Helendale Community Services District

Helendale, California

Financial Statements

For the Fiscal Year Ended

June 30, 2025

26540 Vista Road | Helendale, CA

Helendale Community Services District

Our Mission Statement

"The Mission of the Helendale Community Services District is to provide fiscally prudent, sustainable public services, and value-added opportunities"

Board of Directors

Name	Title	Elected/ Appointed	Term Expires
Ron Clark	President	Elected	2026
George Cardenas	Vice President	Elected	2026
Gail Guinn	Director	Appointed	2026
Artie DeVries	Director	Elected	2028
Billy Rosenberg	Director	Elected	2028

District Management

Dr. Kimberly Cox	General Manager
Craig Carlson	Water Operations Manager
Alex Alves	Wastewater Operations Manager
Cheryl Vermette	Administrative Services 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, 2025

Helendale Community Services District
Financial Statements
For the Fiscal Year Ended June 30, 2025

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Financial Section

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An Accountancy Corporation

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Independent Auditor's Report

Board of Directors
Helendale Community Services District
Helendale, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Helendale Community Services District (District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audits of the Financial Statements

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

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

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

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

Emphasis of Matter

As part of our audit of the June 30,2025, financial statements, we audited the adjustments described in Note 12.

As discussed in Note 1.B to the financial statements, on June 30, 2025, the District adopted new accounting guidance Governmental Accounting Standards Board Statement No. 101 – Compensated Absences. As a result the District has recorded prior period adjustments to restate net position as of June 30, 2024. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the required supplementary information on pages 56 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2025, 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 63 and 64.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs
Cypress, California
December 4, 2025

Helendale Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

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, 2025. 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 2025, the District's net position increased by 7.36% or $1,870,883 to $27,304,822 as a result of ongoing operations.
- In 2025, the District's total revenues increased by 2.81% or $213,335 to $7,792,490.
- In 2025, the District's total expenses increased by 1.82% or $105,833 to $5,921,607.

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

Using This Financial Report

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

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

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

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

Government-wide Financial Statements, continued

Statement of Net Position and Statement of Activities, continued

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

Fund Financial Statements

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

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

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20 through 55.

Government-wide Financial Analysis

Statements of Net Position

The following table is a summary of the statement of net position at June 30, 2025.

Condensed Statements of Net Position

	Governmental Activities		Business-type Activities		Total District	
	2025	As Restated 2024	2025	As Restated 2024	2025	As Restated 2024
Assets:						
Current assets	$ 1,759,327	1,395,304	9,405,523	8,451,356	11,164,850	9,846,660
Non-current assets	3,284,188	3,295,244	18,310,658	18,321,202	21,594,846	21,616,446
Total assets	5,043,515	4,690,548	27,716,181	26,772,558	32,759,696	31,463,106
Deferred outflows of resources	208,277	237,476	312,401	356,200	520,678	593,676
Liabilities:						
Current liabilities	835,180	997,632	1,046,463	1,034,845	1,881,643	2,032,477
Non-current liabilities	557,505	600,568	2,977,231	3,344,457	3,534,736	3,945,025
Total liabilities	1,392,685	1,598,200	4,023,694	4,379,302	5,416,379	5,977,502
Deferred inflows of resources	559,173	645,341	-	-	559,173	645,341
Net position:						
Net investment in capital assets	2,389,650	2,254,918	15,469,262	15,138,309	17,858,912	17,393,227
Unrestricted	910,284	429,565	8,535,626	7,611,147	9,445,910	8,040,712
Total net position	$ 3,299,934	2,684,483	24,004,888	22,749,456	27,304,822	25,433,939

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 and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by $27,304,822 as of June 30, 2025. The District's total net position is made-up of two components: (1) net investment in capital assets and (2) unrestricted net position.

Government-wide Financial Analysis, continued

Statements of Activities

The following table is a summary of the statement of activities for the year ended June 30, 2025.

Condensed Statements of Activities

	Governmental Activities		Business-type Activities		Total District	
	2025	As Restated 2024	2025	As Restated 2024	2025	As Restated 2024
Revenues:						
Program revenues:						
Charges for services	$ 586,261	529,394	5,974,769	5,895,869	6,561,030	6,425,263
Capital grants and contributions	-	-	222,771	171,937	222,771	171,937
Total program revenues	586,261	529,394	6,197,540	6,067,806	6,783,801	6,597,200
General revenues:						
Property taxes	176,721	151,965	-	-	176,721	151,965
Investment earnings	360,308	297,661	-	-	360,308	297,661
Rental income	332,000	337,603	-	-	332,000	337,603
Lease interest	26,336	29,038	-	-	26,336	29,038
Other	105,595	148,790	7,729	16,898	113,324	165,688
Total general revenues	1,000,960	965,057	7,729	16,898	1,008,689	981,955
Total revenues	1,587,221	1,494,451	6,205,269	6,084,704	7,792,490	7,579,155
Expenses:						
General	1,709,885	1,794,259	-	-	1,709,885	1,794,259
Property rental	42,202	39,410	-	-	42,202	39,410
Parks and recreation	275,366	318,697	-	-	275,366	318,697
Recycle	266,566	236,312	-	-	266,566	236,312
Interest on long-term debt	5,792	7,066	-	-	5,792	7,066
Water	-	-	1,509,381	1,444,252	1,509,381	1,444,252
Wastewater	-	-	1,073,056	1,013,435	1,073,056	1,013,435
Solid waste	-	-	1,039,359	962,343	1,039,359	962,343
Total expenses	2,299,811	2,395,744	3,621,796	3,420,030	5,921,607	5,815,774
(Deficit) Excess before transfers	(712,590)	(901,293)	2,583,473	2,664,674	1,870,883	1,763,381
Transfers from(to) other funds	1,328,041	1,306,125	(1,328,041)	(1,306,125)	-	-
Change in net position	615,451	404,832	1,255,432	1,358,549	1,870,883	1,763,381
Net position, beginning of period, as restated	2,684,483	2,279,651	22,749,456	21,390,907	25,433,939	23,670,558
Net position, end of period	$ 3,299,934	2,684,483	24,004,888	22,749,456	27,304,822	25,433,939

Compared to prior year, net position of the District increased by 7.36% or $1,870,883 to $27,304,822 as a result of ongoing operations.

Government-wide Financial Analysis, continued

Statements of Activities, continued

Total revenues increased by 2.81% or $213,335 to $7,792,490. The District's program revenues increased by 2.83% or $186,601 to $6,783,801, due to increases of $135,767 in charges for services and $50,834 in capital grants and contributions. The District's general revenues increased by 2.81% or $26,734, primarily due to increases of $62,647 in investment earnings and $24,756 in other revenues, offset by a decrease of $52,364 in other revenues as compared to the previous fiscal year.

Total expenses increased by 1.82% or $105,833 to $5,921,607, due primarily to enterprise fund increases of; $65,129 in water fund expenses, $59,621 in wastewater fund expenses, and $77,016 in solid waste fund expenses, and governmental fund changes include decreases of; $84,374 in general fund expenses and $43,331 in parks and recreation fund expenses, offset by an increase of $30,254 in recycle fund 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, 2025.

	General	Property Rental	Parks and Recreation	Recycle	Total Governmental Activities
Fund balance, beginning of year	$ 347,559	112,773	(21,958)	2,505	440,879
Change in fund balance	225,921	26,231	224,538	9,107	485,797
Fund balance, end of year	$ 573,480	139,004	202,580	11,612	926,676

In 2025, total fund balance increased by 110.19% or $485,797 to $926,676. The General fund increased by 65.00% or $225,921 to $573,480; the property rental fund decreased by 23.26% or $26,231 to $139,004, the parks and recreation fund deficit balance decreased by 1,022.58% or $224,538 to $202,580; and the recycle fund increased by 363.55% or $9,107 to $11,612.

Governmental Funds Budgetary Highlights

The final actual expenditures for the General Fund as of June 30, 2025, were greater than budgeted by $81,196. In fiscal year 2025, actual payroll expenditures (including salaries and employee benefits) were greater than budgeted amounts by $75,931 as the actual cost of employee benefits expenditures were more than budgeted benefit costs during the fiscal year. Actual materials and services were less than budgeted amounts by $74,929. Actual utilities expenditures were more than budgeted by $54,752 due to increased electricity demand. Actual capital outlay was more than budgeted by $25,442.

Actual General Fund revenues as of June 30, 2025, exceeded budgeted amounts by $347,516. In fiscal year 2025, actual property tax revenue was above budgeted by $29,799 due to increases in assessed property valuations. Actual charges for services exceeded budgeted amounts by $22,606. Actual investment earnings were greater than budgeted for by $280,308 due to a change in investment mix combined with a more favorable market. Actual rental income and related interest were less and greater than budgeted for by $27,718 and by $23,812, respectively, due to annual lease adjustments related to *GASB Statement No. 87*. Actual other revenue was more than budgeted for by $18,709.

Governmental Funds Budgetary Highlights, continued

Actual General Fund total net transfers out, were less than budgeted by $20,397.

The final actual expenditures for the Property Rental Fund as of June 30, 2025, were more than budgeted for by $19,893. In fiscal year 2025, actual materials and services were less than budgeted amounts by $2,939. Actual utilities expenditures were less than budgeted amounts by $2,585. Actual capital outlay was more than budgeted by $25,442. Actual interest paid was less than budgeted by $25.

Actual Property Rental Fund revenues as of June 30, 2025, were less than budgeted amounts by $6,574. In fiscal year 2025, actual rental income and interest income was less and more than budgeted for by $9,098 and by $2,524, respectively, due to annual lease adjustments related to *GASB Statement No. 87*.

The final actual expenditures for the Parks and Recreation Fund as of June 30, 2025, were more than budgeted for by $137,563. In fiscal year 2025, actual payroll expenditures (including salaries and employee benefits) were under budget by $5,831, as the actual cost of employee benefits expenditures were less than budgeted benefits costs during the fiscal year. Actual materials and services were less than budgeted by $74,078. Actual utilities expenditures were lower than budgeted amounts by $13,387 due to less than anticipated electricity demand. Actual capital outlay expenditures were more than budgeted for by $230,859.

Actual Parks and Recreation Fund revenues as of June 30, 2025, were more than budgeted amounts by $205,748. In fiscal year 2025, actual property tax revenue was below budgeted for by $1,820. Actual charges for services were above budgeted by $14,048 due to an increase in recreational sports activity. Actual other revenue exceeded budgeted amounts by $54,874 due to increases in revenues sourcing from park development impact fees and the farmer's market.

Actual Parks and Recreation Fund total net transfers in were more than budgeted for by $65,431.

The final actual expenditures for the Recycling Fund as of June 30, 2025, were less than budgeted by $2,312. In fiscal year 2025, actual payroll expenditures (including salaries and employee benefits) were more than budgeted by $59,642 as the actual cost of employee benefits expenditures was greater than budgeted benefits costs during the fiscal year. Actual materials and services expenditures were less than budgeted for by $60,702. Actual utilities expenditures were less than budget by $1,252.

Actual Recycling Fund revenues as of June 30, 2025, were more than budgeted amounts by $17,259. In fiscal year 2025, actual recycling revenue was more than budgeted by $13,947. Other revenue was more than budgeted for by $3,312.

Actual Recycling Fund total transfers out were more than budgeted for by $49,618.

(See Budgetary Comparison Schedule for General Fund under Required Supplementary Information section on pages 56 through 60).

Capital Asset Administration

Capital Assets

	Governmental Activities		Business-type Activities		Total District	
	2025	2024	2025	2024	2025	2024
Capital assets:						
Non-depreciable assets	$ 384,028	307,702	825,630	1,973,348	1,209,658	2,281,050
Depreciable and amortizable assets	4,873,176	4,667,759	31,746,775	30,068,500	36,619,951	34,736,259
Total capital assets	5,257,204	4,975,461	32,572,405	32,041,848	37,829,609	37,017,309
Accumulated depreciation and amortization	(2,691,559)	(2,497,277)	(14,261,747)	(13,720,646)	(16,953,306)	(16,217,923)
Total capital assets, net	$ 2,565,645	2,478,184	18,310,658	18,321,202	20,876,303	20,799,386

At the end of fiscal year 2025, the District's capital assets amounted to $20,876,303 (net of accumulated depreciation). Capital assets include land, structures and improvements, equipment, vehicles, right-to-use assets, water rights and other intangibles, and construction-in-process. The capital assets of the District are more fully analyzed in Note 5 to the basic financial statements.

Long-Term Debt Administration

Long-term Debt

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Long-term debt:						
Long-term debt	$ 175,995	223,266	2,841,396	3,182,893	3,017,391	3,406,159
Total long-term debt	$ 175,995	223,266	2,841,396	3,182,893	3,017,391	3,406,159

Long-term debt decreased by 11.41% or $388,768 to $3,017,391 in 2025 due to regular debt service payments. The long-term debt position of the District is more fully analyzed in Note 7 to the basic financial statements.

Conditions Affecting Current Financial Position

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

Requests for Information

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

Basic Financial Statements

Helendale Community Services District
Statement of Net Position
June 30, 2025

		Governmental Activities	Business-type Activities	Total
Current assets:				
Cash and investments (note 2)	$	1,422,625	8,179,642	9,602,267
Accrued interest receivable		12,446	-	12,446
Accounts receivable – utilities		-	594,881	594,881
Accounts receivable – other		36,032	-	36,032
Accounts receivable – grants		182,289	-	182,289
Leases receivable (note 3)		98,518	-	98,518
Property taxes and assessments receivable		2,189	12,372	14,561
Due from other funds (note 4)		-	602,036	602,036
Prepaids and other assets		5,228	16,592	21,820
Total current assets		1,759,327	9,405,523	11,164,850
Non-current assets:				
Leases receivable (note 3)		718,543	-	718,543
Capital assets – not being depreciated (note 5)		384,028	825,630	1,209,658
Capital assets – being depreciated, net (note 5)		2,181,617	17,485,028	19,666,645
Total non-current assets		3,284,188	18,310,658	21,594,846
Total assets		5,043,515	27,716,181	32,759,696
Deferred outflows of resources:				
Deferred pension outflows (note 8)		208,277	312,401	520,678
Current liabilities:				
Accounts payable and accrued expenses		51,877	290,071	341,948
Accrued salaries and related payables		51,354	48,424	99,778
Customer deposits and unearned revenue		28,866	277,191	306,057
Accrued interest on long-term debt		93	36,973	37,066
Due to other funds (note 4)		602,036	-	602,036
Long-term liabilities – due within one year:				
Compensated absences (note 6)		52,374	39,905	92,279
Long-term debt (note 7)		48,580	353,899	402,479
Total current liabilities		835,180	1,046,463	1,881,643
Non-current liabilities:				
Long-term liabilities – due in more than one year:				
Compensated absences (note 6)		133,203	44,402	177,605
Long-term debt (note 7)		127,415	2,487,497	2,614,912
Net pension liability (note 8)		296,887	445,332	742,219
Total non-current liabilities		557,505	2,977,231	3,534,736
Total liabilities		1,392,685	4,023,694	5,416,379
Deferred inflows of resources:				
Deferred lease inflows (note 3)		559,173	-	559,173
Total non-current liabilities		559,173	-	559,173
Net position (note 9):				
Net investment in capital assets		2,389,650	15,469,262	17,858,912
Unrestricted		910,284	8,535,626	9,445,910
Total net position	$	3,299,934	24,004,888	27,304,822

See accompanying notes to the basic financial statements.

Helendale Community Services District
Statement of Activities
For the Fiscal Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Total
Governmental activities:						
General	$ 1,709,885	213,386	-	(1,496,499)	-	(1,496,499)
Property rental	42,202	-	-	(42,202)	-	(42,202)
Parks and recreation	275,366	58,928	-	(216,438)	-	(216,438)
Recycling	266,566	313,947	-	47,381	-	47,381
Interest on long-term debt	5,792	-	-	(5,792)	-	(5,792)
Total governmental activities	2,299,811	586,261	-	(1,713,550)	-	(1,713,550)
Business-type activities:						
Water	1,509,381	3,026,973	114,768	-	1,632,360	1,632,360
Wastewater	1,073,056	1,958,550	40,331	-	925,825	925,825
Solid waste	1,039,359	989,246	67,672	-	17,559	17,559
Total business-type activities	3,621,796	5,974,769	222,771	-	2,575,744	2,575,744
Total	$ 5,921,607	6,561,030	222,771	(1,713,550)	2,575,744	862,194
General revenues (expense):						
Property taxes				$ 176,721	-	176,721
Investment earnings				360,308	-	360,308
Rental income – leases				332,000	-	332,000
Interest earnings – leases				26,336	-	26,336
Other revenues (expense)				105,595	7,729	113,324
Total general revenues				1,000,960	7,729	1,008,689
Transfers (to)/from other funds (note 10)				1,328,041	(1,328,041)	-
Change in net position				615,451	1,255,432	1,870,883
Net position, beginning of year, as restated				2,684,483	22,749,456	25,433,939
Net position, end of year				$ 3,299,934	24,004,888	27,304,822

See accompanying notes to the basic financial statements.

Helendale Community Services District
Balance Sheets – Governmental Funds
June 30, 2025

		General	Property Rental	Parks and Recreation	Recycling Center	Total Governmental Activities
Assets:						
Cash and investments	$	609,926	155,865	628,030	28,804	1,422,625
Accrued interest receivable		12,446	-	-	-	12,446
Accounts receivable – services		19,698	14,969	1,365	-	36,032
Accounts receivable – grants		-	-	182,289	-	182,289
Property taxes and assessments receivable		2,189	-	-	-	2,189
Prepaids		5,228	-	-	-	5,228
Total assets	$	649,487	170,834	811,684	28,804	1,660,809
Liabilities:						
Accounts payable and accrued expenses	$	29,936	9,791	5,547	6,603	51,877
Accrued salaries and related payables		40,608	-	157	10,589	51,354
Customer deposits and unearned revenue		5,463	22,039	1,364	-	28,866
Due to other funds		-	-	602,036	-	602,036
Total liabilities		76,007	31,830	609,104	17,192	734,133
Fund balance (note 11)**:**						
Assigned		-	-	202,580	11,612	214,192
Unassigned		573,480	139,004	-	-	712,484
Total fund balance		573,480	139,004	202,580	11,612	926,676
Total liabilities and fund balance	$	649,487	170,834	811,684	28,804	1,660,809

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, 2025

Reconciliation:

Fund balance of total governmental funds			$ 926,676
Amounts reported for governmental funding in the statement of net position is different because:			
Certain assets used in governmental funding are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the Statement of Net Position includes those non-current assets among the assets of the District as a whole.			
Leases receivable			817,061
Capital assets			2,565,645
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.	$ 101,011		
Recognized changes in net assumptions are reported as deferred inflows of resources in the government-wide financial statements.	7,631		
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.	24,668		
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.	18,009		
Recognized portion due to net differences in proportions are reported as deferred outflows of resources in the government-wide financial statements.	39,866		
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.	17,092		208,277
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			(185,577)
Long-term debt			(175,995)
Net pension liability			(296,887)
Recognized portion due to lessor agreements are reported as deferred inflows of resources in the government-wide financial statements.			(559,173)
Interest on long-term debt in not accrued as a governmental fund liability, but rather is recognized as an expenditure when due.			(93)
Net position of governmental activities			$ 3,299,934

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, 2025

	General	Property Rental	Parks and Recreation	Recycling Center	Total Governmental Activities
Revenues:					
Property taxes	$ 155,541	-	21,180	-	176,721
Charges for services	213,386	-	58,928	-	272,314
Recycling	-	-	-	313,947	313,947
Capital grants	-	-	139,202	-	139,202
Investment earnings, net of fair value	360,308	-	-	-	360,308
Rental income – leases	171,191	137,290	23,519	-	332,000
Interest earnings – leases	23,812	2,524	-	-	26,336
Other	47,409	-	54,874	3,312	105,595
Total revenues	971,647	139,814	297,703	317,259	1,726,423
Expenditures:					
General	1,644,265	-	-	-	1,644,265
Property rental	-	35,078	-	-	35,078
Parks and recreation	-	-	295,984	-	295,984
Recycling	-	-	-	258,534	258,534
Capital outlay	25,442	25,442	230,859	-	281,743
Debt service:					
Debt payments	-	47,271	-	-	47,271
Interest paid	-	5,792	-	-	5,792
Total expenditures	1,669,707	113,583	526,843	258,534	2,568,667
Excess (deficiency) of revenues over expenditures	(698,060)	26,231	(229,140)	58,725	(842,244)
Other financing sources (uses) (note 10):					
Transfers in(out) – administrative allocation	1,399,612	-	-	-	1,399,612
Transfers in(out) – board discretionary	(475,631)	-	475,631	-	-
Transfers in(out) – operational	-	-	(21,953)	(49,618)	(71,571)
Total other financing sources (uses)	923,981	-	453,678	(49,618)	1,328,041
Change in fund balance	225,921	26,231	224,538	9,107	485,797
Fund balance, beginning of year	347,559	112,773	(21,958)	2,505	440,879
Fund balance, end of year	$ 573,480	139,004	202,580	11,612	926,676

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, 2025

Reconciliation:

Net changes in fund balance of total governmental funds	$	485,797
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		281,743
Depreciation expense		(194,282)
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.		47,271
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		24
Net change in compensated absences for the current period		42,956
Net change in pension obligations for the current period		(6,715)
Net change in pension outflows for the current period		29,199
Some revenues in the statement of activities do not proivide current financial resources and therefore are note reported as revenues in the governmental funds as follows:		
Net change in lease receivables for the current period		(93,645)
Net change in lease inflows for the current period		23,103
Change in net position of governmental activities	$	615,451

See accompanying notes to the basic financial statements.

Helendale Community Services District
Statements of Net Position – Enterprise Funds
June 30, 2025

	Water	Wastewater	Solid Waste	Total Business-type Activities
Current assets:				
Cash and investments	$ 4,219,059	3,711,581	249,002	8,179,642
Accounts receivable – utilities	306,001	208,936	79,944	594,881
Property taxes and assessments receivable	4,924	4,119	3,329	12,372
Due from other funds	-	602,036	-	602,036
Prepaids and other assets	15,908	684	-	16,592
Total current assets	4,545,892	4,527,356	332,275	9,405,523
Non-current assets:				
Capital assets – not being depreciated	356,336	469,294	-	825,630
Capital assets – being depreciated, net	14,550,225	2,868,084	66,719	17,485,028
Total non-current assets	14,906,561	3,337,378	66,719	18,310,658
Total assets	19,452,453	7,864,734	398,994	27,716,181
Deferred outflows of resources:				
Deferred pension outflows	161,410	114,544	36,447	312,401
Current liabilities:				
Accounts payable and accrued expenses	50,267	44,934	194,870	290,071
Accrued salaries and related payables	27,474	17,875	3,075	48,424
Customer deposits and deferred revenue	269,863	-	7,328	277,191
Accrued interest on long-term debt	36,795	178	-	36,973
Long-term liabilities – due within one year:				
Compensated absences	23,896	12,150	3,859	39,905
Long-term debt	258,075	95,824	-	353,899
Total current liabilities	666,370	170,961	209,132	1,046,463
Non-current liabilities:				
Long-term liabilities – due in more than one year:				
Compensated absences	32,743	11,138	521	44,402
Long-term debt	2,239,956	247,541	-	2,487,497
Net pension liability	230,090	163,286	51,956	445,332
Total non-current liabilities	2,502,789	421,965	52,477	2,977,231
Total liabilities	3,169,159	592,926	261,609	4,023,694
Net position:				
Net investment in capital assets	12,408,530	2,994,013	66,719	15,469,262
Unrestricted	4,036,174	4,392,339	107,113	8,535,626
Total net position	$ 16,444,704	7,386,352	173,832	24,004,888

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, 2025

	Water	Wastewater	Solid Waste	Total Business-type Activities
Operating revenues:				
Water consumption sales	$ 911,329	-	-	911,329
Monthly meter service charge	1,631,845	-	-	1,631,845
Wastewater service charges	-	1,898,788	-	1,898,788
Solid waste collection charges	-	-	726,053	726,053
Sale or lease of water rights	311,041	-	-	311,041
Special assessment	29,876	20,188	247,939	298,003
Other charges and services	142,882	39,574	15,254	197,710
Total operating revenues	3,026,973	1,958,550	989,246	5,974,769
Operating expenses:				
Salaries and benefits	654,700	505,444	72,050	1,232,194
Operations	417,749	324,087	960,319	1,702,155
Total operating expenses	1,072,449	829,531	1,032,369	2,934,349
Operating income(loss) before depreciation and amortization	1,954,524	1,129,019	(43,123)	3,040,420
Depreciation and amortization	(329,300)	(232,196)	(6,990)	(568,486)
Operating income(loss)	1,625,224	896,823	(50,113)	2,471,934
Non-operating revenues (expenses):				
Interest expense – long-term debt	(107,632)	(11,329)	-	(118,961)
Loss on disposal of capital assets	-	(26,784)	-	(26,784)
Other non-operating revenues (expenses)	25,002	-	9,511	34,513
Total non-operating (expenses)revenues, ne	(82,630)	(38,113)	9,511	(111,232)
Operating income (loss) before capital contributions	1,542,594	858,710	(40,602)	2,360,702
Transfers in (out) (note 10)**:**				
Operating transfers in(out)	-	71,571	-	71,571
Administrative allocation transfer in(out)	(699,806)	(685,810)	(13,996)	(1,399,612)
Total transfers in(out)	(699,806)	(614,239)	(13,996)	(1,328,041)
Capital contributions:				
Connection fees	24,768	40,331	-	65,099
Capital grants and contributions	90,000	-	67,672	157,672
Total capital contributions	114,768	40,331	67,672	222,771
Change in net position	957,556	284,802	13,074	1,255,432
Net position, beginning of year, as restated	15,487,148	7,101,550	160,758	22,749,456
Net position, end of year	$ 16,444,704	7,386,352	173,832	24,004,888

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, 2025

	Water	Wastewater	Solid Waste	Total Business-type Activities
Cash flows from operating activities:				
Cash receipts from customers	$ 3,100,906	2,006,412	682,968	5,790,286
Cash receipts from special assessments	26,826	25,109	248,138	300,073
Cash paid to employees for salaries and benefits	(634,773)	(493,337)	(80,417)	(1,208,527)
Cash paid to vendors and suppliers	(438,309)	(308,347)	(894,510)	(1,641,166)
Net cash provided by (used in) operating activities	2,054,650	1,229,837	(43,821)	3,240,666
Cash flows from non-capital financing activities:				
Transfer of property tax revenue from General fund	-	71,571	-	71,571
Fund net position transfers out	(699,806)	(685,810)	(13,996)	(1,399,612)
Net cash used in non-capital financing activities	(699,806)	(614,239)	(13,996)	(1,328,041)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(266,004)	(227,441)	(67,672)	(561,117)
Proceeds from sale of capital assets	-	(26,784)	-	(26,784)
Proceeds from capital contributions	114,768	40,331	67,672	222,771
Principal payments on long-term debt	(248,252)	(93,245)	-	(341,497)
Interest payments on long-term debt	(107,632)	(11,377)	-	(119,009)
Net cash used in capital and financing activities	(507,120)	(318,516)	-	(825,636)
Net increase (decrease) in cash and investments	847,724	297,082	(57,817)	1,086,989
Cash and investments, beginning of year	3,371,335	3,414,499	306,819	7,092,653
Cash and investments, end of year	$ 4,219,059	3,711,581	249,002	8,179,642
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income	$ 1,625,224	896,823	(50,113)	2,471,934
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation expense	329,300	232,196	6,990	568,486
Other non-operating revenues	25,002	-	9,511	34,513
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources				
(Increase) decrease in assets and deferred outflows:				
Accounts receivable – utilities, net	2,309	(3,521)	(178)	(1,390)
Property taxes and assessments receivable	(3,050)	4,921	199	2,070
Grants receivable	75,000	-	-	75,000
Due from other funds	-	71,571	-	71,571
Prepaids and other assets	(14,911)	368	114	(14,429)
Deferred outflows of resources	22,629	16,060	5,110	43,799
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable and accrued expenses	(5,649)	15,372	65,695	75,418
Accrued salaries and related payables	1,676	(3,006)	(3,386)	(4,716)
Customer deposits and deferred revenue	1,498	-	(67,672)	(66,174)
Compensated absences	823	2,745	(8,916)	(5,348)
Net pension liability	(5,201)	(3,692)	(1,175)	(10,068)
Deferred inflows of resources	-	-	-	-
Total adjustments	429,426	333,014	6,292	768,732
Net cash provided by (used in) operating activities	$ 2,054,650	1,229,837	(43,821)	3,240,666

See accompanying notes to the basic financial statements.

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

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

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

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

B. Basis of Accounting and Measurement Focus

Financial Reporting

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

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

Governmental Accounting Standards Board Statement No. 101

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

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

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. See Note 1.D.10 and Note 6 for the impact of this note on the financial statements due to implementation in the current fiscal year.

(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. 102

In December 2023, the GASB issued Statement No. 102 – *Certain Risk Disclosures*. The primary objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

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.

(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

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

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

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

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

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

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

a) Total assets, liabilities, revenues, or expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type.

b) Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

(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

c) The entity has determined that a fund is important to the financial statement user.

The funds of the financial reporting entity are described below:

Governmental Funds

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

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

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

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

Enterprise Funds

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

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

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

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

1. Use of Estimates

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

2. Cash and Cash Equivalents

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

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

3. Investments and Investment Policy

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

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

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

3. Investments and Investment Policy, continued

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

4. Fair Value Measurements

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

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

5. Accounts Receivable – Water Sales and Services

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

6. Property Taxes and Assessments

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

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

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

7. Prepaids

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

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

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

8. Capital Assets

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

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

Governmental Activities

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

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

Business-Type Activities

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

9. Deferred Outflows of Resources

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

Pension Plan:

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year.
- Deferred outflow for the net differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net change in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- 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.

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

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

9. Deferred Outflows of Resources, continued

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

10. Compensated Absences

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

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

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

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

The District has adopted the provisions of GASB Statement No. 101 – *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The District has determined that the accrued vested sick liability meets the provisions, as reported above, of GASB Statement No. 101 for reporting. Therefore, a liability for the vested and accrued value of sick leave that will be settled in the future by employees as time off is included in the liability for compensated absences.

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

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

11. Pensions

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

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, 2023
- Measurement Date: June 30, 2024
- Measurement Period: July 1, 2023 to June 30, 2024

12. Deferred Inflows of Resources

The statement of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources,* represents an acquisition of resources applicable to future periods and, therefore, will *not* be recognized as an inflow of resources (revenue) until that time. At June 30, 2025, the District did not have any deferrals that qualify to be reported in this category.

13. Net Position

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

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

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

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

14. Fund Balance

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

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

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

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

Fund Balance Policy

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

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

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

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

15. Utility Sales and Services

Utility sales are billed on a monthly basis.

16. Capital Contributions

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

17. Budget

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

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

(2) Cash and Investments

Cash and investments as of June 30 are classified in the statement of net position as follows:

Governmental activity funds:		**2025**
General fund	$	609,926
Property rental		155,865
Parks and recreation fund		628,030
Recycling fund		28,804
Total		1,422,625
Business-type activity funds:		
Water fund		4,219,059
Wastewater fund		3,711,581
Solid Waste fund		249,002
Total		8,179,642
Total cash and cash equivalents	$	9,602,267

(2) Cash and Investments, continued

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

		2025
Cash on hand	$	300
Deposits held with financial institutions		1,420,066
Investments:		
California Local Agency Investment Fund (LAIF)		1,137,335
California Cooperative Liquid Assets Securities System (CLASS)		4,906,760
U.S. Treasury Bill		2,137,806
Total investments		8,181,901
Total cash and investments	$	9,602,267

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

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

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

* Excluding amounts held by bond trustee that are not subject to California Government Code
** Except when authorized by the District's legislative body in accordance with Government Code Section 53601
N/A - Not Applicable

(2) Cash and Investments, continued

Investment in the California State Investment Pool

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

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

Investment in the California Cooperative Liquid Assets Securities System

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

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

Custodial Credit Risk

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

(2) Cash and Investments, continued

Custodial Credit Risk, continued

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit), and, the District's investment policy that requires no more than two-thirds of the District's deposits in a depository shall be collateralized by mortgage-backed securities, with the remainder to be secured by non-mortgage-backed securities.

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the District's bank balances, up to $250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

Interest Rate Risk

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

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to $250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

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

Investment maturities as of June 30, 2025, were as follows:

Investment Type		Amount	Remaining Maturity 12 Months or Less
California Local Agency Investment Fund (LAIF)	$	1,137,335	1,137,335
California Cooperative Liquid Assets Securities System (CLASS)		4,906,760	4,906,760
United States Treasury bill		2,137,806	2,137,806
Total investments	$	8,181,901	8,181,901

(2) Cash and Investments, continued

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Per the District's investment policy, credit risk is mitigated by investing in safe securities, and diversifying the investment portfolio so the failure of one issuer would not materially affect the District's cash flow. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Credit ratings of investments as of June 30, 2025, were as follows:

Investment Type	Amount	Minimum Legal Rating	Ratings AA+ to AAAm/AAAf/S1	Not Rated
California Local Agency Investment Fund (LAIF)	$ 1,137,335	N/A	-	1,137,335
California Cooperative Liquid Assets Securities System (CLASS)	4,906,760	AAAm	4,906,760	-
United States Treasury Bill	2,137,806	AA+	2,137,806	-
Total investments	$ 8,181,901		7,044,566	1,137,335

Concentration of Credit Risk

The District's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code.

Instruments in any one issuer that represent 5% or more of the District's investments as of June 30, 2025 are as follows (excluding external investment pools and debt explicitly guaranteed by the U.S. government):

Deposit & Investment	Issuer Type	Fair Value Holdings	Percentage Holdings
California Cooperative Liquid Assets Securities System	Joint Powers Authority investment pool	$ 4,906,760	59.97%
Citizen's Bank Business Trust	United States Treasury bill	2,137,806	26.13%

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

(2) Cash and Investments, continued

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

		Fair Value Measurements Using		
Investment Type	**Amount**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
United States Treasury Bill	2,137,806	2,137,806	-	-
Total investments measured at fair value	2,137,806	2,137,806	-	-
Investments measured at amortized cost:				
California Local Agency Investment Fun	1,137,335			
California Cooperative Liquid Assets Securities System	4,906,760			
Total investments measured at amortized cost	6,044,095			
Total	8,181,901			

(3) Leases Receivable

Governmental Activities:

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

	Balance 2024	**Additions**	**Principal Payments**	**Balance 2025**	**Deferred Inflows**
Governmental – General fund					
Cellular tower leases					
T-Mobile	$ 35,287	-	(17,916)	$ 17,371	$ (10,181)
SBA	337,082	-	(21,451)	315,631	(174,757)
Verizon	440,577	-	(24,403)	416,174	(312,433)
Total cellular tower leases	812,946	-	(63,770)	749,176	(497,371)
Governmental – Property Rental fund					
Equestrian Facility	97,760	-	(29,875)	67,885	(61,802)
Total property rental leases	97,760	-	(29,875)	67,885	(61,802)
Total leases receivable	$ 910,706	-	(93,645)	817,061	$ (559,173)
Less: current portion	(93,646)			(98,518)	
Total non-current portion	$ 817,060			$ 718,543	

(3) Leases Receivable, continued

Governmental Activities, continued

T-Mobile Lease

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

Following the adoption implementation of *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2025, deferred inflows were reported at $10,181.

Future payments to be received and deferred inflows as of June 30, 2025, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2026	$ 17,371	261	17,632	(10,181)
Totals	17,371	261	17,632	$ (10,181)
Less: current portion	(17,371)			
Total non-current	$ -			

SBA Lease

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

Following the adoption implementation of *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2025, deferred inflows were reported at $174,757.

Future payments to be received and deferred inflows as of June 30, 2025, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2026	$ 23,041	9,469	32,510	(17,476)
2027	24,708	8,778	33,486	(17,476)
2028	26,453	8,037	34,490	(17,476)
2029	28,282	7,243	35,525	(17,475)
2030	30,196	6,394	36,590	(17,475)
2031-2035	182,951	17,139	200,090	(87,379)
Totals	315,631	57,060	372,691	(174,757)
Less: current portion	(23,041)			
Total non-current	$ 292,590			

(3) Leases Receivable, continued

Governmental Activities, continued:

Verizon Lease

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

Following the adoption implementation of *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2025, deferred inflows were reported at $312,433.

Future payments to be received and deferred inflows as of June 30, 2025, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2026	$ 27,322	12,115	39,437	(29,064)
2027	29,352	11,267	40,619	(29,063)
2028	31,481	10,358	41,839	(29,064)
2029	33,710	9,383	43,093	(29,063)
2030	36,046	8,340	44,386	(29,064)
2031-2035	219,300	23,423	242,723	(145,317)
2036	38,963	491	39,454	(21,798)
Totals	416,174	75,377	491,551	(312,433)
Less: current portion	(27,322)			
Total non-current	$ 388,852			

Equestrian Facility Lease

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

Following the adoption implementation of *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2025, deferred inflows were reported at $61,802.

(3) Leases Receivable, continued

Governmental Activities, continued

Future payments to be received and deferred inflows as of June 30, 2025, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2026	$ 30,784	1,616	32,400	(28,522)
2027	31,721	679	32,400	(28,522)
2028	5,380	20	5,400	(4,758)
Totals	67,885	2,315	70,200	(61,802)
Less: current portion	(30,784)			
Total non-current	$ 37,101			

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

Internal balances consist of the following as of June 30, 2025:

Purpose	Receivable Fund	Payable Fund	Amount
Interfund Loan	Wastewater	Parks & Rec	$ 602,036
		Total internal balances:	$ 602,036

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

On May 16, 2024, the District adopted Resolution 2024-06, to amend the term of the loan from twenty (20) years to ten (10) years. This term revision revised the annual payment from $42,100 to $71,571. As of June 30, 2025, the outstanding balance was $602,036.

(5) Capital Assets

Governmental Activities:

Changes in capital assets at June 30 were as follows:

	Balance 2024	Additions	Deletions/ Transfers	Balance 2025
Non-depreciable assets:				
Land	$ 307,702	-	-	307,702
Construction-in-process	-	282,231	(205,905)	76,326
Total non-depreciable assets	307,702	282,231	(205,905)	384,028
Depreciable assets:				
Structures and improvements	4,088,754	205,417	-	4,294,171
Equipment	409,574	-	-	409,574
Vehicles	169,431	-	-	169,431
Total depreciable assets	4,667,759	205,417	-	4,873,176
Accumulated depreciation:	(2,497,277)	(194,282)	-	(2,691,559)
Total depreciable assets, net	2,170,482	11,135	-	2,181,617
Total capital assets, net	$ 2,478,184			2,565,645

The District had major governmental fund capital asset additions during fiscal year 2025 to non-depreciable assets of $282,231 in construction in progress related to $231,347 in various parks and recreation fund projects, $25,442 in the property rental fund solar roof project, and $25,442 in the general fund solar roof project. Additions during the fiscal year 2025 to depreciable assets consist of $205,417 to structures and improvements. There were no asset disposals during the fiscal year 2025.

(5) Capital Assets, continued

Business-type Activities:

Changes in capital assets at June 30 were as follows:

	Balance 2024	Additions	Deletions/ Transfers	Balance 2025
Non-depreciable assets:				
Land	$ 771,745	-	-	771,745
Construction-in-process	1,201,603	528,220	(1,675,938)	53,885
Total non-depreciable assets	1,973,348	528,220	(1,675,938)	825,630
Depreciable and amortizable assets:				
Structures and improvements	19,128,631	1,364,492	(54,170)	20,438,953
Equipment	1,301,626	214,221	-	1,515,847
Vehicles	758,574	78,732	-	837,306
SBITA Right-to-use assets	43,445	-	-	43,445
Water rights and other intangibles	8,836,224	75,000	-	8,911,224
Total depreciable and amortizable assets	30,068,500	1,732,445	(54,170)	31,746,775
Accumulated depreciation and amortization:	(13,720,646)	(568,487)	27,386	(14,261,747)
Total depreciable and amortizable assets, net	16,347,854	1,163,958	(26,784)	17,485,028
Total capital assets, net	$ 18,321,202			18,310,658

Major enterprise fund capital asset additions during fiscal year 2025, include additions to construction in progress of $528,220 that is comprised of capital project additions of $264,502 in various water fund projects, $263,718 in wastewater fund projects, and $67,672 in the solid waste fund brush chipper project. Additions to depreciable assets sourcing from construction-in-progress include $1,364,492 added to structures and improvements, $214,221 added to equipment, $78,732 added to vehicles, and $75,000 added to water rights and other intangibles. In fiscal year 2025, disposals include $54,170 in structures and improvements.

(5) Capital Assets, continued

Depreciation expense was charged to various functions at June 30, 2025, as follows:

Governmental activities:		
General government	$	16,854
Property rental		61,912
Parks and Recreation		114,443
Recycle Fund		1,073
Total governmental activities	$	194,282
Business type activities:		
Water Fund	$	329,301
Wastewater Fund		232,196
Solid Waste Fund		6,990
Total business type activities	$	568,487

(6) Compensated Absences

The District recognizes a liability for compensated absences in accordance with GASB Statement No. 101, "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.

As of June 30 2025, the liability for compensated absences was calculated based on employees' pay rates at the fiscal year end and historical usage data, considering employment policies. The liability represents amounts that are more likely than not to used or paid out. The liability is reported in the Statement of Net Position.

The net change in the compensated absence liability for the fiscal year ended June 30, 2025, increased and decreased by $13,642 and $5,348 for the governmental and enterprise funds, respectively.

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

Governmental:

	As Restated 2024	Earned		Taken	Balance 2025	Due Within One Year	Due in more than one yea
$	171,935	13,642	*	-	185,577	52,374	133,203

(6) Compensated Absences, continued

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

Enterprise:

	As Restated 2024	Earned	Taken	Balance 2025	Due Within One Year	Due in more than one yea
$	89,655	-	(5,348) *	84,307	39,905	44,402

(7) Long-term Debt

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

		Balance 2024	Additions	Payments	Balance 2025
Nobel Systems subscription leas	$	43,445	-	(14,108)	29,337
2014 Installment Sale Agreement		2,510,555	-	(194,238)	2,316,317
2020 Installment Sale Agreement		852,159	-	(180,422)	671,737
Total loan payable		3,406,159	-	(388,768)	3,017,391
Less: current portion		(388,768)			(402,479)
Total non-current portion	$	3,017,391			2,614,912

Long-term debt is allocated to the Governmental and Enterprise funds as follows at June 30, 2025, as follows:

		Gov't Fund	Total	Enterprise Funds		Total	Total
		Property Rental	Governmental Fund	Water	Wastewater	Enterprise Funds	Long-term Debt
Balance at June 30, 2024	$	223,266	223,266	2,746,283	436,610	3,182,893	3,406,159
Additions / Transfers		-	-	-	-	-	-
Reductions		(47,271)	(47,271)	(248,252)	(93,245)	(341,497)	(388,768)
Balance at June 30, 2025	$	175,995	175,995	2,498,031	343,365	2,841,396	3,017,391
Current Portion	$	48,580	48,580	258,075	95,824	353,899	402,479
Non-current portion		127,415	127,415	2,239,956	247,541	2,487,497	2,614,912
Total	$	175,995	175,995	2,498,031	343,365	2,841,396	3,017,391

(7) Long-term Debt, continued

Nobel Systems – Subscription lease

On May 16, 2024, the District entered into an agreement with Nobel Systems, Incorporated to lease geographic information system software for the purpose of mapping of the District's infrastructure. Terms of the agreement commenced on July 1, 2024, for a period of three years, with payments due annually at $15,250 per year for the entire lease term.

Following the provisions set forth by *GASB Statement No. 96*, the District has recorded a right-to-use asset and a lease payable at present value with an implicit rate of 2.63%. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

Annual lease payments are as follows:

Fiscal Year		Principal	Interest	Total
2026	$	14,479	771	15,250
2027		14,858	391	15,249
Totals		29,337	1,162	30,499
Less: current portion		(14,479)		
Total non-current	$	14,858		

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:

Fiscal Year		Principal	Interest	Total
2026	$	202,582	96,314	298,896
2027		211,283	87,613	298,896
2028		220,357	78,537	298,894
2029		229,822	69,073	298,895
2030		239,694	59,202	298,896
2031-2035		1,212,579	132,447	1,345,026
Totals		2,316,317	523,186	2,839,503
Less: current portion		(202,582)		
Total non-current	$	2,113,735		

(7) Long-term Debt, continued

2020 Installment Sale Agreement

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

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

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

Fiscal Year		Principal	Interest	Total
2026	$	185,418	17,206	202,624
2027		190,552	12,073	202,625
2028		195,829	6,797	202,626
2029		99,938	1,374	101,312
Totals		671,737	37,450	709,187
Less: current portion		(185,418)		
Total non-current	$	486,319		

(8) Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

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

(8) Defined Benefit Pension Plan, continued

Benefits Provided, continued

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, 2025, are summarized as follows:

	Miscellaneous Plan	
	Classic	**PEPRA**
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.75%
Required employer contribution rates	15.24%	7.87%

Contributions

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

Net Pension Liability

For the fiscal year ended June 30, 2025, the contributions for the Plan were as follows:

	Miscellaneous Plan
Contributions – employer	$ 252,527

(8) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

As of the fiscal year ended June 30, 2025, the District reported a net pension liability for its proportionate share of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability		
	Governmental	Enterprise	Total
Miscellaneous Plan	$ 296,887	445,332	742,219

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, 2024 (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, 2023 (the valuation date), rolled forward to June 30, 2024, 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, 2025, was as follows:

	Miscellaneous Plan
Proportion – June 30, 2024	0.00608%
Proportion – June 30, 2025	0.00612%
Change – Increase (Decrease)	0.00004%

Deferred Pension Outflows (Inflows) of Resources

For the fiscal year ended June 30, 2025, the District recognized pension income of $308,742.

(8) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources, continued

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description		Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$	252,527	-
Net differences between actual and expected experience		61,668	-
Net changes in assumptions		19,077	-
Net differences between projected and actual earnings on plan investments		42,729	-
Net differences between actual contribution and proportionate share of contribution		45,022	-
Net adjustment due to differences in proportions of net pension liability		99,655	-
Total	$	520,678	-

As of June 30, 2025, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of $252,527 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2026.

At June 30, 2025, the District recognized other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension liability, which will be recognized as pension expense as follows:

Fiscal Year Ending June 30,		Deferred Net Outflows/(Inflows) of Resources
2026	$	142,296
2027		104,710
2028		31,491
2029		(10,346)
2030		-
Remaining		-

(8) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liability in the measurement date June 30, 2024, actuarial valuation report was determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	6.90% Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

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

Discount Rate

The discount rate used to measure the total pension liability was 6.90% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, the amortization and smoothing periods recently adopted by CalPERS were utilized. The crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments.

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

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

(8) Defined Benefit Pension Plan, continued

Discount Rate, continued

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

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

Asset Class	New Strategic Allocation	Real Return Years 1–10*
Global Equity - Cap-weighted	30.00%	4.45%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	27.00%
Mortgage-backed Securities	5.00%	50.00%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	6.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

* An expected inflation of 2.5% used for this period

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

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

At June 30, 2025, the discount rate comparison was the following:

	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
District's Net Pension Liability	$ 1,513,551	742,219	107,300

(8) Defined Benefit Pension Plan, continued

Payable to the Pension Plan

At June 30, 2025, 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 61 and 62 for the Required Supplementary Schedules.

(9) Net Position

Net investment in capital assets is calculated as follows:

		Governmental Activities	Business-type Activities	Total
Capital assets – not being depreciated	$	384,028	825,630	1,209,658
Capital assets – being depreciated, net		2,181,617	17,485,028	19,666,645
Long-term debt – current portion		(48,580)	(353,899)	(402,479)
Long-term debt – long-term portion		(127,415)	(2,487,497)	(2,614,912)
Total	$	2,389,650	15,469,262	17,858,912

Unrestricted net position is designated as follows:

		Governmental Activities	Business-type Activities	Total
General	$	905,056	-	905,056
Prepaid expenses and other assets		5,228	16,592	21,820
Water operations and capital replacement		-	8,519,034	8,519,034
Total	$	910,284	8,535,626	9,445,910

(10) Internal Balances – Interfund Transfers

Interfund transfers consist of the following for the year ended June 30, 2025:

Transfer from	Transfer to	Purpose		Amount
Interfund Administrative Allocation Transfers:				
Water	General	Admin Allocation	$	699,806
Wastewater	General	Admin Allocation		685,810
Solid Waste	General	Admin Allocation		13,996
	Subtotal administrative allocation transfers		$	1,399,612
Interfund Board Discretionary Transfers:				
General	Parks & Rec	Board Discretionary	$	475,631
	Subtotal board discretionary transfers		$	475,631
Interfund Operational Transfers:				
Recycle	Parks & Rec	Operations	$	21,953
	Subtotal operational transfers		$	21,953
Interfund Operational Transfers:				
Parks & Rec	Wastewater	Operations	$	71,571
	Subtotal operational transfers		$	71,571
	Total		$	1,968,767

Interfund Admin Allocation Transfers

During the fiscal year ended June 30, 2025, 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, 2025, 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, 2025, interfund transfers between the Recycle to the Parks and Recreation fund were designated by the Board to utilize resources to help build reserves towards future repairs of existing assets in the Parks and Recreation fund. The funds were transferred accordingly.

(10) Internal Balances – Interfund Transfers, continued

Interfund Operational Transfers, continued

During the fiscal year ended June 30, 2025, interfund transfers between the Parks and Recreation fund to the Wastewater fund were designated by the Board for the purpose of internal loan repayment. The funds were transferred accordingly.

(11) Fund Balance

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

Fund balances and their funding composition at June 30, 2025, is as follows:

Fund Balance Category		
Assigned:		
Parks and recreation	$	202,580
Recycle		11,612
Total assigned fund balance		214,192
Unassigned fund balance:		
General fund		573,480
Property rental		139,004
Total unassigned fund balance		712,484
Total fund balance	$	926,676

(12) Adjustments to Net Position

In fiscal year 2025, the District implemented GASB Statement No. 101 – *Compensated Absences* to recognize the provisions of the Statement towards its compensated absences liability. As a result of the implementation, the District recognized additions to it compensated absence liabilities for the General, Water, Wastewater, and Solid Waste funds. At June 30 2024, the District recorded prior period adjustments, decreases to net position, of $10,640 to the General fund, $12,981 to the Water fund, $8,438 to the Wastewater fund, and $3,685 to the Solid Waste fund, respectively.

The adjustments to net position are as follows:

	Governmental Activities	Business-type	Total
Net position at June 30, 2024, as previously stated	$ **2,279,651**	**21,390,907**	$ **23,670,558**
General / Administrative:			
Effect of adjustment for 2024 to record sick leave liability and related expense as a result of GASB 101	(10,640)	-	(10,640)
Subtotal adjustments – General fund	**(10,640)**	**-**	**(10,640)**
Water fund:			
Effect of adjustment for 2024 to record sick leave liability and related expense as a result of GASB 101	-	(12,981)	(12,981)
Subtotal adjustments – Water fund	**-**	**(12,981)**	**(12,981)**
Wastewater fund:			
Effect of adjustment for 2024 to record sick leave liability and related expense as a result of GASB 101	-	(8,438)	(8,438)
Subtotal adjustments – Wastewater fund	**-**	**(8,438)**	**(8,438)**
Solid Waste fund:			
Effect of adjustment for 2024 to record sick leave liability and related expense as a result of GASB 101	-	(3,685)	(3,685)
Subtotal adjustments – Solid Waste fund	**-**	**(3,685)**	**(3,685)**
Change in net position at June 30, 2024, as previously stated	**415,472**	**1,383,653**	**1,799,125**
Net position at June 30, 2024, as restated	$ **2,684,483**	**22,749,456**	$ **25,433,939**

(13) Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to the claims of the District's general creditors. Market value of the plan assets held in trust as of June 30, 2025, was $970,696.

(13) Deferred Compensation Savings Plan, continued

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

(14) Risk Management

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

At June 30, 2025, the District's insurance coverage is summarized as follows:

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

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

- Employee theft coverage up to $500,000 per loss, forgery, or alteration for $250,000, inside premises for $250,000, inside premises robbery for $250,000, outside the premises for $250,000, computer fraud for $250,000, funds transfer fraud for $250,000, and money orders & counterfeit paper currency for $250,000.
- Real property and business property loss is paid at the replacement cost for property on file, subject to a $5,000 deductible per occurrence.
- Boiler and Machinery coverage for the replacement cost up to blanket property limit of $17,362,452 subject to a $2,500 deductible per occurrence.
- Public Officials' outside directorship up to $1,000,000 per act, subject to a $2,500 deductible per claim.
- Excess coverage with $5,000,000 each occurrence and aggregate limits. Underlying coverages are General Liability with $1,000,000 per occurrence and $10,000,000 aggregate, Public Officials & Management Liability $1,000,000 per occurrence and $10,000,000 aggregate, Business Auto $1,000,000 limit, Employers Liability Part B up to $1,000,000 per accident, per disease, policy limit.
- Workers Compensation insurance with statutory limits per occurrence.

Settled claims have not exceeded any of the coverage amounts in the last fiscal years. There were no reductions in insurance coverage in the fiscal year 2025. 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, 2025.

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

Governmental Accounting Standards Board Statement No. 103

In April 2024, the GASB issued Statement No. 103 – *Financial Reporting Model Improvements.* The primary objective of this Statement is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. Also, this Statement: (1) continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI); (2) describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence; (3) requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses; (4) requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements; and (5) requires governments to present budgetary comparison information using a single method of communication—RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 104

In September 2024, the GASB issued Statement No. 104 – Disclosure of Certain Capital Assets. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. Also, this Statement establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this Statement apply to the financial statements of all state and local governments.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

(16) Commitments and Contingencies

Grant Awards

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

Litigation

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

(17) Subsequent Events

Events occurring after June 30, 2025, have been evaluated for possible adjustment to the financial statements or disclosure as of December 4, 2025, 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, 2025

	Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Property taxes	$ 125,742	155,541	29,799
Charges for services	190,780	213,386	22,606
Investment interest earnings	80,000	360,308	280,308
Rental income – leases	198,909	171,191	(27,718)
Interest earnings – leases	-	23,812	23,812
Other	28,700	47,409	18,709
Total revenues	624,131	971,647	347,516
Expenditures:			
Salaries and benefits	1,017,767	1,093,698	(75,931)
Materials and services	548,604	473,675	74,929
Utilities	22,140	76,892	(54,752)
Capital outlay	-	25,442	(25,442)
Total expenditures	1,588,511	1,669,707	(81,196)
Deficiency of revenues over expenditures	(964,380)	(698,060)	266,320
Other financing sources(uses):			
Transfers in(out) – administrative transfers	1,368,196	1,399,612	31,416
Transfers in(out) – board discretionary	(423,818)	(475,631)	(51,813)
Total other financing sources	944,378	923,981	(20,397)
Net change in fund balance	(20,002)	225,921	$ 245,923
Fund balance – beginning of period	347,559	347,559	
Fund balance – end of period	$ 327,557	573,480	

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, 2025

		Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:				
Rental income – leases	$	146,388	137,290	(9,098)
Interest earnings – leases		-	2,524	2,524
Total revenues		146,388	139,814	(6,574)
Expenditures:				
Materials and services		23,400	20,461	2,939
Utilities		17,202	14,617	2,585
Capital outlay		-	25,442	(25,442)
Debt payments		47,271	47,271	-
Interest paid		5,817	5,792	25
Total expenditures		93,690	113,583	(19,893)
Net change in fund balance		52,698	26,231	$ (26,467)
Fund balance – beginning of period		112,773	112,773	
Fund balance – end of period	$	165,471	139,004	

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, 2025

	Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Property taxes	$ 23,000	21,180	(1,820)
Charges for services	44,880	58,928	14,048
Rental income	24,075	23,519	(556)
Other	-	54,874	54,874
Total revenues	91,955	297,703	205,748
Expenditures:			
Salaries and benefits	34,660	28,829	5,831
Materials and services	285,033	210,955	74,078
Utilities	69,587	56,200	13,387
Capital outlay	-	230,859	(230,859)
Total expenditures	389,280	526,843	(137,563)
Deficiency of revenues over expenditures	(297,325)	(229,140)	68,185
Other financing sources(uses):			
Transfers in(out) – board discretionary	459,818	475,631	15,813
Transfers in(out) – operational	(71,571)	(21,953)	49,618
Total other financing sources	388,247	453,678	65,431
Net change in fund balance	90,922	224,538	$ 133,616
Fund balance – beginning of period	(21,958)	(21,958)	
Fund balance – end of period	$ 68,964	202,580	

Helendale Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Recycling Fund
For the Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Revenues:			
Recycling	$ 300,000	313,947	13,947
Other	-	3,312	3,312
Total revenues	300,000	317,259	17,259
Expenditures:			
Salaries and benefits	161,454	221,096	(59,642)
Materials and services	86,592	25,890	60,702
Utilities	12,800	11,548	1,252
Total expenditures	260,846	258,534	2,312
Excess of revenues over expenditures	39,154	58,725	14,947
Other financing sources(uses):			
Transfers in(out) – operational	-	(49,618)	(49,618)
Total other financing sources	-	(49,618)	(49,618)
Net change in fund balance	39,154	9,107	$ (34,671)
Fund balance – beginning of period	2,505	2,505	
Fund balance – end of period	$ 41,659	11,612	

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, 2025
Last Ten Years

	Measurement Dates									
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's Proportion of the Net Pension Liability	0.00612%	0.00608%	0.00532%	0.00070%	0.00414%	0.00375%	0.00341%	0.00346%	0.00316%	0.00318%
District's Proportionate Share of the Net Pension Liability	$ 742,219	759,002	614,279	38,106	449,910	384,311	328,486	343,160	273,741	218,114
District's Covered Payroll	$ 1,328,468	1,207,985	1,113,690	1,076,315	979,177	932,536	889,614	929,497	866,792	826,711
District's proportionate share of the net pension liability as a Percentage of its Covered Payroll	55.87%	62.83%	55.16%	3.54%	45.95%	41.21%	36.92%	36.92%	31.58%	26.38%
District's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	87.02%	84.30%	85.56%	98.90%	84.94%	84.99%	84.79%	81.93%	82.25%	81.89%
District's Proportionate Share of Aggregate Employer Contributions	$ 189,853	169,391	200,054	177,146	113,380	90,191	69,779	58,889	47,227	34,125

Notes to schedule:

There were no changes in benefits.

Changes in assumptions:

From fiscal year June 30, 2015 to June 30, 2016:
GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administartive expenses.
The discount rate of 7.65% used for the June 30, 2015 measurement date is wthout reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:
There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%

From fiscal year June 30, 2018 to June 30, 2019:
The inflation rate was reduced from 2.75% to 2.50%

From fiscal year June 30, 2019 to June 30, 2020:
There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:
There were no changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:
There were no changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:
The discount rate was reduced from 7.15% to 6.90%
The inflation rate was reduced from 2.50% to 2.30%

From fiscal year June 30, 2023 to June 30, 2024:
There were no changes in assumptions.

From fiscal year June 30, 2024 to June 30, 2025:
There were no changes in assumptions.

Helendale Community Service District
Schedules of Pension Plan Contributions (CalPERS)
As of June 30, 2025
Last Ten Years

Schedule of Pension Plan Contributions:	Fiscal Year Ended June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Actuarially Determined Contribution	$ 197,636	227,814	181,610	161,823	147,431	132,216	126,313	112,597	108,682	97,754
Contributions in Relation to the Actuarially Determined Contribution	(197,636)	(227,814)	(181,610)	(161,823)	(147,431)	(132,216)	(126,313)	(112,597)	(108,682)	(97,754)
Contribution Deficiency (Excess)	$ -	-	-	-	-	-	-	-	-	-
Covered Payroll	$ 1,460,335	1,328,468	1,207,985	1,113,690	1,076,315	979,177	932,536	889,614	929,497	866,792
Contribution's as a percentage of Covered Payroll	13.53%	17.15%	15.03%	14.53%	13.70%	13.50%	13.55%	12.66%	11.69%	11.28%
Notes to Schedule:										
Valuation date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Methods and assumtpions used to determine contribution rates:										
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Inflation	2.30%	2.30%	2.30%	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	6.90% (3)	6.90% (3)	6.90% (3)	7.15% (3)	7.15% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

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

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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, 2025, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 4, 2025.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

C.J. Brown & Company, CPAs
Cypress, California
December 4, 2025