



**WRIGHTWOOD COMMUNITY SERVICES DISTRICT  
FINANCIAL STATEMENTS  
June 30, 2020 and 2019**



**EADIE + PAYNE**

*Celebrating a Century  
of Quality Service*

**WRIGHTWOOD COMMUNITY SERVICES DISTRICT**  
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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Wrightwood Community Services District  
Wrightwood, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Wrightwood Community Services District (the District), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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



Board of Directors  
Wrightwood Community Services District

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position governmental activities, business-type activities, and each major fund of the District as of June 30, 2020 and 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 8 to the financial statements, the 2019 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.



Board of Directors  
Wrightwood Community Services District

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 28 and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Riverside, California  
September 29, 2020

WRIGHTWOOD COMMUNITY SERVICES DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 180,195	\$ 85,087	\$ 265,282
Accounts and other receivables, net	1,512	2,330	3,842
Prepaid expenses	9,556	3,316	12,872
Capital assets, net of accumulated depreciation	<u>592,748</u>	<u>576</u>	<u>593,324</u>
Total assets	<u>784,011</u>	<u>91,309</u>	<u>875,320</u>
<b>Liabilities</b>			
Accounts payables and accrued expenses	-	16,897	16,897
Customer deposits	2,979	-	2,979
Current portion of notes payable	5,292	5,292	10,584
Long-term portion of notes payable	<u>10,583</u>	<u>10,584</u>	<u>21,167</u>
Total liabilities	<u>18,854</u>	<u>32,773</u>	<u>51,627</u>
<b>Net position</b>			
Net investment in capital assets	592,748	576	593,324
Unrestricted	<u>172,409</u>	<u>57,960</u>	<u>230,369</u>
Total net position	<u>\$ 765,157</u>	<u>\$ 58,536</u>	<u>\$ 823,693</u>

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



WRIGHTWOOD COMMUNITY SERVICES DISTRICT  
STATEMENT OF NET POSITION (RESTATED)  
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 174,576	\$ 68,810	\$ 243,386
Accounts and other receivables, net	2,948	7,933	10,881
Prepaid expenses	7,819	718	8,537
Capital assets, net of accumulated depreciation	579,711	1,832	581,543
Total assets	<u>765,054</u>	<u>79,293</u>	<u>844,347</u>
<b>Liabilities</b>			
Accounts payables and accrued expenses	4,840	20,126	24,966
Accrued salaries and benefits	5,021	2,721	7,742
Customer deposits	4,068	-	4,068
Current portion of notes payable	32,158	5,292	37,450
Long-term portion of notes payable	15,875	15,875	31,750
Total liabilities	<u>61,962</u>	<u>44,014</u>	<u>105,976</u>
<b>Net position</b>			
Net investment in capital assets	552,845	1,832	554,677
Unrestricted	150,247	33,447	183,694
Total net position	<u>\$ 703,092</u>	<u>\$ 35,279</u>	<u>\$ 738,371</u>

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

**WRIGHTWOOD COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2020

	Governmental Activities	Business-Type Activities	Total
<b>Expenses</b>			
Solid waste disposal fees	\$ -	\$ 132,577	\$ 132,577
Professional services	35,346	29,797	65,143
Salaries and benefits	48,986	26,170	75,156
Recreation fees	6,927	-	6,927
Maintenance	29,854	804	30,658
Utilities	15,297	3,121	18,418
Insurance	4,495	4,494	8,989
Office expenses	3,570	4,889	8,459
Depreciation expense	31,984	1,256	33,240
Interest expense	134	-	134
Total expenses	<u>176,593</u>	<u>203,108</u>	<u>379,701</u>
<b>Program revenues</b>			
Special assessments	-	226,365	226,365
Rental revenue	10,496	-	10,496
Recreation charges	10,855	-	10,855
Total program expenses	<u>21,351</u>	<u>226,365</u>	<u>247,716</u>
Net program revenues (expenses)	<u>(155,242)</u>	<u>23,257</u>	<u>(131,985)</u>
<b>General revenues</b>			
Property taxes	139,756	-	139,756
Franchise fees	77,551	-	77,551
Total general revenues	<u>217,307</u>	<u>-</u>	<u>217,307</u>
Changes in net position	<u>62,065</u>	<u>23,257</u>	<u>85,322</u>
<b>Net Position</b>			
Net position at beginning of year	<u>703,092</u>	<u>35,279</u>	<u>738,371</u>
Net position at end of year	<u>\$ 765,157</u>	<u>\$ 58,536</u>	<u>\$ 823,693</u>

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



**WRIGHTWOOD COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF ACTIVITIES (RESTATED)**  
For the Year Ended June 30, 2019

	Governmental Activities	Business-Type Activities	Total
<b>Expenses</b>			
Solid waste disposal fees	\$ -	\$ 125,349	\$ 125,349
Professional services	32,742	31,889	64,631
Salaries and benefits	55,277	33,711	88,988
Recreation fees	7,750	-	7,750
Maintenance	24,025	111	24,136
Utilities	15,457	1,134	16,591
Insurance	6,589	4,387	10,976
Office expenses	7,679	16,169	23,848
Depreciation expense	27,495	890	28,385
Interest expense	500	-	500
Total expenses	<u>177,514</u>	<u>213,640</u>	<u>391,154</u>
<b>Program revenues</b>			
Special assessments	-	227,842	227,842
Rental revenue	15,737	-	15,737
Recreation charges	19,100	-	19,100
Total program expenses	<u>34,837</u>	<u>227,842</u>	<u>262,679</u>
Net program revenues (expenses)	<u>(142,677)</u>	<u>14,202</u>	<u>(128,475)</u>
<b>General revenues</b>			
Property taxes	139,979	-	139,979
Franchise fees	82,254	-	82,254
Total general revenues	<u>222,233</u>	<u>-</u>	<u>222,233</u>
Changes in net position	<u>79,556</u>	<u>14,202</u>	<u>93,758</u>
<b>Net Position</b>			
Beginning of year, as previously reported	562,534	82,079	644,613
Prior-period adjustment in franchise fees	61,002	(61,002)	-
Net position at beginning of year	<u>623,536</u>	<u>21,077</u>	<u>644,613</u>
Net position at end of year	<u>\$ 703,092</u>	<u>\$ 35,279</u>	<u>\$ 738,371</u>

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

WRIGHTWOOD COMMUNITY SERVICES DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS - PARKS & STREETLIGHTS  
June 30, 2020 and 2019

	<u>2020</u>	<u>RESTATED 2019</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 180,195	\$ 174,576
Accounts and other receivables, net	1,512	2,948
Prepaid expenses	<u>9,556</u>	<u>7,819</u>
Total assets	<u>\$ 191,263</u>	<u>\$ 185,343</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payables and accrued expenses	\$ -	\$ 4,840
Accrued salaries and benefits	-	5,021
Customer deposits	<u>2,979</u>	<u>4,068</u>
Total liabilities	<u>2,979</u>	<u>13,929</u>
<b>Fund balance</b>		
Nonspendable - prepaid expenses	9,556	7,819
Unassigned	<u>178,728</u>	<u>163,595</u>
Total fund balance	<u>188,284</u>	<u>171,414</u>
Total liabilities and fund balance	<u>\$ 191,263</u>	<u>\$ 185,343</u>

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



WRIGHTWOOD COMMUNITY SERVICES DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
 June 30, 2020 and 2019

	2020	RESTATED 2019
Fund balances of governmental funds	\$ 188,284	\$ 171,414
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	592,748	579,711
Long-term debt has not been included as a liability in governmental fund activity:		
Notes payable	(15,875)	(48,033)
Net position of governmental activities	\$ 765,157	\$ 703,092

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

**WRIGHTWOOD COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS - PARKS & STREETLIGHTS**  
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>RESTATED 2019</u>
<b>Revenues</b>		
Property taxes	\$ 139,756	\$ 139,979
Franchise fees	77,551	82,254
Rental revenue	10,496	15,737
Recreation charges	<u>10,855</u>	<u>19,100</u>
Total operating revenue	<u>238,658</u>	<u>257,070</u>
<b>Expenditures</b>		
Current		
Professional services	35,346	32,742
Salaries and benefits	48,986	55,277
Recreation fees	6,927	7,750
Maintenance	29,854	24,025
Utilities	15,297	15,457
Insurance	4,495	6,589
Office expenses	3,570	7,679
Capital outlay	45,021	4,867
Debt service		
Principal and interest expense	<u>32,292</u>	<u>37,583</u>
Total expenditures	<u>221,788</u>	<u>191,969</u>
Excess of revenues over expenditures	<u>16,870</u>	<u>65,101</u>
<b>Fund balance</b>		
Beginning of year, as previously reported	-	45,311
Add: Prior-period adjustment in franchise fees	-	61,002
Fund balance, beginning of year	<u>171,414</u>	<u>106,313</u>
Fund balance, end of year	<u>\$ 188,284</u>	<u>\$ 171,414</u>

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



WRIGHTWOOD COMMUNITY SERVICES DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
For the Years Ended June 30, 2020 and 2019

	2020	RESTATED 2019
Excess of revenues over expenditures of governmental activities	\$ 16,870	\$ 65,101
Amounts reported for governmental activities in the Statement of Activities are different because:		
When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decreased by the amount of depreciation expense charged for the year, net of disposals.		
Capital outlay	45,021	4,867
Depreciation expense	(31,984)	(27,495)
In the statement of activities, only interest on long term notes payable is reported. However, in the governmental funds, principal payments decrease financial resources. Thus the change in net assets differs from the change in fund balance by the principal, as well as, issuance of debt.		
Debt service principal payments	32,158	37,083
Changes in net position of governmental activities	<u>\$ 62,065</u>	<u>\$ 79,556</u>

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

WRIGHTWOOD COMMUNITY SERVICES DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS (ENTERPRISE)  
June 30, 2020 and 2019

	2020	RESTATED 2019
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 85,087	\$ 68,810
Accounts receivable, net	2,330	7,933
Prepaid expenses	3,316	718
Total Current Assets	<u>90,733</u>	<u>77,461</u>
Non Current Assets		
Capital Assets		
Equipment	3,246	3,246
Less accumulated depreciation	<u>(2,670)</u>	<u>(1,414)</u>
Total Non Current Assets	<u>576</u>	<u>1,832</u>
Total Assets	<u>\$ 91,309</u>	<u>\$ 79,293</u>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 16,897	\$ 20,126
Accrued salaries and benefits	-	2,721
Current portion of notes payable	<u>5,292</u>	<u>5,292</u>
Total Current Liabilities	<u>22,189</u>	<u>28,139</u>
Noncurrent Liabilities		
Notes payable	<u>10,584</u>	<u>15,875</u>
Total liabilities	<u>32,773</u>	<u>44,014</u>
<b>Net position</b>		
Net investment in capital assets	576	1,832
Unrestricted	<u>57,960</u>	<u>33,447</u>
Total net position	<u>58,536</u>	<u>35,279</u>
Total liabilities and net position	<u>\$ 91,309</u>	<u>\$ 79,293</u>

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



# WRIGHTWOOD COMMUNITY SERVICES DISTRICT

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

### PROPRIETARY FUNDS (ENTERPRISE)

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>RESTATED 2019</u>
<b>Operating Revenue</b>		
Special assessments	\$ 226,365	\$ 227,842
<b>Operating Expenses</b>		
Solid waste disposal fees	132,577	125,349
Professional services	29,797	31,889
Salaries and benefits	26,170	33,711
Maintenance	804	111
Utilities	3,121	1,134
Insurance	4,494	4,387
Office expenses	4,889	16,169
Depreciation	1,256	890
Total operating expenses	<u>203,108</u>	<u>213,640</u>
Change in net position	<u>23,257</u>	<u>14,202</u>
<b>Net Position</b>		
Beginning of year, as previously reported	35,279	82,079
Less: Prior-period adjustment in franchise fees	-	(61,002)
Net position at beginning of year	<u>35,279</u>	<u>21,077</u>
Net position at end of year	<u>\$ 58,536</u>	<u>\$ 35,279</u>

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

WRIGHTWOOD COMMUNITY SERVICES DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (ENTERPRISE)  
For the Years Ended June 30, 2020 and 2019

	2020	RESTATED 2019
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and others	\$ 231,968	\$ 222,600
Payments to vendors for materials and services	(181,509)	(185,018)
Payments to employees for salaries and benefits	(28,891)	(32,354)
Net cash provided by operating activities	<u>21,568</u>	<u>5,228</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchase of capital assets	-	(1,150)
Net cash flows used by capital activities	<u>-</u>	<u>(1,150)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Principal payments on notes payable	(5,291)	(10,583)
Net cash flows used by financing activities	<u>(5,291)</u>	<u>(10,583)</u>
Net increase in cash and cash equivalents	16,277	(6,505)
Cash and cash equivalents-Beginning of Year	68,810	75,315
Cash and cash equivalents-End of Year	<u>\$ 85,087</u>	<u>\$ 68,810</u>
Reconciliation of Operating Income to		
Net Cash Provided (Used) by Operating Activities		
Change in net postion	\$ 23,257	\$ 14,202
Adjustments to reconcile change in net postion		
to net cash provided by operating activities:		
Depreciation	1,256	890
Change in Assets and Liabilities		
(Increase) Decrease in accounts receivable	5,603	(5,242)
(Increase) Decrease in prepaid expense	(2,598)	1,884
Increase (Decrease) in accounts payable	(3,229)	(7,863)
Increase (Decrease) in accrued salaries and benefits	(2,721)	1,357
Net cash provided by operating activities	<u>\$ 21,568</u>	<u>\$ 5,228</u>

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