



Helendale Community Services District
Helendale, California
Financial Statements
For the Fiscal Year Ended
June 30, 2021



26540 Vista Road | Helendale, CA

Helendale Community Services District

Our Mission Statement

“The Mission of the Helendale Community Services District is to provide efficient, effective local government through transparent operation in all areas of service for the benefit of the community”

Board of Directors

<u>Name</u>	<u>Title</u>	<u>Elected/ Appointed</u>	<u>Term Expires</u>
Tim Smith	President	Elected	2022
Henry Spiller	Vice President	Elected	2024
Sandy Haas	Director	Elected	2024
Craig Schneider	Director	Elected	2022
Ron Clark	Director	Elected	2022

District Management

Kimberly Cox	General Manager
Craig Carlson	Water Operations Manager
Alex Alves	Wastewater Operations Manager

**Helendale Community Services District
26540 Vista Road, Suite B, P.O. Box 359
Helendale, California, 92342
(760) 951-0006**



Helendale Community Services District
Helendale, California

Financial Statements

For the Fiscal Year Ended

June 30, 2021

**Helendale Community Services District
Financial Statements
For the Fiscal Year Ended June 30, 2021**

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Financial Section



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Independent Auditor's Report

Board of Directors
Helendale Community Services District
Helendale, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Helendale Community Services District (District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report, continued

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and the required supplementary information on pages 53 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 4, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance. That report can be found on page 61 and 62.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
November 4, 2021

Helendale Community Services District Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Helendale Community Services District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here with additional information that we have furnished in the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2021, the District's net position increased by 11.00% or \$1,984,799 to \$20,024,583 as a result of ongoing operations.
- In 2021, the District's total revenues increased by 8.65% or \$535,199 to \$6,720,741.
- In 2021, the District's total expenses increased by 2.32% or \$107,471 to \$4,735,942.

The presentation of these annual financial statements is for the purpose of clarity, and to provide consistency within the required financial reporting. As a result, the financial statements include governmental and enterprise fund groups. Governmental funds rely on near-term inflows and outflows of spendable resources for those activities. Governmental funds reported in these financial statements include the: General Fund, Property Rental Fund, Parks and Recreation Fund, Recycling Center Fund, which report general revenues and administrative costs to provide support to the District in general. The Enterprise Funds consist of the Water Fund, Wastewater Fund, and the Solid Waste Fund. These funds operate in a manner similar to a business, whereby service rates are based on the costs of providing and maintaining those services over time.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provides information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the District's investments in resources (assets) and deferred outflows of resources, obligations to creditors (liabilities) and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Activities. This statement measures the success of the District's operations over the past year and can be used to determine the District's profitability and credit worthiness.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

**Helendale Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

Government-wide Financial Statements, continued

Statement of Net Position and Statement of Activities, continued

These two statements report the District's *net position* and changes in it. Think of the District's net position – the difference between assets plus deferred outflows of resources, less liabilities, and deferred inflows of resources – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in the District's property tax base and the types of grants the District applies for to assess the *overall financial health* of the District.

Fund Financial Statements

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20 through 52.

**Helendale Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

Government-wide Financial Analysis

Statements of Net Position

The following table is a summary of the statement of net position at June 30, 2021.

Condensed Statements of Net Position						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total District</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets:						
Current assets	\$ 642,666	673,213	7,328,384	6,869,076	7,971,050	7,542,289
Non-current assets	2,412,551	2,508,326	16,111,661	14,981,864	18,524,212	17,490,190
Total assets	<u>3,055,217</u>	<u>3,181,539</u>	<u>23,440,045</u>	<u>21,850,940</u>	<u>26,495,262</u>	<u>25,032,479</u>
Deferred outflows of resources	<u>112,317</u>	<u>109,465</u>	<u>168,470</u>	<u>164,196</u>	<u>280,787</u>	<u>273,661</u>
Liabilities:						
Current liabilities	961,076	1,048,274	968,060	657,523	1,929,136	1,705,797
Non-current liabilities	572,506	1,115,483	4,246,615	4,438,355	4,819,121	5,553,838
Total liabilities	<u>1,533,582</u>	<u>2,163,757</u>	<u>5,214,675</u>	<u>5,095,878</u>	<u>6,748,257</u>	<u>7,259,635</u>
Deferred inflows of resources	<u>1,282</u>	<u>2,687</u>	<u>1,927</u>	<u>4,034</u>	<u>3,209</u>	<u>6,721</u>
Net position:						
Net investment in capital assets	2,054,979	1,544,171	11,687,875	10,531,978	13,742,854	12,076,149
Unrestricted	(422,309)	(419,611)	6,704,038	6,383,246	6,281,729	5,963,635
Total net position	<u>\$ 1,632,670</u>	<u>1,124,560</u>	<u>18,391,913</u>	<u>16,915,224</u>	<u>20,024,583</u>	<u>18,039,784</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets plus deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$20,024,583 as of June 30, 2021. The District's total net position is made-up of two components: (1) net investment in capital assets and (2) unrestricted net position.

**Helendale Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

Government-wide Financial Analysis, continued

Statements of Activities

The following table is a summary of the statement of activities for the year ended June 30, 2021.

Condensed Statements of Activities							
		<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total District</u>	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:							
Program revenues:							
Charges for services	\$	470,118	395,498	5,532,322	5,047,438	6,002,440	5,442,936
Capital grants and contributions		-	10,000	121,788	123,628	121,788	133,628
Total program revenues		<u>470,118</u>	<u>405,498</u>	<u>5,654,110</u>	<u>5,171,066</u>	<u>6,124,228</u>	<u>5,576,564</u>
General revenues:							
Property taxes		145,202	138,284	-	-	145,202	138,284
Interest earnings		11,262	86,840	-	-	11,262	86,840
Rental income		321,599	324,437	-	-	321,599	324,437
Other		94,507	58,473	23,943	944	118,450	59,417
Total general revenues		<u>572,570</u>	<u>608,034</u>	<u>23,943</u>	<u>944</u>	<u>596,513</u>	<u>608,978</u>
Total revenues		<u>1,042,688</u>	<u>1,013,532</u>	<u>5,678,053</u>	<u>5,172,010</u>	<u>6,720,741</u>	<u>6,185,542</u>
Expenses:							
General		1,364,499	1,229,812	-	-	1,364,499	1,229,812
Property rental		42,172	70,541	-	-	42,172	70,541
Parks and recreation		255,981	367,753	-	-	255,981	367,753
Recycle		144,147	159,622	-	-	144,147	159,622
Interest on long-term debt		24,461	44,560	-	-	24,461	44,560
Water		-	-	1,217,050	1,229,450	1,217,050	1,229,450
Wastewater		-	-	820,219	749,282	820,219	749,282
Solid waste		-	-	867,413	777,451	867,413	777,451
Total expenses		<u>1,831,260</u>	<u>1,872,288</u>	<u>2,904,682</u>	<u>2,756,183</u>	<u>4,735,942</u>	<u>4,628,471</u>
Excess before transfers		(788,572)	(858,756)	2,773,371	2,415,827	1,984,799	1,557,071
Transfers from(to) other funds		<u>1,296,682</u>	<u>981,235</u>	<u>(1,296,682)</u>	<u>(981,235)</u>	<u>-</u>	<u>-</u>
Change in net position		<u>508,110</u>	<u>122,479</u>	<u>1,476,689</u>	<u>1,434,592</u>	<u>1,984,799</u>	<u>1,557,071</u>
Net position, beginning of period,		<u>1,124,560</u>	<u>1,002,081</u>	<u>16,915,224</u>	<u>15,480,632</u>	<u>18,039,784</u>	<u>16,482,713</u>
Net position, end of period	\$	<u><u>1,632,670</u></u>	<u><u>1,124,560</u></u>	<u><u>18,391,913</u></u>	<u><u>16,915,224</u></u>	<u><u>20,024,583</u></u>	<u><u>18,039,784</u></u>

Compared to prior year, net position of the District increased by 11.00% or \$1,984,799 to \$20,024,583 as a result of ongoing operations.

Total revenues increased by 8.65% or \$535,199 to \$6,720,741. The District's program revenues increased by 9.82% or \$547,664, due to an increase of \$559,504 in charges for services offset by a decrease of \$11,840 in capital grants and contributions. The District's general revenues decreased by 2.05% or \$12,465, due to a decrease of \$75,578 in interest earnings offset by an increase of \$59,033 in other revenues as compared to the prior year.

**Helendale Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

Government-wide Financial Analysis, continued

Statements of Activities, continued

Total expenses increased by 2.32% or \$107,471 to \$4,735,942, due primarily to increases of \$134,687 in general fund expenses, \$89,962 in solid waste expenses, and \$70,937 in wastewater fund expenses, which were offset by decreases of \$111,772 in parks and recreation expenses, \$28,369 in property rental expenses, \$20,099 on interest on long-term debt, \$15,475 in recycle fund expenses, and \$12,400 in water expenses as compared to the prior year.

Changes in fund balance – Governmental funds

The following table is a summary of the changes in fund balance for all governmental funds for the year ended June 30, 2021.

Condensed Changes in Fund Balance – Governmental Funds

	<u>General</u>	<u>Property Rental</u>	<u>Parks and Recreation</u>	<u>Recycle</u>	<u>Total Governmental Activities</u>
Fund balance, beginning of year	\$ 177,231	37,859	(461,676)	(10,248)	(256,834)
Change in fund balance	<u>27,475</u>	<u>17,834</u>	<u>(46,502)</u>	<u>9,531</u>	<u>8,338</u>
Fund balance, end of year	\$ <u>204,706</u>	<u>55,693</u>	<u>(508,178)</u>	<u>(717)</u>	<u>(248,496)</u>

In 2021, total fund balance (deficit) decreased by 3.25% or \$8,338 to \$248,496. The General fund increased by 15.50% or \$27,475 to \$204,706; the property rental fund increased by 47.11% or \$17,834 to \$55,693, the parks and recreation fund (deficit) increased by 10.07% or \$46,502 to \$508,178; and the recycle fund (deficit) decreased by 93.00% or \$9,531 to \$717.

Governmental Funds Budgetary Highlights

The final actual expenditures for the General Fund as of June 30, 2021, were greater than budgeted by \$4,719. In fiscal year 2021, actual payroll expenditures (including salaries and employee benefits) exceeded budgeted amounts by \$4,002 as the actual cost of employee benefits expenditures were more than budgeted benefit costs during the fiscal year. Actual materials and services were under budgeted amounts by \$30,936. Actual utilities expenditures were over budgeted amounts by \$31,653 due to increased electricity demand.

Actual General Fund revenues as of June 30, 2021, exceeded budgeted amounts by \$43,662. In fiscal year 2021, actual property tax revenue was above budgeted by \$21,349 due to increases in assessed valuations. Actual charges for services exceeded budgeted amounts by \$13,507. Actual investment earnings were lower than budgeted for by \$33,738 due to less favorable current year market conditions. Actual rental income was more than budgeted for by \$22,579. Actual other revenue was more than budgeted for by \$19,965.

Actual General Fund total transfers in were less than budgeted by \$11,265.

The final actual expenditures for the Property Rental Fund as of June 30, 2021, were more than budgeted for by \$581,336. In fiscal year 2021, actual materials and services were more than budgeted amounts by \$5,753. Actual utilities expenditures were under budgeted amounts by \$4,762. Actual capital outlay expenditures were more than budgeted for by \$8,277. Actual debt payments were greater than budgeted for by \$572,699 due to the refinancing and payoff of the 2008 and 2011 Installment Sale Agreements, respectively, and offset by the issuance of the 2020 Installment Sale Agreement.

**Helendale Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

Governmental Funds Budgetary Highlights, continued

Actual Property Rental Fund revenues as of June 30, 2021, were more than budgeted amounts by \$376,389. In fiscal year 2021, actual rental income was less than budgeted for by \$2,653. Actual proceeds from debt issuance were greater than budgeted for by \$378,906 due to the issuance of the 2020 Installment Sale Agreement.

Actual Property Rental Fund total transfers in were more than budgeted for by \$201,294.

The final actual expenditures for the Parks and Recreation Fund as of June 30, 2021, were more than budgeted for by \$317,906. In fiscal year 2021, actual payroll expenditures (including salaries and employee benefits) were under budget by \$5,152, as the actual cost of employee benefits expenditures was less than budgeted benefits costs during the fiscal year. Actual materials and services were below budget by \$68,251. Actual utilities expenditures exceeded budgeted amounts by \$8,618 due to increased electricity demand. Actual capital outlay expenditures were more than budgeted for by \$53,401. Actual debt payment expense was greater than budgeted for by \$325,171 due to the payoff of the 2011 Installment Sale Agreement.

Actual Parks and Recreation Fund revenues as of June 30, 2021, were more than budgeted amounts by \$43,396. In fiscal year 2021, actual property tax revenue was above budgeted for by \$2,849 due to an increase in assessed valuations. Actual charges for services were below budget by \$16,020 due to the effect of COVID-19 on park sports activities. Actual grant revenues were above budget by \$43,456, due to a new parks and recreation grant. Actual rental income was less than budgeted for by \$17,127. Actual other revenue exceeded budgeted amounts by \$30,238 due to increases in revenues sourcing from park development impact fees and the farmer's market.

Actual Parks and Recreation Fund total transfers out were more than budgeted for by \$102,360.

The final actual expenditures for the Recycling Fund as of June 30, 2021, were less than budgeted by \$35,270. In fiscal year 2021, actual payroll expenditures (including salaries and employee benefits) were under budget by \$35,488 as the actual cost of employee benefits expenditures were less than budgeted benefits costs during the fiscal year. Actual materials and services expenditures were more than budgeted for by \$1,226. Actual utilities expenditures were under budget by \$1,008.

Actual Recycling Fund revenues as of June 30, 2021, were more than budgeted amounts by \$44,079. In fiscal year 2021, actual recycling revenue was more than budgeted by \$41,701. Other revenue was more than budgeted for by \$2,378.

Actual Recycling Fund total transfers out were more than budgeted for by \$70,021.

(See Budgetary Comparison Schedule for General Fund under Required Supplementary Information section on pages 53 through 57).

**Helendale Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

Capital Asset Administration

		Capital Assets					
		<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total District</u>	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Capital assets:							
Non-depreciable assets	\$	307,702	307,702	1,064,146	617,960	1,371,848	925,662
Depreciable assets		4,221,168	4,159,490	28,467,155	27,432,198	32,688,323	31,591,688
Total capital assets		4,528,870	4,467,192	29,531,301	28,050,158	34,060,171	32,517,350
Accumulated depreciation		(2,116,319)	(1,958,866)	(13,419,640)	(13,068,294)	(15,535,959)	(15,027,160)
Total capital assets, net	\$	2,412,551	2,508,326	16,111,661	14,981,864	18,524,212	17,490,190

At the end of fiscal year 2021, the District's capital assets amounted to \$18,524,212 (net of accumulated depreciation). Capital assets include land, structures and improvements, equipment, vehicles, water rights and other intangibles, and construction-in-process. The capital assets of the District are more fully analyzed in Note 4 to the basic financial statements.

Long-Term Debt Administration

		Long-term Debt					
		<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Long-term debt:							
Long-term debt	\$	357,572	964,155	4,423,786	4,449,886	4,781,358	5,414,041
Total long-term debt	\$	357,572	964,155	4,423,786	4,449,886	4,781,358	5,414,041

Long-term debt decreased by 11.69% or \$632,683 to \$4,781,358 in 2021 primarily due to the pay-off of the 2011 Installment Sale Agreement and refinance of the 2008 Installment Sale Agreement through the issuance of the 2020 Installment Sale Agreement, in addition to regular debt service payments. The long-term debt position of the District is more fully analyzed in Note 6 to the basic financial statements.

Conditions Affecting Current Financial Position

The COVID-19 pandemic in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the District and the duration cannot be estimated at this time.

Management is unaware of any other conditions which could have a significant impact on the District's current financial position, net position or operating results in terms of past, present and future.

**Helendale Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

Requests for Information

This financial report is designed to provide the District's present users, including funding sources, customers, stakeholders and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's General Manager, Kimberly Cox at Helendale Community Services District, 26540 Vista Road, Suite B, P.O. Box 359, Helendale, California, 92342, (760) 951-0006, kcox@helendalecsd.org.

Basic Financial Statements

Helendale Community Services District
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents (note 2)	\$ 565,387	5,998,101	6,563,488
Accrued interest receivable	2,457	-	2,457
Accounts receivable – utilities	-	482,954	482,954
Accounts receivable – other	17,824	-	17,824
Accounts receivable – grants	43,087	-	43,087
Property taxes and assessments receivable	1,088	31,290	32,378
Due from other funds (note 3)	-	799,907	799,907
Prepays and other assets	12,823	16,132	28,955
Total current assets	<u>642,666</u>	<u>7,328,384</u>	<u>7,971,050</u>
Non-current assets:			
Capital assets – not being depreciated (note 4)	307,702	1,064,146	1,371,848
Capital assets – being depreciated, net (note 4)	2,104,849	15,047,515	17,152,364
Total non-current assets	<u>2,412,551</u>	<u>16,111,661</u>	<u>18,524,212</u>
Total assets	<u>3,055,217</u>	<u>23,440,045</u>	<u>26,495,262</u>
Deferred outflows of resources:			
Deferred pension outflows (note 7)	112,317	168,470	280,787
Current liabilities:			
Accounts payable and accrued expenses	36,686	199,985	236,671
Accrued salaries and related payables	30,403	33,057	63,460
Customer deposits and unearned revenue	24,166	194,115	218,281
Accrued interest on long-term debt	188	51,418	51,606
Due to other funds (note 3)	799,907	-	799,907
Long-term liabilities – due within one year:			
Compensated absences (note 5)	26,174	10,593	36,767
Long-term debt (note 6)	43,552	478,892	522,444
Total current liabilities	<u>961,076</u>	<u>968,060</u>	<u>1,929,136</u>
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (note 5)	78,521	31,776	110,297
Long-term debt (note 6)	314,020	3,944,894	4,258,914
Net pension liability (note 7)	179,965	269,945	449,910
Total non-current liabilities	<u>572,506</u>	<u>4,246,615</u>	<u>4,819,121</u>
Total liabilities	<u>1,533,582</u>	<u>5,214,675</u>	<u>6,748,257</u>
Deferred inflows of resources:			
Deferred pension inflows (note 7)	1,282	1,927	3,209
Net position (note 8):			
Net investment in capital assets	2,054,979	11,687,875	13,742,854
Unrestricted (deficit)	(422,309)	6,704,038	6,281,729
Total net position	<u>\$ 1,632,670</u>	<u>18,391,913</u>	<u>20,024,583</u>

See accompanying notes to the basic financial statements

Helendale Community Services District
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
General	\$ 1,364,499	162,637	-	(1,201,862)	-	(1,201,862)
Property rental	42,172	-	-	(42,172)	-	(42,172)
Parks and recreation	255,981	1,780	-	(254,201)	-	(254,201)
Recycling	144,147	305,701	-	161,554	-	161,554
Interest on long-term debt	24,461	-	-	(24,461)	-	(24,461)
Total governmental activities	1,831,260	470,118	-	(1,361,142)	-	(1,361,142)
Business-type activities:						
Water	1,217,050	3,411,886	84,818	-	2,279,654	2,279,654
Wastewater	820,219	1,316,189	36,970	-	532,940	532,940
Solid waste	867,413	804,247	-	-	(63,166)	(63,166)
Total business-type activities	2,904,682	5,532,322	121,788	-	2,749,428	2,749,428
Total	\$ 4,735,942	6,002,440	121,788	(1,361,142)	2,749,428	1,388,286
General revenues:						
Property taxes				\$ 145,202	-	145,202
Interest earnings				11,262	-	11,262
Rental income				321,599	-	321,599
Other				94,507	23,943	118,450
Total general revenues				572,570	23,943	596,513
Transfers (to)/from other funds (note 9)				1,296,682	(1,296,682)	-
Change in net position				508,110	1,476,689	1,984,799
Net position, beginning of year				1,124,560	16,915,224	18,039,784
Net position, end of year				\$ 1,632,670	18,391,913	20,024,583

See accompanying notes to the basic financial statements

**Helendale Community Services District
Balance Sheets – Governmental Funds
June 30, 2021**

	<u>General</u>	<u>Property Rental</u>	<u>Parks and Recreation</u>	<u>Recycling Center</u>	<u>Total Governmenta Activities</u>
Assets:					
Cash and cash equivalents	\$ 230,259	72,723	257,405	5,000	565,387
Accrued interest receivable	2,457	-	-	-	2,457
Accounts receivable – services	15,775	-	2,049	-	17,824
Accounts receivable – grants	-	-	43,087	-	43,087
Property taxes and assessments receivable	1,088	-	-	-	1,088
Prepays	11,477	-	1,143	203	12,823
Total assets	<u>\$ 261,056</u>	<u>72,723</u>	<u>303,684</u>	<u>5,203</u>	<u>642,666</u>
Liabilities:					
Accounts payable and accrued expenses	\$ 25,407	426	7,952	2,901	36,686
Accrued salaries and related payables	24,281	-	3,103	3,019	30,403
Customer deposits and unearned revenue	6,662	16,604	900	-	24,166
Due to other funds	-	-	799,907	-	799,907
Total liabilities	<u>56,350</u>	<u>17,030</u>	<u>811,862</u>	<u>5,920</u>	<u>891,162</u>
Fund balance (note 10):					
Assigned	-	-	(508,178)	(717)	(508,895)
Unassigned	204,706	55,693	-	-	260,399
Total fund balance	<u>204,706</u>	<u>55,693</u>	<u>(508,178)</u>	<u>(717)</u>	<u>(248,496)</u>
Total liabilities and fund balance	<u>\$ 261,056</u>	<u>72,723</u>	<u>303,684</u>	<u>5,203</u>	<u>642,666</u>

Continued on next page

See accompanying notes to the basic financial statements

Helendale Community Services District
Reconciliation of the Balance Sheets of Governmental Funds to the Statement of Net Position
June 30, 2021

Reconciliation:

Fund balance of total governmental funds	\$	(248,496)
Amounts reported for governmental funding in the statement of net position is different because:		
Non-current assets used in governmental funding are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the Statement of Net Position includes those non-current assets among the assets of the District as a whole.		
Capital assets		2,412,551
Pension contributions made during the fiscal year after the measurement date are reported as expenditures in governmental funds and as deferred outflows of resources in the government-wide financial statements.	\$	65,443
Recognized portion due to net differences between the expected and actual experience are reported as deferred outflows of resources in the government-wide financial statements.		9,274
Recognized portion due to net differences between the actual employer contribution and the proportionate share of contribution are reported as deferred outflows of resources in the government-wide financial statements.		11,550
Recognized portion due to net differences in proportions are reported as deferred outflows of resources in the government-wide financial statements.		20,704
Recognized net difference between projected and actual earnings on pension plan investments are reported as deferred outflows of resources in the government-wide financial statements.		5,346
		<u>112,317</u>
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities both current and long-term, are reported in the Statement of Net Position as follows:		
Compensated absences		(104,695)
Long-term debt		(357,572)
Net pension liability		(179,965)
Recognized changes in net assumptions are reported as deferred inflows of resources in the government-wide financial statements.	(1,282)	<u>(1,282)</u>
Interest on long-term debt in not accrued as a governmental fund liability, but rather is recognized as an expenditure when due.		<u>(188)</u>
Net position of governmental funding	\$	<u><u>1,632,670</u></u>

See accompanying notes to the basic financial statements

Helendale Community Services District
Statements of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2021

	<u>General</u>	<u>Property Rental</u>	<u>Parks and Recreation</u>	<u>Recycling Center</u>	<u>Total Governmental Activities</u>
Revenues:					
Property taxes	\$ 125,193	-	20,009	-	145,202
Charges for services	162,637	-	1,780	-	164,417
Recycling	-	-	-	305,701	305,701
Capital grants	-	-	43,456	-	43,456
Investment earnings	11,262	-	-	-	11,262
Rental income	172,999	125,627	22,973	-	321,599
Other	40,765	336	51,028	2,378	94,507
Debt service:					
Proceeds from debt issuance	-	378,906	-	-	378,906
Total revenues	<u>512,856</u>	<u>504,869</u>	<u>139,246</u>	<u>308,079</u>	<u>1,465,050</u>
Expenditures:					
General	1,257,906	-	-	-	1,257,906
Property rental	-	22,102	-	-	22,102
Parks and recreation	-	-	257,611	-	257,611
Recycling	-	-	-	144,147	144,147
Capital outlay	-	8,277	53,401	-	61,678
Debt service:					
Debt payments	-	637,608	347,881	-	985,489
Interest paid	-	20,342	4,119	-	24,461
Total expenditures	<u>1,257,906</u>	<u>688,329</u>	<u>663,012</u>	<u>144,147</u>	<u>2,753,394</u>
Excess (deficiency) of revenues over expenditures	<u>(745,050)</u>	<u>(183,460)</u>	<u>(523,766)</u>	<u>163,932</u>	<u>(1,288,344)</u>
Other financing sources (uses) (note 9):					
Transfers in(out) – administrative allocation	1,137,300	-	-	-	1,137,300
Transfers in(out) – board discretionary	(364,775)	-	364,775	-	-
Transfers in(out) – operational	-	201,294	112,489	(154,401)	159,382
Total other financing sources (uses)	<u>772,525</u>	<u>201,294</u>	<u>477,264</u>	<u>(154,401)</u>	<u>1,296,682</u>
Change in fund balance	27,475	17,834	(46,502)	9,531	8,338
Fund balance, beginning of year	<u>177,231</u>	<u>37,859</u>	<u>(461,676)</u>	<u>(10,248)</u>	<u>(256,834)</u>
Fund balance, end of year	<u>\$ 204,706</u>	<u>55,693</u>	<u>(508,178)</u>	<u>(717)</u>	<u>(248,496)</u>

Continued on next page

See accompanying notes to the basic financial statements

Helendale Community Services District
Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Reconciliation:

Net changes in fund balance of total governmental funds	\$	8,338
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense as follows:		
Capital outlay expense		61,678
Depreciation expense		(157,453)
Repayment of long-term debt is reported as expenditures in governmental funds, and thus, has the effect of reducing fund balance because current financial resources have been used. For the District as a whole, however, the principal payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities.		
		985,489
Proceeds of long-term debt		(378,906)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenses in governmental funds as follows:		
Net change in accrued interest for the current period		5,284
Net change in compensated absences for the current period		5,664
Net change in pension obligations for the current period		(21,984)
		<u>508,110</u>
Change in net position of governmental activities	\$	<u>508,110</u>

See accompanying notes to the basic financial statements

Helendale Community Services District
Statements of Net Position – Enterprise Funds
June 30, 2021

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Total Business-type Activities</u>
Current assets:				
Cash and cash equivalents	\$ 2,129,864	3,530,829	337,408	5,998,101
Accounts receivable – utilities	289,316	133,840	59,798	482,954
Property taxes and assessments receivable	7,613	20,119	3,558	31,290
Due from other funds	-	799,907	-	799,907
Prepays and other assets	9,954	5,030	1,148	16,132
Total current assets	<u>2,436,747</u>	<u>4,489,725</u>	<u>401,912</u>	<u>7,328,384</u>
Non-current assets:				
Capital assets – not being depreciated	474,985	589,161	-	1,064,146
Capital assets – being depreciated, net	12,921,456	2,126,059	-	15,047,515
Total non-current assets	<u>13,396,441</u>	<u>2,715,220</u>	<u>-</u>	<u>16,111,661</u>
Total assets	<u>15,833,188</u>	<u>7,204,945</u>	<u>401,912</u>	<u>23,440,045</u>
Deferred outflows of resources:				
Deferred pension outflows	87,044	61,770	19,656	168,470
Current liabilities:				
Accounts payable and accrued expenses	28,015	55,074	116,896	199,985
Accrued salaries and related payables	16,613	11,958	4,486	33,057
Customer deposits and deferred revenue	194,115	-	-	194,115
Accrued interest on long-term debt	51,056	362	-	51,418
Long-term liabilities – due within one year:				
Compensated absences	5,391	3,664	1,538	10,593
Long-term debt	395,113	83,779	-	478,892
Total current liabilities	<u>690,303</u>	<u>154,837</u>	<u>122,920</u>	<u>968,060</u>
Non-current liabilities:				
Long-term liabilities – due in more than one year:				
Compensated absences	16,171	10,993	4,612	31,776
Long-term debt	3,340,824	604,070	-	3,944,894
Net pension liability	139,472	98,977	31,496	269,945
Total non-current liabilities	<u>3,496,467</u>	<u>714,040</u>	<u>36,108</u>	<u>4,246,615</u>
Total liabilities	<u>4,186,770</u>	<u>868,877</u>	<u>159,028</u>	<u>5,214,675</u>
Deferred inflows of resources:				
Deferred pension inflows	995	707	225	1,927
Net position:				
Net investment in capital assets	9,660,504	2,027,371	-	11,687,875
Unrestricted	2,071,963	4,369,760	262,315	6,704,038
Total net position	<u>\$ 11,732,467</u>	<u>6,397,131</u>	<u>262,315</u>	<u>18,391,913</u>

See accompanying notes to the basic financial statements

Helendale Community Services District
Statements of Revenues, Expenses and Changes in Fund Net Position – Enterprise Funds
For the Fiscal Year Ended June 30, 2021

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Total Business-type Activities</u>
Operating revenues:				
Water consumption sales	\$ 947,984	-	-	947,984
Monthly meter service charge	1,614,652	-	-	1,614,652
Wastewater service charges	-	1,280,488	-	1,280,488
Solid waste collection charges	-	-	556,973	556,973
Sale or lease of water rights	677,980	-	-	677,980
Special assessment	21,585	15,434	239,612	276,631
Other charges and services	149,685	20,267	7,662	177,614
Total operating revenues	<u>3,411,886</u>	<u>1,316,189</u>	<u>804,247</u>	<u>5,532,322</u>
Operating expenses:				
Salaries and benefits	459,682	360,440	128,722	948,844
Operations	370,415	281,489	738,691	1,390,595
Total operating expenses	<u>830,097</u>	<u>641,929</u>	<u>867,413</u>	<u>2,339,439</u>
Operating income(loss)				
before depreciation	2,581,789	674,260	(63,166)	3,192,883
Depreciation	<u>(236,762)</u>	<u>(161,194)</u>	<u>-</u>	<u>(397,956)</u>
Operating income(loss)	<u>2,345,027</u>	<u>513,066</u>	<u>(63,166)</u>	<u>2,794,927</u>
Non-operating revenues (expenses):				
Interest expense – long-term debt	(150,191)	(17,096)	-	(167,287)
Gain on disposal of capital assets	10,000	3,000	-	13,000
Other non-operating revenues	8,688	2,255	-	10,943
Total non-operating expenses, net	<u>(131,503)</u>	<u>(11,841)</u>	<u>-</u>	<u>(143,344)</u>
Operating income before capital contributions	<u>2,213,524</u>	<u>501,225</u>	<u>(63,166)</u>	<u>2,651,583</u>
Transfers in (out):				
Operating transfers in(out)	-	(159,382)	-	(159,382)
Administrative allocation transfer in(out)	(568,650)	(557,277)	(11,373)	(1,137,300)
Total transfers in(out)	<u>(568,650)</u>	<u>(716,659)</u>	<u>(11,373)</u>	<u>(1,296,682)</u>
Capital contributions:				
Connection fees	24,768	36,970	-	61,738
Capital grants and contributions	60,050	-	-	60,050
Total capital contributions	<u>84,818</u>	<u>36,970</u>	<u>-</u>	<u>121,788</u>
Change in net position	1,729,692	(178,464)	(74,539)	1,476,689
Net position, beginning of year	<u>10,002,775</u>	<u>6,575,595</u>	<u>336,854</u>	<u>16,915,224</u>
Net position, end of year	<u>\$ 11,732,467</u>	<u>6,397,131</u>	<u>262,315</u>	<u>18,391,913</u>

See accompanying notes to the basic financial statements

Helendale Community Services District
Statements of Cash Flows – Enterprise Funds
For the Fiscal Year Ended June 30, 2021

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Total Business-type Activities</u>
Cash flows from operating activities:				
Cash receipts from customers	\$ 3,384,384	1,288,565	556,853	5,229,802
Cash receipts from special assessments	21,886	9,861	240,616	272,363
Cash paid to employees for salaries and benefits	(441,476)	(354,877)	(122,127)	(918,480)
Cash paid to vendors and suppliers	(389,469)	(256,175)	(668,637)	(1,314,281)
Net cash provided by operating activities	<u>2,575,325</u>	<u>687,374</u>	<u>6,705</u>	<u>3,269,404</u>
Cash flows from non-capital financing activities:				
Transfer of property tax revenue from General fund	-	(159,382)	-	(159,382)
Fund net position transfers out	(568,650)	(557,277)	(11,373)	(1,137,300)
Net cash used in non-capital financing activities	<u>(568,650)</u>	<u>(716,659)</u>	<u>(11,373)</u>	<u>(1,296,682)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(1,204,984)	(267,062)	-	(1,472,046)
Proceeds from sale of capital assets	10,000	3,000	-	13,000
Proceeds from capital contributions	87,852	36,970	-	124,822
Proceeds from issuance of debt	1,078,412	728,888	-	1,807,300
Principal payments on long-term debt	(1,253,861)	(579,539)	-	(1,833,400)
Interest payments on long-term debt	(150,191)	(17,096)	-	(167,287)
Net cash used in capital and financing activities	<u>(1,432,772)</u>	<u>(94,839)</u>	<u>-</u>	<u>(1,527,611)</u>
Net increase (decrease) in cash and cash equivalents	573,903	(124,124)	(4,668)	445,111
Cash and cash equivalents, beginning of year	1,555,961	3,654,953	342,076	5,552,990
Cash and cash equivalents, end of year	\$ <u>2,129,864</u>	<u>3,530,829</u>	<u>337,408</u>	<u>5,998,101</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 2,345,027	513,066	(63,166)	2,794,927
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation expense	236,762	161,194	-	397,956
Other non-operating revenues	(8,688)	(2,255)	-	(10,943)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources				
(Increase) decrease in assets and deferred outflows:				
Accounts receivable – utilities, net	(32,216)	(9,935)	(7,782)	(49,933)
Property taxes and assessments receivable	301	(5,573)	1,004	(4,268)
Grants receivable	3,034	-	-	3,034
Prepays and other assets	521	(4,626)	(1,025)	(5,130)
Deferred outflows of resources	(2,208)	(1,567)	(499)	(4,274)
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable and accrued expenses	(19,575)	29,940	71,079	81,444
Accrued salaries and related payables	1,466	(110)	416	1,772
Customer deposits and deferred revenue	31,953	-	-	31,953
Compensated absences	(298)	(6,418)	2,331	(4,385)
Net pension liability	20,335	14,430	4,593	39,358
Deferred inflows of resources	(1,089)	(772)	(246)	(2,107)
Total adjustments	230,298	174,308	69,871	474,477
Net cash provided by operating activities	\$ <u>2,575,325</u>	<u>687,374</u>	<u>6,705</u>	<u>3,269,404</u>

See accompanying notes to the basic financial statements 19

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Helendale Community Services District (District) was formed on December 5, 2006, for the purpose of construction, operation, and maintenance of wastewater collection and water services. Prior to formation, the service area was administered by the County of San Bernardino as San Bernardino County Special Districts Zones B & C. District staff assumed full responsibility of the District from the County of San Bernardino on April 1, 2007.

The primary component of the District is water, wastewater and solid waste services. Parks and recreation are a vital component to any community. As part of the District there is one community center. This center is utilized for a wide range of activities and is available to the community for a nominal fee. There are two parks, the community park and the dog park. Both parks are available from morning until dusk. The street lights serve primarily the business district of Helendale.

The District normally conducts two monthly general meetings of the Board of Directors which are held on the first and third Thursday of the month in the Helendale Community Center.

B. Basis of Accounting and Measurement Focus

Financial Reporting

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

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

Governmental Accounting Standards Board Statement No. 84

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2018; however, in light of the COVID-19 pandemic, the effective date was postponed by one year.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

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

B. Basis of Accounting and Measurement Focus, continued

Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 90

In August 2018, the GASB issued Statement No. 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2018; however, in light of the COVID-19 pandemic, the effective date was postponed by one year.

Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to: (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

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

B. Basis of Accounting and Measurement Focus, continued

Financial Reporting, continued

Government-wide Financial Statements

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting for both governmental and business-like activities. Accordingly, all of the District's assets (including capital assets), deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, such as, unbilled but utilized utility services are recorded at year end. The Statement of Activities demonstrates the degree to which the operating expenses of a given function are offset by operating revenues. Operating expenses are those that are clearly identifiable with a specific function. The types of transactions reported as operating revenues for the District are charges for services directly related to the operations of the District. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes, operating grants and other items not properly included among operating revenues are reported instead as non-operating revenues. Contributed capital and capital grants are included as capital contributions.

Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. Accompanying these statements is a schedule to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the Government-wide Financial Statements.

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period.

Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the District are property tax, interest earnings, investment revenue and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

The accrual basis of accounting is followed by the proprietary enterprise funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, such as unbilled but utilized utility services recorded at year end.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

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

B. Basis of Accounting and Measurement Focus, continued

Financial Reporting, continued

Fund Financial Statements, continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place. Operating revenues and expenses, such as water sales and purchases of water, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories, such as interest income and interest expense, are reported as non-operating revenues and expenses.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts established for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.

Funds are organized into two major categories: governmental and proprietary categories. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operation fund of the District or meets the following criteria:

- a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- a) Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.
- b) The entity has determined that a fund is important to the financial statement user.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund – This fund is used to account for and report all financial resources not accounted for and reported in another Fund.

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

Parks and Recreation – This fund is used to account for all parks and recreation activities within the District.

Recycling – This fund is used to account for the recycling center activities within the District which are utilized to support parks and recreation services.

Enterprise Funds

Water – This fund accounts for the water transmission and distribution operations of the District.

Wastewater – This fund accounts for the wastewater operations of the District.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

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

B. Basis of Accounting and Measurement Focus, continued

Financial Reporting, continued

Enterprise Funds, continued

Solid Waste – This fund is used to account for sanitation collection and disposal activities within the District.

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

1. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

2. Uncertainty

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on District and the duration cannot be estimated at this time.

3. Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

4. Investments

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

- State of California Local Area Investment Fund (LAIF)

LAIF is regulated by California Government Code (Code) Section 16429 and is under the management of the State of California Treasurer's Office with oversight provided by the Local Agency Investment Advisory Board.

LAIF is carried at fair value based on the value of each participating dollar as provided by LAIF. The fair value of the District's position in the LAIF is the same as the value of its pooled share. Investments in securities of the U.S. government or its agencies are carried at fair value based on quoted market prices. Bank balances are secured by the pledging of a pool of eligible securities to collateralize the District's deposits with the bank in accordance with the Code.

Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

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

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

5. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- **Level 1** – This valuation is based on quoted prices in active markets for identical assets.
- **Level 2** – This valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- **Level 3** – This valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques attempt to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

The District does not currently hold any investments which require the treatment of fair value measurements.

6. Accounts Receivable – Water Sales and Services

The District extends credit to customers in the normal course of operations. Management views all accounts receivable as collectible.

7. Property Taxes and Assessments

The San Bernardino County Assessor's Office assesses all real and personal property within the County each year. The San Bernardino County Tax Collector's Office bills and collects the District's share of property taxes and/or tax assessments. The San Bernardino County Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

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

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

7. Property Taxes and Assessments, continued

Property taxes and assessments receivable at year-end are related to property taxes and special assessments collected by the San Bernardino County, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and February 1
Collection dates	December 10 and April 10

8. Prepaids

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

9. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition value at the date of donation and/or historical cost. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Governmental Activities

- Structures and improvements – 20 to 40 years
- Equipment – 5 to 15 years
- Vehicles – 5 to 10 years

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Business-Type Activities

- Structures and improvements – 20 to 40 years
- Equipment – 5 to 15 years
- Vehicles – 5 to 10 years
- Water rights and other intangibles – 20 years

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

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

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

10. Deferred Outflows of Resources

The statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of resources applicable to future periods and therefore will *not* be recognized as an outflow of resources (expenditure) until that time. The District has the following pension related items that qualify for reporting in this category:

Pension Plan:

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

11. Compensated Absences

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

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

Accrued Sick Leave – Beginning with the date of employment, sick leave at 3.69 hours per pay period shall be credited to the employee. The biweekly pay record will reflect the current sick leave accumulation for each employee. Sick leave is not considered to be vacation, and is to be used only during physical or mental illness, injury, pregnancy, for a medical, optical, or dental appointment. If sick leave is used up due to illness or injury, vacation hours can be used. An employee with no sick leave or vacation credit shall not receive compensation for days not worked due to illness or injury.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

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

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

11. Compensated Absences, continued

Sick leave may be accumulated up to a maximum of 1,000 hours. After 10 years of continuous service from the date of hire as a regular full-time employee upon retirement, death, or separation, an employee or the estate of the deceased employee will be paid the unused sick for the following sick leave balances at 30% at 480 hours or less, 35% at 481 to 600 hours, 40% at 601 to 720 hours, 45% at 721 to 840 hours, 50% at 841 to 1,000 hours.

12. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Date: June 30, 2019
- Measurement Date: June 30, 2020
- Measurement Period: July 1, 2019 to June 30, 2020

13. Deferred Inflows of Resources

The statement of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources*, represents an acquisition of resources applicable to future periods and, therefore, will *not* be recognized as an inflow of resources (revenue) until that time.

- Deferred inflow for the net changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

14. Net Position

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

- **Net Investment in Capital Assets** – Net Investment in capital assets, consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of any debt, or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** – Restricted consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- **Unrestricted** – Unrestricted consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

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

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

14. Net Position, continued

During the fiscal year ended June 30, 2021, the District shows a negative unrestricted net position balance in the Districts' governmental funds of \$248,496 due to current year operating costs exceeding operating revenue. The District intends to reduce the negative unrestricted net position through the collection of general revenue and charges for services revenue in addition to improving the allocation of expenditures between its general fund across all funds in future periods.

15. Fund Balance

The financial statements report, governmental funds fund balance as non-spendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the District is bound to honor constraints or how specific amounts can be spent.

- **Nonspendable fund balance** – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- **Restricted fund balance** – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.
- **Committed fund balance** – amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** – amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned fund balance** – the residual classification for the District's general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board of Directors establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by the unrestricted, committed, assigned and unassigned resources as they are needed.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

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

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

15. Fund Balance, continued

Fund Balance Policy

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balances are considered unrestricted.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

16. Utility Sales and Services

Utility sales are billed on a monthly basis.

17. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies, or real estate developers desiring services that require capital connection expenditures or capacity commitment.

18. Budget

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year, the District's General Manager prepares and submits an operating budget to the Board for the Governmental and Enterprise Funds no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1. The Board must approve all supplemental appropriations to the budget and transfers between major accounts. The District's annual budget is presented as a balanced budget (inflows and reserves equal outflows and reserves) adopted for the Governmental and Enterprise Funds at the detailed expenditure-type level.

The District presents a comparison of the annual budget to actual results for the Governmental and Enterprise Funds at the functional expenditure-type major object level for financial reporting purposes. The budgeted expenditure amounts represent the adopted budget. No Board approved supplemental appropriations were made. The budgeted revenue amounts represent the adopted budget as originally approved.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

(2) Cash and Cash Equivalents

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

	2021
Governmental activity funds:	
General fund	\$ 230,259
Property rental	72,723
Parks and recreation fund	257,405
Recycling fund	5,000
Total	565,387
Business-type activity funds:	
Water fund	2,129,864
Wastewater fund	3,530,829
Solid Waste fund	337,408
Total	5,998,101
Total cash and cash equivalents	\$ 6,563,488

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

	2021
Cash on hand	\$ 300
Deposits held with financial institutions	3,553,594
Deposits held with California Local Agency Investment Fund (LAIF)	3,009,594
Total	\$ 6,563,488

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

	2021
Deposits held with California Local Agency Investment Fund (LAIF)	291 days

Authorized Deposits and Investments

The District's investment policy authorizes investments in Certificates-of-deposit and the California Local Agency Investment Fund (LAIF). The District's investment policy does contain specific provisions intended to limit its exposure to interest rate risk, credit risk, custodial risk, and concentration of credit risk.

Investment in the California State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Amounts held with LAIF are highly liquid, as deposits can be converted to cash within a twenty-four-hour period without loss of accrued interest. Credit and market risk are unknown.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

(2) Cash and Cash Equivalents, continued

Investment in the California State Investment Pool, continued

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

The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by GASB 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the District's bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the code.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value has sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization; however, LAIF is not rated. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

(2) Cash and Cash Equivalents, continued

Concentration of Credit Risk

The District's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. The District's deposit portfolio with a government-sponsored agency, LAIF, is 46.85% of the District's total depository and investment portfolio. There were no investments in any one non-governmental issuer that represent 5.0% or more of the District's total investments.

Fair Value Measurements

As of June 30, 2021, the District did not hold any investments which require measurement at fair value on a recurring and non-recurring basis.

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

Internal balances consist of the following as of June 30, 2021:

Purpose	Receivable Fund	Payable Fund	Amount
Interfund Loan	Wastewater	Parks & Rec	\$ 799,907
		Total internal balances:	\$ 799,907

On June 21, 2018, the District adopted Resolution 2018-01, for the purpose establishing a repayment agreement between the Wastewater and Parks and Recreation funds for the transfer of 35 acres of property in the amount \$842,007 with 0% interest. The purpose of the transfer is for the expansion of the wastewater irrigation area to spread secondary water. The term of the agreement is twenty (20) years from July 1, 2020. As of June 30, 2021, the outstanding balance was \$799,907.

(4) Capital Assets

Governmental Activities:

Changes in capital assets at June 30 were as follows:

	Balance 2020	Additions	Deletions/ Transfers	Balance 2021
Non-depreciable assets:				
Land	\$ 307,702	-	-	307,702
Construction-in-process	-	61,678	(61,678)	-
Total non-depreciable assets	307,702	61,678	(61,678)	307,702
Depreciable assets:				
Structures and improvements	3,585,652	58,526	-	3,644,178
Equipment	469,411	3,152	-	472,563
Vehicles	104,427	-	-	104,427
Total depreciable assets	4,159,490	61,678	-	4,221,168
Accumulated depreciation:	(1,958,866)	(157,453)	-	(2,116,319)
Total depreciable assets, net	2,200,624	(95,775)	-	2,104,849
Total capital assets, net	\$ 2,508,326			2,412,551

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

(4) Capital Assets, continued

The District had major governmental capital asset additions during fiscal year 2021 to non-depreciable assets of \$61,678 in construction in progress related to various ongoing projects in the parks and recreation and recycle funds. Additions during the fiscal year 2021 to depreciable assets consist of \$58,526 to structures and improvements and \$3,152 to equipment. There were no reported asset disposals in fiscal year 2021.

Business-type Activities:

Changes in capital assets at June 30 were as follows:

	<u>Balance 2020</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2021</u>
Non-depreciable assets:				
Land	\$ 611,830	159,915	-	771,745
Construction-in-process	6,130	1,370,268	(1,083,997)	292,401
Total non-depreciable assets	<u>617,960</u>	<u>1,530,183</u>	<u>(1,083,997)</u>	<u>1,064,146</u>
Depreciable assets:				
Structures and improvements	18,408,875	82,433	-	18,491,308
Equipment	771,641	179,534	-	951,175
Vehicles	426,021	-	(46,610)	379,411
Water rights and other intangibles	7,825,661	819,600	-	8,645,261
Total depreciable assets	<u>27,432,198</u>	<u>1,081,567</u>	<u>(46,610)</u>	<u>28,467,155</u>
Accumulated depreciation:	<u>(13,068,294)</u>	<u>(397,956)</u>	<u>46,610</u>	<u>(13,419,640)</u>
Total depreciable assets, net	<u>14,363,904</u>	<u>683,611</u>	<u>-</u>	<u>15,047,515</u>
Total capital assets, net	<u>\$ 14,981,864</u>			<u>16,111,661</u>

Major enterprise fund capital asset additions during fiscal year 2021, include additions to land of \$159,915 and construction in progress of \$1,370,268 that is comprised of capital project additions of \$1,056,636 in various water fund projects, water rights and equipment and \$313,632 in various wastewater fund projects and equipment. Additions to depreciable assets sourcing from construction-in-progress include \$82,433 added to structures and improvements, \$179,534 added to equipment, and \$819,600 added to water rights and other intangibles. Asset disposals amounted to \$46,610 related to surplus vehicles.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

(4) Capital Assets, continued

Depreciation expense was charged to various functions at June 30, 2020, as follows:

Governmental activities:	
General government	\$ 6,217
Property rental	56,610
Parks and Recreation	93,552
Recycle Fund	<u>1,074</u>
Total governmental activities	\$ <u>157,453</u>
Business type activities:	
Water Fund	\$ 236,762
Wastewater Fund	161,194
Solid Waste Fund	<u>-</u>
Total business type activities	\$ <u>397,956</u>

(5) Compensated Absences

Compensated absences comprise unpaid vacation leave that accrue when benefits are fully vested and are determined annually. Compensated absences turn-over each year, therefore, the compensated absence balance of the District is considered a current liability on the Statements of Net Position. The compensated absences for governmental funds will generally be liquidated through the general fund. The balance in the proprietary fund will be liquidated through the water fund.

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

Governmental:

	<u>Balance 2020</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2021</u>	<u>Due Within One Year</u>	<u>Due in more than one year</u>
\$	110,359	73,373	(79,037)	104,695	26,174	78,521

Enterprise:

	<u>Balance 2020</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2021</u>	<u>Due Within One Year</u>	<u>Due in more than one year</u>
\$	46,754	61,501	(65,886)	42,369	10,593	31,776

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

(6) Long-term Debt

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

	Balance 2020	Additions	Payments	Balance 2021
2008 Installment Sale Agreement	\$ 1,507,537	-	(1,507,537)	-
2011 Installment Sale Agreement	695,761	-	(695,761)	-
2014 Installment Sale Agreement	3,210,743	-	(164,164)	3,046,579
2020 Installment Sale Agreement	-	1,446,206	(81,427)	1,364,779
Water rights note	-	740,000	(370,000)	370,000
Total loan payable	5,414,041	<u>2,186,206</u>	<u>(2,818,889)</u>	4,781,358
Less: current portion	<u>(362,348)</u>			<u>(522,444)</u>
Total non-current portion	<u>\$ 5,051,693</u>			<u>4,258,914</u>

Long-term debt is allocated to the Governmental and Enterprise funds as follows at June 30, 2021, as follows:

	Governmental Funds		Total Governmental Funds	Enterprise Funds		Total Enterprise Funds	Total Long-term Debt
	Parks and Recreation	Property Rental		Water	Wastewater		
Balance at June 30, 2020	\$ 347,881	616,274	964,155	3,911,386	538,500	4,449,886	5,414,041
Additions / Transfers	-	378,906	378,906	1,078,412	728,888	1,807,300	2,186,206
Reductions	(347,881)	(637,608)	(985,489)	(1,253,861)	(579,539)	(1,833,400)	(2,818,889)
Balance at June 30, 2021	\$ -	<u>357,572</u>	<u>357,572</u>	<u>3,735,937</u>	<u>687,849</u>	<u>4,423,786</u>	<u>4,781,358</u>
Current Portion	\$ -	43,552	43,552	395,113	83,779	478,892	522,444
Non-current portion	-	314,020	314,020	3,340,824	604,070	3,944,894	4,258,914
Total	\$ -	<u>357,572</u>	<u>357,572</u>	<u>3,735,937</u>	<u>687,849</u>	<u>4,423,786</u>	<u>4,781,358</u>

2008 Installment Sale Agreement

On December 23, 2008, the District entered into an Installment Sale Agreement (Agreement) in order to finance, acquire and construct various capital improvements to the District in the amount \$2,832,000 at an interest rate of 4.95%. The proceeds of the 2008 note were for the purpose of 1) reimbursement of a portion of the purchase price of land and improvements (Silver Lakes Farm property), including water rights acquisition, wastewater effluent disposal area, District administration site and recreation area, 2) improvements to the wastewater treatment plant, including the acquisition and installation of sludge drying beds, headworks and clarifier, and 3) improvements to the water system, including developing well #10, well improvements, and the purchase of additional water rights.

On December 23, 2014, the District entered into Amendment No. 2 for the purpose of reducing the interest and to produce cash flow savings to the District. The interest rate on the unpaid principal balance was reduced from 4.95% to 3.90%. The installment sale agreement is scheduled to mature on December 23, 2028. Principal and interest are payable semi-annually on June 23rd and December 23rd at an interest rate of 3.90%. At June 30, 2021, the Agreement was defeased through the issuance of the 2020 Installment Sale Agreement.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

(6) Long-term Debt

2011 Installment Sale Agreement

On June 1, 2011, the District entered into an Installment Sale Agreement (Agreement) in order to finance, acquire and construct various capital improvements to the District in the amount \$1,000,000 at an interest rate of 5.25%. The proceeds of the 2011 note were for the purpose of 1) the acquisition and construction of a water well and other water related projects, and 2) the purchase of the administrative facility.

The installment sale agreement is scheduled to mature on September 21, 2032. Principal and interest are payable semi-annually on September 21st and March 21st at an interest rate of 5.25%. At June 30, 2021, the Agreement was paid-in-full.

2014 Installment Sale Agreement

On August 1, 2014, the District entered into an Installment Sale Agreement (Agreement) in order to finance the acquisition of water rights for the District in the amount \$4,000,000 at an interest rate of 4.25%.

The installment sale agreement is scheduled to mature on August 15, 2034. Principal and interest is payable semi-annually on August 15th and February 15th at an interest rate of 4.25%.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 171,216	127,680	298,896
2023	178,569	120,325	298,894
2024	186,240	112,656	298,896
2025	194,238	104,656	298,894
2026	202,582	96,314	298,896
2027-2031	1,151,144	294,425	1,445,569
2032-2035	<u>962,590</u>	<u>132,447</u>	<u>1,095,037</u>
Totals	3,046,579	<u>988,503</u>	<u>4,035,082</u>
Less: current portion	<u>(171,216)</u>		
Total non-current	<u>\$ 2,875,363</u>		

2020 Installment Sale Agreement

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

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

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

(6) Long-term Debt, continued

2020 Installment Sale Agreement, continued

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

<u>Fiscal Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$	166,229	36,397	298,896
2023		170,831	31,794	298,894
2024		175,561	27,063	298,896
2025		180,422	22,202	298,896
2026		185,418	17,206	298,896
2027-2029		486,318	20,244	1,425,402
Totals		1,364,779	154,906	2,919,880
Less: current portion		(166,229)		
Total non-current	\$	<u>1,198,550</u>		

Water Rights Note

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

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

<u>Fiscal Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$	185,000	-	298,896
2023		185,000	-	298,894
Totals		370,000	-	597,790
Less: current portion		(185,000)		
Total non-current	\$	<u>185,000</u>		

(7) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and District's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

(7) Defined Benefit Pension Plan, continued

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.7% at 55 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. For employees hired prior to January 1, 2013, who are current members of CalPERS or a reciprocal agency as of December 31, 2012, and have not been separated from service from such agency for more than six months, the retirement benefit is 2.7% @ 55 years of age; highest single year of compensation. All other employees hired on or after January 1, 2013, the retirement benefit is 2.0% @ 62 years of age; 3-year final compensation.

The Plans' provision and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous Plan	
	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7.956%	6.750%
Required employer contribution rates	13.515%	7.732%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates, for all public employers, be determined on an annual basis by the actuary and shall be effective on July 1 following notice of the change in rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

(7) Defined Benefit Pension Plan, continued

Net Pension Liability

For the fiscal year ended June 30, 2021, the contributions for the Plan were as follows:

		<u>Miscellaneous Plan</u>
Contributions – employer	\$	<u>163,603</u>

As of the fiscal year ended June 30, 2021, the District reported a net pension liability for its proportionate share of the net pension liability of each Plan as follows:

<u>Proportionate Share of Net Pension Liability</u>					
		<u>Governmental</u>	<u>Enterprise</u>		<u>Total</u>
Miscellaneous Plan	\$	<u>179,965</u>	<u>269,945</u>		<u>449,910</u>

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020 (the measurement date), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 (the valuation date), rolled forward to June 30, 2020, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the pension liability for the Plan as of the fiscal year ended June 30, 2021, was as follows:

		<u>Miscellaneous Plan</u>
Proportion – June 30, 2020		<u>0.00375%</u>
Proportion – June 30, 2021		<u>0.00414%</u>
Change – Increase (Decrease)		<u>0.00039%</u>

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

(7) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$218,564.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 163,603	-
Net differences between actual and expected experience	23,185	-
Net changes in assumptions	-	(3,209)
Net differences between projected and actual earnings on plan investments	13,365	-
Net differences between actual contribution and proportionate share of contribution	28,874	-
Net adjustment due to differences in proportions of net pension liability	<u>51,760</u>	<u>-</u>
Total	<u>\$ 280,787</u>	<u>(3,209)</u>

As of June 30, 2021, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$163,603 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022.

At June 30, 2021, the District recognized other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension liability, which will be recognized as pension expense as follows.

<u>Fiscal Year Ending June 30,</u>	<u>Deferred Net Outflows/(Inflows) of Resources</u>
2022	\$ 33,148
2023	45,414
2024	25,319
2025	10,094
2026	-
Remaining	-

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

(7) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation report was determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, the amortization and smoothing periods recently adopted by CalPERS were utilized. The crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments.

Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

(7) Defined Benefit Pension Plan, continued

Discount Rate, continued

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	New Strategic Allocation	Real Return Years 1–10*	Real Return Year 11+**
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

* An expected inflation of 2.5% used for this period

** An expected inflation of 3.0% used for this period

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

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

At June 30, 2021, the discount rate comparison was the following:

	Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
	<u>6.15%</u>	<u>7.15%</u>	<u>8.15%</u>
District's Net Pension Liability \$	<u>847,478</u>	<u>449,910</u>	<u>121,411</u>

Payable to the Pension Plan

At June 30, 2021, the District reported \$0 in payables for the outstanding amount of contribution to the pension plan.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 58 through 60 for the Required Supplementary Schedules.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

(8) Net Position

Net investment in capital assets is calculated as follows:

	Governmental	Business-type	
	Activities	Activities	Total
Capital assets – not being depreciated	\$ 307,702	1,064,146	1,371,848
Capital assets – being depreciated, net	2,104,849	15,047,515	17,152,364
Long-term debt – current portion	(43,552)	(478,892)	(522,444)
Long-term debt – long-term portion	(314,020)	(3,944,894)	(4,258,914)
Total	<u>\$ 2,054,979</u>	<u>11,687,875</u>	<u>13,742,854</u>

Unrestricted net position is designated as follows:

	Governmental	Business-type	
	Activities	Activities	Total
General	\$ (435,335)	-	(435,335)
Prepaid expenses and other assets	12,823	16,132	28,955
Water operations and capital replacement	-	6,687,906	6,687,906
Total	<u>\$ (422,309)</u>	<u>6,704,038</u>	<u>6,281,729</u>

(9) Internal Balances – Interfund Transfers

Interfund transfers consist of the following for the year ended June 30, 2021:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Purpose</u>	<u>Amount</u>
Interfund Administrative Allocation Transfers:			
Water	General	Admin Allocation	\$ 568,650
Wastewater	General	Admin Allocation	557,277
Solid Waste	General	Admin Allocation	11,373
Subtotal administrative allocation transfers			<u>\$ 1,137,300</u>
Interfund Board Discretionary Transfers:			
General	Parks & Rec	Board Discretionary	\$ 364,775
Subtotal board discretionary transfers			<u>\$ 364,775</u>
Interfund Operational Transfers:			
Property Rental	Parks & Rec	Operations	\$ 188
Recycle	Parks & Rec	Operations	\$ 154,401
Subtotal operational transfers			<u>\$ 154,589</u>
Interfund Operational Transfers:			
Wastewater	Property Rental	Operations	\$ 201,482
Parks & Rec	Wastewater	Operations	42,100
Subtotal operational transfers			<u>\$ 243,582</u>
Transfers between enterprise and governmental funds			1,296,682
Transfers between governmental funds			519,364
Total transfers			<u>\$ 1,816,046</u>

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

(9) Internal Balances – Interfund Transfers, continued

Interfund Admin Allocation Transfers

During the fiscal year ended June 30, 2021, administrative allocation balance transfers between the Water, Wastewater, and the Solid Waste funds were transferred to General fund upon the closing of the District's books. The District's methodology of allocating the equity/fund balance of the General fund, was 50%, 49% and 1%, to the Water, Wastewater and Solid Waste funds respectively.

Interfund Board Discretionary Transfers

During the fiscal year ended June 30, 2021, interfund transfers between the General fund to the Parks and Recreation fund were designated by the Board to transfer any funds remaining from current fiscal years operations. The funds were transferred accordingly.

Interfund Operational Transfers

During the fiscal year ended June 30, 2021, interfund transfers between the Property Rental and Recycle funds to the Parks and Recreation fund were designated by the Board to utilize resources to help build reserves towards future repairs of existing assets in the Parks and Recreation fund. The funds were transferred accordingly.

During the fiscal year ended June 30, 2021, interfund transfers between the Wastewater and Property Rental fund were designated by the Board to change the allocation of refinanced debt between the Property Rental and Wastewater funds. The funds were transferred accordingly.

During the fiscal year ended June 30, 2021, interfund transfers from Parks and Recreation to Wastewater fund were designated by the Board for the purpose of repayment of the interfund loan between the Parks and Recreation and Wastewater funds. The funds were transferred accordingly.

(10) Fund Balance

Fund balances are presented in the following categories: non-spendable, restricted, committed, assigned, and unassigned (See Note 1.C.15 for a description of these categories). See Note 1.C.14 for details of the negative unrestricted fund balance.

Fund balances and their funding composition at June 30, 2021, is as follows:

Fund Balance Category	
Assigned:	
Parks and recreation	\$ (508,178)
Recycle	(717)
Total assigned fund balance	(508,895)
Unassigned fund balance:	
General fund	204,706
Property rental	55,693
Total unassigned fund balance	260,399
Total fund balance	\$ (248,496)

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

(11) Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. Market value of the plan assets held in trust as of June 30, 2021, was \$527,835.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

(12) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance policies with a variety of coverage.

At June 30, 2021, the District's insurance coverage is summarized as follows:

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

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

- Employee theft coverage up to \$500,000 per loss, forgery or alteration for \$250,000, inside premises for \$250,000, inside premises robbery for \$250,000, computer fraud for \$250,000, funds transfer for \$250,000, and money orders & counterfeit for \$250,000.
- Property loss is paid at the replacement cost for property on file, subject to a \$2,500 deductible per occurrence.
- Boiler and Machinery coverage for the replacement cost up to blanket property limit of \$10,299,271 subject to a \$2,500 deductible per occurrence.
- Public Officials' outside directorship up to \$1,000,000 per act, subject to a \$2,500 deductible per claim.
- Excess coverage with \$5,000,000 each occurrence and aggregate limits. Underlying coverages are General Liability with \$1,000,000 per occurrence and \$10,000,000 aggregate, Public Officials & Management Liability \$1,000,000 per occurrence and \$10,000,000 aggregate, Business Auto \$1,000,000 limit, Employers Liability Part B up to \$1,000,000 per accident, per disease, policy limit.
- Workers Compensation insurance with statutory limits per occurrence.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

(12) Risk Management, continued

Settled claims have not exceeded any of the coverage amounts in the last fiscal years. There were no reductions in insurance coverage in fiscal year 2021. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no material IBNR claim payables as of June 30, 2021.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2021, that has effective dates that may impact future financial presentations.

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

Governmental Accounting Standards Board Statement No. 87

In June 2017, the GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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

Governmental Accounting Standards Board Statement No. 89

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

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

Governmental Accounting Standards Board Statement No. 89, continued

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

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

Governmental Accounting Standards Board Statement No. 91

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

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

Governmental Accounting Standards Board Statement No. 92

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

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

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

Governmental Accounting Standards Board Statement No. 92, continued

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

Governmental Accounting Standards Board Statement No. 93

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

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

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

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

Governmental Accounting Standards Board Statement No. 94

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

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

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

Governmental Accounting Standards Board Statement No. 96

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

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

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

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

Governmental Accounting Standards Board Statement No. 97

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

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2019, that have effective dates that may impact future financial presentations.

(14) Commitments and Contingencies

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such an audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Helendale Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2021

(14) Commitments and Contingencies, continued

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

(15) Subsequent Events

Events occurring after June 30, 2021, have been evaluated for possible adjustment to the financial statements or disclosure as of November 4, 2021, which is the date the financial statements were available to be issued. The District is not aware of any further subsequent events that would require recognition or disclosure in the financial statements.



Required Supplementary Information

Helendale Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – General Fund
For the Year Ended June 30, 2021

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Property taxes	\$ 103,844	125,193	21,349
Charges for services	149,130	162,637	13,507
Investment earnings	45,000	11,262	(33,738)
Rental income	150,420	172,999	22,579
Other	20,800	40,765	19,965
Total revenues	<u>469,194</u>	<u>512,856</u>	<u>43,662</u>
Expenditures:			
Salaries and benefits	813,346	817,551	(4,205)
Materials and services	413,906	382,970	30,936
Utilities	25,732	57,385	(31,653)
Total expenditures	<u>1,252,984</u>	<u>1,257,906</u>	<u>(4,922)</u>
Deficiency of revenues over expenditures	<u>(783,790)</u>	<u>(745,050)</u>	<u>38,740</u>
Other financing sources(uses):			
Transfers in(out) – board discretionary	(332,624)	(364,775)	(32,151)
Transfers in(out) – operational	1,116,414	1,137,300	20,886
Total other financing sources	<u>783,790</u>	<u>772,525</u>	<u>(11,265)</u>
Net change in fund balance	-	27,475	\$ <u>27,475</u>
Fund balance – beginning of period	<u>177,231</u>	<u>177,231</u>	
Fund balance – end of period	\$ <u>177,231</u>	<u>204,706</u>	

**Helendale Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Property Rental Fund
For the Year Ended June 30, 2021**

	Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Rental income	\$ 128,280	125,627	(2,653)
Other	200	336	136
Proceeds from debt issuance	-	378,906	378,906
Total revenues	128,480	504,869	376,389
Expenditures:			
Materials and services	11,000	16,753	(5,753)
Utilities	10,111	5,349	4,762
Capital outlay	-	8,277	(8,277)
Debt payments	64,909	637,608	(572,699)
Interest paid	20,973	20,342	631
Total expenditures	106,993	688,329	(581,336)
Excess of revenues over expenditures	21,487	(183,460)	(204,947)
Other financing sources(uses):			
Transfers in(out) – operational	-	201,294	201,294
Total other financing sources	-	201,294	201,294
Net change in fund balance	21,487	17,834	\$ <u>(3,653)</u>
Fund balance – beginning of period	37,859	37,859	
Fund balance – end of period	\$ <u>59,346</u>	<u>55,693</u>	

Helendale Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Parks and Recreation Fund
For the Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Property taxes	\$ 17,160	20,009	2,849
Charges for services	17,800	1,780	(16,020)
Grant revenue	-	43,456	43,456
Rental income	40,100	22,973	(17,127)
Other	20,790	51,028	30,238
Total revenues	95,850	139,246	43,396
Expenditures:			
Salaries and benefits	128,867	123,715	5,152
Materials and services	167,788	99,537	68,251
Utilities	25,741	34,359	(8,618)
Capital outlay	-	53,401	(53,401)
Debt payments	22,710	347,881	(325,171)
Interest paid	-	4,119	(4,119)
Total expenditures	345,106	663,012	(317,906)
Deficiency of revenues over expenditures	(249,256)	(523,766)	(274,510)
Other financing sources(uses):			
Transfers in(out) – board discretionary	417,004	364,775	(52,229)
Transfers in(out) – operational	(42,100)	112,489	154,589
Total other financing sources	374,904	477,264	102,360
Net change in fund balance	125,648	(46,502) \$	(172,150)
Fund balance – beginning of period	(461,676)	(461,676)	
Fund balance – end of period	\$ (336,028)	(508,178)	

Helendale Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Recycling Fund
For the Year Ended June 30, 2021

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Recycling	\$ 264,000	305,701	41,701
Other	-	2,378	2,378
Total revenues	<u>264,000</u>	<u>308,079</u>	<u>44,079</u>
Expenditures:			
Salaries and benefits	147,876	112,185	35,691
Materials and services	23,620	24,846	(1,226)
Utilities	8,124	7,116	1,008
Total expenditures	<u>179,620</u>	<u>144,147</u>	<u>35,473</u>
Excess of revenues over expenditures	<u>84,380</u>	<u>163,932</u>	<u>8,606</u>
Other financing sources(uses):			
Transfers in(out) – operational	<u>(84,380)</u>	<u>(154,401)</u>	<u>(70,021)</u>
Total other financing sources	<u>(84,380)</u>	<u>(154,401)</u>	<u>(70,021)</u>
Net change in fund balance	-	9,531	\$ <u>(61,415)</u>
Fund balance – beginning of period	<u>400</u>	<u>(10,248)</u>	
Fund balance – end of period	\$ <u>400</u>	<u>(717)</u>	

Helendale Community Service District
Notes to the Required Supplementary Information
June 30, 2021

Basis of Budgeting

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year, the District's General Manager prepares and submits a capital and operating budget to the Board of Directors and adopted no later than June of each year. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government and proprietary funds. Annual budgets are adopted on the modified accrual basis of accounting for government fund types and accrual basis for the proprietary fund. The adopted budget becomes operative on July 1.

The Board of Directors must approve all supplemental appropriations to the budget and transfers between major funds. The legal level of budgetary control is at the fund level. Budget information is presented as required supplementary information for the General, Property Rental, Parks and Recreation, and Recycling Funds.

**Helendale Community Service District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2021
Last Ten Years***

	<u>Fiscal Year Ended June 30, 2021</u>	<u>Fiscal Year Ended June 30, 2020</u>	<u>Fiscal Year Ended June 30, 2019</u>	<u>Fiscal Year Ended June 30, 2018</u>	<u>Fiscal Year Ended June 30, 2017</u>	<u>Fiscal Year Ended June 30, 2016</u>	<u>Fiscal Year Ended June 30, 2015</u>
District's Proportion of the Net Pension Liability	0.00414%	0.00375%	0.00341%	0.00346%	0.00316%	0.00318%	0.00331%
District's Proportionate Share of the Net Pension Liability	\$ 449,910	384,311	328,486	343,160	273,741	218,114	205,731
District's Covered Payroll	\$ 979,177	932,536	889,614	929,497	866,792	826,711	734,459
District's proportionate share of the net pension liability as a Percentage of its Covered Payroll	45.95%	41.21%	36.92%	36.92%	31.58%	26.38%	28.01%
District's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	84.94%	84.99%	84.79%	81.93%	82.25%	81.89%	77.99%
District's Proportionate Share of Aggregate Employer Contributions	\$ 113,380	90,191	69,779	58,889	47,227	34,125	19,713

Notes:

Changes in Benefit Terms – Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

Changes of Assumptions – The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. In fiscal year 2020, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In fiscal year 2020, CalPERS implemented a new actuarial valuation software system for the June 30, 2018 valuation. This new system has refined and improved calculation methodology.

In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%.

The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. These changes will be implemented in two steps commencing in the June 30, 2017, funding valuation. However, for financial reporting purposes, these assumption changes are fully reflected in the results for fiscal year 2018.

**Helendale Community Service District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2021
Last Ten Years***

Notes, continued:

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF C from 7.50% to 7.00%, which is to be phased in over a three-year period (7.50% to 7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In fiscal year 2015, the financial reporting discount rate was increased from 7.50% to 7.65% resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50% during this period and remained adjusted for administrative expenses.

* Historical information presented above follows the measurement periods for which GASB 68 & 71 were applicable. The fiscal year ended June 30, 2015, was the first year of implementation required by GASB 68 & 71, therefore, only seven years are shown.

**Helendale Community Service District
Schedules of Pension Plan Contributions (CalPERS)
As of June 30, 2021
Last Ten Years***

<u>Schedule of Pension Plan Contributions:</u>	<u>Fiscal Year Ended June 30, 2021</u>	<u>Fiscal Year Ended June 30, 2020</u>	<u>Fiscal Year Ended June 30, 2019</u>	<u>Fiscal Year Ended June 30, 2018</u>	<u>Fiscal Year Ended June 30, 2017</u>	<u>Fiscal Year Ended June 30, 2016</u>	<u>Fiscal Year Ended June 30, 2015</u>
Actuarially Determined Contribution	\$ 147,431	132,216	126,313	112,597	108,682	97,754	159,159
Contributions in Relation to the Actuarially Determined Contribution	<u>(163,603)</u>	<u>(163,603)</u>	<u>(117,181)</u>	<u>(107,488)</u>	<u>(108,682)</u>	<u>(97,754)</u>	<u>(159,159)</u>
Contribution Deficiency (Excess)	\$ <u>(16,172)</u>	<u>(31,387)</u>	<u>9,132</u>	<u>5,109</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 979,177	932,536	889,614	929,497	866,792	826,711	734,459
Contributions as a percentage of Covered Payroll	<u>15.06%</u>	<u>14.18%</u>	<u>14.20%</u>	<u>12.11%</u>	<u>12.54%</u>	<u>11.82%</u>	<u>21.67%</u>

Note:

* Historical information presented above follows the measurement periods for which GASB 68 & 71 were applicable. The fiscal year ended June 30, 2015, was the first year of implementation required by GASB 68 & 71, therefore, only seven years are shown.



Report on Compliance and Internal Controls



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

Board of Directors
Helendale Community Services District
Helendale, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Helendale Community Services District (District), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 4, 2021.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
November 4, 2021