

**LOCKEFORD COMMUNITY
SERVICES DISTRICT**

Financial Statements
And
Independent Auditor's Report

For the Years Ended
June 30, 2021 and 2020

LOCKEFORD COMMUNITY SERVICES DISTRICT

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Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lockeford Community Services District
Lockeford, California

Report on the Financial Statements

We have audited the accompanying financial statements of Lockeford Community Services District as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards for the State Controller's Minimum Audit Requirements for California Special District. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Lockeford Community Services District, as of June 30, 2021 and 2020 and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Blomberg & Griffin A.C.

Blomberg & Griffin A.C.

Stockton, CA

August 11, 2021

LOCKEFORD COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021 and 2020

This section of the Lockeford Community Services District's annual financial report presents an analysis of the District's financial performance during the fiscal years ended June 30, 2021 and 2020. This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEARS 2020-21 and 2019-20

- The District's net position increased by \$204,547 or 2.22% from \$9,208,868 to \$9,413,415 on June 30, 2021. For the fiscal year ending June 30, 2020, the net position increased by \$104,568 or 1.15% from \$9,104,301 to \$9,208,868.
- Operating revenues increased by \$65,748 or 8.16% from \$806,063 to \$871,811 for fiscal year ending June 30, 2021. Operating revenue decreased by \$53,171 or 6.06% from \$859,324 to \$806,063 for fiscal year ending June 30, 2020.
- As of June 30, 2021, the operating expenses decreased by \$56,818 or 4.69% from \$921,629 to \$878,447. As of June 30, 2020, the operating expenses increased by \$52,698 or 6.06% from \$868,931 to \$921,629.
- District is currently receiving property tax revenues. For the fiscal years 20-21 and 19-20, the District received \$164,158 and \$151,776 in property tax revenues, respectively.
- Waste water rate increased January 2021 anticipates a rate increase in January 2022.
- Waste Water loan of \$848,649 – The District has made a principal payment of \$95,000 in FY20-21. The District has made a principal payment of \$60,000 in FY19-20.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of the following three parts: Management's Discussion and Analysis, Basic Financial Statements and Other Required Supplementary Information. The Financial Statements include notes which explain in detail some of the information included in the basic financial statements.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The Statements of Net Position include information on the District's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). The Statements of Revenues, Expenses and Changes in Net Position identify the District's revenues and expenses for the fiscal years ended June 30, 2020 and 2019. This statement provides information on the District's operations over the past year and can be used to determine whether the District has recovered all of its actual and projected costs through user fees and other

**LOCKEFORD COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2021 and 2020

REQUIRED FINANCIAL STATEMENTS (continued)

charges. The third financial statement is the Statements of Cash Flows. This statement provides information on the District's cash receipts, cash payments and changes in cash resulting from operations, investments, and financing activities. From the Statements of Cash Flows, the reader can obtain information on the source and use of cash and the change in the cash and cash equivalents.

FINANCIAL ANALYSIS OF THE DISTRICT

The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position provide an indication of the District's financial condition and also indicate that the financial condition of the District improved during the last two fiscal years. The District's net position reflects the difference between assets and liabilities. An increase in net position over time typically indicates an improvement in financial condition.

NET POSITION

A summary of the District's Statements of Net Position is presented below.

Table 1

Condensed Statements of Net Position

| | 2021 | 2020 | 2021 vs 2020 | | 2019 | 2020 vs 2019 | |
|--|---------------------|---------------------|-------------------|----------------|---------------------|-------------------|----------------|
| | | | Dollar Change | Percent Change | | Dollar Change | Percent Change |
| Current and Other Assets | \$ 2,653,554 | \$ 2,309,326 | \$ 344,228 | 14.91% | \$ 2,159,719 | \$ 149,607 | 6.93% |
| Capital Assets, Net | 7,031,461 | 7,070,225 | (38,764) | -0.55% | 7,067,389 | 2,836 | 0.04% |
| Total Assets | 9,685,015 | 9,379,551 | 305,464 | 3.26% | 9,227,108 | 152,443 | 1.65% |
| Other Liabilities | 271,600 | 170,682 | 100,918 | 59.13% | 122,807 | 47,875 | 38.98% |
| Total Liabilities | 271,600 | 170,682 | 100,918 | 59.13% | 122,807 | 47,875 | 38.98% |
| Net Position Invested in Capital Assets, Net of Related Debt | 7,031,461 | 7,070,225 | (38,764) | -0.55% | 7,067,389 | 2,836 | 0.04% |
| Designated Net Position | 1,232,765 | 1,112,486 | 120,279 | 10.81% | 1,008,786 | 103,700 | 10.28% |
| Undesignated Net Position | 1,149,189 | 1,026,158 | 123,031 | 11.99% | 1,028,126 | (1,968) | -0.19% |
| Total Net Position | \$ 9,413,415 | \$ 9,208,869 | \$ 204,546 | 2.22% | \$ 9,104,301 | \$ 104,568 | 1.15% |

Fiscal Year 2020-2021: Statement of Net Position Highlights

- As the above table indicates, total assets increased by \$305,464 from \$9,379,551 to \$9,685,015. This is comprised of an increase of \$344,228 in current and other assets and a decrease of \$38,764 in capital assets. The decrease in capital assets, net is primarily due to depreciation expense exceeding additions of capital asset.

LOCKEFORD COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021 and 2020

NET POSITION (continued)

- Total liabilities reflect an increase of \$100,918. This includes an increase of \$9,076 in accounts payable, an increase of \$85,815 in deferred revenue, an increase of \$1,230 in retirement contributions payable and an increase of \$4,797 in accrued salaries.
- The Districts net position increased by \$204,546 from \$9,208,869 to \$9,413,415 for June 30, 2021. The increase is due to income exceeding expenditures.

Fiscal Year 2019-2020: Statement of Net Position Highlights

- As the above table indicates, total assets increased by \$152,443 from \$9,227,108 to \$9,379,551. This is comprised of an increase of \$149,607 in current and other assets and an increase of \$2,836 in capital assets. The increase in capital assets, net is primarily due to addition of capital asset.
- Total liabilities reflect an increase of \$47,875. This includes an increase of \$2,625 in accounts payable, an increase of \$38,915 in deferred revenue, an increase of \$1,609 in retirement contributions payable and an increase of \$4,724 in accrued salaries.
- The Districts net position increased by \$104,568 from \$9,104,301 to \$9,208,869 for June 30, 2020. The increase is due to income exceeding expenditures.

Table 2: Condensed Statements of Revenues, Expenses and Changes in Net Position

| | 2021 | 2020 | 2019 | 2021 vs 2020 | |
|----------------------------|---------------------|---------------------|---------------------|-------------------|----------------|
| | | | | Dollar Change | Percent Change |
| Operating Revenues | \$ 871,811 | \$ 806,063 | \$ 859,234 | \$ 65,748 | 8.16% |
| Nonoperating Revenues | 211,183 | 220,133 | 274,902 | (8,950) | -4.07% |
| Total Revenues | 1,082,994 | 1,026,196 | 1,134,136 | 56,798 | 5.53% |
| Depreciation Expense | 123,541 | 120,455 | 106,385 | 3,086 | 2.56% |
| Other Operating Expenses | 754,906 | 801,174 | 762,546 | (46,268) | -5.78% |
| Total Expenses | 878,447 | 921,629 | 868,931 | (43,182) | -4.69% |
| Change in Net Position | 204,547 | 104,567 | 265,205 | 99,980 | 95.61% |
| Beginning Net Position | 9,208,868 | 9,104,301 | 8,883,968 | 104,567 | 1.15% |
| Prior Period Adjustment | - | - | (44,872) | - | 100.00% |
| Ending Net Position | \$ 9,413,415 | \$ 9,208,868 | \$ 9,104,301 | \$ 204,547 | 2.22% |

LOCKEFORD COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021 and 2020

NET POSITION (continued)

Fiscal Year 2020-2021: Table 2 Changes in Net Position Highlights

The Statements of Revenues, Expenses and Changes in Net Position identify the various revenue and expense items which affect the change in net position. As the information in Table 2 indicates, a net operating loss of \$6,636 coupled with net non-operating income of \$211,183 resulted in an increase of \$204,547 in net position for the year ended June 30, 2021.

Table 2, Condensed Statements of Revenues, Expenses and Changes in Net Position, indicates that the District's total revenues increased by \$56,798 or 5.53 percent to \$1,082,994 in the fiscal year ended June 30, 2021 from \$1,026,196 the prior year. An increase in revenue was mainly due to increase in service fee revenue. Total expenses decreased by \$43,182. This decrease is mainly due to decrease in legal and professional fee of \$49,829.

Fiscal Year 2019-2020: Table 2 Changes in Net Position Highlights

The Statements of Revenues, Expenses and Changes in Net Position identify the various revenue and expense items which affect the change in net position. As the information in Table 2 indicates, a net operating loss of \$115,566 coupled with net non-operating income of \$220,133 resulted in an increase of \$104,567 in net position for the year ended June 30, 2020.

Table 2, Condensed Statements of Revenues, Expenses and Changes in Net Position, indicates that the District's total revenues decreased by \$107,940 or 9.52 percent to \$1,026,196 in the fiscal year ended June 30, 2020 from \$1,134,136 the prior year. The decrease in revenue was mainly due to credit to Lockeford Land Group of \$38,278, and non-operating income decrease of \$54,769 primarily from connection fee income. Total expenses increased by \$52,698. This increase is due mainly to increase in legal and professional fee of \$34,364 and increase in salaries and wages by \$21,007.

CAPITAL ASSETS

Fiscal Year 2020-21: The District's investment in capital assets totaled \$7,031,462 which is a net decrease of \$38,764 or .55 percent over the capital asset balance of \$7,070,226. The decrease is due to depreciation expense exceeding capital asset additions. A comparison of the District's capital assets over the past two fiscal years is presented in Note 5 of the financial statements.

Fiscal Year 2019-20: The District's investment in capital assets totaled \$7,070,225 which is a net increase of \$2,836 or .04 percent over the capital asset balance of \$7,067,389. The increase is due to capital asset additions exceeding depreciation expense. A comparison of the District's capital assets over the past two fiscal years is presented in Note 5 of the financial statements.

LOCKEFORD COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021 and 2020

LONG-TERM DEBT

Fiscal Year 2020-21: As of June 30, 2021, the Sewer fund owes the Water fund balance of \$848,649, including the interest in the amount of \$18,649.

Fiscal Year 2019-20: As of June 30, 2020, the Sewer fund owes the Water fund balance of \$925,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Directors adopts the District's budget on an annual basis which provides funding for the District's operating, capital, and debt service costs for upcoming fiscal year. The District's water and waste water rates are reviewed by staff and the Board of Directors on an as-needed basis. The District's primary source of revenue comes from waste water and water fees, assessments of landowners and interest income.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's customers, investors, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information; please contact the Lockeford Community Services District's Office Manager at P.O. Box 809, Lockeford, CA 95237, and Telephone (209) 727-5035.

LOCKEFORD COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
June 30, 2021

| ASSETS | <u>Water</u> | <u>Waste Water</u> | <u>Other</u> | <u>Elimination</u> | <u>Total</u> |
|---|---------------------|------------------------|---------------------|---------------------|---------------------|
| Current Assets | | | | | |
| Cash in Banks | \$ 88,243 | \$ 36,710 | \$ 15,186 | \$ - | \$ 140,139 |
| Cash in County Treasury | 588,349 | 476,095 | 27,795 | - | 1,092,239 |
| Customer and Other Accounts Receivable | 6,754 | 83,729 | 2,753 | - | 93,236 |
| Prepaid Insurance | 11,771 | 11,771 | 4,973 | - | 28,515 |
| Total Unrestricted Current Assets | 695,117 | 608,305 | 50,707 | - | 1,354,129 |
| Restricted Cash and Investments | 869,699 | 360,711 | 2,355 | - | 1,232,765 |
| Total Current Assets | 1,564,816 | 969,016 | 53,062 | - | 2,586,894 |
| Other Assets | | | | | |
| WW Connection Credits | - | 50,000 | - | - | 50,000 |
| Deposits Developers | - | 14,555 | - | - | 14,555 |
| Interest Receivable | 19,921 | 749 | 84 | (18,649) | 2,105 |
| Due from Waste Water Fund | 830,000 | - | - | (830,000) | - |
| Total Other Assets | 849,921 | 65,304 | 84 | (848,649) | 66,660 |
| Capital Assets | | | | | |
| Land | 44,156 | 3,355,858 | 212,716 | - | 3,612,730 |
| WW Master Plan - In Progress | - | 15,172 | - | - | 15,172 |
| Buildings and Improvements | 58,280 | 58,281 | 2,279,803 | - | 2,396,364 |
| Treatment Facilities | - | 2,434,862 | - | - | 2,434,862 |
| Bear Creek Well | 67,384 | - | - | - | 67,384 |
| Well #2 Replacement, Water Transmission and Distribution | 1,303,244 | - | - | - | 1,303,244 |
| Office and General Equipment | 198,761 | 99,218 | - | - | 297,979 |
| Accumulated Depreciation | (922,619) | (2,027,644) | (146,011) | - | (3,096,274) |
| Total Depreciable Capital Assets | 705,050 | 564,717 | 2,133,792 | - | 3,403,559 |
| Total Capital Assets Net of Accumulated Depreciation | 749,206 | 3,935,747 | 2,346,508 | - | 7,031,461 |
| Total Assets | \$ 3,163,943 | \$ 4,970,067 | \$ 2,399,654 | \$ (848,649) | \$ 9,685,015 |

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

LOCKEFORD COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
June 30, 2021

| LIABILITIES | <u>Water</u> | <u>Waste Water</u> | <u>Other</u> | <u>Elimination</u> | <u>Total</u> |
|--|---------------------|------------------------|---------------------|---------------------|---------------------|
| Current Liabilities | | | | | |
| Accounts Payable | \$ 9,905 | \$ 9,905 | \$ - | \$ - | \$ 19,810 |
| Accrued Salaries | 4,708 | 4,708 | 105 | - | 9,521 |
| Accrued Interest | - | 18,649 | - | (18,649) | - |
| Retirement Contributions Payable | 15,947 | 15,947 | - | - | 31,894 |
| Total Current Liabilities | <u>30,560</u> | <u>49,209</u> | <u>105</u> | <u>(18,649)</u> | <u>61,225</u> |
| Noncurrent Liabilities | | | | | |
| Deferred Revenue | 175,811 | 34,564 | - | - | 210,375 |
| Due to Water Fund | - | 830,000 | - | (830,000) | - |
| Total Noncurrent Liabilities | <u>175,811</u> | <u>864,564</u> | <u>-</u> | <u>(830,000)</u> | <u>210,375</u> |
| Total Liabilities | <u>206,371</u> | <u>913,773</u> | <u>105</u> | <u>(848,649)</u> | <u>271,600</u> |
| NET POSITION | | | | | |
| Invested in Capital Assets, Net of Related Debt | 749,206 | 3,935,747 | 2,346,508 | - | 7,031,461 |
| Restricted | 869,699 | 360,711 | 2,355 | - | 1,232,765 |
| Unrestricted | 1,338,667 | (240,164) | 50,686 | - | 1,149,189 |
| Total Net Position | <u>2,957,572</u> | <u>4,056,294</u> | <u>2,399,549</u> | <u>-</u> | <u>9,413,415</u> |
| Total Liabilities and Net Position | <u>\$ 3,163,943</u> | <u>\$ 4,970,067</u> | <u>\$ 2,399,654</u> | <u>\$ (848,649)</u> | <u>\$ 9,685,015</u> |

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

LOCKEFORD COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
June 30, 2020

| ASSETS | <u>Water</u> | <u>Waste Water</u> | <u>Other</u> | <u>Elimination</u> | <u>Total</u> |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Current Assets | | | | | |
| Cash in Banks | \$ 51,962 | \$ 53,195 | \$ 17,162 | \$ - | \$ 122,319 |
| Cash in County Treasury | 405,270 | 462,280 | 21,321 | - | 888,871 |
| Customer and Other Accounts Receivable | 5,998 | 81,747 | - | - | 87,745 |
| Prepaid Insurance | 13,562 | 13,562 | - | - | 27,124 |
| Total Unrestricted Current Assets | <u>476,792</u> | <u>610,784</u> | <u>38,483</u> | - | 1,126,059 |
| Restricted Cash and Investments | <u>758,835</u> | <u>341,380</u> | <u>12,271</u> | - | 1,112,486 |
| Total Current Assets | <u>1,235,627</u> | <u>952,164</u> | <u>50,754</u> | - | 2,238,545 |
| Other Assets | | | | | |
| WW Connection Credits | - | 50,000 | - | - | 50,000 |
| Deposits Developers | - | 14,449 | - | - | 14,449 |
| Interest Receivable | 3,645 | 2,557 | 130 | - | 6,332 |
| Due from Waste Water Fund | <u>925,000</u> | - | - | (925,000) | - |
| Total Other Assets | <u>928,645</u> | <u>67,006</u> | <u>130</u> | (925,000) | 70,781 |
| Capital Assets | | | | | |
| Land | <u>44,156</u> | <u>3,355,858</u> | <u>212,716</u> | - | 3,612,730 |
| Buildings and Improvements | 58,280 | 58,281 | 2,210,197 | - | 2,326,758 |
| Treatment Facilities | - | 2,434,862 | - | - | 2,434,862 |
| Bear Creek Well | 67,384 | - | - | - | 67,384 |
| Well #2 Replacement, Water Transmission and Distribution | 1,303,244 | - | - | - | 1,303,244 |
| Office and General Equipment | 198,761 | 99,218 | - | - | 297,979 |
| Accumulated Depreciation | <u>(879,860)</u> | <u>(1,981,210)</u> | <u>(111,663)</u> | - | (2,972,733) |
| Total Depreciable Capital Assets | <u>747,809</u> | <u>611,151</u> | <u>2,098,534</u> | - | 3,457,494 |
| Total Capital Assets Net of Accumulated Depreciation | <u>791,965</u> | <u>3,967,009</u> | <u>2,311,250</u> | - | 7,070,224 |
| Total Assets | <u><u>\$ 2,956,237</u></u> | <u><u>\$ 4,986,179</u></u> | <u><u>\$ 2,362,134</u></u> | <u><u>\$ (925,000)</u></u> | <u><u>\$ 9,379,550</u></u> |

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

LOCKEFORD COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
June 30, 2020

| LIABILITIES | <u>Water</u> | <u>Waste Water</u> | <u>Other</u> | <u>Elimination</u> | <u>Total</u> |
|--|---------------------|------------------------|---------------------|---------------------|---------------------|
| Current Liabilities | | | | | |
| Accounts Payable | \$ 5,367 | \$ 5,367 | \$ - | \$ - | \$ 10,734 |
| Accrued Payable | 2,362 | 2,362 | - | - | 4,724 |
| Retirement Contributions Payable | 15,332 | 15,332 | - | - | 30,664 |
| Total Current Liabilities | <u>23,061</u> | <u>23,061</u> | <u>-</u> | <u>-</u> | <u>46,122</u> |
| Noncurrent Liabilities | | | | | |
| Deferred Revenue | 110,112 | 14,448 | - | - | 124,560 |
| Due to Water Fund | - | 925,000 | - | (925,000) | - |
| Total Noncurrent Liabilities | <u>110,112</u> | <u>939,448</u> | <u>-</u> | <u>(925,000)</u> | <u>124,560</u> |
| Total Liabilities | <u>133,173</u> | <u>962,509</u> | <u>-</u> | <u>(925,000)</u> | <u>170,682</u> |
| NET POSITION | | | | | |
| Invested in Capital Assets, Net of Related Debt | 791,965 | 3,967,009 | 2,311,250 | - | 7,070,224 |
| Restricted | 758,835 | 341,380 | 12,271 | - | 1,112,486 |
| Unrestricted | 1,272,264 | (284,719) | 38,613 | - | 1,026,158 |
| Total Net Position | <u>2,823,064</u> | <u>4,023,670</u> | <u>2,362,134</u> | <u>-</u> | <u>9,208,868</u> |
| Total Liabilities and Net Position | <u>\$ 2,956,237</u> | <u>\$ 4,986,179</u> | <u>\$ 2,362,134</u> | <u>\$ (925,000)</u> | <u>\$ 9,379,550</u> |

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

LOCKEFORD COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
June 30, 2021

| | <u>Water</u> | <u>Waste Water</u> | <u>Other</u> | <u>Total</u> |
|-------------------------------------|---------------------|------------------------|---------------------|---------------------|
| OPERATING REVENUE | | | | |
| Service Fees | \$ 449,681 | \$ 412,150 | \$ - | \$ 861,831 |
| Other Income (expense) | 930 | 100 | 8,950 | 9,980 |
| Total Operating Revenue | <u>450,611</u> | <u>412,250</u> | <u>8,950</u> | <u>871,811</u> |
| OPERATING EXPENSES | | | | |
| Repairs and Maintenance | 8,650 | 17,116 | 7,462 | 33,228 |
| Utilities | 52,555 | 41,228 | 6,170 | 99,953 |
| Depreciation | 42,759 | 46,434 | 34,348 | 123,541 |
| Salaries | 154,956 | 154,956 | 12,995 | 322,907 |
| Social Security/Medicare | 2,312 | 2,312 | 39 | 4,663 |
| Retirement | 15,947 | 15,947 | - | 31,894 |
| Taxes, Licenses and Membership Fees | 8,781 | 28,213 | 161 | 37,155 |
| Workers Compensation Insurance | 9,255 | 9,255 | - | 18,510 |
| Health Insurance | 41,246 | 41,246 | - | 82,492 |
| Insurance | 8,231 | 8,231 | 1,658 | 18,120 |
| Office Supplies and Data Processing | 8,447 | 7,738 | 419 | 16,604 |
| Professional Services | 2,638 | 20,663 | 6,511 | 29,812 |
| Chemicals and Testing Supplies | 1,486 | 12,520 | - | 14,006 |
| Tools and Supplies | 3,584 | 4,575 | 1,702 | 9,861 |
| Telephone | 2,988 | 2,988 | 829 | 6,805 |
| Auto Expense | 4,421 | 4,612 | 209 | 9,242 |
| Auditor | 4,238 | 4,238 | - | 8,476 |
| Miscellaneous | 3,255 | 3,245 | 4,678 | 11,178 |
| Total Operating Expense | <u>375,749</u> | <u>425,517</u> | <u>77,181</u> | <u>878,447</u> |
| Net Income (Loss) from Operations | <u>74,862</u> | <u>(13,267)</u> | <u>(68,231)</u> | <u>(6,636)</u> |
| NON-OPERATING INCOME | | | | |
| Property Tax Revenue | - | - | 164,158 | 164,158 |
| Interest Income | 25,097 | 4,135 | 262 | 29,494 |
| Interest Expense | - | (18,649) | - | (18,649) |
| Land Lease | - | 13,200 | - | 13,200 |
| Connection Fees | 6,180 | 16,800 | - | 22,980 |
| Total Non-Operating Income | <u>31,277</u> | <u>15,486</u> | <u>164,420</u> | <u>211,183</u> |
| Income Before Transfers | 106,139 | 2,219 | 96,189 | 204,547 |
| Transfers | 28,369 | 30,405 | (58,774) | - |
| Change in Net Position | 134,508 | 32,624 | 37,415 | 204,547 |
| Beginning Net Position | <u>2,823,064</u> | <u>4,023,670</u> | <u>2,362,134</u> | <u>9,208,868</u> |
| Ending Net Position | <u>\$ 2,957,572</u> | <u>\$ 4,056,294</u> | <u>\$ 2,399,549</u> | <u>\$ 9,413,415</u> |

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

LOCKEFORD COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
June 30, 2020

| | <u>Water</u> | <u>Waste Water</u> | <u>Other</u> | <u>Total</u> |
|-------------------------------------|---------------------|------------------------|---------------------|---------------------|
| OPERATING REVENUE | | | | |
| Service Fees | \$ 422,428 | \$ 402,877 | \$ - | \$ 825,305 |
| Other Income (expense) | 3,520 | (37,216) | 14,454 | (19,242) |
| Total Operating Revenue | <u>425,948</u> | <u>365,661</u> | <u>14,454</u> | <u>806,063</u> |
| OPERATING EXPENSES | | | | |
| Repairs and Maintenance | 3,703 | 3,440 | 32,732 | 39,875 |
| Utilities | 51,753 | 39,934 | 9,672 | 101,359 |
| Depreciation | 42,296 | 45,454 | 32,705 | 120,455 |
| Salaries | 148,054 | 148,054 | 12,531 | 308,639 |
| Social Security/Medicare | 2,223 | 2,223 | 5 | 4,451 |
| Retirement | 15,332 | 15,332 | - | 30,664 |
| Taxes, Licenses and Membership Fees | 8,435 | 25,836 | 44 | 34,315 |
| Workers Compensation Insurance | 9,318 | 8,891 | - | 18,209 |
| Health Insurance | 41,252 | 41,252 | - | 82,504 |
| Insurance | 8,497 | 8,497 | - | 16,994 |
| Office Supplies and Data Processing | 7,887 | 7,267 | 28 | 15,182 |
| Professional Services | 15,622 | 18,004 | 46,015 | 79,641 |
| Chemicals and Testing Supplies | 2,693 | 13,895 | - | 16,588 |
| Tools and Supplies | 4,223 | 4,064 | 2,777 | 11,064 |
| Telephone | 2,849 | 2,849 | 1,148 | 6,846 |
| Auto Expense | 5,824 | 5,824 | 157 | 11,805 |
| Auditor | 4,610 | 4,610 | - | 9,220 |
| Miscellaneous | 2,954 | 3,338 | 7,526 | 13,818 |
| Total Operating Expense | <u>377,525</u> | <u>398,764</u> | <u>145,340</u> | <u>921,629</u> |
| Net Income (Loss) from Operations | <u>48,423</u> | <u>(33,103)</u> | <u>(130,886)</u> | <u>(115,566)</u> |
| NON-OPERATING INCOME | | | | |
| Property Tax Revenue | - | - | 151,776 | 151,776 |
| Interest Income | 17,629 | 13,193 | 1,305 | 32,127 |
| Land Lease | - | 13,200 | - | 13,200 |
| Connection Fees | 6,180 | 16,800 | - | 22,980 |
| Other Non Operating Income | 50 | - | - | 50 |
| Total Non-Operating Income | <u>23,859</u> | <u>43,193</u> | <u>153,081</u> | <u>220,133</u> |
| Income Before Transfers | 72,282 | 10,090 | 22,195 | 104,567 |
| Transfers | <u>(21,206)</u> | <u>78,820</u> | <u>(57,614)</u> | <u>-</u> |
| Change in Net Position | 51,076 | 88,910 | (35,419) | 104,567 |
| Beginning Net Position | <u>2,771,988</u> | <u>3,934,760</u> | <u>2,397,553</u> | <u>9,104,301</u> |
| Ending Net Position | <u>\$ 2,823,064</u> | <u>\$ 4,023,670</u> | <u>\$ 2,362,134</u> | <u>\$ 9,208,868</u> |

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

LOCKEFORD COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
June 30, 2021

| | Water | Waste Water | Other | Total |
|---|---------------------|------------------------|------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash Received from Customers | \$ 514,624 | \$ 430,284 | \$ (2,753) | \$ 942,155 |
| Other Operating Receipts | 930 | 100 | 8,950 | 9,980 |
| Cash Payments for Goods and Services | (151,100) | (197,193) | (34,667) | (382,960) |
| Cash Payments to Employees | (172,600) | (172,600) | (13,034) | (358,234) |
| | <u>191,854</u> | <u>60,591</u> | <u>(41,504)</u> | <u>210,941</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | |
| Cash Received from Property Taxes | - | - | 164,158 | 164,158 |
| Net Cash Provided (Used) by Noncapital Activities | <u>-</u> | <u>-</u> | <u>164,158</u> | <u>164,158</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receipts of Interest | 8,821 | 5,943 | 308 | 15,072 |
| Net Cash Provided (Used) by Investing Activities | <u>8,821</u> | <u>5,943</u> | <u>308</u> | <u>15,072</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Capital Asset Purchased | - | (15,172) | (69,605) | (84,777) |
| Loan Payment (Expense) Waste Water to Water fund | 95,000 | (95,000) | - | - |
| Land Lease Income | - | 13,200 | - | 13,200 |
| Connection Fees | 6,180 | 16,800 | - | 22,980 |
| Net Cash Provided (Used) from Capital and Related Financing Activities | <u>101,180</u> | <u>(80,172)</u> | <u>(69,605)</u> | <u>(48,597)</u> |
| Transfers | 28,369 | 30,405 | (58,774) | - |
| Net Increase (Decrease) in Cash | 330,224 | 16,767 | (5,417) | 341,574 |
| Cash - Beginning of Year | 1,216,067 | 871,304 | 50,753 | 2,138,124 |
| Cash - End of Year | <u>\$ 1,546,291</u> | <u>\$ 888,071</u> | <u>\$ 45,336</u> | <u>\$ 2,479,698</u> |
| CASH AND CASH EQUIVALENTS AT YEAR END | | | | |
| Cash in Banks | \$ 88,243 | \$ 36,710 | \$ 15,187 | \$ 140,140 |
| Cash in County Treasury | 588,349 | 476,095 | 27,795 | 1,092,239 |
| Board Designated Cash in County Treasury | 869,699 | 360,711 | 2,354 | 1,232,764 |
| Developers Deposits in Banks | - | 14,555 | - | 14,555 |
| Total Cash and Cash Equivalents (Note 2) | <u>\$ 1,546,291</u> | <u>\$ 888,071</u> | <u>\$ 45,336</u> | <u>\$ 2,479,698</u> |

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

LOCKEFORD COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS (Continued)
June 30, 2021

| | Water | Waste Water | Other | Total |
|---|--------------|------------------------|--------------|--------------|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED) IN OPERATING ACTIVITIES | | | | |
| Net Income (Loss) from Operations | \$ 74,862 | \$ (13,267) | \$ (68,231) | \$ (6,636) |
| ADJUSTMENTS TO RECONCILE NET INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Depreciation Expense | 42,759 | 46,434 | 34,348 | 123,541 |
| (Increase) Decrease in Accounts Receivable | (756) | (1,982) | (2,753) | (5,491) |
| (Increase) Decrease in Prepaid Expenses | 1,791 | 1,791 | (4,973) | (1,391) |
| Increase (Decrease) in Accounts Payable | 4,538 | 4,538 | - | 9,076 |
| Increase (Decrease) in Accrued Payable | 2,346 | 2,346 | 105 | 4,797 |
| Increase (Decrease) in Developer Deposits | - | 106 | - | 106 |
| Increase (Decrease) in Deferred Revenue | 65,699 | 20,010 | - | 85,709 |
| Increase (Decrease) in Retirement Payable | 615 | 615 | - | 1,230 |
| Net Cash Provided (Used) by Operating Activities | \$ 191,854 | \$ 60,591 | \$ (41,504) | \$ 210,941 |

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

LOCKEFORD COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
June 30, 2020

| | Water | Waste Water | Other | Total |
|---|--------------|------------------------|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash Received from Customers | \$ 502,585 | \$ 394,321 | \$ - | \$ 896,906 |
| Other Operating Receipts | 3,520 | (37,216) | 14,454 | (19,242) |
| Cash Payments for Goods and Services | (166,426) | (184,507) | (100,099) | (451,032) |
| Cash Payments to Employees | (164,804) | (164,804) | (12,536) | (342,144) |
| Net Cash Provided (Used) by Operating Activities | 174,875 | 7,794 | (98,181) | 84,488 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | |
| Other Non-Operating Income | 50 | - | - | 50 |
| Cash Received from Property Taxes | - | - | 151,776 | 151,776 |
| Net Cash Provided (Used) by Noncapital Activities | 50 | - | 151,776 | 151,826 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receipts of Interest | 18,020 | 15,123 | 1,951 | 35,094 |
| Net Cash Provided (Used) by Investing Activities | 18,020 | 15,123 | 1,951 | 35,094 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Capital Asset Purchased | (41,705) | (13,237) | (68,350) | (123,292) |
| Loan Payment (Expense) Waste Water to Water fund | 60,000 | (60,000) | - | - |
| Land Lease Income | - | 13,200 | - | 13,200 |
| Connection Fees | 6,180 | 16,800 | - | 22,980 |
| Net Cash Provided (Used) from Capital and Related Financing Activities | 24,475 | (43,237) | (68,350) | (87,112) |
| Transfers | (21,206) | 78,820 | (57,614) | - |
| Net Increase (Decrease) in Cash | 196,214 | 58,500 | (70,418) | 184,296 |
| Cash - Beginning of Year | 1,019,853 | 812,804 | 121,171 | 1,953,828 |
| Cash - End of Year | \$ 1,216,067 | \$ 871,304 | \$ 50,753 | \$ 2,138,124 |
| CASH AND CASH EQUIVALENTS AT YEAR END | | | | |
| Cash in Banks | \$ 51,962 | \$ 53,195 | \$ 17,162 | \$ 122,319 |
| Cash in County Treasury | 405,270 | 462,280 | 21,321 | 888,871 |
| Board Designated Cash in County Treasury | 758,835 | 341,380 | 12,270 | 1,112,485 |
| Developers Deposits in Banks | - | 14,449 | - | 14,449 |
| Total Cash and Cash Equivalents (Note 2) | \$ 1,216,067 | \$ 871,304 | \$ 50,753 | \$ 2,138,124 |

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

LOCKEFORD COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS (Continued)
June 30, 2020

| | Water | Waste Water | Other | Total |
|---|--------------|------------------------|--------------|--------------|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED) IN OPERATING ACTIVITIES | | | | |
| Net Income (Loss) from Operations | \$ 48,423 | \$ (33,103) | \$ (130,886) | \$ (115,566) |
| ADJUSTMENTS TO RECONCILE NET INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Depreciation Expense | 42,296 | 45,454 | 32,705 | 120,455 |
| (Increase) Decrease in Accounts Receivable | 41,517 | (8,832) | - | 32,685 |
| (Increase) Decrease in Prepaid Expenses | (481) | (481) | - | (962) |
| Increase (Decrease) in Accounts Payable | 1,313 | 1,313 | - | 2,626 |
| Increase (Decrease) in Accrued Payable | 2,362 | 2,362 | - | 4,724 |
| Increase (Decrease) in Developer Deposits | - | 276 | - | 276 |
| Increase (Decrease) in Deferred Revenue | 38,640 | - | - | 38,640 |
| Increase (Decrease) in Retirement Payable | 805 | 805 | - | 1,610 |
| Net Cash Provided (Used) by Operating Activities | \$ 174,875 | \$ 7,794 | \$ (98,181) | \$ 84,488 |

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

LOCKEFORD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied in the preparation of the financial statements follows.

Business Activity

The District provides water and sewer services to the Lockeford area residents. The District also provides park and recreation facilities.

Reporting Entity

The District management considered all potential component units for inclusion in the reporting entity by applying the criteria set forth in generally accepted accounting principles. The District concluded that there are no potential component units which should be included in the reporting entity.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with the uniform accounting system prescribed by the controller of the State of California.

Budgetary Accounting

The District does not adopt an appropriated budget and is not required to adopt such a budget by law. However, the District does adopt a non appropriated budget annually which is approved by the Board of Directors. While the District reports financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented as RSI for each major governmental fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

LOCKEFORD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 and 2020

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Net Changes in Net Position - FY20-21

| | Water | Waste Water | Other | Total |
|----------------------|-------------------|------------------|------------------|-------------------|
| Budget Basis | \$ 32,372 | \$ 39,425 | \$ 41,585 | \$ 113,382 |
| Adjustments (net): | | | | |
| Revenue Accruals | 77,635 | 8,966 | 8,966 | 95,567 |
| Expenditure Accruals | <u>24,501</u> | <u>(15,767)</u> | <u>(13,136)</u> | <u>(4,402)</u> |
| GAAP Basis | <u>\$ 134,508</u> | <u>\$ 32,624</u> | <u>\$ 37,415</u> | <u>\$ 204,547</u> |

Net Changes in Net Position - FY19-20

| | Water | Waste Water | Other | Total |
|----------------------|------------------|------------------|--------------------|-------------------|
| Budget Basis | \$ 50,424 | \$ 65,552 | \$ 36,605 | \$ 152,581 |
| Adjustments (net): | | | | |
| Revenue Accruals | 14,627 | 46,172 | 12,521 | 73,320 |
| Expenditure Accruals | <u>(13,975)</u> | <u>(22,814)</u> | <u>(84,545)</u> | <u>(121,334)</u> |
| GAAP Basis | <u>\$ 51,076</u> | <u>\$ 88,910</u> | <u>\$ (35,419)</u> | <u>\$ 104,567</u> |

Excess of Expenditures over Appropriations

For the year ended June 30, 2021 expenditures exceeded budgeted totals by (\$4,402). This was mainly due to the depreciation of \$123,541. Depreciation was not part of budgeted expense.

For the year ended June 30, 2020 expenditures exceeded budgeted totals by \$121,334. This was a result of unanticipated increases in various expenses and depreciation of \$120,455. Depreciation was not part of budgeted expense.

Cash Equivalents

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

Net Position (Unreserved - Designated)

Net Position (unreserved – designated/assigned) represent board designation of retained earnings for capital improvements and acquisitions.

Investments

Investments in mutual funds are reported at fair market value which is determined by the last reported sales price at current exchange rates.

LOCKEFORD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Governing Board

The governing board of the District consists of the following five directors:

| | |
|-----------------|-----------|
| David Rowe | President |
| Gary Gordon | Director |
| Ozzie Neal | Director |
| Jane Loney | Director |
| Janina Chandler | Director |

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. When cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Depreciation is charged, as an expense against operations, and accumulated depreciation is reported on the balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation.

The estimated useful lives for each major class of depreciable fixed assets are as follows:

| | |
|------------------------------------|-------------|
| Pumping and transmission equipment | 10-50 years |
| Office equipment | 3-7 years |
| Vehicles | 10 years |
| Buildings | 35 years |

Property Tax

Property taxes are assessed January 1, and levied January 1, and are payable in two installments on December 10, and April 10. The San Joaquin County bills and collects property taxes on behalf of the District. Property tax revenues are recognized when received.

LOCKEFORD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 and 2020

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

The financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. The financial statements are prepared in accordance with GASB Statement No. 34 (GASB 34), Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. GASB 34 requires that state and local governments report financial information using both fund-based and government-wide financial statement presentations. Fund based statements use the modified accrual basis of accounting, but the government-wide statement uses full accrual basis of accounting. GASB 34 also requires the reporting of capital assets and long-term obligations on the government-wide financial statements. The preparation of a Management's Discussion and Analysis to clarify the District's financial activities is also required by GASB 34.

NOTE 2 - CASH AND INVESTMENTS

In accordance with state requirements the District maintains most of its cash in the San Joaquin County Treasury. The County pools these funds with those of other Districts in the County who in turn invests the cash. These pooled funds are carried at cost. The fair market value of the pool as of the above date approximates cost basis. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The county is required by Government Code Section 53635 pursuant to section 53601 to invest in time deposits, US government securities, state registered warrants, notes or bonds, State Treasurer investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase of reverse repurchase agreements.

Cash held in banks and on hand at cost, which also approximates market value is as follows:

| | 2021 | 2020 |
|------------------------------------|----------------|----------------|
| Cash on Hand and in Banks: | | |
| P & R Fund | \$ 15,186 | \$ 17,162 |
| Waste Water Checking | 36,710 | 53,195 |
| Water Checking | 88,243 | 51,962 |
| Total Cash on Hand and in Bank | \$ 140,139 | \$ 122,319 |

LOCKEFORD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

| | 2021 | |
|---------------------------------------|--------------|--------------|
| | Cost | Market |
| Pooled Funds: | | |
| Cash-General Fund | \$ 11,522 | \$ 11,522 |
| Accumulated Capital Outlay - Water | 783,697 | 783,697 |
| General Reserve - Waste Water Capital | 358,685 | 358,685 |
| Bond Reserve - Waste Water Operating | 476,095 | 476,095 |
| Construction #1 - Waste Water | 2,026 | 2,026 |
| Construction #2 - Water | 2,437 | 2,437 |
| Community Center - P&R Operating | 16,274 | 16,274 |
| Capital Outlay Reserve - P&R Capital | 2,355 | 2,355 |
| Developers Deposits | 14,555 | 14,555 |
| Water - Operating | 588,349 | 588,349 |
| Well #2 Depreciation Reserve | 83,273 | 83,273 |
| Total Cash in County | \$ 2,339,268 | \$ 2,339,268 |

| | 2020 | |
|---------------------------------------|--------------|--------------|
| | Cost | Market |
| Pooled Funds: | | |
| Cash-General Fund | \$ 12,101 | \$ 12,101 |
| Accumulated Capital Outlay - Water | 677,379 | 677,379 |
| General Reserve - Waste Water Capital | 339,367 | 339,367 |
| Bond Reserve - Waste Water Operating | 462,280 | 462,280 |
| Construction #1 - Waste Water | 2,013 | 2,013 |
| Construction #2 - Water | 2,421 | 2,421 |
| Community Center - P&R Operating | 9,219 | 9,219 |
| Capital Outlay Reserve - P&R Capital | 12,271 | 12,271 |
| Developers Deposits | 14,449 | 14,449 |
| Water - Operating | 405,270 | 405,270 |
| Well #2 Depreciation Reserve | 52,752 | 52,752 |
| Total Cash in County | \$ 1,989,522 | \$ 1,989,522 |

LOCKEFORD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 and 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

Cash balances held in banks and in revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

Investments on June 30, 2021 and 2020, held on behalf of the District, are presented below, categorized separately to give an indication of the level of risk associated with each investment.

Investment on June 30, 2021 is as follows:

| | Category | | | Carrying Value | Fair Value |
|---------------|---------------------|-------------|-------------|---------------------|---------------------|
| | 1 | 2 | 3 | | |
| Cash In Banks | \$ 140,139 | \$ - | \$ - | \$ 140,139 | \$ 140,139 |
| Pooled Funds | 2,339,268 | - | - | 2,339,268 | 2,339,268 |
| | <u>\$ 2,479,407</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,479,407</u> | <u>\$ 2,479,407</u> |

Investment on June 30, 2020 is as follows:

| | Category | | | Carrying Value | Fair Value |
|---------------|---------------------|-------------|-------------|---------------------|---------------------|
| | 1 | 2 | 3 | | |
| Cash In Banks | \$ 122,319 | \$ - | \$ - | \$ 122,319 | \$ 122,319 |
| Pooled Funds | 1,989,522 | - | - | 1,989,522 | 1,989,522 |
| | <u>\$ 2,111,841</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,111,841</u> | <u>\$ 2,111,841</u> |

Category 1: Insured or registered, or securities held by the District or its agent in the District's name.

Category 2: Uninsured and unregistered, with securities held by the counterparty's trust department or its agent in the District's name.

Category 3: Uninsured and unregistered, with securities held by the counterparty, its trust department, or its agent, but not in the District's name.

LOCKEFORD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts Receivable is stated at their realizable value as of June 30, 2021 and 2020. Most of the District's business activity is with customers within the City of Lockeford. Included in accounts receivable are amounts due from developers for services paid on their behalf by the District. As of June 30, 2021, the District's customer and other receivables were \$93,236 including the property tax receivable of \$2,753. As of 2020 the District's customer and other receivables were \$87,745.

NOTE 4 - DEPOSIT

The Deposit represents an advance payment for connection fees from developers. The bank balance is equal to the carrying amount. A corresponding amount is shown as Deferred Revenue in the Noncurrent Liabilities section of the Statement of Net Position.

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

The District maintains detailed records of the cost of property, plant, and equipment. Cost and estimated costs of such assets have been accumulated as follows:

The property, plant, and equipment summary for on June 30, 2021 is as follows:

| | <u>6/30/2020</u> | <u>Additions (Depreciation)</u> | <u>6/30/2021</u> |
|-----------------------------------|-------------------------|-------------------------------------|-------------------------|
| Well #2 Replacement | \$ 497,578 | \$ - | \$ 497,578 |
| Waste Water Treatment Facility | 2,434,862 | - | 2,434,862 |
| Plant Equipment - Waste Water | 92,512 | - | 92,512 |
| Truck - Waste Water | 13,945 | - | 13,945 |
| Office Equipment - Waste Water | 11,652 | - | 11,652 |
| WW Master Plan - In Progress | - | 15,172 | 15,172 |
| Bear Creek Well | 67,384 | - | 67,384 |
| Building - Waste Water | 58,281 | - | 58,281 |
| Land - Waste Water | 3,355,858 | - | 3,355,858 |
| Plant Equipment - Water | 147,056 | - | 147,056 |
| Water Pumping Plant - Water | 464,617 | - | 464,617 |
| Water Transmission - Water | 348,201 | - | 348,201 |
| Truck - Water | 13,945 | - | 13,945 |
| Office Equipment - Water | 11,712 | - | 11,712 |
| Building - Water | 58,281 | - | 58,281 |
| Land - Water | 44,156 | - | 44,156 |
| Land - Parks and Recreation | 212,716 | - | 212,716 |
| Parks and Recreation Improvements | 211,654 | 69,605 | 281,259 |
| Old Lockeford School - P & R | 1,998,548 | - | 1,998,548 |
| Accumulated Depreciation | <u>(2,972,733)</u> | <u>(123,541)</u> | <u>(3,096,274)</u> |
| Total Net Fixed Assets | <u>\$ 7,070,225</u> | <u>\$ (38,764)</u> | <u>\$ 7,031,461</u> |

LOCKEFORD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT (continued)

The property, plant, and equipment summary for on June 30, 2020 is as follows:

| | <u>6/30/2019</u> | <u>Additions</u> <u>(Depreciation)</u> | <u>6/30/2020</u> |
|-----------------------------------|-------------------------|---|-------------------------|
| Well #2 Replacement | \$ 497,578 | \$ - | \$ 497,578 |
| Waste Water Treatment Facility | 2,432,362 | 2,500 | 2,434,862 |
| Plant Equipment - Waste Water | 81,776 | 10,736 | 92,512 |
| Truck - Waste Water | 13,945 | - | 13,945 |
| Office Equipment - Waste Water | 11,652 | - | 11,652 |
| Bear Creek Well | 67,384 | - | 67,384 |
| Building - Waste Water | 58,281 | - | 58,281 |
| Land - Waste Water | 3,355,858 | - | 3,355,858 |
| Plant Equipment - Water | 105,351 | 41,705 | 147,056 |
| Water Pumping Plant - Water | 464,617 | - | 464,617 |
| Water Transmission - Water | 348,201 | - | 348,201 |
| Truck - Water | 13,945 | - | 13,945 |
| Office Equipment - Water | 11,712 | - | 11,712 |
| Building - Water | 58,281 | - | 58,281 |
| Land - Water | 44,156 | - | 44,156 |
| Land - Parks and Recreation | 212,716 | - | 212,716 |
| Parks and Recreation Improvements | 143,304 | 68,350 | 211,654 |
| Old Lockeford School - P & R | 1,998,548 | - | 1,998,548 |
| Accumulated Depreciation | <u>(2,852,278)</u> | <u>(120,455)</u> | <u>(2,972,733)</u> |
| Total Net Fixed Assets | <u>\$ 7,067,389</u> | <u>\$ 2,836</u> | <u>\$ 7,070,225</u> |

NOTE 6 – ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities on June 30, 2021 and 2020, consisted of the following:

| | <u>2021</u> | <u>2020</u> |
|--------------------|----------------------|----------------------|
| Accounts Payable | \$ 19,810 | \$ 10,734 |
| Accrued Payable | 9,521 | 4,724 |
| Retirement Payable | <u>31,894</u> | <u>30,664</u> |
| Total | <u>\$ 61,225</u> | <u>\$ 46,122</u> |

LOCKEFORD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

NOTE 7 - ACCUMULATED VACATION AND SICK LEAVE COMPENSATED ABSENCES

Accumulated employee vacation benefits are used prior to the District's years ending June 30, 2021 and 2020 and therefore are not recognized as liabilities of the District.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken.

NOTE 8 - LONG -TERM DEBT

June 30, 2021 – The Sewer fund owes the Water fund \$848,649, including interest in the amount of \$18,49 for property acquisition for wastewater reclamation facilities expansion.

June 30, 2020 – The Sewer fund owes the Water fund \$925,000 for property acquisition for wastewater reclamation facilities expansion.

NOTE 9 - UNEARNED REVENUE

Unearned revenue consisted of the following on June 30, 2021, and 2020:

| | 2021 | 2020 |
|--------------------|------------|------------|
| Diede Construction | \$ 14,556 | \$ 14,449 |
| SGMA Subcharge | 155,802 | 110,112 |
| Insurance Proceeds | 40,017 | - |
| | \$ 210,375 | \$ 124,561 |

NOTE 10 - MONEY PURCHASE PENSION PLAN

The District Board of Directors approved on 13th day of February 2020 to change the retirement savings plan to the CalPERS 457 Plan. The CalPERS 457 Plan is a deferred compensation plan for the benefit of its employees. The Board of Administration of the California Public Employees' Retirement System (the CalPERS Board") has established CalPERS Supplemental Income 457 Plan (the "CalPERS 457 Plan") which may be adopted by a government employer. Currently, the District contributes 10% of the employee's wages towards the plan. As of the fiscal years ending June 30, 2021, and 2020, the District has contributed \$31,984 and \$30,633 respectively.

LOCKEFORD COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

NOTE 11 – CONTINGENT LIABILITY

The District has been named as one of more than thirty-five defendants in a lawsuit filed by an environmental organization that seeks to invalidate the groundwater sustainability plan adopted by the District and other public agencies under the Sustainable Groundwater management. Per the legal firm, it is not possible to evaluate the likelihood of an unfavorable outcome. Therefore, the District has not recognized any contingent liability.

NOTE 12- SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 19, 2021, the date these financial statements were available for release.

LOCKEFORD COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUE AND EXPENSES BY YEAR
June 30, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|-------------------------------------|-------------------|-------------------|
| Operating Revenue | \$ 871,811 | \$ 806,063 |
| OPERATING EXPENSES | | |
| Repair and Maintenance | 33,228 | 39,875 |
| Utilities | 99,953 | 101,359 |
| Salaries | 322,907 | 308,639 |
| Social Security/Medicare | 4,663 | 4,451 |
| Retirement | 31,894 | 30,664 |
| Insurance | 119,122 | 117,707 |
| Office Supplies and Data Processing | 16,604 | 15,182 |
| Professional Services | 29,812 | 79,641 |
| Chemicals and Testing | 14,006 | 16,588 |
| Supplies | 9,861 | 11,064 |
| Depreciation | 123,541 | 120,455 |
| Other Expenses | 72,856 | 76,004 |
| Total Expenses | <u>878,447</u> | <u>921,629</u> |
| Operating Income (Loss) | <u>(6,636)</u> | <u>(115,566)</u> |
| NON-OPERATING INCOME | | |
| Taxes | 164,158 | 151,776 |
| Interest Income | 10,845 | 32,127 |
| Other Non Operating Income | 36,180 | 36,230 |
| Total Non-Operating Income | <u>211,183</u> | <u>220,133</u> |
| Change in Net Position | <u>\$ 204,547</u> | <u>\$ 104,567</u> |

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

LOCKEFORD COMMUNITY SERVICES DISTRICT
SUPPORTING SCHEDULE OF BOARD DESIGNATED FUNDS
June 30, 2021 and 2020

| | 2021 | 2020 |
|------------------------------------|---------------------|---------------------|
| Cash Construction Water | \$ 2,437 | \$ 2,421 |
| Cash Accumulated Capital Outlay | 783,697 | 677,379 |
| Cash Construction #1 - Waste Water | 2,026 | 2,013 |
| Cash Capital Outlay - Waste Water | 358,685 | 339,367 |
| Cash - P & R Capital | 2,355 | 12,271 |
| Petty Cash | 291 | 334 |
| Bank of the West- Other | - | 812 |
| Well #2 Debt Service Reserve | - | 25,137 |
| Well #2 Depreciation Reserve | 83,274 | 52,752 |
| | \$ 1,232,765 | \$ 1,112,486 |
| Total | | |

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

LOCKEFORD COMMUNITY SERVICES DISTRICT
SUPPORTING SCHEDULE OF INSURANCE IN FORCE
 June 30, 2021 and 2020

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. During the years ended June 30, 2021 and 2020, the District carried insurance through various commercial carriers, including Rural Special District's Insurance Services, to cover all risks of losses.

| <u>Policy</u> | <u>Coverage</u> |
|---------------------------|-----------------|
| Workers Compensation | Statutory |
| General Liability: | |
| Each Occurrence | 1,000,000 |
| Damage to Rented Premises | 1,000,000 |
| Medical Expenses | 10,000 |
| Personal Injury | 1,000,000 |
| General Aggregate | 3,000,000 |
| Products | 3,000,000 |
| Automobile | 1,000,000 |

LOCKEFORD COMMUNITY SERVICES DISTRICT
SCHEDULE OF ACTUAL, BUDGET AND VARIANCE
 June 30, 2021

| OPERATING REVENUES | Original | Final | Budgetary Basis Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------|--------------------|---------------------------------------|---|
| Operating Revenue | \$ 842,027 | \$ 842,027 | \$ 871,811 | \$ 29,784 |
| Total Operating Revenue | <u>842,027</u> | <u>842,027</u> | <u>871,811</u> | <u>29,784</u> |
| OPERATING EXPENSES | | | | |
| Repairs and Maintenance | 65,200 | 65,200 | 33,228 | 31,972 |
| Utilities | 102,000 | 102,000 | 99,953 | 2,047 |
| Depreciation | 123,541 | 123,541 | 123,541 | - |
| Salaries | 337,800 | 337,800 | 322,907 | 14,893 |
| Social Security/Medicare | 5,000 | 5,000 | 4,663 | 337 |
| Retirement | 33,000 | 33,000 | 31,894 | 1,106 |
| Taxes, Licenses and Membership Fees | 37,600 | 37,600 | 37,155 | 445 |
| Workers Compensation Insurance | 22,000 | 22,000 | 18,510 | 3,490 |
| Health Insurance | 83,740 | 83,740 | 82,492 | 1,248 |
| Insurance | 24,000 | 24,000 | 18,120 | 5,880 |
| Office Supplies and Data Processing | 15,700 | 15,700 | 16,604 | (904) |
| Professional Services | 55,500 | 55,500 | 29,812 | 25,688 |
| Chemicals and Testing Supplies | 21,045 | 21,045 | 14,006 | 7,039 |
| Tools and Supplies | 18,000 | 18,000 | 9,861 | 8,139 |
| Telephone | 7,000 | 7,000 | 6,805 | 195 |
| Auto Expense | 12,800 | 12,800 | 9,242 | 3,558 |
| Auditor | 10,000 | 10,000 | 8,476 | 1,524 |
| Miscellaneous | 23,660 | 23,660 | 11,178 | 12,482 |
| Total Operating Expense | <u>997,586</u> | <u>997,586</u> | <u>878,447</u> | <u>119,139</u> |
| Net Income (Loss) from Operations | <u>(155,559)</u> | <u>(155,559)</u> | <u>(6,636)</u> | <u>148,923</u> |
| NONOPERATING INCOME | | | | |
| Tax Revenues | 145,400 | 145,400 | 164,158 | 18,758 |
| Interest Income | - | - | 10,845 | 10,845 |
| Rental Income | - | - | 13,200 | 13,200 |
| Connection Fees | - | - | 22,980 | 22,980 |
| Total Other Income (Expense) | <u>145,400</u> | <u>145,400</u> | <u>211,183</u> | <u>65,783</u> |
| Excess of Revenue Over (Under) Expenses | <u>\$ (10,159)</u> | <u>\$ (10,159)</u> | 204,547 | <u>\$ 214,706</u> |
| Beginning Net Position | | | <u>9,208,868</u> | |
| Ending Net Position | | | <u>\$ 9,413,415</u> | |

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

LOCKEFORD COMMUNITY SERVICES DISTRICT
SCHEDULE OF ACTUAL, BUDGET AND VARIANCE
June 30, 2020

| | <u>Original</u> | <u>Final</u> | <u>Budgetary Basis Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|------------------|------------------|---------------------------------------|---|
| OPERATING REVENUES | | | | |
| Operating Revenue | \$ 807,476 | \$ 807,476 | \$ 806,063 | \$ (1,413) |
| Total Operating Revenue | <u>807,476</u> | <u>807,476</u> | <u>806,063</u> | <u>(1,413)</u> |
| OPERATING EXPENSES | | | | |
| Repairs and Maintenance | 33,100 | 33,100 | 39,875 | (6,775) |
| Utilities | 100,000 | 100,000 | 101,359 | (1,359) |
| Depreciation | 120,455 | 120,455 | 120,455 | - |
| Salaries | 307,100 | 307,100 | 308,639 | (1,539) |
| Social Security/Medicare | 4,600 | 4,600 | 4,451 | 149 |
| Retirement | 31,000 | 31,000 | 30,664 | 336 |
| Taxes, Licenses and Membership Fees | 34,900 | 34,900 | 34,315 | 585 |
| Workers Compensation Insurance | 20,000 | 20,000 | 18,209 | 1,791 |
| Health Insurance | 83,000 | 83,000 | 82,504 | 496 |
| Insurance | 24,000 | 24,000 | 16,994 | 7,006 |
| Office Supplies and Data Processing | 15,850 | 15,850 | 15,182 | 668 |
| Professional Services | 55,500 | 55,500 | 79,641 | (24,141) |
| Chemicals and Testing Supplies | 21,045 | 21,045 | 16,588 | 4,457 |
| Tools and Supplies | 14,000 | 14,000 | 11,064 | 2,936 |
| Telephone | 6,600 | 6,600 | 6,846 | (246) |
| Auto Expense | 12,000 | 12,000 | 11,805 | 195 |
| Auditor | 8,600 | 8,600 | 9,220 | (620) |
| Miscellaneous | 29,000 | 29,000 | 13,818 | 15,182 |
| Total Operating Expense | <u>920,750</u> | <u>920,750</u> | <u>921,629</u> | <u>(879)</u> |
| Net Income (Loss) from Operations | <u>(113,274)</u> | <u>(113,274)</u> | <u>(115,566)</u> | <u>(2,292)</u> |
| NONOPERATING INCOME | | | | |
| Tax Revenues | 145,400 | 145,400 | 151,776 | 6,376 |
| Interest Income | - | - | 32,127 | 32,127 |
| Rental Income | - | - | 13,200 | 13,200 |
| Connection Fees | - | - | 22,980 | 22,980 |
| Other Non-Operating Income | - | - | 50 | 50 |
| Total Other Income (Expense) | <u>145,400</u> | <u>145,400</u> | <u>220,133</u> | <u>74,733</u> |
| Excess of Revenue Over (Under) Expenses | <u>\$ 32,126</u> | <u>\$ 32,126</u> | 104,567 | <u>\$ 72,441</u> |
| Beginning Net Position | | | <u>9,104,301</u> | |
| Ending Net Position | | | <u>\$ 9,208,868</u> | |

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