

**TWAIN HARTE COMMUNITY
SERVICES DISTRICT**

Financial Statements
And
Independent Auditor's Report

For the Fiscal Year Ended June 30, 2022, and 2021



TWAIN HARTE COMMUNITY SERVICES DISTRICT

OF TUOLUMNE COUNTY

TWAIN HARTE, CALIFORNIA

JUNE 30, 2022 and 2021

GOVERNING BOARD

MEMBERS

OFFICE

Gary Sipperley

President

Eileen Mannix

Vice President

Richard Knudson

Director

Charlotte Bohlman

Director

Kathryn de Groot

Director

TWAIN HARTE COMMUNITY SERVICES DISTRICT

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Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Twain Harte Community Services District
Twain Harte, California

Opinions

We have audited the accompanying financial statements of the and for the years ended June 30, 2022, and 2021 and the related notes to basic financial statements, which collectively comprise the Twain Harte Community Services District, 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 Twain Harte Community Services District, as of June 30, 2022, and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special District. 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 Twain Harte 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 Twain Harte 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 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, we:

- 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 Twain Harte 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 Twain Harte 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11, budgetary comparison schedule on page 51-54, and schedule of required supplementary information- Safety and Miscellaneous pension plan on page 50 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Blomberg & Griffin A.C.
Blomberg & Griffin A.C.
Stockton, CA
October 26, 2022

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis
June 30, 2022 and 2021

This section of the annual financial report of the Twain Harte Community Services District (District) presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2022. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements, including the notes and the supplementary information that immediately follows this section.

The relationship between revenues and expenses is the District's *operating results*. Since the Board's responsibility is to provide services to customers and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the service provided, and the safety of our employees and the general public will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we present the District activities as follows:

Governmental Activities – The Fire Protection and Park and Recreation funds consist of this activity. Revenue for the Fire Protection fund is primarily derived from property taxes. Park and Recreation fund revenue is obtained from donations and special fees charged to use Park and Recreation facilities and funding through property taxes.

Business-type Activities – The District charges fees for water and sewer services to help cover the costs of certain services provided. These represent revenue from special fees, connection fees, and water and sewer usage charges.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Governmental Funds – Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending, these funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis
June 30, 2022 and 2021

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS (Continued):

The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following the governmental fund financial statements.

Enterprise Funds – When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in enterprise funds. Enterprise funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. In fact, the District's Enterprise funds are the same as the business-type activities we report in the government-wide financial statements, but provide more detail and additional information, such as cash flows, for enterprise funds.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

Water and Sewer Division

- The water division's change in net position was \$166,002. The sewer division's change in net position was \$27,415. The total net position increased by \$193,417 or 3%.

Fire Protection Division

- Fire protection division received \$1,224,745 of tax revenue which consisted of 81% of total revenues for the division. The fire protection division's change in fund balance was \$96,212. The percentage increase in fund balance was 8% primarily due to revenues exceeding expenditures.

Park and Recreation Division

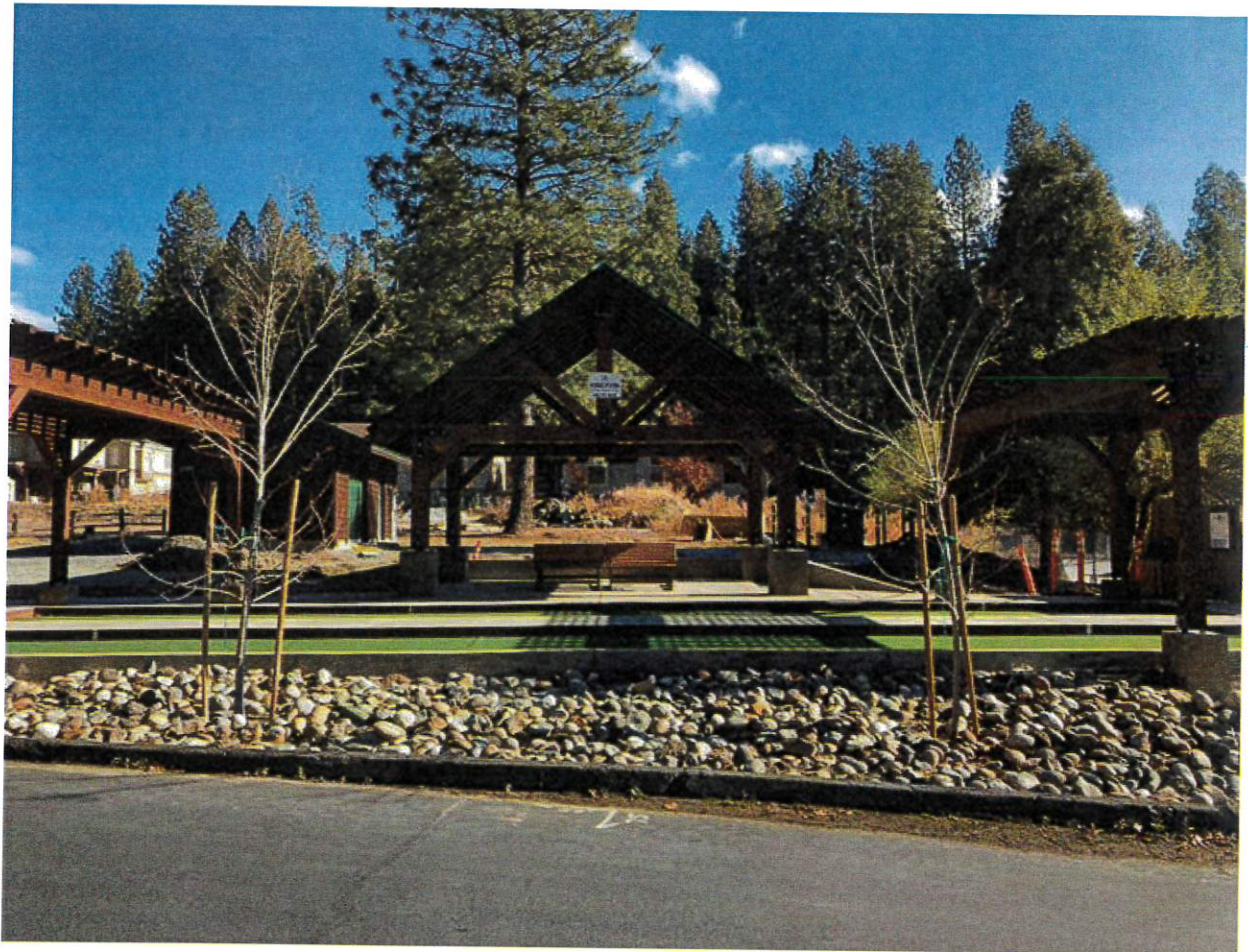
- The park and recreation division continues to rely on tax, donation, and grant revenues to fund projects. Tax revenue received was \$142,247. The tax revenues consist of 44% of total revenues. Grant, donation, and other revenues received totaled \$179,248 or 56% of total revenues.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis
June 30, 2022 and 2021

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$10,613,600 for the fiscal year ended June 30, 2022, and \$10,178,599. for the fiscal year ended June 30, 2021, which is an increase of \$435,001. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use net position for day-to-day operations. Our analysis in the following pages focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.



TWAIN HARTE COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis
June 30, 2022 and 2021

THE DISTRICT AS A WHOLE (Continued)

	<u>Table 1</u>			
	<u>2022</u>	<u>2021</u>	<u>Difference</u>	<u>Percent Difference</u>
Current Assets	\$ 5,881,826	\$ 5,507,789	\$ 374,037	6.79%
Capital Assets - Net	6,629,581	6,470,609	158,972	2.46%
Deferred Outflows	788,114	345,022	443,092	128.42%
Total Assets & Deferred Outflows	<u>\$ 13,299,521</u>	<u>\$ 12,323,420</u>	<u>\$ 976,101</u>	<u>7.92%</u>
Current Liabilities	\$ 677,857	\$ 635,232	\$ 42,625	6.71%
Long-Term Obligations	1,401,040	1,482,614	(81,574)	-5.50%
Deferred Inflows	607,024	26,975	580,049	2150.32%
Total Liabilities & Deferred Inflows	<u>2,685,921</u>	<u>2,144,821</u>	<u>541,100</u>	<u>25.23%</u>
Net Position				
Invested in Capital Assets, Net of Related Debt	5,821,535	5,411,246	410,289	7.58%
Restricted	151,770	144,625	7,145	4.94%
Unrestricted	4,640,295	4,622,728	17,567	0.38%
Total Net Position	<u>10,613,600</u>	<u>10,178,599</u>	<u>435,001</u>	<u>4.27%</u>
Total Liabilities and Net Position	<u>\$ 13,299,521</u>	<u>\$ 12,323,420</u>	<u>\$ 976,101</u>	<u>7.92%</u>

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis
June 30, 2022 and 2021

THE DISTRICT AS A WHOLE (Continued)

	<u>Table 2</u>			
	<u>2022</u>	<u>2021</u>	<u>Difference</u>	<u>Percent Difference</u>
Revenues				
Services Rendered	\$ 2,808,144	\$ 2,844,809	\$ (36,665)	-1.29%
Operating Grants and Contributions	542,641	447,326	95,315	21.31%
Interest Earnings	15,357	25,612	(10,255)	-40.04%
Taxes	1,488,656	1,414,737	73,919	5.22%
Other Income (Expense)	(2,516)	(37,417)	34,901	-93.28%
Total Revenues	<u>4,852,282</u>	<u>4,695,067</u>	<u>157,215</u>	<u>3.35%</u>
Expenses				
Fire Protection	1,400,171	1,391,389	8,782	0.63%
Park & Recreation	198,410	184,991	13,419	7.25%
Water	1,563,969	1,370,169	193,800	14.14%
Sewer	1,254,731	1,196,050	58,681	4.91%
Total Expenses	<u>4,417,281</u>	<u>4,142,599</u>	<u>274,682</u>	<u>6.63%</u>
Change in Net Position	<u>\$ 435,001</u>	<u>\$ 552,468</u>	<u>\$ (117,467)</u>	<u>-21.26%</u>

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis
June 30, 2022 and 2021

THE DISTRICT AS A WHOLE (Continued)

As reported in the statement of activities, the cost of all our activities this year was \$4,417,281, which was an increase of \$274,682 compared to the prior year. The amount that our taxpayers ultimately financed for these activities through local taxes was \$1,488,656. Change in net position was \$435,001.

In Table 3, we have presented cost including depreciation of the District's functions.

Table 3

	2022	2021
	<u>Cost of Service</u>	<u>Cost of Service</u>
Park & Recreation	<u>\$ 198,410</u>	<u>\$ 184,991</u>
Fire	<u>\$ 1,400,171</u>	<u>\$ 1,391,389</u>
Water	<u>\$ 1,563,969</u>	<u>\$ 1,370,169</u>
Sewer	<u>\$ 1,254,731</u>	<u>\$ 1,196,050</u>

THE DISTRICT'S FUNDS

The District has elected to report two of the governmental funds as major funds, as such information may be of importance to certain financial statement users. As the District completed this year, our governmental funds reported a combined fund balance of \$1,769,008, which is an increase of \$100,226 compared to the prior year. The District's enterprise funds ended the year with a combined net position balance of \$6,141,665 which is an increase of \$193,417 compared to the prior year.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Management's Discussion Analysis
June 30, 2022 and 2021

THE DISTRICT'S FUNDS (Continued)

Table 4

	Balances			
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change \$</u>	<u>Change %</u>
Governmental Funds				
Park & Recreation	\$ 354,318	\$ 328,019	\$ 26,299	8.02%
Fire Protection	1,414,690	1,340,763	73,927	5.51%
Total Governmental Funds	<u>\$ 1,769,008</u>	<u>\$ 1,668,782</u>	<u>\$ 100,226</u>	<u>6.01%</u>
Proprietary Funds				
Water	\$ 4,066,681	\$ 3,900,679	\$ 166,002	4.26%
Sewer	2,074,984	2,047,569	27,415	1.34%
Total Proprietary Funds	<u>\$ 6,141,665</u>	<u>\$ 5,948,248</u>	<u>\$ 193,417</u>	<u>3.25%</u>

GENERAL FUND BUDGET INFORMATION

In June of each year, a budget is adopted for the subsequent year by the District's Board of Directors. Budget preparation begins with results from the current year and is completed with assumptions derived from various sources including the different departments. The budget is updated during the year.

CAPITAL ASSET & DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had \$6,629,581 in a broad range of capital assets net of accumulated depreciation, including land, buildings, and furniture and equipment. This amount represents an increase (including additions and deductions) of \$158,972 from the prior year.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Management's Discussion Analysis
June 30, 2022 and 2021

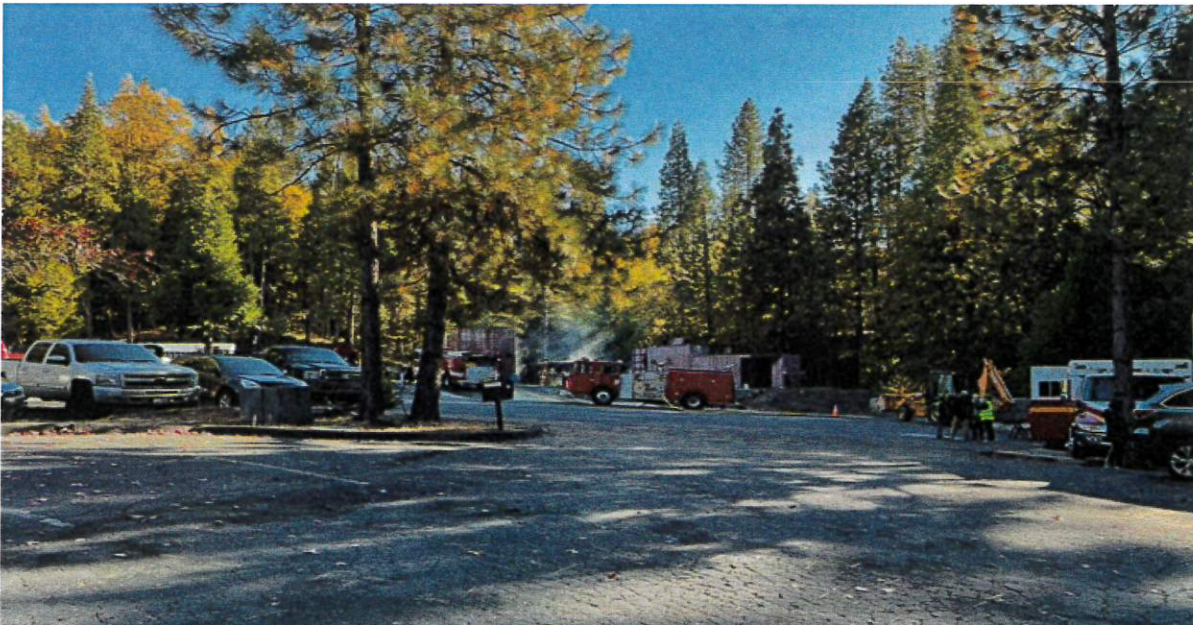
CAPITAL ASSET & DEBT ADMINISTRATION (Continued)

Table 5

	<u>2022</u>	<u>2021</u>	<u>Difference</u>	<u>Percent Difference</u>
Land	\$ 1,070,803	\$ 1,070,803	\$ -	0.00%
Construction In Progress	177,251	25,514	151,737	594.72%
Plant and Equipment, Net of Accumulated Depreciation	<u>5,381,527</u>	<u>5,374,292</u>	<u>7,235</u>	<u>0.13%</u>
Total	<u>\$ 6,629,581</u>	<u>\$ 6,470,609</u>	<u>\$ 158,972</u>	<u>2.46%</u>

Long-Term Obligations

At June 30, 2022, the District's outstanding long-term debt was \$808,046. During the fiscal year ended June 30, 2022, payments made on principal decreased long-term debt by \$251,317. We present more detailed information regarding our long-term obligations in the notes to the financial statements on pages 35 and 36.



TWAIN HARTE COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis
June 30, 2022 and 2021

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances, and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Carolyn Higgins, Finance Officer, P.O. Box 649, Twain Harte, CA 95383 or call at (209) 586-3172.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Statement of Net Position
June 30, 2022 and 2021

	Governmental Activities	Business-Type Activities	Combined Funds	
			2022	2021
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 1,730,163	\$ 3,335,348	\$ 5,065,511	\$ 4,604,709
Restricted Cash	930	151,770	152,700	149,316
Accounts Receivable	-	310,452	310,452	340,758
Taxes Receivable	74,730	4,878	79,608	68,214
Grants Receivable	143,135	109,076	252,211	232,918
Prepaid Expenses	3,141	12,947	16,088	12,166
Store Inventory	-	3,837	3,837	6,239
Due from Other Governments	1,419	-	1,419	93,469
Total Current Assets	1,953,518	3,928,308	5,881,826	5,507,789
Non-Current Assets				
Construction in Progress	136,410	40,841	177,251	25,514
Land	841,263	229,540	1,070,803	1,070,803
Structures and Improvements	2,113,193	1,225,563	3,338,756	3,302,870
Equipment	2,034,347	9,791,906	11,826,253	11,449,793
Less: Accumulated Depreciation	(2,232,424)	(7,551,058)	(9,783,482)	(9,378,371)
Total Non-Current Assets	2,892,789	3,736,792	6,629,581	6,470,609
Deferred Outflow of Resources				
Pension deferred charges	345,775	442,339	788,114	345,022
Total Assets & Deferred Outflows	\$ 5,192,082	\$ 8,107,439	\$ 13,299,521	\$ 12,323,420
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 95,738	\$ 175,718	\$ 271,456	\$ 224,287
Accrued Payables	29,446	41,187	70,633	24,036
Employee Benefits	38,260	64,509	102,769	99,377
Interest Payable	-	32,663	32,663	40,150
Current Portion of Long-Term Obligations	-	179,270	179,270	212,681
Deferred Revenue	21,066	-	21,066	33,591
Total Current Liabilities	184,510	493,347	677,857	634,122
Non-Current Liabilities				
Net Pension Liability	324,889	447,375	772,264	637,042
Noncurrent Portion of Long-Term Obligations	-	808,046	808,046	1,059,363
Less: Current Portion of Long-Term Obligations	-	(179,270)	(179,270)	(212,681)
Total Non-Current Liabilities	324,889	1,076,151	1,401,040	1,483,724
Total Liabilities	509,399	1,569,498	2,078,897	2,117,846
Deferred Inflow of Resources				
Pension deferred credits	210,748	396,276	607,024	26,975
Total Liabilities & Deferred Inflows	720,147	1,965,774	2,685,921	2,144,821
NET POSITION				
Invested in Capital Assets, Net of Related Debt	2,892,789	2,928,746	5,821,535	5,411,246
Restricted for:				
Debt Service	-	151,770	151,770	144,625
Unrestricted	1,579,146	3,061,149	4,640,295	4,622,728
Total Net Position	4,471,935	6,141,665	10,613,600	10,178,599
Total Liabilities and Net Position	\$ 5,192,082	\$ 8,107,439	\$ 13,299,521	\$ 12,323,420

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

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Statement of Activities
For the Year Ended June 30, 2022 and 2021

	Governmental Activities	Business-Type Activities	Combined Funds	
			2022	2021
PROGRAM EXPENSES				
Fire Protection	\$ 1,400,171	\$ -	\$ 1,400,171	\$ 1,391,389
Park & Recreation	198,410	-	198,410	184,991
Water	-	1,563,969	1,563,969	1,370,169
Sewer	-	1,254,731	1,254,731	1,196,050
Total Program Expenses	1,598,581	2,818,700	4,417,281	4,142,599
PROGRAM REVENUE				
Services Rendered	204,455	2,603,689	2,808,144	2,844,809
Operating Grants and Contributions	252,230	290,411	542,641	447,326
Total Program Revenues	456,685	2,894,100	3,350,785	3,292,135
Net Program Expenses (Income)	1,141,896	(75,400)	1,066,496	850,464
GENERAL REVENUES				
Property Taxes	1,366,992	121,664	1,488,656	1,414,737
Interest Income	9,670	5,687	15,357	25,612
Interest Expense	(3,345)	(32,024)	(35,369)	(41,096)
Miscellaneous	1,419	18,190	19,609	179
Sale of Assets	8,744	4,500	13,244	3,500
Total General Revenues	1,383,480	118,017	1,501,497	1,402,932
Excess of Revenues over Expenses	241,584	193,417	435,001	552,468
Change in Net Position	241,584	193,417	435,001	552,468
Net Position-Beginning of Year	4,230,351	5,948,248	10,178,599	9,619,066
Prior Period Adjustment	-	-	-	7,065
Net Position-End of Year	\$ 4,471,935	\$ 6,141,665	\$ 10,613,600	\$ 10,178,599

The notes are an integral part of these financial statements.

TWAIN HARTE COMMUNITY SERVICES DISTRICT

Governmental Funds

Balance Sheet

June 30, 2022 and 2021

	<u>Park & Recreation</u>	<u>Fire Protection</u>	<u>Total Governmental Funds - 2022</u>	<u>Total Governmental Funds - 2021</u>
ASSETS				
Current Assets				
Cash and Investments	\$ 277,821	\$ 1,452,342	\$ 1,730,163	\$ 1,621,980
Restricted Cash	-	930	930	4,691
Accounts Receivable	-	-	-	-
Taxes Receivable	7,612	67,118	74,730	64,443
Grants Receivable	133,737	9,398	143,135	5,237
Prepaid Expenses	943	2,198	3,141	2,661
Due from Other Governments	-	1,419	1,419	93,469
Total Assets	<u>\$ 420,113</u>	<u>\$ 1,533,405</u>	<u>\$ 1,953,518</u>	<u>\$ 1,792,481</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 54,909	\$ 40,829	\$ 95,738	\$ 45,160
Accrued Payables	2,199	27,247	29,446	9,859
Compensated Absences	5,431	32,829	38,260	36,680
Deferred Revenue	3,256	17,810	21,066	32,000
Total Liabilities	<u>65,795</u>	<u>118,715</u>	<u>184,510</u>	<u>123,699</u>
FUND BALANCES				
Nonspendable	943	2,198	3,141	2,661
Committed	274,007	796,105	1,070,112	987,182
Assigned	80,037	617,158	697,195	675,847
Unassigned	(669)	(771)	(1,440)	3,092
Total Fund Balances	<u>354,318</u>	<u>1,414,690</u>	<u>1,769,008</u>	<u>1,668,782</u>
Total Liabilities and Fund Balances	<u>\$ 420,113</u>	<u>\$ 1,533,405</u>	<u>\$ 1,953,518</u>	<u>\$ 1,792,481</u>

The notes are an integral part of these financial statements.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2022 and 2021

	Park & Recreation	Fire Protection	Total Governmental Funds - 2022	Total Governmental Funds - 2021
GENERAL REVENUES				
Taxes and Assessments	\$ 142,247	\$ 1,224,745	\$ 1,366,992	\$ 1,304,204
Interest	3,153	6,517	9,670	9,109
Charges for Services	4,522	199,933	204,455	226,665
Grants	149,088	75,718	224,806	126,160
Donations	22,485	4,939	27,424	27,171
Miscellaneous	-	1,419	1,419	153
Total Revenues	321,495	1,513,271	1,834,766	1,693,462
EXPENDITURES				
Operating Expenditures				
Salaries and Benefits	59,888	948,917	1,008,805	963,053
Materials, Supplies, and Services	83,873	285,189	369,062	310,018
Capital Outlay	154,558	126,273	280,831	240,938
Debt Service	-	84,586	84,586	42,365
Total Expenditures	298,319	1,444,965	1,743,284	1,556,374
Excess (Deficiency) of Revenues Over Expenditures	23,176	68,306	91,482	137,088
OTHER FINANCING SOURCES (USES)				
Proceeds of Sale of Assets	3,123	5,621	8,744	-
Total Other Financing Sources and Uses	3,123	5,621	8,744	-
Net Change in Fund Balances	26,299	73,927	100,226	137,088
Fund Balances - Beginning	328,019	1,340,763	1,668,782	1,554,670
Prior Period Adjustment	-	-	-	(22,976)
Fund Balances - Ending	\$ 354,318	\$ 1,414,690	\$ 1,769,008	\$ 1,668,782

The notes are an integral part of these financial statements.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2022 and 2021

	<u>2022</u>		<u>2021</u>
Total Fund Balance-Governmental Funds	\$ 1,769,008		\$ 1,668,782
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.			
	<u>2022</u>	<u>2021</u>	
Capital Assets	5,125,213	4,854,011	
Accumulated Depreciation	<u>(2,232,424)</u>	<u>2,070,767</u>	2,892,789
Deferred pension charges not reported in funds balance sheet			142,544
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.			(81,241)
Deferred pension credits not reported in funds balance sheet			(15,405)
Net Pension liability not reported in funds balance sheet			<u>(267,573)</u>
Total Net Position-Governmental Activities	<u>\$ 4,471,935</u>		<u>\$ 4,230,351</u>

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

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2022 and 2021

	2022	2021
Net Change in Fund Balances - Governmental Funds	\$ 100,226	\$ 137,088
Amounts reported for governmental activities in the statement of net position are different because:		
Capital outlays is reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital additions of \$280,831 was more than depreciation of \$171,286 in the current period.	109,545	86,743
Compensated absences	-	(10,453)
Pension expense adjustment for deferred items	(49,428)	(138,661)
Payments of long-term debt is reported in governmental funds as expenditures. However, in the government-wide financial statements the payment of long-term debt are recorded as a reduction of liability.	81,241	38,940
Change in Net Position of Governmental Activities	\$ 241,584	\$ 113,657

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

TWAIN HARTE COMMUNITY SERVICES DISTRICT

Enterprise Funds
Statement of Net Position
June 30, 2022 and 2021

	Business-Type Activities			
	Enterprise Funds			
	Water	Sewer	2022	2021
ASSETS				
Current Assets				
Cash and Investments	\$ 2,044,559	\$ 1,290,789	\$ 3,335,348	\$ 2,982,729
Restricted Cash	151,770	-	151,770	144,625
Accounts Receivable	171,484	138,968	310,452	340,758
Taxes Receivable	4,878	-	4,878	3,771
Grants Receivable	109,076	-	109,076	227,681
Prepaid Expenses	7,753	5,194	12,947	9,505
Stores Inventories	2,910	927	3,837	6,239
Total Current Assets	2,492,430	1,435,878	3,928,308	3,715,308
Noncurrent Assets				
Construction in Progress	40,841	-	40,841	25,514
Land	103,322	126,218	229,540	229,540
Structures and Improvements	915,707	309,856	1,225,563	1,203,377
Equipment	7,611,540	2,180,366	9,791,906	9,536,538
Less: Accumulated Depreciation	(5,921,693)	(1,629,365)	(7,551,058)	(7,307,604)
Total Noncurrent Assets	2,749,717	987,075	3,736,792	3,687,365
Deferred Outflow of Resources				
Pension deferred charges	285,524	156,815	442,339	202,478
Total Assets	\$ 5,527,671	\$ 2,579,768	\$ 8,107,439	\$ 7,605,151
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 53,909	\$ 121,809	\$ 175,718	\$ 179,127
Accrued Payables	25,910	15,277	41,187	14,177
Compensated Absences	42,474	22,035	64,509	62,697
Interest Payable	31,102	1,561	32,663	40,150
Current Portion of Long-Term Obligations	163,596	15,674	179,270	173,741
Unearned Revenue	-	-	-	1,591
Total Current Liabilities	316,991	176,356	493,347	471,483
Noncurrent Liabilities				
Net Pension Liability	290,794	156,581	447,375	369,469
Noncurrent Portion of Long-Term Obligations	759,222	48,824	808,046	978,122
Compensated absences	-	-	-	-
Less: Current Portion of Long-Term Obligations	(163,596)	(15,674)	(179,270)	(173,741)
Total Noncurrent Liabilities	886,420	189,731	1,076,151	1,173,850
Total Liabilities	1,203,411	366,087	1,569,498	1,645,333
Deferred Inflow of Resources				
Pension deferred credits	257,579	138,697	396,276	11,570
Total Liabilities and Deferred Inflows	1,460,990	504,784	1,965,774	1,656,903
NET POSITION				
Invested in Capital Assets, Net of Related Debt	1,990,495	938,251	2,928,746	2,708,960
Restricted	151,770	-	151,770	144,586
Unrestricted	1,924,416	1,136,733	3,061,149	3,094,702
Total Net Position	4,066,681	2,074,984	6,141,665	5,948,248
Total Liabilities and Net Position	\$ 5,527,671	\$ 2,579,768	\$ 8,107,439	\$ 7,605,151

The notes are an integral part of these financial statements.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Enterprise Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2022 and 2021

	Business-Type Activities			
	Enterprise Funds			
	Water	Sewer	2022	2021
OPERATING REVENUES				
Service Charges	\$ 1,465,866	\$ 1,137,823	\$ 2,603,689	\$ 2,618,144
Other Operating Revenues	154,548	135,863	290,411	293,995
Total Operating Revenues	1,620,414	1,273,686	2,894,100	2,912,139
OPERATING EXPENSES				
General and Administrative	292,606	155,642	448,248	407,341
Plant	1,073,690	1,032,116	2,105,806	1,853,247
Depreciation	197,673	66,973	264,646	305,631
Total Operating Expenses	1,563,969	1,254,731	2,818,700	2,566,219
Net Operating Income (Loss)	56,445	18,955	75,400	345,920
NONOPERATING REVENUES (EXPENSES)				
Interest Income	3,265	2,422	5,687	16,503
Taxes and Assessments	121,664	-	121,664	110,533
Interest Expense	(30,171)	(1,853)	(32,024)	(37,671)
Gain on Sale of Assets	2,925	1,575	4,500	3,500
Miscellaneous	11,874	6,316	18,190	26
Total Nonoperating Revenues (Expenses)	109,557	8,460	118,017	92,891
Income (Loss) Before Transfers	166,002	27,415	193,417	438,811
Change in Net Position	166,002	27,415	193,417	438,811
Total Net Position - Beginning	3,900,679	2,047,569	5,948,248	5,509,437
Total Net Position - Ending	\$ 4,066,681	\$ 2,074,984	\$ 6,141,665	\$ 5,948,248

The notes are an integral part of the financial statements.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Enterprise Funds
Statement of Cash Flows
For the Year Ended June 30, 2022 and 2021

	Business-Type Activities Enterprise Funds			
	Water	Sewer	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 1,522,487	\$ 1,165,032	\$ 2,687,519	\$ 2,644,602
Cash Received from Operating Grants	174,612	180,879	355,491	241,773
Cash Payments for Goods and Services	(483,951)	(730,521)	(1,214,472)	(1,269,513)
Cash Payments to Employees and benefits	(706,192)	(387,856)	(1,094,048)	(1,070,031)
Net Cash Provided (Used) by Operating Activities	<u>506,956</u>	<u>227,534</u>	<u>734,490</u>	<u>546,831</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Cash Received from Property Taxes	120,557	-	120,557	106,762
Miscellaneous, Non Operating Income (Expense)	11,874	6,316	18,190	26
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>132,431</u>	<u>6,316</u>	<u>138,747</u>	<u>106,788</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principle Payments to Loans	(154,935)	(15,141)	(170,076)	(164,590)
Interest Expense on Long-Term Loans	(37,174)	(2,337)	(39,511)	(45,011)
Acquisition of Capital Assets	(61,599)	(252,474)	(314,073)	(103,709)
Proceeds from Sale of Asset	2,925	1,575	4,500	3,500
Net Cash Provided (Used) from Capital and Related Financing Activities	<u>(250,783)</u>	<u>(268,377)</u>	<u>(519,160)</u>	<u>(309,810)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Income	3,265	2,422	5,687	16,503
Net Cash Provided (Used) from Investing Activities	<u>3,265</u>	<u>2,422</u>	<u>5,687</u>	<u>16,503</u>
Net Increase (Decrease) in Cash	391,869	(32,105)	359,764	360,312
Cash-Beginning of Year	<u>1,804,460</u>	<u>1,322,894</u>	<u>3,127,354</u>	<u>2,767,042</u>
Cash-End of Year	<u>\$ 2,196,329</u>	<u>\$ 1,290,789</u>	<u>\$ 3,487,118</u>	<u>\$ 3,127,354</u>

The notes are an integral part of these financial statements.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Enterprise Funds
Statement of Cash Flows (Continued)
For the Year Ended June 30, 2022 and 2021

	Business-Type Activities Enterprise Funds			
	Water	Sewer	2022	2021
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (loss)	\$ 56,445	\$ 18,955	\$ 75,400	\$ 345,920
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	197,673	66,973	264,646	305,631
Changes in Assets and Liabilities:				
Receivables	76,686	72,225	148,911	(3,963)
Prepaid Expenses	(1,779)	(1,663)	(3,442)	(2,760)
Inventory	2,389	13	2,402	(60,570)
Accounts Payable and Other Accrued Liabilities	177,133	71,031	248,164	(37,427)
Deferred Revenue	(1,591)	-	(1,591)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 506,956	\$ 227,534	\$ 734,490	\$ 546,831

The notes are an integral part of the financial statements.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies.

Financial Reporting Entity

Twain Harte Community Services District (“District”) was formed in 1996 under Section 3 of the County District Act of 1923. The District’s primary function is to provide water, sewer, fire protection, and parks and recreation services to properties in a specific geographical area in the Twain Harte area of Tuolumne County.

Budgetary Reporting

The District’s annual budget is a management tool that assists its users in analyzing financial activity for the fiscal year ended June 30, 2018. Budgets are formally adopted by the Board in June and take effect the following July 1. The budget disclosed is the original budget which is updated during the year. A department head is allowed to transfer line item expenditures within the same fund up to a maximum of \$5,000. An amount over \$5,000 for any line item transfer requires Board approval. Use of any capital asset funds for anything other than their intended purpose requires Board approval.

Basis of Presentation – Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund net position, revenues, and expenditures or expenses, as appropriate. The various funds are summarized by type in the general-purpose financial statements. Fund types used by the District are described below:

Governmental Fund Types:

Fire Protection: The fire protection fund is authorized fire protection services, rescue services, hazardous material emergency response services, and ambulance services in the same manner as a fire protection District. All transactions related to fire protection are recorded in the fire protection fund. In addition, 18% of administrative costs of the District are allocated to the fire protection fund.

Park and Recreation: The park and recreation fund operate a variety of public park facilities including Eproson Park, Community Center/American Legion Hall, and Twain Harte Tennis Courts. Also, the District is currently evaluating the possibility of providing senior and/or teen services at the Community Center. Ten percent of administrative costs of the District are allocated to the park and recreation fund.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Fund Types:

Enterprise Funds: Account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent to the Board of Directors is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The District applies all applicable GASB statements effective as of fiscal year end. The water and sewer funds are considered Enterprise Funds.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. 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 the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in current net position.

All enterprise funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Basis of Accounting – Measurement Focus

Government – Wide Financial Statements: The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the enterprise fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government – Wide Financial Statements (Continued): The government-wide statement of activities presents a comparison between expenses and program revenues for each segment of the business-type activities of the District and for each governmental function. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

Net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes results from special revenue funds and the restrictions on their net position use.

Fund Financial Statements: Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated to the general fund.

Governmental Funds: All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Funds: Enterprise funds are accounted for using a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement revenues, expenses, and changes in fund net position present increases (revenues) and decreases (expenses) to total net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its enterprise funds.

Revenues – Exchange and Non-Exchange Transactions: Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. For the District, available means expected to be received within 90 days of fiscal year-end. Service charges and interest are considered to be both measurable and available at fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received or when assessed if received within 60 days of the fiscal year-end. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenses/Expenditures: On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide statements.

Hookup Fees

Fees charged for hookup of water and sewer services are considered income in the period the service is performed.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Inventory

Inventories in the enterprise funds are stated at cost, using the first-in first-out method.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide financial statements. The valuation basis for capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Capital assets in the enterprise funds are capitalized in the fund in which they are utilized. The valuation basis for enterprise fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 years.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position and governmental funds balance sheet.

Sick leave is accumulated for each employee at the rate of one day for each month worked to a limit of 960 hours for regular employees and 1,328 hours for Fire Department shift employees. Leave with pay is provided when employees are absent for health reasons.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The employees gain a vested right to accumulated sick leave of up to 480 hours for regular employees and 664 hours for Fire Department employees.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from the enterprise fund are reported on the enterprise fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full of current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, and any special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

Fund Balance

In pursuant of GASB 54, District procedures to classify fund balance are as follows:

- Restricted
- Nonspendable
- Committed
- Assigned
- Unassigned

In the Governmental Fund Balance Sheet, the District has three classifications of fund balances: nonspendable, assigned, and unassigned. The District has classified nonspendable fund balance to the extent of prepaid expense amounts. Assigned represents designated fund balances by the Board of Directors or management. The unassigned fund balance is used to classify the fund balance that has not been assigned to other funds and that has not been restricted or committed to a specific purpose.

Net Position

Net positions represent the difference between assets and liabilities. Net position invested in capital assets; net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The government-wide financial statements report \$144,625 of restricted net position.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the District, these revenues are water and sewer usage fees. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1, and become delinquent on December 10 and April 10, respectively.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unsecured property taxes are payable in one installment on or before August 31. The County of Tuolumne bills and collects the taxes on behalf of the District. Revenue from property taxes is recognized in the fiscal year in which the taxes are received or assessed if received within 60 days of the fiscal year.

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

US Bank:	<u>2022</u>	<u>2021</u>
General and Capital Funds	\$ 2,090,874	\$ 1,643,044
Restricted:		
Davis Grunsky #1	74,649	71,820
Davis Grunsky #2	77,120	72,805
CERT	930	-
LAIF	<u>2,974,638</u>	<u>2,966,356</u>
Total Deposits and Investments	<u>\$ 5,218,211</u>	<u>\$ 4,754,025</u>

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or it's agencies; bankers acceptances; commercial paper; certificates of deposits placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in the State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of investments in the pool is determined quarterly.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
June 30, 2022 and 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

The fair value of the District's investment in the pool is reported in the accompanying financial statement at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis with funds generally available next business day.

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, the greater the sensitivity of its fair value to changes in market interest rates

The District manages its exposures to interest rate risk 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.

Credit Risk

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 a nationally recognized statistical rating organization. The District's investment is not required to be rated, nor has it been rated as of June 30, 2022 and 2021.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
June 30, 2022 and 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Cash balances held in banks and revolving funds are insured up to \$250,000 per institution by the Federal Depository Insurance Corporation (“FDIC”). All cash held by the financial institutions is fully insured or collateralized, except the amount that exceeds the maximum insured levels of the FDIC.



TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to the Financial Statements
June 30, 2022 and 2021

NOTE 3 - RECEIVABLES

Receivables at June 30, 2022, consisted of the following:

	<u>Park & Recreation</u>	<u>Fire Protection</u>	<u>Total Governmental Activities</u>	<u>Water</u>	<u>Sewer</u>	<u>Total Business-Type Activities</u>
Local Government						
Taxes	\$ 7,612	\$ 67,118	\$ 74,730	\$ 4,878	\$ -	\$ 4,878
Utility Billings	-	-	-	171,484	138,968	310,452
Grants Receivable	<u>133,737</u>	<u>9,398</u>	<u>143,135</u>	<u>109,076</u>	<u>-</u>	<u>109,076</u>
Total	<u>\$ 141,349</u>	<u>\$ 76,516</u>	<u>\$ 217,865</u>	<u>\$ 285,438</u>	<u>\$ 138,968</u>	<u>\$ 424,406</u>

NOTE 4 - CAPITAL ASSETS

A summary of the government-wide property plant and equipment at June 30, 2022, is as follows:

Governmental Activities:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance June 30, 2022</u>
Fire & Park and Recreation				
Capital Assets not being Depreciated				
Land	\$ 841,263	\$ -	\$ -	\$ 841,263
Construction in Progress	<u>-</u>	<u>136,410</u>	<u>-</u>	<u>136,410</u>
Total Assets not being Depreciated	<u>841,263</u>	<u>136,410</u>	<u>-</u>	<u>977,673</u>
Capital Assets being Depreciated				
Structures and Improvements	2,099,493	13,700	-	2,113,193
Equipment	<u>1,913,255</u>	<u>130,718</u>	<u>(9,626)</u>	<u>2,034,347</u>
Total Assets being Depreciated	<u>4,012,748</u>	<u>144,418</u>	<u>(9,626)</u>	<u>4,147,540</u>
Total Capital Assets	4,854,011	280,828	(9,626)	5,125,213
Accumulated Depreciation	<u>(2,070,767)</u>	<u>(162,539)</u>	<u>882</u>	<u>(2,232,424)</u>
Total Book Value	<u>\$ 2,783,244</u>	<u>\$ 118,289</u>	<u>\$ (8,744)</u>	<u>\$ 2,892,789</u>

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to the Financial Statements
June 30, 2022 and 2021

NOTE 4 - CAPITAL ASSETS (Continued)

A summary of changes in the District's water service fixed assets is as follows:

Enterprise Funds:

<u>WATER</u>	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2022</u>
Capital Assets not being Depreciated				
Land	\$ 103,322	\$ -	\$ -	\$ 103,322
Construction in Progress	21,514	19,327	-	40,841
Total Assets not being Depreciated	<u>124,836</u>	<u>19,327</u>	<u>-</u>	<u>144,163</u>
Capital Assets being Depreciated				
Building and Improvements	905,106	10,601	-	915,707
Plant and Equipment	7,593,644	31,671	(13,775)	7,611,540
Total Capital Assets being Depreciated	<u>8,498,750</u>	<u>42,272</u>	<u>(13,775)</u>	<u>8,527,247</u>
Accumulated Depreciation	<u>(5,737,795)</u>	<u>(197,673)</u>	<u>13,775</u>	<u>(5,921,693)</u>
Total Book Value	<u>\$ 2,885,791</u>	<u>\$ (136,074)</u>	<u>\$ -</u>	<u>\$ 2,749,717</u>

A summary of changes in the District's sewer service fixed assets is as follows:

<u>SEWER</u>	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2022</u>
Capital Assets not being Depreciated				
Land	\$ 126,218	\$ -	\$ -	\$ 126,218
Construction in Progress	4,000	-	(4,000)	-
Total Assets not Depreciated	<u>130,218</u>	<u>-</u>	<u>(4,000)</u>	<u>126,218</u>
Capital Assets being Depreciated				
Building and Improvements	298,271	7,585	4,000	309,856
Plant and Equipment	1,942,894	244,889	(7,417)	2,180,366
Total Capital Assets being Depreciated	<u>2,241,165</u>	<u>252,474</u>	<u>(7,417)</u>	<u>2,490,222</u>
Accumulated Depreciation	<u>(1,569,809)</u>	<u>(66,973)</u>	<u>7,417</u>	<u>(1,629,365)</u>
Total Book Value	<u>\$ 801,574</u>	<u>\$ 185,501</u>	<u>\$ -</u>	<u>\$ 987,075</u>

Depreciation Expense was charged as follows:

Governmental Activities	
Park and Recreation	\$ 54,649
Fire Protection	107,890
Total Depreciation Expense-Governmental Activities	<u>\$ 162,539</u>
Business-Type Activities	
Water Fund	\$ 197,673
Sewer Fund	66,973
Total Depreciation Expense Business-Type Activities	<u>\$ 264,646</u>

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to the Financial Statements
June 30, 2022 and 2021

NOTE 5 - ALLOCATION FROM GENERAL FUND

The District allocates a percentage of administrative expenses to each of the four funds of the District. The following shows the allocation percentages to allocate the administrative expenses:

Water	47.0%
Sewer	25.0%
Park and Recreation	10.0%
Fire Protection	18.0%

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2022, consisted of the following:

	<u>Park & Recreation</u>	<u>Fire Protection</u>	<u>Total Governmental Activities</u>	<u>Water</u>	<u>Sewer</u>	<u>Total Business-Type Activities</u>
Vendor Payables	\$ 54,909	\$ 40,829	\$ 95,738	\$ 53,909	\$ 121,809	\$ 175,718
Accrued Payables	2,199	27,247	29,446	25,910	15,277	41,187
Interest Payables	-	-	-	31,102	1,561	32,663
Total	<u>\$ 57,108</u>	<u>\$ 68,076</u>	<u>\$ 125,184</u>	<u>\$ 110,921</u>	<u>\$ 138,647</u>	<u>\$ 249,568</u>

NOTE 7 - COMPENSATED ABSENCES

The District's compensated absences at June 30, 2022 consisted of the following:

	<u>Park & Recreation</u>	<u>Fire Protection</u>	<u>Total Governmental Activities</u>	<u>Water</u>	<u>Sewer</u>	<u>Total Business-Type Activities</u>
Compensated Absences	<u>\$ 5,431</u>	<u>\$ 32,829</u>	<u>\$ 38,260</u>	<u>\$ 42,474</u>	<u>\$ 22,035</u>	<u>\$ 64,509</u>

It is the District's policy to permit employees to accumulate a limited amount of earned but unused vacation benefits and limited sick leave. A portion of these benefits is paid to the employee upon separation of employment from the District. The liability has been provided for in the government-wide financial statements, governmental funds financial statements, and enterprise funds.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to the Financial Statements
June 30, 2022 and 2021

NOTE 8 - LONG-TERM OBLIGATIONS

Summary – Enterprise Activities

The changes to the District's long-term obligations for its enterprise activities during the year consisted of the following:

Enterprise Funds:	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>	<u>Due in One Year</u>
Water Fund					
Davis – Grunsky loan #1. Original indebtedness – \$950,000, payable in annual installments of Principal and semi-annual installments of interest At 2.5%, maturity date is 2023.	\$ 72,948	\$ -	\$ (35,397)	\$ 37,551	\$ 37,551
Davis – Grunsky #1, deferred interest, payable in annual installments without interest, original indebtedness - \$84,239, maturity date is 2023.	7,323	-	(3,662)	3,661	3,661
Davis – Grunsky #2. Original indebtedness – \$860,535, payable in annual installments of Principal and semi-annual installments of interest At 2.5% maturity is 2023.	71,678	-	(36,024)	35,654	35,654
Municipal Finance Corporation, payable in annual installments and interest of 4.98%, maturity date is 2028	<u>769,531</u>	<u>-</u>	<u>(83,517)</u>	<u>686,014</u>	<u>86,730</u>
Total-Water Fund	<u>921,480</u>	<u>-</u>	<u>(158,600)</u>	<u>762,880</u>	<u>163,596</u>
Sewer Fund					
US Bancorp, payable in annual installments of \$17,478, maturity date is August 2024	<u>63,965</u>	<u>-</u>	<u>(15,141)</u>	<u>48,824</u>	<u>15,674</u>
Total-Sewer Fund	<u>63,965</u>	<u>-</u>	<u>(15,141)</u>	<u>48,824</u>	<u>15,674</u>
Total	<u>\$ 985,445</u>	<u>\$ -</u>	<u>\$ (173,741)</u>	<u>\$ 811,704</u>	<u>\$ 179,270</u>
Governmental Activities-Fire Fund					
Municipal Finance Corporation, payable in annual installments and interest of 2.85% per annum Beginning February 1, 2013 through February 1, 2023	<u>\$ 81,241</u>	<u>\$ -</u>	<u>\$ 81,241</u>	<u>\$ -</u>	<u>\$ -</u>

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to the Financial Statements
June 30, 2022 and 2021

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

Debt Service Requirements to Maturity

The debt matures through 2028 as follows:

Fiscal Year	Fire Fund Loans		Sewer Fund Sewer Bonds		Water Fund Loans and Deferred Interest		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2023	-	-	15,694	1,784	160,062	29,241	218,025	32,199
2024	-	-	16,268	1,210	90,330	23,966	106,598	25,176
2025	-	-	16,862	616	93,944	20,353	110,806	20,969
2026-2028	-	-	-	-	418,545	42,302	418,545	42,302
Total	\$ -	\$ -	\$ 48,824	\$ 3,610	\$ 762,881	\$ 115,862	\$ 853,974	\$ 120,646

NOTE 9 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 15, 2023, the date these financial statements were available.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to the Financial Statements
June 30, 2022 and 2021

NOTE 10 – DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The assets and any related income are maintained in a third party trust and are not included in the District's financial statements.

NOTE 11 – FUND BALANCES

Fund balances of the governmental funds are composed of the following elements:

	<u>Park & Recreation</u>	<u>Fire</u>	<u>Total Governmental Funds- 2022</u>	<u>Total Governmental Funds-2021</u>
Nonspendable	\$ 943	\$ 2,198	\$ 3,141	\$ 2,661
Restricted	-	-	-	-
Assigned	80,037	617,158	697,195	675,847
Total Assigned	80,037	617,158	697,195	675,847
Committed	274,007	796,105	1,070,112	987,182
Total Committed	274,007	796,105	1,070,112	987,182
Unassigned	(669)	(771)	(1,440)	3,092
Total Fund Balances	\$ 354,318	\$ 1,414,690	\$ 1,769,008	\$ 1,668,782

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to the Financial Statements
June 30, 2022 and 2021

NOTE 12 – EXPENDITURES (BUDGET VERSUS ACTUAL)

At June 30, 2022, the following District major funds compared to budgeted amounts as follows:

Funds	<u>Expenditures and Other Uses</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Park & Recreation			
Employee Cost	\$ 8,066	\$ 6,631	\$ 1,435
General Operating Cost	81,201	74,873	6,328
Admin	64,989	62,257	2,732
Capital Outlay	604,791	154,558	450,233
Total Park and Recreation	<u>\$ 759,047</u>	<u>\$ 298,319</u>	<u>\$ 460,728</u>
Fire			
Employee Costs	\$ 854,381	\$ 853,074	\$ 1,307
General Operating Cost	299,650	268,970	30,680
Admin	116,980	112,062	4,918
Capital Outlay	515,100	126,273	388,827
Debt Services	84,586	84,586	-
Total Fire	<u>\$ 1,870,697</u>	<u>\$ 1,444,965</u>	<u>\$ 425,732</u>

NOTE 13 – RISK MANAGEMENT

The Twain Harte Community Services District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. During the year ended June 30, 2022, the District contracted with the Special District Risk Management Authority (the Authority) for workers' compensation, and property and liability insurance coverage. The relationship between the District and the Authority is such that it is not a component unit of the District for financial reporting purposes. The Authority has reporting requirements independent of members units and its financial statements are not presented in these final statements. Audited financial statements are generally available from the Authority.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2022.

Litigation

The District is not currently a party to any legal proceedings.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
June 30, 2022 and 2021

NOTE 15 - DISTRICT EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)

A. Plan Description

The District contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. Copies of CalPERS annual financial report may be obtained from their Executive Office – 400 Q Street, Sacramento, CA 95814.

A. DEFINED BENEFITS PENSION PLANS - (Safety Plan)

The District provides eligible employee's pension plans benefits through the Twain Harte Community Services District – Safety Plan.

Plan Description, Benefits Provided and Employees Covered

The plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees; Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2020 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the funding valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and contribution rate of employees. For the Safety Plan CalPERS valuation date as of June 30, 2019, the active employee contribution rate is 8.999 percent of annual pay, the average employer's contribution rate is 20.64 percent of annual payroll, and the required annual unfunded contributions is \$19,026.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
June 30, 2022 and 2021

NOTE 15 - DISTRICT EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (Continued)

A. DEFINED BENEFITS PENSION PLANS - Safety Plan (Continued)

Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2019 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. Both the June 30, 2018 total pension liability and the June 30, 2019 total pension liability were based on the following actuarial methods and assumptions.

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Delivered using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies,

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely results in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund.

The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
June 30, 2022 and 2021

NOTE 15 - DISTRICT EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (Continued)

A. DEFINED BENEFITS PENSION PLANS - Safety Plan (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10</u>	<u>Real Return Years 11 +</u>
Global Equity	50.0%	4.8%	5.98%
Global Fixed Income	28.00	1.00	2.62
Inflation Sensitive	-	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Estate	13.00	3.75	4.93
Infrastructure and Forestland	-	-	-
Liquidity	1.00	-	(0.92)

The following table shows the Plan's proportionate share of the risk pool collective net pension liability over the measurement period.

	<u>Plan Total Pension Liability</u> <u>(a)</u>	<u>Plan Fiduciary Net Position</u> <u>(b)</u>	<u>Plan Net Pension Liability/(Asset)</u> <u>(c) = (a) - (b)</u>
Balance at : 6/30/2020 (MD)	\$ 1,767,791	\$ 1,500,218	\$ 267,573
Balance at : 6/30/2021 (MD)	\$ 1,946,687	\$ 1,621,798	\$ 324,889
Net Changes during 2020-21	\$ 178,896	\$ 121,580	\$ 57,316

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
June 30, 2022 and 2021

NOTE 15 - DISTRICT EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (Continued)

A. DEFINED BENEFITS PENSION PLANS - Safety Plan (Continued)

The collective total pension liability for the June 30, 2021 measurement period was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. The collection total pension liability was based on the following assumptions:

	<u>Discount Rate - 1%</u> <u>(6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>Discount Rate + 1%</u> <u>(8.15%)</u>
Plan's Net Pension Liability/(Asset)	\$ 586,930	\$ 324,889	\$ 109,655

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

PENSION EXPENSE AND DEFERRED OUTFLOWS AND DEFERRED INFLOWS

For the fiscal year ended June 30, 2022 pension expense recognized is as follows:

	<u>2022</u>
Total Service Costs	\$ 46,317
Interest on TPL	164,367
Recognize Changes of Assumptions	(2,054)
Changes of Benefit Terms	38
Contribution	(96,704)
Net Plan to Plan Resource Movement	(27,859)
Projected Earnings on PPI	(121,142)
Recognized Difference Between Projected and Actual Plan Earnings	(59,289)
Recognized Difference Between Expected & Actual Experience	33,676
Administrative Expenses	1,725
Other Miscellaneous Income	-
Total Pension Expense Recognized	<u>\$ (60,925)</u>

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
June 30, 2022 and 2021

NOTE 15 - DISTRICT EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (Continued)

A. DEFINED BENEFITS PENSION PLANS - Safety Plan (Continued)

For the measurement period ended June 30, 2021 (the measurement date), Twain Harte Community Services District incurred a pension expense of (\$60,925) for the Plan (the pension expense for risk pool for the measurement period is \$188,401,318).

As of June 30, 2022, the Twain Harte Community Services District reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	55,507	-
Difference between Projected and Actual Earnings on Pension Plan Investments	-	193,371
Difference between Employer's Contribution and Proportionate Share of Contribution	-	17,377
Changes in Employees Proportion Pension Contributions made Subsequent to Measurement Date	193,564	-
	96,704	-
Total	\$ 345,775	\$ 210,748

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ -
2023	69,912
2024	54,733
2025	24,914
2026	(33,872)
2027	19,340
Thereafter	-

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
June 30, 2022 and 2021

NOTE 15 - DISTRICT EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (Continued)

B. DEFINED BENEFITS PENSION PLANS – Miscellaneous Plan

The District provides eligible employee’s pension plans benefits through the Twain Harte Community Services District – Miscellaneous Plan (The Plan).

Plan Description, Benefits Provided and Employees Covered

The plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees; Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2020 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the funding valuation report. This report is a publically available valuation report that can be obtained at CalPERS’ website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS’ annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and contribution rate of employees. The CalPERS Annual Valuation Report as of June 30, 2018, reported 2020-2021, required the following:

<u>Plan</u>	<u>Employer Normal Cost Rate</u>	<u>Employer Payment of Unfunded Liability</u>	<u>Employee Contribution</u>
Miscellaneous Plan	14.54%	\$ 26,645	7.800%
PEPRA Misc Plan	7.59%	\$ 69	6.750%

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
June 30, 2022 and 2021

NOTE 15 - DISTRICT EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (Continued)

B. DEFINED BENEFITS PENSION PLANS – Miscellaneous Plan

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The collective total pension liability for the June 30, 2021 measurement period was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. The collection total pension liability was based on the following assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Delivered using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies,

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely results in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
June 30, 2022 and 2021

NOTE 15 - DISTRICT EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (Continued)

B. DEFINED BENEFITS PENSION PLANS – Miscellaneous Plan (Continued)

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10</u>	<u>Real Return Years 11 +</u>
Global Equity	50.0%	4.8%	5.98%
Global Fixed Income	28.00	1.00	2.62
Inflation Sensitive	-	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Estate	13.00	3.75	4.93
Infrastructure and Forestland	-	-	-
Liquidity	1.00	-	(0.92)

The following table shows the Plan's proportionate share of the risk pool collective net pension liability over the measurement period.

	<u>Plan Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Plan Net Pension Liability/(Asset) (c) = (a) - (b)</u>
Balance at : 6/30/2020 (MD)	\$ 2,485,161	\$ 2,115,692	\$ 369,469
Balance at : 6/30/2021 (MD)	\$ 2,744,766	\$ 2,297,391	\$ 447,375
Net Changes during 2020-21	\$ 259,605	\$ 181,699	\$ 77,906

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(assets) of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
June 30, 2022 and 2021

NOTE 15 - DISTRICT EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (Continued)

B. DEFINED BENEFITS PENSION PLANS – Miscellaneous Plan (Continued)

	<u>Discount Rate - 1%</u> <u>(6.15%)</u>	<u>Current</u> <u>Discount</u> <u>Rate (7.15%)</u>	<u>Discount Rate + 1%</u> <u>(8.15%)</u>
Plan's Net Pension Liability/(Asset)	\$ 809,769	\$ 447,375	\$ 147,789

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

PENSION EXPENSE AND DEFERRED OUTFLOWS AND DEFERRED INFLOWS

For the fiscal year ended June 30, 2022 pension expense recognized is as follows:

	<u>2022</u>
Total Service Costs	\$ 105,325
Interest on TPL	317,607
Recognize Changes of Assumptions	(7,088)
Changes of Benefit Terms	231
Contributions	(127,717)
Net Plan to Plan Resource Movement	(11,860)
Projected Earnings on PPI	(247,549)
Recognized Difference Between Projected and Actual Plan Earnings	(119,561)
Recognized Difference Between Expected & Actual Experience	40,879
Administrative Expenses	3,561
Other Miscellaneous Income	-
Total Pension Expense Recognized	<u>\$ (46,172)</u>

For the measurement period ended June 30, 2021 (the measurement date), the Twain Harte Community Services District incurred a pension expense/(income) of (\$46,172) for the Plan (the pension expense for risk pool for the measurement period is \$148,495,760).

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
June 30, 2022 and 2021

NOTE 15 - DISTRICT EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (Continued)

B. DEFINED BENEFITS PENSION PLANS – Miscellaneous Plan (Continued)

As of June 30, 2022, Twain Harte Community Services District reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	50,168	-
Difference between Projected and Actual Earnings on Pension Plan Investments	-	390,535
Difference between Employer's Contribution and Proportionate Share of Contribution	18,885	5,741
Changes in Employees Proportion Pension Contributions made Subsequent to Measurement Date	251,558	-
	<u>121,717</u>	<u>-</u>
Total	<u>\$ 442,328</u>	<u>\$ 396,276</u>

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<u>Measurement Period Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ -
2023	60,876
2024	42,076
2025	2,336
2026	(83,581)
2027	24,342
Thereafter	-

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Schedules of Required Supplementary Information - Safety Plan
For the Fiscal Years,
Last 10 Years*

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date in Relation to PERF C

	2022	2021	2020	2019	2018	2017	2016
Plan's Proportion of the Net Pension Liability/(Asset)	0.00152%	0.00148%	0.00136%	0.00107%	0.00115%	0.00563%	0.00294%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 345,775	\$ 267,573	\$ 87,000	\$ 172,722	\$ 174,115	\$ 83,756	\$ 43,065
Plan's Covered-Employee Payroll	\$ 392,982	\$ 377,796	\$ 351,060	\$ 291,915	\$ 339,294	\$ 318,228	\$ 274,837
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	88.0%	70.8%	24.8%	59.2%	51.3%	26.3%	15.7%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.3%	84.9%	85.3%	87.9%	85.7%	89.3%	94.4%
Schedule of Plan Contributions							
Actuarially Determined Contribution	\$ 103,615	\$ 92,359	\$ 70,698	\$ 65,305	\$ 58,566	\$ 54,826	\$ 60,458
Contributions in Relation to the Actuarially Determined Contribution	(103,615)	(92,359)	(70,698)	(65,305)	(58,566)	(54,826)	(60,458)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 377,022	\$ 392,982	\$ 377,796	\$ 351,060	\$ 291,915	\$ 339,294	\$ 318,228
Contributions as a Percentage of Covered-Employee Payroll	27.48%	23.50%	18.71%	18.60%	20.06%	16.16%	19.00%

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2020 as they have minimal cost impact.

Change in Assumptions: None

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TWAIN HARTÉ COMMUNITY SERVICES DISTRICT
Schedules of Required Supplementary Information
Miscellaneous Plan and PEPRAs Miscellaneous
For the Fiscal Years,
Last 10 Years*

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date in Relation to PERF C

	2022	2021	2020	2019	2018	2017	2016
Plan's Proportion of the Net Pension Liability/(Asset)	0.00245%	0.00251%	0.00235%	0.00189%	0.00161%	0.00911%	0.00339%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 442,329	\$ 369,469	\$ 296,000	\$ 248,443	\$ 258,041	\$ 140,775	\$ 111,247
Plan's Covered-Employee Payroll	\$ 688,435	\$ 608,372	\$ 646,007	\$ 630,659	\$ 644,354	\$ 626,570	\$ 586,493
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	64.25%	60.73%	45.82%	39.39%	40.05%	22.47%	21.84%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.70%	85.13%	84.60%	86.39%	83.70%	89.27%	89.66%
Schedule of Plan Contributions							
Actuarially Determined Contribution	\$ 100,313	\$ 123,252	\$ 84,878	\$ 89,837	\$ 82,407	\$ 75,332	\$ 79,387
Contributions in Relation to the Actuarially Determined Contribution	(100,313)	(123,252)	(84,878)	(89,837)	(82,407)	(75,332)	(79,387)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 711,948	\$ 688,435	\$ 608,372	\$ 646,007	\$ 630,659	\$ 644,354	\$ 626,570
Contributions as a Percentage of Covered-Employee Payroll	14.09%	17.90%	13.95%	13.91%	13.07%	11.69%	12.67%

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2020 as they have minimal cost impact.

Change in Assumptions: None

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Park and Recreation
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Final to Actual</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Program Revenues:				
Taxes and Assessments	\$ 139,366	\$ 141,017	\$ 142,247	\$ 1,230
Charges for Services	3,500	5,000	4,522	(478)
Grants & Donations	384,000	570,301	171,573	(398,728)
Revenue from Use of Money	4,700	4,100	3,153	(947)
Other Revenues	100	2,500	-	(2,500)
	<u>531,666</u>	<u>722,918</u>	<u>321,495</u>	<u>(401,423)</u>
Total Revenues				
	<u>531,666</u>	<u>722,918</u>	<u>321,495</u>	<u>(401,423)</u>
EXPENDITURES				
Operating Expenditures:				
Salaries and Benefits	7,893	8,066	6,631	1,435
Materials, Supplies and Services	73,350	81,201	74,873	6,328
Administrative	64,752	64,989	62,257	2,732
Capital Outlay	368,000	604,791	154,558	450,233
	<u>513,995</u>	<u>759,047</u>	<u>298,319</u>	<u>460,728</u>
Total Expenditures				
	<u>513,995</u>	<u>759,047</u>	<u>298,319</u>	<u>460,728</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>17,671</u>	<u>(36,129)</u>	<u>23,176</u>	<u>59,305</u>
Other Financing Sources (Uses):				
Proceeds from the sale of assets	-	-	3,123	3,123
	<u>-</u>	<u>-</u>	<u>3,123</u>	<u>3,123</u>
Net Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3,123</u>	<u>3,123</u>
NET CHANGE IN FUND BALANCES	17,671	(36,129)	26,299	62,428
Fund Balance – Beginning	-	-	328,019	-
	<u>-</u>	<u>-</u>	<u>328,019</u>	<u>-</u>
Fund Balance – Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 354,318</u>	<u>\$ -</u>

The notes are integral part of these statements.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Park and Recreation
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances- Final to Actual</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Program Revenues:				
Taxes and Assessments	\$ 134,556	\$ 134,556	\$ 142,247	\$ 7,691
Charges for Services	1,000	11,180	15,378	4,198
Grants & Donations	28,000	120,390	107,094	(13,296)
Revenue from Use of Money	-	-	2,357	2,357
Other Revenues	2,350	2,350	-	(2,350)
Total Revenues	<u>165,906</u>	<u>268,476</u>	<u>267,076</u>	<u>(1,400)</u>
EXPENDITURES				
Operating Expenditures:				
Salaries and Benefits	15,430	9,345	12,574	(3,229)
General Operating Costs	65,670	82,625	65,754	16,871
Administrative	59,962	59,836	56,575	3,261
Capital Outlay	70,400	170,240	126,436	43,804
Total Expenditures	<u>211,462</u>	<u>322,046</u>	<u>261,339</u>	<u>60,707</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(45,556)</u>	<u>(53,570)</u>	<u>5,737</u>	<u>59,307</u>
Other Financing Sources (Uses):				
Proceeds from the sale of assets	-	-	-	-
Net Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(45,556)	(53,570)	5,737	59,307
Fund Balance – Beginning	-	-	328,019	-
Fund Balance – Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 333,756</u>	<u>\$ -</u>

The notes are integral part of these statements.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Fire Protection Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances-</u>
	<u>Original</u>	<u>Final</u>		<u>Final</u> <u>to Actual</u>
REVENUES				
Program Revenues:				
Taxes and Assessments	\$ 1,190,422	\$ 1,220,450	\$ 1,224,745	\$ 4,295
Grants & Donations	235,000	321,339	80,657	(240,682)
Revenue from Use of Money	-	-	6,517	6,517
Other Revenues	35,780	215,490	201,352	(14,138)
Total Revenues	<u>1,461,202</u>	<u>1,757,279</u>	<u>1,513,271</u>	<u>(244,008)</u>
EXPENDITURES				
Operating Expenditures:				
Salaries and Benefits	770,362	854,381	853,074	1,307
Materials, Supplies and Services	234,200	299,650	268,970	30,680
Capital Outlay	492,500	515,100	126,273	388,827
Administrative	116,553	116,980	112,062	4,918
Debt Service	84,586	84,586	84,586	-
Total Expenditures	<u>1,698,201</u>	<u>1,870,697</u>	<u>1,444,965</u>	<u>425,732</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(236,999)</u>	<u>(113,418)</u>	<u>68,306</u>	<u>181,724</u>
Other Financing Sources (Uses):				
Sale of assets	-	-	5,621	-
Transfers Out	-	-	-	-
Net Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>5,621</u>	<u>5,621</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>73,927</u>	<u>-</u>
Fund Balance – Beginning	<u>-</u>	<u>-</u>	<u>1,340,763</u>	<u>-</u>
Fund Balance – Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,414,690</u>	<u>\$ -</u>

The notes are an integral part of these statements.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Fire Protection Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances-</u>
	<u>Original</u>	<u>Final</u>		<u>Final</u> <u>to Actual</u>
REVENUES				
Program Revenues:				
Taxes and Assessments	\$ 1,135,367	\$ 1,135,367	\$ 1,167,004	\$ 31,637
Grants & Donations	7,700	50,545	46,237	(4,308)
Revenue from Use of Money	-	-	6,752	6,752
Other Revenues	16,680	104,554	211,440	106,886
Total Revenues	<u>1,159,747</u>	<u>1,290,466</u>	<u>1,431,433</u>	<u>140,967</u>
EXPENDITURES				
Operating Expenditures:				
Salaries and Benefits	755,988	758,770	812,696	(53,926)
Materials, Supplies and Services	210,100	231,550	223,637	7,913
Capital Outlay	311,680	219,230	114,502	104,728
Administrative	107,931	107,705	101,835	5,870
Debt Service	42,365	42,365	42,365	-
Total Expenditures	<u>1,428,064</u>	<u>1,359,620</u>	<u>1,295,035</u>	<u>64,585</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(268,317)</u>	<u>(69,154)</u>	<u>136,398</u>	<u>76,382</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Net Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>5,621</u>	<u>5,621</u>
NET CHANGE IN FUND BALANCES	<u>(268,317)</u>	<u>(69,154)</u>	<u>142,019</u>	<u>-</u>
Fund Balance – Beginning	-	-	1,227,341	-
Prior Period Adjustment	-	-	(22,976)	-
Fund Balance – Ending	<u>\$ (268,317)</u>	<u>\$ (69,154)</u>	<u>\$ 1,346,384</u>	<u>\$ -</u>

The notes are an integral part of these statements.

TWAIN HARTE COMMUNITY SERVICES DISTRICT
Notes to Required Supplementary Information
June 30, 2022 and 2021

BUDGETARY BASIS OF ACCOUNTING

The District operates under the general laws of the State of California and annually adopts a budget to be effective July 1 of the ensuing fiscal year. Formal budgetary integration is employed as a management control device during the year for all governmental fund types. Unused appropriations for the budgeted funds lapse at the end of the fiscal year. Budgets are adopted on a modified accrual basis. Expenditures in excess of budgeted amounts are approved individually by the Board.