611)
Accrued salaries and related payables	1,609	1,769	764	4,142
Customer deposits and deferred revenue	13,467	-	-	13,467
Compensated absences	4,080	(2,205)	425	2,300
Net pension liability	178,613	126,758	40,332	345,703
Deferred inflows of resources	<u>(10,313)</u>	<u>(7,319)</u>	<u>(2,329)</u>	<u>(19,961)</u>
Total adjustments	749,623	143,972	13,528	907,123
Net cash provided by (used in) operating activities	\$ 2,093,353	937,749	(51,651)	2,979,451

See accompanying notes to the basic financial statements.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(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. Street lights primarily serve the business activities of the District.

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 at the Helendale Community Center.

B. Basis of Accounting and Measurement Focus

Financial Reporting

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

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

Governmental Accounting Standards Board Statement No. 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.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

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

B. Basis of Accounting and Measurement Focus, continued

Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 91, continued

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. 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.

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.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

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

B. Basis of Accounting and Measurement Focus, continued

Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 94, continued

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.

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.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

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

B. Basis of Accounting and Measurement Focus, continued

Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 97, continued

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.

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.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(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 assets are 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.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(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 at the time of purchase to be cash equivalents.

For purposes of the statement of cash flows, cash and cash equivalents have been defined as demand deposits and external cash management pools (local agency investment fund).

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

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

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

3. Investments and Investment Policy

The District has adopted an investment policy directing the Assistant General Manager to deposit and invest funds in financial institutions in accordance with California Government Code section 53600. The investment policy applies to all financial assets and investment activities of the District.

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.

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.

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.

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

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

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

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

7. 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.

8. 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

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

9. 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 change in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

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

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

9. Deferred Outflows of Resources, continued

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

10. Compensated Absences

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

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

Accrued Sick Leave – Beginning with the date of employment, sick leave at 3.69 hours per pay period shall be credited to the employee. The biweekly pay record will reflect the current sick leave accumulation for each employee. Sick leave is not considered to be vacation and is to be used only during physical or mental illness, injury, pregnancy, for a medical, optical, or dental appointment. If sick leave is used up due to illness or injury, vacation 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.

11. 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.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

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

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

11. Pensions, continued

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, 2021
- Measurement Date: June 30, 2022
- Measurement Period: July 1, 2021 to June 30, 2022

12. 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. At June 30, 2023, the District did not have any items that qualify for this category.

13. 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.
- **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.

14. 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.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

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

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

14. Fund Balance, continued

- **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.

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.

15. Utility Sales and Services

Utility sales are billed on a monthly basis.

16. 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.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

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

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

17. 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 Investments

Cash and investments as of June 30 are classified as follows:

Governmental activity funds:	2023
General fund	\$ 239,381
Property rental	152,616
Parks and recreation fund	430,415
Recycling fund	11,834
Total	<u>834,246</u>
Business-type activity funds:	
Water fund	2,666,786
Wastewater fund	3,146,228
Solid Waste fund	167,201
Total	<u>5,980,215</u>
Total cash and cash equivalents	<u>\$ 6,814,461</u>

Cash and investments as of June 30 consisted of the following:

	2023
Cash on hand	\$ 300
Deposits held with financial institutions	1,727,686
Deposits held with California Local Agency Investment Fund (LAIF)	1,029,680
Deposits held with California Cooperative Liquid Assets Securities System (CLASS)	2,073,715
Investments - U.S. Treasury Bill	1,983,080
Total	<u>\$ 6,814,461</u>

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(2) Cash and Investments, continued

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
State and Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years**	None	None
U.S. Agency Securities	5 years**	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Non-negotiable Certificates of Deposit	1 year	30%	None
Negotiable Certificates of Deposit	5 years	30%	None
Medium-Term Notes	5 years	30%	None
Repurchase Agreements	1 year	20%	None
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
Supranational Obligations	N/A	30%	None
County Pooled Investment Funds	N/A	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

* Excluding amounts held by bond trustee that are not subject to California Government Code

** Except when authorized by the District's legislative body in accordance with Government Code Section 53601

N/A - Not Applicable

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

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(2) Cash and Investments, continued

Investment in the California State Investment Pool, continued

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.

Investment in the California Cooperative Liquid Assets Securities System

The District is a participant in the California Cooperative Liquid Assets Securities System (CLASS). California CLASS is a Joint Powers Authority investment pool that provides public agencies the opportunity to invest funds on a cooperative basis in rated pools that are managed in accordance with state law with the primary objectives of offering Participants safety, daily and next-day liquidity, and optimized returns.

California CLASS is managed as stable value NAV pool but does not meet all of the specific criteria outlined in GASB 79 Paragraph 4, therefore California CLASS Participants should report their investments in the pool at fair value.

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 California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, 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), and, the District's investment policy that requires no more than two-thirds of the District's deposits in a depository shall be collateralized by mortgage-backed securities, with the remainder to be secured by non-mortgage-backed securities.

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. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the District's bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(2) Cash and Investments, continued

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 of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures, or comes close to maturity evenly over time, as necessary to provide requirements for cash flow and liquidity needed for operations.

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. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity date:

Investment maturities as of June 30, 2023, were as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity 12 Months or Less</u>
United States Treasury bill	\$ <u>1,983,080</u>	<u>1,983,080</u>

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.

Per the District's investment policy, credit risk is mitigated by investing in safe securities, and diversifying the investment portfolio so the failure of one issuer would not materially affect the District's cash flow. 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.

Credit ratings of investments as of June 30, 2023, were as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Ratings AA+ to AA-</u>
United States Treasury Bill	\$ <u>1,983,080</u>	<u>AA+</u>	<u>1,983,080</u>

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(2) Cash and Investments, 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.

Instruments in any one issuer that represent 5% or more of the District's investments as of June 30, 2023 are as follows (excluding external investment pools and debt explicitly guaranteed by the U.S. government):

Deposit & Investment	Issuer Type	Fair Value Holdings	Percentage Holdings
California Cooperative Liquid Assets Securities System	Joint Powers Authority investment pool	\$ 2,073,715	40.77%
Citizen's Bank Business Trust	United States Treasury bill	1,983,080	38.99%

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 the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments measured at fair value on a recurring and non-recurring basis, are as follows:

Investment Type	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
United States Treasury Bill	1,983,080	1,983,080	-	-
Total investments measured at fair value	1,983,080	1,983,080	-	-
Investments measured at amortized cost:				
California Local Agency Investment Fund	1,029,680			
California Cooperative Liquid Assets Securities System	2,073,715			
Total investments measured at amortized cost	3,103,395			
Total	5,086,475			

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(3) Leases Receivable

Governmental Activities:

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

	<u>Balance 2022</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2023</u>	<u>Deferred Inflows</u>
<i>Governmental – General fund</i>					
Cellular tower leases					
T-Mobile	\$ 67,956	-	(15,825)	\$ 52,131	\$ (32,397)
SBA	375,501	-	(18,486)	357,015	(209,709)
Verizon	484,015	-	(20,853)	463,162	(370,559)
Total cellular tower leases	<u>927,472</u>	<u>-</u>	<u>(55,164)</u>	<u>872,308</u>	<u>(612,665)</u>
<i>Governmental – Property Rental fund</i>					
Condo – Unit B	7,120	-	(7,120)	-	-
Condo – Unit E	9,777	-	(9,777)	-	-
Equestrian Facility	-	144,994	(18,240)	126,754	(118,848)
Total property rental leases	<u>16,897</u>	<u>144,994</u>	<u>(35,137)</u>	<u>126,754</u>	<u>(118,848)</u>
Total leases receivable	<u>\$ 944,369</u>	<u>144,994</u>	<u>(90,301)</u>	<u>999,062</u>	<u>\$ (731,513)</u>
Less: current portion	<u>(72,061)</u>			<u>(88,356)</u>	
Total non-current portion	<u>\$ 872,308</u>			<u>\$ 910,706</u>	

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, 2023, deferred inflows were reported at \$32,397.

Future payments to be received and deferred inflows as of June 30, 2023, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Deferred Inflows</u>
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	52,131	<u>2,409</u>	<u>54,540</u>	<u>\$ (32,397)</u>
Less: current portion	<u>(16,844)</u>			
Total non-current	<u>\$ 35,287</u>			

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(3) Leases Receivable, continued

Governmental Activities, continued:

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, 2023, deferred inflows were reported at \$209,709.

Future payments to be received and deferred inflows as of June 30, 2023, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Deferred Inflows</u>
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	26,453	8,037	34,490	(17,476)
2029-2033	161,463	27,142	188,605	(87,380)
2034-2035	79,966	3,634	83,600	(34,949)
Totals	357,015	77,883	434,898	(209,709)
Less: current portion	(19,933)			
Total non-current	\$ 337,082			

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, 2023, deferred inflows were reported at \$370,559.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(3) Leases Receivable, continued

Governmental Activities, continued:

Verizon Lease, continued

Future payments to be received and deferred inflows as of June 30, 2023, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Deferred Inflows</u>
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	31,481	10,358	41,839	(29,064)
2029-2033	193,038	35,751	228,789	(145,317)
2034-2036	134,981	5,886	140,867	(79,924)
Totals	463,162	101,850	565,012	(370,559)
Less: current portion	(22,585)			
Total non-current	\$ 440,577			

Condo – Unit B

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%. During 2023, the lease was revised to a month-to-month lease at lease renewal.

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. During 2023, the lease was revised to a month-to-month lease at lease renewal.

Equestrian Facility Lease

On August 1, 2022, the District entered into a lease agreement with a tenant for purpose of leasing 75 acres for the purpose of engaging in equestrian operations. The terms of the agreement require the tenant to pay the District in monthly installments through July 31, 2027.

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, 2023, deferred inflows were reported at \$118,848.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(3) Leases Receivable, continued

Governmental Activities, continued:

Equestrian Facility Lease, continued

Future payments to be received and deferred inflows as of June 30, 2023, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Deferred Inflows</u>
2024	\$ 28,994	3,406	32,400	\$ (28,523)
2025	29,876	2,524	32,400	(28,522)
2026	30,784	1,616	32,400	(28,522)
2027	31,721	679	32,400	(28,522)
2028	5,379	20	5,399	(4,759)
Totals	126,754	8,245	134,999	(118,848)
Less: current portion	(28,994)			
Total non-current	\$ 97,760			

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

Internal balances consist of the following as of June 30, 2023:

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Interfund Loan	Wastewater	Parks & Rec	\$ 715,707
Total internal balances:			\$ 715,707

On June 21, 2018, the District adopted Resolution 2018-01, for the purpose of 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, 2023, the outstanding balance was \$715,707.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(5) Capital Assets

Governmental Activities:

Changes in capital assets at June 30 were as follows:

	<u>Balance 2022</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2023</u>
Non-depreciable assets:				
Land	\$ 307,702	-	-	307,702
Construction-in-process	-	24,135	(24,135)	-
Total non-depreciable assets	<u>307,702</u>	<u>24,135</u>	<u>(24,135)</u>	<u>307,702</u>
Depreciable assets:				
Structures and improvements	3,921,051	-	(71,222)	3,849,829
Equipment	482,810	24,135	(97,371)	409,574
Vehicles	104,427	-	-	104,427
Total depreciable assets	<u>4,508,288</u>	<u>24,135</u>	<u>(168,593)</u>	<u>4,363,830</u>
Accumulated depreciation:	<u>(2,283,220)</u>	<u>(169,428)</u>	<u>133,417</u>	<u>(2,319,231)</u>
Total depreciable assets, net	<u>2,225,068</u>	<u>(145,293)</u>	<u>(35,176)</u>	<u>2,044,599</u>
Total capital assets, net	<u>\$ 2,532,770</u>			<u>2,352,301</u>

The District had major governmental capital asset additions during fiscal year 2023 to non-depreciable assets of \$24,135 in construction in progress related to various ongoing projects in the parks and recreation fund. Additions during the fiscal year 2023 to depreciable assets consist of \$24,135 to equipment. Deletions during the fiscal year 2023 consist of \$71,222 to structures and improvements and \$97,371 to equipment.

Business-type Activities:

Changes in capital assets at June 30 were as follows:

	<u>Balance 2022</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2023</u>
Non-depreciable assets:				
Land	\$ 771,745	-	-	771,745
Construction-in-process	2,393,924	841,305	(573,504)	2,661,725
Total non-depreciable assets	<u>3,165,669</u>	<u>841,305</u>	<u>(573,504)</u>	<u>3,433,470</u>
Depreciable assets:				
Structures and improvements	18,626,442	88,881	(1,329,765)	17,385,558
Equipment	1,101,794	90,267	(127,886)	1,064,175
Vehicles	449,829	260,857	(14,759)	695,927
Water rights and other intangibles	8,669,724	133,500	-	8,803,224
Total depreciable assets	<u>28,847,789</u>	<u>573,505</u>	<u>(1,472,410)</u>	<u>27,948,884</u>
Accumulated depreciation:	<u>(13,819,781)</u>	<u>(421,804)</u>	<u>987,416</u>	<u>(13,254,169)</u>
Total depreciable assets, net	<u>15,028,008</u>	<u>151,701</u>	<u>(484,994)</u>	<u>14,694,715</u>
Total capital assets, net	<u>\$ 18,193,677</u>			<u>18,128,185</u>

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(5) Capital Assets, continued

Business-type Activities, continued:

Major enterprise fund capital asset additions during fiscal year 2023, include additions to construction in progress of \$841,305 that is comprised of capital project additions of \$721,265 in various water fund projects and \$120,040 in wastewater fund projects. Additions to depreciable assets sourcing from construction-in-progress include \$88,881 added to structures and improvements, \$90,267 added to equipment, \$260,857 added to vehicles, and \$133,500 added to water rights and other intangibles. Asset disposals amounted to \$1,329,765 in structures and improvements, \$127,886 in equipment, and \$14,759 in vehicles.

Depreciation expense was charged to various functions at June 30, 2023, as follows:

Governmental activities:

General government	\$ 6,522
Property rental	56,433
Parks and Recreation	98,708
Recycle Fund	<u>7,553</u>

Total governmental activities	\$ <u><u>169,216</u></u>
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Business type activities:

Water Fund	\$ 674,045
Wastewater Fund	207,023
Solid Waste Fund	<u>788</u>

Total business type activities	\$ <u><u>881,856</u></u>
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During the year, management determined that certain assets should have been disposed of and abandoned in the prior year. As a result, the District recorded an adjustment to write off assets totaling \$1,632,756, which resulted to an additional depreciation expense of \$459,840.

(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 2022	Earned	Taken	Balance 2023	Due Within One Year	Due in more than one year
\$	<u>110,897</u>	<u>100,459</u>	<u>(74,856)</u>	<u>136,500</u>	<u>34,125</u>	<u>102,375</u>

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(6) Compensated Absences, continued

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

Enterprise:

	Balance 2022	Earned	Taken	Balance 2023	Due Within One Year	Due in more than one year
\$	<u>45,269</u>	<u>63,111</u>	<u>(60,811)</u>	<u>47,569</u>	<u>11,893</u>	<u>35,676</u>

(7) Long-term Debt

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

	Balance 2022	Additions	Payments	Balance 2023
2014 Installment Sale Agreement \$	2,875,364	-	(178,569)	2,696,795
2020 Installment Sale Agreement	1,198,550	-	(170,830)	1,027,720
Water rights note	<u>185,000</u>	<u>-</u>	<u>(185,000)</u>	<u>-</u>
Total loan payable	4,258,914	<u>-</u>	<u>(534,399)</u>	3,724,515
Less: current portion	<u>(533,800)</u>			<u>(361,800)</u>
Total non-current portion \$	<u>3,725,114</u>			<u>3,362,715</u>

Long-term debt is allocated to the Governmental and Enterprise funds as follows at June 30, 2023, as follows:

	Gov't Fund Property Rental	Total Governmental Fund	Enterprise Funds		Total Enterprise Funds	Total Long-term Debt
			Water	Wastewater		
Balance at June 30, 2022 \$	314,020	314,020	3,340,824	604,070	3,944,894	4,258,914
Additions / Transfers	-	-	-	-	-	-
Reductions	<u>(44,757)</u>	<u>(44,757)</u>	<u>(403,543)</u>	<u>(86,099)</u>	<u>(489,642)</u>	<u>(534,399)</u>
Balance at June 30, 2023 \$	<u>269,263</u>	<u>269,263</u>	<u>2,937,281</u>	<u>517,971</u>	<u>3,455,252</u>	<u>3,724,515</u>
Current Portion \$	45,997	45,997	227,320	88,483	315,803	361,800
Non-current portion	<u>223,266</u>	<u>223,266</u>	<u>2,709,961</u>	<u>429,488</u>	<u>3,139,449</u>	<u>3,362,715</u>
Total \$	<u>269,263</u>	<u>269,263</u>	<u>2,937,281</u>	<u>517,971</u>	<u>3,455,252</u>	<u>3,724,515</u>

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(7) Long-term Debt, continued

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%.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	220,357	78,537	298,894
2029-2033	1,252,154	215,350	1,467,504
2034-2035	<u>429,941</u>	<u>45,372</u>	<u>475,313</u>
Totals	2,696,795	<u>740,498</u>	<u>3,437,293</u>
Less: current portion	<u>(186,240)</u>		
Total non-current	\$ <u>2,510,555</u>		

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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 175,560	27,063	202,623
2025	180,422	22,202	202,624
2026	185,418	17,206	202,624
2027	190,552	12,073	202,625
2028	195,829	6,797	202,626
2029	<u>99,939</u>	<u>1,374</u>	<u>101,313</u>
Totals	1,027,720	<u>86,715</u>	<u>1,114,435</u>
Less: current portion	<u>(175,560)</u>		
Total non-current	\$ <u>852,160</u>		

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(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.

The Plans' provision and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous Plan	
	Classic	PEPRA
	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7.96%	6.75%
Required employer contribution rates	13.35%	7.47%

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(8) Defined Benefit Pension Plan, continued

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, 2023, the contributions for the Plan were as follows:

	Miscellaneous Plan
Contributions – employer	\$ <u>200,054</u>

As of the fiscal year ended June 30, 2023, 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		
	<u>Governmental</u>	<u>Enterprise</u>	<u>Total</u>
Miscellaneous Plan	\$ <u>245,713</u>	<u>368,566</u>	<u>614,279</u>

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, 2022 (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, 2021 (the valuation date), rolled forward to June 30, 2022, 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, 2023, was as follows:

	Miscellaneous Plan
Proportion – June 30, 2022	0.00070%
Proportion – June 30, 2023	<u>0.00532%</u>
Change – Increase (Decrease)	<u>0.00462%</u>

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(8) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources

For the fiscal year ended June 30, 2023, the District recognized pension income of \$488,363.

At June 30, 2023, 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	\$ 200,054	-
Net differences between actual and expected experience	4,074	-
Net changes in assumptions	62,947	-
Net differences between projected and actual earnings on plan investments	112,521	-
Net differences between actual contribution and proportionate share of contribution	6,855	-
Net adjustment due to differences in proportions of net pension liability	159,818	-
Total	\$ 546,269	-

As of June 30, 2023, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$200,054 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024.

At June 30, 2023, 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
2024	\$ 134,559
2025	111,981
2026	64,824
2027	34,851
2028	-
Remaining	-

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(8) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation report was determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	6.90% 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 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

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

Discount Rate

The discount rate used to measure the total pension liability was 6.90% 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.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(8) Defined Benefit Pension Plan, continued

Discount Rate, continued

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*
Global Equity - Cap-weighted	30.00%	4.45%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	27.00%
Mortgage-backed Securities	5.00%	50.00%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	6.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

* An expected inflation of 2.5% used for this period

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

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

At June 30, 2023, the discount rate comparison was the following:

	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
District's Net Pension Liability	\$ 194,110	614,279	137,222

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(8) Defined Benefit Pension Plan, continued

Payable to the Pension Plan

At June 30, 2023, 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 60 and 61 for the Required Supplementary Schedules.

(9) Net Position

Net investment in capital assets is calculated as follows:

	Governmental Business-type		
	Activities	Activities	Total
Capital assets – not being depreciated	\$ 307,702	3,433,470	3,741,172
Capital assets – being depreciated, net	2,044,599	14,694,715	16,739,314
Long-term debt – current portion	(45,997)	(315,803)	(361,800)
Long-term debt – long-term portion	(223,266)	(3,139,449)	(3,362,715)
Total	\$ <u>2,083,038</u>	<u>14,672,933</u>	<u>16,755,971</u>

Unrestricted net position is designated as follows:

	Governmental Business-type		
	Activities	Activities	Total
General	\$ 185,733	-	185,733
Recycling	184	-	184
Prepaid expenses and other assets	10,696	14,762	25,458
Water operations and capital replacement	-	6,703,212	6,703,212
Total	\$ <u>196,613</u>	<u>6,717,974</u>	<u>6,914,587</u>

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(10) Internal Balances – Interfund Transfers

Interfund transfers consist of the following for the year ended June 30, 2023:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Purpose</u>	<u>Amount</u>
<i>Interfund Administrative Allocation Transfers:</i>			
Water	General	Admin Allocation	\$ 573,176
Wastewater	General	Admin Allocation	561,712
Solid Waste	General	Admin Allocation	11,463
Subtotal administrative allocation transfers			\$ 1,146,351
<i>Interfund Board Discretionary Transfers:</i>			
General	Parks & Rec	Board Discretionary	\$ 416,218
Subtotal board discretionary transfers			\$ 416,218
<i>Interfund Operational Transfers:</i>			
Recycle	Parks & Rec	Operations	\$ 61,918
Subtotal operational transfers			\$ 61,918
<i>Interfund Operational Transfers:</i>			
Parks & Rec	Wastewater	Operations	\$ 42,100
Subtotal operational transfers			\$ 42,100
Total			\$ 1,666,587

Interfund Admin Allocation Transfers

During the fiscal year ended June 30, 2023, 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, 2023, 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, 2023, 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.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(10) Internal Balances – Interfund Transfers, continued

Interfund Operational Transfers, continued

During the fiscal year ended June 30, 2023, interfund transfers between the Parks and Recreation fund to the Wastewater fund were designated by the Board 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.14 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, 2023, is as follows:

Fund Balance Category	
Assigned:	
Parks and recreation	\$ (252,990)
Recycle	<u>1,430</u>
Total assigned fund balance	<u>(251,560)</u>
Unassigned fund balance:	
General fund	210,898
Property rental	<u>136,761</u>
Total unassigned fund balance	<u>347,659</u>
Total fund balance	<u><u>\$ 96,099</u></u>

(12) 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.

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 the claims of the District's general creditors. Market value of the plan assets held in trust as of June 30, 2023, was \$554,326.

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.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(13) 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, 2023, 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, outside the premises for \$250,000, computer fraud for \$250,000, funds transfer fraud for \$250,000, and money orders & counterfeit paper currency for \$250,000.
- Real property and business 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 \$13,987,131 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 2023. 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, 2023.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2023, that has effective dates that may impact future financial presentations.

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.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(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.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(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, 2023, have been evaluated for possible adjustment to the financial statements or disclosure as of February 1, 2024, which is the date the financial statements were available to be issued. The District is not aware of any further subsequent events that would require recognition or disclosure in the financial statements.



Required Supplementary Information

Helendale Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – General Fund
For the Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Property taxes	\$ 107,140	143,494	36,354
Charges for services	170,258	171,095	837
Investment interest earnings	7,140	185,687	178,547
Rental income – leases	173,535	164,580	(8,955)
Interest earnings – leases	-	27,325	27,325
Other	19,500	33,239	13,739
Total revenues	<u>477,573</u>	<u>725,420</u>	<u>247,847</u>
Expenditures:			
Salaries and benefits	907,181	897,754	9,427
Materials and services	471,183	450,540	20,643
Utilities	18,887	81,275	(62,388)
Capital outlay	-	18,635	(18,635)
Total expenditures	<u>1,397,251</u>	<u>1,448,204</u>	<u>(50,953)</u>
Deficiency of revenues over expenditures	<u>(919,678)</u>	<u>(722,784)</u>	<u>196,894</u>
Other financing sources(uses):			
Transfers in(out) – administrative transfers	1,292,051	1,146,351	(145,700)
Transfers in(out) – board discretionary	<u>(372,373)</u>	<u>(416,218)</u>	<u>(43,845)</u>
Total other financing sources	<u>919,678</u>	<u>730,133</u>	<u>(189,545)</u>
Net change in fund balance	-	7,349	\$ <u><u>7,349</u></u>
Fund balance – beginning of period	<u>203,549</u>	<u>203,549</u>	
Fund balance – end of period	\$ <u><u>203,549</u></u>	<u><u>210,898</u></u>	

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, 2023

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Rental income – leases	\$ 125,480	119,198	(6,282)
Interest earnings – leases	-	3,963	3,963
Other	-	3,805	3,805
Total revenues	<u>125,480</u>	<u>126,966</u>	<u>1,486</u>
Expenditures:			
Materials and services	17,367	5,859	11,508
Utilities	14,815	16,536	(1,721)
Debt payments	44,758	56,432	(11,674)
Interest paid	8,330	8,306	24
Total expenditures	<u>85,270</u>	<u>87,133</u>	<u>(1,863)</u>
Net change in fund balance	40,210	39,833	\$ <u>(377)</u>
Fund balance – beginning of period	<u>96,928</u>	<u>96,928</u>	
Fund balance – end of period	\$ <u><u>137,138</u></u>	<u><u>136,761</u></u>	

Helendale Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Parks and Recreation Fund
For the Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Property taxes	\$ 23,533	-	(23,533)
Charges for services	27,280	39,166	11,886
Rental income	24,075	26,056	1,981
Other	15,500	42,087	26,587
Total revenues	<u>90,388</u>	<u>107,309</u>	<u>16,921</u>
Expenditures:			
Salaries and benefits	127,084	115,958	11,126
Materials and services	123,435	123,639	(204)
Utilities	63,956	71,393	(7,437)
Capital outlay	-	5,500	(5,500)
Total expenditures	<u>314,475</u>	<u>316,490</u>	<u>(2,015)</u>
Deficiency of revenues over expenditures	<u>(224,087)</u>	<u>(209,181)</u>	<u>14,906</u>
Other financing sources(uses):			
Transfers in(out) – board discretionary	441,507	416,218	(25,289)
Transfers in(out) – operational	<u>(42,100)</u>	<u>61,918</u>	<u>104,018</u>
Total other financing sources	<u>399,407</u>	<u>478,136</u>	<u>78,729</u>
Net change in fund balance	175,320	268,955	\$ <u><u>93,635</u></u>
Fund balance –			
beginning of period	<u>(521,945)</u>	<u>(521,945)</u>	
Fund balance – end of period	\$ <u><u>(346,625)</u></u>	<u><u>(252,990)</u></u>	

Helendale Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Recycling Fund
For the Year Ended June 30, 2023

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Recycling	\$ 325,000	330,117	5,117
Other	<u>-</u>	<u>2,321</u>	<u>2,321</u>
Total revenues	<u>325,000</u>	<u>332,438</u>	<u>7,438</u>
Expenditures:			
Salaries and benefits	165,187	175,601	(10,414)
Materials and services	57,170	42,477	14,693
Utilities	<u>33,388</u>	<u>9,268</u>	<u>24,120</u>
Total expenditures	<u>255,745</u>	<u>227,346</u>	<u>28,399</u>
Excess of revenues over expenditures	<u>69,255</u>	<u>105,092</u>	<u>(20,961)</u>
Other financing sources(uses):			
Transfers in(out) – operational	<u>(67,000)</u>	<u>(104,018)</u>	<u>(37,018)</u>
Total other financing sources	<u>(67,000)</u>	<u>(104,018)</u>	<u>(37,018)</u>
Net change in fund balance	2,255	1,074	\$ <u><u>(57,979)</u></u>
Fund balance – beginning of period	<u>400</u>	<u>356</u>	
Fund balance – end of period	\$ <u><u>2,655</u></u>	<u><u>1,430</u></u>	

**Helendale Community Service District
Notes to the Required Supplementary Information
June 30, 2023**

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, 2023
Last Ten Years*

	Measurement Dates								
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
District's Proportion of the Net Pension Liability	0.00532%	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	\$ 614,279	38,106	449,910	384,311	328,486	343,160	273,741	218,114	205,731
District's Covered Payroll	\$ 1,113,690	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	55.16%	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	85.56%	98.90%	84.94%	84.99%	84.79%	81.93%	82.25%	81.89%	77.99%
District's Proportionate Share of Aggregate Employer Contributions	\$ 200,054	177,146	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 administrative expenses.

The discount rate of 7.65% used for the June 30, 2015 measurement date is without 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.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate was reduced from 7.15% to 6.90%

The inflation rate was reduced from 2.50% to 2.30%

* 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, 2023
Last Ten Years*

Schedule of Pension Plan Contributions:	Fiscal Year Ended								
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially Determined Contribution	\$ 181,610	161,823	147,431	132,216	126,313	112,597	108,682	97,754	159,159
Contributions in Relation to the Actuarially Determined Contribution	(181,610)	(161,823)	(147,431)	(132,216)	(126,313)	(112,597)	(108,682)	(97,754)	(159,159)
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-
Covered Payroll	\$ 1,207,985	1,113,690	1,076,315	979,177	932,536	889,614	929,497	866,792	826,711
Contribution's as a percentage of Covered Payroll	15.03%	14.53%	13.70%	13.50%	13.55%	12.66%	11.69%	11.28%	19.25%

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	June 30, 2013
Methods and assumptions used to determine contribution rates:									
Actuarial cost method	Entry Age	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)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 year Smoothed Market Method
Inflation	2.30%	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)	(2)
Investment rate of return	6.90% (3)	7.15% (3)	7.15% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(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 resulting 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.



Report on Compliance and Internal Controls



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

Board of Directors
Helendale Community Services District
Helendale, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Helendale Community Services District (District), which comprise the statement of financial position as of June 30, 2023, 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 February 1, 2024.

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.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs
Cypress, California
February 1, 2024