

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT

BASIC FINANCIAL STATEMENTS

AND

REQUIRED SUPPLEMENTARY INFORMATION

As of and for the Year Ended June 30, 2023

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 15
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position	16
Statement of Activities and Changes in Net Position	17
Balance Sheet – Governmental Fund	18
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	19
Statement of Net Position – Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Notes to Financial Statements	23 - 35
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – Governmental Fund	36

INDEPENDENT AUDITOR'S 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Fieldbrook Glendale Community Services District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

Hunter, Hunter & Hunt

December 18, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

**FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

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, 2023. 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*).

**FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

- Proprietary Fund types – The District’s proprietary fund consists of two enterprise funds, the Water System, and the 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 2022-2023			FY 2021-2022			Change	
	Governmental Business Type			Governmental Business Type			\$	%
	(Fire)	(Water/Sewer)	Total	(Fire)	(Water/Sewer)	Total		
Current and Other Assets	\$ 136,765	\$ 509,851	\$ 646,616	\$ 113,321	\$ 610,736	\$ 724,057	\$ (77,441)	-10.70%
Board Designated Assets	115,021	50,000	165,021	101,613	50,000	151,613	13,408	8.84%
Note Receivable Fire to Water	(144,370)	144,370	-	(163,327)	163,327	-	-	0%
Capital/Fixed Assets	422,125	2,230,936	2,653,061	471,044	2,210,339	2,681,383	(28,322)	-1.06%
Total Assets	\$ 529,541	\$ 2,935,157	\$ 3,464,698	\$ 522,651	\$ 3,034,402	\$ 3,557,053	\$ (92,355)	-2.60%
Current and Other Liabilities	\$ 8,864	\$ 102,067	\$ 110,931	\$ 4,556	\$ 89,158	\$ 93,714	\$ 17,217	18.37%
Long Term Liabilities	-	365,061	365,061	-	397,542	397,542	(32,481)	-8.17%
Total Liabilities	\$ 8,864	\$ 467,128	\$ 475,992	\$ 4,556	\$ 486,700	\$ 491,256	\$ (15,264)	-3.11%
Investment in Capital Assets (Net of Related Debt)	\$ 422,125	\$ 1,833,396	\$ 2,255,521	\$ 471,044	\$ 1,781,191	\$ 2,252,235	\$ 3,286	0.15%
Unrestricted	(16,469)	584,633	568,164	(54,562)	716,511	661,949	(93,785)	-14.17%
Board Assigned	115,021	50,000	165,021	101,613	50,000	151,613	13,408	8.84%
Net Position	\$ 520,677	\$ 2,468,029	\$ 2,988,706	\$ 518,095	\$ 2,547,702	\$ 3,065,797	\$ (77,091)	-2.51%

The district’s net position for all funds as of June 30, 2023, was \$2,988,706 a decrease of \$77,091 (2.51%) as compared to June 30, 2022. Current and other assets include cash in banks, accounts receivable, grants, other receivables, and pre-paid expenses. Current and other assets decreased \$77,441 (-10.70%) as compared to June 30, 2022.

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 \$2,653,061 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

**FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

installment loan from the California Infrastructure and Economic Development Bank. Also, the board has designated a fire fund reserve of \$115,021 for future debt payments.

**TABLE 2
CONDENSED STATEMENTS OF NET POSITION BY FUND
JUNE 30, 2023**

	Water	Sewer	Fire	Total
Current and Other Assets	\$ 328,045	\$ 181,806	\$ 136,765	\$ 646,616
Capital/Fixed Assets	637,283	1,593,653	422,125	2,653,061
Notes Payable/Receivable (Fire to Water)	144,370	-	(144,370)	-
Board Assigned	50,000	-	115,021	165,021
Total Assets	\$ 1,159,698	\$ 1,775,459	\$ 529,541	\$ 3,464,698
Current and Other Liabilities	\$ 83,350	\$ 18,717	\$ 8,864	\$ 110,931
Long Term Liabilities	365,061	-	-	365,061
Total Liabilities	\$ 448,411	\$ 18,717	\$ 8,864	\$ 475,992
Investment in Capital Assets Net of Related Debt	\$ 239,743	\$ 1,593,653	\$ 422,125	\$ 2,255,521
Unrestricted	421,544	163,089	(16,469)	568,164
Board Assigned	50,000	-	115,021	165,021
Total Net Assets	\$ 711,287	\$ 1,756,742	\$ 520,677	\$ 2,988,706

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.

**TABLE 3
CONDENSED STATEMENT RESULTS OF OPERATIONS
JUNE 30, 2023**

	Water	Sewer	Fire	Total
Revenues:				
Charges for Services	\$ 534,450	\$ 386,434	\$ -	\$ 920,884
Taxes and Assessments	-	-	123,474	123,474
Unrestricted Investment	11,078	4,228	19	15,325
In Kind/Grant Revenue	5,289	-	4,056	9,345
Other Income	1,818	2,327	5,102	9,247
Total Revenues	552,635	392,989	132,651	1,078,275
Expenses:				
Water/Sewer Services	517,142	363,567	-	880,709
Public Safety	-	-	81,150	81,150
Depreciation Expenses	44,577	100,011	48,919	193,507
Total Expenses	561,719	463,578	130,069	1,155,366
Result of Operations	\$ (9,084)	\$ (70,589)	\$ 2,582	\$ (77,091)
Total Net Assets - Beginning	\$ 720,371	\$ 1,827,331	\$ 518,095	\$ 3,065,797
Total Net Assets - Ending	\$ 711,287	\$ 1,756,742	\$ 520,677	\$ 2,988,706

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 \$1,078,275. In-Kind/Grant Revenue of \$9,345 was for a water planning grant for the Anker Tank Replacement Project and a grant from Cal Fire for equipment for the fire

**FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

department. Expenses for water and sewer services were \$880,709. Public safety expenses for the fire department totaled \$81,150. The District posted depreciation expenses of \$193,507. The total net position as a result of operations decreased \$77,091.

**TABLE 4
RESULTS OF WATER OPERATIONS NET OF ANKER TANK GRANT INCOME
YEAR OVER YEAR – 2024 ADOPTED BUDGET**

Water	Column One - Year Over Year				Column Two - 2023 Budget Compared to 2022			
	Actuals 2022-2023	Actuals 2021-2022	\$\$ Change	% Change	Budget 2023-2024	Actuals 2022-2023	\$\$ Change	% Change
Revenues:								
Water Domestic/Business	\$ 492,451	\$ 487,094	\$ 5,357	1.1%	\$ 502,636	\$ 492,451	\$ 10,185	2.1%
Special Benefit Zone	26,875	25,701	1,174	4.6%	30,503	26,875	3,628	13.5%
Fee for Service	15,124	21,706	(6,582)	-30.3%	15,500	15,124	376	2.5%
Installation/Meter Charge	-	-	-	0.0%	-	-	-	0.0%
Other Revenue	1,818	3,139	(1,321)	-42.1%	-	1,818	(1,818)	0.0%
Total Revenue	536,268	537,640	(1,372)	-0.3%	548,639	536,268	12,371	2.3%
Expenses:								
Purchased Water	187,769	188,951	(1,182)	-0.6%	192,199	187,769	4,430	2.4%
Director Fees	2,995	2,995	-	0.0%	2,995	2,995	-	0.0%
Contract Labor	253,910	255,006	(1,096)	-0.4%	229,117	253,910	(24,793)	-9.8%
Insurance	4,745	3,749	996	26.6%	5,666	4,745	921	19.4%
Professional Services	14,331	8,249	6,082	73.7%	10,837	14,331	(3,494)	-24.4%
Dues & Memberships	1,469	1,218	251	20.6%	1,453	1,469	(16)	-1.1%
Utilities	14,062	15,037	(975)	-6.5%	14,296	14,062	234	1.7%
Transportation (Mileage)	-	-	-	0.0%	960	-	960	100.0%
Property Taxes	225	225	-	0.0%	225	225	-	0.0%
Supplies	2,357	5,042	(2,685)	-53.3%	2,536	2,357	179	7.6%
Maintenance/Line Repairs	854	35,403	(34,549)	-97.6%	8,055	854	7,201	843.2%
Small Equipment	-	424	(424)	-100.0%	-	-	-	0.0%
Bad Debt/Bank fees	3,788	28,243	(24,455)	-86.6%	3,945	3,788	157	4.1%
Licenses & Fees	6,065	5,350	715	13.4%	6,034	6,065	(31)	-0.5%
Payroll Expense	13,318	12,793	525	4.1%	13,308	13,318	(10)	-0.1%
Total Expense	505,888	562,685	(56,797)	-10.1%	491,626	505,888	(14,262)	-2.8%
Results of Operations	30,380	(25,045)	55,425	-221.3%	57,013	30,380	26,633	87.7%
Other Income:								
Interest Earnings	11,078	10,300	778	7.6%	7,995	11,078	(3,083)	-27.8%
Connection Fees	-	10,981	(10,981)	0.0%	-	-	-	0.0%
Total Other Income	11,078	21,281	(10,203)	-47.9%	7,995	11,078	(3,083)	-27.83%
Other Expense:								
Depreciation	44,577	44,053	524	1.2%	44,577	44,577	-	0.0%
Interest Expense	11,254	12,093	(839)	-6.9%	10,355	11,254	(899)	-8.0%
Total Other Expense	55,831	56,146	(315)	-0.6%	54,932	55,831	(899)	-1.61%
Net Other Income/Expense	(44,753)	(34,865)	(9,888)	28.4%	(46,937)	(44,753)	(2,184)	4.9%
Net Income	\$ (14,373)	\$ (59,910)	\$ 45,537	-76.0%	\$ 10,076	\$ (14,373)	\$ 24,449	-170.1%

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

**FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

table does not reflect reimbursement revenue for the Anker Tank Replacement Project which totaled \$5,289 in fiscal year ended 2023, and \$75,282 in fiscal year ended 2022.

Water Revenues

In column one, year over year revenues decreased \$1,372. The district adopted a rate increase in January of 6.45% based on the fluctuation in the Consumer Price Index. Fees for service decreased \$6,582. The majority of this decrease was from late fees.

Water Expenses

Total Expenses decreased \$56,797. There were minor decreases for purchased water and contract labor. Contract labor includes engineering services, special studies, and maintenance and operation services provided by the Humboldt Bay Municipal Water District (HBMWD). 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. Professional services (legal & audit fees) increased \$6,082. Maintenance and line repairs decreased \$34,549. Bad debt and bank fees decreased \$24,455. The decrease 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, however; the district set aside a reservation for bad debt of \$15,500 in 2022.

Other Income/Expense

Interest earnings increased \$778, no connection fees, a small increase in depreciation and a decrease in interest expenses, for a net decrease from 2022 of \$10,203.

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. FEMA will fund 75% of the project, \$944,227. The district applied for and has received a grant from the North Coast Resource Partnership (NCRP) to fund the local match requirement of \$314,743.

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 has completed phase one. 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, causing the district to apply for supplemental funding.

In November 2023, the district was notified the request for supplemental funding was approved. The total project is estimated to be \$1,818,991. FEMA will fund 75% of project, \$1,377,228. NCRP will fund the local match requirement of \$441,763. It is anticipated the project will be completed the summer of 2024.

**FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

**TABLE 5
RESULTS OF SEWER OPERATIONS
YEAR OVER YEAR – 2024 ADOPTED BUDGET**

Sewer	Column One - Year over Year				Column Two - 2024 Budget compared to 2023			
	Actuals 2022-2023	Actuals 2021-2022	\$\$ Change	% Change	Budget 2023-2024	Actuals 2022-2023	\$\$ Change	% Change
Revenues:								
Sewer Domestic/Business	\$ 353,941	\$ 376,023	\$ (22,082)	-5.9%	\$ 356,242	\$ 353,941	\$ 2,301	0.7%
Fee for Service	9,726	13,119	(3,393)	-25.9%	8,938	9,726	(788)	-8.1%
Other Revenue	2,327	9,596	(7,269)	-75.8%	-	2,327	(2,327)	-100.0%
Total Revenue	365,994	398,738	(32,744)	-8.2%	365,180	365,994	(814)	-0.2%
Expenses:								
Sewer Treatment	199,060	163,561	35,499	21.70%	201,000	199,060	1,940	0.97%
Contract Labor	60,494	58,279	2,215	3.80%	49,928	60,494	(10,566)	-17.47%
Insurance	3,099	2,761	338	12.2%	3,349	3,099	250	8.1%
Professional Services	7,831	7,588	243	3.2%	7,860	7,831	29	0.4%
Dues & Memberships	1,469	1,218	251	20.6%	1,453	1,469	(16)	-1.1%
Utilities	8,395	7,129	1,266	17.8%	8,663	8,395	268	3.2%
Fuel/Transportation	6,113	2,507	3,606	0.0%	4,970	6,113	(1,143)	-18.7%
Property Taxes	546	1,074	(528)	-49.2%	546	546	-	0.0%
Supplies	2,404	4,894	(2,490)	-50.9%	2,516	2,404	112	4.7%
Maintenance/Line Repairs	26,169	7,122	19,047	267.4%	33,150	26,169	6,981	26.7%
Small Equipment	-	457	(457)	-100.0%	-	-	-	0.0%
Bad Debt/Bank fees	2,550	30,450	(27,900)	-91.6%	3,192	2,550	642	25.2%
Licenses & Fees	4,461	4,299	162	3.8%	4,477	4,461	16	0.4%
Payroll Expense	39,297	30,161	9,136	30.3%	38,773	39,297	(524)	-1.3%
Total Expense	361,888	321,500	40,388	12.6%	359,877	361,888	(2,011)	-0.6%
Results of Operations	4,106	77,238	(73,132)	-94.7%	5,303	4,106	1,197	29.2%
Other Income:								
Interest Earnings	4,228	1,101	3,127	284.01%	3,731	4,228	(497)	-11.75%
Connection Fees	22,767	53,183	(30,416)	-57.19%	28,452	22,767	5,685	24.97%
Total Other Income	26,995	54,284	(27,289)	-50.3%	32,183	26,995	5,188	19.2%
Other Expense:								
Depreciation	100,011	91,648	8,363	9.1%	100,011	100,011	-	0.0%
Interest Expense	1,679	2,082	(403)	-19.4%	-	1,679	(1,679)	-100.0%
Total Other Expense	101,690	93,730	7,960	8.5%	100,011	101,690	(1,679)	-1.7%
Net Other Income/Expense	(74,695)	(39,446)	(35,249)	89.4%	(67,828)	(74,695)	6,867	-9.19%
Net Income	\$ (70,589)	\$ 37,792	\$ (108,381)	-286.8%	\$ (62,525)	\$ (70,589)	\$ 8,064	-11.4%

Revenues

Sewer revenues decreased \$32,744. Domestic revenues remained stable, late fees decreased \$3,393, commercial revenue decreased \$22,082. Processing fees, permit fees, and reimbursement income from customer projects decreased \$7,269. The district did not adopt a rate increase in 2023.

Expenses

Sewer expenses increased \$40,388 from the prior year. Effluent treatment costs increased \$35,499 from the prior year. Effluent sent to the City of Arcata for treatment increased 1.65 million gallons. This is thought to be related to an additional 12" of rainfall and resulting increases in the amount of inflow and infiltration into the collection system. The City of Arcata increased rates July

**FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

1, 2022, 10%. There were increased expenses for contract labor, insurance, professional services, dues & memberships, utilities, fuel. Maintenance, line repairs, and payroll increases as a result of mainline deferred maintenance projects. Bad Debt decreased \$27,900 as a result of the district setting aside \$22,600 for bad debt in 2022.

Other Income/Expense

Interest earnings increased \$3,127, connection fees decreased \$30,416, depreciation increased \$8,363, and interest expense decreased \$403. The net of other income and expenses decreased \$35,249.

**TABLE 6
RESULTS OF FIRE OPERATIONS
YEAR OVER YEAR – 2024 ADOPTED BUDGET**

Fire	Column One - Year Over Year				Column Two - 2023 Budget Compared to 2022			
	Actuals 2022-2023	Actuals 2021-2022	\$\$ Change	% Change	Budget 2023-2024	Actuals 2022-2023	\$\$ Change	% Change
Revenues:								
Property Taxes	\$ 81,970	\$ 73,382	\$ 8,588	12%	\$ 81,969	\$ 81,970	\$ (1)	0%
Special Benefit Assessment	41,513	41,588	(75)	0%	41,513	41,513	1	0%
Other Income	5,102	7,740	(2,638)	-34%	2,000	5,102	(3,102)	-61%
Total Revenue	128,585	122,710	5,874	5%	125,482	128,585	(3,103)	-2%
Expenses:								
Director Fees	599	599	-	0%	599	599	-	0%
Benefit Assessment Fee	2,134	1,924	210	11%	2,134	2,134	(0)	0%
Insurance	22,852	20,851	2,001	10%	23,692	22,852	840	4%
Professional Services	7,024	6,083	941	15%	7,000	7,024	(24)	0%
Dues & Memberships	3,269	2,951	318	11%	3,270	3,269	1	0%
Utilities	12,323	7,689	4,634	60%	12,111	12,323	(212)	-2%
Transportation/Travel	3,569	3,156	413	13%	3,690	3,569	121	3%
Supplies	3,903	5,073	(1,170)	-23%	5,575	3,903	1,672	43%
Maintenance Expenses	4,800	10,186	(5,386)	-53%	12,750	4,800	7,950	166%
Equipment	1,742	2,828	(1,086)	-38%	4,000	1,742	2,258	130%
Licenses & Fees	112	570	(458)	0%	112	112	-	0%
Payroll Expenses	3,562	2,983	579	19%	4,570	3,562	1,008	28%
Total Expense	65,889	64,893	996	2%	79,503	65,889	13,614	21%
Results of Operations	62,695	57,817	4,878	8%	45,979	62,695	(16,716)	-27%
Other Income:								
Grant/Donation Revenues	4,047	23,522	(19,475)	-83%	4,402	4,047	355	9%
Interest Earnings	19	1	18	1800%	1,770	19	1,751	9216%
Total Other Income	4,066	23,523	(19,457)	-83%	6,172	4,066	2,106	52%
Other Expense:								
Depreciation	48,919	47,346	1,573	3%	48,919	48,919	-	0%
Interest Expense	7,139	7,964	(825)	-10%	6,267	7,139	(872)	-12%
Fire Grant Expenses	8,122	2,645	5,477	0%	8,804	8,122	682	8%
Total Other Expense	64,180	57,955	6,225	11%	63,990	64,180	(190)	0%
Net Other Income/Expense	(60,114)	(34,432)	(25,682)	75%	(57,818)	(60,114)	2,296	-4%
Net Income	\$ 2,582	\$ 23,385	\$ (20,804)	-89%	\$ (11,839)	\$ 2,582	\$ (14,421)	-559%

Revenues

Revenues for the department increased \$5,874. There was an increase in current secured taxes of \$8,069 and a decrease in other income of \$2,638. Reports from the Humboldt County Auditor's

**FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

office were obtained in a timely manner. The Humboldt County Auditor's office made progress on prior year(s) interest apportionments.

Expenses

Expenses for the department increased \$996. Expenses that increased included insurance, professional services (audit), dues & memberships, fuel, and payroll. These increased expenses were offset by decreased expenses for supplies, maintenance, equipment, and licenses & fees.

Other Income and Expenses

Other income for grants and donations decreased \$19,475. Depreciation increased \$1,573, interest expenses decreased \$825, and fire grant expenses increased \$5,477. The net of other income and expenses decreased \$25,682.

Additional Budgetary Information

Additional budgetary information for the fire department can be found on page 36 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 2020-2021 fiscal year. This information can help identify trends in assets and liabilities over a three-year period.

**FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

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

Water Fund	2020-2021	2021-2022	2022-2023	Increase/Decrease From Prior Year
Current and Other Assets	\$ 618,956	\$ 537,996	\$ 522,415	\$ (15,581)
Capital and Fixed Assets	624,299	654,603	637,283	(17,320)
Current and Other Liabilities	109,105	74,686	83,350	8,664
Long Term Liabilities	429,148	397,542	365,061	(32,481)
Total Net Assets	\$ 705,002	\$ 720,371	\$ 711,287	\$ (9,084)
<hr/>				
Net Assets - Beginning	\$ 650,147	\$ 704,999	\$ 720,373	\$ 15,374
Operating Revenues	603,366	634,203	552,631	(81,572)
Operating Expenses	506,068	574,776	517,138	(57,638)
Net Operating Income	97,298	59,427	35,493	(23,934)
Depreciation Expenses	42,446	44,053	44,577	524
Change in Net Assets	54,852	15,374	(9,084)	(24,458)
Net Assets - Ending	\$ 704,999	\$ 720,373	\$ 711,289	\$ (9,084)

The water fund's net assets decreased \$9,084 from the prior year. The reduction of long-term debt and the 2022 investment in capital projects (primarily the Anker Tank Replacement Project), account for a significant portion of this change.

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

Sewer Fund	2020-2021	2021-2022	2022-2023	Increase/Decrease From Prior Year
Current and Other Assets	\$ 252,245	\$ 325,667	\$ 181,806	\$ (143,861)
Capital and Fixed Assets	1,621,148	1,555,736	1,593,653	37,917
Current and Other Liabilities	44,257	23,721	18,717	(5,004)
Long Term Liabilities	39,599	30,350	-	(30,350)
Total Net Assets	\$ 1,789,537	\$ 1,827,331	\$ 1,756,742	\$ (70,589)
<hr/>				
Net Assets - Beginning	\$ 1,751,370	\$ 1,789,537	\$ 1,827,331	\$ 37,794
Operating Revenues	465,363	453,024	392,988	(60,036)
Operating Expenses	335,378	323,582	363,566	39,984
Net Operating Income	129,985	129,442	29,422	(100,020)
Depreciation Expenses	91,818	91,648	100,011	8,363
Change in Net Assets	38,167	37,794	(70,589)	(108,383)
Net Assets - Ending	\$ 1,789,537	\$ 1,827,331	\$ 1,756,742	\$ (70,589)

The sewer fund's net assets decreased \$70,589 from the prior year. The district invested in deferred maintenance projects and capitalized those projects with a life expectancy in excess of five years. Operating revenues were \$60,036 less than 2022 and \$72,375 less than 2021. Operating expenses were \$39,984 higher than 2022. One time maintenance expenses were \$19,047.

**FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

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

Fire Fund	2020-2021	2021-2022	2022-2023	Increase/Decrease From Prior Year
Current and Other Assets	\$ 264,742	\$ 214,934	\$ 251,786	\$ 36,852
Capital and Fixed Assets	445,853	471,043	422,125	(48,918)
Current and Other Liabilities	52,559	23,513	28,684	5,171
Long Term Liabilities	163,327	144,370	124,550	(19,820)
Total Net Assets	\$ 494,709	\$ 518,095	\$ 520,677	\$ 2,582
Net Assets - Beginning	\$ 454,169	\$ 494,709	\$ 518,095	\$ 23,386
Operating Revenues	154,413	146,234	132,651	(13,583)
Operating Expenses	75,566	75,502	81,150	5,648
Net Operating Income	78,848	70,732	51,501	(19,231)
Depreciation Expenses	38,308	47,346	48,919	1,573
Change in Net Assets	40,540	23,386	2,582	(20,804)
Net Assets - Ending	\$ 494,709	\$ 518,095	\$ 520,677	\$ 2,582

The fire fund's net assets increased \$2,582 from the prior year. The district received less grant income, donations, and in-kind revenue. Operating expenses increased \$5,648 and depreciation expenses increased \$1,573.

**TABLE 10
CAPITAL ASSETS PROPERTY AND EQUIPMENT**

	<u>FY 2021-2022</u>	<u>FY 2022-2023</u>	<u>Difference</u>
<u>Water</u>			
Land	\$ 6,461	\$ 6,461	\$ -
Water System Infrastructure	2,117,346	2,144,603	27,257
<u>Sewer</u>			
Land	20,860	20,860	-
Sewer System Infrastructure	4,046,999	4,184,927	137,928
<u>Fire</u>			
Land	5,106	5,106	-
Buildings	367,424	367,424	-
Equipment - Trucks, Clothing, Radios, Tools	877,437	877,437	-
Total Property & Equipment	7,441,633	7,606,818	165,185
Less Accumulated Depreciation	(4,760,250)	(4,953,757)	(193,507)
Total Property & Equipment (Net of Depreciation)	\$ 2,681,383	\$ 2,653,061	\$ (28,322)

Capital Assets

The District had \$2.65 million (net of accumulated depreciation) invested in a broad range of utility capital assets as of June 30, 2023. 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.

**FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

**TABLE 11
LONG-TERM DEBT – NET OF CURRENT PORTION**

	FY 2021-2022	FY 2022-2023	Difference
Water			
L/T Davis Grunsky Loan	\$ 215,430	\$ 197,017	\$ (18,413)
L/T Davis Grunsky Deferred Interest	35,413	32,184	(3,229)
L/T I-Bank	146,699	135,861	(10,838)
Total L/T Notes - Water	397,542	365,062	(32,480)
Sewer			
L/T Sewer to Water - Cash Flow	30,350	-	(30,350)
Total L/T Notes - Sewer	39,599	-	(30,350)
Fire			
L/T Fire to Water - Firehouse Expansion	106,177	98,526	(7,651)
L/T Fire to Water - Truck	38,193	26,024	(12,169)
Total L/T Notes - Fire	144,370	124,550	(19,820)
Total L/T Notes Payable	\$ 581,511	\$ 489,612	\$ (82,650)

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.

**FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

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%.

In June of 2023, the board of directors authorized a payoff of the temporary loan from the water fund to the sewer fund. The payoff amount was \$35,026. The early payoff will save the sewer fund \$2,434 in interest.

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

In October 2023, the board of directors passed resolution 2023-04, authorizing the placement of a ballot initiative for the March 2024 Presidential Primary Election. The ballot initiative, if approved, will place a special benefit tax assessment of \$95 per parcel for fire protection and emergency medical services.

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, 2023

	Governmental Activities	Business-Type Activities	Totals
Assets			
Current Assets:			
Cash in Checking	\$ -	\$ 43,801	\$ 43,801
Cash in Savings	10,688	274,116	284,804
Cash in LAIF	-	3,178	3,178
Cash in County Treasury	121,085	-	121,085
Undeposited Cash	-	7,397	7,397
Accounts Receivable - Net	-	96,173	96,173
Grant and Other Receivables	4,047	75,819	79,866
Interest Receivable	945	418	1,363
Total Current Assets	<u>136,765</u>	<u>500,902</u>	<u>637,667</u>
Capital Assets:			
Land	5,106	6,351	11,457
Rights-of-Way	-	20,970	20,970
Sewage Collection System	-	4,175,949	4,175,949
Building and Equipment	1,244,861	55,384	1,300,245
Water Distribution System	-	2,098,197	2,098,197
Less Accumulated Depreciation	<u>(827,842)</u>	<u>(4,125,915)</u>	<u>(4,953,757)</u>
Total Capital Assets Net of Accumulated Depreciation	<u>422,125</u>	<u>2,230,936</u>	<u>2,653,061</u>
Other Assets:			
Interfund Loans Receivable/(Payable)	(144,370)	144,370	-
Board Designated Cash - Fire Debt Service and Water Rate Stabilization Reserves	115,021	50,000	165,021
Other Non-Current Assets	-	8,949	8,949
Total Other Assets	<u>(29,349)</u>	<u>203,319</u>	<u>173,970</u>
Total Assets	<u>529,541</u>	<u>2,935,157</u>	<u>3,464,698</u>
Liabilities			
Current Liabilities:			
Accounts Payable	8,864	66,202	75,066
Customer Deposits	-	1,097	1,097
Interest Payable	-	2,288	2,288
Current Portion of Notes Payable	-	29,251	29,251
Current Portion of Deferred Interest	-	3,228	3,228
Total Current Liabilities	<u>8,864</u>	<u>102,066</u>	<u>110,930</u>
Non-Current Liabilities:			
Notes Payable, Net of Current Portion	-	332,878	332,878
Deferred Interest Payable, Net of Current Portion	-	32,184	32,184
Total Non-Current Liabilities	<u>-</u>	<u>365,062</u>	<u>365,062</u>
Total Liabilities	<u>8,864</u>	<u>467,128</u>	<u>475,992</u>
Net Position			
Net Investment in Capital Assets	422,125	1,833,395	2,255,520
Unrestricted	<u>98,552</u>	<u>634,634</u>	<u>733,186</u>
Total Net Position	<u>\$ 520,677</u>	<u>\$ 2,468,029</u>	<u>\$ 2,988,706</u>

See accompanying notes.

FLDDBROOK GLENDALF COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2023

	Program Revenues		Net (Expense) Revenue			
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Functions/Programs:						
Governmental Activities:						
Fire Protection	\$ 130,068	\$ -	\$ 4,056	\$ (126,013)	\$ -	\$ (126,012)
Total Governmental Activities	<u>130,068</u>	<u>-</u>	<u>4,056</u>	<u>(126,013)</u>	<u>-</u>	<u>(126,012)</u>
Business-Type Activities:						
Water	561,719	534,450	5,289	-	(21,980)	(21,980)
Sewer	463,578	386,434	-	-	(77,144)	(77,144)
Total Business-Type Activities	<u>1,025,297</u>	<u>920,884</u>	<u>5,289</u>	<u>-</u>	<u>(99,124)</u>	<u>(99,124)</u>
Total	<u>\$ 1,155,365</u>	<u>\$ 920,884</u>	<u>\$ 9,345</u>	<u>\$ (126,013)</u>	<u>\$ (99,124)</u>	<u>\$ (225,136)</u>
Change in Net Position:						
Net (Expense) Revenue				<u>\$ (126,013)</u>	<u>\$ (99,124)</u>	<u>\$ (225,136)</u>
General Revenues:						
Taxes:						
Current Secured Taxes				74,346	-	74,346
Current Unsecured Taxes				3,840	-	3,840
Prior Year Taxes				1,551	-	1,551
Timber Yield Tax				147	-	147
Proposition 172 Revenue				1,346	-	1,346
Homeowners' Exemptions				731	-	731
Property Tax Assessments				41,513	-	41,513
Miscellaneous Income				5,102	4,145	9,247
Unrestricted Investment Earnings				19	15,306	15,325
Total Revenues				<u>128,595</u>	<u>19,451</u>	<u>148,046</u>
Change in Net Position				2,582	(79,673)	(77,091)
Net Position - Beginning of Year				<u>518,095</u>	<u>2,547,702</u>	<u>3,065,797</u>
Net Position - End of Year				<u>\$ 520,677</u>	<u>\$ 2,468,029</u>	<u>\$ 2,988,706</u>

See accompanying notes.

FLDDBROOK GLENDALD COMMUNITY SERVICES DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2023

Assets

Cash in Savings	\$	10,688
Cash in County Treasury		236,106
Grant Receivable		4,047
Interest Receivable		945
		945
Total Assets	\$	251,786

Liabilities and Fund Balance

Liabilities:

Accounts Payable	\$	8,864
Interfund Loans Payable		144,370
Total Liabilities		153,234

Fund Balance - Committed		98,552
--------------------------	--	--------

Total Liabilities and Fund Balance	\$	251,786
------------------------------------	----	---------

Total Fund Balance - Government Fund	\$	98,552
--------------------------------------	----	--------

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:

		422,125
Net Position - Governmental Activities	\$	520,677

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, 2023

Revenues

General Revenues:

Current Secured Taxes	\$ 74,346
Current Unsecured Taxes	3,840
Prior Year Taxes	1,551
Timber Yield Tax	147
Proposition 172 Revenue	1,346
Homeowners' Exemptions	731
Property Tax Assessments	<u>41,513</u>
Total General Revenues	<u>123,474</u>
Grants and Contributions	4,056
Miscellaneous Income	5,102
Unrestricted Investment Earnings	<u>19</u>
Total Revenues	<u><u>132,651</u></u>

Expenditures

Fire Protection:

Current

Chief's Expenses	599
Insurance	22,852
Professional Services	7,024
Dues and Memberships	3,269
Utilities	12,323
Transportation and Travel	3,569
Supplies	3,904
Maintenance	4,800
Equipment and Small Tools	1,742
Benefit Assessment Collection Fee	2,133
Licenses	112
Payroll	3,562
Grant Match Expense	8,122
Interest on Interfund Loan	<u>7,139</u>
Total Fire Protection Expenditures	<u>81,150</u>
Excess of Revenues Over (Under) Expenditures	51,501
Fund Balance, Beginning of Year	<u>47,051</u>
Fund Balance, End of Year	<u><u>\$ 98,552</u></u>

Net Change in Fund Balance - Governmental Fund \$ 51,501

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	<u>(48,919)</u>
Change in Net Position - Governmental Activities	<u><u>\$ 2,582</u></u>

See accompanying notes.

FLDDBROOK GLENDALF COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	Water Fund	Sewer Fund	Total
Assets			
Current Assets:			
Cash in Checking	\$ 43,801	\$ -	\$ 43,801
Cash in Savings	142,118	131,998	274,116
Cash in LAIF	3,178	-	3,178
Undeposited Cash	7,397	-	7,397
Accounts Receivable - Net	55,314	40,859	96,173
Interest Receivable	418	-	418
Other Grant Receivable	75,819	-	75,819
Total Current Assets	328,045	172,857	500,902
Capital Assets:			
Land	6,351	-	6,351
Rights-of-Way	110	20,860	20,970
Sewage Collection System	-	4,175,949	4,175,949
Buildings and Equipment	46,406	8,978	55,384
Water Distribution System	2,098,197	-	2,098,197
Less Accumulated Depreciation	(1,513,781)	(2,612,134)	(4,125,915)
Capital Assets, Net of Accumulated Depreciation	637,283	1,593,653	2,230,936
Other Assets:			
Interfund Loans Receivable	144,370	-	144,370
Board Designated Cash - Water Rate Stabilization Reserve	50,000	-	50,000
Other Non-Current Assets	-	8,949	8,949
Total Other Assets	194,370	8,949	203,319
Total Assets	1,159,698	1,775,459	2,935,157
Liabilities			
Current Liabilities:			
Accounts Payable	47,548	18,654	66,202
Customer Deposits	1,034	63	1,097
Interest Payable	2,288	-	2,288
Current Portion of Notes Payable	29,251	-	29,251
Current Portion of Deferred Interest Payable	3,228	-	3,228
Total Current Liabilities	83,349	18,717	102,066
Non-Current Liabilities:			
Notes Payable, Net of Current Portion	332,878	-	332,878
Deferred Interest Payable, Net of Current Portion	32,184	-	32,184
Total Non-Current Liabilities	365,062	-	365,062
Total Liabilities	448,411	18,717	467,128
Net Position			
Net Investment in Capital Assets	239,742	1,593,653	1,833,395
Unrestricted	471,545	163,089	634,634
Total Net Position	\$ 711,287	\$ 1,756,742	\$ 2,468,029

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, 2023

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Water Sales and Sewer Charges	\$ 519,326	\$ 353,941	\$ 873,267
Late Fees	14,354	8,231	22,585
Installation and Permit Fees	770	24,262	25,032
Total Operating Revenues	<u>534,450</u>	<u>386,434</u>	<u>920,884</u>
Operating Expenses:			
Purchased Water and Sewer Service	187,769	199,060	386,829
Directors' Fees	2,995	-	2,995
Contract Labor and Administration	253,910	60,494	314,404
Insurance	4,745	3,099	7,844
Professional Services	14,331	7,831	22,162
Dues and Memberships	1,469	1,469	2,938
Assessment Fees	272	272	544
Utilities	14,062	8,395	22,457
Travel and Fuel	854	6,113	6,967
Depreciation	44,577	100,011	144,588
Property Taxes	225	546	771
Supplies	2,357	2,404	4,761
Maintenance	-	26,169	26,169
Bank Charges	3,788	2,550	6,338
Miscellaneous	5,323	4,195	9,518
Payroll	13,318	39,291	52,609
Total Operating Expenses	<u>549,995</u>	<u>461,899</u>	<u>1,011,894</u>
Operating Income (Loss)	(15,545)	(75,465)	(91,010)
Non-Operating Revenues (Expenses):			
Miscellaneous Revenue	1,818	2,327	4,145
Grants	5,289	-	5,289
Interest Revenue	11,078	4,228	15,306
Interest Expense	(11,724)	(1,679)	(13,403)
Changes in Net Position	(9,084)	(70,589)	(79,673)
Net Position - Beginning of Year	<u>720,371</u>	<u>1,827,331</u>	<u>2,547,702</u>
Net Position - End of Year	<u>\$ 711,287</u>	<u>\$ 1,756,742</u>	<u>\$ 2,468,029</u>

See accompanying notes.

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Water Fund	Sewer Fund	Total
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 519,914	\$ 383,348	\$ 903,262
Cash Paid for Operating Expenses	(482,142)	(318,141)	(800,283)
Cash Paid to Employees for Services	(14,575)	(39,297)	(53,872)
Net Cash Provided (Used) by Operating Activities	<u>23,197</u>	<u>25,910</u>	<u>49,107</u>
Cash Flows from Capital and Related Financing Activities:			
Equipment Purchases	(27,257)	(137,928)	(165,185)
Proceeds from Capital Grants	(1)	-	(1)
Principal Payments on Notes Payable	(28,378)	-	(28,378)
Interest Payments on Notes Payable	(15,115)	(1,679)	(16,794)
Net Cash Provided (Used) in Capital and Related Financing Activities	<u>(70,751)</u>	<u>(139,607)</u>	<u>(210,358)</u>
Cash Flows from Investing Activities:			
Interest Received	10,700	4,228	14,928
Principal Payments on Interfund Loan to Sewer Fund	39,599	(39,599)	-
Principal Payments on Interfund Loan to Fire Fund	18,957	-	18,957
Net Cash Provided (Used) by Investing Activities	<u>69,256</u>	<u>(35,371)</u>	<u>33,885</u>
Increase (Decrease) in Cash and Cash Equivalents	21,702	(149,068)	(127,366)
Cash, Beginning of Year	<u>224,792</u>	<u>281,066</u>	<u>505,858</u>
Cash, End of Year (Note 2)	<u>\$ 246,494</u>	<u>\$ 131,998</u>	<u>\$ 378,492</u>
Operating Income (Loss)	\$ (15,545)	\$ (75,465)	\$ (91,010)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided by Operating Activities:			
Depreciation	44,577	100,011	144,588
Miscellaneous Income	1,818	2,327	4,145
Change in Assets and Liabilities:			
Accounts Receivable	(15,605)	(5,208)	(20,813)
Accounts Payable	9,958	4,450	14,408
Accrued Payroll	(1,257)	-	(1,257)
Customer Deposits	(749)	(205)	(954)
Net Cash Flows Provided (Used) by Operating Activities	<u>\$ 23,197</u>	<u>\$ 25,910</u>	<u>\$ 49,107</u>

See accompanying notes.

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2023

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, 2023, 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.

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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. The District's management considers the loans as a way to earn a higher return on unrestricted cash.

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.

FLDDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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.

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.

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2023, consist of the following:

		<u>General Fund - Fire District</u>		
Commercial Account				\$ 10,688
Pooled Funds Humboldt County – Board Designated				115,021
Pooled Investment Funds Humboldt County				<u>121,085</u>
Total Cash and Investment Funds General Fund				<u>\$ 246,794</u>
		<u>Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
Commercial Accounts:				
Checking	\$ 43,801	\$ -	\$ 43,801	
Savings	142,118	131,998	274,116	
Undeposited	<u>7,397</u>	<u>-</u>	<u>7,397</u>	
	<u>193,316</u>	<u>131,998</u>	<u>325,314</u>	
Pooled Investment Funds:				
Local Agency Investment Fund (LAIF)	3,178	-	3,178	
Board Designated (LAIF)	<u>50,000</u>	<u>-</u>	<u>50,000</u>	
Total LAIF	<u>53,178</u>	<u>-</u>	<u>53,178</u>	
Total Cash and Investment Funds Enterprise Funds	<u>\$ 246,494</u>	<u>\$ 131,998</u>	<u>\$ 378,492</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.

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, 2023, \$78,605 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

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2023, consists of the following:

	<u>Water</u>	<u>Enterprise Funds Sewer</u>	<u>Total</u>
Accounts Receivable			
Utility Billing	\$ 68,997	\$ 62,697	\$ 131,694
Customer Deposits	1,035	63	1,098
Allowance for Uncollectable Accounts	<u>(14,718)</u>	<u>(21,901)</u>	<u>(36,619)</u>
Accounts Receivable - Net	<u>\$ 55,314</u>	<u>\$ 40,859</u>	<u>\$ 96,173</u>

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, 2023, is as follows:

	<u>Balance 6/30/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/23</u>
Capital Assets Not Depreciated:				
Land	<u>\$ 5,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,106</u>
Capital Assets Being Depreciated:				
Building	367,423	-	-	367,423
Furniture and Equipment	877,438	-	-	877,438
Total Capital Assets Being Depreciated	1,244,861	-	-	1,244,861
Less: Accumulated Depreciation	<u>(778,923)</u>	<u>(48,919)</u>	<u>-</u>	<u>(827,842)</u>
Capital Assets Being Depreciated, Net	<u>465,938</u>	<u>(48,919)</u>	<u>-</u>	<u>417,019</u>
Investment in Capital Assets	<u>\$ 471,044</u>	<u>\$ (48,919)</u>	<u>\$ -</u>	<u>\$ 422,125</u>

Depreciation expense of \$48,919 was charged to the General Fund - Fire Department for the year ended June 30, 2023.

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2023, is as follows:

	<u>Balance</u> <u>6/30/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/23</u>
<u>Water Fund</u>				
Capital Assets Not Depreciated:				
Land	\$ 6,351	\$ -	\$ -	\$ 6,351
Right-of-Way	<u>110</u>	<u>-</u>	<u>-</u>	<u>110</u>
Total Capital Assets Not Depreciated	<u>6,461</u>	<u>-</u>	<u>-</u>	<u>6,461</u>
Capital Assets Being Depreciated:				
Buildings and Equipment	46,406	-	-	46,406
Water Distribution System	2,070,940	27,257	-	2,098,197
Less: Accumulated Depreciation	<u>(1,469,204)</u>	<u>(44,577)</u>	<u>-</u>	<u>(1,513,781)</u>
Capital Assets Being Depreciated, Net	<u>654,603</u>	<u>(17,320)</u>	<u>-</u>	<u>637,283</u>
Net Property, Plant and Equipment	654,603	(17,320)	-	637,283
Related Debt	<u>(429,148)</u>	<u>-</u>	<u>31,607</u>	<u>(397,541)</u>
Investment in Capital Assets, Net of Related Debt	<u>\$ 225,455</u>	<u>\$ (17,320)</u>	<u>\$ 31,607</u>	<u>\$ 239,742</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	4,038,020	137,929	-	4,175,949
Less: Accumulated Depreciation	<u>(2,512,123)</u>	<u>(100,011)</u>	<u>-</u>	<u>(2,612,134)</u>
Capital Assets Being Depreciated, Net	<u>1,534,875</u>	<u>37,918</u>	<u>-</u>	<u>1,572,793</u>
Investment in Capital Assets, Net	<u>\$ 1,555,735</u>	<u>\$ 37,918</u>	<u>\$ -</u>	<u>\$ 1,593,653</u>

Depreciation expense of \$44,577 and \$100,011 was charged to Water and Sewer Fund operations, respectively, for the year ended June 30, 2023.

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, 2023, 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, 2023, 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 connected to the sewer system without the District's knowledge. The District formalized a loan from the Water Fund to the Sewer Fund. The loan, bearing interest at 4.50% per annum as of

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

June 30, 2022, with annual interest rate reviews, was payable in semi-annual installments with the loan maturing on June 30, 2026. The Board authorized the full repayment of the loan as reflected in the table below.

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.

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, 2023, is as follows:

	<u>Balance</u> <u>6/30/22</u>	<u>Advance</u>	<u>Payment</u>	<u>Balance</u> <u>6/30/23</u>
Fire Fund				
Interfund Loans from				
Water Fund (Internal)	\$ 163,327	\$ -	\$ (18,957)	\$ 144,370
Less: Current Portion	<u>(18,957)</u>	<u>-</u>	<u>(863)</u>	<u>(19,820)</u>
Long-Term Liabilities	<u>\$ 144,370</u>	<u>\$ -</u>	<u>\$ (19,820)</u>	<u>\$ 124,550</u>

The activity for the long-term obligations, for the business-type activities for the year ended June 30, 2023, is as follows:

	<u>Balance</u> <u>6/30/22</u>	<u>Advance</u>	<u>Payment</u>	<u>Balance</u> <u>6/30/23</u>
Sewer Fund				
Due to Water Fund (Internal)	\$ 39,599	\$ -	\$ (39,599)	\$ -
Less: Current Portion	<u>(9,249)</u>	<u>-</u>	<u>9,249</u>	<u>-</u>
Long-Term Liabilities	<u>\$ 30,350</u>	<u>\$ -</u>	<u>\$ (30,350)</u>	<u>\$ -</u>
Water Fund				
I-Bank	\$ 157,113	\$ -	\$ (10,414)	\$ 146,699
DG Principal	233,394	-	(17,964)	215,430
DG Deferred Interest	<u>38,641</u>	<u>-</u>	<u>(3,229)</u>	<u>35,412</u>
Total	429,148	-	(31,607)	397,541
Less: Current Portion	<u>(31,606)</u>	<u>-</u>	<u>(873)</u>	<u>(32,479)</u>
Long-Term Liabilities	<u>\$ 397,542</u>	<u>\$ -</u>	<u>\$ (32,480)</u>	<u>\$ 365,062</u>

FLDDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

The annual debt service requirements to maturity are as follows:

Interfund Loan from Water Fund to Fire Fund - Firehouse Renovation

Year Ending June 30	Principal	Interest
2024	\$ 7,651	\$ 4,693
2025	7,999	4,345
2026	8,363	3,981
2027	8,744	3,600
2028	9,142	3,202
2029 to 2034	<u>64,279</u>	<u>9,784</u>
Total	106,178	29,605
Due within one year	<u>(7,651)</u>	<u>(4,693)</u>
Due after one year	<u>\$ 98,527</u>	<u>\$ 24,912</u>

Interfund Loan from Water Fund to Fire Fund - Water Tender

Year Ending June 30	Principal	Interest
2024	\$ 12,169	\$ 1,583
2025	12,722	1,030
2026	<u>13,301</u>	<u>450</u>
Total	38,192	3,063
Due within one year	<u>(12,169)</u>	<u>(1,583)</u>
Due after one year	<u>\$ 26,023</u>	<u>\$ 1,480</u>

California Infrastructure and Economic Development Bank

Year Ending June 30	Principal	Interest
2024	\$ 10,838	\$ 5,397
2025	11,279	4,974
2026	11,738	4,535
2027	12,216	4,077
2028	12,713	3,601
2029 to 2033	<u>87,915</u>	<u>10,465</u>
Total	146,699	33,049
Due within one year	<u>(10,838)</u>	<u>(5,397)</u>
Due after one year	<u>\$ 135,861</u>	<u>\$ 27,652</u>

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Davis Grunsky

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Deferred Interest</u>
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	20,124	3,226	3,228
2029 to 2033	109,705	8,215	16,141
2034	<u>9,141</u>	<u>115</u>	<u>3,131</u>
Total	215,430	29,343	35,412
Due within one year	<u>(18,413)</u>	<u>(5,164)</u>	<u>(3,228)</u>
Due after one year	<u>\$ 197,017</u>	<u>\$ 24,179</u>	<u>\$ 32,184</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, 2023

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.

The Board has submitted a ballot measure to renew and increase the per parcel assessment to \$95. This measure will be placed on the March 5, 2024, ballot

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, 2023

NOTE 9 – RELATED PARTY TRANSACTIONS

The District paid \$1,388 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 is not renewed. The current amount that the board has designated for the fire department loans is \$115,021.

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 of adoption pursuant to California Government Code, Section 53755. The district has no plans to replace with a new resolution.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

“Anker” 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, \$944,227. The district applied for and has received a grant from the North Coast Resource Partnership (NCRP) to fund the local match requirement of \$314,743.

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 has completed phase one. Phase two was scheduled to begin in March of 2022, and was

FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

scheduled to be completed in October of 2022. The project's estimated construction costs have increased due to inflationary pressures, so the District applied for supplemental funding.

In November 2023, the district was notified the request for supplemental funding was approved. The total project is estimated to be \$1,818,991. FEMA will fund 75% of project totaling \$1,377,228. NCRP will fund the local match requirement of \$441,763. The District anticipates the project will be completed the summer of 2024.

Humboldt County Financial Reporting

The County of Humboldt has ongoing issues with timely financial reporting. For the past several years, the County has been behind posting closing and allocation entries for funds held in the County Treasury.

As a result of the slow reporting, the District has not recorded interest income on its cash held by the County treasury. Subsequent to the preparation of these financial record the total interest income was provided by the County. It does not have a material impact on the financial results included in these financial statements and will be recorded in the subsequent fiscal year.

NOTE 13 – SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 18, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**FIELDBROOK GLENDALE COMMUNITY SERVICES DISTRICT
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND
For the Year Ended June 30, 2023**

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Positive (Negative) Variance
Revenues:				
General Revenues	\$ 110,033	\$ 123,473	\$ 123,474	\$ 1
Other Revenue	-	5,102	5,102	-
Unrestricted Investment Earnings	1,762	22	19	(3)
Grant/In Kind Revenue/Donations	-	4,047	4,056	9
Total Revenues	111,795	132,644	132,651	7
Expenditures:				
Chief's Expenses	599	599	599	-
Insurance	20,834	22,852	22,852	-
Interest	7,139	7,139	7,139	-
Professional Services	6,083	7,025	7,024	1
Dues and Memberships	2,931	3,269	3,269	-
Utilities	8,623	12,325	12,323	2
Transportation and Travel	3,072	3,566	3,569	(3)
Supplies	4,485	3,905	3,904	1
Maintenance	7,750	4,798	4,800	(2)
Equipment and Small Tools	4,000	1,742	1,742	-
Capital Purchases	-	-	-	-
Grant Match Expense	-	8,122	8,122	-
Benefit Assessment Fee	440	2,134	2,133	1
Chief's Incentive Program	413	-	-	-
Licenses	570	112	112	-
Payroll	2,920	3,564	3,562	2
Total Expenditures	69,859	81,152	81,150	2
Excess (Deficiency) of Revenues Over Expenditures	\$ 41,936	\$ 51,492	51,501	\$ 9
Fund Balance, Beginning of Year			47,051	
Fund Balance, End of Year			\$ 98,552	
Total Fund Balance - Government Fund			\$ 98,552	
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:			422,125	
Net Position of Governmental Activities			\$ 520,677	
Net Change in Fund Balance - Government Fund			\$ 51,501	
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			(48,919)	
Governmental funds report capital outlays as expenditures since they require the use of current financial resources. Capital outlays for the current period were:			-	
Change in Net Position of Governmental Activities			\$ 2,582	

See independent auditors' report.