

WRIGHTWOOD
COMMUNITY
SERVICES DISTRICT
Oct 11, 2022
Special
BOARD MEETING



WRIGHTWOOD COMMUNITY SERVICES DISTRICT

P.O. Box 218 Wrightwood, CA 92397

Special Meeting of the Board of Directors

Tuesday, October 11, 2022 – 5:30pm

The Old Firehouse

6000 Cedar St., Wrightwood, CA

Agenda

5:30 PM – Call to Order

1. Pledge of Allegiance
2. Roll Call
3. Agenda Approval
4. Public Comments: *Pursuant to Government Code Section 54954.2(a), any request for a disability-related modification or accommodation, including auxiliary aids or services, that is sought to participate in the above-agenized public meeting, should be directed to the Chair at any time prior to the meeting. Under this item, any member of the public wishing to directly address the Board on any item of interest that is not within the subject matter jurisdiction of the Board may do so now. However, the Board is prohibited by law from taking any action on any item not appearing on the agenda unless the action is otherwise authorized by the Brown Act. Any member of the public wishing to directly address the Board on any item listed on the agenda may do so when the item is being considered by the Board. Pursuant to Section 2.3.2 of Ordinance No 2021-1 adopted by the Board on March 2, 2021, the Chair may limit each speaker to a comment period of three (3) minutes or less.*
5. Agency Reports
6. Consent Calendar – Regular Board Meeting Minutes of Sept. 6, 2022
7. General Manager’s Report
8. August 2022 Financials
9. FY 2021/22 Audit Review: Discussion and Possible Action
10. Farmers Market Variance: Discussion and Possible Action
11. Snowline Players Variance: Discussion and Possible Action
12. CR&R Mandatory Commercial Recycle Implementation: Discussion and Possible Action
13. Hollis Stewart Park Renovations Project: Status Update
14. Joint Use Agreement with SJUSD: Discussion and Possible Action
15. Park Funds Disbursement Agreement with WVF: Discussion and Possible Action
16. Replacement of Grease Trap in Kitchen: Discussion and Possible Action
17. Skate Park Dedication and Volunteer Construction: Discussion and Possible Action
18. Recess to Closed Session:
Conference with Legal Counsel – Anticipated Litigation
Significant Exposure to Litigation – Gov’t Code Sec. 54956.9(d)(2):
One potential case
19. Return to Open Session: Announcement of Reportable Action
20. Director’s Comments
21. Future Board Meeting: Tuesday November 1, 2022 – 5:30pm
22. Adjournment

Wrightwood Community Services District

THE VISION

To empower our community to have local control by serving as a platform for community discussion, cohesion and action in the areas of parks and recreation, street lighting, solid waste and recycling and wastewater planning and engineering.

To promote and grow a vibrant parks and recreation department for our community.

To maintain and enhance our current infrastructure

To economize our solid waste process and maximize our efficiency in executing them

To protect our natural resources through evaluating community wastewater needs

To meet all these ends in a fiscally responsible manner

Wrightwood Community Services District

The Mission

To provide local governance in the areas of parks and recreation, street lighting, solid waste and recycling and waste water planning and engineering in a fiscally responsible manner.

Item# 6

Consent Calendar



SPECIAL BOARD MEETING
September 6, 2022
Wrightwood Community Building
1275 State Highway 2
Wrightwood, CA

MINUTES

Board Members: Leo Hordyk, President
Chuck Franklin, Vice President
Natalie Lopiccolo, Member
Michelle Schneider, Member
Sadie Albers, Member

Staff Present: Steven Kennedy, Attorney
Tamara Keen – General Manager
Angela Rovida – Administrative Assistant

Call to Order: President Hordyk called the Meeting to order at 5:35 pm

1. **Pledge of Allegiance:** Lead by Brent Spears, CR&R.
2. **Roll Call:** Director Sadie Albers was absent and Council Steven Kennedy attended remotely.
3. **Agenda Approval:** Item 11, Suspension of Softball was deferred to after closed session. Agenda was approved as amended. Director Michelle Schneider motioned to approve the agenda; Vice President Chuck Franklin seconded the motion. Agenda was approved unanimously.
4. **Public Comment:** No public comments.
5. **Agency Reports:** Captain Chris Mercado, Station 14, usually assigned at Phelan, reported 1 structure fire, 6 other fire which included vegetation and vehicle fires. Investigations included 1 hazmat, 1 water main leak, 23 EMS calls, 1 call for public service and 2 traffic accidents. Call stats include ambulance and fire engine. Discussed fire season and calls from concerned citizens. Instructed that public use government website, sanbernardinofire.org for more information. Discussed community risk reduction, Telephone Emergency Communication System (TENS), which functions as a reverse 911 and is available to all county citizens. There is also an app called Ready, Set, Go that provides evacuation information. Director Michelle Schneider asked how these systems would be affected by power outages. Apps would not be affected by power outage except for cell phone service. Director Chuck Franklin asked if station 14 resources had been pulled to Big Bear. A brush control vehicle was requested but due to mechanical error they were unable to respond, that error has been fixed. Captain Martinez, Victor Valley Station, addressed the power outage question. If TENS System fails, they will alert residents by going door to door for evacuation orders only, not warnings. Additionally, all County evacuation resources broadcast the same message. Captain Martinez also spoke of additional funding that had been granted to them over the last year to increase marijuana enforcement throughout the county. Thought the funding has since been used, 2 full-time marijuana teams have been created to work both indoor and outdoor grows. If illegal grows are suspected, citizens should not attempt to approach them and should contact the authorities at the Phelan station or the Gangs and Narcotics Division

thanked Tamie Keen for all her hard work. Vice President Chuck Franklin thanked President Leo Hordyk and Director Michelle Schneider for their five years of service. President Leo Hordyk commented on an audit update for October meeting, thanked everyone for the support.

15. Future Board Meeting: October 4, 2022 at 5:30pm

16. Adjournment: President Hordyk adjourned the meeting at 7:33pm

Minutes approved: _____
President Leo Hordyk

Date _____

Item# 7

General Managers Report



General Managers Report

I am excited to announce that the WCSD is fully staffed again! Jon Gerritzen has returned as our Parks Maintenance employee. Jon was employed with the WCSD for almost 2 years when he had to leave for personal reasons. Jon heard about the position being available, reapplied and I hired him. Jon is a hard worker and a great problem solver; he walked right back into the position like he had never been gone. He is great to work with and I look forward to him getting our parks back into shape.

Angela has been a pleasure to get to know and is the perfect fit for the Administrative Assistant position. Angela has been willing to take on any challenge with great enthusiasm and willingness to learn. She has been working on getting the computers and office organized as well as learning the ins and outs of running the CSD. Angela will also be taking on the tremendous responsibility, of the upcoming CAL Recycle mandates that are coming our way. We attended a meeting at the PPHCSD in Sept., with CR&R and gained a lot of knowledge about their recycling programs and what will be required by the State.

A few weeks ago, I received an email from a long-time resident, requesting that we make changes to our waste collection system due to a bear getting in their trash a few times a week. He asked if there was a way to provide bear proof containers to all CR&R customers, as it is our basic responsibility too manage our waste so that we don't attract and subsequently endanger wild animals or people with unnecessary contact. I need to do more research regarding the cost, availability and feasibility for providing the bear proof cans before I add this to the Board meeting agenda.

On Friday September 16, I hosted, along with the generous help of Pam Wright, the first Round Table event. There were over 30 community members from various organizations that attended, with many more contacting us to be put on the invite list for the next event. Everyone had the chance to introduce themselves and tell us what their goals and visions are for Wrightwood. The first being a community calendar with all the upcoming events for all the organizations and business to have access to. Paula Ames has generously volunteered her time in spear heading this and almost has it up and running.

There have been a few plumbing issues that have come up this past month. The first being the urinal in the men's bathroom of the Community Building. The flush valve was leaking, and the urinal was overflowing when flushed. While the plumber was here, he noticed that the water heater in the kitchen also has a small leak and is calcifying water on the supply line. He suggested we get a bid to have it replaced. On October 6, I received a phone call that the museum toilet was leaking water from the base. Again, a plumber was called and after inspection suspects a main line blockage or the septic tank needs pumping. Rumor has it that the septic is under one of the cabins behind the museum and that it may not be a septic tank

Item# 8

August Financials



Aug-22		DISBURSEMENTS AND DEPOSITS			
Check Number	Amount	Disbursement Date	Cleared Date	Payee	Account
2317	\$2,968.75	7/26/2022	8/11/2022	Brunick, McElhane & Kennedy	Attorney Fees
2318	\$210.00	7/26/2022	8/1/2022	Dan Day	Umpire
2319	\$452.22	7/26/2022	8/1/2022	Golden State Water	Water
2321	\$21.05	7/26/2022	8/2/2022	So CA Gas	Museum Gas
2322	\$107.17	7/26/2022	8/4/2022	Verizon	Phones
2323	\$330.00	8/10/2022	8/18/2022	Dan Day	Umpire
2324	\$900.00	8/10/2022	8/16/2022	Eadie & Payne	Auditors
2325	\$621.40	8/10/2022	8/16/2022	So CA Edison	Electric
2326	\$437.89	8/10/2022	8/17/2022	So CA Edison	Street Lights
2328	\$11,208.90	8/22/2022	8/30/2022	CR & R	Solid Waste
2329	\$587.91	8/22/2022	8/30/2022	California Generator	Generator Maint
2332	\$452.23	8/22/2022	8/29/2022	Golden State Water	Water
2334	\$203.86	8/22/2022	8/29/2022	Mountain Hardware	Paint/Landscape
2335	\$86.84	8/22/2022	8/31/2022	So CA Gas	Gas
2336	Void	Void	Void	Void	Void
2337	\$465.37	8/24/2022	8/26/2022	Wayne Cannavina	Final Paycheck
Debit	\$74.08	8/1/2022		Amazon	Toilet Paper
Debit	\$149.01	8/3/2022		Diamond Environmental	Porta Pot
Debit	\$15.91	8/10/2022		Amazon	Name Plate
Debit	\$80.22	8/11/2022		Amazon	Printer Ink
Debit	\$63.43	8/12/2022		ADP	Payroll Processing
Debit	\$39.86	8/12/2022		Amazon	Copy Paper
Debit	\$150.30	8/18/2022		Hasty Awards	Medals
Debit	\$15.91	8/25/2022		Amazon	Name Plate
Debit	\$21.16	8/25/2022		Amazon	Office Supplies
Debit	\$63.43	8/26/2022		ADP	Payroll Processing
Debit	\$16.15	8/26/2022		Amazon	Garden Supplies
Debit	\$1,150.47	8/29/2022		HP	Lap Top
Debit	\$149.01	8/31/2022		Diamond Environmental	Porta Pot
TOTAL	\$21,042.53				

Payroll	
7/31 Payroll 8/2	\$2,346.22
7/31 Taxes	\$633.70
8/15 Payroll	\$2,372.77
8/15 Taxes	\$663.98
8/26 Tax	\$111.53
8/26 Payroll	\$155.13
TOTAL	\$6,283.33

Deposits		
Date	Amount	Name
8/1/2022	\$315.00	Rent
8/5/2022	\$4,274.14	Franchise Fee
8/10/2022	\$180.00	Rent
8/12/2022	\$735.00	Rent
8/19/2022	\$2.00	Credit
8/24/2022	\$225.00	Rent
TOTAL	\$5,731.14	

DEPOSITS AND DISBURSEMENTS FISCAL YEAR 2022/2023					
Month	Beginning Balance	Deposit	Total Disbursements	Payroll	Gross
Jul-22	\$262,094.05	\$13,752.91	\$29,606.93	\$3,172.79	\$243,067.24
Aug-22	\$246,384.90	\$5,820.54	\$27,325.86	\$6,283.33	\$224,879.58
Sep-22					
Oct-22					
Nov-22					
Dec-22					
Jan-23					
Feb-23					
Mar-23					
Apr-23					
May-23					
Jun-23					

Estimate Cash Flow Statement		MONTHLY HOURS				MONTH
		GM	PARK	OFFICE	PARK/REC	
Current Bank Balance	\$224,879.58					Jul-22
Savings Account	\$151,322.89	151.5	97	0	0	Aug-22
Reserve for Operations	\$12,546.99	167.25	0	0	0	Sep-22
Reserve for Capital	\$4,021.08					Oct-22
Reserve for Replacements	\$29,805.05					Nov-22
Total Estimate Revenue	\$406,007.52					Dec-22
						Jan-23
Accounts Payable	Outstanding					Feb-22
Election Payment #6 of 6	\$10,583.00					Mar-23
						Apr-23
						May-23
Total Estimated Expense	\$10,583.00					Jun-23
Balance	\$395,424.52					

Election payments are due each January 2 remaining

Hours are 5 consecutive hours per work day. number of work days can vary dependent upon the days of the week, compared to the days of the month.

Wrightwood Community Services District
Profit & Loss Detail
August 2022

Type	Date	Num	Name	Memo	Class	Clr	Split	Amount	Balance
Ordinary Income/Expense									
Income									
4000 - Facility Rental									
4000.1 - CC Parking Lot									
Invoice	08/26/2022	2373	Chamber of Comme...	July 1, 8, 15, ...	Parks / Li...		1100 - Account...	90.00	90.00
Invoice	08/26/2022	2375	Farmer's Market		Parks / Li...		1100 - Account...	375.00	465.00
Total 4000.1 - CC Parking Lot 465.00									
4000.2 - Kitchen Fees									
Invoice	08/26/2022	2372	AC 100	Kitchen	Parks / Li...		1100 - Account...	50.00	50.00
Invoice	08/26/2022	2373	Chamber of Comme...	Storage Sinks...	Parks / Li...		1100 - Account...	25.00	75.00
Total 4000.2 - Kitchen Fees 75.00									
4000.3 - Old Firehouse / Museum									
Invoice	08/10/2022	2368	AA Monday	August meeti...	Parks / Li...		1100 - Account...	30.00	30.00
Invoice	08/10/2022	2369	AA Tuesday	Aug meetings	Parks / Li...		1100 - Account...	30.00	60.00
Invoice	08/10/2022	2370	AA Thursday	August meeti...	Parks / Li...		1100 - Account...	30.00	90.00
Invoice	08/11/2022	2371	AA Sunday	July Meetings	Parks / Li...		1100 - Account...	60.00	150.00
Invoice	08/26/2022	2374	AA Wednesday	July 2022	Parks / Li...		1100 - Account...	60.00	210.00
Total 4000.3 - Old Firehouse / Museum 210.00									
4000.8 - WW Community Bldg									
Invoice	08/26/2022	2372	AC 100	Aug 4 12pm -...	Parks / Li...		1100 - Account...	90.00	90.00
Invoice	08/26/2022	2373	Chamber of Comme...	AUGUST 20, ...	Parks / Li...		1100 - Account...	125.00	215.00
Invoice	08/26/2022	2372	AC 100	Aug 5 8am - ...	Parks / Li...		1100 - Account...	135.00	350.00
Invoice	08/26/2022	2372	AC 100	Aug 6 8am - ...	Parks / Li...		1100 - Account...	135.00	485.00
Invoice	08/26/2022	2372	AC 100	Aug 7 8am - 3...	Parks / Li...		1100 - Account...	105.00	590.00
Total 4000.8 - WW Community Bldg 590.00									
Total 4000 - Facility Rental 1,340.00									
4100 - Property Tax									
Deposit	08/19/2022		Los Angeles County	Deposit	Solid Wa...		1005 - DCB Ch...	89.40	89.40
Total 4100 - Property Tax 89.40									
4200 - Solid Waste Franchise Fee									
Deposit	08/05/2022		C R & R	Deposit	Parks / Li...		1005 - DCB Ch...	3,889.14	3,889.14
Total 4200 - Solid Waste Franchise Fee 3,889.14									
Total Income 5,318.54									
Gross Profit 5,318.54									

Wrightwood Community Services District Profit & Loss Detail August 2022

Type	Date	Num	Name	Memo	Class	Clr	Split	Amount	Balance
Expense									
5000 · Advertising & Marketing									
Bill	08/18/2022	2022-...	Mountaineer Progress	public notice	Parks / Li...		2000 · Account...	154.23	154.23
Bill	08/23/2022	2022-...	Mountaineer Progress	Employment ...	Parks / Li...		2000 · Account...	72.00	226.23
Bill	08/23/2022	2022-...	Mountaineer Progress	employment ...	Solid Wa...		2000 · Account...	18.00	244.23
Total 5000 · Advertising & Marketing								244.23	244.23
5090 · Office Admin									
5090.5 · Supplies									
Check	08/10/2022		Amazon	printer ink	Parks / Li...		1005 · DCB Ch...	80.22	80.22
Check	08/10/2022		Amazon	GM name plate	Parks / Li...		1005 · DCB Ch...	15.91	96.13
Check	08/12/2022		Amazon	copy paper	Parks / Li...		1005 · DCB Ch...	39.86	135.99
Check	08/24/2022		Amazon	Admin name ...	Parks / Li...		1005 · DCB Ch...	15.91	151.90
Check	08/24/2022		Amazon	legal pads/pa...	Parks / Li...		1005 · DCB Ch...	21.16	173.06
Check	08/26/2022		Amazon		Parks / Li...		1005 · DCB Ch...	16.15	189.21
Check	08/29/2022		Hewlett Packard HP		Parks / Li...		1005 · DCB Ch...	575.23	764.44
Check	08/29/2022		Hewlett Packard HP		Solid Wa...		1005 · DCB Ch...	575.24	1,339.68
Total 5090.5 · Supplies								1,339.68	1,339.68
Total 5090 · Office Admin								1,339.68	1,339.68
5100 · Payroll Expenses									
5100.2 · GM Salaries									
General Journal	08/01/2022	AJE07...					-SPLIT-	2,768.15	2,768.15
General Journal	08/16/2022	AJE07...					-SPLIT-	2,820.95	5,589.10
General Journal	08/25/2022	AJE07...					-SPLIT-	680.00	6,269.10
Total 5100.2 · GM Salaries								6,269.10	6,269.10
5100.3 · Park Maintenance									
Check	08/24/2022	2337	Wayne Canavina	Final Payroll 8...	Parks / Li...		1005 · DCB Ch...	510.00	510.00
Total 5100.3 · Park Maintenance								510.00	510.00
Total 5100 · Payroll Expenses								6,779.10	6,779.10
5110 · Payroll Tax Expense									
5110.1 · Federal Payroll Taxes									
General Journal	08/01/2022	AJE07...					5100.2 · GM S...	211.77	211.77
General Journal	08/16/2022	AJE07...					5100.2 · GM S...	215.80	427.57
Check	08/24/2022	2337	Wayne Canavina	Final Payroll 8...	Parks / Li...		1005 · DCB Ch...	-44.63	382.94
General Journal	08/25/2022	AJE07...					5100.2 · GM S...	52.03	434.97
Total 5110.1 · Federal Payroll Taxes								434.97	434.97
Total 5110 · Payroll Tax Expense								434.97	434.97

Wrightwood Community Services District
Profit & Loss Detail
August 2022

Type	Date	Num	Name	Memo	Class	Clr	Split	Amount	Balance
5130 - Professional Services									
5130.5 - Payroll Processing									
Check	08/12/2022		ADP		Parks / Li...		1005 - DCB Ch...	31.71	31.71
Check	08/12/2022		ADP		Solid Wa...		1005 - DCB Ch...	63.43	63.43
Check	08/26/2022		ADP		Parks / Li...		1005 - DCB Ch...	31.72	95.15
Check	08/26/2022		ADP		Solid Wa...		1005 - DCB Ch...	31.71	126.86
Total 5130.5 - Payroll Processing								126.86	126.86
Total 5130 - Professional Services								126.86	126.86
5150 - Repairs & Maintenance									
5150.1 - Equipment									
Bill	08/12/2022	6280	California Generator		Parks / Li...		2000 - Account...	470.32	470.32
Bill	08/12/2022	6280	California Generator		Solid Wa...		2000 - Account...	117.59	587.91
Total 5150.1 - Equipment								587.91	587.91
Total 5150 - Repairs & Maintenance								587.91	587.91
5180 - Services									
5180.2 - Sports League									
5180.2A - Softball									
Check	08/03/2022		Diamond Environme...				1005 - DCB Ch...	149.01	149.01
Bill	08/10/2022	8/22	Dan Day	7/31/22 and 8...	Parks / Li...		2000 - Account...	330.00	479.01
Check	08/18/2022		Hasty Awards	softball medals	Parks / Li...		1005 - DCB Ch...	150.30	629.31
Deposit	08/19/2022		Hasty Awards	Deposit	Parks / Li...		1005 - DCB Ch...	-2.00	627.31
Bill	08/22/2022	8/22	Dan Day	Umpire Finals...	Parks / Li...		2000 - Account...	360.00	987.31
Bill	08/22/2022	8/22c	Logan Day	Umpire Finals	Parks / Li...		2000 - Account...	150.00	1,137.31
Check	08/29/2022		Diamond Environme...		Parks / Li...		1005 - DCB Ch...	149.01	1,286.32
Bill	08/30/2022	8a/22	Dan Day		Parks / Li...		2000 - Account...	60.00	1,346.32
Total 5180.2A - Softball								1,346.32	1,346.32
Total 5180.2 - Sports League								1,346.32	1,346.32
Total 5180 - Services								1,346.32	1,346.32
5190 - Solid Waste Disposal Fees									
Bill	08/01/2022	00733...	C R & R	11 0035717 6	Solid Wa...		2000 - Account...	11,019.01	11,019.01
Total 5190 - Solid Waste Disposal Fees								11,019.01	11,019.01

Wrightwood Community Services District
Profit & Loss Detail
August 2022

Type	Date	Num	Name	Memo	Class	Clr	Split	Amount	Balance
5210 - Telephone									
5210.3 - Office Phone									
Bill	08/14/2022	99134...	Verizon	642208745-0...	Parks / Li...		2000 - Account...	51.08	51.08
Bill	08/14/2022	99134...	Verizon	642208745-0...	Solid Wa...		2000 - Account...	51.09	102.17
Total 5210.3 - Office Phone								102.17	102.17
Total 5210 - Telephone								102.17	102.17
5240 - Utilities									
5240.1 - Electric									
5240.1A - Community Center									
Bill	08/25/2022	8/25a	So CA Edison	Communitym ...	Parks / Li...		2000 - Account...	399.65	399.65
Bill	08/25/2022	8/25a	So CA Edison	Communitym ...	Solid Wa...		2000 - Account...	99.92	499.57
Total 5240.1A - Community Center								499.57	499.57
5240.1B - Museum									
Bill	08/25/2022	8/25b	So CA Edison	Museum 700 ...	Parks / Li...		2000 - Account...	73.50	73.50
Total 5240.1B - Museum								73.50	73.50
5240.1C - Street Lights									
Bill	08/10/2022	7/27b	So CA Edison	Street lights 7...	Parks / Li...		2000 - Account...	437.89	437.89
Total 5240.1C - Street Lights								437.89	437.89
5240.1D - Electrical Panel									
Bill	08/25/2022	8/25	So CA Edison	Elec Panel 7...	Parks / Li...		2000 - Account...	25.30	25.30
Total 5240.1D - Electrical Panel								25.30	25.30
Total 5240.1 - Electric								1,036.26	1,036.26
5240.2 - Gas									
5240.2A - Community Center									
Bill	08/16/2022	8/11	So Cal Gas	169 021 7695 3	Parks / Li...		2000 - Account...	53.16	53.16
Bill	08/16/2022	8/11	So Cal Gas	169 021 7695 3	Solid Wa...		2000 - Account...	13.29	66.45
Total 5240.2A - Community Center								66.45	66.45
5240.2B - Museum									
Bill	08/16/2022	8/15	So Cal Gas	museum 093 ...	Parks / Li...		2000 - Account...	20.39	20.39
Total 5240.2B - Museum								20.39	20.39
Total 5240.2 - Gas								86.84	86.84

Wrightwood Community Services District Profit & Loss Detail August 2022

Type	Date	Num	Name	Memo	Class	Clr	Split	Amount	Balance
5240.3 - Trash									
5240.3A - Community Center									
Bill	08/01/2022	00732	C R & R	11 0001451 2	Parks / Li...		2000 - Account...	151.91	151.91
Bill	08/01/2022	00732...	C R & R	11 0001451 2	Solid Wa...		2000 - Account...	37.98	189.89
Total 5240.3A - Community Center								189.89	189.89
Total 5240.3 - Trash								189.89	189.89
5240.4 - Water									
5240.4A - Community Center									
Bill	08/12/2022	8/12	Golden State Water	46614934480	Parks / Li...		2000 - Account...	335.04	335.04
Bill	08/12/2022	8/12	Golden State Water	46614934480	Solid Wa...		2000 - Account...	83.76	418.80
Total 5240.4A - Community Center								418.80	418.80
5240.4B - Museum									
Bill	08/12/2022	8/12a	Golden State Water	60755416157	Parks / Li...		2000 - Account...	33.43	33.43
Total 5240.4B - Museum								33.43	33.43
Total 5240.4 - Water								452.23	452.23
Total 5240 - Utilities								1,765.22	1,765.22
Total Expense								23,745.47	23,745.47
Net Ordinary Income								-18,426.93	-18,426.93
Net Income								-18,426.93	-18,426.93

Item# 9

FY 2021/22 Audit Review





**WRIGHTWOOD COMMUNITY SERVICES DISTRICT
FINANCIAL STATEMENTS
June 30, 2022 and 2021**

DRAFT NOT FOR
DISTRIBUTION 9-16-22



WRIGHTWOOD COMMUNITY SERVICES DISTRICT
TABLE OF CONTENTS
 June 30, 2022 and 2021

Page

BASIC FINANCIAL STATEMENTS

Independent Auditors' Report 1

Government-wide Financial Statements:

Statement of Net Position 4
 Statement of Activities. 6

Fund Financial Statements

Governmental Fund Financial Statements:

Balance Sheet 8
 Reconciliation of Governmental Funds Balance Sheet to Government-Wide
 Statement of Net Position 9
 Statement of Revenues, Expenditures and Changes in Fund Balances 10
 Reconciliation of the Governmental Funds Statement of Revenues, and
 Expenditures and Changes in Fund Balances to the Government-Wide
 Statement of Activities. 11

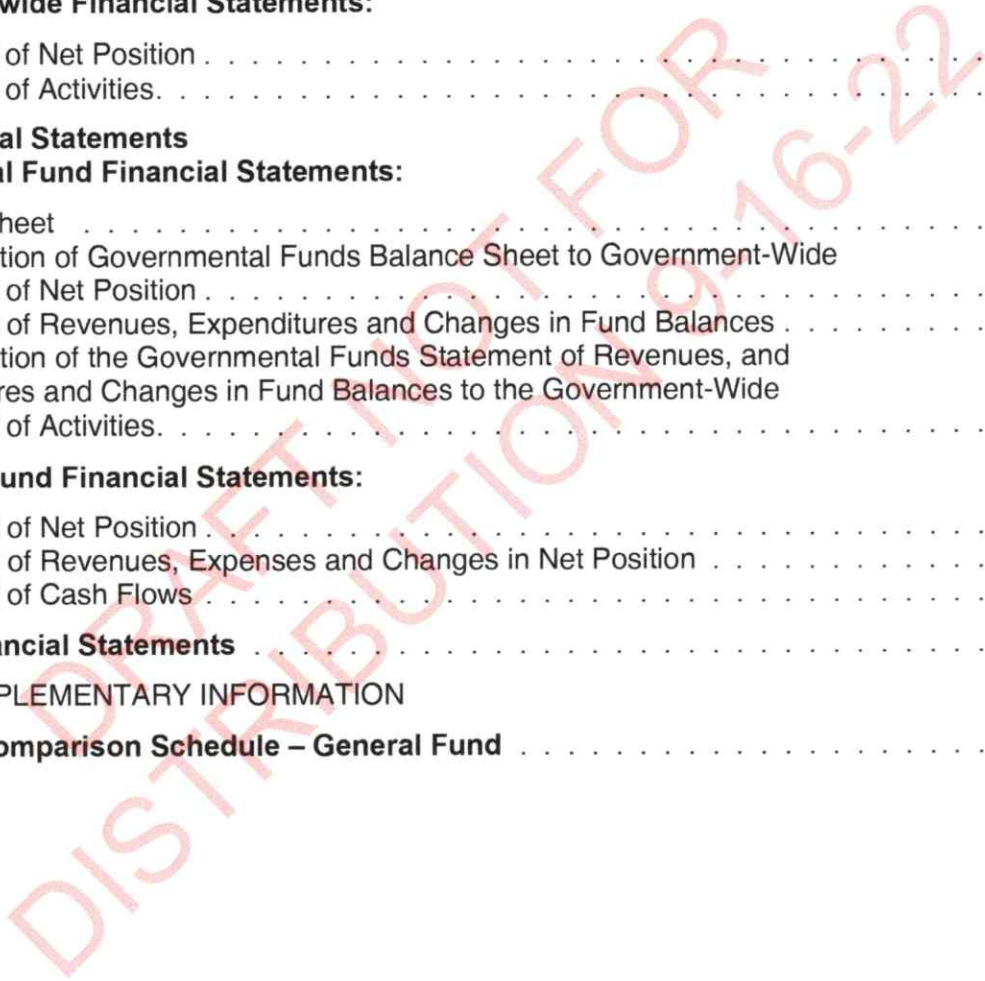
Proprietary Fund Financial Statements:

Statement of Net Position 12
 Statement of Revenues, Expenses and Changes in Net Position 13
 Statement of Cash Flows 14

Notes to Financial Statements 15

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund 26



INDEPENDENT AUDITORS' REPORT

Board of Directors
Wrightwood Community Services District
Wrightwood, California

Report on the Financial Statements

Opinions

We have audited the 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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the District as of June 30, 2022 and 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts. 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 the 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

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, 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 the District's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Board of Directors
Wrightwood Community Services District

Emphasis of Matters

As discussed in Note 7 to the financial statements, the 2021 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 27 and 28 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 14, 2022 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 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 14, 2022

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
 June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 415,950	\$ 35,612	\$ 451,562
Accounts and other receivables, net	4,545	3,480	8,025
Prepaid expenses	5,621	5,621	11,242
Capital assets, net of accumulated depreciation	<u>526,066</u>	<u>-</u>	<u>526,066</u>
Total assets	<u>952,182</u>	<u>44,713</u>	<u>996,895</u>
Liabilities			
Accounts payables and accrued expenses	124	16,957	17,081
Customer deposits	2,979	-	2,979
Current portion of notes payable	<u>5,291</u>	<u>5,293</u>	<u>10,584</u>
Total liabilities	<u>8,394</u>	<u>22,250</u>	<u>30,644</u>
Net position			
Net investment in capital assets	526,066	-	526,066
Unrestricted	<u>417,722</u>	<u>22,463</u>	<u>440,185</u>
Total net position	<u>\$ 943,788</u>	<u>\$ 22,463</u>	<u>\$ 966,251</u>

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

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION (RESTATED)
 June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 283,892	\$ 58,053	\$ 341,945
Accounts and other receivables, net	2,349	3,428	5,777
Prepaid expenses	8,160	2,967	11,127
Capital assets, net of accumulated depreciation	565,861	192	566,053
Total assets	<u>860,262</u>	<u>64,640</u>	<u>924,902</u>
Liabilities			
Accounts payables and accrued expenses	713	21,109	21,822
Customer deposits	2,979	-	2,979
Current portion of notes payable	5,292	5,292	10,584
Long-term portion of notes payable	5,291	5,293	10,584
Total liabilities	<u>14,275</u>	<u>31,694</u>	<u>45,969</u>
Net position			
Net investment in capital assets	565,861	192	566,053
Unrestricted	280,126	32,754	312,880
Total net position	<u>\$ 845,987</u>	<u>\$ 32,946</u>	<u>\$ 878,933</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, 2022

	Governmental Activities	Business-Type Activities	Total
Expenses			
Solid waste disposal fees	\$ -	\$ 160,439	\$ 160,439
Professional services	37,531	36,753	74,284
Salaries and benefits	42,651	24,511	67,162
Recreation fees	7,920	-	7,920
Maintenance	23,231	1,382	24,613
Utilities	18,074	3,280	21,354
Insurance	5,163	5,162	10,325
Office expenses	12,738	3,923	16,661
Depreciation expense	39,795	192	39,987
Total expenses	<u>187,103</u>	<u>235,642</u>	<u>422,745</u>
Program revenues			
Special assessments	-	225,159	225,159
Rental revenue	11,139	-	11,139
Recreation charges	12,837	-	12,837
Total program expenses	<u>23,976</u>	<u>225,159</u>	<u>249,135</u>
Net program revenues (expenses)	<u>(163,127)</u>	<u>(10,483)</u>	<u>(173,610)</u>
General revenues			
Property taxes	164,129	-	164,129
Franchise fees	96,798	-	96,798
Total general revenues	<u>260,927</u>	<u>-</u>	<u>260,927</u>
Changes in net position	<u>97,800</u>	<u>(10,483)</u>	<u>87,317</u>
Net Position			
Net position at beginning of year	<u>845,988</u>	<u>32,946</u>	<u>878,934</u>
Net position at end of year	<u>\$ 943,788</u>	<u>\$ 22,463</u>	<u>\$ 966,251</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, 2021

	Governmental Activities	Business-Type Activities	Total
Expenses			
Solid waste disposal fees	\$ -	\$ 174,125	\$ 174,125
Professional services	31,320	25,775	57,095
Salaries and benefits	52,550	25,854	78,404
Recreation fees	625	-	625
Maintenance	26,289	3,850	30,139
Utilities	15,618	3,138	18,756
Insurance	6,424	6,425	12,849
Office expenses	3,570	3,118	6,688
Election costs	9,067	9,068	18,135
Depreciation expense	36,575	383	36,958
Interest expense	1,263	-	1,263
Total expenses	<u>183,301</u>	<u>251,736</u>	<u>435,037</u>
Program revenues			
Special assessments	-	226,146	226,146
Rental revenue	6,034	-	6,034
Recreation charges	10,734	-	10,734
Total program expenses	<u>16,768</u>	<u>226,146</u>	<u>242,914</u>
Net program revenues (expenses)	<u>(166,533)</u>	<u>(25,590)</u>	<u>(192,123)</u>
General revenues			
Property taxes	154,848	-	154,848
Franchise fees	92,515	-	92,515
Total general revenues	<u>247,363</u>	<u>-</u>	<u>247,363</u>
Changes in net position	<u>80,830</u>	<u>(25,590)</u>	<u>55,240</u>
Net Position			
Net position at beginning of year	<u>765,157</u>	<u>58,536</u>	<u>823,693</u>
Net position at end of year	<u>\$ 845,987</u>	<u>\$ 32,946</u>	<u>\$ 878,933</u>

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

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS - PARKS & STREETLIGHTS
 June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 415,950	\$ 283,892
Accounts and other receivables, net	4,545	2,349
Prepaid expenses	5,621	8,160
Total assets	<u>\$ 426,116</u>	<u>\$ 294,401</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payables and accrued expenses	\$ 124	\$ 713
Customer deposits	<u>2,979</u>	<u>2,979</u>
Total liabilities	<u>3,103</u>	<u>3,692</u>
Fund balance		
Nonspendable - prepaid expenses	5,621	8,160
Unassigned	<u>417,392</u>	<u>282,549</u>
Total fund balance	<u>423,013</u>	<u>290,709</u>
Total liabilities and fund balance	<u>\$ 426,116</u>	<u>\$ 294,401</u>

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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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Fund balances of governmental funds	\$ 423,013	\$ 290,709
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.	526,066	565,861
Long-term debt has not been included as a liability in governmental fund activity:		
Notes payable	(5,291)	(10,583)
Net position of governmental activities	<u>\$ 943,788</u>	<u>\$ 845,987</u>

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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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues		
Property taxes	\$ 164,129	\$ 154,848
Franchise fees	96,798	92,515
Rental revenue	11,139	6,034
Recreation charges	<u>12,837</u>	<u>10,734</u>
Total operating revenue	<u>284,903</u>	<u>264,131</u>
Expenditures		
Current		
Professional services	37,531	31,320
Salaries and benefits	42,651	52,550
Recreation fees	7,920	625
Maintenance	23,231	26,289
Utilities	18,074	15,618
Insurance	5,163	6,424
Office expenses	12,738	3,570
Election Costs	-	9,067
Capital outlay	-	9,688
Debt service		
Principal and interest expense	<u>5,291</u>	<u>6,555</u>
Total expenditures	<u>152,599</u>	<u>161,706</u>
Excess of revenues over expenditures	<u>132,304</u>	<u>102,425</u>
Net change in fund balances	<u>132,304</u>	<u>102,425</u>
Fund balance		
Fund balance, beginning of year	290,709	188,284
Fund balance, end of year	<u>\$ 423,013</u>	<u>\$ 290,709</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Net change in fund balances - governmental fund	\$ 132,304	\$ 102,425
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	-	9,688
Depreciation expense	(39,795)	(36,575)
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>5,291</u>	<u>5,292</u>
Changes in net position of governmental activities	<u>\$ 97,800</u>	<u>\$ 80,830</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, 2022 and 2021

	<u>2022</u>	<u>Restated 2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 35,612	\$ 58,053
Accounts receivable, net	3,480	3,428
Prepaid expenses	5,621	2,967
Total Current Assets	<u>44,713</u>	<u>64,448</u>
Non Current Assets		
Capital Assets		
Equipment	3,246	3,246
Less accumulated depreciation	<u>(3,246)</u>	<u>(3,054)</u>
Total Non Current Assets	-	192
Total Assets	<u>\$ 44,713</u>	<u>\$ 64,640</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 16,957	\$ 21,109
Current portion of notes payable	<u>5,293</u>	<u>5,292</u>
Total Current Liabilities	<u>22,250</u>	<u>26,401</u>
Noncurrent Liabilities		
Notes payable	-	5,293
Total liabilities	<u>22,250</u>	<u>31,694</u>
Net position		
Net investment in capital assets	-	192
Unrestricted	<u>22,463</u>	<u>32,754</u>
Total net position	<u>22,463</u>	<u>32,946</u>
Total liabilities and net position	<u>\$ 44,713</u>	<u>\$ 64,640</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 (ENTERPRISES)
 For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>Restated 2021</u>
Operating Revenue		
Special assessments	\$ 225,159	\$ 226,146
Operating Expenses		
Solid waste disposal fees	160,439	174,125
Professional services	36,753	25,775
Salaries and benefits	24,511	25,854
Maintenance	1,382	3,850
Utilities	3,280	3,138
Insurance	5,162	6,425
Office expenses	3,923	3,118
Depreciation	192	383
Total operating expenses	<u>235,642</u>	<u>242,668</u>
Operating income	<u>(10,483)</u>	<u>(16,522)</u>
Non-Operating Expenses		
Election Costs	-	9,068
Change in net position	<u>(10,483)</u>	<u>(25,590)</u>
Net Position		
Net position at beginning of year - restated	32,946	58,536
Net position at end of year	<u>\$ 22,463</u>	<u>\$ 32,946</u>

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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, 2022 and 2021

	<u>2022</u>	<u>Restated 2021</u>
Cash Flows from Operating Activities		
Receipts from customers and others	\$ 225,107	\$ 225,048
Payments to vendors for materials and services	(217,744)	(220,937)
Payments to employees for salaries and benefits	(24,511)	(25,854)
Net cash provided (used) by operating activities	<u>(17,148)</u>	<u>(21,743)</u>
Cash Flows from Noncapital Financing Activities		
Principal payments on notes payable	(5,293)	(5,291)
Net cash flows provided (used) by financing activities	<u>(5,293)</u>	<u>(5,291)</u>
Net increase (decrease) in cash and cash equivalents	(22,441)	(27,034)
Cash and cash equivalents-Beginning of Year	58,053	85,087
Cash and cash equivalents-End of Year	<u>\$ 35,612</u>	<u>\$ 58,053</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Change in net position	\$ (10,483)	\$ (25,590)
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation	192	383
Change in Assets and Liabilities		
(Increase) Decrease in accounts receivable	(52)	(1,098)
(Increase) Decrease in prepaid expense	(2,653)	350
Increase (Decrease) in accounts payable	(4,152)	4,212
Net cash provided by operating activities	<u>\$ (17,148)</u>	<u>\$ (21,743)</u>

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

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

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, 2022 and 2021

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 fund:

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, 2022 and 2021

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 fund:

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, 2022 and 2021

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, 2022 and 2021.

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 were recorded at June 30, 2022 and 2021, based on management's expectation that all accounts receivable will be collected.

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.

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
 June 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

- *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.

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Equity (continued)

- *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.

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.

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 is 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.”

Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date, but before financial statements are available to be issued. The District recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The District's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet, but arose after the balance sheet date and before the financial statements were available to be issued. The District has evaluated subsequent events through September 14, 2022, which is the date the financial statements were available to be issued.

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
 June 30, 2022 and 2021

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, 2022 and 2021, the carrying amount of the District's deposits were \$451,561 and \$341,945, respectively, and the bank balances were \$459,098 and \$284,039, 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.

3. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2022 and 2021, was as follows:

2022 Governmental Activities:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 185,000	\$ -	\$ -	\$ 185,000
Capital assets, being depreciated:				
Improvements to land	523,634	-	-	523,634
Structures and improvements	196,097	-	-	196,097
Furniture and Equipment	29,495	-	-	29,495
Total capital assets, being depreciated	749,226	-	-	749,226
Less accumulated depreciation for:				
Improvements to land	(229,860)	(23,608)	-	(253,468)
Structures and improvements	(126,511)	(7,909)	-	(134,420)
Furniture and equipment	(11,994)	(8,278)	-	(20,272)
Total accumulated depreciation	(368,365)	(39,795)	-	(408,160)
Total capital assets, being depreciated, net	380,861	(39,795)	-	341,066
Total capital assets, net	<u>\$ 565,861</u>	<u>\$ (39,795)</u>	<u>\$ -</u>	<u>\$ 526,066</u>

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
 June 30, 2022 and 2021

3. CAPITAL ASSETS (Continued)

2022 Business-Type Activities:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, being depreciated:				
Equipment	\$ 3,246	\$ -	\$ -	\$ 3,246
Less accumulated depreciation for:				
Equipment	(3,054)	(192)	-	(3,246)
Total capital assets, being depreciated, net	<u>\$ 192</u>	<u>\$ (192)</u>	<u>\$ -</u>	<u>\$ -</u>

2021 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>186,191</u>	<u>(1,191)</u>	<u>-</u>	<u>185,000</u>
Capital assets, being depreciated:				
Improvements to land	523,634	-	-	523,634
Structures and improvements	194,491	1,606	-	196,097
Furniture and Equipment	20,222	9,273	-	29,495
Total capital assets, being depreciated	<u>738,347</u>	<u>10,879</u>	<u>-</u>	<u>749,226</u>
Less accumulated depreciation for:				
Improvements to land	(205,929)	(23,931)	-	(229,860)
Structures and improvements	(120,608)	(5,903)	-	(126,511)
Furniture and equipment	(5,253)	(6,741)	-	(11,994)
Total accumulated depreciation	<u>(331,790)</u>	<u>(36,575)</u>	<u>-</u>	<u>(368,365)</u>
Total capital assets, being depreciated, net	<u>406,557</u>	<u>(25,696)</u>	<u>-</u>	<u>380,861</u>
Total capital assets, net	<u>\$ 592,748</u>	<u>\$ (26,887)</u>	<u>\$ -</u>	<u>\$ 565,861</u>

2021 Business-Type Activities:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, being depreciated:				
Equipment	\$ 3,246	\$ -	\$ -	\$ 3,246
Less accumulated depreciation for:				
Equipment	(2,670)	(383)	-	(3,054)
Total capital assets, being depreciated, net	<u>\$ 576</u>	<u>\$ (383)</u>	<u>\$ -</u>	<u>\$ 192</u>

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
 June 30, 2022 and 2021

4. NOTES PAYABLE

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, 2022 and 2021 were as follows:

	Principal Balance 7/1/2021	Additions	Retirements	Principal Balance 6/30/2022	Amounts Due Within One Year
SBC Registrar of Voters	\$ 21,168	\$ -	\$ (10,584)	\$ 10,584	\$ 10,584
	Principal Balance 7/1/2020	Additions	Retirements	Principal Balance 6/30/2021	Amounts Due Within One Year
SBC Registrar of Voters	\$ 31,751	\$ -	\$ (10,583)	\$ 21,168	\$ 10,584

Debt services requirements to maturity for the notes payable as of June 30, 2022 are as follows:

June 30,	Governmental Principal	Business-Type Principal	Total
2023	\$ 5,291	\$ 5,293	\$ 10,584

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

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. RISK AND UNCERTAINTIES

Concentrations of Credit Risk

The District's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and accounts receivable. The District places its cash with high credit worthy institutions. At times, such cash may be in excess of the FDIC insurance limit. The District routinely assesses the financial strength of its customers and, as a consequence, believes that its account receivable credit risk exposure is limited.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2022 and 2021, \$209,098 and \$34,039 was uninsured by the FDIC insurance, respectively.

7. RESTATEMENT OF 2021 FINANCIAL STATEMENTS

The District has restated the previously issued 2021 financial statements for a correction of error related to the accrual of special assessments revenue for the year ended June 30, 2021. The 2021 financial statements have been restated to increase special assessments revenue in business-type activities and increase accounts receivable. The overall change in net position in the statement of activities is \$3,428.

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE-GENERAL
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 140,000	\$ 140,000	\$ 164,129	\$ 24,129
Franchise fees	78,000	78,000	96,798	18,798
Rental revenue	11,590	11,590	11,139	(451)
Recreation charges	15,525	15,525	12,837	(2,688)
Total revenues	<u>245,115</u>	<u>245,115</u>	<u>284,903</u>	<u>39,788</u>
Expenditures				
Current				
Professional services	40,577	40,577	37,531	3,046
Salaries and benefits	71,533	71,533	42,651	28,882
Recreation fees	2,750	2,750	7,920	(5,170)
Maintenance	35,920	35,920	23,231	12,689
Utilities	16,200	16,200	18,074	(1,874)
Insurance	10,325	10,325	5,163	5,162
Office expenses	7,618	7,618	12,738	(5,120)
Election costs	11,000	11,000	-	11,000
Capital outlay	65,319	65,319	-	65,319
Principal and interest expense	-	-	5,291	(5,291)
Total expenditures	<u>261,242</u>	<u>261,242</u>	<u>152,599</u>	<u>108,643</u>
Excess of revenues over (under) expenditures	<u>(16,127)</u>	<u>(16,127)</u>	<u>132,304</u>	<u>148,431</u>
Net change in fund balance	<u>(16,127)</u>	<u>(16,127)</u>	<u>132,304</u>	<u>148,431</u>
Fund balance, beginning			<u>290,709</u>	
Fund balance, ending			<u>\$ 423,013</u>	

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE-GENERAL
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 142,000	\$ 142,000	\$ 154,848	\$ 12,848
Franchise fees	67,000	67,000	92,515	25,515
Rental revenue	14,590	14,590	6,034	(8,556)
Recreation charges	10,025	10,025	10,734	709
Total revenues	<u>233,615</u>	<u>233,615</u>	<u>264,131</u>	<u>30,516</u>
Expenditures				
Current				
Professional services	27,004	27,004	31,320	(4,316)
Salaries and benefits	68,762	68,762	52,550	16,212
Recreation fees	2,750	2,750	625	2,125
Maintenance	41,642	41,642	26,289	15,353
Utilities	16,500	16,500	15,618	882
Insurance	11,325	11,325	6,424	4,901
Office expenses	6,376	6,376	3,570	2,806
Election costs	7,500	7,500	9,067	(1,567)
Capital outlay	39,982	39,982	9,688	30,294
Principal and interest expense	5,292	5,292	6,555	(1,263)
Total expenditures	<u>227,133</u>	<u>227,133</u>	<u>161,706</u>	<u>65,427</u>
Excess of revenues over (under) expenditures	<u>6,482</u>	<u>6,482</u>	<u>102,425</u>	<u>95,943</u>
Net change in fund balance	<u>6,482</u>	<u>6,482</u>	<u>102,425</u>	<u>95,943</u>
Fund balance				
Fund balance, beginning			<u>188,284</u>	
Fund balance, ending			<u>\$ 290,709</u>	

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors and Management
Wrightwood Community Services District
Wrightwood, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our reports thereon dated September 14, 2022.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we did identify certain deficiencies in internal control that we consider to be a material weaknesses and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as items 2022-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as items 2022-002 to be a significant deficiency.

Compliance and Other Matters

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

Wrightwood Community Services District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Riverside, California
September 14, 2022

Wrightwood Community Services District
SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2022

Material Weakness

2022-001 Regular Review of Revenue and Expenditure Classifications and Fund Allocations

Criteria

The District reports two separate funds -- the Parks & Streetlights Fund and the Solid Waste Fund. Each fund should account for its own revenue sources and expenditures/expenses. All transactions should be properly classified and/or allocated to the appropriate fund.

Condition

During our audit, we identified certain revenues were posted to the incorrect fund.

Cause

The bookkeeper is not familiar with fund accounting and management failed to catch and correct the error because there was no regular review of fund allocations.

Effect

The error, if not corrected, would have understated the revenue for Parks and Streetlights by approximately \$162,000 while expenditures would have been overstated by approximately \$22,000. If the revenue and expenditures are classified and/or allocated to the incorrect fund, the fund balances will be misstated.

Repeat Finding: Yes (2020-001) (2021-001)

Recommendation

We recommend the District provide training for proper fund accounting to employees who are responsible for bookkeeping. In addition, the general manager should review and validate the fund allocations on a periodic basis. In the absence of general manager, a member of the board or an independent accountant should perform the review.

Wrightwood Community Services District's Response

The General Manager is currently reviewing the financial statements on a monthly basis. The District will provide any and all necessary QuickBooks classes to enhance the performance of their bookkeeper and General Manager. The District will also hire an independent accountant to review the Districts accounting records on a quarterly basis.

Wrightwood Community Services District
SCHEDULE OF FINDINGS AND RESPONSES (Continued)
For the year ended June 30, 2022

Significant Deficiency

2022-002 Financial Statement Preparation and Financial Reporting Process

Criteria

Accounts receivable, prepaid expenses, accrued liabilities, and accounts payable should be properly reflected on the financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition

The District requires assistance to determine adjustments for recording various cash to accrual adjustments such as recording accounts receivable, prepaid expenses, accrued liabilities, and accounts payable.

Cause

The District has not established a process for accruing revenue earned and expenses incurred during the year. In addition, the District did not properly review accounting records to determine what accrual adjustments needed to be recorded on a monthly basis and at year end.

Effect

Potential misstatement of the financial statements due to lack of accrual balances in conformity with accounting principles generally accepted in the United States of America.

Repeat Finding: Yes (2020-002) (2021-002)

Recommendation

We recommend that the District establish procedures to record accrual adjustments at year-end. In addition, the general manager should review the adjustments to determine completeness and accuracy. In the absence of the general manager, a board member or an independent accountant should perform the review.

Wrightwood Community Services District's Response

The District will establish procedures to record accrual adjustments at year end and have an independent accountant review.

Wrightwood Community Services District
SCHEDULE OF FINDINGS AND RESPONSES PRIOR YEAR
For the year ended June 30, 2022

Material Weaknesses

2021-001/2020-001 Regular Review of Revenue and Expenditure Classifications and Fund Allocations

Criteria

The District reports two separate funds -- the Parks & Streetlights Fund and the Solid Waste Fund. Each fund should account for its own revenue sources and expenditures/expenses. All transactions should be properly classified and/or allocated to the appropriate fund.

Condition

During our audit, we identified certain revenues were posted to the incorrect fund.

Cause

The bookkeeper is not familiar with fund accounting and management failed to catch and correct the error because there was no regular review of fund allocations.

Effect

If the revenue and expenditures are classified and/or allocated to the incorrect fund, the fund balances will be misstated and in certain cases not balance.

Recommendation

We recommend the District provide training for proper fund accounting to employees who are responsible for bookkeeping. In addition, the general manager should review and validate the fund allocations on a periodic basis. In the absence of general manager, a member of the board or an independent accountant should perform the review.

Wrightwood Community Services District's Response

The General Manager is currently reviewing the financial statements on a monthly basis. The District will provide any and all necessary QuickBooks classes to enhance the performance of their bookkeeper and General Manager. The District will also hire an independent accountant to review the Districts accounting records on a quarterly basis.

CURRENT STATUS – Repeat finding in fiscal year 2022 (2022-001)

Wrightwood Community Services District
SCHEDULE OF FINDINGS AND RESPONSES PRIOR YEAR
For the year ended June 30, 2022

Significant Deficiency

2021-002/2020-002 Financial Statement Preparation and Financial Reporting Process

Criteria

Accounts receivable, prepaid expenses, accrued liabilities, and accounts payable should be properly reflected on the financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition

The District requires assistance to determine adjustments for recording various cash to accrual adjustments such as recording accounts receivable, prepaid expenses, accrued liabilities, and accounts payable.

Cause

The District has not established a process for accruing revenue earned and expenses incurred during the year. In addition, the District did not properly review accounting records to determine what accrual adjustments needed to be recorded on a monthly basis and at year end.

Effect

Potential misstatement of the financial statements due to lack of accrual balances in conformity with accounting principles generally accepted in the United States of America.

Recommendation

We recommend that the District establish procedures to record accrual adjustments at year-end. In addition, the general manager should review the adjustments to determine completeness and accuracy. In the absence of the general manager, a board member or an independent accountant should perform the review.

Wrightwood Community Services District's Response

The District will establish procedures to record accrual adjustments at year end and have an independent accountant review.

CURRENT STATUS – Repeat finding in fiscal year 2022 (2022-002)

Wrightwood Community Services District
SCHEDULE OF FINDINGS AND RESPONSES PRIOR YEAR
For the year ended June 30, 2022

2021-003 Journal Entry Documentation and Review Process

Criteria

The District should keep the proper journal entry documentation for all of its journal entries. Good documentation serves as an important accounting record and facilitates future review as well as provides additional insight for others to verify and confirm past adjustments. Additionally, the District should have documentation of approval and review of all of its journal entries.

Condition

The District was unable to provide supporting documentation of its journal entries as well as the authorization of them.

Cause

The District did not keep the supporting documentation and authorization of its journal entries.

Effect

We were able to satisfy ourselves that such entries were appropriate upon review of corroborating evidence. However, potential misstatement of the financial statements may occur due to lack of authorization of the journal entries.

Recommendation

We recommend that all journal entries always be supported by appropriate documentation. We also recommend that the general manager review and approve all journal entries and initial the support for the entries to document approval. In the absence of the general manager, a board member or an independent accountant should perform the review.

Wrightwood Community Services District's Response

All journal entries will be supported by appropriate documentation and will be reviewed on a quarterly basis with an independent accountant.

CURRENT STATUS – Cleared

September 14, 2022

To the Board of Directors
Wrightwood Community Services District
Wrightwood, California

We have audited the financial statements of Wrightwood Community Services District (the District) as of and for the year ended June 30, 2022, and have issued our report thereon dated September 14, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 16, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding a significant control deficiency over financial reporting and material weakness, and other matters noted during our audit in a separate letter to you dated September 14, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Our firm has identified the self-review of nonattest services as a threat to independence. To eliminate this threat, the firm requires review of the financial statements by an independent partner, and acceptance of the report by management.

Significant Risks Identified

We identified the following as significant risk during our audit:

Allocation of fund revenues and expenses

In prior years management has not properly allocated revenues and expenses between the Parks & Streetlights Fund and the Solid Waste Fund.

Year-end accruals

In prior years management has not properly accrued for revenues and expenses at year-end.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events.

Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is management's estimate of capital assets valuation, depreciable lives, and associated depreciation. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The disclosure of the restatement of the 2021 financial statements in Note 7 to the financial statements.

Significant Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.

The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

To increase parks and street lighting fund revenues and decrease solid waste fund revenues by approximately \$162,000 to properly classify property tax revenues to the appropriate fund.

To record accounts payable and increase expenses in the solid waste fund for approximately \$10,600.

To record accumulated depreciation and increase expense in the government-wide fund for approximately \$39,800.

To decrease prepaid expenses and increase insurance expense approximately \$5,600 for the parks and street lighting fund and \$5,900 for the solid waste fund.

To decrease unclassified payroll expenses and increase parks and street lighting fund and solid waste fund payroll expenses by approximately \$38,800 and \$22,000, respectively.

To decrease solid waste fund balance approximately \$351,000, increase parks and lighting fund balance approximately \$310,000, increase government-wide fund approximately \$15,000, and decrease solid waste expense \$26,000 to record prior year audit adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain representations from management that are included in the management representation letter dated September 12, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Restriction on Use

This report is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties

Very truly yours,

WRIGHTWOOD COMMUNITY SERVICES DISTRICT

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES**

FOR FISCAL YEAR ENDING JUNE 30, 2023

DRAFT NOT FOR
DISTRIBUTION 9-16-22

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Wrightwood, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit worksheet of the Wrightwood Community Services District (District) for the year ending June 30, 2023. The District's management is responsible for the determination of the Appropriations Limit for the year ending June 30, 2023.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of meeting the requirements of Section 1.5 Article XIII-B of the California Constitution. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheet and compared the limit and annual adjustment factors included in the worksheet to the limit and annual adjustment factors that were adopted by resolution of the District's Board of Directors. We also compared the population and inflation options included in the aforementioned worksheet to those that were selected by a recorded vote of the District's Board of Directors.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit worksheet, we added line A, last year's limit, to line E, total adjustments, and agreed the resulting amount to line F, this year's limit.

Finding: No exceptions were noted as a result of our procedures.

3. We compared the current-year information presented in the Appropriation Limit worksheet to the other worksheets described in No. 1 above.

Finding: No exceptions were noted as a result of our procedures.

4. We compared the prior-year appropriations limit presented in the accompanying Appropriations Limit worksheet to the prior-year appropriations limit adopted by the District's Board of Directors during the prior year.

Finding: No exceptions were noted as a result of our procedures.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Appropriations Limit worksheet of the Wrightwood Community Services District (District) for the year ending June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the District's Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Riverside, California
September 9, 2022

WRIGHTWOOD COMMUNITY
 SERVICES DISTRICT
 APPROPRIATIONS LIMIT CALCULATION
 FISCAL YEAR 2022/2023

		<u>AMOUNT</u>
A.	LAST YEAR'S LIMIT	<u>\$ 697,067</u>
B.	ADJUSTMENT FACTORS	
	1. Population %	-0.4600%
	2. Change in per-capita income in California	7.5500%
	Total Adjustment %	<u>7.0553%</u>
C.	ANNUAL ADJUSTMENT \$	<u>49,179</u>
D.	OTHER ADJUSTMENTS:	-
E.	TOTAL ADJUSTMENTS	<u>49,179</u>
F.	CURRENT YEAR'S LIMIT	<u><u>\$ 746,246</u></u>

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