

Pursuant to Government Code Section 54953(e), members of the Finance Standing Committee or staff will participate in this meeting via a teleconference. Members of the public can submit written comments to the Board Secretary at boardcomment@cambriacsd.org.



FINANCE COMMITTEE

REGULAR MEETING
Tuesday, February 28, 2023 - 10:00 AM

AGENDA

Please click the link below to join the webinar:

<https://us06web.zoom.us/j/89735431541?pwd=bi9vc2Jac0J3Y2o2TjN4SDNsRko1Zz09>

Passcode: 959586

Or One tap mobile:

US: +16699006833,,89735431541# or +16694449171,,89735431541#

Or Telephone:

Dial (for higher quality, dial a number based on your current location):

US: +1 669 900 6833 or +1 669 444 9171 or +1 719 359 4580 or +1 253 205 0468 or +1 253 215 8782 or +1 346 248 7799 or +1 312 626 6799 or +1 360 209 5623 or +1 386 347 5053 or +1 507 473 4847 or +1 564 217 2000 or +1 646 931 3860 or +1 689 278 1000 or +1 929 205 6099 or +1 301 715 8592 or +1 305 224 1968 or +1 309 205 3325

Webinar ID: 897 3543 1541

International numbers available: <https://us06web.zoom.us/j/89735431541>

Copies of the staff reports or other documentation relating to each item of business referred to on the agenda are on file in the Office of the Board Secretary, available for public inspection during District business hours. The agenda and agenda packets are also available on the CCSD website at www.cambriacsd.org. Please call 805-927-6223 if you need any assistance. If requested, the agenda and supporting documents shall be made available in alternative formats to persons with a disability. The Committee Chairperson will answer any questions regarding the agenda.

- A. CALL TO ORDER
- B. ESTABLISH QUORUM
- C. ELECTION OF OFFICERS
- D. CHAIRMAN'S REPORT
- E. COMMITTEE MEMBER COMMUNICATIONS

Any Committee Member may make an announcement, report briefly on his or her activities, or ask a question for clarification.

1. PUBLIC COMMENT

Members of the public may now address the Committee on any item of interest within the jurisdiction of the Committee but not on its agenda today. Future agenda items can be suggested at this time. In compliance with the Brown Act, the Committee cannot discuss or act on items not on the agenda. Each speaker has up to three minutes.

2. CONSENT AGENDA

- A. Consideration to Approve January 24, 2023 Regular Meeting Minutes

3. REGULAR BUSINESS

- A. Discussion and Consideration of 2023 Finance Committee Meeting Dates
- B. Discussion and Consideration of Grant Opportunity for Cambria Skate Park
- C. Discussion and Appointment of Ad Hoc Subcommittee Regarding "Review of Budget Policy" Action Assigned to Finance Committee in Update of District Strategic Plan
- D. Discussion of Process for Monitoring and Reporting Expenditures and Performance During Construction of PG&E/IGA Projects
- E. Discuss and Review Fiscal Year 21/22 Audit and Financial Statements

4. FUTURE AGENDA ITEMS

5. ADJOURN

FINANCE COMMITTEE**REGULAR MEETING**

Tuesday, January 24, 2023 - 10:00 AM

MINUTES**A. CALL TO ORDER**

Chairperson Gray called the meeting to order at 10:02 p.m.

B. ESTABLISH QUORUM

A quorum was established.

Committee members present via Zoom: Tom Gray, Marvin Corne, Mary Maher, Karen Chrisman, Cheryl McDowell, and Ted Siegler

Staff present via Zoom: Pamela Duffield, Administrative Department Manager and Denise Fritz, Finance Manager.

C. ELECTION OF OFFICERS – Continued to next month**D. CHAIRMAN'S REPORT**

Chairperson Gray stated that this is the last meeting with the previous committee members. Committee member Siegler served 5 years, Committee members Corne and Maher each served 4 years. There is one opening not filled. If anyone knows someone interested, please inform Tom.

E. COMMITTEE MEMBER COMMUNICATIONS

Committee member Siegler commented that due to Brown act changes, effective February 28th public meetings need to take place in person. Hybrid meeting can be accommodated. CCSD may want to assure equipment is available to conduct hybrid meetings.

1. PUBLIC COMMENT

Public Comment: Committee member Maher read Linda Prentiss's written comment.

2. CONSENT AGENDA**A. Consideration to Approve November 30, 2022, Special Meeting Minutes**

Committee member Corne moved to approve the minutes.

Committee member Maher seconded the motion.

The motion was approved 5-Ayes, 0-Nays, 0-Absent

3. REGULAR BUSINESS

A. Review of the Second Quarter Budget Report, Budget Adjustment and Staff Recommendation

Ms. Fritz presented the Second Quarter Budget Report, the Budget Adjustment and Staff Recommendations.

There was discussion about duplicate line items. The only fix is manual this year. The software glitch will be fixed by next year. A note will be added to the report explaining the problem.

The East Restroom and Skatepark on page 26 are carryforward items, not budget adjustments. The original budget is completed, and then last year's carryforward items are added as a budget adjustment. Ms. Duffield said this has been the process for several years.

There was discussion of the new financing in place for ECM projects not being reflected in report. The projects are going before the board at the next month's meeting. The items will be added after Board approval.

The committee discussed the presentation of the report and stated some recommended improvements. The current report is a canned report from Tyler. This will be discussed at future meetings and perhaps a subcommittee will be setup to provide recommendations to the finance committee.

Committee member Maher moved to recommend approval to the board of the Second Quarter Budget Report, Budget Adjustment and Staff Recommendations.

Committee member Siegler seconded the motion.

The motion was approved 4-Ayes (Maher, Chrisman, McDowell, Siegler), 1-Nay (Corne), 0-Absent

Public comment: None

B. Discussion and Consideration of 2023 Finance Committee Meeting Dates

This item is continued to the next meeting.

4. FUTURE AGENDA ITEMS

Public Comment:

David Pierson proposes discussion on hiring next auditor

Proposed items from Committee and/or Staff:

Review format of budget reports

Update on the audit

5. ADJOURN

Chairperson Gray adjourned the meeting at 10:46 p.m.

DRAFT

Proposed 2023 Meeting Schedule for Finance Committee

Regular meetings on fourth Tuesday of each month at 10 a.m., except as noted(*):

Jan. 24

Feb. 28

March 28

April 25

May 23

June 20*

July 18*

Aug. 29*

Sept. 26

Oct. 24

Dec. 5*

Notes:

Regular meetings are subject to cancellation.

Special meetings may be held on other dates, subject to 24-hour notice.

November and December business to be conducted in single meeting on Dec. 5.



CAMBRIA COMMUNITY SERVICES DISTRICT
 PO Box 65 • Cambria CA 93428 • Telephone: (805) 927-6223 • Fax: (805) 927-5584

Parks Recreation and Open Space Commission
 Facilities and Resources Manager: Carlos Mendoza

Land and Water Conservation Fund (LWCF) Grant

The California Department of Parks and Recreation’s Office of Grants and Local Services (OGALS) has announced the next cycle of Land and Water Conservation Fund Grants. There are currently \$30 million available for projects. The maximum grant amount per application is \$6 million.

The CCSD is eligible to apply since we have the authority to acquire, operate and maintain public parks and recreation areas. The creation or improvement of an existing outdoor park is eligible along with its recreation features (restroom, parking lot etc.). Skate Parks have been identified as an eligible project.

The grant requires a 50/50 match. The LWCF grant is a reimbursement only program. The funds for the total project cost must be committed at the time when the application is submitted. Deadline for submitting application is June 1, 2023. Because of the fundraising work from Skate Cambria the matching funds have been acquired.

Project Cost and 50/50 Match Breakdown		
Updated engineering cost <u>\$1,020,461</u>		
50% Match	Skate Cambria	\$535,000 (includes \$178,000 contribution from CCSD)
50% Grant Reimbursement	CCSD	\$485,461

Below is a timeline of the major milestones of the grant. Juli Amodei from Skate Cambria and Facilities and Resources Manager attended the ½ day application webinar to learn the details of the grant. After discussing the grant opportunity with the Acting General Manager Ray Dienzo and the CCSD Board appointed Skate Park Ad hoc Committee, there was consensus that the grant should be considered by the PROS Commission, Finance Committee and the CSD Board.

Land and Water Conservation Fund (LWCF) Competitive Program Timeline

Date	Milestone/Task
January/February 2023	Application Webinars <i>Technical assistance by the Competitive Program Team</i>
June 1, 2023 Before 5:00pm	Application Deadline
Summer 2023	Application review
Winter 2023	Department announces recommended projects
Early 2024	<p style="text-align: center;">Post-Selection Requirements Workshop</p> <ul style="list-style-type: none"> • Section 106 • Application & Revision (A&R) Form (including NEPA analysis) • LWCF Boundary Map • UASFLA appraisal with independent review (for acquisition projects)
2024	Applicants Complete Post-Selection Requirements (average 6-12 months)
2024 – 2025	<p style="text-align: center;">State forwards applications to National Park Service as post-selection requirements are complete, first come-first serve basis</p> <ul style="list-style-type: none"> • FFY 24 – funding certificate rec'd mid-2024; OGALS can enter projects in federal database for funding approval • FFY 25 funding – funding certificate rec'd mid-2025; OGALS can enter projects in federal database for funding approval
Late 2024 through Late 2025	Approximate Start Date
Grant Performance Period	<p style="text-align: center;">Date of NPS Approval - up to 3 years to complete project.</p> <p><i>Pre-award project planning costs (design, planning, Section 106, CEQA, etc.) can be incurred up to three years before the NPS approval date.</i></p>

Please contact your [Competitive Review Project Officer](#) with additional questions.

Attachments:

Engineering cost estimate as of 11/2/2022

Skate Park Conceptual Plan



CIVIL DESIGN STUDIO
 CIVIL ENGINEERING | PLANNING | PERMITTING
 P.O. Box 199
 Cambria, CA 93428
 805.706.0401

Date:
 Job Number:
 Job Name:

11/2/2022
 21-016
 Cambria Skate Park - Preliminary

PRELIMINARY Engineers Estimate

CAT.	ITEM	QUANT	UNIT	\$/UNIT	% REMAIN.	\$	DESCRIPTION
GENERAL PROJECT COSTS							
	MOBILIZATION / OVERHEAD	1	LS	15000.00	100	\$15,000	
	TRAFFIC CONTROL	1	LS	5000.00	100	\$5,000	
	SURVEYING	1	LS	8000.00	100	\$8,000	
	SPECIAL INSPECTION (WALL/SOILS)	1	LS	8000.00	100	\$8,000	
	ENGINEERING	1	LS	7000.00	100	\$7,000	
	OTHER						
GENERAL PROJECT COSTS						SUBTOTAL:	\$43,000

DEMO & EARTHWORK							
	CLEARING & GRUBBING	0.3	AC	7490.00	100	\$2,247	LIGHT DENSITY
	DEMO CONCRETE	550	SY	10.00	100	\$5,500	
	OVEREXCAVATION AND GRADING	1	LS	25000.00	100	\$25,000	
	OTHER						
DEMO & EARTHWORK						SUBTOTAL:	\$32,747

OFFSITE IMPROVEMENTS							
	SAWCUT	460	LF	5.00	100	\$2,300	
	PAVEMENT REMOVAL AND DISPOSAL	2,000	SF	2.00	100	\$4,000	
	CURB AND GUTTER - 18"	290	LF	60.50	100	\$17,545	
	COMMERCIAL DRIVEWAY	230	SF	26.40	100	\$6,072	
	SIDEWALK	660	SF	16.50	100	\$10,890	
	ASPHALT PAVING	96	TN	250.00	100	\$24,000	
	AGGREGATE BASE	123	CY	150.00	100	\$18,450	
	SUBGRADE OVEREXCAVATION	173	CY	50.00	100	\$8,650	
	RELOCATE STREET LIGHT	1	EA	8500.00	100	\$8,500	
	4" SEWER LATERAL	1	EA	4420.00	100	\$4,420	
	1" WATER SERVICE LATERAL	1	EA	3000.00	100	\$3,000	
	STORM DRAIN INLET	1	EA	10000.00	100	\$10,000	
	PREVAILING WAGE RATES	1	EST	30000.00	100	\$30,000	
OFFSITE IMPROVEMENTS						SUBTOTAL:	\$147,827

PRELIMINARY Engineers Estimate

CAT.	ITEM	QUANT	UNIT	\$/UNIT	% REMAIN.	\$	DESCRIPTION
ONSITE IMPROVEMENTS							
	PREMANUFACTURED BATHROOM	1	EA	150000.00	100	\$150,000	MANUFACTURER ESTIMATES \$130-150K
	CLASS 2 AGGREGATE BASE	160	CY	150.00	100	\$24,000	INCLUDES SKATE PARK AREA PREPARATION
	A.C. PAVING	34	TN	250.00	100	\$8,500	PARKING LOT
	CONCRETE PAVING	325	SF	16.50	100	\$5,363	ACCESSIBLE PARKING SPACE
	CURB AND GUTTER - 18"	18	LF	60.50	100	\$1,089	
	CURB - 6"	144	LF	45.00	100	\$6,480	
	CONCRETE V GUTTER	24	LF	85.00	100	\$2,040	
	ROCK LINED SWALE	220	LF	60.00	100	\$13,200	
	ACCESSIBILITY FEATURES	1	EA	2500.00	100	\$2,500	
	RETAINING WALL - 4 FT MAX	60	LF	500.00	100	\$30,000	
	SKATE PARK ALLOWANCE	1	EA	350000.00	100	\$350,000	
	OTHER						
						\$593,172	

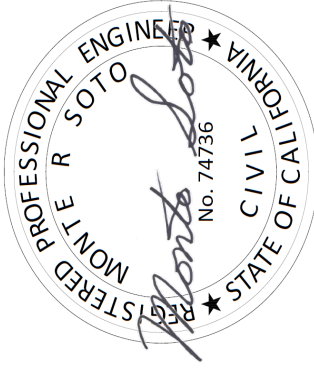
ONSITE IMPROVEMENTS SUBTOTAL: \$593,172							
WATER							
	1" WATER PIPE SCHEDULE 80	43	LF	40.00	100	\$1,720	
	OTHER						
						\$1,720	

STORM DRAIN							
	STORM DRAIN INLET 18"	1	EA	750.00	100	\$750	
	STORM DRAIN INLET 12"	1	EA	500.00	100	\$500	
	STORM DRAIN PIPE						
	8" SDR 35 PVC	140	EA	80.00	100	\$11,200	
	6" SDR 35 PVC	18	LF	60.00	100	\$1,080	
	OTHER						
						\$13,550	

PRELIMINARY Engineers Estimate

CAT.	ITEM	QUANT	UNIT	\$/UNIT	% REMAIN.	\$	DESCRIPTION
SEWER							
	SEWER CLEANOUT	1	EA	250.00	100	\$250	
	SEWER LINE						
	4" PVC - SDR 35	43	LF	73.00	100	\$3,139	
	OTHER						
SEWER SUBTOTAL:						\$3,389	

MISCELLANEOUS:							
	EROSION CONTROL MEASURES	1	LS	15000.00	100	\$15,000	
	OTHER						
MISCELLANEOUS: SUBTOTAL:						\$15,000	
SUBTOTAL:						850,385	
CONTINGENCIES & INFLATION %:						20	
ENGINEERING ADMINISTRATION %:						170,077	
TOTAL:						1,020,461	



NOTES:

- 1 This estimate has been prepared for public works bonding purposes only. The contractor / owner is responsible for providing independent cost and quantities.
- 2 The unit prices in this estimate are derived using the 2020 BNI Public Works Cost Book.
- 3 In the event that additional items are encountered during the bidding process, contact the engineer for clarification.



MEMORANDUM OF UNDERSTANDING
SKATEPARK FUNDING

This Memorandum of Understanding (“MOU”) is made this 28th day of March, 2022 by and between the Cambria Community Services District (the “District”), a California special district, and the Cambria Community Council (the “Council”), a nonprofit 501(c)3 organization, collectively referred to herein as the “Parties.”

WITNESSETH:

WHEREAS, the District has a public works project underway to design and develop a new skatepark for the community (the “Skatepark,” “Skatepark Project” or “Project”) and contracted with the firm Spohn Ranch to create a conceptual design for the Skatepark; and

WHEREAS, a local community group, Skate Cambria, has been formed with the mission of raising the funds necessary to build the new Skatepark as a modern concrete facility that will last for generations of skaters to come; and

WHEREAS, based upon Spohn Ranch’s conceptual design, the estimated cost for the Skatepark Project is currently \$661,000. On December 9, 2021 the District Board of Directors reaffirmed its commitment to the Skatepark Project and voted to allocate \$178,000 in funding. Skate Cambria has committed to raising the additional funding needed, so that the Skatepark Project can move forward and be constructed; and

WHEREAS, since Skate Cambria is an unincorporated association, the Cambria Community Council, which is a 501(c)(3) non-profit organization, is acting as the entity managing the donations for the Skatepark Project; and

WHEREAS, based upon the Council’s relationship with Skate Cambria, and with Skate Cambria’s concurrence, the District and the Council desire to enter into this Memorandum of Understanding to set forth the manner in which the funds raised for the Skatepark

Project will be disbursed by the Council to the District as the various phases, which include design, permitting, bidding and construction, and operation and maintenance, are undertaken.

NOW THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **UNDERSTANDING OF SKATE CAMBRIA AND THE PARTIES REGARDING FUNDING, OWNERSHIP AND OPERATION**. The parties hereby expressly acknowledge the following underlying facts and understandings regarding the Skatepark Project:

a. Skate Cambria, by and through its representatives, has indicated that while it has a commitment to raise the funds necessary for the design, permitting, construction, and operation and maintenance of the Skatepark, it is not otherwise going to become a formal legal entity. Its only role is fundraising and providing observations and input to the District for the Skatepark Project. Otherwise, it has acknowledged that the Skatepark Project will be constructed by the District on District property, and the District has the ultimate authority regarding its design, construction, operation, and maintenance.

b. Other than the \$178,000 that has been committed to the Skatepark Project by the District, and the funds raised by Skate Cambria, as administered by the Council, there are no other funding sources currently available for the Skatepark Project.

c. The representatives of Skate Cambria have agreed that the costs of the design and permitting phases of the Skatepark Project shall be shared equally between the funds committed by the District and the funds raised by Skate Cambria. Skate Cambria also understands that the bidding and construction phase of the Skatepark Project is contingent upon, and will not commence until, all of the funds necessary to construct the Project have been raised and have been deposited with the Council. This shall include funds sufficient to create a reserve fund for operation, maintenance and repair of the Skatepark, in an amount determined by the District's Board of Directors, as recommended by District staff. The reserve funds may be held by the District or the Council, allowing for agreements to meet the needs of the determined reserves.

2. DISBURSEMENT OF FUNDS TO DISTRICT: DESIGN, PERMITTING AND CONSTRUCTION PHASES.

Design Phase: the District will seek proposals for the preparation of construction documents for the Project, which include costs related to structural and civil engineering. The estimated cost by Spohn Ranch for this phase is approximately \$51,000; however, the actual cost may be different once proposals have been solicited and received. Once actual costs have been determined, the Council shall transfer and deposit 50% of the cost with the District.

Permitting Phase: The Skatepark Project will require discretionary permitting approval by San Luis Obispo County ("County"), which will require additional studies and site evaluation, as well as environmental review. Although Spohn Ranch's estimate for permitting and inspections is \$15,000, it is unknown how much additional costs will be incurred for additional studies, site evaluations and environmental review. Initially, the Council will transfer and deposit 50% of the permit fee costs, as determined by the County, with the District. Upon any determination that additional studies or site evaluations are required, the District shall notify the Council of the cost for such studies or site evaluations and Council shall thereupon transfer and deposit 50% of the costs with the District.

Bidding and Construction Phase: As set forth in Section 1 above, the bidding and construction phase of the Skatepark Project is contingent upon, and will not commence until, all of the funds necessary to construct the Project have been raised and have been deposited with the District. Once the required permits have been secured from the County, the District will follow public project bidding requirements as required by law. Prior to the District seeking bids, the Council shall transfer and deposit the full amount of the engineer's final cost estimate to construct the Skatepark Project, including necessary construction reserves, with the District. After bids have been received and a low bidder determined, as provided by law, the District shall inform the Council of the actual construction cost and if the bids are higher than the amount of the engineer's estimate, any additional amounts necessary to award the construction contract and proceed with the Project shall be deposited by the Council with the District. If, during the course of

construction, changes are required that increase the cost of construction of the Project, the District will notify the Council of the additional funds necessary, and the Council will transfer and deposit the additional funds with the District.

In addition, as set forth in Section 1, prior to putting the Project out to bid, there shall be funds sufficient to create a reserve fund for operation, maintenance and repair of the Skatepark, in an amount to be determined by the District's Board of Directors. These funds may be held by the District or the Council, allowing for agreements to meet the needs of the determined reserves.

As set forth in Section 1.b. above, the District's total commitment to the Project is \$178,000. In addition, the District will provide in-kind services needed to bring the project to completion, including the services of the District Engineer and the District Counsel. Therefore, if any additional costs are incurred to fund any phases of the Project, payment for such costs will be provided by the Council from the funds raised by Skate Cambria.

At the end of each of the above phases of the Project, the District will provide to the Council an accounting of all monies spent to-date and a determination of the estimated funding needed to complete the next phase.

3. **AMENDMENT.** This MOU may be amended by the mutual consent of the Parties if such amendment is in written form and executed by the Council and by the District.

4. **ENTIRE MOU.** This MOU supersedes any and all other agreements, either oral or in writing, between and of the parties herein with respect to the subject matter hereof and contains all the agreements between the Parties with respect to such matter. Each party acknowledges that no representations, inducements, promises or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement or promise not contained in this MOU shall be valid or binding.

IN WITNESS WHEREOF, the Parties hereto have caused this MOU to be executed the day and year first above written.

CAMBRIA COMMUNITY SERVICES

DocuSigned by:
By: Donn Howell
AFC778C33C7A20F...
Donn Howell, President of the Board of Directors

CAMBRIA COMMUNITY COUNCIL

DocuSigned by:
By: Dick Clark
5C3A4C4ABBE840B...
Dick Clark, President of the Board of Directors

ATTEST:

DocuSigned by:
Ossana Terterian
DC3E1DDDC7A84D1...
Ossana Terterian, Board Secretary

Approved As To Form:

DocuSigned by:
Timothy J. Carmel
B64D40A50AA141E...
Timothy J. Carmel, District Counsel



CAMBRIA COMMUNITY SERVICES DISTRICT BUDGET POLICY

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I. PURPOSE

It is the policy of the Cambria Community Services District that an annual Budget will be prepared, presented to the Board of Directors for approval and used as the guide for District spending decisions each year.

The annual budget serves multiple purposes:

- Translate District plans into financial estimates of the impact of those plans.
- Provide a template for resource allocation.
- Establish spending controls consistent with District needs and Board objectives.
- Provide a basis for evaluation of actual spending during the year.
- Provide a guidepost for expectations and a basis for determining when actual events are inconsistent with those expectations.

With its approval, the Board of Directors authorizes General Manger to plan for and take actions that are consistent with the Budget, within the limits of other Board policies. Prior to taking action that is inconsistent with either the Budget of other policies, the General Manager will raise the issue for discussion and approval at a public meeting.

II. PROCEDURES

A. Plans, Goals, Resources

A budget is a financial manifestation of plans and goals. In order to be meaningful, the Annual Budget must include a discussion of District goals and objectives, plans to accomplish those objectives (in the case of multi-year objectives the Annual Budget will address what will be accomplished in the relevant year), available resources and discussion of trade-offs between competing objectives and available resources.

Plans and objectives must be consistent with overall Board policy and direction. They should be developed in such a way that they are measurable. During the year and following each year, the General Manager will report on achievements and gaps between what was achieved and initial plans and objectives. These reports will include the financial implications of these achievements and gaps and plans for remediation if necessary. Interim reports will be presented on at least a quarterly basis.

B. Calendaring

The Annual Budget must be prepared and presented to the Board in a timely fashion. Except under exceptional circumstances, requiring approval by the Board, the Budget must be approved prior to the beginning of each fiscal year. The typical schedule will include the following:

- Preliminary budget submitted for review by the Standing Finance Committee at the May meeting.
- Revised preliminary budget, incorporating input from the Standing Finance Committee where appropriate, shall be submitted to the Board at its regular June meeting, in order to meet the required statutory deadline of adoption by June 30th.
- Final budget submitted for review by the Standing Finance Committee at the July meeting.
- Final Budget, incorporating input from the Finance Standing Committee and/or Board, submitted for approval at the regular August Board meeting in order to meet the required statutory deadline of August 31st
- Special meeting(s) of the Standing Finance Committee and/or the Board may be necessary to resolve difficult issues prior to adopting the Preliminary or Final Budgets.

C. Mid-year Budget Update

If there is an event or events that materially impacts the assumptions in the Annual Budget, the General Manager will propose and present a midyear update for approval. Any midyear update will be prepared on a schedule that leads to approval as soon as practical after the regular December Board meeting, but no later than the regular February Board meeting. Changes should be limited to the impacts of the triggering event on plans, objectives and financial performance.

The General Manager also has the option of proposing and presenting a quarterly budget update for approval. Any quarterly update will be prepared on a scheduled that includes a review by the Standing Finance Committee, in advance of the regular board meetings in November, February and May.

D. Organization Chart and Position Allocation Listing

Budget documents will include both an organization chart and a position allocation listing which is a count of full-time equivalent employees. The full-time equivalent of employees will display the number of employees at the end of the current budget year as well as the planned headcount at the end of the proposed budget year.

Full-time equivalent will only include the employee count. Contractors, Consultants and Temporary employees or agencies will be represented in the organization chart and table to give a clear picture of the number of staffing required to fulfill the need to the District. Vacant positions will also be identified.

Potential open positions that will not be filled due to budget constraints should also be noted. New positions require justification and the General Manager is encouraged to provide a discussion about the relative merits for creating and filling positions.

E. CIP & Other Capital Assets

Capital spending plans are by their nature multi-year. Each year, prior to budget preparation, the General Manager should evaluate the needs to acquire or replace infrastructure, facilities, equipment and other capital items for a reasonable time period (five years or more). These plans should prioritize the acquisitions and identify funds available to achieve the plans. All plans should include discussion of the impact of acquiring assets and/or failing to acquire them due to resource limitations.

The General Manager shall work with the Standing Resource & Infrastructure Committee in establishing, changing and maintaining the Capital Improvement Plan for the District. The Capital Improvement Plan shall be adopted along with the Preliminary and Final Budgets and be amended as needed during the mid-year or quarterly budget updates.

F. Overhead Allocation

Overhead allocation is a tool to match the costs of administrative functions to the operating activities of the CSD. Administrative functions will be charged to a department or departments that are accounted for in the General Fund. Allocation to the Enterprise Funds, (Water, including the WRF, Wastewater) are necessary to assure that rates will be set to properly reimburse the General Fund for expenses necessary to the delivery of services.

Overhead allocation will take into account four criteria:

- Recovery based on equal distribution to all departments.
- Recovery based on relative size of department. The term “relative size” is a subjective determination based on estimates of each department’s use of resources and impact on the District’s overall mission.
- Recovery based on full-time equivalent employees.
- Recovery based on percent of administrative labor applied to departments as determined by interviewing administrative personnel.

On a yearly basis, each type of administrative spending will be reviewed to determine the best method, of the four above, to allocate that expense to the operating departments.

As part of the budget process, the charges to each operating department will be the percentage of total overhead budget derived from aggregating the recoveries applied to each spending line item. The percentage of overhead spending allocated to each operating department will be set at the beginning of the year and will not be changed unless there is a material change in actual or anticipated overhead spending, or a change in the nature of one or more operating departments that would cause a material change in the recovery methodologies.

G. Income Allocation – Property Tax and Other

Property taxes are the primary source of funds for the General Fund departments. Since administrative overhead is fully allocated, no property tax receipts will be allocated to the administrative department(s). Currently, the departments receiving allocations of property tax are the Fire Department, the Facilities and Resources Department and the Parks, Recreation and Open Space department.

Allocation of property taxes is arbitrary. Ultimately, the allocation is the proper responsibility of the CSD Board of Directors. The methodology is iterative. The General Manager should budget expenses for each of the General Fund departments with an understanding of the likely level of property tax receipts. Once expenses are projected, the General Manager will make a recommendation to the Board about the appropriate allocation of property tax receipts. The recommendation should include discussion about the choices made in the spending projections and potential competition between departments for limited funds. The Board will determine the extent to which it agrees with the General Manager's priorities and allocate anticipated property taxes appropriately. If necessary, the Budget will be revised to take into account the Board's allocation decision.

Minor sources of income, such as fees and grants, are generally specified to certain funds. When the purpose is unspecified, the Board will allocate funds based on recommendations by the General Manager.

H. Structure

Working with the General Manager, the Board should set operating and financial objectives. This process is discussed above. From a structural standpoint, the budget's financial documents must reflect the financial impact of these objectives. More specifically, budget documents must contain at least the following information:

- Beginning Fund Balance
- Receipts of funds
- Loan Proceeds (external and interfund)
- Expenses
- Capital expenditures
- Loan Repayments (external and interfund) • Allocation to reserves for:
 - Emergency
 - Replacement
 - Unfunded liabilities such as employee benefits
 - Other
- Other receipts or expenses
- Ending Fund Balance

To the extent necessary, the budget will contain appropriate documents with detail supporting the above line-items.

I. Consolidation Entries

The budget will include at least two consolidation levels: General Fund and District. In the process of consolidation, internal transfers will be eliminated to avoid overstating income and expenses. Internal transfers include, but are not limited to, overhead allocation and interfund loans.

**CAMBRIA COMMUNITY SERVICES DISTRICT
ALLOCATION OF ADMINISTRATIVE OVERHEAD CALCULATION
BOARD OF DIRECTORS - MEETING AUGUST 18, 2022
FOR FISCAL YEAR 2022/2023 FINAL BUDGET**

"E" COSTS	AMOUNT TO ALLOCATE		FIRE		F&R		PROS		WATER		WASTE WATER		SWF- OPERATING		SWF- Capital		TOTAL CHECK	
				%		%		%		%		%		%		%		%
ALLOCATION %	100.0%		16.7%		16.7%		16.7%		16.7%		16.7%		12.5%		4.2%		100.0%	
Public Information-General	3,442		574		574		574		574		574		430		143		3,442	
Public Information-Website	3,214		536		536		536		536		536		402		134		3,214	
TOTAL "E" COSTS ALLOCATED	6,656		1,109		1,109		1,109		1,109		1,109		832		277		6,656	
"L" COSTS																		
ALLOCATION %	100.0%		17.0%		6.0%		1.2%		30.6%		25.2%		15.0%		5.0%		100.0%	
Personnel Services	1,523,830		259,051		91,430		18,286		466,292		384,005		228,575		76,192		1,523,830	
Prof. Ser.-District Counsel	214,351		36,440		12,861		2,572		65,591		54,016		32,153		10,718		214,351	
Prof. Ser.-Legal	73,958		12,573		4,437		887		22,631		18,637		11,094		3,698		73,958	
Office Rent	32,502		5,525		1,950		390		9,946		8,191		4,875		1,625		32,502	
Travel, Training (EES & Directors)	30,779		5,232		1,847		369		9,418		7,756		4,617		1,539		30,779	
Meetings, Employee Recruitment	7,059		1,200		424		85		2,160		1,779		1,059		353		7,059	
TOTAL "L" COSTS ALLOCATED	1,882,479		320,021		112,949		22,590		576,039		474,385		282,372		94,124		1,882,479	
"R" COSTS																		
ALLOCATION %	100.0%		25.0%		6.0%		1.5%		26.0%		26.0%		11.6%		3.9%		100.0%	
All Other Costs	695,005		173,751		41,700		10,425		180,701		180,701		80,794		26,931		695,005	
TOTAL "R" COSTS ALLOCATED	695,005		173,751		41,700		10,425		180,701		180,701		80,794		26,931		695,005	
TOTAL ALL COSTS ALLOCATED	2,584,140		494,882		155,758		34,124		757,849		656,195		363,998		121,333		2,584,140	
ALLOCATION per PROPOSED BUDGET	2,584,140		494,882		155,758		34,124		1,243,180		656,195		0		0		2,584,140	
INCREASE/(DECREASE)	-		0		0		0		(485,331)		0		363,998		121,333		0	
																		DIFFERENCE
																		-

Legend:
 "E" Equal Allocation All Departments
 "L " % of Administration Effort Allocation to Each Department
 "R" % Based on Size of Department

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Finance Committee

AGENDA NO. **3.E.**

FROM: Ray Dienzo, Acting General Manager
 Pamela Duffield, Administrative Department Manager
 Denise Fritz, Finance Manager

Meeting Date: February 28, 2023

Subject: Discuss and Review Fiscal
 Year 21/22 Audit and Financial
 Statements

RECOMMENDATIONS: Staff recommends the Finance Committee discuss and review the Fiscal Year 21/22 Audit & Financial Statements.

DISCUSSION: A draft of the Independent Auditor's Report and Financial Statements for the Year Ended June 30, 2022, the ("Audit Report") and Internal Control Letter ("Letter") are attached for review. Mr. Alex Hom, from Moss, Levy & Hartzheim, will be available via Zoom for a summary of the Audit Report and to respond to questions and comments from the Finance Committee.

The Audit Report and Letter contain the auditor's opinion of the CCSD's financial statements and adequacy of internal controls. The auditor issued an unqualified opinion, which states that as of June 30, 2022, the financial statements present fairly, in all material respects, the financial position of the governmental and business-type activities of the CCSD.

As shown on page 16 of the Audit Report, the General Fund had revenues of \$5,501,631, expenditures of \$5,988,560, resulting in a decrease to fund balance of \$486,929.

As shown on page 19 of the Audit Report, the Water Fund had total operating, non-operating revenues of \$4,589,016 and expenditures of \$4,328,485, resulting in an increase in net position of \$260,531. It should be noted that these Water Fund revenues/expenses include both Water Operating, Water WRF Operating and Water WRF Capital funds.

As shown on page 19 of the Audit Report, the Wastewater Fund had total operating and non-operating revenues of \$3,285,232 and expenditures of \$3,170,372 resulting in an increase in net position of \$114,860.

As shown on page 11 of the Audit Report, the District had a total of \$9,044,035 in cash on hand at June 30, 2022. That cash is distributed to the three funds as shown below:

CCSD FINANCIAL AUDIT JUNE 30, 2022	
FUND	CASH BALANCE
GENERAL FUND	\$3,456,653
WASTEWATER FUND	\$860,070
WATER FUND	\$4,727,312
TOTAL	\$9,044,035

Inter-Fund Loans due to the General Fund on June 30, 2022, are shown below:

WASTEWATER FUND	\$293,059
WATER FUND	\$157,726
TOTAL DUE TO GENERAL FUND	\$450,785

Attachment: Independent Auditor's Report and Financial Statements for the Year Ended June
30, 2022
Independent Auditor's Internal Control Letter

CAMBRIA COMMUNITY SERVICES DISTRICT
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

CAMBRIA COMMUNITY SERVICES DISTRICT
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JUNE 30, 2022

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Directors of Cambria Community Services District
Cambria, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Cambria Community Services District, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Cambria Community Services District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Cambria Community Services District, as of June 30, 2022, and the respective changes in financial position and cash flows where applicable thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cambria 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 Cambria 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cambria 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 Cambria Community Services District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, the budgetary comparison information on page 43, the schedule of changes in OPEB liability and related ratios on page 44, the schedule of OPEB contributions on page 45, the schedule of proportionate share of net pension liability on page 46, and the schedule of pension contributions on page 47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries of the basis financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2023, on our consideration of the Cambria Community Services District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Moss, Renz & Hurlbain LLP

Santa Maria, California
February 16, 2023

**CAMBRIA COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022**

Our discussion and analysis of the Cambria Community Services District's (CCSD) financial performance provides an overview of the CCSD's financial activities for the fiscal year ended June 30, 2022. The Management's Discussion & Analysis is to be read in conjunction with the CCSD's financial statements, which follow this section.

The Cambria Community Services District is a multi-purpose special district formed on December 9, 1976. Formation took place under the Community Services District Law, Section 61000, et. seq. of the California Government Code. At the time of formation, it absorbed and combined the responsibilities of five existing special districts. These independently operated districts were as follows:

- The Cambria Community Services District - Moonstone Beach Drive area
- The Cambria County Water District
- The Cambria Fire Protection District
- The Cambria Garbage Disposal District
- San Luis Obispo County Service Area No. 6 - Street Lighting Service

The CCSD is a political subdivision of the State of California and operates under a Board of Directors-Manager form of government. A five-member Board of Directors governs it with each member serving a four-year term. The CCSD has a population of approximately 5,700 residents within its boundaries. Tourism in the summer months and on holiday weekends creates seasonal increases in the population. The CCSD provides the following services:

- Water
- Wastewater
- Fire Protection
- Facilities and Resources
- Parks and Recreation
- Resource Conservation
- Administration

Fund Financial Statements

The accounting system of the CCSD is organized and operated on a fund basis. A fund is considered a separate self-balancing entity with assets, liabilities, fund equity, revenues, and expenditures/expenses.

The basis of accounting depends on the fund. Basis of accounting refers to "when" revenues and expenses are recognized in the accounts and reported in the financial statements.

**CAMBRIA COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022**

Governmental funds use the modified-accrual basis of accounting. Revenues are recognized when measurable and available as net current assets. Measurable means the amounts can be estimated or determined. Available means the amounts were collected during the reporting period or soon enough to finance the expenditures accrued for the reporting period.

Enterprise or business-like funds use the accrual basis of accounting. Revenues, expenses, assets and liabilities are recognized when the event happens.

Financial Statements

There are two government-wide financial statements that include all the CCSD's funds:

- Statement of Net Position
- Statement of Activities

The Statement of Net Position provides the basis for computing rate of return, evaluating the capital structure of the CCSD and assessing the liquidity and financial flexibility of the CCSD.

The Statement of Activities includes all the CCSD's individual functions presented using the accrual basis of accounting. One objective of the Statement of Activities is to report the relative financial burden of each of the CCSD's functions.

The remainder of the CCSD's financial statements is grouped into 2 categories:

- Governmental Activities
- Business-Type Activities

Governmental Activities

Governmental activities include the following Fund:

- General Fund

The General Fund includes the following Departments:

- Fire Department
- Administration
- Facilities and Resources
- Parks and Recreation

The CCSD's financial statements for governmental activities include six components:

- Balance Sheet
- Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Fund Balance

**CAMBRIA COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022**

- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
- Notes to the Basic Financial Statements
- Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual-Governmental Funds (Shown as Required Supplemental Information)

The Balance Sheet-Governmental Funds first presents the CCSD's assets (resources it controls that enable it to provide services), liabilities (financial obligations) and fund balance (in essence, what would be left over if the assets were used to satisfy the liabilities). The assets and liabilities are current in nature. Notably absent are capital assets. This is due to the statement being presented using the modified accrual basis of accounting. Fund balance is the difference between assets and liabilities. Fund balance is reported in up to five classifications to clarify Fund Balance reported as well as to provide additional information, as follows:

- Nonspendable - amounts that are not in a spendable form, such as Prepaid Expenses or Deposits.
- Restricted - amounts constrained to specific purposes by their providers through constitutional provisions or legislation.
- Committed - amounts constrained to specific purposes by the government itself using its highest level of decision-making authority.
- Assigned - amounts a government intends to use for a specific purpose.
- Unassigned - amounts that are available for any purpose. These amounts are only found in the general fund.

The Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position is the final component of the Balance Sheet. The reconciling items explain the differences in the accounting bases (the presence of capital assets and long-term liabilities in the government-wide financial statements, but their absence in the governmental funds).

The Statement of Revenues, Expenditures, and Changes in Fund Balances is the governmental funds' income statement, tracking the flow of resources in as Revenues and out as Expenditures. Revenues and Expenditures are not the only resources that flow in and out. Other financing sources (uses) identify transfers in and out of the governmental funds. Besides the fact that transfers are neither revenues nor expenditures, they are shown separately to assist the statement reader in assessing the balance between ongoing revenues and expenditures related to the basic operations of the CCSD. For this same reason, special items such as prior period adjustments (corrections of material errors related to a prior period or periods) are shown separately.

**CAMBRIA COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022**

The Reconciliation of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities describes the differences between change in fund balance and change in governmental activities net position in the government-wide statement of activities. Items are individually described.

The Notes to the Basic Financial Statements are disclosures presented to assist the reader in understanding the information found in the financial statements.

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Governmental Funds compares the budgeted amounts to the actual amounts.

Business-Type Activities

Business-type activities include the following Funds:

- Water Fund
- Wastewater (Sewer) Fund

The Water Fund includes the following Departments:

- Water
- Resource Conservation
- Water Reclamation Facility

The CCSD's financial statements for business-type activities include four components:

- Statement of Net Position - Proprietary Funds
- Statement of Revenues, Expenditures and Changes in Net Position - Proprietary Funds
- Statement of Cash Flows - Proprietary Funds
- Notes to the Basic Financial Statements

The Statement of Net Position provides the basis for computing rate of return, evaluating the capital structure of the Water and Wastewater Funds and assessing their liquidity and financial flexibility.

The Statement of Revenues, Expenditures, and Changes in Net Position presents information which shows how the Water and Wastewater Fund's net assets changed during the year. All the current year's revenues and expenditures are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The Statement of Revenues, Expenditures, and Changes in Net Position also measures the success of the CCSD's operations over the past year and determines whether the CCSD has recovered its costs through user fees, property taxes and other changes.

The Statement of Cash Flows provides information regarding the Water and Wastewater Fund's cash receipts and cash disbursements during the fiscal year. The statement reports cash activity in three categories:

**CAMBRIA COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022**

- Operating Activities
- Capital and Related Financing Activities
- Investing and Non-Operating Activities

Required Supplementary Information

This section contains the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund.

This section also contains the Schedule of Changes in the Other Post-Employment Benefits (OPEB) Liability and Related Ratios, Schedule of OPEB Contributions, Schedule of the Proportionate Share of the Net Pension Liability, and the Schedule of Pension Contributions, as required by Governmental Accounting Standards Board (GASB) 75.

Overview of Activities During Fiscal Year Ending June 30, 2022

The Fire Suppression Benefit Assessment is a parcel assessment, it is not impacted by property value fluctuations. If approved annually by the CCSD Board of Directors, it can increase by the annual increase in the consumer price index, up to a maximum of 5.4%. This parcel assessment increased by \$14,000 (2.9%) in fiscal year 2021-2022, as compared to fiscal year 2020-2021. This parcel assessment represents approximately 18% of the Fire Department's revenue in the CCSD's fiscal year 2021-2022 budget.

The Water and Wastewater Standby or Availability Charge is a parcel assessment, based on parcel size. If approved annually by the CCSD Board of Directors, this parcel assessment generates approximately \$178,000 for Water Fund and \$119,000 for Wastewater Fund in revenue. This revenue is used for capital outlay and major maintenance projects in both the Water and Wastewater Funds.

A rate analysis for Water, Water Reclamation Facility (WRF) and Wastewater user fees and charges was completed in July 2018, with a 3-year rate increase implementation plan. The final rate increase became effective September 1, 2020. An updated rate analysis for Water, Water WRF and Wastewater user fees and charges was completed in May and June 2022, respectively. The CCSD Board adopted a 3-year user fee & charges rate increase, for Water and Wastewater, with future annual inflationary rate adjustments to Water, WRF and Wastewater. The first increase is effective July 1, 2022, for only Water and Wastewater user fees and charges. The increase in user fees and charges are to provide adequate support of operations & maintenance costs, capital improvement funding for an aging infrastructure, along with current and future debt service obligations.

As of June 30, 2022, the balances of the advances from the General Fund to Water Fund total \$157,726 and Wastewater Fund total \$293,059 (see Note #3).

**CAMBRIA COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022**

For active employees, there are two different employee represented groups, International Association of Firefighters (IAFF), Service Employees International Union (SEIU) and the non-represented Management/Confidential (MCE) employees.

The following table shows the year-to-year increases and decreases in total salaries and wages:

Fiscal Year	Wages and Salaries	Year-to-Year Increase / (Decrease)
2017-2018	\$ 3,363,441	
2018-2019	\$ 3,141,181	\$ (222,260)
2019-2020	\$ 3,126,247	\$ (14,934)
2020-2021	\$ 3,366,890	\$ 240,643
2021-2022	\$ 3,643,369	\$ 276,479

The employees in each of these groups are paying the full employee portion of their pension, based upon their CalPERS service history, and cost-sharing of medical and dental insurance premiums. During fiscal year 2019-2020 both the SEIU and IAFF employees negotiated updated memorandum of understandings (MOU) for a five-year period and during fiscal year 2020-2021 the MCE employees negotiated salary increases for a three-year period. These updates include various salary and benefit changes, dependent on the job classification grouping. In addition, CCSD received a Staffing for Adequate Fire and Emergency Response (SAFER) grant, adding three limited term fire department employees. This SAFER grant began on January 1, 2022 and will continue over a three year period.

Retirement is the most significant cost related to employee benefits at the CCSD. The annual pension cost increased from \$931,910 in fiscal year 2020-2021 to \$1,192,326 in fiscal year 2021-2022, including a pension audit adjustment. There are various factors that will impact the retirement rates and cost in the future. While such factors include total salaries, inflation rates, returns on investments and the three agreement tiers with employees. The reporting requirements for pension plan was amended by GASB No. 67 & 68. To comply with these changes, a current period adjustment is required in each reporting period (see Note 7 and 8).

Employee health insurance is another significant cost related to benefits at the CCSD. The annual employee medical insurance cost decreased from \$421,310 in fiscal year 2020-2021 to \$387,662 in fiscal year 2021-2022. This is an overall decrease of \$33,648 or 8%. Agreements with MCE, SEIU and IAFF employees have also provided for increased premium contributions made by employees.

**CAMBRIA COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022**

Retiree health insurance is also another significant cost related to employee benefits at the CCSD. These costs decreased from \$548,230 in fiscal year 2020-2021 to \$488,856 in fiscal year 2021-2022, including an Other Post-Employment Benefits (OPEB) audit adjustment. Agreements with MCE, SEIU and IAFF employees provide for increased premium contributions to be made by retirees and newly hired employees will receive a reduced health insurance premium benefit equal to the Public Employees' Medical and Hospital Care Act (PEMHCA) minimum, which was \$143, during calendar year 2021 and is currently \$149, for calendar year 2022. These changes are expected to result in a significant reduction of retiree health insurance costs in the future. The reporting requirements for OPEB were amended by GASB No. 75. To comply with these changes, a current period adjustment is required in each reporting period (see Note 8).

Personnel costs represent 54% of the CCSD's expenditures for fiscal year 2021-2022. Several steps, the most significant being discussed above, have been taken to control these costs.

Maintenance and repair costs increased from \$679,322 for fiscal year 2020-2021 to \$1,036,186 for fiscal year 2021-2022. These costs range from building repairs to vehicle repairs to pump repairs, the vast majority are related to maintenance and repair costs of the water and sewer infrastructure. Another factor contributing to the increased costs for FY 2021-2022 was the utility adjustment and manhole raising project in coordination with the County of San Luis Obispo's road overlay project.

The following table shows the year-to-year increases and decreases in the CCSD's total maintenance and repair costs:

Fiscal Year	Total Maintenance and Repair Costs	Year-to-Year Increase / (Decrease)
2017-2018	\$ 917,135	
2018-2019	\$ 620,496	\$ (296,639)
2019-2020	\$ 893,325	\$ 272,829
2020-2021	\$ 679,322	\$ (214,003)
2021-2022	\$ 1,036,186	\$ 356,864

There continues to be significant deferred maintenance in the Water and Wastewater Funds. The adopted 2018 and 2022 increases in user fees & charges will assist in funding the deferred maintenance in the Water and Wastewater Funds. CCSD continues to explore funding opportunities to address the General Fund's deferred maintenance of the Veteran's Hall and the ongoing maintenance of the Fiscalini Ranch and Open Space Lots.

**CAMBRIA COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2022**

The following table shows the year-to-year increases and decreases in the CCSD's total cash and investments:

Fiscal Year	Total Cash and Investments	Year-to-Year Increase / (Decrease)
2017-2018	\$ 3,756,352	
2018-2019	\$ 3,136,367	\$ (619,985)
2019-2020	\$ 4,675,532	\$ 1,539,165
2020-2021	\$ 8,658,134	\$ 3,982,602
2021-2022	\$ 9,044,035	\$ 385,901

The significant increase in CCSD's total cash & investments for fiscal year 2020-2021 is result of litigation proceeds received from the WRF settlement, and a minimal amount of capital project activity. During fiscal year 2021-2022, minimal capital project activity continued in the General, Water, WRF and Wastewater Funds, as much of this activity is for multi-year capital projects, scheduled to begin in fiscal year 2022-2023.

The Board of Directors approved the operating budget for fiscal year 2022-2023 on August 18, 2022. Projected activity for all funds is as follows:

- Water: a surplus of \$619,260
- Water Reclamation Facility: a surplus of \$19,772
- Wastewater (Sewer): a surplus of \$105,491
- General Fund (Governmental): a deficit of \$97,230, offset with unused surplus from previous fiscal year

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

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 3,456,653	\$ 5,587,382	\$ 9,044,035
Accounts receivable, net	185,051	1,351,318	1,536,369
Deposits		4,268	4,268
Prepaid expenses	268	6,422	6,690
Internal balances	450,785	(450,785)	
Capital assets:			
Non Depreciable	15,035,510	8,361,228	23,396,738
Depreciable	1,753,910	13,239,990	14,993,900
Intangible asset		644,518	644,518
Total assets	<u>20,882,177</u>	<u>28,744,341</u>	<u>49,626,518</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred pensions	1,065,730	549,214	1,614,944
Deferred OPEB	538,448	289,934	828,382
Total deferred outflow of resources	<u>1,604,178</u>	<u>839,148</u>	<u>2,443,326</u>
LIABILITIES			
Accounts payable	38,860	128,199	167,059
Accrued liabilities	89,983	72,651	162,634
Accrued interest payable	30	116,939	116,969
Deposits	6,138	95,498	101,636
Noncurrent liabilities:			
Due within one year	12,913	649,949	662,862
Due in more than one year	6,653,107	10,166,989	16,820,096
Total liabilities	<u>6,801,031</u>	<u>11,230,225</u>	<u>18,031,256</u>
DEFERRED INFLOW OF RESOURCES			
Deferred pensions	2,013,964	1,394,295	3,408,259
Deferred OPEB	909,812	489,899	1,399,711
Total deferred inflow of resources	<u>2,923,776</u>	<u>1,884,194</u>	<u>4,807,970</u>
NET POSITION			
Net investment in capital assets	16,753,061	15,243,579	31,996,640
Unrestricted	(3,991,513)	1,221,223	(2,770,290)
Total net position	<u>\$ 12,761,548</u>	<u>\$ 16,464,802</u>	<u>\$ 29,226,350</u>

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

CAMBRIA COMMUNITY SERVICES DISTRICT**STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2022

	Expenses	Charges for Services	Program Revenues Operating Contributions and Grants
Governmental activities:			
Administration	\$ 2,692,862	\$ 1,844,203	\$ -
Fire	2,679,314	47,157	139,487
Parks and recreation	27,402		
Facilities and resources	819,775	16,102	
Interest on long-term debt	3,433		
Depreciation (unallocated)	188,691		
	6,411,477	1,907,462	139,487
Business-type activities:			
Water	4,597,317	4,681,818	
Wastewater	3,199,770	3,173,215	
	7,797,087	7,855,033	
Total governmental	\$ 14,208,564	\$ 9,762,495	\$ 139,487

General Revenues:

Taxes:

Property

Availability charges

Franchise fees

Investment income

Other general revenues

Total general revenues

Change in net position

Net position - beginning of fiscal year

Net position - end of fiscal year

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

<u>Capital Contributions and Grants</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ -	\$ (848,659)	\$ -	\$ (848,659)
	(2,492,670)		(2,492,670)
	(27,402)		(27,402)
	(803,673)		(803,673)
	(3,433)		(3,433)
	(188,691)		(188,691)
	<u>(4,364,528)</u>		<u>(4,364,528)</u>
		84,501	84,501
		(26,555)	(26,555)
		<u>57,946</u>	<u>57,946</u>
<u>\$ -</u>	<u>(4,364,528)</u>	<u>57,946</u>	<u>(4,306,582)</u>
	3,221,215	16,881	3,238,096
		293,246	293,246
	112,486		112,486
	10,309	7,318	17,627
	<u>110,672</u>		<u>110,672</u>
	<u>3,454,682</u>	<u>317,445</u>	<u>3,772,127</u>
	(909,846)	375,391	(534,455)
	<u>13,671,394</u>	<u>16,089,411</u>	<u>29,760,805</u>
	<u>\$ 12,761,548</u>	<u>\$ 16,464,802</u>	<u>\$ 29,226,350</u>

CAMBRIA COMMUNITY SERVICES DISTRICT
GOVERNMENTAL FUND
BALANCE SHEET
June 30, 2022

	<u>General Fund</u>
ASSETS	
Cash and investments	\$ 3,456,653
Accounts receivable	185,051
Prepaid expenditures	268
Advances receivable	<u>450,785</u>
Total assets	<u><u>\$ 4,092,757</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 38,860
Accrued liabilities	89,983
Deposits	<u>6,138</u>
Total liabilities	<u>134,981</u>
Fund Balances:	
Nonspendable	451,053
Assigned	<u>3,506,723</u>
Total fund balances	<u>3,957,776</u>
Total liabilities and fund balances	<u><u>\$ 4,092,757</u></u>

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

CAMBRIA COMMUNITY SERVICES DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND - BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total fund balances - governmental funds \$ 3,957,776

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

Capital assets at historical cost	\$	20,385,346
Accumulated depreciation		<u>(3,595,926)</u>

Net 16,789,420

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

Compensated absences payable	\$	239,312
Loans payable		36,359
Other post employment benefits obligation		4,033,229
Net pension liability		<u>2,357,120</u>

Total (6,666,020)

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In governmental-wide statement of activities, it is recognized in the period that it is incurred. (30)

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

Deferred inflows of resources relating to pensions	\$	(2,013,964)
Deferred outflows of resources relating to pensions		1,065,730
Deferred outflows of resources relating to OPEB		538,448
Deferred inflows of resources relating to OPEB		<u>(909,812)</u>

(1,319,598)

Total net position - governmental activities \$ 12,761,548

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

CAMBRIA COMMUNITY SERVICES DISTRICT
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2022

	<u>General Fund</u>
Revenues:	
Property taxes and assessments	\$ 3,221,215
Weed abatement	47,157
Franchise fees	112,486
Intergovernmental	139,487
Use of money and property	26,411
Charges for administrative services	1,844,203
Miscellaneous income	110,672
	<hr/>
Total revenues	5,501,631
	<hr/>
Expenditures:	
Administration	2,412,650
Fire	2,547,400
Parks and recreation	27,402
Facilities and resources	728,550
Debt service:	
Principal	143,581
Interest	5,219
Capital outlay	123,758
	<hr/>
Total expenditures	5,988,560
	<hr/>
Excess of revenues over (under) expenditures	(486,929)
	<hr/>
Other Financing Sources	
Proceeds from loan payable	40,545
	<hr/>
Total other financing sources	40,545
	<hr/>
Change in fund balance	(446,384)
	<hr/>
Fund balance - July 1	4,404,160
	<hr/>
Fund balance - June 30	\$ 3,957,776
	<hr/> <hr/>

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

CAMBRIA COMMUNITY SERVICES DISTRICT
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2022

Total net change in fund balances - governmental funds	\$ (446,384)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital outlay of \$123,758 is less than depreciation expense \$(188,691) in the period.	(64,933)
In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation used exceeded the amounts earned by \$34,687.	34,687
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:	1,786
In governmental funds, repayments of long-term debt are reported as expenditures. In government-wide statements, repayments of long-term debt are reported as reductions of liabilities.	143,581
In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt were:	(40,545)
In the statement of activities, postemployment benefits are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, the difference between accrual-basis postemployment benefit costs and actual employer contributions was:	(470,150)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis pension costs and actual employer contributions was:	<u>(67,888)</u>
Change in net position - governmental activities	<u>\$ (909,846)</u>

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

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CAMBRIA COMMUNITY SERVICES DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2022

	Water Fund	Wastewater Fund	Totals
ASSETS			
Current assets:			
Cash and investments	\$ 4,727,312	\$ 860,070	\$ 5,587,382
Accounts receivable, net	789,078	557,972	1,347,050
Deposits	2,134	2,134	4,268
Prepaid expenses	6,422		6,422
Total current assets	<u>5,524,946</u>	<u>1,420,176</u>	<u>6,945,122</u>
Noncurrent assets:			
Nondepreciable	6,885,676	1,475,552	8,361,228
Capital assets, net of accumulated depreciation	10,855,130	2,384,860	13,239,990
Intangible - water master plan	644,518		644,518
Total noncurrent assets	<u>18,385,324</u>	<u>3,860,412</u>	<u>22,245,736</u>
Total assets	<u>23,910,270</u>	<u>5,280,588</u>	<u>29,190,858</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pensions	308,870	240,344	549,214
Deferred OPEB	124,257	165,677	289,934
Total deferred outflows of resources	<u>433,127</u>	<u>406,021</u>	<u>839,148</u>
LIABILITIES			
Current liabilities:			
Accounts payable	77,885	50,314	128,199
Accrued liabilities	36,641	36,010	72,651
Accrued interest payable	108,196	8,743	116,939
Deposits payable	95,498		95,498
Loan payable - current portion	416,218	233,731	649,949
Total current liabilities	<u>734,438</u>	<u>328,798</u>	<u>1,063,236</u>
Noncurrent liabilities:			
Advances payable	157,726	293,059	450,785
Compensated absences	70,482	69,557	140,039
Loans payable	6,011,373	340,835	6,352,208
OPEB payable	930,746	1,240,991	2,171,737
Net pension liability	845,268	657,737	1,503,005
Total noncurrent liabilities	<u>8,015,595</u>	<u>2,602,179</u>	<u>10,617,774</u>
Total liabilities	<u>8,750,033</u>	<u>2,930,977</u>	<u>11,681,010</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pensions	784,131	610,164	1,394,295
Deferred OPEB	209,956	279,943	489,899
Total deferred inflows of resources	<u>994,087</u>	<u>890,107</u>	<u>1,884,194</u>
NET POSITION			
Net investment in capital assets	11,957,733	3,285,846	15,243,579
Unrestricted (deficit)	2,641,544	(1,420,321)	1,221,223
Total net position	<u>\$ 14,599,277</u>	<u>\$ 1,865,525</u>	<u>\$ 16,464,802</u>

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

CAMBRIA COMMUNITY SERVICES DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2022

	Water Fund	Wastewater Fund	Totals
Operating Revenues:			
Utility	\$ 3,153,936	\$ 3,160,098	\$ 6,314,034
Service charges and fees	1,512,140		1,512,140
Miscellaneous	15,742	13,117	28,859
Total operating revenues	<u>4,681,818</u>	<u>3,173,215</u>	<u>7,855,033</u>
Operating Expenses:			
Salaries and wages	738,244	709,320	1,447,564
Payroll taxes and benefits	714,349	715,640	1,429,989
Maintenance and repairs	372,804	430,963	803,767
Office supplies, publications, and dues	34,619	14,956	49,575
Licenses and fees	62,119	119,338	181,457
Rent	43,717		43,717
Professional services	134,548	15,354	149,902
Operating supplies	158,663	56,577	215,240
Employee travel and training	6,206	2,975	9,181
Utilities	164,191	278,536	442,727
General and administrative overhead	886,346	468,502	1,354,848
Amortization	107,419		107,419
Depreciation	905,260	358,211	1,263,471
Total operating expenses	<u>4,328,485</u>	<u>3,170,372</u>	<u>7,498,857</u>
Operating income	<u>353,333</u>	<u>2,843</u>	<u>356,176</u>
Non-Operating Revenues (Expenses):			
Availability charges	169,658	123,588	293,246
Investment income	6,372	946	7,318
Property taxes		16,881	16,881
Interest expense	(268,832)	(29,398)	(298,230)
Total non-operating revenues (expenses)	<u>(92,802)</u>	<u>112,017</u>	<u>19,215</u>
Change in net position	260,531	114,860	375,391
Net position - July 1	<u>14,338,746</u>	<u>1,750,665</u>	<u>16,089,411</u>
Net position - June 30	<u>\$ 14,599,277</u>	<u>\$ 1,865,525</u>	<u>\$ 16,464,802</u>

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

CAMBRIA COMMUNITY SERVICES DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2022

	Water Fund	Wastewater Fund	Totals
Cash Flows From Operating Activities:			
Receipts from customers	\$ 4,809,647	\$ 3,214,668	\$ 8,024,315
Payments to suppliers	(1,924,301)	(1,348,844)	(3,273,145)
Payments to employees	(1,156,161)	(1,140,959)	(2,297,120)
Net cash provided by operating activities	<u>1,729,185</u>	<u>724,865</u>	<u>2,454,050</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition of capital assets	(624,405)	(113,159)	(737,564)
Principal paid on debt	(399,610)	(227,051)	(626,661)
Interest paid on debt	(276,751)	(32,711)	(309,462)
Net cash (used) by capital and related financing activities	<u>(1,300,766)</u>	<u>(372,921)</u>	<u>(1,673,687)</u>
Cash Flows from Noncapital Financing Activities:			
Availability charges	169,658	123,588	293,246
Property taxes		16,881	16,881
Principal paid on advances from General Fund		(98,753)	(98,753)
Net cash provided by noncapital financing activities	<u>169,658</u>	<u>41,716</u>	<u>211,374</u>
Cash Flows From Investing Activities:			
Interest income	6,372	946	7,318
Net cash provided by investing activities	<u>6,372</u>	<u>946</u>	<u>7,318</u>
Net increase in cash and cash equivalents	604,449	394,606	999,055
Cash and cash equivalents - July 1	<u>4,122,863</u>	<u>465,464</u>	<u>4,588,327</u>
Cash and cash equivalents - June 30	<u>\$ 4,727,312</u>	<u>\$ 860,070</u>	<u>\$ 5,587,382</u>
Reconciliation to Statement of Net Position:			
Cash and investments	<u>\$ 4,727,312</u>	<u>\$ 860,070</u>	<u>\$ 5,587,382</u>

(Continued)

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

CAMBRIA COMMUNITY SERVICES DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2022

	Water Fund	Wastewater Fund	Totals
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 353,333	\$ 2,843	\$ 356,176
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation expense	905,260	358,211	1,263,471
Amortization expense	107,419		107,419
Change in assets, liabilities, deferred inflows of resources, and deferred outflows of resources:			
Receivables, net	150,907	41,453	192,360
Deposits	(534)	(534)	(1,068)
Prepaid expenses	(2,420)		(2,420)
Deferred outflows- pension	(8,912)	(6,934)	(15,846)
Deferred outflows- OPEB	116,078	154,770	270,848
Accounts payable	(58,134)	38,891	(19,243)
Accrued liabilities	5,354	5,070	10,424
Deposits payable	(23,078)		(23,078)
Compensated absences	17,211	5,586	22,797
OPEB payable	(217,538)	(290,050)	(507,588)
Net pension liability	(531,229)	(413,371)	(944,600)
Deferred inflows- pension	705,512	548,987	1,254,499
Deferred inflows- OPEB	209,956	279,943	489,899
Net cash provided by operating activities	<u>\$ 1,729,185</u>	<u>\$ 724,865</u>	<u>\$ 2,454,050</u>

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

CAMBRIA COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

The Cambria Community Services District (District) is a multi-purpose special district established on December 9, 1976. The District is a political subdivision of the State of California and operates under a Board of Directors-Manager form of government. The District provides water, wastewater, fire protection, parks and recreation, open space, street lighting, conservation, and general administrative services.

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

B. Basis of Presentation

Fund Financial Statements:

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

Major Funds

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

General Fund – The primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

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

Water Fund - This fund accounts for the operation and maintenance of the District's water distribution system.

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

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Basis of Accounting

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

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

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

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

D. Property Taxes

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

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

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

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

CAMBRIA COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments

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

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

The District's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from Securities and Exchange Commission (SEC) registered securities exchanges or NASDAQ dealers. Changes in fair value are allocated to each participating fund.

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

F. Accounts and Interest Receivable

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

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

G. Prepaid Items

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

H. Restricted Assets

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

I. Capital Assets

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

Government-Wide Statements

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets (Continued)

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

Improvements other than buildings	5-20 years
Equipment and systems	3-10 years

Fund Financial Statements

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

J. Accumulated Compensated Absences

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

K. Long-Term Obligations

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

L. Deferred Outflows and Inflows of Resources

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has two items which qualify for reporting in this category, refer to Note 7 and Note 8 for a detailed listing of the deferred outflows of resources the District has recognized.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has two items which qualify for reporting in this category; refer to Note 7 and Note 8 for a detailed listing of the deferred inflows of resources the District has recognized.

M. Interfund Transactions

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

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

CAMBRIA COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Equity Classifications

Government-Wide Statements

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

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

O. Fund Balances

Fund balance of the governmental fund is classified as follows:

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

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

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

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

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

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

CAMBRIA COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Future Accounting Pronouncements

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

Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 93	"Replacement of Interbank Offered Rates"	The provisions of this statement except for paragraphs 11b, 13, and 14 are effective for fiscal years beginning after June 15, 2020. Paragraph 11b is effective for fiscal years beginning after December 31, 2021. Paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021.
Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 98	"The Annual Comprehensive Financial Report"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 99	"Omnibus 2022"	The provisions of this statement are effective in April 2022 except for the provisions related to leases, PPPs, SBITAs, financial guarantees and derivative instruments. The provisions related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The provisions related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2023.
Statement No. 100	"Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62"	The provisions of this statement are effective for fiscal years beginning after June 15, 2023.
Statement No. 101	"Compensated Absences"	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.

Q. Pensions

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

R. Use of Estimates

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

CAMBRIA COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Other Postemployment Benefits (OPEB)

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

NOTE 2 – CASH AND INVESTMENTS

Investments are carried at fair value in accordance with GASB Statement No. 31. On June 30, 2022, the District had the following cash and investments on hand:

Cash on hand	\$ 600
Cash in checking accounts	1,778,982
Money market account	1,890,162
Local Agency Investment Fund (LAIF)	<u>5,374,291</u>
Total	<u>\$ 9,044,035</u>

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

Cash and investments	<u>\$ 9,044,035</u>
Total	<u>\$ 9,044,035</u>

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had investments in the Local Agency Investment Fund which is measured under Level 2. The District had investments in a money market account which not measured under Level 1, 2 or 3.

Investments Authorized by the California Government Code

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

CAMBRIA COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments Authorized by the California Government Code (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
Federal Agency Securities	N/A	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase and Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	5 years	15%	10%
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	N/A	20%	None
County Pooled Investment Fund	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$ 75,000,000
State Registered Warrants, Notes, or Bonds	5 years	None	None
Notes and Bonds of other Local California Agencies	5 years	None	None

Disclosure Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the District's investments to market rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2022:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
State Investment Pool (LAIF)	\$ 5,374,291	\$ 5,374,291	\$ -	\$ -	\$ -
Money market account	1,890,162	1,890,162			
	<u>\$ 7,264,453</u>	<u>\$ 7,264,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organizations. Presented below is the minimum rating required by (where applicable) the California Government Code, the investment policy, or debt agreements, and the actual rating as of the fiscal year ended June 30, 2022 for each investment type.

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Fiscal Year End</u>			<u>Not Rated</u>
			<u>AAA</u>	<u>AA+</u>	<u>AA-</u>	
			State Investment Pool (LAIF)	\$ 5,374,291	N/A	
Money market account	1,890,162					1,890,162
	<u>\$ 7,264,453</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,264,453</u>

CAMBRIA COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total District investments.

Custodial Credit Risk

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

At June 30, 2022, none of the District's deposits with financial institutions in excess of Federal depository insurance limits were held in uncollateralized accounts.

Investment in State Pool (LAIF)

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements 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 are recorded on an amortized cost basis.

NOTE 3 – INTERFUND TRANSACTIONS

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

Advances receivable and payable

Advances receivable and payable constitute long-term borrowing between funds. Each advance carries a stated interest rate and has scheduled debt service payments. Interfund advances receivable and payable at June 30, 2022, are as follows:

<u>Fund</u>	<u>Advances Receivable</u>	<u>Advances Payable</u>
Major Governmental Fund:		
General Fund	\$ 450,785	\$ -
Proprietary Funds:		
Water Fund		157,726
Wastewater Fund		<u>293,059</u>
Totals	<u>\$ 450,785</u>	<u>\$ 450,785</u>

CAMBRIA COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 – CAPITAL ASSETS

Governmental activities:

	Balance at July 1, 2021	Additions	Deletions	Transfers	Balance at June 30, 2022
Capital assets not being depreciated					
Land	\$ 14,990,732	\$ -	\$ -	\$ -	\$ 14,990,732
Construction in progress	85,713	33,953		(74,888)	44,778
Total capital assets not being depreciated	<u>\$ 15,076,445</u>	<u>\$ 33,953</u>	<u>\$ -</u>	<u>\$ (74,888)</u>	<u>\$ 15,035,510</u>
Capital assets being depreciated					
Buildings, structures, and improvements	\$ 2,423,663	\$ 6,971	\$ -	\$ 74,888	\$ 2,505,522
Equipment	2,761,480	82,834			2,844,314
Total capital assets being depreciated	<u>5,185,143</u>	<u>89,805</u>		<u>74,888</u>	<u>5,349,836</u>
Less accumulated depreciation	<u>3,407,235</u>	<u>188,691</u>			<u>3,595,926</u>
Total capital assets being depreciated, net	<u>\$ 1,777,908</u>	<u>\$ (98,886)</u>	<u>\$ -</u>	<u>\$ 74,888</u>	<u>\$ 1,753,910</u>
Net capital assets	<u>\$ 16,854,353</u>	<u>\$ (64,933)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,789,420</u>

Business-type activities:

	Balance at July 1, 2021	Additions	Deletions	Transfers	Balance at June 30, 2022
Capital assets not being depreciated					
Land	\$ 1,821,427	\$ -	\$ -	\$ -	\$ 1,821,427
Construction in progress	6,453,575	110,849		(24,623)	6,539,801
Total capital assets not being depreciated	<u>\$ 8,275,002</u>	<u>\$ 110,849</u>	<u>\$ -</u>	<u>\$ (24,623)</u>	<u>\$ 8,361,228</u>
Capital assets being depreciated					
Building and improvements	\$ 54,127,801	\$ 598,679	\$ -	\$ 24,623	\$ 54,751,103
Plant and equipment	2,585,049	28,036			2,613,085
Total capital assets being depreciated	<u>56,712,850</u>	<u>626,715</u>			<u>57,364,188</u>
Less accumulated depreciation	<u>42,860,727</u>	<u>1,263,471</u>			<u>44,124,198</u>
Total capital assets being depreciated, net	<u>\$ 13,852,123</u>	<u>\$ (636,756)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,239,990</u>
Net capital assets	<u>\$ 22,127,125</u>	<u>\$ (525,907)</u>	<u>\$ -</u>	<u>\$ (24,623)</u>	<u>\$ 21,601,218</u>

Governmental Activities:

Unallocated \$ 188,691

Total governmental activities depreciation expense \$ 188,691

Business-type Activities:

Water services \$ 905,260

Wastewater services 358,211

Total business-type activities depreciation expense \$ 1,263,471

CAMBRIA COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 – LONG-TERM LIABILITIES

The following is a summary of changes in the District's long-term liabilities for the fiscal year ended June 30, 2022:

	Balance at July 1, 2021	Additions	Reductions	Balance at June 30, 2022	Current Portion
Governmental Activities:					
Compensated absences	\$ 273,999	\$ 165,023	\$ 199,710	\$ 239,312	\$ -
Loans payable	139,395	40,545	143,581	36,359	12,913
Other post employment benefits obligation	4,975,894		942,665	4,033,229	
Net pension liability	4,148,667		1,791,547	2,357,120	
Total Governmental Activities	\$ 9,537,955	\$ 205,568	\$ 3,077,503	\$ 6,666,020	\$ 12,913
Business-Type Activities:					
Compensated absences	\$ 117,242	\$ 95,735	\$ 72,938	\$ 140,039	\$ -
Loans payable	7,628,818		626,661	7,002,157	649,949
Other post employment benefits obligation	2,679,325		507,588	2,171,737	
Net pension liability	2,447,605		944,600	1,503,005	
Total Business-Type Activities	\$ 12,872,990	\$ 95,735	\$ 2,151,787	\$ 10,816,938	\$ 649,949

NOTE 6 – LOANS PAYABLE

Governmental Activities

Ford Motor Credit Company

On August 1, 2021, the District entered in a loan agreement for \$40,545 with Ford Motor Credit Company to purchase a 2021 Ford F-350. The interest rate on the loan is 5.35%. At June 30, 2022, the principal balance outstanding was \$31,067. The required principal and interest payments are as follows:

For the Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 8,971	\$ 1,325	\$ 10,296
2024	10,300	932	11,232
2025	10,865	367	11,232
2026	931	5	936
Total	\$ 31,067	\$ 2,629	\$ 33,696

Municipal Finance Corporation (Direct borrowing)

On August 25, 2016, the District entered into a loan agreement with the Municipal Finance Corporation to purchase a fire engine. The interest rate on the loan is 2.35%. In the event of default, all remaining principal becomes due. At June 30, 2022, the loan was fully paid.

CAMBRIA COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 – LOANS PAYABLE (Continued)

Governmental Activities (Continued)

Western Financial Corporation

On November 1, 2018, the District entered into a loan agreement with Western Financial Corporation to purchase an utility vehicle. The interest rate on the loan is 3.90%. At June 30, 2022, the principal outstanding was \$5,292. The required principal and interest payments are as follows:

For the Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 3,942	\$ 136	\$ 4,078
2024	1,350	11	1,361
Total	<u>\$ 5,292</u>	<u>\$ 147</u>	<u>\$ 5,439</u>

Business Type Activities

Municipal Finance Corporation (Direct borrowing)

On November 15, 2018, the District entered into a loan agreement with Municipal Finance Corporation for \$74,871 to purchase a Ford 650 Dump Truck. The interest rate on the loan was 4.25%. In the event of default, all remaining principal becomes due. At June 30, 2022, the principal balance outstanding was \$31,830. The required principal and interest payments are as follows:

For the Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 15,584	\$ 1,352	\$ 16,936
2024	16,246	690	16,936
Total	<u>\$ 31,830</u>	<u>\$ 2,042</u>	<u>\$ 33,872</u>

City National Bank

On September 23, 2010, the District entered into a loan agreement with City National Bank for \$1,585,000 with an interest rate at 4.55% to refinance the 1999 Installment Purchase Agreement with the California Statewide Communities Development Authority. The amount is secured by the revenue of the wastewater system. At June 30, 2022, the principal balance outstanding was \$312,000. The required principal and interest payments are as follows:

For the Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 149,000	\$ 10,806	\$ 159,806
2024	163,000	3,708	166,708
Total	<u>\$ 312,000</u>	<u>\$ 14,514</u>	<u>\$ 326,514</u>

CAMBRIA COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 – LOANS PAYABLE (Continued)

Business Type Activities (Continued)

TPB Investments, Inc.

On August 7, 2014, the District entered into a loan agreement with TPB Investments, Inc. for \$8,939,000 with an interest rate at 4.11% to finance improvements to the Water System. The amount is secured by the net revenues of the Water System. At June 30, 2022, the principal outstanding was \$6,395,761. The required principal and interest payments are as follows:

For the Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 400,634	\$ 258,791	\$ 659,425
2024	417,270	242,156	659,426
2025	434,595	224,830	659,425
2026	452,640	206,784	659,424
2027	471,436	187,990	659,426
2028-2032	2,667,576	629,552	3,297,128
2033-2035	1,551,610	96,954	1,648,564
Total	<u>\$ 6,395,761</u>	<u>\$ 1,847,057</u>	<u>\$ 8,242,818</u>

Municipal Finance Corporation (Direct borrowing)

On July 11, 2019, the District entered into a loan agreement with Municipal Finance Corporation for \$56,540 to purchase a Ford 350 Service Truck with Crane. The interest rate on the loan was 4.25%. In the event of default, all remaining principal becomes due. At June 30, 2022, the principal balance outstanding was \$35,325. The required principal and interest payments are as follows:

For the Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 11,288	\$ 1,502	\$ 12,790
2024	11,768	1,022	12,790
2025	12,269	521	12,790
Total	<u>\$ 35,325</u>	<u>\$ 3,045</u>	<u>\$ 38,370</u>

Municipal Finance Corporation (Direct borrowing)

On December 30, 2019, the District entered into a loan agreement with Municipal Finance Corporation for \$367,557 to purchase a Vac-Con Combination Sewer and Storm Drain Cleaner. The interest rate on the loan was 3.10%. In the event of default, all remaining principal becomes due. At June 30, 2022, the principal balance outstanding was \$227,241. The required principal and interest payments are as follows:

For the Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 73,443	\$ 7,044	\$ 80,487
2024	75,720	4,767	80,487
2025	78,078	2,408	80,486
Total	<u>\$ 227,241</u>	<u>\$ 14,219</u>	<u>\$ 241,460</u>

CAMBRIA COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 – PENSION PLANS

A. General Information about the Pension Plans

Plan Descriptions

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

Benefits Provided

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

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous		
	Classic	2nd Tier	PEPRA
Hire Date	Member Hired Prior to October 1, 2012	Hired from October 1, 2012 to December 28, 2012	New Member Hired On or after January 1, 2013
Benefit formula	3.0% @ 60	2.0% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-63	50-63	52-67
Required employee contribution rates	8%	7%	6.75%
Required employer contribution rates	15.25% + \$371,752	8.65% + \$4,586	7.59% + \$22,960
	Safety		
	Classic	2nd Tier	PEPRA
Hire Date	Member Hired Prior to January 1, 2013	On or after December 28, 2012	New Member Hired On or after January 1, 2013
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	55	57
Required employee contribution rates	9%	9%	13%
Required employer contribution rates	23.71% + \$125,763	20.64%	13.13% + \$9,273

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the fiscal year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the District were \$598,341 for the Miscellaneous Plan and \$299,932 for the Safety Plan for the fiscal year ended June 30, 2022.

CAMBRIA COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 – PENSION PLANS (Continued)

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

At June 30, 2022, the District reported net pension liabilities for its proportionate shares of the net position liability was \$2,986,901 for the Miscellaneous Plan and \$873,224 for the Safety Plan. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2021 and 2020, the District's proportions were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion-June 30, 2020	0.11532%	0.02600%
Proportion-June 30, 2021	0.15730%	0.02488%
Change-Increase (Decrease)	<u>0.04198%</u>	<u>-0.00112%</u>

For the fiscal year ended June 30, 2022, the District recognized pension expense of \$1,260,215. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District contributions subsequent to the measurement date	\$ 898,273	\$ -
Changes in assumptions		
Differences between expected and actual experience	484,138	
Net difference between projected and actual earnings on retirement plan investments		3,127,143
Adjustment due to differences in proportion	232,533	28,084
Changes in proportion and differences between District contributions and proportionate share of contributions		253,032
	<u>\$ 1,614,944</u>	<u>\$ 3,408,259</u>

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

\$898,273 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023.

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

<u>Fiscal year ending June 30,</u>	<u>Amount</u>
2023	\$ (544,380)
2024	(590,542)
2025	(693,090)
2026	(863,576)
	<u>\$ (2,691,588)</u>

CAMBRIA COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 – PENSION PLANS (Continued)

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

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous and Safety</u>
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Service
Mortality (1)	Derived using CalPERS' Membership Data for all Funds

- (1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the 2017 experience study report.

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 the discount rate for public agency plans (including PERF C), CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund, including PERF C. 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 Statement No. 68 section.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2022. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statement Nos. 67 and No. 68 calculations through at least the 2021-22 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits were calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

CAMBRIA COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 – PENSION PLANS (Continued)

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

The table below reflects the 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 rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>		

(a) An expected inflation of 2.00% was used for this period.

(b) An expected inflation of 2.92% was used for this period.

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

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15 percent) or 1- percentage point higher (8.15 percent) than the current rate:

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 5,478,131	\$ 1,945,073
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 2,986,901	\$ 873,224
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 927,436	\$ (7,167)

Pension Plan Fiduciary Net Position

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

C. Payable to the Pension Plan

At June 30, 2022, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2022.

CAMBRIA COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS

Plan Description

Plan administration. The District sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act ("PEMHCA"), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits provided. Employees may retire directly from the District under CalPERS and receive a District contribution. The District contributes the PEMHCA minimum employer contribution. The contribution is \$143 per month for retirees in 2021 and \$149 per month for retirees in 2022. Survivor benefits are available.

Employees hired before October 1, 2012 are eligible for a supplemental benefit. The District contribution is limited to 85% of the lowest cost PERS health plan, including the PEMHCA minimum. The supplemental benefit includes dependents and will continue for the lifetime of the employee and, if eligible, the surviving spouse.

Employees Covered

As of the June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the District's Plan:

Active plan members	28
Inactive employees or beneficiaries currently receiving benefits	33
Total	61

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

OPEB Liability

The District's OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation dated June 30, 2021, standard actuarial update procedures were used to project/discount from the valuation date to the measurement date.

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

Salary increases	3.00%
Inflation rate	2.50%
Medical cost trend rate	5.20% for 2022 through 2034; 5.00% for 2035 through 2049; 4.50% for 2050 through 2064; and 4.00% for 2065 and later years

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or in excess of the target rate of return of 3.69 percent.

CAMBRIA COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

Change of assumptions. For the June 30, 2022 measurement date, the discount rate was increased from 1.92% to 3.69% and the inflation rate decreased from 3.00% to 2.50%.

Changes in the OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021 (Valuation Date June 30, 2021)	\$ 7,655,219
Changes recognized for the measurement period:	
Service cost	320,683
Interest	153,564
Difference between expected and actual experience	(406,932)
Changes of assumptions	(1,242,727)
Benefit payments	(274,841)
Net Changes	(1,450,253)
Balance at June 30, 2022 (Measurement Date June 30, 2022)	\$ 6,204,966

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

	1% Decrease 2.69%	Current Rate 3.69%	1% Increase 4.69%
OPEB Liability	\$ 7,138,096	\$ 6,204,966	\$ 5,450,348

CAMBRIA COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Sensitivity of the OPEB liability to changes in the healthcare trend rates. The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage point lower (4.20 percent) or 1-percentage-point higher (6.20 percent) than the current healthcare cost trend rates:

	1% Decrease (4.20%)	Healthcare Cost Trend Rate (5.20%)	1% Increase (6.20%)
OPEB Liability	\$ 5,329,842	\$ 6,204,966	\$ 7,312,736

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$998,150. As of the fiscal year ended June 30, 2022, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 112,333	\$ 345,276
Change in assumptions	716,049	1,054,435
	<u>\$ 828,382</u>	<u>\$ 1,399,711</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as expenses as follows:

<u>Fiscal year Ending June 30,</u>	<u>Amount</u>
2023	\$ 374,312
2024	(59,260)
2025	(236,514)
2026	(249,948)
2027	(249,948)
2028	(149,971)
	<u>\$ (571,329)</u>

NOTE 9 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no excess of expenditures over appropriations for the fiscal year ended June 30, 2022.

NOTE 10 – CONTINGENCIES AND COMMITMENTS

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

NOTE 11 – SUBSEQUENT EVENTS

On October 4, 2022, the District issued \$12,175,000 of Wasterwater Revenue Certificates of Participation Series 2022A with interest rates of 4.625% to 5.25%, and a final maturity in 2052.

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REQUIRED SUPPLEMENTARY INFORMATION

CAMBRIA COMMUNITY SERVICES DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Revenues:				
Property taxes and assessments	\$ 3,152,851	\$ 3,152,851	\$ 3,221,215	\$ 68,364
Weed abatement	18,000	18,000	47,157	29,157
Franchise fees	118,000	118,000	112,486	(5,514)
Intergovernmental	70,000	440,740	139,487	(301,253)
Use of money and property	36,100	36,100	26,411	(9,689)
Charges for administrative services	2,252,394	2,252,394	1,844,203	(408,191)
Miscellaneous income	17,150	17,150	110,672	93,522
Total revenues	<u>5,664,495</u>	<u>6,035,235</u>	<u>5,501,631</u>	<u>(533,604)</u>
Expenditures:				
Administration	2,252,394	2,807,735	2,412,650	395,085
Fire	2,401,736	2,570,587	2,547,400	23,187
Parks and recreation	51,706	51,706	27,402	24,304
Facilities and resources	863,442	863,442	728,550	134,892
Debt service:				
Principal	134,102	142,786	143,581	(795)
Interest	3,349	4,961	5,219	(258)
Capital outlay	177,000	648,052	123,758	524,294
Total expenditures	<u>5,883,729</u>	<u>7,089,269</u>	<u>5,988,560</u>	<u>1,100,709</u>
Excess of revenues over (under) expenditures	<u>(219,234)</u>	<u>(1,054,034)</u>	<u>(486,929)</u>	<u>567,105</u>
Other Financing Sources (Uses):				
Proceeds from loan payable	50,000	50,000	40,545	(9,455)
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>40,545</u>	<u>(9,455)</u>
Change in fund balance	(169,234)	(1,004,034)	(446,384)	557,650
Fund balance - July 1	<u>4,404,160</u>	<u>4,404,160</u>	<u>4,404,160</u>	
Fund balance - June 30	<u>\$ 4,234,926</u>	<u>\$ 3,400,126</u>	<u>\$ 3,957,776</u>	<u>\$ 557,650</u>

CAMBRIA COMMUNITY SERVICES DISTRICT
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS
Last 10 Years*
As of June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability				
Service cost	\$ 320,683	\$ 195,757	\$ 162,484	\$ 95,650
Interest on the total OPEB liability	153,564	172,980	197,339	211,024
Actual and expected experience difference	(406,932)			754,233
Changes in assumptions	(1,242,727)	550,814	619,787	1,589,401
Benefit payments	<u>(274,841)</u>	<u>(256,433)</u>	<u>(257,572)</u>	<u>(239,592)</u>
Net change in total OPEB Liability	(1,450,253)	663,118	722,038	2,410,716
Total OPEB liability - beginning	<u>7,655,219</u>	<u>6,992,101</u>	<u>6,270,063</u>	<u>3,859,347</u>
Total OPEB liability - ending	<u>\$ 6,204,966</u>	<u>\$ 7,655,219</u>	<u>\$ 6,992,101</u>	<u>\$ 6,270,063</u>
Covered payroll:	\$ 951,393	\$ 945,482	\$ 977,879	\$ 1,030,435
Total OPEB Liability as a percentage of covered payroll:	652.20%	809.66%	715.03%	608.49%

*- Fiscal year 2019 was the 1st year of implementation, therefore only four years are shown.

CAMBRIA COMMUNITY SERVICES DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
Last 10 Years*
As of June 30, 2022

The District's contribution for the fiscal year ended June 30, 2022 was \$235,697. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2022, therefore the District does not need to comply with GASB Statement No. 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2021 was \$238,077. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2021, therefore the District does not need to comply with GASB Statement No. 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2020 was \$239,135. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2020, therefore the District does not need to comply with GASB Statement No. 75's Required Supplementary Information requirements.

The District's contribution for the fiscal year ended June 30, 2019 was \$222,442. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2019, therefore the District does not need to comply with GASB Statement No. 75's Required Supplementary Information requirements.

*- Fiscal year 2019 was the 1st year of implementation, therefore only four years are shown.

CAMBRIA COMMUNITY SERVICES DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 Last 10 Years*
 As of June 30, 2022

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net pension liability	0.07137%	0.06063%	0.05871%	0.05706%
Proportionate share of the net pension liability	\$ 3,860,125	\$ 6,596,272	\$ 6,016,139	\$ 5,498,358
Covered payroll	\$ 3,337,640	\$ 3,056,217	\$ 3,020,074	\$ 2,510,899
Proportionate share of the net pension liability as percentage of covered payroll	115.7%	215.8%	199.2%	219.0%
Plan's total pension liability	\$ 46,174,942,264	\$ 43,702,930,887	\$ 41,426,453,489	\$ 38,944,855,364
Plan's fiduciary net position	\$ 40,766,653,876	\$ 32,822,501,335	\$ 31,179,414,067	\$ 29,308,589,559
Plan fiduciary net position as a percentage of the total pension liability	88.29%	75.10%	75.26%	75.26%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.05791%	0.05925%	0.06100%	0.06198%
Proportionate share of the net pension liability	\$ 5,742,951	\$ 5,126,647	\$ 4,186,773	\$ 3,856,693
Covered payroll	\$ 2,067,201	\$ 2,122,598	\$ 1,979,000	\$ 2,097,466
Proportionate share of the net pension liability as percentage of covered payroll	277.8%	241.5%	211.6%	183.9%
Plan's total pension liability	\$ 37,161,348,332	\$ 33,358,627,624	\$ 31,771,217,402	\$ 30,829,966,631
Plan's fiduciary net position	\$ 27,244,095,376	\$ 24,705,532,291	\$ 24,907,305,871	\$ 24,607,502,515
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	79.82%

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

CAMBRIA COMMUNITY SERVICES DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
 Last 10 Years*
 As of June 30, 2022

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

	2022	2021	2020	2019
Contractually required contribution (actuarially determined)	\$ 898,273	\$ 825,844	\$ 711,306	\$ 603,260
Contribution in relation to the actuarially determined contributions	898,273	825,844	711,306	603,260
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,609,221	\$ 3,337,640	\$ 3,056,217	\$ 3,020,074
Contributions as a percentage of covered payroll	24.89%	24.74%	23.27%	19.98%
	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 552,669	\$ 662,293	\$ 574,845	\$ 486,960
Contribution in relation to the actuarially determined contributions	552,669	662,293	574,845	486,960
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,510,899	\$ 2,067,201	\$ 2,122,598	\$ 1,979,000
Contributions as a percentage of covered payroll	22.01%	32.04%	27.08%	24.61%

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



Moss, Levy & Hartzheim LLP

Certified Public Accountants

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

Board of Directors
Cambria Community Services District
Cambria, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and the business-type activities and each major fund of the Cambria Community Services District (the District), as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 16, 2023.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Moss, Renz & Haugheim LLP

Santa Maria, CA
February 16, 2023