

FLDDBROOK GLENDALF COMMUNITY SERVICES DISTRICT

BASIC FINANCIAL STATEMENTS

AND

REQUIRED SUPPLEMENTARY INFORMATION

As of and for the Year Ended June 30, 2022

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Fieldbrook Glendale Community Services District
McKinleyville, California

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Fieldbrook Glendale Community Services District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fieldbrook Glendale Community Services District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities 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 as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts; 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 Fieldbrook Glendale Community Services District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit 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 opinions. Reasonable assurance is a high level of assurance, but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 generally accepted auditing standards, we:

- Exercise professional judgement 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 of the effectiveness of the Fieldbrook Glendale Community Services 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 Fieldbrook Glendale Community Services 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-15 and 37 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

January 4, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis For Fiscal Year Ending June 30, 2022

This section presents management's analysis of the Fieldbrook Glendale Community Services District's (the District) financial condition and activities as of and for the year ended June 30, 2022. Management's Discussion and Analysis (MDA) is intended to serve as an introduction to the District's basic financial statements. This information should be read in conjunction with the audited financial statements that follow this section.

The information in this MDA is presented under the following headings:

- Organization and Business
- Overview of the Financial Statements
- Financial Summary
- Results of Operations
- Capital Assets
- Long-Term Debt and Interfund Loans
- Description of Currently Known Facts or Conditions that may have a Significant Effect on the Financial Position or Results of Operations
- Requests for Additional Information

Organization and Business

The District provides water, sewage collection, and fire protection services. The District contracts with Humboldt Bay Municipal Water District (HBMWD) for the purchase of water for resale, meter reading, general maintenance, regular inspection, billing, and collection of funds for the Water and Wastewater Systems. Sewage is collected by the District in the Glendale area and pumped to the City of Arcata for treatment and discharge. The County of Humboldt collects tax revenue for the Fire Department fund.

Overview of the Financial Statements

The District's basic financial statements are comprised of four components: 1) Government-wide financial statements, 2) Governmental fund statements, 3) Proprietary fund financial statements, and 4) Notes to financial statements.

- Government-wide financial statements – provide both long-term and short-term information about the District's overall financial position in a manner similar to a private sector business. The District's government-wide financial statements consist of a *Statement of Net Position and a Statement of Activities and Changes in Net Position*.
- Governmental fund types – The District's governmental fund consists of one general fund which reports revenues, expenditures, assets, and liabilities of the Fire Department. The Fire Department is principally supported by tax revenues. The fund is reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statement provides a detailed *short-term* view of the District's operations and services it provides. The District's financial statements contain a *Balance Sheet, Statement of Revenues, Expenditures and changes in Fund Balance and a Budgetary Comparison Schedule*, (see *table of contents*).

- Proprietary Fund types – The District’s proprietary fund consists of two enterprise funds, the Water System, and the Wastewater (Sewer) System. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is the costs (including depreciation) of providing goods or services to the general public be financed or recovered primarily through user charges. The District’s financial reports contain a *Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.*
- Notes to financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Summary

There are minor rounding differences between the following tables and the financial statements.

**TABLE 1
CONDENSED STATEMENT OF NET POSITION
YEAR OVER YEAR**

	FY 2021-2022			FY 2020-2021			Change	
	Governmental	Business Type	Total	Governmental	Business Type	Total	\$	%
	(Fire)	(Water/Sewer)		(Fire)	(Water/Sewer)			
Current and other assets	\$ 113,321	\$ 610,736	\$ 724,057	\$ 176,537	\$ 591,297	\$ 767,834	\$ (43,777)	-5.70%
Board designated assets	\$ 101,613	\$ 50,000	\$ 151,613	\$ 88,205	\$ 50,000	\$ 138,205	\$ 13,408	9.70%
Note receivable fire to water	\$ (163,327)	\$ 163,327	\$ -	\$ (181,459)	\$ 181,459	\$ -	\$ -	0%
Capital/Fixed assets	\$ 471,044	\$ 2,210,339	\$ 2,681,383	\$ 445,853	\$ 2,245,447	\$ 2,691,300	\$ (9,917)	-0.37%
Total Assets	\$ 522,651	\$ 3,034,402	\$ 3,557,053	\$ 529,136	\$ 3,068,203	\$ 3,597,339	\$ (40,286)	-1.12%
Current and other liabilities	\$ 4,556	\$ 89,158	\$ 93,714	\$ 34,427	\$ 144,516	\$ 178,943	\$ (85,229)	-47.63%
Long term liabilities	\$ -	\$ 397,542	\$ 397,542	\$ -	\$ 429,148	\$ 429,148	\$ (31,606)	-7.36%
Total Liabilities	\$ 4,556	\$ 486,700	\$ 491,256	\$ 34,427	\$ 573,664	\$ 608,091	\$ (116,835)	-19.21%
Investment in capital assets (net of related debt)	\$ 471,044	\$ 1,781,191	\$ 2,252,235	\$ 445,853	\$ 1,785,538	\$ 2,231,391	\$ 20,844	0.93%
Unrestricted	\$ (54,562)	\$ 716,511	\$ 661,949	\$ (39,349)	\$ 659,001	\$ 619,652	\$ 42,297	6.83%
Board Assigned	\$ 101,613	\$ 50,000	\$ 151,613	\$ 88,205	\$ 50,000	\$ 138,205	\$ 13,408	9.70%
Net Position	\$ 518,095	\$ 2,547,702	\$ 3,065,797	\$ 494,709	\$ 2,494,539	\$ 2,989,248	\$ 76,549	2.56%

The district’s net position for all funds as of June 30, 2022, was \$3,065,797 an increase of \$76,549 (2.56%) as compared to June 30, 2021. Current and other assets include cash in banks, accounts receivable, grants, other receivables, and pre-paid expenses. Current and other assets decreased \$43,777 (-5.70%) as compared to June 30, 2021.

Capital and fixed assets represent the largest portion of the district’s assets. These assets include the infrastructure required to provide water, sewer, and public safety services. The investments in capital assets include land, buildings, equipment, the sewage collection system, and the water distribution system. The value of these investments, except for land, depreciates on a fixed schedule each year, based on what is determined to be their “useful” life at the time of purchase. The district has a total of \$2,681,383 invested in capital assets, net of depreciation.

Current liabilities include accounts payable, customer deposits, interest payable, and the current portion of long-term notes payable. Long-term notes payable is debt due after one year. The net investment in capital assets is the net of capital assets less the related debt. The board has established a water rate stabilization reserve of \$50,000 to remain compliant with the terms of the installment loan from the California Infrastructure and Economic Development Bank. Also, the board has designated a fire fund reserve of \$101,613 for future debt payments.

TABLE 2
CONDENSED STATEMENTS OF NET POSITION BY FUND
JUNE 30, 2022

	Water	Sewer	Fire	Total
Current and other assets	\$ 285,070	\$ 325,667	\$ 113,321	\$ 724,058
Capital/Fixed assets	\$ 654,603	\$ 1,555,736	\$ 471,044	\$ 2,681,383
Notes Payable/Receivable (Fire to Water)	\$ 163,327	\$ -	\$ (163,327)	\$ -
Board Assigned	\$ 50,000	\$ -	\$ 101,613	\$ 151,613
Total Assets	\$ 1,153,000	\$ 1,881,403	\$ 522,651	\$ 3,557,054
Current and other liabilities	\$ 74,686	\$ 14,473	\$ 4,556	\$ 93,715
Long Term Liabilities	\$ 397,542	\$ -	\$ -	\$ 397,542
Total Liabilities	\$ 472,228	\$ 14,473	\$ 4,556	\$ 491,257
Investment in capital assets net of related debt	\$ 225,455	\$ 1,555,736	\$ 471,044	\$ 2,252,235
Unrestricted	\$ 444,916	\$ 271,595	\$ (54,562)	\$ 661,949
Board Assigned	\$ 50,000	\$ -	\$ 101,613	\$ 151,613
Total Net Assets	\$ 720,371	\$ 1,827,331	\$ 518,095	\$ 3,065,797

The table above provides a condensed statement of the district's net position by fund. The district has three reporting funds or entities, Water, Sewer, and Fire. Revenues, expenses, assets, liabilities, and fund equity are accounted for separately for each fund.

Current assets, current liabilities, and long-term liabilities for the water and sewer funds are presented differently from the Statement of Net Position – Proprietary Funds. The water fund is presented without the \$9,249 current portion of the \$39,599 inter-fund advance (see Note 4) in current assets. The related current and long-term liability for the sewer fund is netted against assets.

Results of Operations

TABLE 3
CONDENSED STATEMENT RESULTS OF OPERATIONS
JUNE 30, 2022

	Water	Sewer	Fire	Total
Revenues:				
Charges for services	\$ 537,639	\$ 398,738	\$ -	\$ 936,377
Taxes and assessments	\$ -	\$ -	\$ 114,970	\$ 114,970
Unrestricted investment earnings	\$ 10,300	\$ 1,101	\$ 1	\$ 11,402
In Kind/Grant Revenue	\$ 75,282	\$ -	\$ 23,522	\$ 98,804
Other Income	\$ 10,982	\$ 53,183	\$ 7,740	\$ 71,905
Total Revenues	\$ 634,203	\$ 453,022	\$ 146,233	\$ 1,233,458
Expenses:				
Water/Sewer services	\$ 574,776	\$ 323,582	\$ -	\$ 898,358
Public Safety	\$ -	\$ -	\$ 75,503	\$ 75,503
Depreciation expenses	\$ 44,053	\$ 91,648	\$ 47,346	\$ 183,047
Total Expenses	\$ 618,829	\$ 415,230	\$ 122,849	\$ 1,156,908
Result of operations	\$ 15,374	\$ 37,792	\$ 23,384	\$ 76,550
Total net assets - beginning	\$ 704,997	\$ 1,789,539	\$ 494,710	\$ 2,989,246
Total net assets - ending	\$ 720,371	\$ 1,827,331	\$ 518,094	\$ 3,065,796

Revenues for the district include water and sewer charges, late payment fees, installation and connection fees, taxes, assessments, and investment earnings. Total revenue from these

activities was \$1,134,654. In-Kind/Grant Revenue of \$98,804 was for a water planning grant for the Anker Tank Replacement Project and donations, a grant from Cal Fire, and equipment received from Humboldt County’s tax measure Z for the fire department. Expenses for water and sewer services were \$898,358. Public safety expenses for the fire department totaled \$75,503. The District posted depreciation expenses of \$183,047. The total net position as a result of operations increased \$76,550.

**TABLE 4
RESULTS OF WATER OPERATIONS NET OF ANKER TANK GRANT INCOME
YEAR OVER YEAR – 2023 ADOPTED BUDGET**

Water	Column One - Year over Year				Column Two - 2023 Budget compared to 2022			
	Actuals	Actuals			Budget	Actuals		
	2021-2022	2020-2021	\$\$ Change	% Change	2022-2023	2021-2022	\$\$ Change	% Change
Revenues								
Water Domestic/Business	\$ 487,094	\$ 497,511	\$ (10,417)	-2.1%	\$ 520,561	\$ 487,094	\$ 33,467	6.9%
Special benefit zone	\$ 25,701	\$ 25,794	\$ (93)	-0.4%	\$ 27,314	\$ 25,701	\$ 1,613	6.3%
Fee for service	\$ 21,706	\$ 10,017	\$ 11,689	116.7%	\$ 18,687	\$ 21,706	\$ (3,019)	-13.9%
Installation/Meter Charge	\$ -	\$ 7,860	\$ (7,860)	-100.0%	\$ -	\$ -	\$ -	0.0%
Other revenue	\$ 3,139	\$ 8,014	\$ (4,875)	-60.8%	\$ 100	\$ 3,139	\$ (3,039)	0.0%
Total Revenue	\$ 537,640	\$ 549,196	\$ (11,556)	-2.1%	\$ 566,662	\$ 537,640	\$ 29,022	5.4%
Expenses								
Purchased water	\$ 188,951	\$ 181,519	\$ 7,432	4.1%	\$ 195,687	\$ 188,951	\$ 6,736	3.6%
Director Fees	\$ 2,995	\$ 2,995	\$ -	0.0%	\$ 2,995	\$ 2,995	\$ -	0.0%
Contract Labor	\$ 255,006	\$ 223,660	\$ 31,346	14.0%	\$ 251,301	\$ 255,006	\$ (3,705)	-1.5%
Insurance	\$ 3,748	\$ 3,826	\$ (78)	-2.0%	\$ 3,752	\$ 3,748	\$ 4	0.1%
Professional services	\$ 8,249	\$ 5,781	\$ 2,468	42.7%	\$ 6,583	\$ 8,249	\$ (1,666)	-20.2%
Dues & Memberships	\$ 1,218	\$ 1,001	\$ 217	21.7%	\$ 1,068	\$ 1,218	\$ (150)	-12.3%
Utilities	\$ 15,037	\$ 14,023	\$ 1,014	7.2%	\$ 15,277	\$ 15,037	\$ 240	1.6%
Property Taxes	\$ 225	\$ 225	\$ -	0.0%	\$ 225	\$ 225	\$ -	0.0%
Supplies	\$ 5,042	\$ 2,142	\$ 2,900	135.4%	\$ 5,790	\$ 5,042	\$ 748	14.8%
Maintenance/Line Repairs	\$ 35,402	\$ 23,455	\$ 11,947	50.9%	\$ 11,794	\$ 35,402	\$ (23,608)	-66.7%
Small Equipment	\$ 424	\$ 136	\$ 288	211.8%	\$ 196	\$ 424	\$ (228)	-53.8%
Bad Debt/Bank fees	\$ 28,243	\$ 17,982	\$ 10,261	57.1%	\$ 7,761	\$ 28,243	\$ (20,482)	-72.5%
Licenses & Fees	\$ 5,350	\$ 4,167	\$ 1,183	28.4%	\$ 5,277	\$ 5,350	\$ (73)	-1.4%
Payroll expense	\$ 12,793	\$ 12,269	\$ 524	4.3%	\$ 12,501	\$ 12,793	\$ (292)	-2.3%
Total expense	\$ 562,683	\$ 493,181	\$ 69,502	14.1%	\$ 520,207	\$ 562,683	\$ (42,476)	-7.5%
Results of operations	\$ (25,043)	\$ 56,015	\$ (81,058)	-144.7%	\$ 46,455	\$ (25,043)	\$ 71,498	-285.5%
Other Income								
Interest Earnings	\$ 10,300	\$ 11,798	\$ (1,498)	-12.7%	\$ 9,078	\$ 10,300	\$ (1,222)	-11.9%
Connection Fees	\$ 10,981	\$ -	\$ 10,981	0.0%	\$ -	\$ 10,981	\$ (10,981)	-100.0%
Total Other Income	\$ 21,281	\$ 11,798	\$ 9,483	80.4%	\$ 9,078	\$ 21,281	\$ (12,203)	-57.34%
Other Expense								
Deprecation	\$ 44,053	\$ 42,446	\$ 1,607	3.8%	\$ 44,052	\$ 44,053	\$ (1)	0.0%
Interest Expense	\$ 12,093	\$ 12,886	\$ (793)	-6.2%	\$ 11,481	\$ 12,093	\$ (612)	-5.1%
Total Other Expense	\$ 56,146	\$ 55,332	\$ 814	1.5%	\$ 55,533	\$ 56,146	\$ (613)	-1.09%
Net Other Income/Expense	\$ (34,865)	\$ (43,534)	\$ 8,669	-19.9%	\$ (46,455)	\$ (34,865)	\$ (11,590)	33.2%
Net Income	\$ (59,908)	\$ 12,481	\$ (72,389)	-580.0%	\$ -	\$ (59,908)	\$ 59,908	-100.0%

Table 4 demonstrates the change in year-to-year operations in column one. Column two is a comparative between the district’s adopted budget for the next fiscal year and the audited year actuals. This table is intended to demonstrate variations in standard operating expenses. The table does not reflect reimbursement revenue for the Anker Tank Replacement Project which totaled \$75,282. Reimbursement revenues were \$42,372 in fiscal year 2021, and \$72,294 in fiscal year 2020.

Water Revenues

In column one, year over year revenues decreased \$11,556 (-2.1%). The district adopted a rate increase in January of 7.04% based on the fluctuation in the Consumer Price Index. Fees for service increased \$11,689. The majority of this increase was from late fees. The impact of COVID-19 and resulting “stay at home” requirements in 2020, increased demand for services, these demands lessened in 2021, and 2022.

Water Expenses

Total Expenses increased \$69,502 (14.1%). Purchased water increased \$7,432 (4.1%), contract labor increased \$31,346 (14.0%). Contract labor includes engineering services, special studies, and maintenance and operation services provided by the Humboldt Bay Municipal Water District (HBMWD). There was a net increase from the prior year of \$18,359 in engineering services. The majority of the increase was for a special hydraulic study in the Glendale area. HBMWD provides for the day-to-day operations of the water district. These contracted services include customer billing, meter reading, lab tests, maintenance, equipment, office space and administrative oversight. The net of these costs, less reimbursements from customers, increased \$13,196. The cost of maintenance and operations is anticipated to increase with inflation. Professional services (legal fees) increased \$2,468. Repairs increased \$11,947 for mainline repairs. Bad debt and bank fees increased \$10,261. The increase in bad debt is directly associated with the implementation of COVID-19 regulations which prevented shutting off service for non-payment. This regulation expired in January of 2022.

Other Income/Expense

Interest earnings decreased \$1,498, there was one connection fee of \$10,981, a small increase in depreciation and a decrease in interest expenses, for a net change of \$8,669.

Anker Lane Tank Replacement Project

In August of 2019, the board adopted a resolution authorizing the general manager to execute on behalf of the district an application to the FEMA Hazard Mitigation Grant Program and Pre-Disaster Mitigation Program for the FGCS Water Tank Seismic Retrofit Project. The project will place a new 400,000-gallon water tank adjacent to the existing redwood water tank located on Anker Lane. The total project is estimated to be \$1,258,970 million. FEMA will fund 75% of the project \$944,226 and requires a local match of \$314,744. The district applied for and has received a grant from the North Coast Resource Partnership to fund the local match requirement of \$314,744 (see Note 12).

The project is broken into two phases, phase one consists of planning, design, engineering, and environmental documentation. Phase two is construction and implementation. The district is currently in phase one and expended \$75,282 this fiscal year, \$42,372 in fiscal year 2021 and \$72,294 in fiscal year 2020. Phase two was scheduled to begin in March of 2022 and to be completed in October of 2022. The projects estimated construction costs increased due to inflationary pressures, the district has applied for additional funding, the estimated date of construction is now March of 2023, with a completion date of October 2023.

**TABLE 5
RESULTS OF SEWER OPERATIONS
YEAR OVER YEAR – 2023 ADOPTED BUDGET**

<u>Sewer</u>	Column One - Year over Year				Column Two - 2023 Budget compared to 2022			
	Actuals 2021-2022	Actuals 2020-2021	\$\$ Change	% Change	Budget 2022-2023	Actuals 2021-2022	\$\$ Change	% Change
Revenues								
Sewer Domestic/Business	\$ 376,023	\$ 397,098	\$ (21,075)	-5.3%	\$ 419,380	\$ 376,023	\$ 43,357	11.5%
Fee for service	\$ 13,119	\$ 9,142	\$ 3,977	43.5%	\$ 11,294	\$ 13,119	\$ (1,825)	-13.9%
Other revenue	\$ 9,596	\$ 5,895	\$ 3,701	62.8%	\$ -	\$ 9,596	\$ (9,596)	-100.0%
Total Revenue	\$ 398,738	\$ 412,135	\$ (13,397)	-3.3%	\$ 430,674	\$ 398,738	\$ 31,936	8.0%
Expenses								
Sewer Treatment	\$ 163,561	\$ 186,360	\$ (22,799)	-12.23%	\$ 197,384	\$ 163,561	\$ 33,823	20.68%
Contract Labor	\$ 58,279	\$ 55,898	\$ 2,381	4.26%	\$ 57,844	\$ 58,279	\$ (435)	-0.75%
Insurance	\$ 2,761	\$ 3,179	\$ (418)	-13.1%	\$ 2,761	\$ 2,761	\$ -	0.0%
Professional services	\$ 7,588	\$ 6,277	\$ 1,311	20.9%	\$ 7,583	\$ 7,588	\$ (5)	-0.1%
Dues & Memberships	\$ 1,218	\$ 1,001	\$ 217	21.7%	\$ 1,068	\$ 1,218	\$ (150)	-12.3%
Utilities	\$ 7,129	\$ 16,928	\$ (9,799)	-57.9%	\$ 7,139	\$ 7,129	\$ 10	0.1%
Fuel/Transportation	\$ 2,507	\$ -	\$ 2,507	0.0%	\$ 4,200	\$ 2,507	\$ 1,693	67.5%
Property Taxes	\$ 1,074	\$ 324	\$ 750	231.5%	\$ 1,074	\$ 1,074	\$ -	0.0%
Supplies	\$ 4,894	\$ 2,161	\$ 2,733	126.5%	\$ 4,083	\$ 4,894	\$ (811)	-16.6%
Maintenance/Line Repairs	\$ 7,122	\$ 20,622	\$ (13,500)	-65.5%	\$ 50,393	\$ 7,122	\$ 43,271	607.6%
Small Equipment	\$ 457	\$ 136	\$ 321	236.0%	\$ 250	\$ 457	\$ (207)	-45.3%
Bad Debt/Bank fees	\$ 30,450	\$ 8,192	\$ 22,258	271.7%	\$ 7,080	\$ 30,450	\$ (23,370)	-76.7%
Licenses & Fees	\$ 4,299	\$ 3,900	\$ 399	10.2%	\$ 4,251	\$ 4,299	\$ (48)	-1.1%
Payroll expense	\$ 30,161	\$ 27,932	\$ 2,229	8.0%	\$ 29,526	\$ 30,161	\$ (635)	-2.1%
Total expense	\$ 321,500	\$ 332,910	\$ (11,410)	-3.4%	\$ 374,636	\$ 321,500	\$ 53,136	16.5%
Results of operations	\$ 77,238	\$ 79,225	\$ (1,987)	-2.5%	\$ 56,038	\$ 77,238	\$ (21,200)	-27.4%
Other Income								
Interest Earnings	\$ 1,101	\$ 364	\$ 737	202.47%	\$ 342	\$ 1,101	\$ (759)	-68.94%
Connection Fees	\$ 53,183	\$ 52,864	\$ 319	0.60%	\$ 36,007	\$ 53,183	\$ (17,176)	-32.30%
Total Other Income	\$ 54,284	\$ 53,228	\$ 1,056	2.0%	\$ 36,349	\$ 54,284	\$ (17,935)	-33.0%
Other Expense								
Deprecation	\$ 91,648	\$ 91,818	\$ (170)	-0.2%	\$ 90,708	\$ 91,648	\$ (940)	-1.0%
Interest Expense	\$ 2,082	\$ 2,467	\$ (385)	-15.6%	\$ 1,679	\$ 2,082	\$ (403)	-19.4%
Total Other Expense	\$ 93,730	\$ 94,285	\$ (555)	-0.6%	\$ 92,387	\$ 93,730	\$ (1,343)	-1.4%
Net Other Income/Expense	\$ (39,446)	\$ (41,057)	\$ 1,611	-3.9%	\$ (56,038)	\$ (39,446)	\$ (16,592)	42.06%
Net Income	\$ 37,792	\$ 38,168	\$ (376)	-1.0%	\$ -	\$ 37,792	\$ (37,792)	-100.0%

Revenues

Sewer revenues decreased \$13,397. Domestic revenues decreased \$6,750 (-2.3%), late fees increased \$3,487 (47.4%), commercial revenue decreased \$14,325 (-13.1%). Processing fees, permit fees, and reimbursement income from customer projects increased \$7,678. The district did not adopt a rate increase in 2022. The impact of COVID-19 and resulting “stay at home” requirements in 2020, increased demand for services, these demands lessened in 2021, and 2022.

Expenses

Sewer expenses decreased \$11,410 (3.4%) from the prior year. Effluent treatment costs decreased \$22,799 (-12.2%) from the prior year. Effluent sent to the City of Arcata for treatment decreased 3.9 million gallons. This is thought to be related to the ongoing drought and a reduction in the amount of inflow and infiltration into the collection system. The City of Arcata increased rates July 1, 2021, 10%. Contract labor increased \$2,381 (4.3%). HBMWD administration and bookkeeping fees are allocated to the water and sewer department based on revenues. Fuel and transportation expenses increased as the district began to reimburse for mileage related to daily activities. Employees use their own vehicles. Insurance, professional services, dues, supplies, and

payroll remained within an acceptable variance from the prior year. Utilities decreased \$9,799. This is due to a decision to remove monitoring telemetry supplied by AT&T and move to cellular service for wet well monitoring. Maintenance expenses decreased \$13,500 as major projects were capitalized. Bad and bank fees debt increased \$22,258 from the prior year as the district anticipates increased write-offs related to the COVID-19 pandemic. Payroll increased \$2,229 from the prior year as staff addressed capital and deferred projects.

Other Income/Expense

There were minor variances in other income and expense.

**TABLE 6
RESULTS OF FIRE OPERATIONS YEAR OVER YEAR – 2023 ADOPTED BUDGET**

Fire	Column One - Year over Year				Column Two - 2023 Budget compared to 2022			
	Actuals 2021-2022	Actuals 2020-2021	\$\$ Change	% Change	Budget 2022-2023	Actuals 2021-2022	\$\$ Change	% Change
Revenues								
Property Taxes	\$ 73,382	\$ 68,149	\$ 5,233	7.7%	\$ 68,008	\$ 73,382	\$ (5,374)	-7.3%
Special Benefit Assessment	\$ 41,588	\$ 41,025	\$ 563	1.4%	\$ 41,025	\$ 41,588	\$ (563)	-1.4%
Other Income	\$ 7,740	\$ 3,625	\$ 4,116	113.5%	\$ 1,000	\$ 7,740	\$ (6,740)	-87.1%
Total Revenue	\$ 122,710	\$ 112,799	\$ 9,912	8.8%	\$ 110,033	\$ 122,710	\$ (12,677)	-10.3%
Expenses								
Director Fees	\$ 599	\$ 599	\$ -	0.00%	\$ 599	\$ 599	\$ -	0.00%
Benefit Assessment Fee	\$ 1,924	\$ 2,206	\$ (281)	-12.74%	\$ 440	\$ 1,924	\$ (1,484)	-77.14%
Insurance	\$ 20,851	\$ 20,607	\$ 244	1.2%	\$ 20,834	\$ 20,851	\$ (17)	-0.1%
Professional services	\$ 6,083	\$ 5,183	\$ 900	17.4%	\$ 6,083	\$ 6,083	\$ -	0.0%
Dues & Memberships	\$ 2,951	\$ 2,663	\$ 289	10.9%	\$ 2,931	\$ 2,951	\$ (20)	-0.7%
Utilities	\$ 7,689	\$ 10,659	\$ (2,970)	-27.9%	\$ 8,623	\$ 7,689	\$ 934	12.1%
Transportation/travel	\$ 3,156	\$ 1,246	\$ 1,909	153.2%	\$ 3,072	\$ 3,156	\$ (84)	-2.7%
Supplies	\$ 5,073	\$ 4,544	\$ 529	11.6%	\$ 4,485	\$ 5,073	\$ (588)	-11.6%
Maintenance expenses	\$ 10,186	\$ 11,032	\$ (846)	-7.7%	\$ 7,750	\$ 10,186	\$ (2,436)	-23.9%
Equipment	\$ 2,828	\$ 4,735	\$ (1,907)	-40.3%	\$ 4,000	\$ 2,828	\$ 1,172	41.4%
Licenses & Fees	\$ 570	\$ -	\$ 570	0.0%	\$ 570	\$ 570	\$ -	0.0%
Chiefs incentive program	\$ -	\$ 1,012	\$ (1,012)	-100.0%	\$ 413	\$ -	\$ 413	0.0%
Payroll Expenses	\$ 2,983	\$ 2,326	\$ 657	28.2%	\$ 2,920	\$ 2,983	\$ (63)	-2.1%
Total expense	\$ 64,893	\$ 66,812	\$ (1,918)	-2.9%	\$ 62,720	\$ 64,893	\$ (2,173)	-3.3%
Results of operations	\$ 57,817	\$ 45,987	\$ 11,830	25.7%	\$ 47,313	\$ 57,817	\$ (10,504)	-18.2%
Other Income								
Grant/Donation Revenues	\$ 23,522	\$ 38,102	\$ (14,580)	-38.3%	\$ -	\$ 23,522	\$ (23,522)	-100.0%
Interest Earnings	\$ 1	\$ 3,512	\$ (3,511)	-99.97%	\$ 1,762	\$ 1	\$ 1,761	176100.00%
Total Other Income	\$ 23,523	\$ 41,614	\$ (18,091)	-43.47%	\$ 1,762	\$ 23,523	\$ (21,761)	-92.51%
Other Expense								
Deprecation	\$ 47,346	\$ 38,308	\$ 9,038	23.6%	\$ 51,936	\$ 47,346	\$ 4,590	9.69%
Interest Expense	\$ 7,964	\$ 8,753	\$ (789)	-9.0%	\$ 7,139	\$ 7,964	\$ (825)	-10.4%
Fire Grant Expenses	\$ 2,645	\$ -	\$ 2,645	0.0%	\$ -	\$ 2,645	\$ (2,645)	-100.0%
Total Other Expense	\$ 57,955	\$ 47,061	\$ 10,894	23.1%	\$ 59,075	\$ 57,955	\$ 1,120	1.9%
Net Other Income/Expense	\$ (34,432)	\$ (5,447)	\$ (28,985)	532.1%	\$ (57,313)	\$ (34,432)	\$ (22,881)	66.45%
Net Income	\$ 23,385	\$ 40,540	\$ (17,155)	-42.3%	\$ (10,000)	\$ 23,385	\$ (33,385)	-142.8%

Revenues

Revenues for the department increased \$9,911. There was an increase in the special benefit assessment and an increase in other income. The district estimated the final amount for secured property taxes due to a delay in information from the Humboldt County Auditor's office. The estimate is based on prior year(s) information and any adjustment will not be material to the statements.

Expenses

Expenses for the department decreased \$1,918 (-2.9%). Utilities decreased \$2,970; the majority of the decrease was from a rate change from AT&T. Transportation and travel increased \$1,909 (153.2%) due to fuel costs. Other variances were minor with the exception of the Chief's incentive program which was temporarily suspended.

Other Income and Expenses

Other income decreased \$18,091 (-43.5%). Grants, donations, in kind revenue, and interest earnings decreased. Interest earnings were not posted as Humboldt County has not passed these through for the last two fiscal years. While these revenues will ultimately be posted to the districts account it is very difficult to estimate the value based as cash held by the County fluctuates from year-to-year. Other expenses increased for depreciation as new assets were added (Command fire truck and SCBA filling station).

Additional Budgetary Information

Additional budgetary information for the fire department can be found on page 37 of the Required Supplementary Information section in the audited financial statements. An analysis of significant variations between original and final budget amounts and between final budget amounts and actual budget results for the governmental fund (fire) is required, including reasons for those variations that are expected to have a significant effect on future services or liquidity.

The General Manager submits a proposed operating budget for the governmental fund (fire) for the fiscal year commencing on July 1 to the District's Board of Directors. Public hearings are conducted to obtain taxpayer and ratepayer comments. A preliminary budget is legally adopted in June and a final budget is legally adopted in August, following the closing of the prior period.

The budget is prepared on a detailed line-item basis. Management does not budget for capital purchases but considers and approves capital purchases separately from the budget process. Revenues are budgeted by source per the California Government Code Section 61110, as amended by Senate Bill 135. The budget is reviewed and updated on a quarterly basis by the Board of Directors.

The district develops an annual expenditure plan for capital purchases or improvements that are valued above \$5,000 and have a life expectancy of five-years or more. These expenditures are added to assets and expensed as depreciation over the anticipated life of the asset.

Changes in Net Position as a result of operations year over year

The purpose of tables seven, eight and nine is to provide the change in net position from the prior year as a result of operations. The table also includes information for the 2019-2020 fiscal year. This information can help identify trends in assets and liabilities over a three-year period.

**TABLE 7
CHANGES IN NET POSITION AS A RESULT OF WATER OPERATIONS
YEAR OVER YEAR**

Water Fund	2019-2020	2020-2021	2021-2022	Increase/Decrease from prior year
Current and Other Assets	\$ 601,861	\$ 618,956	\$ 537,996	\$ (80,960)
Capital and Fixed Assets	\$ 613,158	\$ 624,299	\$ 654,603	\$ 30,304
Current and other Liabilities	\$ 104,961	\$ 109,105	\$ 74,686	\$ (34,419)
Long Term Liabilities	\$ 459,909	\$ 429,148	\$ 397,542	\$ (31,606)
Total Net Assets	\$ 650,150	\$ 705,002	\$ 720,371	\$ 15,369
Net Assets - Beginning	\$ 563,441	\$ 650,147	\$ 704,999	\$ 54,852
Operating Revenues	\$ 593,937	\$ 603,366	\$ 634,203	\$ 30,837
Operating Expenses	\$ 476,750	\$ 506,068	\$ 574,776	\$ 68,708
Net Operating Income	\$ 117,187	\$ 97,298	\$ 59,427	\$ (37,871)
Depreciation Expenses	\$ 30,481	\$ 42,446	\$ 44,053	\$ 1,607
Change in Net Assets	\$ 86,706	\$ 54,852	\$ 15,374	\$ (39,478)
Net Assets - Ending	\$ 650,147	\$ 704,999	\$ 720,373	\$ 15,374

The water fund's net assets increased \$15,374 from the prior year. The reduction of long-term debt and an investment in capital projects (primarily the Anker Tank Replacement Project), account for a significant portion of this change. Operating revenues increased from the prior year due to increased rates, late fees, installations, and other revenues. Operating expenses increased for purchased water, utilities, maintenance, and bad debt.

**TABLE 8
CHANGES IN NET POSITION AS A RESULT OF SEWER OPERATIONS
YEAR OVER YEAR**

Sewer Fund	2019-2020	2020-2021	2021-2022	Increase/Decrease from prior year
Current and Other Assets	\$ 119,574	\$ 252,245	\$ 325,667	\$ 73,422
Capital and Fixed Assets	\$ 1,712,966	\$ 1,621,148	\$ 1,555,736	\$ (65,412)
Current and other Liabilities	\$ 32,724	\$ 44,257	\$ 23,721	\$ (20,536)
Long Term Liabilities	\$ 48,445	\$ 39,599	\$ 30,350	\$ (9,249)
Total Net Assets	\$ 1,751,370	\$ 1,789,537	\$ 1,827,331	\$ 37,794
Net Assets - Beginning	\$ 1,754,640	\$ 1,751,370	\$ 1,789,537	\$ 38,167
Operating Revenues	\$ 390,895	\$ 465,363	\$ 453,024	\$ (12,339)
Operating Expenses	\$ 298,411	\$ 335,378	\$ 323,582	\$ (11,796)
Net Operating Income	\$ 92,485	\$ 129,985	\$ 129,442	\$ (543)
Depreciation Expenses	\$ 95,755	\$ 91,818	\$ 91,648	\$ (170)
Change in Net Assets	\$ (3,270)	\$ 38,167	\$ 37,794	\$ (373)
Net Assets - Ending	\$ 1,751,370	\$ 1,789,537	\$ 1,827,331	\$ 37,794

The sewer fund's net assets increased \$37,794 from the prior year. Net operating income was \$543 less than fiscal year 2021. Operational losses in prior fiscal years were significant and required a loan from the water fund to remain cash positive in 2018. Increased treatment expenses accounted for most of the losses experienced in those years. Capital improvements were completed in June of 2017 to address identified areas of infiltration and a new in-line flow meter was installed. These investments and an ongoing drought have reduced the amount of effluent sent to the City of Arcata. A rate study was initiated in April of 2018, and a new rate structure was adopted in December of 2018. Unfunded depreciation has historically been a challenge for the sewer fund, resulting in a backlog of deferred maintenance projects. The district is investing a portion of the net income to fund pump replacements, line maintenance, and other deferred projects. A large

project to clean the force main from pump station #1 to the intertie with the City of Arcata is planned for 2023. The estimated cost of this project is \$50,000.

**TABLE 9
CHANGES IN NET POSITION AS A RESULT OF FIRE OPERATIONS
YEAR OVER YEAR**

Fire Fund	2019-2020	2020-2021	2021-2022	Increase/Decrease from prior year
Current and Other Assets	\$ 224,224	\$ 264,742	\$ 214,934	\$ (49,808)
Capital and Fixed Assets	\$ 428,801	\$ 445,853	\$ 471,043	\$ 25,190
Current and other Liabilities	\$ 17,397	\$ 52,559	\$ 23,513	\$ (29,046)
Long Term Liabilities	\$ 181,459	\$ 163,327	\$ 144,370	\$ (18,957)
Total Net Assets	\$ 454,170	\$ 494,709	\$ 518,095	\$ 23,386
Net Assets - Beginning	\$ 447,370	\$ 454,169	\$ 494,709	\$ 40,540
Operating Revenues	\$ 116,804	\$ 154,413	\$ 146,234	\$ (8,179)
Operating Expenses	\$ 67,139	\$ 75,566	\$ 75,502	\$ (64)
Net Operating Income	\$ 49,665	\$ 78,848	\$ 70,732	\$ (8,116)
Depreciation Expenses	\$ 42,865	\$ 38,308	\$ 47,346	\$ 9,038
Change in Net Assets	\$ 6,800	\$ 40,540	\$ 23,386	\$ (17,154)
Net Assets - Ending	\$ 454,169	\$ 494,709	\$ 518,095	\$ 23,386

The fire fund's net assets increased \$23,386 from the prior year. The district received less grant income, donations, and in-kind revenue. Operating expenses were reduced by \$64. Depreciation expenses increased \$9,038.

**TABLE 10
CAPITAL ASSETS PROPERTY & EQUIPMENT**

	FY 2020-2021	FY 2021-2022	Difference
Water			
Land	\$ 6,461	\$ 6,461	\$ -
Water System Infrastructure	\$ 2,042,990	\$ 2,117,346	\$ 74,356
Sewer			
Land	\$ 20,860	\$ 20,860	\$ -
Sewer System Infrastructure	\$ 4,020,763	\$ 4,046,999	\$ 26,236
Fire			
Land	\$ 5,106	\$ 5,106	\$ -
Buildings	\$ 367,424	\$ 367,424	\$ -
Equipment - Trucks, Clothing, Radios, Tools	\$ 804,900	\$ 877,437	\$ 72,537
Total Property & Equipment	\$ 7,268,504	\$ 7,441,633	\$ 173,129
Less Accumulated Depreciation	\$ (4,577,203)	\$ (4,760,250)	\$ (183,047)
Total Property & Equipment (net of depreciation)	\$ 2,691,301	\$ 2,681,383	\$ (9,918)

Capital Assets

The District had \$2.68 million (net of accumulated depreciation) invested in a broad range of utility capital assets as of June 30, 2022. The investment in capital assets includes land, buildings, improvements, water transmission, water storage facilities, pump stations, wastewater transmission, and emergency trucks and equipment. The District's net revenue, long-term debt, and contributions from customers are used to finance capital investments.

TABLE 11
LONG-TERM DEBT – NET OF CURRENT PORTION

	FY 2020-2021	FY 2021-2022	Difference
Water			
L/T Davis Grunsky Loan	\$ 233,394	\$ 215,430	\$ (17,964)
L/T Davis Grunsky Deferred Interest	\$ 38,641	\$ 35,413	\$ (3,228)
L/T I-Bank	\$ 157,113	\$ 146,699	\$ (10,414)
Total L/T Notes - Water	\$ 429,148	\$ 397,542	\$ (31,607)
Sewer			
L/T Sewer to Water - Cash Flow	\$ 39,599	\$ 30,350	\$ (9,249)
Total L/T Notes - Sewer	\$ 39,599	\$ 30,350	\$ (9,249)
Fire			
L/T Fire to Water - Firehouse Expansion	\$ 113,495	\$ 106,177	\$ (7,318)
L/T Fire to Water - Truck	\$ 49,832	\$ 38,193	\$ (11,639)
Total L/T Notes - Fire	\$ 163,327	\$ 144,370	\$ (18,957)
Total L/T Notes Payable	\$ 632,074	\$ 572,262	\$ (59,813)

Long-Term Debt and Interfund Loans

Construction of the water system was financed in part by a \$675,000 loan from the State of California under the Davis–Grunsky Act. Interest at 2.5% per annum was payable semi-annually but was deferred in accordance with the provision of the loan. The loan matures January 1, 2034.

Installation of an Aluminum Dome Roof on the District’s Anker Lane redwood water reservoir was financed by a \$254,457 loan from the California Infrastructure and Economic Development Bank (I-Bank). Interest at 4.07% per annum is due semi-annually with the first payment due February 1, 2010. Principal amounts are due annually, beginning August 1, 2010, with the loan maturing on August 1, 2034. I-Bank initiated a refinancing of the loan due to lower interest rates. The loan was refinanced March 1, 2014, with an interest rate of 3.82%.

Major renovation of the existing fire house and grounds, including a new four engine bay occurred in fiscal year 2013-2014. The district financed the \$307,400 expansion utilizing \$125,000 from the fire department ending fund balance. The balance of \$182,400 was financed with an inter-fund loan from the water department. Interest is payable at 4.50% per annum with annual interest rate reviews. Principal and interest are due semi-annually beginning December 31, 2014, with the loan maturing on June 30, 2024. In January 2016 the board refinanced the loan by extending the term of the loan. The loan now matures on June 30, 2034.

The district authorized the purchase of a water tender in January 2016. The district financed the \$122,735 purchase by utilizing \$12,735 from the fire department ending fund balance. The balance of \$110,000 was financed with an inter-fund loan from the water department. Interest is payable at 4.50% per annum with annual interest rate reviews. Principal and interest are due semi-annually beginning December 31, 2016, with the loan maturing on June 30, 2026.

Both fire department loans extend beyond the special benefit tax assessment which expires in the fiscal year 2024-2025. The board further resolved to annually designate a portion of the fire department’s ending fund balance to establish a reserve account for future debt payments should a future tax assessment not be pursued or successful.

In April 2018 the board approved the preparation of a sewer rate study. The board met in regular session over the summer and provided comments and direction for the study. An informational meeting was held in the Glendale area in September. A rate protest hearing to approve a rate increase was held on November 13, 2018. The rate increase was approved and will provide revenues equal to the cost of operations and approximately 33% of depreciation expenses. The rate

increase also includes language that allows the pass-through of increased treatment costs from the City of Arcata. The annual adjustment will be valid for a period of five years.

In June of 2018 a temporary loan was made from the water fund to the sewer fund. The amount of the temporary loan was \$65,000. The purpose of the loan was to maintain a positive cash balance in the sewer fund. In June of 2019 the board by resolution authorized a loan amount of \$65,000, for a period of seven years at an interest rate of 4.5%.

Description of Currently known Facts or Conditions that may have a Significant Effect on the Financial Position or Results of Operations

The California Water and Wastewater Arrearage Payment Program “Program”, passed as part of Assembly Bill 148. This Program provides funding for community water systems that have experienced revenue shortfalls and arrearages on water and wastewater bills during the COVID-19 pandemic. The Program prioritizes community water systems and will extend funding to wastewater systems providing the Program has remaining funds after funding the community water systems. The district submitted a request for \$9,506.92. This amount was received and applied to customer accounts in January of 2022.

A subsequent request was made for wastewater arrearages in March of 2022 for \$8,623.49. The district received the funding in late June of 2022 and as of September 2022 applied \$6,296.88 to customer accounts. The balance of \$2,326.61 is being processed as of November 2022.

Timely information from the Humboldt County Auditor’s Office has been difficult to obtain for the Fire Fund. As a result, the district is estimating the final closing entries for secured taxes and unsecured taxes. Interest income has been deferred. Information from prior year(s) was used to establish closing entries and district staff feels confident that any variations will be minor and will not affect the materiality of the statements. As of October 2022, the Humboldt County Auditor’s Office had not rolled in the beginning balances for 2022. Should they become available, variations will be posted in the 2023 fiscal year.

There are no other currently known facts or conditions that may have a significant effect on the financial position or results of operations of the district.

Requests for Additional Information

The management discussion and analysis (MDA) report is designed to provide a general overview of the Fieldbrook Glendale Community Services District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the President of the Board, Fieldbrook Glendale Community Services District, P.O. Box 2715, McKinleyville CA 95519.

BASIC FINANCIAL STATEMENTS

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities	Business-Type Activities	Totals
Assets			
Current Assets:			
Cash in Checking	\$ -	\$ 61,578	\$ 61,578
Cash in Savings	10,673	386,378	397,051
Cash in LAIF	-	2,272	2,272
Cash in County Treasury	95,233	-	95,233
Undeposited Cash	-	5,630	5,630
Accounts Receivable - Net	-	50,638	50,638
Grant and Other Receivables	1,300	70,529	71,829
Interest Receivable	4,400	40	4,440
Prepaid Expenses	1,715	-	1,715
Total Current Assets	113,321	577,065	690,386
Capital Assets:			
Land	5,106	6,351	11,457
Rights-of-Way	-	20,970	20,970
Sewage Collection System	-	4,038,021	4,038,021
Building and Equipment	1,244,861	55,384	1,300,245
Water Distribution System	-	2,070,940	2,070,940
Less Accumulated Depreciation	(778,923)	(3,981,327)	(4,760,250)
Capital Assets Net of Accumulated Depreciation	471,044	2,210,339	2,681,383
Other Assets			
Interfund Loans Receivable/(Payable)	(163,327)	163,327	-
Board Designated Cash - Fire Debt Service and Water Rate Stabilization Reserves	101,613	50,000	151,613
Other Non-Current Assets	-	33,671	33,671
Total Other Assets	(61,714)	246,998	185,284
Total Assets	522,651	3,034,402	3,557,053
Liabilities			
Current Liabilities:			
Accounts Payable	4,556	51,794	56,350
Accrued Payroll	-	1,257	1,257
Customer Deposits	-	2,051	2,051
Interest Payable	-	2,450	2,450
Current Portion of Notes Payable	-	28,378	28,378
Current Portion of Deferred Interest	-	3,228	3,228
Total Current Liabilities	4,556	89,158	93,714
Non-Current Liabilities:			
Notes Payable, Net of Current Portion	-	362,129	362,129
Deferred Interest Payable, Net of Current Portion	-	35,413	35,413
Total Non-Current Liabilities	-	397,542	397,542
Total Liabilities	4,556	486,700	491,256
Net Position			
Net Investment in Capital Assets	471,044	1,781,191	2,252,235
Unrestricted	47,051	766,511	813,562
Total Net Position	\$ 518,095	\$ 2,547,702	\$ 3,065,797

See accompanying notes.

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2022

	Program Revenues			Net (Expense) Revenue		Totals
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Functions/Programs:						
Governmental Activities:						
Fire Protection	\$ 122,848	\$ -	\$ 23,522	\$ (99,326)	\$ -	\$ (99,326)
Total Governmental Activities	122,848	-	23,522	(99,326)	-	(99,326)
Business-Type Activities:						
Water	593,940	520,593	75,282	-	1,935	1,935
Sewer	387,335	422,724	-	-	35,389	35,389
Total Business-Type Activities	981,275	943,317	75,282	-	37,324	37,324
Total	\$ 1,104,123	\$ 943,317	\$ 98,804	\$ (99,326)	\$ 37,324	\$ (62,002)
Change in Net Position:						
Net (Expense) Revenue				\$ (99,326)	\$ 37,324	\$ (62,002)
General Revenues:						
Taxes:						
Current Secured Taxes				66,277	-	66,277
Current Unsecured Taxes				2,909	-	2,909
Prior Year Taxes				741	-	741
Timber Yield Tax				59	-	59
Proposition 172 Revenue				1,074	-	1,074
Homeowners' Exemptions				595	-	595
Property Tax Assessments				43,175	-	43,175
Miscellaneous Income				7,880	4,441	12,321
Unrestricted Investment Earnings				1	11,401	11,402
Total Revenues				122,711	15,842	138,553
Change in Net Position				23,385	53,166	76,551
Net Position - Beginning of Year				494,710	2,494,536	2,989,246
Net Position - End of Year				\$ 518,095	\$ 2,547,702	\$ 3,065,797

See accompanying notes.

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2022

Assets

Cash in Savings	\$	10,673
Cash in County Treasury		196,846
Grant Receivable		1,300
Interest Receivable		4,400
Prepaid Expenses		1,715
Total Assets	\$	<u>214,934</u>

Liabilities and Fund Balance

Liabilities:

Accounts Payable	\$	4,556
Interfund Loans Payable		163,327
Total Liabilities		<u>167,883</u>
Fund Balance - Committed		<u>47,051</u>
Total Liabilities and Fund Balance	\$	<u>214,934</u>

Total Fund Balance - Government Fund	\$	47,051
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Amounts reported for governmental activities in the Statement of Net Position are different because capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The total capital assets, net of accumulated depreciation, are:

		<u>471,044</u>
Net Position - Governmental Activities	\$	<u>518,095</u>

See accompanying notes.

**FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended June 30, 2022**

Revenues

General Revenues:	
Current Secured Taxes	\$ 66,277
Current Unsecured Taxes	2,909
Prior Year Taxes	741
Timber Yield Tax	59
Proposition 172 Revenue	1,074
Homeowners' Exemptions	595
Property Tax Assessments	43,175
Total General Revenues	<u>114,830</u>
Grants and Contributions	23,522
Miscellaneous Income	7,880
Unrestricted Investment Earnings	1
Total Revenues	<u><u>146,233</u></u>

Expenditures

Fire Protection:	
Current	
Chief's Expenses	599
Insurance	20,851
Professional Services	6,083
Dues and Memberships	2,951
Utilities	7,689
Transportation and Travel	3,156
Supplies	5,073
Maintenance	10,184
Equipment and Small Tools	2,831
Benefit Assessment Collection Fee	1,923
Licenses	570
Payroll	2,983
Grant Match Expense	2,645
Capital Outlay	72,537
Interest on Interfund Loan	7,964
Total Fire Protection Expenditures	<u>148,039</u>
Excess of Revenues Over (Under) Expenditures	(1,806)
Fund Balance, Beginning of Year	<u>48,857</u>
Fund Balance, End of Year	<u><u>\$ 47,051</u></u>

Net Change in Fund Balance - Governmental Fund \$ (1,806)

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

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds. These expenses include:

 Depreciation (47,346)

Governmental funds report capital outlays as expenditures since they require the use of current financial resources. Capital outlays for the current period were:

72,537

Change in Net Position - Governmental Activities \$ 23,385

See accompanying notes.

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

	Water Fund	Sewer Fund	Total
Assets			
Current Assets:			
Cash in Checking	\$ 61,578	\$ -	\$ 61,578
Cash in Savings	105,312	281,066	386,378
Cash in LAIF	2,272	-	2,272
Undeposited Cash	5,630	-	5,630
Accounts Receivable - Net	39,709	10,929	50,638
Interest Receivable	40	-	40
Other Grant Receivable	70,529	-	70,529
Total Current Assets	<u>285,070</u>	<u>291,995</u>	<u>577,065</u>
Capital Assets:			
Land	6,351	-	6,351
Rights-of-Way	110	20,860	20,970
Sewage Collection System	-	4,038,021	4,038,021
Buildings and Equipment	46,406	8,978	55,384
Water Distribution System	2,070,940	-	2,070,940
Less Accumulated Depreciation	<u>(1,469,204)</u>	<u>(2,512,123)</u>	<u>(3,981,327)</u>
Capital Assets, Net of Accumulated Depreciation	<u>654,603</u>	<u>1,555,736</u>	<u>2,210,339</u>
Other Assets:			
Interfund Loans Receivable	163,327	-	163,327
Advances to Sewer Fund	39,599	-	39,599
Board Designated Cash - Water Rate Stabilization Reserve	50,000	-	50,000
Other Non-Current Assets	-	33,671	33,671
Total Other Assets	<u>252,926</u>	<u>33,671</u>	<u>286,597</u>
Total Assets	<u>1,192,599</u>	<u>1,881,402</u>	<u>3,074,001</u>
Liabilities			
Current Liabilities:			
Accounts Payable	37,590	14,204	51,794
Accrued Payroll	1,257	-	1,257
Customer Deposits	1,783	268	2,051
Interest Payable	2,450	-	2,450
Due to Water Fund	-	9,249	9,249
Current Portion of Notes Payable	28,378	-	28,378
Current Portion of Deferred Interest Payable	3,228	-	3,228
Total Current Liabilities	<u>74,686</u>	<u>23,721</u>	<u>98,407</u>
Non-Current Liabilities:			
Notes Payable, Net of Current Portion	362,129	-	362,129
Advances from Water Fund	-	30,350	30,350
Deferred Interest Payable, Net of Current Portion	35,413	-	35,413
Total Non-Current Liabilities	<u>397,542</u>	<u>30,350</u>	<u>427,892</u>
Total Liabilities	<u>472,228</u>	<u>54,071</u>	<u>526,299</u>
Net Position			
Net Investment in Capital Assets	225,455	1,555,736	1,781,191
Unrestricted	494,916	271,595	766,511
Total Net Position	<u>\$ 720,371</u>	<u>\$ 1,827,331</u>	<u>\$ 2,547,702</u>

See accompanying notes.

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Water Sales and Sewer Charges	\$ 512,795	\$ 384,317	\$ 897,112
Late Fees	20,466	10,844	31,310
Installation and Permit Fees	12,221	55,458	67,679
Adjustments and Bad Debts	(24,889)	(27,895)	(52,784)
Total Operating Revenues	520,593	422,724	943,317
Operating Expenses:			
Purchased Water and Sewer Service	188,951	163,561	352,512
Directors' Fees	2,995	-	2,995
Contract Labor and Administration	255,006	58,279	313,285
Insurance	3,748	2,761	6,509
Professional Services	8,249	7,588	15,837
Dues and Memberships	1,218	1,218	2,436
Assessment Fees	253	253	506
Utilities	15,037	7,129	22,166
Travel and Fuel	371	2,507	2,878
Depreciation	44,053	91,648	135,701
Property Taxes	225	1,074	1,299
Supplies	5,042	4,894	9,936
Maintenance	35,032	7,122	42,154
Equipment	424	457	881
Bank Charges	3,353	2,555	5,908
Miscellaneous	4,596	4,046	8,642
Payroll	12,793	30,161	42,954
Total Operating Expenses	581,346	385,253	966,599
Operating Income (Loss)	(60,753)	37,471	(23,282)
Non-operating Revenues (Expenses):			
Miscellaneous Revenue	3,139	1,302	4,441
Grants	75,282	-	75,282
Interest Revenue	10,300	1,101	11,401
Interest Expense	(12,594)	(2,082)	(14,676)
Changes in Net Position	15,374	37,792	53,166
Net Position - Beginning of Year	704,997	1,789,539	2,494,536
Net Position - End of Year	\$ 720,371	\$ 1,827,331	\$ 2,547,702

See accompanying notes.

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	Water Fund	Sewer Fund	Total
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 545,288	\$ 430,930	\$ 976,218
Cash Paid for Operating Expenses	(561,576)	(283,754)	(845,330)
Cash Paid to Employees for Services	(11,536)	(30,161)	(41,697)
Net Cash Provided (Used) by Operating Activities	<u>(27,824)</u>	<u>117,015</u>	<u>89,191</u>
Cash Flows from Capital and Related Financing Activities:			
Equipment Purchases	(74,357)	(26,235)	(100,592)
Proceeds from Capital Grants	68,944	-	68,944
Principal Payments on Notes Payable	(27,533)	-	(27,533)
Interest Payments on Notes Payable	(15,979)	(2,082)	(18,061)
Net Cash Provided (Used) in Capital and Related Financing Activities	<u>(48,925)</u>	<u>(28,317)</u>	<u>(77,242)</u>
Cash Flows from Investing Activities:			
Interest Received	10,303	1,101	11,404
Principal payments on Interfund Loan to Sewer Fund	8,846	(8,846)	-
Principal payments on Interfund Loan to Fire Fund	18,131	-	18,131
Net Cash Provided (Used) by Investing Activities	<u>37,280</u>	<u>(7,745)</u>	<u>29,535</u>
Increase (Decrease) in Cash and Cash Equivalents	(39,469)	80,953	41,484
Cash, Beginning of Year	<u>264,261</u>	<u>200,113</u>	<u>464,374</u>
Cash, End of Year (Note 2)	<u>\$ 224,792</u>	<u>\$ 281,066</u>	<u>\$ 505,858</u>
Operating Income (Loss)	\$ (60,753)	\$ 37,471	\$ (23,282)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided by Operating Activities:			
Depreciation	44,053	91,648	135,701
Miscellaneous Income	3,139	1,302	4,441
Change in Assets and Liabilities:			
Accounts Receivable	20,849	7,533	28,382
Accounts Payable	(37,076)	(20,310)	(57,386)
Accrued Payroll	1,257	-	1,257
Customer Deposits	707	(629)	78
Net Cash Flows Provided (Used) by Operating Activities	<u>\$ (27,824)</u>	<u>\$ 117,015</u>	<u>\$ 89,191</u>

See accompanying notes.

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Fieldbrook Glendale Community Services District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

This summary of significant accounting policies of the District is presented to assist in understanding the financial statements. The financial statements and notes are representations of management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

Reporting Entity

There are several other governmental agencies that provide services within the District's boundaries, including the Fieldbrook School District and the County of Humboldt. These other entities have independently elected boards and no elements of oversight responsibility to the District. Consequently, financial information for these agencies is not included in the basic financial statements of the District.

Nature of Activities

The District operates a water utility, sewage collection system, and a fire protection facility in the Fieldbrook and Glendale area, County of Humboldt, State of California. The County of Humboldt collects tax revenue for the fire fund. The District has contracts with Humboldt Bay Municipal Water District (HBMWD) for the purchase of water for resale, meter reading, billing, and collection of funds, and with the City of Arcata for wastewater processing. The District's highest level of decision-making authority is its elected Board of Directors.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities and changes in net position display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for services.

The statement of activities demonstrates the degree to which the direct expenses of given functions or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The District does not allocate indirect expenses to functions in the statement of activities and changes in net position. Program revenues include charges to customers who purchase, use, or directly benefit from services provided by a given function, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, net position/fund equity, revenues, and expenditures/expenses.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The District reports the following major funds:

Governmental Fund

General Fund - The General Fund, also referred to as the Fire Fund, is the general operating fund of the District. It is used to account for all financial resources except those required to be in another fund. Fire Department operations are accounted for in the General Fund.

Enterprise Funds

Sewer Utility Fund - The Sewer Utility Fund accounts for the operations of the sewer system.

Water Utility Fund - The Water Utility Fund accounts for the operations of the water system.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to the timing of the recognition of revenues and expenditures in the accounts and their reporting in the financial statements.

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities and changes in net position are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The hierarchy is split between four different types of fund balances, Restricted, Committed, Assigned and Unassigned. As of June 30, 2022, fund balances for the governmental general fund consist of a committed fund balance.

Committed Fund Balance – The category includes amounts that can be used only for the specific purpose determined by the Board of Directors. Commitments may be changed or lifted only by the Board of Directors taking the same formal action. The formal action must occur prior to the end of the reporting period. The amount which will be subject to the constraint may be determined in the subsequent period.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first when there is an expenditure for which restricted resources are available.

FLDDBROOK GLENDALF COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Fund Financial Statements

The governmental fund types use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Their revenues are recognized when susceptible to accrual, i.e., when they become measurable and available. Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. For this purpose, the District considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable.

When committed, assigned, or unassigned amounts are available for use, it is the District's policy to use the restricted resources first when there is an expenditure for which restricted resources are available.

The proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer utilities are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types are accounted for on an economic resources measurement focus using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

When both restricted and unrestricted resources are available, it is the District's policy to use the restricted resources first when there is an expenditure for which restricted resources are available.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's water and wastewater functions and the fire protection function of the District. In addition, The District reports the interest received by the Water District and interest expense paid by the Fire District on the construction and water tender loans. District's management considers the loans as a way to earn a higher return on unrestricted cash.

New Accounting Pronouncements

The GASB has issued Statement No. 87, "Leases." The objective of this statement is to improve financial reporting by providing users of financial statements with consistent lease reporting for governments similar to the models now used in public and private companies. The District adopted GASB 87 effective July 1, 2021, with no significant impact to the financial statements.

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Cash deposited in external investment pools are considered to be cash equivalents when deposits and withdrawals may be made at any time without prior notice or penalty. The District invests a portion of its proprietary fund cash in the Local Agency Investment Fund (LAIF), an external investment pool.

Accounts Receivable

Trade accounts receivable are reported net of a provision for uncollectable accounts that is equal to 0.50% of sales plus those accounts the District expects to be uncollectable.

Capital Assets

Capital assets consist of land, rights-of-way, buildings, furniture, equipment, the water distribution system, and the sewage collection system. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of 5 years. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at their acquisition value on the date donated.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, and overhead. The costs of betterments or repairs that extend the life of a capital asset are added to capital accounts.

Management periodically reviews capital assets for impairment and did not note any changes that would require an evaluation during the year.

Depreciation of all exhaustible capital assets is charged as an expense against its operations, with accumulated depreciation reflected in the statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Trucks and Equipment	5-10	years
Buildings and Improvements	20-40	years
Improvements and Upgrades	10-40	years
Utility Plant	10-50	years

Fund Balance Classification Policy

When a fund balance commitment or assignment is required, the Board proposes and adopts a resolution at its regularly scheduled board meeting. If the resolution requires amendment or modification, the Board proposes and adopts an amendment to the resolution.

Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Budgetary Information

The General Manager submits a proposed operating budget for the governmental fund and proprietary funds for the fiscal year commencing on July 1 to the District's Board of Directors. Public hearings are conducted to obtain taxpayer and ratepayer comments. A preliminary budget is legally adopted in June and a final budget is legally adopted in August, following the closing of the prior period.

The budget is prepared on a detailed line item basis. Management does not budget for capital purchases but considers and approves capital purchases separately from the budget process. Revenues are budgeted by source per the California Government Code Section 61110, as amended by Senate Bill 135.

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 maintains commercial and risk pool coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this coverage in any of the past three years.

NOTE 2 – CASH AND INVESTMENT FUNDS

Cash and investment funds at June 30, 2022, consist of the following:

		<u>General Fund - Fire District</u>		
Commercial Account				\$ 10,673
Pooled Funds Humboldt County – Board Designated				101,613
Pooled Investment Funds Humboldt County				<u>95,233</u>
Total Cash and Investment Funds General Fund				<u>\$ 207,519</u>
		<u>Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
Commercial Accounts:				
Checking	\$ 61,578	\$ -	\$ 61,578	
Savings	105,312	281,066	386,378	
Undeposited	<u>5,630</u>	<u>-</u>	<u>5,630</u>	
	<u>172,520</u>	<u>281,066</u>	<u>453,586</u>	
Pooled Investment Funds:				
Local Agency Investment Fund (LAIF)	2,272	-	2,272	
Board Designated (LAIF)	<u>50,000</u>	<u>-</u>	<u>50,000</u>	
Total LAIF	<u>52,272</u>	<u>-</u>	<u>52,272</u>	
Total Cash and Investment Funds Enterprise Funds	<u>\$ 224,792</u>	<u>\$ 281,066</u>	<u>\$ 505,858</u>	

Commercial account balances are carried at cost. Management feels that cost approximates fair value. Balances up to \$250,000 are covered by the National Credit Union Administration.

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2022, \$214,743 of the District's bank balance in Coast Central Credit Union was exposed to custodial credit risk.

The District participates in two external investment pools: the Humboldt County Treasurer's Investment Pool and the Local Agency Investment Fund (LAIF). The District accounts for investments in these pools at amortized cost. Management considers the difference between book value and fair value immaterial. Both pools determine fair value quarterly.

LAIF is a fund for pooling surplus cash of local government agencies and is chartered and administered by the California State Treasurer's Office. LAIF has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

The Humboldt County Treasurer's Investment Pool is administered by the County of Humboldt Treasurer's Office and conforms to the California Government Code. The County's portfolio normally consists of U.S. Treasury issues, U.S. Agency agreements, banker's acceptances, and the LAIF. All cash invested by the County in demand deposit accounts is collateralized to 110 percent with approved U.S. Government securities, such as Treasury Bills and other U.S. Treasury issues.

The District's governing body has not formally adopted a deposit and investment policy.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts Receivable at June 30, 2022, consists of the following:

	<u>Water</u>	<u>Enterprise Funds</u> <u>Sewer</u>	<u>Total</u>
Accounts Receivable per HBMWD			
Utility Billing Aging Report	\$ 53,482	\$ 41,870	\$ 95,352
Customer Deposits per Report	1,783	268	2,051
Allowance for Uncollectable Accounts	<u>(15,556)</u>	<u>(31,209)</u>	<u>(46,765)</u>
Accounts Receivable - Net	<u>\$ 39,709</u>	<u>\$ 10,929</u>	<u>\$ 50,638</u>

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 4 – CAPITAL ASSETS AND INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT

The change in the General Fund - Fire Department capital assets and investment in capital assets, for the year ended June 30, 2022, is as follows:

	<u>Balance</u> <u>6/30/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/22</u>
Capital Assets Not Depreciated:				
Land	\$ 5,106	\$ -	\$ -	\$ 5,106
Capital Assets Being Depreciated:				
Building	367,423	-	-	367,423
Furniture and Equipment	804,901	72,537	-	877,438
Total Capital Assets Being Depreciated	1,172,324	72,537	-	1,244,861
Less: Accumulated Depreciation	<u>(731,577)</u>	<u>(47,346)</u>	-	<u>(778,923)</u>
Capital Assets Being Depreciated, Net	440,747	25,191	-	465,938
Investment in Capital Assets	<u>\$ 445,853</u>	<u>\$ 25,191</u>	<u>\$ -</u>	<u>\$ 471,044</u>

Depreciation expense of \$47,346 was charged to the General Fund - Fire Department for the year ended June 30, 2022.

The change in business-type activities (Sewer and Water Fund) capital assets and investment in capital assets, net of related debt for the year ended June 30, 2022, is as follows:

	<u>Balance</u> <u>6/30/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/22</u>
<u>Water Fund</u>				
Capital Assets Not Depreciated:				
Land	\$ 6,351	\$ -	\$ -	\$ 6,351
Right-of-Way	110	-	-	110
Total Capital Assets Not Depreciated	6,461	-	-	6,461
Capital Assets Being Depreciated:				
Buildings and Equipment	46,406	-	-	46,406
Water Distribution System	1,996,583	74,357	-	2,070,940
Less: Accumulated Depreciation	<u>(1,425,151)</u>	<u>(44,053)</u>	-	<u>(1,469,204)</u>
Capital Assets Being Depreciated, Net	617,838	30,304	-	648,142
Net Property, Plant and Equipment	624,299	30,304	-	654,603
Related Debt	<u>(459,909)</u>	-	<u>30,761</u>	<u>(429,148)</u>
Investment in Capital Assets, Net of Related Debt	<u>\$ 164,390</u>	<u>\$ 30,304</u>	<u>\$ 30,761</u>	<u>\$ 225,455</u>
<u>Sewer Fund</u>				
Capital Assets Not Depreciated:				
Right-of-Way	\$ 20,860	\$ -	\$ -	\$ 20,860
Capital Assets Being Depreciated:				
Buildings and Equipment	8,978	-	-	8,978
Sewage Collection System	4,011,786	26,235	-	4,038,021
Less: Accumulated Depreciation	<u>(2,420,475)</u>	<u>(91,648)</u>	-	<u>(2,512,123)</u>
Capital Assets Being Depreciated, Net	1,600,289	(65,413)	-	1,534,876
Investment in Capital Assets, Net	<u>\$ 1,621,149</u>	<u>\$ (65,413)</u>	<u>\$ -</u>	<u>\$ 1,555,736</u>

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Depreciation expense of \$44,053 and \$91,648 was charged to Water and Sewer Fund operations, respectively, for the year ended June 30, 2022.

NOTE 5 – NOTES PAYABLE AND INTERFUND LOANS

The 2014 renovation of the firehouse and grounds was partially financed with a loan in the amount of \$182,400 from the Water Department. The loan, bearing interest at 4.50% per annum as of June 30, 2022, with annual interest rate reviews, is payable in semi-annual installments with the loan maturing on June 30, 2034.

The 2016 purchase of a water tender truck for the Fire Department was partially financed with a loan in the amount of \$110,000 from the Water Department. The loan, bearing interest at 4.50% per annum as of June 30, 2022, with annual interest rate reviews, is payable in semi-annual installments with the loan maturing on June 30, 2026.

In June of 2018 the Water Fund advanced \$65,000 to the Sewer Fund to cover cash deficits caused by an infiltration of liquids into the sewer system that significantly increased effluent processing costs. In the prior year it was discovered that a large commercial customer had hooked up to the sewer system without the District's knowledge. With this finding the District does not anticipate that the Sewer Fund will need additional cash. As such, the District formalized a loan from the Water Fund to the Sewer Fund. The loan, bearing interest at 4.50% per annum as of June 30, 2022, with annual interest rate reviews, is payable semi-annual installments with the loan maturing on June 30, 2026.

The interfund loan balances are recorded on the Statement of Net Position as Interfund Loans Receivable/(Payable). These balances are eliminated in the Statement of Net Position.

The installation of a New Aluminum Dome Roof onto the District's Anker Lane 400,000 gallon water reservoir was financed by the California Infrastructure and Economic Development Bank (I-Bank). The effective date of the agreement was May 1, 2009. The principal amount of the loan was \$254,457. Due to declining interest rates, I-Bank initiated refinancing, and the loan was refinanced as of March 1, 2014. Principal payments are due annually on August 1, and the loan matures on August 1, 2034. Interest at 3.82% is payable semi-annually.

Construction of the water system was financed in part by a \$675,000 loan from the State of California under the Davis-Grunsky Act (DG). Interest at 2.50% per annum was payable semi-annually, but was deferred in accordance with the provisions of the loan. Deferred interest is payable on January 1 of each year in the amount of \$3,228. Principal is payable annually on January 1 of each year with the loan maturing on January 1, 2034. Interest is payable semi-annually at 2.50% of the outstanding loan balance.

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

The payments of the loans from the Water Fund to the General (Fire) Fund are partially funded by a 10-year property assessment. The activity for the year ended June 30, 2022, is as follows:

	<u>Balance</u> <u>6/30/21</u>	<u>Advance</u>	<u>Payment</u>	<u>Balance</u> <u>6/30/22</u>
Fire Fund				
Interfund Loans from				
Water Fund (Internal)	\$ 181,458	\$ -	\$ (18,131)	\$ 163,327
Less: Current Portion	<u>(18,132)</u>	<u>-</u>	<u>(825)</u>	<u>(18,957)</u>
Long-Term Liabilities	<u>\$ 163,326</u>	<u>\$ -</u>	<u>\$ (18,956)</u>	<u>\$ 144,370</u>

The activity for the long-term obligations, for the business-type activities for the year ended June 30, 2022, is as follows:

	<u>Balance</u> <u>6/30/21</u>	<u>Advance</u>	<u>Payment</u>	<u>Balance</u> <u>6/30/22</u>
Sewer Fund				
Due to Water Fund (Internal)	\$ 48,445	\$ -	\$ (8,846)	\$ 39,599
Less: Current Portion	<u>(8,846)</u>	<u>-</u>	<u>(403)</u>	<u>(9,249)</u>
Long-Term Liabilities	<u>\$ 39,599</u>	<u>\$ -</u>	<u>\$ (9,249)</u>	<u>\$ 30,350</u>
Water Fund				
I-Bank	\$ 167,120	\$ -	\$ (10,007)	\$ 157,113
DG Principal	250,920	-	(17,526)	233,394
DG Deferred Interest	<u>41,869</u>	<u>-</u>	<u>(3,228)</u>	<u>38,641</u>
Total	459,909	-	(30,761)	429,148
Less: Current Portion	<u>(30,761)</u>	<u>-</u>	<u>(845)</u>	<u>(31,606)</u>
Long-Term Liabilities	<u>\$ 429,148</u>	<u>\$ -</u>	<u>\$ (31,606)</u>	<u>\$ 397,542</u>

The annual debt service requirements to maturity are as follows:

Interfund Loan from Water Fund to Fire Fund - Firehouse Renovation

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 7,318	\$ 5,026
2024	7,651	4,693
2025	7,999	4,345
2026	8,363	3,981
2027	8,744	3,600
2028 to 2033	61,481	12,582
2033 to 2034	<u>11,939</u>	<u>404</u>
Total	113,495	34,631
Due within one year	<u>(7,318)</u>	<u>(5,026)</u>
Due after one year	<u>\$ 106,177</u>	<u>\$ 29,605</u>

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Interfund Loan from Water Fund to Fire Fund - Water Tender

Year Ending June 30	Principal	Interest
2023	\$ 11,639	\$ 2,113
2024	12,169	1,583
2025	12,722	1,030
2026	<u>13,302</u>	<u>450</u>
Total	49,832	5,176
Due within one year	<u>(11,639)</u>	<u>(2,113)</u>
Due after one year	<u>\$ 38,193</u>	<u>\$ 3,063</u>

Interfund Loan from Water Fund to Sewer Fund

Year Ending June 30	Principal	Interest
2023	\$ 9,249	\$ 1,679
2024	9,670	1,258
2025	10,110	818
2026	<u>10,570</u>	<u>658</u>
Total	39,599	4,413
Due within one year	<u>(9,249)</u>	<u>(1,679)</u>
Due after one year	<u>\$ 30,350</u>	<u>\$ 2,734</u>

California Infrastructure and Economic Development Bank

Year Ending June 30	Principal	Interest
2023	\$ 10,414	\$ 5,803
2024	10,838	5,397
2025	11,279	4,974
2026	11,738	4,535
2027	12,216	4,077
2028 to 2032	84,476	13,449
2033	<u>16,152</u>	<u>617</u>
Total	157,113	38,852
Due within one year	<u>(10,414)</u>	<u>(5,803)</u>
Due after one year	<u>\$ 146,699</u>	<u>\$ 33,049</u>

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Davis Grunsky

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Deferred Interest</u>
2023	\$ 17,964	\$ 5,612	\$ 3,228
2024	18,413	5,164	3,228
2025	18,873	4,685	3,228
2026	19,345	4,214	3,228
2027	19,829	3,724	3,228
2028 to 2032	106,833	10,923	16,141
2033	<u>32,137</u>	<u>633</u>	<u>6,360</u>
Total	233,394	34,955	38,641
Due within one year	<u>(17,964)</u>	<u>(5,612)</u>	<u>(3,228)</u>
Due after one year	<u>\$ 215,430</u>	<u>\$ 29,343</u>	<u>\$ 35,403</u>

NOTE 6 – RISK MANAGEMENT

The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500, et seq. Each entity has an equal voice in the selection of a board, which oversees the Authority. The District's obligations under the arrangement are to pay billed premiums for the specified coverage provided. The SDRMA may pay dividends to members or may make additional assessments depending on loss experience. No dividends have been declared and no additional assessments have been levied against the District.

The District has a total risk financing limit of \$2.5 million per occurrence for General and Auto Liability, Public Officials' and Employees' Errors and Omissions and Employee Practices Liability, subject to a \$500 and \$1,000 per occurrence for third party general and auto liability property damage, respectively. In addition, there is a 50% co-insurance of cost expended by SDRMA in excess of \$10,000 up to \$50,000 per occurrence for employment related claims if certain criteria are not met. The District also has Employee Dishonesty Coverage with a total of \$1.0 million per loss and Property Loss coverage for replacement cost on scheduled property and mobile equipment coverage subject to a small deductible.

Financial information pertaining to SDRMA can be obtained from its administrative offices at 1112 I Street, Suite 300, Sacramento, California 95814.

NOTE 7 – PROPERTY TAXES

The lien date for secured property taxes is March 1 of each year. Taxes are levied as of July 1 on all secured real property and are due and payable November 1 and February 1 of the following fiscal year. Humboldt County is responsible for assessing, collecting, and distributing property taxes in accordance with enabling legislation.

Since the passage of California Proposition 13, beginning with fiscal year 1978-79, taxes are based either on a 1% rate applied to the 1975-76 assessed value of the property, or on 1% of the sales price of the property on sales transactions and construction which occur after the 1975-76 assessment. Assessed values on properties (exclusive of increases related to sales

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

transactions and improvements) can rise at a maximum of 2% per year. The amount collected by the County is distributed in accordance with State law to the various public agencies. Therefore, the District does not levy a specific tax rate but receives a share of the property tax revenue based on State formula. The District's tax rate is \$1.00/\$100 of assessed value, the maximum allowable under Proposition 13.

During fiscal year 1993-94, an alternate method of property tax allocation (the "Teeter Plan") was adopted. Under this plan, the county auditor/controller distributes 100% of current secured taxes billed to taxing entities during the current year, whether collected or not. The District recognizes property tax revenues (including tax increment revenues) to the extent of each year's tax allocation received or to be received within 60 days after the end of each fiscal year.

On November 5, 2013, the voters approved an assessment of \$75 per parcel for a period of ten years. The tax became effective July 1, 2014 and sunsets in the 2024-2025 fiscal year. Property taxes are used to fund governmental activities, which are fire protection and emergency response.

NOTE 8 – WATER PURCHASE, WASTEWATER TREATMENT AND ENGINEERING CONTRACTS

The District has a contract with the HBMWD whereby HBMWD agreed to provide customer service, cash management and accounting services for the District's water and sewer systems and operational and maintenance services for the water system. The District paid actual costs, as incurred, for staff time and material/supplies used in or for the district, and a pre-determined fixed allocation for the HBMWD's General Manager and Superintendent's time.

The District has a contract with HBMWD to purchase the District's water. Under the contract, the District pays HBMWD a rate that includes cost allocations of various factors designed to cover costs associated with the operation, maintenance, repair and replacement of the HBMWD's base water facilities and drinking water treatment facilities.

The District has an agreement with the engineering consulting firm GHD (Consultants) whereby the Consultants agreed to provide general engineering services as requested by the District and the District agreed to compensate the Consultants for time and materials per the Consultant's fee schedule in effect at the time the services were performed.

In 1992 the District and the City of Arcata executed a Sewer Service Agreement for treatment and discharge of wastewater. The contract limits the amount of effluent collected for treatment to 71,200 average gallons per day. The average is calculated during the dry months of June through September. The District pays user charges based on the costs of providing sewer services in accordance with the City's standard billing for sewer service charges as set by the Arcata Municipal Code. A modified agreement was adopted by the District's Board of Directors on November 17, 2020. The agreement was modified to reflect changes to the City of Arcata's Municipal Code and requirements of the State Water Resources Control Board. No changes were made to the effluent limits or user charges.

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 – RELATED PARTY TRANSACTIONS

The District paid \$412 to Central Avenue Service Station for fire truck maintenance. Central Avenue Service Station is owned by Richard Grissom, a District Board Member.

NOTE 10 – BOARD DESIGNATED ASSETS - WATER RATE STABILIZATION RESERVE AND FIRE DEBT SERVICE RESERVE

The District's Board resolved to establish a rate stabilization reserve of \$50,000 in order to comply with the installment sale agreement that was entered into as of May 1, 2009, with the California Infrastructure and Economic Development Bank (I-Bank). The agreement requires the District to fix, charge and collect, or cause to be fixed, charged and collected, in each fiscal year, such rates and charges so that the net revenue will be at least 110% of the sum of annual debt service and debt service on subordinate debt. Increases other than those related to the original ordinance to set rates annually are governed by the California Constitution Article XIII D. The Board resolved to maintain the designated reserve even though revenue enhancements and expenditure reductions has resulted in compliance with the agreement.

The fire department has loans for the firehouse renovation and a fire truck that extend beyond the special benefit tax assessment which expires in fiscal year 2024-2025. The District's Board resolved to annually designate a portion of the fire department's ending fund balance to establish a reserve account for future debt payments in the case the special benefit tax assessment isn't renewed. The current amount that the board has designated for the fire department loans is \$101,613.

NOTE 11 – RATE STABILIZATION

In November 2018, resolution #2018-07 was approved by the District's Board. The resolution allows for an automatic rate adjustment based on the pass-through of wastewater treatment costs. The Ordinance will sunset five years from the date adoption pursuant to California Government Code, Section 53755.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Water Tank Project

In August of 2019, the board adopted a resolution authorizing the general manager to execute on behalf of the District an application to the FEMA Hazard Mitigation Grant Program and Pre-Disaster Mitigation Program for the FGCS D Water Tank Seismic Retrofit Project. The project will place a new 400,000-gallon water tank adjacent to the existing redwood water tank located on Anker Lane. The total project is estimated to be \$1,258,970. FEMA will fund 75% of the project, \$944,226. The district applied for and has received a grant from the North Coast Resource Partnership to fund the local match requirement of \$314,744. The project is broken into two phases, phase one consists of planning, design, engineering, and environmental documentation. Phase two is construction and implementation. The district is currently in phase one and expended \$179,093 to date, expected to be fully reimbursed. Phase two was scheduled to be completed in 2022. The projects estimated construction costs increased due to

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

inflationary pressures, the district has applied for additional funding, the estimated date of construction is now March of 2023, with a completion date of October 2023.

Utility Receivables

On April 2, 2020, Governor Newsom signed an executive order restricting water shutoff to small businesses and residences for non-payment due to COVID-19. For the year ended June 30, 2022, the District has experienced a \$27,617 increase in the balance of the reservation for delinquent accounts, an increase of 144% from the prior year. The District's reservations for delinquent accounts for the fiscal years 2021 and 2022 are \$19,142 and \$46,765 respectively. Federal and State resources to partially fund delinquent customer utility accounts are expected, but the total amount of reimbursement is not known. The District's reservation for delinquent accounts may increase for the fiscal year 2023, but is not expected to have a material effect on the District.

Humboldt County Financial Reporting

The County of Humboldt has ongoing issues with timely financial reporting. As of June 30, 2022, the best estimate is that the County is approximately two years behind posting closing and allocation entries for funds held in the County Treasury.

As a result of the County's clean-up process, the balances of cash for the Fire Department Funds in the County Treasury increased \$5,984 for the year ended June 30, 2021. The additional activity was unavailable to the District during the audit process. Since the additional receipts were not measurable or available as of June 30, 2021, the additional activity will be recorded for the fiscal year ended June 30, 2022.

The County is uncertain when the financial activity for funds held in the County Treasury will be recorded in a timely manner. It is possible that additional entries will need to be posted to the Fire Department County Treasury accounts for the year ended June 30, 2022. Considering that the catch-up period is during the pandemic and could involve special grant programs, there is no reasonable estimate of the dollar value of unrecorded activity as of the date of this report.

NOTE 13 – SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through January 4, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**FLDDBROOK GLENDALF COMMUNITY SERVICES DISTRICT
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND
For the Year Ended June 30, 2022**

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Positive (Negative) Variance
Revenues:				
General Revenues	\$ 109,485	\$ 114,970	\$ 114,830	\$ (140)
Other Revenue	845	7,740	7,880	140
Unrestricted Investment Earnings	3,636	1	1	-
Grant/In Kind Revenue/Donations	-	23,522	23,522	-
Total Revenues	113,966	146,233	146,233	-
Expenditures:				
Chief's Expenses	599	599	599	-
Insurance	18,690	20,851	20,851	-
Interest	7,964	7,964	7,964	-
Professional Services	5,183	6,083	6,083	-
Dues and Memberships	2,651	2,951	2,951	-
Utilities	6,604	7,689	7,689	-
Transportation and Travel	1,800	3,156	3,156	-
Supplies	3,804	5,073	5,073	-
Maintenance	8,218	10,186	10,184	2
Equipment and Small Tools	4,263	2,828	2,831	(3)
Capital Purchases	-	-	72,537	(72,537)
Grant Match Expense	-	2,645	2,645	-
Benefit Assessment Fee	1,634	1,924	1,923	1
Chief's Incentive Program	1,500	-	-	-
Licenses	-	570	570	-
Payroll	1,900	2,983	2,983	-
Total Expenditures	64,810	75,502	148,039	(72,537)
Excess (Deficiency) of Revenues Over Expenditures	\$ 49,156	\$ 70,731	(1,806)	\$ (72,537)
Fund Balance, Beginning of Year			48,857	
Fund Balance, End of Year			\$ 47,051	
Total Fund Balance - Government Fund			\$ 47,051	
Amounts reported for governmental activities in the Statement of Activities are different because capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The total capital assets, net of accumulated depreciation are:			471,044	
Net Position of Governmental Activities			\$ 518,095	
Net Change in Fund Balance - Government Fund			\$ (1,806)	
Amounts reported for governmental activities in the Statement of Activities are different because some expenses reported in the Statement of Activities do not require use of current financial resources, and therefore, are not reported as expenditures in the governmental funds. This expense is:				
Depreciation			(47,346)	
Governmental funds report capital outlays as expenditures since they require the use of current financial resources. Capital outlays for the current period were:			72,537	
Change in Net Position of Governmental Activities			\$ 23,385	

See independent auditors' report.