



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



**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 <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<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><u>\$ 191,263</u></u>	<u><u>\$ 185,343</u></u>
<b>Liabilities and Fund Balances</b>		
Liabilities		
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>
Fund balance		
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><u>\$ 191,263</u></u>	<u><u>\$ 185,343</u></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

	<u>2020</u>	<u>RESTATED 2019</u>
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	<u>\$ 765,157</u>	<u>\$ 703,092</u>

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	<u>-</u>	<u>61,002</u>
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

	<u>2020</u>	<u>RESTATED 2019</u>
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	<u>32,158</u>	<u>37,083</u>
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

	<u>2020</u>	<u>RESTATED 2019</u>
<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	<u>-</u>	<u>(61,002)</u>
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

	<u>2020</u>	<u>RESTATED 2019</u>
<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	<u>68,810</u>	<u>75,315</u>
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 position	\$ 23,257	\$ 14,202
Adjustments to reconcile change in net position		
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.



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Operations of the Reporting Entity**

The Wrightwood Community Services District (District) was established by an action of the LAFCO for San Bernardino County which was a reorganization that included the formation of Wrightwood Community Services District and the dissolution of County Service Area 56.

The District was formed to provide the following services:

Street Lighting - Acquire, construct, improve, maintain and operate street lighting and landscaping on public property, public right-of-ways, and public easements.

Park and Recreation - Acquire, construct, improve, maintain, and operate recreation facilities, including, but not limited to, parks and open space, in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law of the Public Resources Code.

Solid Waste and Recycling - Collect, transfer, and dispose of solid waste and refuse and provide solid waste handling service, including, but not limited to, source reduction, recycling, composting activities, pursuant to Division 30, and consistent with Section 41821.2 of the Public Resources Code.

Wastewater (Currently inactive) - Planning and engineering for the potential development of a regional wastewater treatment system should such be required by the Lahontan Regional Water Quality Control Board in the same manner as a sanitary district, formed pursuant to Sanitary District Act of 1923 Division 6 of the Health and Safety Code.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (e.g., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the reporting entity. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the expenses of a given function or segment are offset by program revenues. *Program revenues* include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Measurement Focus, Basis of Accounting, and Financial Statements Presentation**

Separate financial statements are provided from governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Currently, the District does not have fiduciary fund types. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

Parks & Streetlights Fund - provides park and recreation services along with one community center and one senior center for the community of Wrightwood. Additionally, accounts for financial resources to provide and maintain streetlights and landscaping on public property within the community of Wrightwood.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Measurement Focus, Basis of Accounting, and Financial Statements Presentation (continued)**

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

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 proprietary funds are charges to customers for sales and services. Operating expenses for the 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.

The District reports the following major proprietary funds:

Solid Waste Fund – accounts for the funds received and expended for the District's solid waste and recycling services.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

**Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (e.g., the current portion of interfund loans) or “advances to/from other funds” (e.g., 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”. The District does not have any interfund receivables or payables at June 30, 2020 and 2019.

**Property and Special Assessment Taxes**

Secured property taxes and special assessment are levied in two equal installments, November 1 and February 1. They become delinquent with penalties on December 10 and April 10, respectively. The lien date is January 1 of each year. Unsecured property taxes are due on March 1 and become delinquent with penalties on August 31.

**Accounts Receivable**

No allowance for uncollectibles was recorded at June 30, 2020 and 2019, based on management’s expectation that all accounts receivable will be collected.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Inventories and Prepaid Items**

Inventories, if any, are valued at cost using the first-in/first-out method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets**

Capital assets, which include land, improvements to land, structure and improvements, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with have an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation in accordance with GASB Statement No. 72.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvement are capitalized as projects are constructed.

Depreciable capital assets of the government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Improvements to land	20-45
Structure and improvements	45
Equipment	3-15

**Fund Equity**

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classification describes the relative strength of the spending constraints placed on the purpose for which the resources can be used:

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fund Equity (continued)**

- *Nonspendable Fund Balance:* Amounts cannot be spent because they are: (a) not in spendable form or (b) legally or contractually required to be maintained intact. Due to the nature or form of the resources, they generally cannot be expected to be converted into cash.
- *Restricted Fund Balance:* Amounts are restricted by external parties, i.e., creditors, grantors, contributors, or laws/regulations of other governments or restricted by law through constitutional provision or enabling legislation.
- *Committed Fund Balance:* Amounts can only be used for a specific purpose pursuant to constraints imposed by formal action of the District's highest level of decision making authority (the board of Directors). The formal action must occur prior to the end of the reporting period, however, the amount may be determined in the subsequent period. These are self-imposed limitations on available resources. These committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same level of action it employed to previously commit those amounts. These committed amounts would be approved and adopted by formal action of the Board.
- *Assigned Fund Balance:* Amounts are constrained by the District's intent to be used for specific purposes that are neither restricted nor committed. The intent will be expressed by the body or official to which the governing body has delegated the authority.
- *Unassigned Fund Balance:* The unassigned fund balance has net resources in excess of what can properly be classified in one of the four categories already described.

When both restricted and unrestricted resources are available for use when expenditure is incurred, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. It is the District's policy to consider committed amounts as being reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Long-Term Debt and Interest Payable**

In the Government-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the appropriate activities. In the Fund Financial Statements, with the exception of advances from other funds, long-term liabilities are not presented. Consequently, long term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability is incurred for governmental activities and business-type activities. In the Fund Financial Statements, only propriety fund types recognize the interest payable when the liability is incurred.

**Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

In the Government-Wide Financial Statements, net position are classified in the following categories:

- *Net Investment in Capital Assets* consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.
- *Restricted Net Position* is restricted by external creditors, grantors, contributors, laws or regulations of other governments.
- *Unrestricted Net Position* is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

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

**2. CASH AND CASH EQUIVALENTS**

The District at times maintains deposits with financial institutions in excess of federal depository insurance limits. California law requires banks and savings and loan institutions to pledge government securities with a market value of 110 percent of the District's cash on deposit or first trust deed mortgage notes with a market value of 150 percent of the deposit as collateral for these deposits. Under California law, this collateral is held in a separate investment pool by another institution in the District's name and places it ahead of general creditors of the institution.

At June 30, 2020 and 2019, the carrying amount of the District's deposits were \$265,282 and \$243,386, respectively, and the bank balances were \$270,364 and \$259,091, respectively. The District has cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, and the remaining balance is collateralized in accordance with the California Government Code.



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

**3. CAPITAL ASSETS**

Capital asset activity for the years ended June 30, 2020 and 2019, was as follows:

**2020 Governmental Activities:**

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 185,000	\$ -	\$ -	\$ 185,000
Construction in progress	-	1,191	-	1,191
Total capital assets, not being depreciated	<u>185,000</u>	<u>1,191</u>	<u>-</u>	<u>186,191</u>
Capital assets, being depreciated:				
Improvements to land	523,634	-	-	523,634
Structures and improvements	166,016	28,475	-	194,491
Furniture and Equipment	4,867	15,355	-	20,222
Total capital assets, being depreciated	<u>694,517</u>	<u>43,830</u>	<u>-</u>	<u>738,347</u>
Less accumulated depreciation for:				
Improvements to land	(182,212)	(23,717)	-	(205,929)
Structures and improvements	(116,783)	(3,825)	-	(120,608)
Furniture and equipment	(811)	(4,442)	-	(5,253)
Total accumulated depreciation	<u>(299,806)</u>	<u>(31,984)</u>	<u>-</u>	<u>(331,790)</u>
Total capital assets, being depreciated, net	<u>394,711</u>	<u>11,846</u>	<u>-</u>	<u>406,557</u>
Total capital assets, net	<u>\$ 579,711</u>	<u>\$ 13,037</u>	<u>\$ -</u>	<u>\$ 592,748</u>

**2020 Business-Type Activities:**

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, being depreciated:				
Equipment	\$ 3,246	\$ -	\$ -	\$ 3,246
Less accumulated depreciation for:				
Equipment	(1,414)	(1,256)	-	(2,670)
Total capital assets, being depreciated, net	<u>\$ 1,832</u>	<u>\$ (1,256)</u>	<u>\$ -</u>	<u>\$ 576</u>

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

**3. CAPITAL ASSETS (Continued)**  
**2019 Governmental Activities:**

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 185,000	\$ -	\$ -	\$ 185,000
Total capital assets, not being depreciated	<u>185,000</u>	<u>-</u>	<u>-</u>	<u>185,000</u>
Capital assets, being depreciated:				
Improvements to land	523,634	-	-	523,634
Structures and improvements	166,016	-	-	166,016
Furniture and Equipment	-	4,867	-	4,867
Total capital assets, being depreciated	<u>689,650</u>	<u>4,867</u>	<u>-</u>	<u>694,517</u>
Less accumulated depreciation for:				
Improvements to land	(158,495)	(23,717)	-	(182,212)
Structures and improvements	(113,816)	(2,967)	-	(116,783)
Furniture and equipment	-	(811)	-	(811)
Total accumulated depreciation	<u>(272,311)</u>	<u>(27,495)</u>	<u>-</u>	<u>(299,806)</u>
Total capital assets, being depreciated, net	<u>417,339</u>	<u>(22,628)</u>	<u>-</u>	<u>394,711</u>
Total capital assets, net	<u>\$ 602,339</u>	<u>\$ (22,628)</u>	<u>\$ -</u>	<u>\$ 579,711</u>

**2019 Business-Type Activities:**

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, being depreciated:				
Equipment	\$ 2,096	\$ 1,150	\$ -	\$ 3,246
Less accumulated depreciation for:				
Equipment	(524)	(890)	-	(1,414)
Total capital assets, being depreciated, net	<u>\$ 1,572</u>	<u>\$ 260</u>	<u>\$ -</u>	<u>\$ 1,832</u>

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

**4. NOTES PAYABLE**

Prior to the reorganization of CSA 56 Wrightwood into the District, the CSA's County's Revolving Fund entered into an agreement with CSA 56 Wrightwood under government code 26909 to provide funding for specific capital projects . The County's Revolving Fund advanced the amount of \$200,000 to cover cost of this project. The note payable was to be repaid in 7 years beginning with a payment of \$42,000 during the year ending June 30, 2014, followed by six annual payments of \$27,000 including interest. Interest is calculated at the rate of the County pool funds. Upon the reorganization, the note payable was transferred to the District with the same terms intact.

The District entered into an agreement with the San Bernardino County Registrar of Voters (SBCRV) for the repayment of costs related to services provided by SBCRV to conduct the District's special formation election. The total amount of the costs advanced by SBCRV was \$63,500. The note payable is to be repaid in six annual payments of \$10,584. There is no interest on the note payable.

The note payable balances reported in the Statement of Net Position at June 30, 2020 and 2019 were as follows:

	Principal Balance 7/1/2019	Additions	Retirements	Principal Balance 6/30/2020	Amounts Due Within One Year
District Revolving	\$ 26,866	\$ -	\$ (26,866)	\$ -	\$ -
SBC Registrar of Voters	42,334	-	(10,583)	31,751	10,584
	<u>\$ 69,200</u>	<u>\$ -</u>	<u>\$ (37,449)</u>	<u>\$ 31,751</u>	<u>\$ 10,584</u>

	Principal Balance 7/1/2018	Additions	Retirements	Principal Balance 6/30/2019	Amounts Due Within One Year
District Revolving	\$ 53,366	\$ -	\$ (26,500)	\$ 26,866	\$ 26,866
SBC Registrar of Voters	63,500	-	(21,166)	42,334	10,584
	<u>\$ 116,866</u>	<u>\$ -</u>	<u>\$ (47,666)</u>	<u>\$ 69,200</u>	<u>\$ 37,450</u>

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

**4. NOTES PAYABLE (Continued)**

Debt services requirements to maturity for the notes payable as of June 30, 2020 are as follows:

June 30,	GOVERNMENTAL PRINCIPAL	BUSINESS-TYPE PRINCIPAL	TOTAL
2021	\$ 5,292	\$ 5,292	\$ 10,584
2022	5,292	5,292	10,584
2023	5,292	5,291	10,583
<b>TOTALS</b>	<b>\$ 15,876</b>	<b>\$ 15,875</b>	<b>\$ 31,751</b>

**5. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As a result, the District participates in a public entity risk pool provided by the Special District Risk Management Authority (SDRMA) which provides coverage for property/liability claims and workers' compensation claims. Upon joining the SDRMA, the District signed a participation agreement which outlines the rights and responsibilities of both the SDRMA and the District. The agreement states that for premiums paid by the District, the SDRMA will assume financial responsibility for the District's losses up to the maximum amount of insurance purchased, minus the District's deductible amounts. The SDRMA provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the SDRMA to protect against large, catastrophic claims above the losses the SDRMA retains internally for payment from the pooled contributions of its members.

**6. CONTINGENCIES**

As of June 30, 2020, in the opinion of the District, there are no outstanding matters which would have a significant effect of the financial position of the District.

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

**7. PRIOR-PERIOD ADJUSTMENT OF NET POSITION AND FUND BALANCE**

The fund balance at the beginning of 2019 has been restated to properly classify franchise fees between the governmental activities and business-type activities.

	Governmental Activities	Business-Type Activities	Amount
<b>Net Position, July 1, 2019, Originally Stated</b>	\$ 562,534	\$ 82,079	\$ 644,613
Franchise fees adjustment	61,002	(61,002)	-
<b>Net Position, July 1, 2019, Restated</b>	<u>\$ 623,536</u>	<u>\$ 21,077</u>	<u>\$ 644,613</u>

  

	Governmental Fund
<b>Fund Balance, July 1, 2019, Originally Stated</b>	\$ 45,311
Franchise fees adjustment	61,002
<b>Fund Balance, July 1, 2019, Restated</b>	<u>\$ 106,313</u>

**8. RESTATEMENT OF 2019 FINANCIAL STATEMENTS**

The District has restated the previously issued 2019 financial statements for a correction of error related to the classification of franchise fees. The District classified the franchise fees to the proprietary fund when it should have been recorded in the governmental fund. The 2019 financial statements have been restated to increase the franchise fees in the governmental fund and decrease the franchise fees in the proprietary fund by \$82,254. Overall, the 2019 total change in net position on the statement of activities remained the same.

**9. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 29, 2020, the date the financials were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic risks and uncertainties have arisen which could negatively affect the District's operations and its financial results. Management anticipates a negative impact on its rental revenue and recreation charges. However, management believes that there is will be no significant impact on the rest of its operations. No other events occurred through this date requiring disclosure.

WRIGHTWOOD COMMUNITY SERVICES DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE-GENERAL  
 For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variances with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues</b>				
Property taxes	\$ 125,903	\$ 125,903	\$ 139,756	\$ 13,853
Franchise fees	87,000	87,000	77,551	(9,449)
Rental revenue	20,000	20,000	10,496	(9,504)
Recreation charges	<u>11,230</u>	<u>20,000</u>	<u>10,855</u>	<u>(9,145)</u>
Total revenues	<u>244,133</u>	<u>252,903</u>	<u>238,658</u>	<u>(14,245)</u>
<b>Expenditures</b>				
Current				
Professional services	25,976	25,976	35,346	(9,370)
Salaries and benefits	76,354	73,267	48,986	24,281
Recreation fees	3,648	7,348	6,927	421
Maintenance	13,901	13,476	29,854	(16,378)
Utilities	14,004	15,636	15,297	339
Insurance	8,671	10,134	4,495	5,639
Office expenses	2,066	1,846	3,570	(1,724)
Capital outlay	-	-	45,021	(45,021)
Principal and interest expense	<u>27,000</u>	<u>27,000</u>	<u>32,292</u>	<u>(5,292)</u>
Total expenditures	<u>171,620</u>	<u>174,683</u>	<u>221,788</u>	<u>(47,105)</u>
Excess of revenues				
over (under) expenditures	<u>72,513</u>	<u>78,220</u>	<u>16,870</u>	<u>(61,350)</u>
Net change in fund balance	<u>72,513</u>	<u>78,220</u>	<u>16,870</u>	<u>(61,350)</u>
Fund balance, beginning			<u>171,414</u>	
Fund balance, ending			<u>\$ 188,284</u>	

WRIGHTWOOD COMMUNITY SERVICES DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE-GENERAL  
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 121,014	\$ 121,014	\$ 139,979	\$ 18,965
Franchise fees	54,000	54,000	82,254	28,254
Rental revenue	15,000	15,000	15,737	737
Recreation charges	<u>3,140</u>	<u>3,140</u>	<u>19,100</u>	<u>15,960</u>
Total revenues	<u>193,154</u>	<u>193,154</u>	<u>257,070</u>	<u>63,916</u>
<b>Expenditures</b>				
Current				
Professional services	22,200	22,200	32,742	(10,542)
Salaries and benefits	44,140	44,140	55,277	(11,137)
Recreation fees	7,500	7,500	7,750	(250)
Maintenance	43,000	43,000	24,025	18,975
Utilities	12,900	12,900	15,457	(2,557)
Insurance	6,409	6,409	6,589	(180)
Office expenses	13,743	13,743	7,679	6,064
Capital outlay	-	-	4,867	(4,867)
Principal and interest expense	<u>27,000</u>	<u>27,000</u>	<u>37,583</u>	<u>(10,583)</u>
Total expenditures	<u>176,892</u>	<u>176,892</u>	<u>191,969</u>	<u>(15,077)</u>
Excess of revenues over (under) expenditures	<u>16,262</u>	<u>16,262</u>	<u>65,101</u>	<u>48,839</u>
Net change in fund balance	<u>16,262</u>	<u>16,262</u>	<u>65,101</u>	<u>48,839</u>
<b>Fund balance</b>				
Beginning of year, as previously reported			45,311	
Add: Prior-period adjustment in franchise fees			<u>61,002</u>	
Fund balance, beginning			<u>106,313</u>	
Fund balance, ending			<u>\$ 171,414</u>	