

**FIELDBROOK GLENDALE COMMUNITY
SERVICES DISTRICT**

MCKINLEYVILLE, CA

ANNUAL FINANCIAL REPORT

JUNE 30, 2024



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Fieldbrook Glendale Community Services District
McKinleyville, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of Fieldbrook Glendale Community Services District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Fieldbrook Glendale Community Services 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, business-type activities and each major fund of the Fieldbrook Glendale Community Services District, as of June 30, 2024, 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 and the State Controller's Minimum Audit Requirements for California Special Districts.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

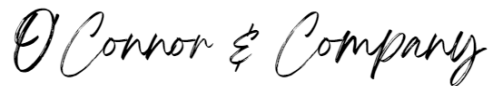
In performing an audit in accordance with generally accepted auditing standards in the United States of America, we:

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

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

Required Supplementary Information

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



O'Connor & Company

Novato, California
January 15, 2025

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2024

This section presents management's analysis of the Fieldbrook Glendale Community Services District's (the District's) financial condition and activities as of and for the year ended June 30, 2024. Management's Discussion and Analysis (MDA) is intended to serve as an introduction to the District's basic financial statements. This information should be read in conjunction with the audited financial statements that follow this section.

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

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

Organization and Business

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

Overview of the Financial Statements

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

- Government-wide financial statements – provide both long-term and short-term information about the District's overall financial position in a manner similar to a private sector business. The District's government-wide financial statements consist of a *Statement of Net Position and a Statement of Activities and Changes in Net Position*.
- Governmental fund types – The District's governmental fund consists of one general fund which reports revenues, expenditures, assets, and liabilities of the Fire Department. The Fire Department is principally supported by tax revenues. The fund is reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statement provides a detailed *short-term* view of the District's operations and services it provides. The District's financial statements contain a *Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balance and a Budgetary Comparison Schedule, (see table of contents)*.
- Proprietary Fund types – The District's proprietary fund consists of two enterprise funds, the Water System, and the Wastewater System. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is the costs (including depreciation) of providing goods or services to the general public be financed or recovered primarily through user charges. The District's financial reports contain a *Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows*.
- Notes to financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION & ANALYSIS
 June 30, 2024

Financial Summary

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

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

	FY 2023-2024			FY 2022-2023			Change	
	Governmental	Business Type	Total	Governmental	Business Type	Total	\$	%
	(Fire)	(Water/Sewer)		(Fire)	(Water/Sewer)			
Current and other assets	\$ 167,636	\$ 620,317	\$ 787,953	\$ 136,765	\$ 509,850	\$ 646,615	\$ 141,338	22%
Board designated assets	128,429	50,000	178,429	115,021	50,000	165,021	13,408	8%
Notes Receivable/Payable	(124,550)	124,550	-	(144,370)	144,370	-	-	0%
Capital/Fixed assets	375,115	2,114,196	2,489,311	422,125	2,230,937	2,653,062	(163,751)	-6%
Total Assets	\$ 546,630	\$ 2,909,063	\$ 3,455,693	\$ 529,541	\$ 2,935,157	\$ 3,464,698	\$ (9,005)	0%
Current and other liabilities	\$ 12,644	\$ 116,232	\$ 128,876	\$ 8,864	\$ 102,067	\$ 110,931	\$ 17,945	16%
Long term liabilities	-	331,681	331,681	-	365,061	365,061	(33,380)	-9%
Total Liabilities	\$ 12,644	\$ 447,913	\$ 460,557	\$ 8,864	\$ 467,128	\$ 475,992	\$ (15,435)	-3%
Investment in capital assets (net of related debt)	\$ 375,115	\$ 1,749,135	\$ 2,124,250	\$ 422,125	\$ 1,833,396	\$ 2,255,521	\$ (131,271)	-6%
Unrestricted	-	662,015	662,015	(16,469)	584,633	568,164	93,851	17%
Board Committed	158,871	50,000	208,871	115,021	50,000	165,021	43,850	27%
Net Position	\$ 533,986	\$ 2,461,150	\$ 2,995,136	\$ 520,677	\$ 2,468,029	\$ 2,988,706	\$ 6,430	0%

The District's net position for all funds as of June 30, 2024, was \$2,995,136, an increase of \$6,430 as compared to June 30, 2023. Current and other assets include cash in banks, accounts receivable, grants, other receivables, and pre-paid expenses. Current and other assets increased \$141,338 (22%) as compared to June 30, 2023.

Capital and fixed assets represent the largest portion of the District's assets. These assets include the infrastructure required to provide water, sewer, and public safety services. The investments in capital assets include land, buildings, equipment, the sewage collection system, and the water distribution system. The value of these investments, except for land, depreciates on a fixed schedule each year, based on what is determined to be their "useful" life at the time of purchase. The District has a total of \$2,489,311 invested in capital assets, net of depreciation.

Current liabilities include accounts payable, customer deposits, interest payable, and the current portion of long-term notes payable. Long-term notes payable is debt due after one year. The net investment in capital assets is the net of capital assets less the related debt. The Board has established a water rate stabilization reserve of \$50,000 to remain compliant with the terms of the installment loan from the California Infrastructure and Economic Development Bank. Also, the Board has designated a fire fund reserve of \$128,429 for future debt payments.

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION & ANALYSIS
 June 30, 2024

TABLE 2
CONDENSED STATEMENTS OF NET POSITION BY FUND
 June 30, 2024

	Water	Sewer	Fire	Total
Current and other assets	\$ 362,888	\$ 257,430	\$ 167,636	\$ 787,953
Capital/Fixed assets	638,262	1,475,934	375,115	2,489,311
Interfund Notes Receivable/Payable	124,550	-	(124,550)	-
Board Assigned	50,000	-	128,429	178,429
Total Assets	\$ 1,175,700	\$ 1,733,364	\$ 546,630	\$ 3,455,693
Current and other liabilities	\$ 98,849	\$ 17,382	\$ 12,644	\$ 128,876
Long Term Liabilities	331,681	-	-	331,681
Total Liabilities	\$ 430,530	\$ 17,382	\$ 12,644	\$ 460,557
Investment in capital assets net of related debt	\$ 273,201	\$ 1,475,934	\$ 375,115	\$ 2,124,250
Unrestricted	421,969	240,046	30,442	692,457
Board Assigned	50,000	-	128,429	178,429
Total Net Position	\$ 745,170	\$ 1,715,980	\$ 533,986	\$ 2,995,136

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

TABLE 3
CONDENSED STATEMENT RESULTS OF OPERATIONS
 June 30, 2024

	Water	Sewer	Fire	Total
Revenues:				
Charges for services	\$ 608,022	\$ 411,915	\$ -	\$ 1,019,937
Taxes and assessments	-	-	127,832	127,832
Unrestricted investment earnings	12,883	4,971	11,388	29,242
In Kind/Grant Revenue	-	-	4,403	4,403
Other Income	839	-	8,314	9,153
Total Revenues	621,744	416,886	151,937	1,190,567
Expenses:				
Water/Sewer services	541,034	339,929	-	880,963
Public Safety	-	-	91,619	91,619
Depreciation expenses	46,827	117,719	47,009	211,555
Total Expenses	587,861	457,648	138,628	1,184,137
Result of Operations	\$ 33,883	\$ (40,762)	\$ 13,309	\$ 6,430
Total net position - beginning	\$ 711,287	\$ 1,756,742	\$ 520,677	\$ 2,988,706
Total net position - ending	\$ 745,170	\$ 1,715,980	\$ 533,986	\$ 2,995,136

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION & ANALYSIS
 June 30, 2024

Revenues for the District include water and sewer charges, late payment fees, installation and connection fees, taxes, assessments, and investment earnings. Total revenue from these activities was \$1,190,567. In-Kind/Grant Revenue of \$4,403 was from Cal Fire for fire department equipment. Expenses for water and sewer services were \$880,963. Public safety expenses for the fire department totaled \$91,619. The District posted depreciation expenses of \$211,555. The total net position as a result of operations increased \$6,430.

TABLE 4
RESULTS OF WATER OPERATIONS NET OF ANKER TANK GRANT INCOME
YEAR OVER YEAR - 2025 ADOPTED BUDGET

Water	Column One - Year over Year				Column Two - 2025 Budget compared to 2024 Actuals			
	Actuals	Actuals			Budget	Actuals		
	2023-2024	2022-2023	\$\$ Change	% Change	2024-2025	2023-2024	\$\$ Change	% Change
Revenues:								
Water Domestic/Business	\$ 537,702	\$ 492,451	\$ 45,251	9%	\$ 533,636	\$ 537,702	\$ (4,066)	-1%
Special benefit zone	29,447	26,875	2,572	10%	28,967	29,447	(480)	-2%
Fee for service	18,815	15,124	3,691	24%	18,099	18,815	(716)	-4%
Installation/Meter Charge	9,127	-	9,127	100%	-	9,127	(9,127)	0%
Other revenue	839	1,818	(979)	-54%	-	838	(838)	-100%
Total Revenue	595,930	536,268	59,662	11%	580,702	595,930	(15,228)	-3%
Expenses:								
Purchased water	199,462	187,769	11,693	6%	199,508	199,462	46	0%
Director Fees	2,995	2,995	-	0%	2,995	2,995	-	0%
Contract Labor	243,416	253,910	(10,494)	-4%	273,224	243,416	29,808	12%
Insurance	5,662	4,745	917	19%	5,461	5,662	(201)	-4%
Professional services	10,758	14,331	(3,573)	-25%	10,500	10,758	(258)	-2%
Dues & Memberships	1,382	1,469	(87)	-6%	1,382	1,382	-	0%
Utilities	17,163	14,062	3,101	22%	16,737	17,163	(426)	-2%
Transportation (Mileage)	810	-	810	100%	804	810	(6)	-1%
Property Taxes	224	225	(1)	0%	-	224	(224)	-100%
Supplies	2,967	2,357	610	26%	2,920	2,967	(47)	-2%
Maintenance/Line Repairs	3,065	854	2,211	259%	8,500	3,065	5,435	177%
Small Equipment	124	-	124	100%	200	124	76	61%
Bad Debt/Bank fees	22,195	3,788	18,407	486%	4,608	22,195	(17,587)	-79%
Licenses & Fees	6,908	6,065	843	14%	6,330	6,908	(578)	-8%
Payroll expense	13,503	13,318	185	1%	13,704	13,503	201	1%
Total Expense	530,634	505,888	24,746	5%	546,873	530,634	16,239	3%
Results of Operations	65,296	30,380	34,916	115%	33,829	65,296	(31,467)	-48%
Other Income								
Interest Earnings	12,883	11,078	1,804	16%	8,374	12,883	(4,509)	-35%
Connection Fees	12,931	-	12,931	100%	-	12,931	(12,931)	-100%
Total Other Income	25,814	11,078	14,735	133%	8,374	25,814	(17,440)	-68%
Other Expense								
Deprecation	46,827	44,577	2,250	5%	46,827	46,827	-	0%
Interest Expense	10,400	11,254	(852)	-8%	9,474	10,400	(927)	-9%
Total Other Expense	57,227	55,831	1,398	3%	56,301	57,227	(927)	-2%
Net Other Income/Expense	(31,413)	(44,753)	13,337	-30%	(47,927)	(31,413)	(16,513)	53%
Net Income	\$ 33,883	\$ (14,373)	\$ 48,253	-336%	\$ (14,098)	\$ 33,883	\$ (47,980)	-142%

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2024

Table 4 demonstrates the change in year-to-year operations in column one. Column two is a comparative between the District's adopted budget for the next fiscal year and the audited year actuals. This table is intended to demonstrate variations in standard operating expenses. The table does not reflect reimbursement revenue for the Anker Tank Replacement Project. No reimbursement was received in the fiscal year ended 2024, and \$5,289 was received in the fiscal year ended 2023.

Water Revenues

In column one, year over year revenues increased \$59,662. The District adopted a rate increase in January of 2024 of 3.35% based on the fluctuation in the Consumer Price Index. Fees for service increased \$3,691. Most of this increase was from late fees.

Water Expenses

Total expenses increased \$24,746. There were decreases in contract labor and professional services. Contract labor includes engineering services, special studies, and maintenance and operation services provided by the Humboldt Bay Municipal Water District (HBMWD).

HBMWD provides for the day-to-day operations of the water district. These contracted services include customer billing, meter reading, lab tests, maintenance, equipment, office space and administrative oversight. Professional services (legal & audit fees) decreased \$3,573.

Expenses increased for purchased water, utilities, and a set aside for bad debt. The \$18,407 increase in bad debt is directly associated with the implementation of the 2019 Water Shutoff Protection Act and the expanded protections adopted in 2023.

Anker Lane Tank Replacement Project

In August of 2019, the Board adopted a resolution authorizing the general manager to execute, on behalf of the District, an application to the FEMA Hazard Mitigation Grant Program and PreDisaster Mitigation Program for the FGCSD Water Tank Seismic Retrofit Project. The project will place a new 400,000-gallon water tank adjacent to the existing redwood water tank located on Anker Lane. The total project is estimated to be \$1,258,970. FEMA will fund 75% of the project, \$944,227. The District applied for and has received a grant from the North Coast Resource Partnership (NCRP) to fund the local match requirement of \$314,743.

The project is broken into two phases, phase one consists of planning, design, engineering, and environmental documentation. Phase two is construction and implementation. The District has completed phase one. Phase two is scheduled to begin in March/April of 2025 and to be completed in October of 2025. The project's estimated construction costs increased due to inflationary pressures, causing the District to apply for supplemental funding.

In November 2023, the District was notified that the request for supplemental funding was approved. The total project is estimated to be \$1,818,991. FEMA will fund 75% of the project, \$1,377,228. NCRP will fund the local match requirement of \$441,763. It is anticipated the project will be completed the summer of 2025.

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION & ANALYSIS
 June 30, 2024

TABLE 5
RESULTS OF SEWER OPERATIONS
YEAR OVER YEAR - 2025 ADOPTED BUDGET

Sewer	Column One - Year over Year				Column Two - 2025 Budget compared to 2024 Actuals			
	Actuals	Actuals			Budget	Actuals		
	2023-2024	2022-2023	\$\$ Change	% Change	2024-2025	2023-2024	\$\$ Change	% Change
Revenues:								
Sewer Domestic/Business	\$ 369,720	\$ 353,941	\$ 15,779	4%	\$ 367,081	\$ 369,720	\$ (2,639)	-1%
Fee for service	12,170	9,726	2,444	25%	12,766	12,170	596	5%
Other revenue	-	2,327	(2,327)	100%	-	-	-	-100%
Total Revenue	381,890	365,994	15,896	4%	379,847	381,890	(2,043)	-1%
Expenses:								
Sewer Treatment	172,043	199,060	(27,017)	-14%	173,298	172,043	1,255	1%
Contract Labor	49,638	60,494	(10,856)	-18%	48,248	49,638	(1,390)	-3%
Insurance	3,350	3,099	251	8%	3,855	3,350	505	15%
Professional services	8,031	7,831	200	3%	8,100	8,031	69	1%
Dues & Memberships	1,682	1,469	213	14%	-	1,682	(1,682)	-100%
Utilities	10,968	8,395	2,573	31%	10,745	10,968	(223)	-2%
Fuel/Transportation	5,105	6,113	(1,008)	-16%	3,900	5,105	(1,205)	-24%
Property Taxes	810	546	264	48%	-	810	(810)	-100%
Supplies	3,017	2,404	613	25%	2,872	3,017	(145)	-5%
Maintenance/Line Repairs	34,214	26,169	8,045	31%	24,460	34,214	(9,754)	-29%
Small Equipment	125	-	125	100%	200	125	75	60%
Bad Debt/Bank fees	7,918	2,550	5,368	211%	3,060	7,918	(4,858)	-61%
Licenses & Fees	4,917	4,461	456	10%	4,918	4,917	1	0%
Payroll expense	38,113	39,297	(1,184)	-3%	31,200	38,113	(6,913)	-18%
Total Expense	339,931	361,888	(21,957)	-6%	314,856	339,931	(25,075)	-7%
Results of Operations	41,960	4,106	37,854	922%	64,991	41,960	23,031	55%
Other Income								
Interest Earnings	4,971	4,228	744	18%	4,800	4,971	(171)	-3%
Connection Fees	30,025	22,767	7,258	32%	30,217	30,025	192	1%
Total Other Income	34,996	26,995	8,001	30%	35,017	34,996	21	0%
Other Expense								
Deprecation	117,719	100,011	17,708	18%	117,719	117,719	-	0%
Interest Expense	-	1,679	(1,679)	-100%	-	-	-	100%
Total Other Expense	117,719	101,690	16,029	16%	117,719	117,719	-	0%
Net Other Income/Expense	(82,723)	(74,695)	(8,028)	11%	(82,702)	(82,723)	21	0%
Net Income	\$ (40,762)	\$ (70,589)	\$ 29,827	-42%	\$ (17,711)	\$ (40,762)	\$ 23,051	-57%

Revenues

Sewer revenues increased \$15,896. The primary increase in revenue was from business/commercial activities. Fees for services increased \$2,444 and was from late fees. The District did not adopt a rate increase in 2024.

Expenses

Sewer expenses decreased \$21,958. There were decreases in sewer treatment costs, contract labor costs, fuel and transportation costs, and payroll. Utility costs increased \$2,573, maintenance costs increased \$8,045, and bad debt/bank fees increased \$5,368.

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION & ANALYSIS
 June 30, 2024

TABLE 6
RESULTS OF FIRE OPERATIONS
YEAR OVER YEAR - 2025 ADOPTED BUDGET

Fire	Column One - Year over Year				Column Two - 2025 Budget compared to 2024 Actuals			
	Actuals 2023-2024	Actuals 2022-2023	\$\$ Change	% Change	Budget 2024-2025	Actuals 2023-2024	\$\$ Change	% Change
Revenues:								
Property Taxes	\$ 86,432	\$ 81,970	\$ 4,462	5%	\$ 86,788	\$ 86,432	\$ 356	0%
Special Benefit Assessment	41,400	41,513	(113)	0%	53,105	41,400	11,705	28%
Other Income	8,314	5,102	3,212	63%	2,000	8,314	(6,314)	-76%
Total Revenue	136,146	128,585	7,561	6%	141,893	136,146	5,747	4%
Expenses:								
Director Fees	599	599	-	0%	599	599	-	0%
Benefit Assessment Fee	2,339	2,134	205	10%	419	2,339	(1,920)	-82%
Insurance	23,873	22,852	1,022	4%	26,978	23,873	3,105	13%
Professional services	8,692	7,024	1,668	24%	8,032	8,692	(660)	-8%
Dues & Memberships	3,152	3,269	(117)	-4%	3,152	3,152	-	0%
Utilities	11,554	12,323	(769)	-6%	11,656	11,554	102	1%
Transportation/travel	2,959	3,569	(610)	-17%	3,180	2,959	221	7%
Supplies	4,024	3,903	121	3%	4,632	4,024	608	15%
Maintenance expenses	12,832	4,800	8,032	167%	5,750	12,832	(7,082)	-55%
Equipment	3,638	1,742	1,896	109%	3,500	3,638	(138)	-4%
Licenses & Fees	300	112	188	168%	-	300	(300)	-100%
Payroll Expenses	2,094	3,562	(1,468)	-41%	1,956	2,094	(138)	-7%
Total Expense	76,056	65,889	10,167	15%	69,854	76,056	(6,202)	-8%
Results of Operations	60,090	62,695	(2,605)	-4%	72,039	60,090	11,949	20%
Other Income								
Grant/Donation Revenues	4,403	4,047	356	9%	-	4,403	(4,403)	-100%
Interest Earnings	11,388	19	11,369	59152%	3,200	11,388	(8,188)	-72%
Total Other Income	15,791	4,066	11,724	288%	3,200	15,791	(12,591)	-80%
Other Expense								
Deprecation	47,009	48,919	(1,910)	-4%	47,009	47,009	-	0%
Interest Expense	6,276	7,139	(863)	-12%	5,374	6,276	(902)	-14%
Fire Grant Expenses	9,288	8,122	1,166	0%	-	9,288	(9,288)	-100%
Total Other Expense	62,573	64,180	(1,607)	-3%	52,383	62,573	(10,190)	-16%
Net Other Income/Expense	(46,782)	(60,114)	13,331	-22%	(49,183)	(46,782)	(2,401)	5%
Net Income	\$ 13,308	\$ 2,582	\$ 10,726	415%	\$ 22,856	\$ 13,308	\$ 9,548	72%

Revenues

Revenues for the fire department increased \$7,562. There was an increase in property taxes and a small decrease in the special benefit assessment. Other income increased \$3,212. The increase in other income was primarily from mutual aid responses for Cal Fire. Reports from the Humboldt County Auditor's office were obtained in a timely manner. The Humboldt County Auditor's office made progress on prior year(s) interest apportionments.

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2024

Expenses

Expenses for the fire department increased \$10,167. Expenses increased for insurance, professional services (audit), maintenance, and equipment. These increased expenses were offset by decreased expenses for dues/memberships, utilities, transportation, and payroll.

Additional Budgetary Information

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

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

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

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

Changes in Net Position as a Result of Operations Year Over Year

The purpose of table seven, eight and nine is to provide the change in net position from the prior year because of operations. The table also includes information for the 2021-2022 fiscal year. This information can help identify trends in assets and liabilities over a three-year period.

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

Water Fund	2021-2022	2022-2023	2023-2024	Increase/Decrease from prior year
Current and Other Assets	\$ 537,996	\$ 522,412	\$ 537,438	\$ 15,026
Capital and Fixed Assets	654,603	637,283	638,262	978
Current and other Liabilities	74,686	83,346	98,849	15,503
Long Term Liabilities	397,542	365,062	331,681	(33,381)
Total Net Position	\$ 720,371	\$ 711,287	\$ 745,170	\$ 33,882
Net Position - Beginning	\$ 704,999	\$ 720,373	\$ 711,287	\$ (9,086)
Operating Revenues	634,203	552,631	621,744	69,112
Operating Expenses	574,776	517,141	541,035	23,894
Net Operating Income	59,427	35,491	80,709	45,218
Depreciation Expenses	44,053	44,577	46,827	2,250
Change in Net Position	15,374	(9,086)	33,882	42,968
Net Position - Ending	\$ 720,373	\$ 711,287	\$ 745,169	\$ 33,882

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2024

The water fund's net assets increased \$33,882 from the prior year. The reduction of long-term debt and the 2023 investment in capital projects (primarily the Anker Tank Replacement Project), account for a significant portion of this change.

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

Sewer Fund	2021-2022	2022-2023	2023-2024	Increase/Decrease from prior year
Current and Other Assets	\$ 325,667	\$ 181,808	\$ 257,430	\$ 75,623
Capital and Fixed Assets	1,555,736	1,593,653	1,475,934	(117,719)
Current and other Liabilities	23,721	18,717	17,382	(1,334)
Long Term Liabilities	30,350	-	-	-
Total Net Position	\$ 1,827,331	\$ 1,756,744	\$ 1,715,982	\$ (40,761)
Net Position - Beginning	\$ 1,789,537	\$ 1,827,331	\$ 1,756,742	\$ (70,589)
Operating Revenues	453,024	392,988	416,886	23,898
Operating Expenses	323,582	363,566	339,929	(23,637)
Net Operating Income	129,442	29,422	76,957	47,535
Depreciation Expenses	91,648	100,011	117,719	17,708
Change in Net Position	37,794	(70,589)	(40,762)	29,827
Net Position - Ending	\$ 1,827,331	\$ 1,756,742	\$ 1,715,980	\$ (40,762)

The sewer fund's net assets decreased \$40,762 from the prior year. Current and other assets increased \$75,623. Operating revenues increased \$23,898, operating expenses decreased \$23,637, these changes increased net operating income \$47,535. Depreciation increased \$17,708. The change in net assets was \$29,827.

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

Fire Fund	2021-2022	2022-2023	2023-2024	Increase/Decrease from prior year
Current and Other Assets	\$ 214,934	\$ 251,786	\$ 296,063	\$ 44,278
Capital and Fixed Assets	471,043	422,124	375,115	(47,008)
Current and other Liabilities	23,513	28,683	33,366	4,682
Long Term Liabilities	144,370	124,550	103,828	(20,722)
Total Net Position	\$ 518,095	\$ 520,677	\$ 533,985	\$ 13,308
Net Position - Beginning	\$ 494,709	\$ 518,095	\$ 520,677	\$ 2,582
Operating Revenues	146,234	132,651	151,937	19,286
Operating Expenses	75,502	81,150	91,620	10,470
Net Operating Income	70,732	51,501	60,317	8,815
Depreciation Expenses	47,346	48,919	47,009	(1,910)
Change in Net Position	23,386	2,582	13,308	10,725
Net Position - Ending	\$ 518,095	\$ 520,677	\$ 533,985	\$ 13,308

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2024

The fire fund's net assets increased \$13,308. Long-term liabilities decreased \$20,722. Operating revenues increased \$19,286, expenses increased \$10,470, for a net operating increase of \$8,815. Depreciation expenses decreased \$1,910.

**TABLE 10
 CAPITAL ASSETS PROPERTY AND EQUIPMENT**

	FY 2022-2023	FY 2023-2024	Difference
Water			
Land	\$ 6,461	\$ 6,461	\$ -
Water System Infrastructure	2,144,603	2,192,409	47,805
Sewer			
Land	20,860	20,860	-
Sewer System Infrastructure	4,184,927	4,184,927	-
Fire			
Land	5,106	5,106	-
Buildings	367,424	367,424	-
Equipment - Trucks, Clothing, Radios, Tools	877,436	877,436	-
Total Property & Equipment	7,606,818	7,654,623	47,805
Less Accumulated Depreciation	(4,953,757)	(5,165,312)	(211,555)
Total Property & Equipment (net of depreciation)	\$ 2,653,061	\$ 2,489,311	\$ (163,750)

Capital Assets

The District had \$2.48 million (net of accumulated depreciation) invested in a broad range of utility capital assets as of June 30, 2024. The investment in capital assets includes land, buildings, improvements, water transmission, water storage facilities, pump stations, wastewater transmission, and emergency trucks and equipment. The District's net revenue, long-term debt, and contributions from customers are used to finance capital investments.

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

Water	FY 2022-2023	FY 2023-2024	Difference
Davis Grunsky Loan	\$ 197,017	\$ 178,144	\$ (18,873)
Davis Grunsky Deferred Interest	32,184	28,956	(3,228)
I-Bank	135,861	124,582	(11,279)
Total Water	365,062	331,682	(33,380)
Fire			
Fire to Water interfund	98,526	124,550	26,024
Total	\$ 463,588	\$ 456,232	\$ (7,356)

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

Long-Term Debt and Interfund Loans

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

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

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

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

Both fire department loans extend beyond the special benefit tax assessment which expires in the fiscal year 2023-2024. The Board further resolved to annually designate a portion of the fire department's ending fund balance to establish a reserve account for future debt payments should a future tax assessment not be pursued or successful.

In April 2018 the Board approved the preparation of a sewer rate study. The Board met in regular session over the summer and provided comments and directions for the study. An informational meeting was held in the Glendale area in September. A rate protest hearing to approve a rate increase was held on November 13, 2018. The rate increase was approved and will provide revenues equal to the cost of operations and approximately 33% of depreciation expenses. The rate increase also includes language that allows the pass-through of increased treatment costs from the City of Arcata. The annual adjustment will be valid for a period of five years.

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

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

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

Requests for Additional Information

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

Fieldbrook Glendale Community Services District
STATEMENT OF NET POSITION
For the Year Ended June 30, 2024

<u>ASSETS</u>	Government Activities	Business Activities	Totals
Current assets:			
Cash and investments	\$ 161,483	\$ 475,635	\$ 637,118
Accounts receivable	-	106,262	106,262
Grant and other receivables	4,403	37,797	42,200
Interest receivable	1,750	623	2,373
Total current assets	<u>167,636</u>	<u>620,317</u>	<u>787,953</u>
Long-term assets			
Non-depreciable capital assets	5,106	249,514	254,620
Depreciable capital assets (net of depreciation)	370,009	1,864,682	2,234,691
Total capital assets	<u>375,115</u>	<u>2,114,196</u>	<u>2,489,311</u>
Interfund loans receivable/(payable)	(124,550)	124,550	-
Board designated cash	128,429	50,000	178,429
Total long-term assets	<u>378,994</u>	<u>2,288,746</u>	<u>2,667,740</u>
Total assets	<u>546,630</u>	<u>2,909,063</u>	<u>3,455,693</u>
 <u>LIABILITIES AND NET POSITION</u>			
Current liabilities:			
Accounts payable	12,644	78,933	91,577
Customer deposits	-	1,792	1,792
Interest payable	-	2,127	2,127
Total current liabilities	<u>12,644</u>	<u>82,852</u>	<u>95,496</u>
Long-term liabilities:			
Due within one year	-	30,152	30,152
Due in more than one year	-	302,725	302,725
Current deferred interest payable	-	3,228	3,228
Deferred interest payable, net of current portion	-	28,956	28,956
Total long-term liabilities	<u>-</u>	<u>365,061</u>	<u>365,061</u>
Total liabilities	<u>12,644</u>	<u>447,913</u>	<u>460,557</u>
Net position:			
Net investment in capital assets	375,115	1,749,135	2,124,250
Unrestricted	158,871	712,015	870,886
Total net position	<u>\$ 533,986</u>	<u>\$ 2,461,150</u>	<u>\$ 2,995,136</u>

The accompanying notes are an integral part of these financial statements.

Fieldbrook Glendale Community Services District
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	Program Revenue			Net (Expense) Revenue		Totals
	Expenses	Charges for Services	Capital Grants and contributions	Governmental Activities	Business Type Activities	
Function:						
Governmental activities						
Fire protection	\$ 138,628	\$ -	\$ 4,403	\$ (134,225)	\$ -	\$ (134,225)
Total government activities	<u>138,628</u>	<u>-</u>	<u>4,403</u>	<u>(134,225)</u>	<u>-</u>	<u>(134,225)</u>
Business-type activities						
Water	587,861	608,022	-	-	20,161	20,161
Sewer	457,648	411,915	-	-	(45,733)	(45,733)
Total business-type activities	<u>1,045,509</u>	<u>1,019,937</u>	<u>-</u>	<u>-</u>	<u>(25,572)</u>	<u>(25,572)</u>
Total	<u>\$ 1,184,137</u>	<u>\$ 1,019,937</u>	<u>\$ 4,403</u>	<u>(134,225)</u>	<u>(25,572)</u>	<u>(159,797)</u>
Change in net position				<u>(134,225)</u>	<u>(25,572)</u>	<u>(159,797)</u>
Net (Expense) revenue						
General revenues:						
Taxes:						
Current secured taxes				78,812	-	78,812
Current unsecured taxes				4,594	-	4,594
Prior year taxes				2,146	-	2,146
Timber yield tax				158	-	158
St Wildlife Refuge in lieu tax				8	-	8
Homeowners' exemptions				714	-	714
Property tax assessments				41,400	-	41,400
Interest revenue				11,325	-	11,325
Miscellaneous income				8,314	839	9,153
Unrestricted investment earnings				63	17,854	17,917
Total revenues				<u>147,534</u>	<u>18,693</u>	<u>166,227</u>
Changes in net position				13,309	(6,879)	6,430
Net position, beginning of period				<u>520,677</u>	<u>2,468,029</u>	<u>2,988,706</u>
Net position, end of period				<u>\$ 533,986</u>	<u>\$ 2,461,150</u>	<u>\$ 2,995,136</u>

The accompanying notes are an integral part of these financial statements.

Fieldbrook Glendale Community Services District
BALANCE SHEET
 GOVERNMENTAL FUND
 For the Year Ended June 30, 2024

<u>ASSETS</u>	<u>Fire Fund</u>
Current assets:	
Cash in savings	\$ 8,336
Cash in County Treasury	281,576
Grant receivables	4,403
Interest receivable	<u>1,750</u>
Total assets	<u>\$ 296,065</u>
<u>LIABILITIES AND NET POSITION</u>	
Liabilities:	
Accounts payable	\$ 12,644
Interfund loans payable	<u>124,550</u>
Total liabilities	<u>137,194</u>
Net position:	
Fund balance - committed	<u>158,871</u>
Total liabilities and fund balance	<u>\$ 296,065</u>
Total fund balance - government fund	\$ 158,871
Amounts reported for governmental activities in the Statement of Net Position are different because capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The total capital assets, net of accumulated depreciation, are:	<u>375,115</u>
Fund balance - governmental activities	<u>\$ 533,986</u>

The accompanying notes are an integral part of these financial statements.

Fieldbrook Glendale Community Services District
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended June 30, 2024

REVENUES

General Revenues:

Current secured taxes	\$ 78,812
Current unsecured taxes	4,594
Prior year taxes	2,146
Timber yield tax	158
St Wildlife Refuge in lieu tax	8
Homeowners' exemptions	714
Property tax assessments	41,400
Interest revenue	11,325
Total general revenues	139,157
Grant and contributions	4,403
Miscellaneous income	8,314
Investment earnings	63
Total revenues	151,937

EXPENDITURES

Fire Protection:

Chief's expenses	599
Insurance	23,873
Professional fees	8,692
Dues and memberships	3,152
Utilities	11,554
Travel and fuel	2,959
Supplies	4,024
Repairs and maintenance	12,832
Equipment and small tools	3,638
Benefit assessment collection fee	2,339
Licenses	299
Payroll	2,093
Grant match expense	9,288
Interest on interfund loan	6,276
Total expenses	91,618

Change in fund balance	60,319
Fund balance, beginning of period	98,552
Fund balance, end of period	\$ 158,871

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

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

Depreciation	(47,010)
Change in Net Position - Governmental Activities	\$ 13,309

The accompanying notes are an integral part of these financial statements.

Fieldbrook Glendale Community Services District
STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2024

<u>ASSETS</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Current assets:			
Cash and investments	\$ 266,700	\$ 208,934	\$ 475,634
Accounts receivable	57,767	48,495	106,262
Grant and other receivables	37,797	-	37,797
Interest receivable	624	-	624
Total current assets	<u>362,888</u>	<u>257,429</u>	<u>620,317</u>
Capital assets:			
Land	6,351	-	6,351
Rights-of-way	110	20,860	20,970
Construction in progress	222,193	-	222,193
Sewage collection system	-	4,175,949	4,175,949
Buildings and equipment	46,406	8,978	55,384
Water distribution system	1,923,810	-	1,923,810
Less accumulated depreciation	(1,560,608)	(2,729,853)	(4,290,461)
Total capital assets	<u>638,262</u>	<u>1,475,934</u>	<u>2,114,196</u>
Other assets:			
Interfund loans receivable/(payable)	124,550	-	124,550
Board designated cash	50,000	-	50,000
Total other assets	<u>174,550</u>	<u>-</u>	<u>174,550</u>
Total assets	<u>1,175,700</u>	<u>1,733,363</u>	<u>2,909,063</u>
 <u>LIABILITIES AND NET POSITION</u>			
Current liabilities:			
Accounts payable	61,850	17,083	78,933
Customer deposits	1,492	300	1,792
Interest payable	2,127	-	2,127
Total current liabilities	<u>65,469</u>	<u>17,383</u>	<u>82,852</u>
Long-term liabilities:			
Due within one year	30,152	-	30,152
Due in more than one year	302,725	-	302,725
Current deferred interest payable	3,228	-	3,228
Deferred interest payable	28,956	-	28,956
Total long-term liabilities	<u>365,061</u>	<u>-</u>	<u>365,061</u>
Total liabilities	<u>430,530</u>	<u>17,383</u>	<u>447,913</u>
Net position:			
Net investment in capital assets	273,201	1,475,934	1,749,135
Unrestricted	471,969	240,046	712,015
Total net position	<u>\$ 745,170</u>	<u>\$ 1,715,980</u>	<u>\$ 2,461,150</u>

The accompanying notes are an integral part of these financial statements.

Fieldbrook Glendale Community Services District
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2023

	Water Fund	Sewer Fund	Total
Operating revenues:			
Water sales and sewer charges	\$ 567,149	\$ 369,720	\$ 936,869
Late fees	17,800	10,140	27,940
Installation and permit fees	<u>23,073</u>	<u>32,055</u>	<u>55,128</u>
Total operating revenues	<u>608,022</u>	<u>411,915</u>	<u>1,019,937</u>
Operating expenses:			
Purchased water and sewer service	199,462	172,043	371,505
Directors' fees	2,995	-	2,995
Contract labor and administration	243,416	49,638	293,054
Insurance	5,662	3,350	9,012
Professional fees	10,758	8,031	18,789
Dues and memberships	1,382	1,682	3,064
Assessment fees	272	272	544
Utilities	17,163	10,968	28,131
Travel and fuel	810	5,105	5,915
Property taxes	224	810	1,034
Supplies	2,967	3,017	5,984
Repairs and maintenance	3,065	34,214	37,279
Bank charges	4,630	3,003	7,633
Other expenses	24,325	9,684	34,009
Depreciation	46,827	117,719	164,546
Payroll	<u>13,503</u>	<u>38,113</u>	<u>51,616</u>
Total operating expenses	<u>577,461</u>	<u>457,648</u>	<u>1,035,109</u>
Operating income (loss)	<u>30,561</u>	<u>(45,733)</u>	<u>(15,172)</u>
Non-operating revenues (expenses):			
Miscellaneous revenue	839	-	839
Interest revenue	12,883	4,971	17,854
Interest expense	<u>(10,400)</u>	<u>-</u>	<u>(10,400)</u>
Total non-operating revenues (expenses)	<u>3,322</u>	<u>4,971</u>	<u>8,293</u>
Changes in net position	<u>33,883</u>	<u>(40,762)</u>	<u>(6,879)</u>
Net position, beginning of period	<u>711,287</u>	<u>1,756,742</u>	<u>2,468,029</u>
Net position, end of period	<u>\$ 745,170</u>	<u>\$ 1,715,980</u>	<u>\$ 2,461,150</u>

The accompanying notes are an integral part of these financial statements.

Fieldbrook Glendale Community Services District
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

	Water Fund	Sewer Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 606,027	\$ 404,516	\$ 1,010,543
Payments to employees	(13,503)	(38,113)	(51,616)
Payments to suppliers	<u>(502,829)</u>	<u>(303,387)</u>	<u>(806,216)</u>
Net cash provided (used) by operating activities	<u>89,695</u>	<u>63,016</u>	<u>152,711</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(47,806)	-	(47,806)
Proceeds from capital grants	37,816	-	37,816
Principal payments on long-term debt	(32,480)	-	(32,480)
Interest payments on long-term debt	<u>(10,561)</u>	<u>-</u>	<u>(10,561)</u>
Net cash provided (used) by capital and related financing activities	<u>(53,031)</u>	<u>-</u>	<u>(53,031)</u>
Cash flows from investing activities:			
Interest and investment income (loss)	12,883	4,971	17,854
Miscellaneous revenue	839	-	839
Principal payments on interfund loan to fire fund	<u>19,820</u>	<u>8,949</u>	<u>28,769</u>
Net cash provided by investing activities	<u>33,542</u>	<u>13,920</u>	<u>47,462</u>
Net increase (decrease) in cash and cash equivalents	70,206	76,936	147,142
Cash and cash equivalents - beginning of period	<u>246,494</u>	<u>131,998</u>	<u>378,492</u>
Cash and cash equivalents - end of period	<u>\$ 316,700</u>	<u>\$ 208,934</u>	<u>\$ 525,634</u>
Reconciliation of operating income (loss) to net cash provided (used in) operating activities:			
Operating income (loss)	\$ 30,561	\$ (45,733)	\$ (15,172)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	46,827	117,719	164,546
Changes in certain assets and liabilities:			
Accounts receivable	(2,453)	(7,636)	(10,089)
Accounts payable	14,302	(1,571)	12,731
Customer deposits	<u>458</u>	<u>237</u>	<u>695</u>
Net cash provided (used) by operating activities	<u>\$ 89,695</u>	<u>\$ 63,016</u>	<u>\$ 152,711</u>
Cash and investments	\$ 266,700	\$ 208,934	\$ 475,634
Board designated cash	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total cash and investments	<u>\$ 316,700</u>	<u>\$ 208,934</u>	<u>\$ 525,634</u>

The accompanying notes are an integral part of these financial statements.

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

The financial statements of the District have no component units. The major activities of the District include operating a water utility, a sewage collection system, and a fire protection facility in the Fieldbrook and Glendale area, County of Humboldt, State of California. The County of Humboldt collects tax revenue for the fire fund. The District has contracts with Humboldt Bay Municipal Water District (HBMWD) for the purchase of water for resale, meter reading, billing, and collection of funds, and with the City of Arcata for wastewater processing. The District's highest level of decision-making authority is its elected Board of Directors.

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

B. Government-wide and Fund Financial Statements

Government-Wide Financial Statements

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

During the course of operations, the District has activity between funds for Capital Assets. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, balances between governmental and enterprise funds are eliminated so that only the net amount is included as internal balances.

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

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-wide and Fund Financial Statements (concluded)

Because of their spending measurement *focus*, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Fund Financial Statements

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

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

The District reports the following major funds:

Governmental Fund

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

Enterprise Funds

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The hierarchy is split between four different types of fund balances, Restricted, Committed, Assigned and Unassigned. As of June 30, 2024, fund balances for the governmental general fund consist of a committed fund balance.

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

Fund Balance Flow Assumption

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

Fund Financial Statements

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

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

Net Position and Fund Equity

In the government-wide financial statements, net position is reported in three categories: net investment in capital assets; restricted net position and unrestricted net position. *Net investment in capital assets* describes the portion of net position that is represented by the current book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets. *Restricted net position* represents net position restricted by parties outside the District (such as creditors, grantors, contributors, laws and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets. All other net position is considered unrestricted. *Unrestricted* describes the portion of Net Position not restricted as to use.

Net Position Flow Assumption

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

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (concluded)

Elimination of Interfund Activity

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

D. Cash and Cash Equivalents

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

E. Fair Value Hierarchy of Cash and Investments

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy consisting of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, that can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability. The valuation method used for rental properties is the Leased Fee Market method, which is dependent on the income generated from the rental properties.

The District did not have investments subject to recurring fair value measurements as of June 30, 2024.

The District participates in two external investment pools: the Humboldt County Treasurer's Investment Pool and the Local Agency Investment Fund (LAIF). The County Pool is operated in accordance with applicable state laws and regulations, and the reported value of the District's investment in the County Pool is determined as the fair value.

The District accounts for cash equivalents in its various investment accounts at fair value. Fair value is the amount at which a financial instrument can be exchanged in a current transaction between willing parties.

F. Accounts Receivable and Payables

Activity between funds that are representative of lending/borrowing outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Accounts Receivable and Payables (concluded)

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

G. Capital Assets

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, and overhead. The costs of betterments or repairs that extend the life of a capital asset are added to capital accounts. Management periodically reviews capital assets for impairment and did not note any changes that would require an evaluation during the year.

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

The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Trucks and Equipment	5-10
Buildings and Improvements	20-40
Improvements and Upgrades	10-40
Utility Plant	10-50

H. Estimates

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

I. Fund Balance Classification Policy

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

J. Property Taxes

Property taxes are assessed and collected each fiscal year according to the following property tax calendar

Lien Date	March 1
Levy Date	July 2
Due Dates	November 11 - 1st installment, February 1 - 2nd installment
Delinquent Dates	December 10 - 1st installment, April 10 - 2nd installment

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

J. Property Taxes (concluded)

Since the passage of California Proposition 13, beginning with fiscal year 1978-79, taxes are based either on a 1% rate applied to the 1975-76 assessed value of the property, or on 1% of the sales price of the property on sales transactions and construction which occur after the 1975-76 assessment. The amount collected by the County is distributed in accordance with State law to the various public agencies. Therefore, the District does not levy a specific tax rate but receives a share of the property tax revenue based on the State formula. The District's tax rate is \$1.00/\$100 of assessed value, the maximum allowable under Proposition 13.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

NOTE 3 - CASH AND INVESTMENT FUNDS

A. Cash Equivalents and Investments

Cash equivalents and investments consisted of the following at June 30, 2024:

	Enterprise Funds																	
	Water	Sewer	Total															
	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">General Fund Fire District</th> </tr> </thead> <tbody> <tr> <td style="width: 80%;">Commercial account</td> <td style="text-align: right; border-bottom: 1px solid black;">\$ 8,336</td> <td></td> </tr> <tr> <td>Pooled funds Humboldt County – Board designated</td> <td style="text-align: right; border-bottom: 1px solid black;">128,429</td> <td></td> </tr> <tr> <td>Pooled investment funds Humboldt County</td> <td style="text-align: right; border-bottom: 1px solid black;">153,147</td> <td></td> </tr> <tr> <td>Total cash and investment funds – General fund</td> <td style="text-align: right; border-bottom: 3px double black;">\$ 289,912</td> <td></td> </tr> </tbody> </table>				General Fund Fire District		Commercial account	\$ 8,336		Pooled funds Humboldt County – Board designated	128,429		Pooled investment funds Humboldt County	153,147		Total cash and investment funds – General fund	\$ 289,912	
	General Fund Fire District																	
Commercial account	\$ 8,336																	
Pooled funds Humboldt County – Board designated	128,429																	
Pooled investment funds Humboldt County	153,147																	
Total cash and investment funds – General fund	\$ 289,912																	
Commercial accounts:																		
Checking	\$ 41,973	\$ -	\$ 41,973															
Savings	207,599	208,934	416,533															
Undeposited	11,922	-	11,922															
Subtotal	261,494	208,934	470,428															
Pooled investment funds:																		
Local Agency Investment Fund (LAIF)	5,206	-	5,206															
Board designated (LAIF)	50,000	-	50,000															
Total LAIF	55,206	-	55,206															
Total cash and investment funds																		
Enterprise funds	\$ 316,700	\$ 208,934	\$ 525,634															

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 3 - CASH AND INVESTMENT FUNDS (concluded)

A. Cash Equivalents and Investments (concluded)

Authorized Investments

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

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 custodial credit risk for deposits and investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits.

The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors.

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

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

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2024 were as follows:

	Enterprise Funds		
	Water	Sewer	Total
Accounts receivable			
Utility billing	\$ 87,463	\$ 69,947	\$ 157,410
Customer deposits	1,492	299	1,791
Allowance for uncollectible accounts	<u>(31,188)</u>	<u>(21,751)</u>	<u>(52,939)</u>
Accounts receivable - net	<u>\$ 57,767</u>	<u>\$ 48,495</u>	<u>\$ 106,262</u>

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

NOTE 5 - CAPITAL ASSETS AND INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT

The change in the General Fund - Fire Department capital assets and investment in capital assets, for the year ended June 30, 2024, is as follows

	Balance 6/30/23	Additions	Disposals	Balance 6/30/24
Governmental Activities:				
Capital assets, not depreciated:				
Land	\$ 5,106	\$ -	\$ -	\$ 5,106
Capital assets, being depreciated:				
Building	367,423	-	-	367,423
Furniture and equipment	<u>877,438</u>	<u>-</u>	<u>-</u>	<u>877,438</u>
Total capital assets, being depreciated	<u>1,244,861</u>	<u>-</u>	<u>-</u>	<u>1,244,861</u>
Less accumulated depreciation	<u>(827,842)</u>	<u>(47,010)</u>	<u>-</u>	<u>(874,852)</u>
Total capital assets being depreciated, net	<u>417,019</u>	<u>(47,010)</u>	<u>-</u>	<u>370,009</u>
Investment in capital assets	<u>\$ 422,125</u>	<u>\$ (47,010)</u>	<u>\$ -</u>	<u>\$ 375,115</u>

Depreciation expense of \$47,010 was charged to the General Fund - Fire Department for the year ended June 30, 2024.

The change in business-type activities (Sewer and Water Fund) capital assets and investment in capital assets, net of related debt for the year ended June 30, 2024, is as follows:

	Balance 6/30/23	Additions	Disposals	Balance 6/30/24
<u>Water Fund</u>				
Capital assets, not depreciated:				
Land	\$ 6,351	\$ -	\$ -	\$ 6,351
Right-of-Way	110	-	-	110
Construction in Progress	<u>186,856</u>	<u>35,337</u>	<u>-</u>	<u>222,193</u>
Total capital assets, not depreciated	<u>193,317</u>	<u>35,337</u>	<u>-</u>	<u>228,654</u>
Capital assets, being depreciated:				
Building	46,406	-	-	46,406
Water distribution system	<u>1,911,341</u>	<u>12,469</u>	<u>-</u>	<u>1,923,810</u>
Total capital assets, being depreciated	<u>1,957,747</u>	<u>12,469</u>	<u>-</u>	<u>1,970,216</u>
Less accumulated depreciation	<u>(1,513,781)</u>	<u>(46,827)</u>	<u>-</u>	<u>(1,560,608)</u>
Total capital assets being depreciated, net	<u>443,966</u>	<u>(34,358)</u>	<u>-</u>	<u>409,608</u>
Investment in capital assets	<u>\$ 637,283</u>	<u>\$ 979</u>	<u>\$ -</u>	<u>\$ 638,262</u>

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 5 - CAPITAL ASSETS AND INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT (conc.)

<u>Sewer Fund</u>	<u>Balance 6/30/23</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6/30/24</u>
Capital assets, not depreciated:				
Land	\$ 20,860	\$ -	\$ -	\$ 20,860
Capital assets, being depreciated:				
Building and equipment	8,978	-	-	8,978
Sewage collection system	4,175,949	-	-	4,175,949
Total capital assets, being depreciated	4,184,927	-	-	4,184,927
Less accumulated depreciation	(2,612,134)	(117,719)	-	(2,729,853)
Total capital assets being depreciated, net	1,572,793	(117,719)	-	1,455,074
Investment in capital assets	<u>\$ 1,593,653</u>	<u>\$ (117,719)</u>	<u>\$ -</u>	<u>\$ 1,475,934</u>

Depreciation expense of \$46,827 and \$117,719 was charged to Water and Sewer Fund operations, respectively, for the year ended June 30, 2024.

NOTE 6 - NOTES PAYABLE AND INTERFUND LOANS

The 2014 renovation of the firehouse and grounds was partially financed with a loan in the amount of \$182,400 from the Water Department. The loan, bearing interest at 4.50% per annum as of June 30, 2024, with annual interest rate reviews, is payable in semi-annual installments with the loan maturing on June 30, 2034.

The 2016 purchase of a water tender truck for the Fire Department was partially financed with a loan in the amount of \$110,000 from the Water Department. The loan, bearing interest at 4.50% per annum as of June 30, 2024, with annual interest rate reviews, is payable in semi-annual installments with the loan maturing on June 30, 2026.

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

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

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

The payments of the loans from the Water Fund to the General (Fire) Fund are partially funded by a 10-year property assessment. The activity for the year ended June 30, 2024, is as follows:

<u>Fire Fund</u>	<u>Beginning Balance</u>	<u>Advance</u>	<u>Payment</u>	<u>Ending Balance</u>
Interfund Loans from Water Fund	\$ 144,370	\$ -	\$ (19,820)	\$ 124,550
Less: Current Portion	(19,820)	-	(902)	(20,722)
Long-Term Liabilities	<u>\$ 124,550</u>	<u>\$ -</u>	<u>\$ (20,722)</u>	<u>\$ 103,828</u>

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 6 - NOTES PAYABLE AND INTERFUND LOANS (continued)

The activity for the long-term obligations, for the business-type activities for the year ended June 30, 2024, is as follows:

<u>Water Fund</u>	<u>Beginning Balance</u>	<u>Advance</u>	<u>Payment</u>	<u>Ending Balance</u>
I-Bank	\$ 146,699	\$ -	\$ (10,838)	\$ 135,861
DG Principal	215,430	-	(18,414)	197,016
DG Deferred Interest	<u>35,412</u>	-	<u>(3,228)</u>	<u>32,184</u>
Total	<u>397,541</u>	-	<u>(32,480)</u>	<u>365,061</u>
Less: Current Portion	<u>(32,479)</u>	-	<u>(901)</u>	<u>(33,380)</u>
Long-Term Liabilities	<u>\$ 365,062</u>	<u>\$ -</u>	<u>\$ (33,381)</u>	<u>\$ 331,681</u>

The annual debt service requirements to maturity are as follows:

Interfund Loan from Water Fund to Fire Fund - Firehouse Renovation

<u>Years Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 7,999	\$ 4,345
2026	8,363	3,981
2027	8,744	3,600
2028	9,142	3,202
2029	9,558	2,786
2030 to 2034	<u>54,721</u>	<u>6,997</u>
Total	<u>98,527</u>	<u>24,911</u>
Due within one year	<u>(7,999)</u>	<u>(4,345)</u>
Due after one year	<u>\$ 90,528</u>	<u>\$ 20,566</u>

Interfund Loan from Water Fund to Fire Fund - Water Tender

<u>Years Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 12,722	\$ 1,030
2026	<u>13,301</u>	<u>450</u>
Total	<u>26,023</u>	<u>1,480</u>
Due within one year	<u>(12,169)</u>	<u>(1,583)</u>
Due after one year	<u>\$ 13,853</u>	<u>\$ (103)</u>

California Infrastructure and Economic Development Bank

<u>Years Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 11,279	\$ 4,974
2026	11,738	4,535
2027	12,216	4,077
2028	12,713	3,601
2029	13,231	3,106
2030 to 2033	<u>74,684</u>	<u>7,359</u>
Total	<u>135,861</u>	<u>27,652</u>
Due within one year	<u>(11,279)</u>	<u>(4,974)</u>
Due after one year	<u>\$ 124,582</u>	<u>\$ 22,678</u>

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 6 - NOTES PAYABLE AND INTERFUND LOANS (concluded)

Davis Grunsky

<u>Years Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Deferred Interest</u>
2025	\$ 18,873	\$ 4,685	\$ 3,228
2026	19,345	4,214	3,228
2027	19,829	3,724	3,228
2028	20,324	3,226	3,228
2029	20,833	2,704	3,228
2030 to 2034	<u>96,812</u>	<u>5,540</u>	<u>16,043</u>
Total	<u>197,016</u>	<u>24,093</u>	<u>32,184</u>
Due within one year	<u>(18,873)</u>	<u>(4,685)</u>	<u>(3,228)</u>
Due after one year	<u>\$ 178,143</u>	<u>\$ 19,408</u>	<u>\$ 28,956</u>

NOTE 7 - RISK MANAGEMENT

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

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

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial and risk pool coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this coverage in any of the past three years.

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

NOTE 8 - PROPERTY TAXES

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

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 8 - PROPERTY TAXES (concluded)

Since the passage of California Proposition 13, beginning with fiscal year 1978-79, taxes are based either on a 1% rate applied to the 1975-76 assessed value of the property, or on 1% of the sales price of the property on sales transactions and construction which occur after the 1975-76 assessment. Assessed values on properties (exclusive of increases related to sales transactions and improvements) can rise at a maximum of 2% per year. The amount collected by the County is distributed in accordance with State law to the various public agencies. Therefore, the District does not levy a specific tax rate but receives a share of the property tax revenue based on State formula. The District's tax rate is \$1.00/\$100 of assessed value, the maximum allowable under Proposition 13.

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

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

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

NOTE 9 - WATER PURCHASE, WASTEWATER TREATMENT AND ENGINEERING CONTRACTS

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

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

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

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

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 10 - RELATED PARTY TRANSACTIONS

The District paid \$3,046 to Central Avenue Service Station for fire truck maintenance. Central Avenue Service Station is owned by Richard Grissom, a District Board Member.

NOTE 11 - BOARD DESIGNATED ASSETS - WATER RATE STABILIZATION RESERVE AND FIRE DEBT SERVICE RESERVE

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

The Board resolved to maintain the designated reserve even though revenue enhancements and expenditure reductions have resulted in incompliance with the agreement.

The fire department has loans for the firehouse renovation and a fire truck that extend beyond the special benefit tax assessment which expires in fiscal year 2024-2025. The District's Board resolved to annually designate a portion of the fire department's ending fund balance to establish a reserve account for future debt payments in the case the special benefit tax assessment is not renewed. The current amount that the Board has designated for the fire department loans is \$128,429.

NOTE 12 - RATE STABILIZATION

In November 2018, resolution #2018-07 was approved by the District's Board. The resolution allows for an automatic rate adjustment based on the pass-through of wastewater treatment costs. The Ordinance will sunset five years from the date of adoption pursuant to California Government Code, Section 53755. The District has no plans to replace it with a new resolution.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

"Anker" Water Tank Project

In August of 2019, the Board adopted a resolution authorizing the general manager to execute on behalf of the District an application to the FEMA Hazard Mitigation Grant Program and Pre-Disaster Mitigation Program for the FGCS D Water Tank Seismic Retrofit Project. The project will place a new 400,000-gallon water tank adjacent to the existing redwood water tank located on Anker Lane. The total project is estimated to be \$1,258,970. FEMA will fund 75% of the project, \$944,227. The District applied for and has received a grant from the North Coast Resource Partnership (NCRP) to fund the local match requirement of \$314,743.

The project is broken into two phases, phase one consists of planning, design, engineering, and environmental documentation. Phase two is construction and implementation. The District has completed phase one. Phase two was scheduled to begin in March of 2022, and was scheduled to be completed in October of 2022. The project's estimated construction costs have increased due to inflationary pressures, so the District applied for supplemental funding.

In November 2023, the District was notified that the request for supplemental funding was approved. The total project is estimated to be \$1,818,991. FEMA will fund 75% of projects totaling \$1,377,228. NCRP will fund the local match requirement of \$441,763. The District anticipates the project will be completed the summer of 2025.

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 13 - COMMITMENTS AND CONTINGENCIES (concluded)

Humboldt County Financial Reporting

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

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

NOTE 14 - SUBSEQUENT EVENTS

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

Fieldbrook Glendale Community Services District
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - FIRE FUND
For the Year Ended June 30, 2024
(Unaudited)

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Positive (negative) Variance
Revenues				
General revenues	\$ 123,471	\$ 139,156	\$ 139,157	\$ 1
Other revenue	2,000	8,315	8,314	(1)
Unrestricted investment earnings	1,770	63	63	-
Grant/in-kind revenue/donations	4,402	4,402	4,403	1
Total revenues	<u>131,643</u>	<u>151,936</u>	<u>151,937</u>	<u>1</u>
Expenditures				
Chief's expenses	599	599	599	-
Insurance	23,692	23,873	23,873	0
Interest	6,267	6,276	6,276	-
Professional services	7,000	8,692	8,692	-
Dues and memberships	3,270	3,153	3,152	1
Utilities	12,111	11,553	11,554	(1)
Transportation and travel	3,690	2,960	2,959	1
Supplies	5,575	4,024	4,024	-
Maintenance	12,750	12,832	12,832	-
Equipment & small tools	4,000	3,638	3,638	-
Capital purchase	-	-	-	-
Grant match expense	8,804	9,288	9,288	-
Benefit assessment fee	2,134	2,339	2,339	-
Licenses	112	300	299	1
Payroll	4,570	2,094	2,093	1
Total expenditures	<u>94,574</u>	<u>91,621</u>	<u>91,618</u>	<u>2</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 37,069</u>	<u>\$ 60,315</u>	<u>60,319</u>	<u>\$ 3</u>
Fund balance, beginning of year			<u>98,552</u>	
Fund balance, end of year			<u>\$ 158,871</u>	