

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2023**



**SAN MIGUEL COMMUNITY SERVICES DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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## FINANCIAL SECTION



## INDEPENDENT AUDITORS' REPORT

Board of Directors of San Miguel Community Services District  
San Miguel, California

### Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the San Miguel Community Services District, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the San Miguel Community Services District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the San Miguel Community Services District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal 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 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 San Miguel Community Services District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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 San Miguel Community Services District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the San Miguel Community Services District's ability to continue as a going concern for a reasonable period of time.

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the major special revenue funds' budgetary comparison information, the schedule of changes in OPEB liability and related ratios, the schedule of OPEB contributions, the schedule of proportionate share of net pension liability, and the schedule of pension contributions 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries of 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.

Management has omitted the 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.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2023, on our consideration of the San Miguel Community Services 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 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 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.

*Moss, Remy & Hartzheim LLP*

Santa Maria, California  
November 30, 2023



# SAN MIGUEL COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

As stewards to the San Miguel Community Services District's Financial management, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended on June 30, 2023. Our District's primary objectives are *to efficiently serve the community with Fire protection, Water, Wastewater, Street Lighting/Landscaping and Solid Waste services in San Miguel*. This section of the District's financial report is provided as supplementary information to the audited financial statements. It is management's intention that this information provides the financial statement reader with a brief and concise overview and analysis of the District's financial activities for the fiscal year that ended June 30, 2023.

The District's basic statements report "**Governmental Activities**" of the Fire Fund and the Street Lighting Fund "**Business-Type Activities**" or "**Proprietary Funds**" of the Water Fund and Wastewater Fund (which includes the Solid Waste Fund).

**Governmental Activities** – these programs are primarily supported by property taxes, and by specific program revenues such as Ambulance fees, Plan check fees, Public facilities fees, and Developer fees.

**Business-type Activities** – these programs are primarily supported by Service fees, Grants, Hookup fees, Franchise fees, and Developer fees.

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** – are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**Proprietary Funds** – are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses a proprietary fund, an enterprise fund, to account for the Wastewater and Water.

The District presents its financial statements under the reporting model required by the GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments. For comparison purposes, two years of financial information is provided in the GASB 34 format.

### REQUIRED FINANCIAL STATEMENTS

The District's annual report consists of: Management's Discussion and Analysis, Financial Statements, Notes to the Financial Statements, and Required Supplementary Information.

The basic financial statements following this discussion are: Statement of Net Position, Statement of Activities, Balance Sheet, Statement of Revenues, Expenditures, and Changes in Net Position, and Statement of Cash Flows. These consist of the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the District's financial activities and financial position. Government-wide Financial Statements provide a broad overview of the District's activities as a whole, in a manner similar to a private-sector business, and consist of the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the District as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all of the District's revenues and all of its expenses, also on a full accrual basis, with the emphasis on measuring net revenues or expenses of each of the District's funds. The Statement of Activities explains in detail the change in Net Position for the year.

Following the Fund Financial Statements are Notes to the Financial Statement that provide accounting methodology and other disclosures related to specifically identified financial statement reporting. The basic financial statements include Fund Financial Statements that consist of Balance Sheet, and Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental, Statement of Net Position, and Statement of Cash Flows.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements.

Required Supplementary Information regarding the funding progress of the District's pension plan and other post-employment benefits can be found on pages 43-46 of the Audited Financial Statements.

Government-wide Financial Analysis- The District presents its financial statements under the reporting model required by the GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments. For comparison purposes, two years of financial information is provided in the GASB 34 format.

## FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the fiscal year by \$11,393,901. This represents the net position of the District as of June 30, 2023.
- The District's net position increased by \$875,108.
- Total Revenues for the fiscal year were \$3,387,563 an increase of \$108,581 or 3.31% over the prior fiscal year.
- Total operating expenses for the fiscal year were \$2,512,455 a decrease of \$25,901 or 1.02% over the prior fiscal year. Consistent with the Generally Accepted Accounting Principles, operating expenses do not include principal payments or capital asset purchases.
- The District made principal payments on long-term debts in the amount of \$125,271 during the fiscal year.
- In addition to the operating expenses, the District incurred \$580,099 in capital asset purchases during the current fiscal year.
- Cash and Cash Equivalents on June 30, 2023 totaled \$5,803,559.
- Cash and Cash Equivalents increased by \$547,129 during the fiscal year
- During the prior fiscal year (2021/22) Cash and Cash Equivalents decreased by \$547,083
- The District's Governmental Fund Balances increased \$17,937 or 0.9% from the previous year
- Salary and Wages decreased by 9% or \$66,882

## NET POSITION

Net Position may serve over time as a useful indicator of a government's financial position. In the case of our District, the assets and deferred outflows exceeded the liabilities and deferred inflows by \$11,393,901 at the close of the most recent fiscal year.

SUMMARY OF NET POSITION JUNE 30, 2023 AND 2022		
	Governmental and Business-Type Activities	
	2023	2022
Current and other assets	\$6,297,494	\$5,745,834
Capital assets	7,316,898	7,096,624
<b>Total Assets</b>	<b>13,614,392</b>	<b>12,842,458</b>
Deferred outflows of resources	289,873	231,951
<b>Total Deferred Outflows</b>	<b>289,873</b>	<b>231,951</b>
Current and other liabilities	225,969	239,439
Long-term liabilities outstanding	2,139,121	2,179,703
<b>Total Liabilities</b>	<b>2,365,090</b>	<b>2,419,142</b>
Deferred inflows of resources	145,274	136,474
<b>Total Deferred Inflows</b>	<b>145,274</b>	<b>136,474</b>
Net investment in capital assets	5,852,189	5,545,912
Restricted	2,903,507	3,744,580
Unrestricted	2,638,205	1,228,301
<b>Total Net Position</b>	<b>\$11,393,901</b>	<b>\$10,518,793</b>

The largest portion of the District's net position of \$5,852,189 (51.4%) reflects its net investment in capital assets (e.g. land, structures and improvements, equipment, and construction in progress); less any related debt and other payables used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another significant portion of the District's net position of \$2,638,205 (23.2%) represents Restricted resources that are subject to external restrictions on how they may be used.

At the end of the fiscal year the District is able to report positive balances in all of the categories of net position. The District's net position increased by \$875,108 during the 2022-2023 fiscal year, which is a 8.3% increase in total net position.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$17,053	\$11,415	\$2,281,254	\$2,169,433	\$2,298,307	\$2,180,848
Operating grants and contributions	146	167,602	0	0	146	167,602
Capital grants and contributions	0	0	104,543	78,017	104,543	78,017
General revenues:						
Property taxes	634,012	535,249	124,701	226,765	758,713	762,014
Invest earnings (loss)	(993)	(755)	10,451	18,087	9,458	17,332
Gain on the sale of property	27,600	53,000	107,643	0	135,243	53,000
Miscellaneous	25,100	389	56,053	19,780	81,153	20,169
Transfers	79,691	0	(79,691)	0	0	0
<b>TOTAL REVENUES</b>	<b>782,609</b>	<b>766,900</b>	<b>2,604,954</b>	<b>2,512,082</b>	<b>3,387,563</b>	<b>3,278,982</b>
<b>EXPENSES:</b>						
Governmental activities:						
Public safety	572,901	566,458			572,901	566,458
Street lighting	64,312	56,095			64,312	56,095
Depreciation (unallocated)	83,978	98,388			83,978	98,388
Business-type activities:						
Water			1,014,349	1,060,659	1,014,349	1,060,659
Wastewater			776,915	756,756	776,915	756,756
<b>TOTAL EXPENSES</b>	<b>721,191</b>	<b>720,941</b>	<b>1,791,264</b>	<b>1,817,415</b>	<b>2,512,455</b>	<b>2,538,356</b>
<b>CHANGE IN NET POSITION</b>	<b>61,418</b>	<b>45,959</b>	<b>813,690</b>	<b>694,667</b>	<b>875,108</b>	<b>740,626</b>
Net position at beginning of year	2,020,353	1,974,394	8,498,440	7,803,773	10,518,793	9,778,167
<b>NET POSITION AT END OF YEAR</b>	<b>\$2,081,771</b>	<b>\$2,020,353</b>	<b>\$9,312,130</b>	<b>\$8,498,440</b>	<b>\$11,393,901</b>	<b>\$10,518,793</b>

## REVENUES

The District's total revenues per the Statement of Activities were \$3,387,563 for the fiscal year ended June 30, 2023 which represents an increase of \$108,581 or 3.3% from the prior year. Charges for Services revenue of \$2,298,307 comprised 68% of total revenues. Property tax revenue of \$758,713 comprised 22% of total revenues of the District, that is restricted for specific Fund use. The increase in Property tax revenue reflects the increase in Proposition 13 adjustments on existing homes combined with the increase of sales on existing and new home properties and local development. The decrease in Governmental Activity Operating contributions reflects the decrease in Federal OES Fires that the District went to. The increase in Business-Type Activities Miscellaneous revenue reflects the increase in customer dumping trips this year.

## OPERATING EXPENSES

Expenses of the District totaled \$2,512,455 for the fiscal year ended June 30, 2023 which represents a decrease of \$25,901 or -1.02% from the prior year. Water Service costs represents the largest expenditure of 40%, Wastewater Service costs 31%, and Public Safety costs 23% of total expenses.

The following table shows the cost of each of the District's programs and the net cost of the programs for the fiscal year ended June 30, 2023. Net costs is the total cost less fees and other direct revenue generated by the activities. The net cost of the Public Safety, Street Lighting, Water and Wastewater/Solid Waste reflects the financial burden that was placed on the District's taxpayers and Service Customers by each of the programs to maintain service to the District's customers.

PROGRAM COSTS AND NET REVENUE (COST)		
	Total Cost of Services	Net Revenue (Cost) of Services
<b>EXPENSES:</b>		
Governmental activities:		
Public safety (including depreciation)	\$656,879	\$(640,094)
Street lighting	64,312	(63,898)
Business-type activities:		
Water	1,014,349	16,856
Wastewater	776,915	577,677
<b>TOTAL EXPENSES</b>	<u>\$2,512,455</u>	<u>\$(109,459)</u>

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses Fund Accounting to ensure compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide financial statements.

Governmental Funds; the focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Districts' financing requirements. In particular, the unreserved fund balance may serve as a useful measurement of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2023 the District's governmental and enterprise funds reported combined fund balances of \$11,385,595 which represents an increase of \$831,627 from the prior year. The increase for fiscal year 2023 was mostly for capital projects and capital lease. Approximately 18% is the combined fund balances and net position in the current fiscal year of \$2,974,803 constitutes Unrestricted Net Position, which is used to meet the District's current and future needs. The remainder of the fund balance and net position not part of the net investment in capital assets is Restricted to indicate that it is not available for new spending because it has been restricted either for: 1) amounts set aside for future construction (\$830,042) or 2) to be used for the specific purpose of the Fund (\$2,073,465).

## CAPITAL ASSETS

As of June 30, 2023, the District's investment in capital assets amounted to \$7,316,898 net of depreciation. This investment in capital assets includes land, leased land, land improvements, structures and improvements, equipment, and construction in progress costs for various improvements and construction.

CAPITAL ASSETS AS OF JUNE 30, 2023 AND 2022						
	2023			2022		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	\$76,926	\$301,889	\$378,815	\$76,926	\$301,889	\$378,815
Building	549,866	9,045,814	9,595,680	499,610	9,033,020	9,532,630
Equipment	1,481,235	808,334	2,289,569	1,538,989	753,799	2,292,788
Construction in Progress	19,129	1,034,174	1,053,303	4,378	596,780	601,158
Less accumulated depreciation	(1,436,223)	(4,564,246)	(6,000,469)	(1,424,818)	(4,283,949)	(5,708,767)
<b>TOTAL</b>	<b>\$690,933</b>	<b>\$6,625,965</b>	<b>\$7,316,898</b>	<b>\$695,085</b>	<b>\$6,401,539</b>	<b>\$7,096,624</b>

The change in Capital Assets total reflects the removal of surplus equipment sold, new equipment additions, the modular District office, and asset depreciation. Additional information on the District's capital assets can be found in Note 4 on page 30 of the Audited Financial Statements.

## LONG-TERM LIABILITIES

At June 30, 2023 the District had long-term liabilities obligations totaling \$2,279,799. District long-term liabilities include \$259,817 of pension liability with respect to the obligation of the District for CalPERS retirement, and \$283,319 for Other Post-Employment Benefits(OPEB) liabilities. Bonds payable of \$1,024,128 for the 2008 USDA loan (secured by water revenues), Leases payable of \$578,140 for the Fire Engine and the Temporary Housing Unit, Notes payable of \$94,552 the remainder of the 1994 State of California Note (secured by water revenues). Finally, \$39,843 for employee Compensated Absences.

Additional information on the District's long-term liabilities can be found in Note 5 on page 31 of the Audited Financial Statements.

## NEXT YEAR BUDGET AND RATES

The San Miguel C.S.D. local economy continues to see growth as the population continues to grow and with it the demand for housing occurs. The primary sources of funding for the District's Funds are Charges for Services and Property Taxes. The District is currently in a Rate Study for Water Service. Charges for Service revenue can only be used to provide that specific service. Property tax revenues have decreased by approximately \$3,301 or 0.4% from the prior year but projections and property values are expected to go up, therefore the District is projecting an average annual growth in property tax revenues of 6% for the next fiscal year. Property Taxes may only be used for the Fund they are collected for.

One concern for the future fiscal years is the potential impact of cost inflation. While the Fiscal Year 2022/23 Budget (adopted by the Board of Directors on May 25, 2023) and the District's utility rate structure include some allowance for cost inflation, there have been significant recent increases in inflation metrics such as the consumer price index. For example Water testing for the District's Water Service has rose 28%, Electric costs for the Treatment Plant increased 11.9%, Well electric costs increased 17.8%, insurance 15% - the District has experienced wide fluctuations in the cost of fuel and utilities. The District's Budget process will start at the beginning of the calendar year and will need to take into account these added costs and projected inflation increases.

The District's overall goal is to maintain the high levels of service and reliability that our residents and business leaders have come to expect from the District. One step in meeting this challenge is the annual review and update of the District's Goals, Capital Improvement Projects, and Strategic Plan. These Capital Improvement Plans provide an overview of the timing of future District facilities and projects, and corresponding revenue sources for development. This document, along with the annual Budget, is the foundation upon which the District will build to meet the growing needs of the community.

#### REQUESTS FOR INFORMATION

This Management's Discussion and Analysis is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the District's Finances. If you have questions about this report or need additional financial information, contact the San Miguel Community Services District at 1765 Bonita Place, PO Box 180, San Miguel, CA 93451 or visit the District's web page at [www.sanmiguelcsd.org](http://www.sanmiguelcsd.org).

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**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF NET POSITION**  
June 30, 2023

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 1,801,434	\$ 4,002,125	\$ 5,803,559
Cash in escrow	125,056		125,056
Accounts receivable, net	41,938	213,591	255,529
Interest receivable	6,295		6,295
Deposits	107,055		107,055
Capital assets:			
Non Depreciable:			
Land	76,926	301,889	378,815
Construction in progress	19,129	1,034,174	1,053,303
Depreciable:			
Buildings, structures, and improvements	549,866	9,045,814	9,595,680
Equipment	1,481,235	808,334	2,289,569
Accumulated depreciation	(1,436,223)	(4,564,246)	(6,000,469)
Total assets	<u>2,772,711</u>	<u>10,841,681</u>	<u>13,614,392</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pensions	45,693	156,134	201,827
Deferred OPEB	17,610	70,436	88,046
Total deferred outflows of resources	<u>63,303</u>	<u>226,570</u>	<u>289,873</u>
<b>LIABILITIES</b>			
Accounts payable	2,539	11,847	14,386
Accrued liabilities	5,774	12,753	18,527
Accrued interest payable	11,853	19,369	31,222
Deposits		21,156	21,156
Noncurrent liabilities:			
Due within one year	62,576	78,102	140,678
Due in more than one year	637,119	1,502,002	2,139,121
Total liabilities	<u>719,861</u>	<u>1,645,229</u>	<u>2,365,090</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pensions	8,768	8,432	17,200
Deferred OPEB	25,614	102,460	128,074
Total deferred inflows of resources	<u>34,382</u>	<u>110,892</u>	<u>145,274</u>
<b>NET POSITION</b>			
Net investment in capital assets	344,904	5,507,285	5,852,189
Restricted for:			
Fire and emergency services	1,044,605		1,044,605
Street lighting	796,749		796,749
Capital expansion		452,206	452,206
Capital project	232,111	300,000	532,111
Debt service		77,836	77,836
Unrestricted	(336,598)	2,974,803	2,638,205
Total net position	<u>\$ 2,081,771</u>	<u>\$ 9,312,130</u>	<u>\$ 11,393,901</u>

The notes to basic financial statements are an integral part of this statement.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2023

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Governmental activities:				
Public safety	\$ 572,901	\$ 16,653	\$ 132	\$ -
Street lighting	64,312	400	14	
Depreciation (unallocated)	83,978			
Total governmental activities	<u>721,191</u>	<u>17,053</u>	<u>146</u>	
Business-type activities:				
Water	1,014,349	1,001,066		30,139
Wastewater	776,915	1,280,188		74,404
Total business-type activities	<u>1,791,264</u>	<u>2,281,254</u>		<u>104,543</u>
Total primary government	<u>\$ 2,512,455</u>	<u>\$ 2,298,307</u>	<u>\$ 146</u>	<u>\$ 104,543</u>

(Continued)

The notes to basic financial statements are an integral part of this statement.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF ACTIVITIES (Continued)**  
For the Fiscal Year Ended June 30, 2023

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Governmental activities:			
Public safety	\$ (556,116)	\$ -	\$ (556,116)
Street lighting	(63,898)		(63,898)
Depreciation (unallocated)	(83,978)		(83,978)
Total governmental activities	(703,992)		(703,992)
Business-type activities:			
Water		16,856	16,856
Wastewater		577,677	577,677
Total business-type activities		594,533	594,533
Total primary government	(703,992)	594,533	(109,459)
General Revenues:			
Taxes:			
Property	634,012	124,701	758,713
Investment income	(993)	10,451	9,458
Gain on the sale of property	27,600	107,643	135,243
Other general revenues	25,100	56,053	81,153
Transfers	79,691	(79,691)	
Total general revenues	765,410	219,157	984,567
Change in net position	61,418	813,690	875,108
Net position - beginning of fiscal year	2,020,353	8,498,440	10,518,793
Net position - end of fiscal year	\$ 2,081,771	\$ 9,312,130	\$ 11,393,901

(Concluded)

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
June 30, 2023

	<b>Special Revenue Funds</b>		
	<u>Fire Fund</u>	<u>Street Lighting Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ 1,014,169	\$ 787,265	\$ 1,801,434
Cash in escrow	125,056		125,056
Accounts receivable	38,338	3,600	41,938
Interest receivable		6,295	6,295
Deposits	<u>107,055</u>		<u>107,055</u>
Total assets	<u>\$ 1,284,618</u>	<u>\$ 797,160</u>	<u>\$ 2,081,778</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 2,539	\$ -	\$ 2,539
Accrued liabilities	<u>5,363</u>	<u>411</u>	<u>5,774</u>
Total liabilities	<u>7,902</u>	<u>411</u>	<u>8,313</u>
Fund Balances:			
Restricted:			
Fire and emergency services	1,044,605		1,044,605
Modular building project	232,111		232,111
Street lighting		<u>796,749</u>	<u>796,749</u>
Total fund balances	<u>1,276,716</u>	<u>796,749</u>	<u>2,073,465</u>
Total liabilities and fund balances	<u>\$ 1,284,618</u>	<u>\$ 797,160</u>	<u>\$ 2,081,778</u>

The notes to basic financial statements are an integral part of this statement.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
June 30, 2023

Total fund balances - governmental funds \$ 2,073,465

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost	\$	2,127,156
Accumulated depreciation		<u>(1,436,223)</u>

Net 690,933

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Compensated absences payable	\$	7,601
Capital lease		578,140
Other post employment benefits obligation		56,663
Net pension liability		<u>57,291</u>

Total (699,695)

In governmental funds, interest on long-term liabilities is not recognized until the period in which it matures and is paid. In government-wide statement of net position, it is recognized in the period that is incurred. (11,853)

Deferred outflows and inflows relating to pensions and OPEB: In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported.

Deferred inflows of resources relating to pensions	\$	(8,768)
Deferred inflows of resources relating to OPEB		(25,614)
Deferred outflows of resources relating to pensions		45,693
Deferred outflows of resources relating to OPEB		<u>17,610</u>

28,921

Total net position - governmental activities \$ 2,081,771

The notes to basic financial statements are an integral part of this statement.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Fiscal Year Ended June 30, 2023

	<b>Special Revenue Funds</b>		
	<b>Fire Fund</b>	<b>Street Lighting Fund</b>	<b>Totals</b>
<b>Revenues:</b>			
Property taxes	\$ 484,495	\$ 149,517	\$ 634,012
Service charges and fees	11,636	400	12,036
Public facilities fees and assessments	5,017		5,017
Grants	132	14	146
Investment income	1,465	(2,458)	(993)
Miscellaneous income	24,821	279	25,100
<b>Total revenues</b>	<b>527,566</b>	<b>147,752</b>	<b>675,318</b>
<b>Expenditures:</b>			
Salaries and wages	241,166	12,775	253,941
Payroll taxes and benefits	41,446	4,156	45,602
Workers compensation	30,753	18	30,771
Maintenance and repairs	68,074	9,599	77,673
Miscellaneous	366		366
Insurance	16,554	3,312	19,866
Office supplies and expense	4,126	857	4,983
Supplies	38,421	129	38,550
Professional services	40,519	4,673	45,192
Dues, permits, and fees	16,348	312	16,660
Communications	22,614	1,587	24,201
Employee travel and training	4,778	141	4,919
Occupancy	4,385	485	4,870
Utilities	5,745	25,622	31,367
Bank fees		4	4
Capital outlay	37,671	11,017	48,688
Debt Service:			
Principal	59,101		59,101
Interest	22,402		22,402
<b>Total expenditures</b>	<b>654,469</b>	<b>74,687</b>	<b>729,156</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(126,903)</b>	<b>73,065</b>	<b>(53,838)</b>
<b>Other financing sources (uses):</b>			
Transfers in	46,500		46,500
Transfers out		(2,325)	(2,325)
Proceeds from sale of property	21,873	5,727	27,600
<b>Total other financing sources (uses)</b>	<b>68,373</b>	<b>3,402</b>	<b>71,775</b>
<b>Change in fund balances</b>	<b>(58,530)</b>	<b>76,467</b>	<b>17,937</b>
Fund balances - July 1, 2022	1,335,246	720,282	2,055,528
Fund balances - June 30, 2023	<u>\$ 1,276,716</u>	<u>\$ 796,749</u>	<u>\$ 2,073,465</u>

The notes to basic financial statements are an integral part of this statement.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2023

Total net change in fund balances - governmental funds	\$ 17,937
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital outlay of \$48,688 is less than depreciation expense \$(83,978) and loss on disposal of \$4,378 in the period added to the net transfers of capital assets from business-type funds to governmental fixed assets of \$35,516.	(4,152)
In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation earned exceeded the amounts used by \$372.	(372)
In governmental funds, interest in long-term liabilities is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:	1,279
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities.	59,101
In the statement of activities, other postemployment benefits are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, the difference between accrual-basis postemployment benefit costs and actual employer contributions was:	(10,774)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis pension costs and actual employer contributions was:	(1,601)
Changes in net position - governmental activities	<u>\$ 61,418</u>

The notes to basic financial statements are an integral part of this statement.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
June 30, 2023

	Wastewater Fund	Water Fund	Totals
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 3,130,400	\$ 871,725	\$ 4,002,125
Accounts receivable, net	117,055	87,093	204,148
Interest receivable	7,554	1,889	9,443
Total current assets	<u>3,255,009</u>	<u>960,707</u>	<u>4,215,716</u>
Noncurrent assets:			
Land	282,660	19,229	301,889
Construction in progress	998,553	35,621	1,034,174
Depreciable capital assets, net of accumulated depreciation	1,002,771	4,287,131	5,289,902
Total noncurrent assets	<u>2,283,984</u>	<u>4,341,981</u>	<u>6,625,965</u>
Total assets	<u>5,538,993</u>	<u>5,302,688</u>	<u>10,841,681</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pensions	78,067	78,067	156,134
Deferred OPEB	35,218	35,218	70,436
Total deferred outflows of resources	<u>113,285</u>	<u>113,285</u>	<u>226,570</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	9,501	2,346	11,847
Accrued liabilities	4,460	8,293	12,753
Accrued interest payable		19,369	19,369
Deposits payable	9,531	11,625	21,156
Compensated absences - current portion	4,316	5,357	9,673
Note payable - current portion		46,513	46,513
Bonds payable - current portion		21,916	21,916
Total current liabilities	<u>27,808</u>	<u>115,419</u>	<u>143,227</u>
Noncurrent liabilities:			
Compensated absences	10,071	12,498	22,569
Note payable		48,039	48,039
OPEB payable	113,328	113,328	226,656
Bonds payable		1,002,212	1,002,212
Net pension liability	101,263	101,263	202,526
Total noncurrent liabilities	<u>224,662</u>	<u>1,277,340</u>	<u>1,502,002</u>
Total liabilities	<u>252,470</u>	<u>1,392,759</u>	<u>1,645,229</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pensions	4,216	4,216	8,432
Deferred OPEB	51,230	51,230	102,460
Total deferred inflows of resources	<u>55,446</u>	<u>55,446</u>	<u>110,892</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,283,984	3,223,301	5,507,285
Restricted for debt service		77,836	77,836
Restricted for Wastewater Treatment Facility project	300,000		300,000
Restricted for capital expansion	370,259	81,947	452,206
Unrestricted (deficit)	2,390,119	584,684	2,974,803
Total net position	<u>\$ 5,344,362</u>	<u>\$ 3,967,768</u>	<u>\$ 9,312,130</u>

The notes to basic financial statements are an integral part of this statement.



**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
For the Fiscal Year Ended June 30, 2023

	Wastewater Fund	Water Fund	Totals
<b>Operating Revenues:</b>			
Utility	\$ 1,280,188	\$ 1,001,066	\$ 2,281,254
Total operating revenues	<u>1,280,188</u>	<u>1,001,066</u>	<u>2,281,254</u>
<b>Operating Expenses:</b>			
Salaries and wages	212,012	276,160	488,172
Payroll taxes and benefits	74,064	90,151	164,215
Workers compensation	9,470	13,323	22,793
Maintenance and repairs	101,893	94,337	196,230
Miscellaneous	(50)	1,407	1,357
Insurance	19,422	29,761	49,183
Office supplies and expense	5,770	6,597	12,367
Supplies	44,111	53,707	97,818
Professional services	87,721	118,236	205,957
Dues, permits, and fees	41,721	15,417	57,138
Communications	10,365	6,475	16,840
Employee travel and training	1,721	1,829	3,550
Occupancy	5,078	4,593	9,671
Utilities	89,336	56,655	145,991
Bank fees	161	1	162
Depreciation	74,120	197,349	271,469
Total operating expenses	<u>776,915</u>	<u>965,998</u>	<u>1,742,913</u>
Operating profit (loss)	<u>503,273</u>	<u>35,068</u>	<u>538,341</u>
<b>Non-Operating Revenues (Expenses):</b>			
Property taxes and assessments	75,721	48,980	124,701
Investment income	7,532	2,919	10,451
Other non-operating revenue	41,496	14,557	56,053
Sale of property	55,887	51,756	107,643
Interest expense		(48,351)	(48,351)
Total non-operating revenues (expenses)	<u>180,636</u>	<u>69,861</u>	<u>250,497</u>
<b>Capital Contributions and Transfers:</b>			
Intergovernmental revenues	44,959	195	45,154
Connection fees	29,445	29,944	59,389
Capital contributions from (to) the Fire Fund	(17,758)	(17,758)	(35,516)
Transfers in		44,669	44,669
Transfers out	(67,919)	(20,925)	(88,844)
Total capital contributions and transfers	<u>(11,273)</u>	<u>36,125</u>	<u>24,852</u>
Change in net position	672,636	141,054	813,690
Net position - July 1, 2022	4,671,726	3,826,714	8,498,440
Net position - June 30, 2023	<u>\$ 5,344,362</u>	<u>\$ 3,967,768</u>	<u>\$ 9,312,130</u>

The notes to basic financial statements are an integral part of this statement.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended June 30, 2023

	Wastewater Fund	Water Fund	Totals
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers	\$ 1,314,410	\$ 1,001,449	\$ 2,315,859
Payments to suppliers	(493,758)	(544,207)	(1,037,965)
Payments to employees	(200,423)	(261,833)	(462,256)
Net cash provided by operating activities	<u>620,229</u>	<u>195,409</u>	<u>815,638</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Acquisition of capital assets	(470,773)	(60,638)	(531,411)
Capital contributions	74,404	30,139	104,543
Principal paid on capital debt		(66,170)	(66,170)
Interest paid on capital debt		(49,069)	(49,069)
Net cash used by capital and related financing activities	<u>(396,369)</u>	<u>(145,738)</u>	<u>(542,107)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Property taxes and assessments	75,721	48,980	124,701
Other revenue	41,496	14,557	56,053
Sale of property	55,887	51,756	107,643
Interfund transfers	(67,919)	23,744	(44,175)
Net cash provided by noncapital financing activities	<u>105,185</u>	<u>139,037</u>	<u>244,222</u>
<b>Cash Flows From Investing Activities:</b>			
Interest income	(21)	1,027	1,006
Net cash provided (used) by investing activities	<u>(21)</u>	<u>1,027</u>	<u>1,006</u>
Net increase in cash and cash equivalents	329,024	189,735	518,759
Cash and cash equivalents - July 1, 2022	2,801,376	681,990	3,483,366
Cash and cash equivalents - June 30, 2023	<u>\$ 3,130,400</u>	<u>\$ 871,725</u>	<u>\$ 4,002,125</u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and investments	<u>\$ 3,130,400</u>	<u>\$ 871,725</u>	<u>\$ 4,002,125</u>

(Continued)

The notes to basic financial statements are an integral part of this statement.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS (Continued)**  
For the Fiscal Year Ended June 30, 2023

	Wastewater Fund	Water Fund	Totals
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 503,273	\$ 35,068	\$ 538,341
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation expense	74,120	197,349	271,469
Change in assets, liabilities, deferred inflows of resources, and deferred outflows of resources:			
Receivables, net	(11,046)	(778)	(11,824)
Due from other funds	44,669		44,669
Deferred outflows- pension	(24,307)	(24,307)	(48,614)
Deferred outflows- OPEB	3,803	3,803	7,606
Accounts payable	(2,975)	(7,049)	(10,024)
Accrued liabilities	(2,330)	(733)	(3,063)
Deposits	599	1,161	1,760
Due to other funds		(44,669)	(44,669)
Compensated absences	2,486	3,627	6,113
OPEB payable	(21,440)	(21,440)	(42,880)
Net pension liability	52,521	52,521	105,042
Deferred inflows- pension	(38,333)	(38,333)	(76,666)
Deferred inflows- OPEB	39,189	39,189	78,378
Net cash provided by operating activities	<u>\$ 620,229</u>	<u>\$ 195,409</u>	<u>\$ 815,638</u>

(Concluded)

The notes to basic financial statements are an integral part of this statement.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. The Financial Reporting Entity

The San Miguel Community Services District (District) is a multi-purpose special district established on February 1, 2000, by the consolidation of the San Miguel Fire Protection District, which was established in 1941, the Water Works District #1, and the San Miguel Lighting District. The San Miguel Sanitation District was dissolved in April 2001 and incorporated into the San Miguel Community Services District. The District is a political subdivision of the State of California and operates under a Board of Directors- Manager form of government. The District provides fire protection, street lighting, water, wastewater, solid waste, and general administrative services.

There are no component units included in this report which meet the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39, No. 61, No. 80, and No. 90.

B. Basis of Presentation

*Fund Financial Statements:*

The fund financial statements provide information about the District's funds. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories with each major fund displayed in a separate column.

**Major Funds**

The District reported the following major governmental funds in the accompanying financial statements:

Fire Fund - This fund accounts for activities of the Fire Station. The fire department provides fire suppression, emergency paramedic services, and fire prevention including public education.

Street Lighting Fund – The fund accounts for activities for the maintenance of the street lights in San Miguel.

The District reports the following major proprietary funds in the accompanying financial statements:

Water Fund - This fund accounts for the operation and maintenance of the District's water distribution system. The water department is responsible for the operation and maintenance of five groundwater supply wells providing treatment, monitoring, and distribution services.

Wastewater Fund – This fund accounts for the operation and maintenance of the District's wastewater system.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item "b" below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or non-current) associated with the operation of these funds are reported. Proprietary fund equity is classified as net position.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. Measurement Focus and Basis of Accounting (Continued)

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District defines available to be within 60 days of fiscal year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for principal and interest on long term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent that they have matured. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds for governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest, and charges for services. Certain indirect costs are included in program expenses reported for individual functions and activities.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. 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 revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Property Taxes

The County levies, bills, and collects property taxes and special assessments for the District. Property taxes levied are recorded as revenue in the fiscal year of levy, due to the adoption of the "alternate method of property tax distribution," known as the Teeter Plan, by the District and the County. The Teeter Plan authorizes the Auditor/Controller of the County to allocate 100% of the secured property taxes billed, excluding unitary tax (whether paid or unpaid). The County remits tax monies to the District every month and twice a month in December and April. The final amount which is "teetered" is remitted in August each year.

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments; the first is due November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the tax becomes delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payment.

Property valuations are established by the Assessor of the County for the secured and unsecured property tax rolls. Under the provisions of Article XIII A of the State Constitution, properties are assessed at 100% of purchase price or value in 1978 whichever is later. From this base assessment, subsequent annual increases in valuation are limited to a maximum of 2 percent. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

Tax levy dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Cash and Investments

The District pools the cash of all funds, except for monies that are reserved for specific purposes. The cash and investments balance in each fund represents that fund's equity share of the District's cash and investment pool.

Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on month-end balances. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

The District's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from Securities and Exchange Commission (SEC) registered securities exchanges or NASDAQ dealers. The County Treasurer of San Luis Obispo County determines the fair value of their portfolio quarterly and reports a factor to the District. Changes in fair value are allocated to each participating fund.

For purposes of the statement of cash flows, the District has defined cash and cash equivalents to be change and petty cash funds, equity in the District's cash and investment pool, and restricted non-pooled investments with initial maturities of three months or less.

F. Accounts and Interest Receivable

In the government-wide statements, receivables consist of all revenues earned at fiscal year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Major receivable balances for the governmental activities may include sales taxes, property taxes, grants, and other fees, if any. Business-type activities report utilities as their major receivables.

In the fund financial statements, material receivables in governmental funds may include revenue accruals such as franchise tax, grants, service charges and other similar intergovernmental revenues that are both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned and if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at fiscal year-end and not yet received. Utility accounts receivable and interest earnings comprise the majority of proprietary fund receivables.

G. Prepaid Expenses and Deposits

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements. Payments made to reserve a future capital asset are recorded as a deposit until that asset is received.

H. Restricted Assets

Funds that are under the control of external parties are restricted.

I. Capital Assets

The accounting treatment over property, plant, and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations. The presentation and recording of governmental assets are described below.

*Government-Wide Statements*

In the government-wide financial statements, capital assets with a historical cost of \$5,000 or more are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, if any, which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

I. Capital Assets (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Improvements other than buildings	5-25 years
Equipment and systems	5-30 years

*Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are capitalized when purchased.

J. Accumulated Compensated Absences

Compensated absences comprise unused vacation leave, sick leave, and compensatory time off, which are accrued as earned. Vacation can accrue no more than a maximum of two times the employees' annual entitlement to vacation pay. Upon termination, all accumulated vacation hours can be paid for the regular employees. The District's liability for the current and long-term portions of compensated absences is shown in the government-wide Statement of Net Position for both governmental funds and proprietary funds. Only proprietary funds reflect the long-term portion in the fund financials report, the Statement of Net Position. The short-term portion is reflected for both governmental and proprietary funds in the fund financial statements. Computation was based on rates in effect as of the fiscal year-end.

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as another financing source, and the proprietary fund types report long-term debt and other long-term obligations as liabilities.

L. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has two items which qualify for reporting in this category, refer to Note 9 and Note 10 for a detailed listing of the deferred outflows of resources the District has recognized.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has two items which qualify for reporting in this category; refer to Note 9 and Note 10 for a detailed listing of the deferred inflows of resources the District has recognized.

M. Interfund Transactions

Following is a description of the three basic types of interfund transactions that can be made during the fiscal year and the related accounting policies:

1. Interfund services provided and used - transactions for services rendered or facilities provided. These transactions are recorded as revenues in the receiving fund and expenditures in the disbursing fund.
2. Reimbursements (expenditure transfers) - transactions to reimburse a fund for specific expenditures incurred for the benefit of another fund. These transactions are recorded as expenditures in the disbursing fund and a reduction of expenditures in the receiving fund.
3. Transfers - all interfund transactions which allocate resources from one fund to another fund. These transactions are recorded as transfers in and out.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

N. Equity Classifications

*Government-Wide Statements*

GASB Statement No. 63 requires that the difference between assets and the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is *net investment in capital assets* consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. *Restricted net position* is the portion of the net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. *Unrestricted net position* consists of net position that does not meet the definition of net investments in capital assets or restricted net position.

O. Fund Balances

Fund balance of the governmental fund is classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.



**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

P. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 99	"Omnibus 2022"	The provisions of this statement are effective in April 2022 except for the provisions related to leases, PPPs, SBITAs, financial guarantees and derivative instruments. The provisions related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The provisions related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2023.
Statement No. 100	"Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62"	The provisions of this statement are effective for fiscal years beginning after June 15, 2023.
Statement No. 101	"Compensated Absences"	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CALPERS) (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CALPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. Use of Estimates

The financial statements have been prepared in accordance with principles generally accepted in the United States of America and necessarily include amounts based on estimates and assumptions by Management. Actual results could differ from these amounts.

S. Other Postemployment Benefits (OPEB)

For the purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE 2 – CASH AND INVESTMENTS**

Investments are carried at fair value in accordance with GASB Statement No. 72. On June 30, 2023, the District had the following cash and investments on hand:

Cash in checking accounts	\$ 2,124,232
Cash in escrow account	125,056
Cash in money market account	2,359,125
Cash and investments with County of San Luis Obispo	79,228
Cash on hand	300
Investments	1,240,674
Total	<u>\$ 5,928,615</u>

Cash and investments listed above are presented on the accompanying basic financial statements, as follows:

Cash and investments	\$ 5,803,559
Cash in escrow	125,056
Total	<u>\$ 5,928,615</u>

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2023:

Investments by fair value level		Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Negotiable certificate of deposit	\$ 926,858	\$ 926,858	\$ -	\$ -
U.S. Treasury / Agency Security	295,143	295,143		
San Luis Obispo County Investment Pool	79,228		79,228	
Total investments measured at fair value	1,301,229	\$ 1,222,001	\$ 79,228	\$ -
Investments measured at amortized cost				
	Money market funds	18,673		
	Total Investments	\$ 1,319,902		

Investments of the District are governed by the California Government Code and by the District's investment policy. The General Manager of the District acts as the District Finance Officer and Treasurer who is tasked to perform investment functions in accordance with the investment policy. The objectives of the policy are safety, liquidity, yield, and compliance with State and Federal laws and regulations.

Investments of the District as of June 30, 2023

The table below identifies the investment types the District has that are authorized for the District by the California Government Code or the District's investment policy, where more restrictive, that addresses interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	5%
U.S. Treasury Obligations	5 years	None	None
Federal Agency Securities	5 years	None	None
Bankers Acceptances	180 days	40%	None
Commercial Paper	270 days	25-40%	None
Negotiable Certificates of Deposit	5 years	30%	5%
Non-negotiable Certificates of Deposit	5 years	\$250,000	None
Medium-Term Notes	5 years	30%	5%
Money Market Mutual Funds	N/A	20%	None
San Luis Obispo County Investment Pool	N/A	None	None
Local Agency Investment Fund	N/A	None	\$75,000,000

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District's interest rate risk is mitigated is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2023:

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Disclosure Relating to Interest Rate Risk (Continued)

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
Negotiable certificates of deposit	\$ 926,858	\$ 137,639	\$ -	\$ 789,219	\$ -
U.S. Treasury / Agency Security	295,143			295,143	
Money market funds	18,673	18,673			
San Luis Obispo County Investment Pool	79,228	79,228			
	<u>\$ 1,319,902</u>	<u>\$ 235,540</u>	<u>\$ -</u>	<u>\$ 1,084,362</u>	<u>\$ -</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The District has no investments that are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organizations. Presented below is the minimum rating required by (where applicable) the California Government Code, the investment policy, or debt agreements, and the actual rating as of the fiscal year ended June 30, 2023 for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	Rating as of Fiscal Year End			Not Rated
			AAA	AA+	AA-	
Negotiable certificates of deposit	\$ 926,858	N/A	\$ -	\$ -	\$ -	\$ 926,858
U.S. Treasury / Agency Security	295,143			295,143		
Money market funds	18,673	N/A				18,673
San Luis Obispo County Investment Pool	79,228	N/A				79,228
	<u>\$ 1,319,902</u>		<u>\$ -</u>	<u>\$ 295,143</u>	<u>\$ -</u>	<u>\$ 1,024,759</u>

Concentration of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments is as follows:

>5% issuer:

Investment Type	Reported Amount
Negotiable certificates of deposit	\$ 926,858
Federal agency securities	\$ 295,143

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Deposits are insured up to \$250,000 by the FDIC.

At June 30, 2023, none of the District's deposits with financial institutions in excess of Federal depository insurance limits were held in uncollateralized accounts.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 3 – INTERFUND TRANSACTIONS**

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Transfers

Interfund transfers for the fiscal year ended June 30, 2023, are as follows:

<u>Fund</u>	<u>Transfer Out</u>	<u>Transfer In</u>
Governmental Funds:		
Fire Fund	\$ -	\$ 46,500
Street Lighting Fund	2,325	
Proprietary Funds:		
Wastewater Fund	67,919	
Water Fund	<u>20,925</u>	<u>44,669</u>
Totals	<u>\$ 91,169</u>	<u>\$ 91,169</u>

**NOTE 4 – CAPITAL ASSETS**

**Governmental activities:**

	Balance at July 1, 2022	Additions	Deletions	Transfers	Balance at June 30, 2023
Capital assets not being depreciated					
Land	\$ 76,926	\$ -	\$ -	\$ -	\$ 76,926
Construction in progress	4,378	19,129	4,378		19,129
Total capital assets not being depreciated	<u>\$ 81,304</u>	<u>\$ 19,129</u>	<u>\$ 4,378</u>	<u>\$ -</u>	<u>\$ 96,055</u>
Capital assets being depreciated					
Buildings, structures, and improvements	\$ 499,610	\$ 2,571	\$ -	\$ 47,685	\$ 549,866
Equipment	1,538,989	26,988	63,745	(20,997)	1,481,235
Total capital assets being depreciated	<u>2,038,599</u>	<u>29,559</u>	<u>63,745</u>	<u>26,688</u>	<u>2,031,101</u>
Less accumulated depreciation	<u>1,424,818</u>	<u>83,978</u>	<u>63,745</u>	<u>(8,828)</u>	<u>1,436,223</u>
Total capital assets being depreciated, net	<u>\$ 613,781</u>	<u>\$ (54,419)</u>	<u>\$ -</u>	<u>\$ 35,516</u>	<u>\$ 594,878</u>
Net capital assets	<u>\$ 695,085</u>	<u>\$ (35,290)</u>	<u>\$ 4,378</u>	<u>\$ 35,516</u>	<u>\$ 690,933</u>

**Business-type activities:**

	Balance at July 1, 2022	Additions	Deletions	Transfers	Balance at June 30, 2023
Capital assets not being depreciated					
Land	\$ 301,889	\$ -	\$ -	\$ -	\$ 301,889
Construction in progress	596,780	437,394			1,034,174
Total capital assets not being depreciated	<u>\$ 898,669</u>	<u>\$ 437,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,336,063</u>
Capital assets being depreciated					
Building and improvements	\$ 9,033,020	\$ 60,479	\$ -	\$ (47,685)	\$ 9,045,814
Plant and equipment	753,799	33,538		20,997	808,334
Total capital assets being depreciated	<u>9,786,819</u>	<u>94,017</u>		<u>(26,688)</u>	<u>9,854,148</u>
Less accumulated depreciation	<u>4,283,949</u>	<u>271,469</u>		<u>8,828</u>	<u>4,564,246</u>
Total capital assets being depreciated, net	<u>\$ 5,502,870</u>	<u>\$ (177,452)</u>	<u>\$ -</u>	<u>\$ (35,516)</u>	<u>\$ 5,289,902</u>
Net capital assets	<u>\$ 6,401,539</u>	<u>\$ 259,942</u>	<u>\$ -</u>	<u>\$ (35,516)</u>	<u>\$ 6,625,965</u>

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 4 – CAPITAL ASSETS (Continued)**

Governmental Activities:	
Unallocated	\$ 83,978
Total governmental activities depreciation expense	<u>\$ 83,978</u>
Business-type Activities:	
Water services	\$ 197,349
Wastewater services	74,120
Total business-type activities depreciation expense	<u>\$ 271,469</u>

**NOTE 5 – LONG-TERM LIABILITIES**

The following is a summary of changes in the District's long-term liabilities for the fiscal year ended June 30, 2023:

	Balance at July 1, 2022	Additions	Reductions	Balance at June 30, 2023	Current Portion
Governmental Activities:					
Compensated Absences	\$ 7,229	\$ 5,982	\$ 5,610	\$ 7,601	\$ 2,280
Lease payable	637,241		59,101	578,140	60,296
Other Post Employment Benefits Obligation	67,383		10,720	56,663	
Net Pension Liability	24,370	32,921		57,291	
Total Governmental Activities	<u>\$ 736,223</u>	<u>\$ 38,903</u>	<u>\$ 75,431</u>	<u>\$ 699,695</u>	<u>\$ 62,576</u>
Business-Type Activities:					
Compensated Absences	\$ 26,129	\$ 23,902	\$ 17,789	\$ 32,242	\$ 9,673
Notes Payable	139,725		45,173	94,552	46,513
Bonds Payable	1,045,125		20,997	1,024,128	21,916
Other Post Employment Benefits Obligation	269,536		42,880	226,656	
Net Pension Liability	97,484	105,042		202,526	
Total Business-Type Activities	<u>\$ 1,577,999</u>	<u>\$ 128,944</u>	<u>\$ 126,839</u>	<u>\$ 1,580,104</u>	<u>\$ 78,102</u>

**NOTE 6 – NOTE PAYABLE**

In October 1994, the District was issued a note payable from the State of California totaling \$969,969, payable in semiannual payments of \$24,486 with an interest rate of 2.955% due April 1, 2025. The note is secured by water revenues. At June 30, 2023, the principal balance outstanding was \$94,552. The required note principal and interest payments are as follows:

For the Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 46,513	\$ 2,458	\$ 48,971
2025	48,039	1,067	49,106
Total	<u>\$ 94,552</u>	<u>\$ 3,525</u>	<u>\$ 98,077</u>

**NOTE 7 – BONDS PAYABLE**

**2008 Certificate of Participation Bonds**

United States Department of Agriculture Certificate of Participation Bonds were issued on August 1, 2008 totaling \$1,250,000, payable in semiannual payments, with an interest rate of 4.375%, due August 1, 2048. The CoP's are secured by water revenues. At June 30, 2023, the bonds principal balance outstanding was \$1,024,128. The required bond principal and interest payments are as shown on the following page:

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 7 – BONDS PAYABLE (Continued)**

**2008 Certificate of Participation Bonds (Continued)**

For the Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 21,916	\$ 44,326	\$ 66,242
2025	22,875	43,346	66,221
2026	23,875	42,324	66,199
2027	24,920	41,256	66,176
2028	26,010	40,142	66,152
2029-2033	148,148	182,218	330,366
2034-2038	183,518	146,074	329,592
2039-2043	227,333	101,301	328,634
2044-2048	281,608	45,839	327,447
2049	63,925	1,398	65,323
Total	<u>\$ 1,024,128</u>	<u>\$ 688,224</u>	<u>\$ 1,712,352</u>

**NOTE 8 – LEASES PAYABLE**

In July 2020, the District entered into a lease purchase agreement with PNC Equipment Finance, LLC for a fire engine for a total of \$397,070. Annual payments are to be made in the amount of \$47,083 through July 2030. Any time over the course of the lease, the District may exercise the purchase option based on the value of the fire engine. At the end of the lease agreement, the purchase option is \$1. In the event of default of the lease, the District must pay all lease payments for that fiscal year and the lessor may opt to retake possession of the fire engine.

The required lease principal and interest payments are as follows:

For the Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 36,397	\$ 10,686	\$ 47,083
2025	37,587	9,496	47,083
2026	38,817	8,266	47,083
2027	40,086	6,997	47,083
2028	41,397	5,686	47,083
2029-2031	132,490	8,758	141,248
Total	<u>\$ 326,774</u>	<u>\$ 49,889</u>	<u>\$ 376,663</u>

In April 2022, the District entered into a lease purchase agreement with Holman Capital Corporation for a modular building to be used for a fire station for a total of \$274,379. Annual payments are to be made in the amount of \$33,576 through April 2032. In the event of default of the lease, the District must pay all lease payments for that fiscal year and the lessor may opt to retake possession of the building.

The required lease principal and interest payments are as follows:

For the Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 23,899	\$ 9,677	\$ 33,576
2025	24,819	8,757	33,576
2026	25,774	7,802	33,576
2027	26,767	6,809	33,576
2028	27,797	5,779	33,576
2029-2032	122,310	11,995	134,305
Total	<u>\$ 251,366</u>	<u>\$ 50,819</u>	<u>\$ 302,185</u>

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9 – PENSION PLANS**

**A. General Information about the Pension Plans**

*Plan Descriptions*

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous and Safety Employee Pension Plans, cost-sharing multiple employer defined benefit plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website.

*Benefits Provided*

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Pre-Retirement Option Settlement. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous		Safety
	Classic Member Hired Prior to January 1, 2013	New Member Hired On or after January 1, 2013	New Member Hired On or after January 1, 2013
Hire Date			
Benefit formula	2.0% @ 55	2.0% @ 62	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-63	52-67	50-57
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%	2.0% to 2.7%
Required employee contribution rates	8.00%	7.00%	13.75%
Required employer contribution rates	14.34% + \$18,077	7.560% + \$1,187	13.54%

*Contributions*

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the District were \$73,017 for the Miscellaneous Plan and \$6,660 for the Safety Plan for the fiscal year ended June 30, 2023.

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions**

At June 30, 2023, the District reported net pension liabilities for its proportionate shares of the net position liability was \$259,817. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2022, the District's proportion was 0.00555%, which decreased by 0.00086% from June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$61,040. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9 – PENSION PLANS (Continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	\$ 79,677	\$ -
Changes in assumptions	26,624	
Differences between expected and actual experience	5,218	3,494
Net difference between projected and actual earnings on retirement plan investments	47,591	
Adjustment due to differences in proportion	2,073	13,706
Changes in proportion and differences between District contributions and proportionate share of contributions	40,644	
	<u>\$ 201,827</u>	<u>\$ 17,200</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

\$79,677 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expenses as follows:

Fiscal year ending June 30,	Amount
2024	\$ 37,885
2025	26,255
2026	11,701
2027	29,109
	<u>\$ 104,950</u>

*Actuarial Assumptions*

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities are based on the 2021 CalPERS' Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS' Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS' website.



**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9 – PENSION PLANS (Continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

*Long-term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class	New Strategic Allocation	Real Return (a,b)
Global Equity - cap-weighted	30.0%	4.54%
Global Equity - non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporations	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100.0%	

(a) An expected inflation of 2.30% was used for this period.

(b) Figures are based on the 2021 Asset Liability Management Study.

*Discount Rate*

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Subsequent Events*

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS' Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS' Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions are reflected in the GASB Statement No. 68 accounting valuation reports for the June 30, 2022, measurement date.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9 – PENSION PLANS (Continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

*Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in Discount Rate*

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.90 percent) or 1 percentage point higher (7.90 percent) than the current rate:

1% Decrease		5.90%
Net Pension Liability	\$	412,743
Current Discount Rate		6.90%
Net Pension Liability	\$	259,817
1% Increase		7.90%
Net Pension Liability	\$	133,997

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS' financial reports.

**C. Payable to the Pension Plan**

At June 30, 2023, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2023.

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS**

Plan Description

*Plan administration.* The District sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act ("PEMHCA"), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options.

*Benefits provided.* Active employees are subject to 70% of the premium, up to a \$900 cap. The District joined PEMHCA in 2001 and is under the unequal method, where the District contributes up to a cap equal to 5% times the number of years the District in PEMHCA, times the active contribution cap. Survivor benefits are available. The District does not contribute dental, vision, or life insurance premiums towards retirees.

Active employees hired before May 1, 2013 may retire at age 55 with 5 years of service. The employer paid benefit is equal to 70% of the premium, up to a \$900 cap. One active employee hired before May 1, 2013 has a special contract with the District providing paid benefit up to a cap of \$1,400 per month.

Active employees hired after May 1, 2013 may retire at age 62 with 10 years of service. The employer paid benefit is equal to 70% of the premium, up to a \$900 cap, with a vesting schedule ranging from 10 years of service at 50% to 20 years of service at 100% of benefit.

Employees Covered

As of the July 1, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the District's Plan:

Active plan members		7
Inactive employees or beneficiaries currently receiving benefits		1
	Total	<u>8</u>

The District currently finances benefits on a pay-as-you-go basis.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

Total OPEB Liability

The District's Total OPEB liability was measured as of July 1, 2022 and the total OPEB liability used to calculate the Total OPEB liability was determined by an actuarial valuation dated July 1, 2021, standard actuarial update procedures were used to project/discount from the valuation date to the measurement date.

*Actuarial assumptions.* The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Inflation rate	3.00%
Medical cost trend rate	5.75% for 2022 decreasing to 5.50% for 2023, 5.20% for 2024-2069, and 4.50% for all years 2070 and later

Pre-retirement and post-retirement public agency miscellaneous mortality rates were based on the 2021 CalPERS' Experience Study.

Actuarial assumptions used in the July 1, 2021 valuation were based on a review of plan experience during the period July 1, 2019 to June 30, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or in excess of the target rate of return of 1.92 percent.

*Discount rate.* GASB Statement No. 75 requires a discount rate that reflects the following:

- The long-term expected rate of return on OPEB plan investments — to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher — to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Municipal 20 Year High Grade Rate Index	Discount Rate
June 30, 2021	June 30, 2020	2.45%	2.45%
June 30, 2022	June 30, 2021	1.92%	1.92%
June 30, 2023	June 30, 2022	3.69%	3.69%

*Change of assumptions.* For the June 30, 2022 measurement date, the discount rate was increased from 1.92% to 3.69%.

Changes in the OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022 (Valuation Date July 1, 2021)	\$ 336,919
Changes recognized for the measurement period:	
Service cost	54,297
Interest	7,478
Changes of assumptions	(111,895)
Benefit payments	(3,480)
Net Changes	(53,600)
Balance at June 30, 2023 (Measurement Date June 30, 2022)	\$ 283,319

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

*Sensitivity of the OPEB liability to changes in the discount rate.* The following presents the total OPEB liability, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.69 percent) or 1 percentage-point higher (4.69 percent) than the current discount rate:

	1% Decrease 2.69%	Current Rate 3.69%	1% Increase 4.69%
OPEB Liability	\$ 340,638	\$ 283,319	\$ 237,841

*Sensitivity of the OPEB liability to changes in the healthcare trend rates.* The following presents the total OPEB liability, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1 percentage point lower (4.75 percent) or 1 percentage point higher (6.75 percent) than the current healthcare cost trend rates:

	4.75% (Decreasing to 3.75%)	Current Rate 5.75% (Decreasing to 4.75%)	6.75% (Decreasing to 5.75%)
OPEB Liability	\$ 240,789	\$ 283,319	\$ 326,658

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$57,293. As of the fiscal year ended June 30, 2023, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 3,517	\$ -
Difference between expected and actual experience		20,950
Change in assumptions	84,529	107,124
	<u>\$ 88,046</u>	<u>\$ 128,074</u>

The \$3,517 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the OPEB liability during the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as expenses as follows:

Fiscal year Ending June 30,	Amount
2024	\$ (4,482)
2025	(4,482)
2026	(4,482)
2027	(4,482)
2028	(3,177)
Afterwards	(22,440)
	<u>\$ (43,545)</u>

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

<u>Fund</u>	<u>Excess Expenditures</u>
Fire Fund	
Salaries and wages	\$ 28,602
Payroll taxes and benefits	6,390
Workers compensation	19,441
Insurance	867
Professional services	1,619
Dues, permits, and fees	9,114
Occupancy	2,464
Capital outlay	30,476
Debt Service:	
Principal	59,101
Interest	22,402
Street Lighting Fund	
Insurance	2,262

**NOTE 12 – CONTINGENCIES AND COMMITMENTS**

According to the District's staff and attorney, no contingent liabilities are outstanding and no lawsuits are pending of any real financial consequence.

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**REQUIRED SUPPLEMENTARY INFORMATION**





**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**FIRE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Revenues:</b>				
Property taxes	\$ 466,232	\$ 466,232	\$ 484,495	\$ 18,263
Service charges and fees	5,000	5,000	11,636	6,636
Public facilities fees and assessments			5,017	5,017
Grant income			132	132
Investment income			1,465	1,465
Miscellaneous income		18,154	24,821	6,667
	<u>471,232</u>	<u>489,386</u>	<u>527,566</u>	<u>38,180</u>
<b>Expenditures:</b>				
Salaries and wages	167,564	212,564	241,166	(28,602)
Payroll taxes and benefits	35,056	35,056	41,446	(6,390)
Workers compensation	11,312	11,312	30,753	(19,441)
Maintenance and repairs	26,000	78,500	68,074	10,426
Miscellaneous	8,000	8,000	366	7,634
Insurance	15,687	15,687	16,554	(867)
Office supplies and expense	5,700	5,700	4,126	1,574
Supplies	27,500	65,580	38,421	27,159
Professional services	38,900	38,900	40,519	(1,619)
Dues, permits, and fees	5,234	7,234	16,348	(9,114)
Communications	30,100	30,100	22,614	7,486
Employee travel and training	11,250	11,250	4,778	6,472
Occupancy		1,921	4,385	(2,464)
Utilities	7,910	7,910	5,745	2,165
Capital outlay	6,800	7,195	37,671	(30,476)
Debt Service:				
Principal			59,101	(59,101)
Interest			22,402	(22,402)
	<u>397,013</u>	<u>536,909</u>	<u>654,469</u>	<u>(117,560)</u>
Excess of revenues over (under) expenditures	<u>74,219</u>	<u>(47,523)</u>	<u>(126,903)</u>	<u>(79,380)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in		46,500	46,500	
Proceeds from sale of property			21,873	21,873
		<u>46,500</u>	<u>68,373</u>	<u>21,873</u>
Total other financing sources (uses)		<u>46,500</u>	<u>68,373</u>	<u>21,873</u>
Change in fund balance	74,219	(1,023)	(58,530)	(57,507)
Fund balance - July 1, 2022	<u>1,335,246</u>	<u>1,335,246</u>	<u>1,335,246</u>	
Fund balance - June 30, 2023	<u>\$ 1,409,465</u>	<u>\$ 1,334,223</u>	<u>\$ 1,276,716</u>	<u>\$ (57,507)</u>

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**STREET LIGHTING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
<b>Revenues:</b>				
Property taxes	\$ 145,677	\$ 145,677	\$ 149,517	\$ 3,840
Service charges and fees		50	400	350
Grants		12	14	2
Investment income		1,417	(2,458)	(3,875)
Miscellaneous income		11	279	268
Total revenues	<u>145,677</u>	<u>147,167</u>	<u>147,752</u>	<u>585</u>
<b>Expenditures:</b>				
Salaries and wages	20,967	20,967	12,775	8,192
Payroll taxes and benefits	5,371	5,371	4,156	1,215
Workers compensation	52	52	18	34
Maintenance and repairs	23,254	23,254	9,599	13,655
Insurance	1,050	1,050	3,312	(2,262)
Office supplies and expense	1,846	1,846	857	989
Supplies	6,252	7,022	129	6,893
Professional services	14,408	14,408	4,673	9,735
Dues, permits, and fees	1,448	1,448	312	1,136
Communications	2,325	2,325	1,587	738
Employee travel and training	2,650	2,650	141	2,509
Occupancy	455	888	485	403
Utilities	65,249	65,249	25,622	39,627
Bank fees	15	15	4	11
Capital outlay		13,541	11,017	2,524
Total expenditures	<u>145,342</u>	<u>160,086</u>	<u>74,687</u>	<u>85,399</u>
Excess of revenues over (under) expenditures	335	(12,919)	73,065	85,984
<b>Other financing sources (uses) and transfers:</b>				
Transfers out			(2,325)	(2,325)
Proceeds from sale of property			5,727	5,727
Total other financing sources (uses)			<u>3,402</u>	<u>3,402</u>
Change in fund balance	335	(12,919)	76,467	89,386
Fund balance - July 1, 2022	<u>720,282</u>	<u>720,282</u>	<u>720,282</u>	
Fund balance - June 30, 2023	<u>\$ 720,617</u>	<u>\$ 707,363</u>	<u>\$ 796,749</u>	<u>\$ 89,386</u>

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS**  
Last 10 Years\*  
As of June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability			
Service cost	\$ 54,297	\$ 40,020	\$ 40,592
Interest on the total OPEB liability	7,478	6,556	6,217
Actual and expected experience difference		(1,658)	
Changes in assumptions	(111,895)	66,470	26,617
Benefit payments	(3,480)	(4,063)	(3,681)
Net change in total OPEB Liability	<u>(53,600)</u>	<u>107,325</u>	<u>69,745</u>
Total OPEB liability - beginning	336,919	229,594	159,849
Total OPEB liability - ending	<u>\$ 283,319</u>	<u>\$ 336,919</u>	<u>\$ 229,594</u>
Covered payroll:	\$ 639,482	\$ 500,343	\$ 346,086
Total OPEB Liability as a percentage of covered payroll:	44.30%	67.34%	66.34%

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 36,290	\$ 13,857	\$ 13,453
Interest on the total OPEB liability	6,132	4,091	3,674
Actual and expected experience difference	(29,504)	(11,745)	
Changes in assumptions	15,099		
Benefit payments	(2,525)	(5,049)	(2,562)
Net change in total OPEB Liability	<u>25,492</u>	<u>1,154</u>	<u>14,565</u>
Total OPEB liability - beginning	134,357	133,203	118,638
Total OPEB liability - ending	<u>\$ 159,849</u>	<u>\$ 134,357</u>	<u>\$ 133,203</u>
Covered payroll:	\$ 354,500	\$ 375,473	\$ 344,324
Total OPEB Liability as a percentage of covered payroll:	45.09%	35.78%	38.69%

**Notes to Schedule:**

The discount rate was changed from 1.92% to 3.69% for the June 30, 2022 measurement date.

\*- Fiscal year 2018 was the 1st year of implementation, therefore only six years are shown.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**SCHEDULE OF OPEB CONTRIBUTIONS**  
Last 10 Years\*  
As of June 30, 2023

The District's contribution for the fiscal year ended June 30, 2023 was \$3,517. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2023, therefore the District does not need to comply with GASB Statement No. 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2022 was \$3,582. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2022, therefore the District does not need to comply with GASB Statement No. 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2021 was \$2,910. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2021, therefore the District does not need to comply with GASB Statement No. 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2020 was \$2,438. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2020, therefore the District does not need to comply with GASB Statement No. 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2019 was \$1,588. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2019, therefore the District does not need to comply with GASB Statement No. 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2018 was \$3,904. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2018, therefore the District does not need to comply with GASB Statement No. 75's Required Supplementary Information requirements.

\*- Fiscal year 2018 was the 1st year of implementation, therefore only six years are shown.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
 Last 10 Years\*  
 As of June 30, 2023

The following table provides required supplementary information regarding the District's Pension Plan.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net pension liability	0.00225%	0.00225%	0.00204%	0.00200%	0.00196%
Proportionate share of the net pension liability	\$ 259,817	\$ 121,854	\$ 221,520	\$ 205,120	\$ 188,568
Covered payroll	\$ 508,988	\$ 510,668	\$ 500,343	\$ 354,500	\$ 274,239
Proportionate share of the net pension liability as percentage of covered payroll	51.0%	23.9%	44.3%	57.9%	68.8%
Plan's total pension liability	\$ 49,525,975,138	\$ 46,174,942,264	\$ 43,702,930,887	\$ 41,426,453,489	\$ 38,944,855,364
Plan's fiduciary net position	\$ 37,975,170,163	\$ 40,766,653,876	\$ 32,822,501,335	\$ 31,179,414,067	\$ 29,308,589,559
Plan fiduciary net position as a percentage of the total pension liability	76.68%	88.29%	75.10%	75.26%	75.26%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Proportion of the net pension liability	0.00191%	0.00200%	0.00211%	0.00201%	
Proportionate share of the net pension liability	\$ 189,718	\$ 173,264	\$ 145,045	\$ 125,163	
Covered payroll	\$ 190,663	\$ 140,038	\$ 174,026	\$ 205,120	
Proportionate share of the net pension liability as percentage of covered payroll	99.5%	123.7%	83.3%	61.0%	
Plan's total pension liability	\$ 37,161,348,332	\$ 33,358,627,624	\$ 31,771,217,402	\$ 30,829,966,631	
Plan's fiduciary net position	\$ 27,244,095,376	\$ 24,705,532,291	\$ 24,907,305,871	\$ 24,607,502,515	
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	79.82%	

**Notes to Schedule:**

In the reporting fiscal year ended June 30, 2023, the discount rate was reduced from 7.15% to 6.90% and price inflation was reduced from 2.50% to 2.30%.

\*- Fiscal year 2015 was the 1st year of implementation, thus only nine years are shown.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
 Last 10 Years\*  
 As of June 30, 2023

The following table provides required supplementary information regarding the District's Pension Plan.

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Contractually required contribution (actuarially determined)	\$ 79,677	\$ 74,225	\$ 62,323	\$ 54,268	\$ 58,116
Contribution in relation to the actuarially determined contributions	79,677	74,225	62,323	54,268	58,116
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 573,388	\$ 508,988	\$ 510,668	\$ 500,343	\$ 354,500
Contributions as a percentage of covered payroll	13.90%	14.58%	12.20%	10.85%	16.39%
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	
Contractually required contribution (actuarially determined)	\$ 28,201	\$ 22,800	\$ 19,438	\$ 26,154	
Contribution in relation to the actuarially determined contributions	28,201	22,800	19,438	26,154	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	
Covered payroll	\$ 274,239	\$ 190,663	\$ 140,038	\$ 174,026	
Contributions as a percentage of covered payroll	10.28%	11.96%	13.88%	15.03%	

**Notes to Schedule:**

In the reporting fiscal year ended June 30, 2023, the discount rate was reduced from 7.15% to 6.90% and price inflation was reduced from 2.50% to 2.30%.

\*- Fiscal year 2015 was the 1st year of implementation, thus only nine years are shown.