



**WRIGHTWOOD COMMUNITY SERVICES DISTRICT
FINANCIAL STATEMENTS
June 30, 2023 and 2022**



WRIGHTWOOD COMMUNITY SERVICES DISTRICT
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Wrightwood Community Services District
Wrightwood, California

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Wrightwood Community Services District (District), as of and for the years ended June 30, 2023 and 2022, 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, the business-type activities, and each major fund of the District, as of June 30, 2023, and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the 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 the District's ability to continue as a going concern for a reasonable period of time.

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

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 pages 25 and 26 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 23, 2023 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.

Eadie and Payne, LLP

Riverside, California
December 23, 2023

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
 June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 510,828	\$ 20,302	\$ 531,130
Accounts and other receivables, net	4,902	3,866	8,768
Prepaid expenses	6,687	6,688	13,375
Capital assets, net of accumulated depreciation	<u>784,067</u>	<u>-</u>	<u>784,067</u>
Total Assets	<u>1,306,484</u>	<u>30,856</u>	<u>1,337,340</u>
Liabilities			
Accounts payables and accrued expenses	2,613	21,686	24,299
Customer deposits	<u>4,329</u>	<u>-</u>	<u>4,329</u>
Total Liabilities	<u>6,942</u>	<u>21,686</u>	<u>28,628</u>
Net Position			
Net investment in capital assets	784,067	-	784,067
Unrestricted	<u>515,475</u>	<u>9,170</u>	<u>524,645</u>
Total Net Position	<u>\$ 1,299,542</u>	<u>\$ 9,170</u>	<u>\$ 1,308,712</u>

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

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	526,066	-	526,066
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	5,291	5,293	10,584
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	417,722	22,463	440,185
Total Net Position	<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
For the year ended June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Expenses			
Solid waste disposal fees	\$ -	\$ 154,474	\$ 154,474
Professional services	29,728	29,498	59,226
Salaries and benefits	58,449	37,918	96,367
Recreation fees	5,003	-	5,003
Maintenance	20,309	1,034	21,343
Utilities	22,296	4,059	26,355
Insurance	5,622	5,621	11,243
Office expenses	7,729	6,488	14,217
Depreciation expense	40,045	-	40,045
Total Expenses	<u>189,181</u>	<u>239,092</u>	<u>428,273</u>
Program Revenues			
Special assessments	-	225,635	225,635
Rental revenue	15,684	-	15,684
Recreation charges	5,338	-	5,338
Grants and donations	245,127	-	245,127
Other	5,749	164	5,913
Total Program Revenue	<u>271,898</u>	<u>225,799</u>	<u>497,697</u>
Net Program Revenues (Expenses)	<u>82,717</u>	<u>(13,293)</u>	<u>69,424</u>
General Revenues			
Property taxes	172,526	-	172,526
Franchise fees	100,511	-	100,511
Total General Revenues	<u>273,037</u>	<u>-</u>	<u>273,037</u>
Changes in Net Position	<u>355,754</u>	<u>(13,293)</u>	<u>342,461</u>
Net Position			
Net position at beginning of year	<u>943,788</u>	<u>22,463</u>	<u>966,251</u>
Net position at end of year	<u>\$ 1,299,542</u>	<u>\$ 9,170</u>	<u>\$ 1,308,712</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	10,840	-	10,840
Grants and donations	1,500	-	1,500
Other	497	-	497
Total Program Revenue	<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
BALANCE SHEET
GOVERNMENTAL FUNDS - PARKS & STREETLIGHTS
 June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 510,828	\$ 415,950
Accounts and other receivables, net	4,902	4,545
Prepaid expenses	<u>6,687</u>	<u>5,621</u>
Total Assets	<u>\$ 522,417</u>	<u>\$ 426,116</u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payables and accrued expenses	\$ 2,613	\$ 124
Customer deposits	<u>4,329</u>	<u>2,979</u>
Total Liabilities	<u>6,942</u>	<u>3,103</u>
Fund balance		
Nonspendable - prepaid expenses	6,687	5,621
Unassigned	<u>508,788</u>	<u>417,392</u>
Total Fund Balance	<u>515,475</u>	<u>423,013</u>
Total Liabilities and Fund Balance	<u>\$ 522,417</u>	<u>\$ 426,116</u>

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

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Fund balances of governmental funds	\$ 515,475	\$ 423,013
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.	784,067	526,066
Long-term debt has not been included as a liability in governmental fund activity:		
Notes payable	-	(5,291)
Net position of governmental activities	<u>\$ 1,299,542</u>	<u>\$ 943,788</u>

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

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - PARKS & STREETLIGHTS

For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues		
Property taxes	\$ 172,526	\$ 164,129
Franchise fees	100,511	96,798
Rental revenue	15,684	11,139
Recreation charges	5,338	10,840
Grant and donations	245,127	1,500
Other	<u>5,749</u>	<u>497</u>
Total Operating Revenue	<u>544,935</u>	<u>284,903</u>
Expenditures		
Current		
Professional services	29,728	37,531
Salaries and benefits	58,449	42,651
Recreation fees	5,003	7,920
Maintenance	20,309	23,231
Utilities	22,296	18,074
Insurance	5,622	5,163
Office expenses	7,729	12,738
Capital outlay	298,046	-
Debt service		
Principal and interest expense	<u>5,291</u>	<u>5,291</u>
Total Expenditures	<u>452,473</u>	<u>152,599</u>
Excess of Revenues Over Expenditures	<u>92,462</u>	<u>132,304</u>
Net Change in Fund Balances	<u>92,462</u>	<u>132,304</u>
Fund Balance		
Fund balance, beginning of year	423,013	290,709
Fund balance, end of year	<u>\$ 515,475</u>	<u>\$ 423,013</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Net change in fund balances - governmental fund	\$ 92,462	\$ 132,304
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	298,046	-
Depreciation expense	(40,045)	(39,795)
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>5,291</u>
Changes in net position of governmental activities	<u>\$ 355,754</u>	<u>\$ 97,800</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 20,302	\$ 35,612
Accounts receivable, net	3,866	3,480
Prepaid expenses	6,688	5,621
Total Current Assets	<u>30,856</u>	<u>44,713</u>
Non Current Assets		
Capital Assets		
Equipment	3,246	3,246
Less accumulated depreciation	<u>(3,246)</u>	<u>(3,246)</u>
Total Non Current Assets	-	-
Total Assets	<u>\$ 30,856</u>	<u>\$ 44,713</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 21,686	\$ 16,957
Current portion of notes payable	<u>-</u>	<u>5,293</u>
Total Current Liabilities	<u>21,686</u>	<u>22,250</u>
Net Position		
Unrestricted	9,170	22,463
Total Liabilities and Net Position	<u>\$ 30,856</u>	<u>\$ 44,713</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Revenue		
Special assessments	\$ 225,799	\$ 225,159
Operating Expenses		
Solid waste disposal fees	154,474	160,439
Professional services	29,498	36,753
Salaries and benefits	37,918	24,511
Maintenance	1,034	1,382
Utilities	4,059	3,280
General and administrative	20	-
Insurance	5,621	5,162
Office expenses	6,468	3,923
Depreciation	-	192
Total Operating Expenses	<u>239,092</u>	<u>235,642</u>
Operating Loss	<u>(13,293)</u>	<u>(10,483)</u>
Change in Net Position	<u>(13,293)</u>	<u>(10,483)</u>
Net Position		
Net position at beginning of year	22,463	32,946
Net position at end of year	<u>\$ 9,170</u>	<u>\$ 22,463</u>

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

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (ENTERPRISE)
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Receipts from customers and others	\$ 225,413	\$ 225,107
Payments to vendors for materials and services	(197,512)	(217,744)
Payments to employees for salaries and benefits	(37,918)	(24,511)
Net Cash Provided (Used) by Operating Activities	<u>(10,017)</u>	<u>(17,148)</u>
Cash Flows from Noncapital Financing Activities		
Principal payments on notes payable	(5,293)	(5,293)
Net Cash Flows Provided (Used) by Financing Activities	<u>(5,293)</u>	<u>(5,293)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(15,310)	(22,441)
Cash and Cash Equivalents-Beginning of Year	35,612	58,053
Cash and Cash Equivalents-End of Year	<u>\$ 20,302</u>	<u>\$ 35,612</u>
Reconciliation of Operating Income to		
Net Cash Provided (Used) by Operating Activities		
Change in net position	\$ (13,293)	\$ (10,483)
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation	-	192
Change in Assets and Liabilities		
(Increase) decrease in accounts receivable	(386)	(52)
(Increase) decrease in prepaid expense	(1,067)	(2,653)
Increase (decrease) in accounts payable	4,729	(4,152)
Net Cash Provided by Operating Activities	<u>\$ (10,017)</u>	<u>\$ (17,148)</u>

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

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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, 2023 and 2022

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, 2023 and 2022

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.

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.

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2023 and 2022.

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 uncollectible were recorded at June 30, 2023 and 2022, 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, 2023 and 2022

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, 2023 and 2022

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, 2023 and 2022

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 December 23, 2023, which is the date the financial statements were available to be issued.

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, 2023 and 2022, the carrying amount of the District’s deposits were \$531,130 and \$451,562, respectively, and the bank balances were \$538,386 and \$459,098, respectively. The District has cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, and the remaining balance is collateralized in accordance with the California Government Code.

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023 and 2022

3. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2023 and 2022, was as follows:

2023 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	298,046	-	821,680
Structures and improvements	196,097	-	-	196,097
Furniture and Equipment	29,495	-	-	29,495
Total capital assets, being depreciated	<u>749,226</u>	<u>298,046</u>	<u>-</u>	<u>1,047,272</u>
Less accumulated depreciation for:				
Improvements to land	(253,468)	(27,723)	-	(281,191)
Structures and improvements	(134,420)	(7,674)	-	(142,094)
Furniture and equipment	(20,272)	(4,648)	-	(24,920)
Total accumulated depreciation	<u>(408,160)</u>	<u>(40,045)</u>	<u>-</u>	<u>(448,205)</u>
Total capital assets, being depreciated, net	<u>341,066</u>	<u>258,001</u>	<u>-</u>	<u>599,067</u>
Total capital assets, net	<u>\$ 526,066</u>	<u>\$ 258,001</u>	<u>\$ -</u>	<u>\$ 784,067</u>

2023 Business-Type Activities:

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

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023 and 2022

3. CAPITAL ASSETS (Continued)

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	<u>749,226</u>	<u>-</u>	<u>-</u>	<u>749,226</u>
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	<u>(368,365)</u>	<u>(39,795)</u>	<u>-</u>	<u>(408,160)</u>
Total capital assets, being depreciated, net	<u>380,861</u>	<u>(39,795)</u>	<u>-</u>	<u>341,066</u>
Total capital assets, net	<u>\$ 565,861</u>	<u>\$ (39,795)</u>	<u>\$ -</u>	<u>\$ 526,066</u>

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>

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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, 2023 and 2022 were as follows:

	Principal Balance 7/1/2022	Additions	Retirements	Principal Balance 6/30/2023	Amounts Due Within One Year
SBC Registrar of Voters	\$ 10,584	\$ -	\$ (10,584)	\$ -	\$ -

	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

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, 2023 and 2022, \$281,130 and \$209,098 was uninsured by the FDIC insurance, respectively.

WRIGHTWOOD COMMUNITY SERVICES DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE-GENERAL
For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 45,000	\$ 168,000	\$ 172,526	\$ 4,526
Franchise fees	39,000	82,000	100,511	18,511
Rental revenue	8,350	9,200	15,684	6,484
Recreation charges	17,000	12,000	5,338	(6,662)
Grants and donations	-	-	245,127	245,127
Other	441	441	5,749	5,308
Total Revenues	<u>109,791</u>	<u>271,641</u>	<u>544,935</u>	<u>273,294</u>
Expenditures				
Current				
Professional services	14,710	59,038	29,728	29,310
Salaries and benefits	19,796	134,796	58,449	76,347
Recreation fees	3,425	5,000	5,003	(3)
Maintenance	4,369	24,164	20,309	3,855
Utilities	89,450	188,232	22,296	165,936
Insurance	-	12,849	5,622	7,227
Office expenses	19,114	12,427	7,729	4,698
Election costs	-	29,484	-	29,484
Capital outlay	-	25,000	298,046	(273,046)
Principal and interest expense	-	1,263	5,291	(4,028)
Total Expenditures	<u>150,864</u>	<u>492,253</u>	<u>452,473</u>	<u>39,780</u>
Excess of Revenues				
Over (Under) Expenditures	<u>(41,073)</u>	<u>(220,612)</u>	<u>92,462</u>	<u>313,074</u>
Net Change in Fund Balance	<u>\$ (41,073)</u>	<u>\$ (220,612)</u>	<u>92,462</u>	<u>\$ 313,074</u>
Fund balance, beginning			<u>423,013</u>	
Fund balance, ending			<u>\$ 515,475</u>	

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	15,500	15,500	10,840	(4,660)
Grants and donations	-	-	1,500	1,500
Other	25	25	497	472
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				
Fund balance, beginning			<u>290,709</u>	
Fund balance, ending			<u>\$ 423,013</u>	