

Management's Discussion and Analysis For Fiscal Year Ending June 30, 2025

This section presents management's analysis of the Fieldbrook Glendale Community Services District's (the district) financial condition and activities as of and for the year ended June 30, 2024. Management's Discussion and Analysis (MDA) is intended to serve as an introduction to the district's basic financial statements. This information should be read in conjunction with the audited financial statements that follow this section.

The information in this MDA is presented under the following headings:

- Organization and Business
- Overview of the Financial Statements
- Financial Summary
- Results of Operations
- Capital Assets
- Long-Term Debt and Interfund Loans
- Description of Currently Known Facts or Conditions that may have a Significant Effect on the Financial Position or Results of Operations
- Requests for Additional Information

Organization and Business

The district provides water, sewage collection, and fire protection services. The district contracts with Humboldt Bay Municipal Water District (HBMWD) for the purchase of water for resale, meter reading, general maintenance, regular inspection, billing, and collection of funds for the Water and Wastewater Systems. Sewage is collected by the District in the Glendale area and pumped to the City of Arcata for treatment and discharge. The County of Humboldt collects tax revenue for the Fire Department fund.

Overview of the Financial Statements

The district's basic financial statements are comprised of four components: 1) Government-wide financial statements, 2) Governmental fund statements, 3) Proprietary fund financial statements, and 4) Notes to financial statements.

- Government-wide financial statements – provide both long-term and short-term information about the district's overall financial position in a manner similar to a private sector business. The district's government-wide financial statements consist of a *Statement of Net Position and a Statement of Activities and Changes in Net Position*.
- Governmental fund types – The District's governmental fund consists of one general fund which reports revenues, expenditures, assets, and liabilities of the Fire Department. The Fire Department is principally supported by tax revenues. The fund is reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statement provides a detailed *short-term* view of the district's operations and services it provides. The district's financial statements contain a *Balance Sheet, Statement of Revenues, Expenditures and changes in Fund Balance and a Budgetary Comparison Schedule, (see table of contents)*.

- Proprietary Fund types – The District’s proprietary fund consists of two enterprise funds, the Water System, and the Wastewater System. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is the costs (including depreciation) of providing goods or services to the general public be financed or recovered primarily through user charges. The district’s financial reports contain a *Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows*.
- Notes to financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Summary

There are minor rounding differences between the following tables and the financial statements.

**TABLE 1
CONDENSED STATEMENT OF NET POSITION
YEAR OVER YEAR**

	FY 2024-2025			FY 2023-2024			Change	
	Governmental (Fire)	Business Type (Water/Sewer)	Total	Governmental (Fire)	Business Type (Water/Sewer)	Total	\$	%
Current and other assets	\$ 215,200	\$ 526,856	\$ 742,056	\$ 167,635	\$ 620,318	\$ 787,953	\$ (45,897)	-6%
Board designated assets	\$ 143,429	\$ 50,000	\$ 193,429	\$ 128,429	\$ 50,000	\$ 178,429	\$ 15,000	8%
Notes Receivable/Payable	\$ (116,876)	\$ 116,876	\$ -	\$ (124,550)	\$ 124,550	\$ -	\$ -	0%
Capital/Fixed assets	\$ 329,169	\$ 2,522,329	\$ 2,851,498	\$ 375,115	\$ 2,114,196	\$ 2,489,311	\$ 362,187	15%
Total Assets	\$ 570,922	\$ 3,216,061	\$ 3,786,983	\$ 546,629	\$ 2,909,064	\$ 3,455,693	\$ 331,290	10%
Current and other liabilities	\$ 14,430	\$ 288,307	\$ 302,737	\$ 12,644	\$ 116,232	\$ 128,876	\$ 173,861	135%
Long term liabilities	\$ -	\$ 297,369	\$ 297,369	\$ -	\$ 331,681	\$ 331,681	\$ (34,312)	-10%
Total Liabilities	\$ 14,430	\$ 585,676	\$ 600,106	\$ 12,644	\$ 447,913	\$ 460,557	\$ 139,549	30%
Investment in capital assets (net of related debt)	\$ 329,169	\$ 2,190,648	\$ 2,519,817	\$ 375,115	\$ 1,749,134	\$ 2,124,249	\$ 395,568	19%
Unrestricted	\$ 83,894	\$ 389,736	\$ 473,630	\$ 30,440	\$ 662,018	\$ 692,458	\$ (218,828)	-32%
Board Assigned	\$ 143,429	\$ 50,000	\$ 193,429	\$ 128,429	\$ 50,000	\$ 178,429	\$ 15,000	8%
Net Position	\$ 556,492	\$ 2,630,384	\$ 3,186,876	\$ 533,984	\$ 2,461,152	\$ 2,995,136	\$ 191,740	6%

The district’s net position for all funds as of June 30, 2025, was \$3,186,876, reflecting an increase of \$191,740 compared to the prior year. Current and other assets—which include cash in banks, accounts receivable, grants, other receivables, and pre-paid expenses—decreased by \$45,897 from June 30, 2024. Capital and fixed assets remain the largest portion of the district’s holdings, totaling \$2,124,249 net of depreciation. These assets encompass infrastructure necessary for water, sewer, and public safety services, including land, buildings, equipment, and utility systems. Current liabilities consist of accounts payable, customer deposits, interest payable, and the current portion of long-term debt, while long-term notes payable represent obligations due beyond one year. The district’s net investment in capital assets is calculated as capital assets less related debt. To maintain compliance with the California Infrastructure and Economic Development Bank loan terms, the Board has established a water rate stabilization reserve of \$50,000. Additionally, a fire fund reserve of \$143,429 has been designated for future debt payments.

TABLE 2
CONDENSED STATEMENTS OF NET POSITION BY FUND
JUNE 30, 2025

	Water	Sewer	Fire	Total
Current and other assets	\$ 214,639	\$ 312,216	\$ 215,200	\$ 742,056
Capital/Fixed assets	\$ 1,115,739	\$ 1,406,589	\$ 329,169	\$ 2,851,498
Interfund Notes Receivable/Payable	\$ 116,876	\$ -	\$ (116,876)	\$ -
Board Assigned	\$ 50,000	\$ -	\$ 143,429	\$ 193,429
Total Assets	\$ 1,497,255	\$ 1,718,805	\$ 570,922	\$ 3,786,983
Current and other liabilities	\$ 241,138	\$ 47,169	\$ 14,430	\$ 302,737
Long Term Liabilities	\$ 297,369			\$ 297,369
Total Liabilities	\$ 538,507	\$ 47,169	\$ 14,430	\$ 600,107
Investment in capital assets net of related debt	\$ 784,058	\$ 1,406,589	\$ 329,169	\$ 2,519,817
Unrestricted	\$ 124,690	\$ 265,047	\$ 83,894	\$ 473,630
Board Assigned	\$ 50,000		\$ 143,429	\$ 193,429
Total Net Assets	\$ 958,748	\$ 1,671,636	\$ 556,492	\$ 3,186,876

The table above provides a condensed statement of the district's net position by fund. The district operates three distinct reporting funds: Water, Sewer, and Fire. Each fund maintains separate accounting for its revenues, expenses, assets, liabilities, and fund equity, allowing for clear financial oversight and fund-specific performance tracking.

TABLE 3
CONDENSED STATEMENT RESULTS OF OPERATIONS
JUNE 30, 2025

	Water	Sewer	Fire	Total
Revenues:				
Charges for services	\$ 594,997	\$ 391,617		\$ 986,614
Taxes and assessments			\$ 141,617	\$ 141,617
Unrestricted investment earnings	\$ 10,203	\$ 4,578	\$ 10,777	\$ 25,558
In Kind/Grant Revenue	\$ -		\$ 3,437	\$ 3,437
Other Income	\$ -	\$ 38,342	\$ 7,883	\$ 46,225
Total Revenues	\$ 605,200	\$ 434,536	\$ 163,714	\$ 1,203,451
Expenses:				
Water/Sewer services	\$ 558,242	\$ 361,936		\$ 920,178
Public Safety			\$ 82,213	\$ 82,213
Depreciation expenses	\$ 46,652	\$ 116,946	\$ 45,946	\$ 209,544
Total Expenses	\$ 604,894	\$ 478,882	\$ 128,159	\$ 1,211,934
Result of operations	\$ 306	\$ (44,346)	\$ 35,556	\$ (8,484)
Total net assets - beginning	\$ 745,167	\$ 1,715,982	\$ 533,985	\$ 2,995,133
Total net assets - ending	\$ 745,473	\$ 1,671,636	\$ 569,540	\$ 2,986,649

District revenues for the reporting period totaled \$1,203,451, derived from water and sewer charges, late payment fees, installation and connection fees, taxes, assessments, and investment earnings. Additionally, In-Kind/Grant Revenue of \$3,437 was received from the Fieldbrook Educational Foundation to support fire department equipment. Expenses for water and sewer services amounted to \$920,178, while public safety expenses for the fire department totaled \$82,213. Depreciation expenses posted for the period were \$209,544. As a result of operations, the district's total net position decreased by \$8,484.

TABLE 4
RESULTS OF WATER OPERATIONS NET OF ANKER TANK GRANT INCOME
YEAR OVER YEAR – 2026 ADOPTED BUDGET

<u>Water</u>	Column One - Year over Year				Column Two - 2026 Budget compared to 2025 Actuals			
	Budget 2024-2025	Actuals 2023-2024	\$\$ Change	% Change	Budget 2025-2026	Actuals 2024-2025	\$\$ Change	% Change
Revenues								
Water Domestic/Business	\$ 549,846	\$ 537,702	\$ 12,144	2%	\$ 545,094	\$ 549,846	\$ (4,752)	-1%
Special benefit zone	\$ 31,042	\$ 29,447	\$ 1,595	5%	\$ 30,450	\$ 31,042	\$ (592)	-2%
Fee for service	\$ 11,036	\$ 18,815	\$ (7,779)	-41%	\$ 7,999	\$ 11,036	\$ (3,037)	-28%
Installation/Meter Charge	\$ -	\$ 9,127	\$ (9,127)	0%	\$ -	\$ -	\$ -	0%
Other revenue	\$ 3,073	\$ 838	\$ 2,235	267%	\$ 609	\$ 3,073	\$ (2,464)	-80%
Total Revenue	\$ 594,997	\$ 595,930	\$ (933)	0%	\$ 584,152	\$ 594,997	\$ (10,845)	-2%
Expenses								
Purchased water	\$ 202,611	\$ 199,462	\$ 3,149	2%	\$ 205,500	\$ 202,611	\$ 2,889	1%
Director Fees	\$ 2,995	\$ 2,995	\$ -	0%	\$ 2,995	\$ 2,995	\$ -	0%
Contract Labor	\$ 271,493	\$ 243,416	\$ 28,077	12%	\$ 263,715	\$ 271,493	\$ (7,778)	-3%
Insurance	\$ 5,460	\$ 5,662	\$ (202)	-4%	\$ 5,592	\$ 5,460	\$ 132	2%
Professional services	\$ 7,038	\$ 10,758	\$ (3,720)	-35%	\$ 7,400	\$ 7,038	\$ 362	5%
Dues & Memberships	\$ 1,607	\$ 1,382	\$ 225	16%	\$ 1,607	\$ 1,607	\$ -	0%
Utilities	\$ 17,363	\$ 17,163	\$ 200	1%	\$ 17,648	\$ 17,363	\$ 285	2%
Transportation (Mileage)	\$ 690	\$ 810	\$ (120)	0%	\$ 840	\$ 690	\$ 150	100%
Property Taxes	\$ 512	\$ 225	\$ 287	128%	\$ 515	\$ 512	\$ 3	1%
Supplies	\$ 3,186	\$ 2,967	\$ 219	7%	\$ 8,457	\$ 3,186	\$ 5,271	165%
Maintenance/Line Repairs	\$ 4,039	\$ 3,065	\$ 974	32%	\$ 5,500	\$ 4,039	\$ 1,461	36%
Small Equipment	\$ -	\$ 125	\$ (125)	100%	\$ 686	\$ -	\$ 686	0%
Bad Debt/Bank fees	\$ 10,505	\$ 22,195	\$ (11,690)	-53%	\$ 9,737	\$ 10,505	\$ (768)	-7%
Licenses & Fees	\$ 7,381	\$ 6,908	\$ 473	7%	\$ 7,374	\$ 7,381	\$ (7)	0%
Payroll expense	\$ 13,887	\$ 13,503	\$ 384	3%	\$ 14,100	\$ 13,887	\$ 213	2%
Total expense	\$ 548,767	\$ 530,634	\$ 18,133	3%	\$ 551,666	\$ 548,767	\$ 2,899	1%
Results of operations	\$ 46,230	\$ 65,296	\$ (19,066)	-29%	\$ 32,486	\$ 46,230	\$ (13,744)	-30%
Other Income								
Interest Earnings	\$ 10,203	\$ 12,883	\$ (2,680)	-21%	\$ 8,032	\$ 10,203	\$ (2,171)	-21%
Connection Fees	\$ -	\$ 12,931	\$ (12,931)	100%	\$ -	\$ -	\$ -	0%
Total Other Income	\$ 10,203	\$ 25,814	\$ (15,611)	-60%	\$ 8,032	\$ 10,203	\$ (2,171)	-21%
Other Expense								
Deprecation	\$ 46,652	\$ 46,827	\$ (175)	0%	\$ 43,956	\$ 46,652	\$ (2,696)	-6%
Interest Expense	\$ 9,475	\$ 10,401	\$ (926)	-9%	\$ 8,927	\$ 9,475	\$ (548)	-6%
Total Other Expense	\$ 56,127	\$ 57,228	\$ (1,101)	-2%	\$ 52,883	\$ 56,127	\$ (3,244)	-6%
Net Other Income/Expense	\$ (45,924)	\$ (31,414)	\$ (14,510)	46%	\$ (44,851)	\$ (45,924)	\$ 1,073	-2%
Net Income	\$ 306	\$ 33,882	\$ (33,576)	99%	\$ (12,365)	\$ 306	\$ (12,671)	102%

Table 4 illustrates the year-to-year changes in operational activity. The first column presents the variation in operations compared to the previous fiscal year, while the second column offers a comparison between the district’s adopted budget for the upcoming fiscal year and the actual audited figures from the prior year. This table is designed to highlight fluctuations in standard operating expenses. It does not include reimbursement revenue from the Anker Tank Replacement Project, which totaled \$213,272 in 2025.

Water Fund Summary

In Column One of Table 4, year-over-year water revenues decreased by \$933. Although the District did not implement a rate increase in 2025, revenue increased in domestic, business, and special benefit zone categories due to higher water consumption. However, late payment fees declined significantly, and no connection fees were recorded during the period. Total water-related expenses rose by \$18,133, primarily due to increased costs for wholesale water and expanded contract labor and professional services. Contract labor included engineering services, special studies, and operational support provided by the Humboldt Bay Municipal Water District (HBMWD), which manages day-to-day operations such as customer billing, meter reading, lab testing, equipment maintenance, office space, and administrative oversight. Despite these increases, legal and audit fees decreased by \$3,720, and bad debt and bank fees declined by \$11,690. In terms of other income and expenses, interest earnings fell by \$2,680, and connection fee revenue dropped by \$12,931. Minor decreases in depreciation and interest expenses also contributed to the overall financial adjustments for the period.

Anker Lane Tank Replacement Project

In August 2019, the Board adopted a resolution authorizing the General Manager to apply on behalf of the District to the FEMA Hazard Mitigation Grant Program and the Pre-Disaster Mitigation Program for the FGCS Water Tank Seismic Retrofit Project. The project involves constructing a new 400,000-gallon water tank adjacent to the existing redwood tank on Anker Lane. The total estimated cost of the project is \$1,258,970. FEMA will fund 75% of the project, totaling \$944,266. To meet the local match requirement of \$425,000, the district applied for and received a grant of \$314,744 from the North Coast Resource Partnership (see Note 12). The project is divided into two phases: Phase One, which includes planning, design, engineering, and environmental documentation, has been completed. Phase Two, which covers construction and implementation, is scheduled to begin in March/April 2025 and conclude in October 2025.

**TABLE 5
RESULTS OF SEWER OPERATIONS
YEAR OVER YEAR – 2026 ADOPTED BUDGET**

<u>Sewer</u>	Column One - Year over Year				Column Two - 2026 Budget compared to 2025 Actuals			
	Actuals 2024-2025	Actuals 2023-2024	\$\$ Change	% Change	Budget 2025-2026	Actuals 2024-2025	\$\$ Change	% Change
Revenues								
Sewer Domestic/Business	\$ 382,987	\$ 369,720	\$ 13,266	4%	\$ 376,196	\$ 382,987	\$ (6,791)	-2%
Fee for service	\$ 8,630	\$ 12,170	\$ (3,540)	-29%	\$ 8,565	\$ 8,630	\$ (65)	-1%
Other revenue	\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	-100%
Total Revenue	\$ 391,616	\$ 381,890	\$ 9,726	3%	\$ 384,761	\$ 391,616	\$ (6,855)	-2%
Expenses								
Sewer Treatment	\$ 224,111	\$ 172,043	\$ 52,068	30%	\$ 310,980	\$ 224,111	\$ 86,869	39%
Contract Labor	\$ 65,978	\$ 49,638	\$ 16,341	33%	\$ 68,529	\$ 65,978	\$ 2,551	4%
Insurance	\$ 3,855	\$ 3,350	\$ 505	15%	\$ 3,637	\$ 3,855	\$ (218)	-6%
Professional services	\$ 8,160	\$ 8,031	\$ 129	2%	\$ 6,800	\$ 8,160	\$ (1,360)	-17%
Dues & Memberships	\$ 1,607	\$ 1,682	\$ (75)	-4%	\$ 1,607	\$ 1,607	\$ -	0%
Utilities	\$ 12,789	\$ 10,968	\$ 1,821	17%	\$ 13,499	\$ 12,789	\$ 710	6%
Fuel/Transportation	\$ 2,004	\$ 5,105	\$ (3,101)	0%	\$ 840	\$ 2,004	\$ (1,164)	0%
Property Taxes	\$ 1,037	\$ 810	\$ 227	28%	\$ 1,037	\$ 1,037	\$ -	0%
Supplies	\$ 3,334	\$ 3,017	\$ 317	11%	\$ 3,509	\$ 3,334	\$ 175	5%
Maintenance/Line Repairs	\$ 10,780	\$ 34,214	\$ (23,434)	-68%	\$ 5,000	\$ 10,780	\$ (5,780)	-54%
Small Equipment	\$ -	\$ 125	\$ (125)	100%	\$ 686	\$ -	\$ 686	0%
Bad Debt/Bank fees	\$ 4,461	\$ 7,918	\$ (3,457)	-44%	\$ 8,928	\$ 4,461	\$ 4,467	100%
Licenses & Fees	\$ 4,852	\$ 4,917	\$ (65)	-1%	\$ 4,851	\$ 4,852	\$ (1)	0%
Payroll expense	\$ 18,972	\$ 38,113	\$ (19,141)	-50%	\$ 14,100	\$ 18,972	\$ (4,872)	-26%
Total expense	\$ 361,940	\$ 339,929	\$ 22,011	6%	\$ 444,003	\$ 361,940	\$ 82,063	23%
Results of operations	\$ 29,676	\$ 41,960	\$ (12,284)	-29%	\$ (59,242)	\$ 29,676	\$ (88,918)	-300%
Other Income								
Interest Earnings	\$ 4,578	\$ 4,971	\$ (393)	-8%	\$ 3,615	\$ 4,578	\$ (963)	-21%
Connection Fees	\$ 38,340	\$ 30,025	\$ 8,315	28%	\$ 39,027	\$ 38,340	\$ 687	0%
Total Other Income	\$ 42,918	\$ 34,996	\$ 7,922	23%	\$ 42,642	\$ 42,918	\$ (276)	-1%
Other Expense								
Deprecation	\$ 116,946	\$ 117,719	\$ (773)	-1%	\$ 108,336	\$ 116,946	\$ (8,610)	-7%
Interest Expense	\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	0%
Total Other Expense	\$ 116,946	\$ 117,719	\$ (773)	-1%	\$ 108,336	\$ 116,946	\$ (8,610)	-7%
Net Other Income/Expense	\$ (74,028)	\$ (82,723)	\$ 8,695	-11%	\$ (65,694)	\$ (74,028)	\$ 8,334	-11%
Net Income	\$ (44,352)	\$ (40,762)	\$ (3,590)	9%	\$ (124,936)	\$ (44,352)	\$ (80,584)	65%

Wastewater Fund Summary

Sewer revenues increased by \$9,726, primarily driven by higher business and commercial activity. Fees for services decreased by \$3,540, largely due to a reduction in late payment fees. The district did not adopt a rate increase in 2024. Sewer expenses rose by \$22,011, with treatment costs increasing by \$52,068 and contract labor by \$16,341. Contract labor includes billing services, engineering support, and a new agreement with the City of Blue Lake for sewer technician services. Offsetting these increases were significant reductions in fuel, transportation, maintenance, bad debt, and payroll expenses. In terms of other income and expenses, interest earnings declined by \$393, while connection fees increased by \$8,315 and depreciation decreased by \$773. The net of other income and expenses improved by \$8,695.

**TABLE 6
RESULTS OF FIRE OPERATIONS
YEAR OVER YEAR – 2026 ADOPTED BUDGET**

Fire	Column One - Year over Year				Column Two - 2026 Budget compared to 2025 Actuals			
	Actuals 2024-2025	Actuals 2023-2024	\$\$ Change	% Change	Budget 2025-2026	Actuals 2024-2025	\$\$ Change	% Change
Revenues								
Property Taxes	\$ 89,367	\$ 86,432	\$ 2,935	3%	\$ 86,788	\$ 89,367	\$ (2,579)	-3%
Special Benefit Assessment	\$ 52,250	\$ 41,400	\$ 10,850	26%	\$ 53,105	\$ 52,250	\$ 855	2%
Other Income	\$ 7,883	\$ 8,314	\$ (431)	-5%	\$ 5,000	\$ 7,883	\$ (2,883)	-37%
Total Revenue	\$ 149,500	\$ 136,147	\$ 13,353	10%	\$ 144,893	\$ 149,500	\$ (4,607)	-3%
Expenses								
Director Fees	\$ 599	\$ 599	\$ -	0%	\$ 599	\$ 599	\$ -	0%
Benefit Assessment Fee	\$ 2,400	\$ 2,339	\$ 61	3%	\$ 1,384	\$ 2,400	\$ (1,016.00)	-42%
Insurance	\$ 27,000	\$ 23,873	\$ 3,127	13%	\$ 25,521	\$ 27,000	\$ (1,479.00)	-5%
Professional services	\$ 5,294	\$ 8,692	\$ (3,398)	-39%	\$ 5,294	\$ 5,294	\$ -	0%
Dues & Memberships	\$ 1,456	\$ 3,152	\$ (1,696)	-54%	\$ 1,457	\$ 1,456	\$ 1	0%
Utilities	\$ 12,719	\$ 11,554	\$ 1,165	10%	\$ 12,701	\$ 12,719	\$ (18)	0%
Transportation/travel	\$ 4,192	\$ 2,959	\$ 1,233	42%	\$ 5,263	\$ 4,192	\$ 1,071	26%
Supplies	\$ 5,026	\$ 4,024	\$ 1,002	25%	\$ 7,201	\$ 5,026	\$ 2,175	43%
Maintenance expenses	\$ 5,914	\$ 12,832	\$ (6,918)	-54%	\$ 8,750	\$ 5,914	\$ 2,836	48%
Equipment	\$ 367	\$ 3,638	\$ (3,271)	-90%	\$ 1,687	\$ 367	\$ 1,320	360%
Chiefs Incentive Program	\$ 600	\$ 300	\$ 300	100%	\$ 600	\$ 600	\$ -	0%
Payroll Expenses	\$ 2,675	\$ 2,094	\$ 581	28%	\$ 1,961	\$ 2,675	\$ (714)	-27%
Total expense	\$ 68,242	\$ 76,056	\$ (7,814)	-10%	\$ 72,418	\$ 68,242	\$ 4,176	6%
Results of operations	\$ 81,258	\$ 60,090	\$ 21,168	35%	\$ 72,475	\$ 81,258	\$ (8,783)	-11%
Other Income								
Grant/Donation Revenues	\$ 3,437	\$ 4,403	\$ (966)	-22%	\$ -	\$ 3,437	\$ (3,437)	0%
Interest Earnings	\$ 10,777	\$ 11,388	\$ (611)	-5%	\$ 3,600	\$ 10,777	\$ (7,177)	-67%
Total Other Income	\$ 14,214	\$ 15,791	\$ (1,577)	-10%	\$ 3,600	\$ 14,214	\$ (10,614)	-75%
Other Expense								
Deprecation	\$ 45,946	\$ 47,009	\$ (1,063)	-2%	\$ 45,948	\$ 45,946	\$ 2	0%
Interest Expense	\$ 5,374	\$ 6,276	\$ (902)	-14%	\$ 4,432	\$ 5,374	\$ (942)	-18%
Fire Grant Expenses	\$ 8,596	\$ 9,288	\$ (692)	0%	\$ -	\$ 8,596	\$ (8,596)	0%
Total Other Expense	\$ 59,916	\$ 62,573	\$ (2,657)	-4%	\$ 50,380	\$ 59,916	\$ (9,536)	-16%
Net Other Income/Expense	\$ (45,702)	\$ (46,782)	\$ 1,080	-2%	\$ (46,780)	\$ (45,702)	\$ (1,078)	2%
Net Income	\$ 35,556	\$ 13,308	\$ 22,248	167%	\$ 25,695	\$ 35,556	\$ (9,861)	-38%

Fire Department Summary

Revenues for the Fire Department increased by \$13,353, primarily due to higher secured property tax collections and an increase in the special benefit assessment. Department expenses decreased by \$7,814 overall. While costs rose for insurance, utilities, transportation, supplies, and payroll, these increases were offset by reductions in professional services, maintenance, and equipment expenses. Other income, including grants and interest earnings, declined during the period. Similarly, other expenses such as depreciation, interest, and fire grant expenditures also decreased.

Additional Budgetary Information – Fire Department

Further budgetary details for the Fire Department are available in the Required Supplementary Information section of the audited financial statements. This includes an analysis of significant variations between original and final budget amounts, as well as between final budget amounts and actual results, with explanations for any differences that may impact future services or liquidity. Each fiscal year, beginning July 1, the General Manager submits a proposed operating budget for the Fire Department to the District’s Board of Directors. Public hearings are held to gather input from taxpayers and ratepayers. A preliminary budget is legally adopted in June, followed by a final budget adoption in August after the prior period closes. The budget is prepared on a detailed line-item basis. Capital purchases are not included in the operating budget but are considered and approved separately. Revenues are budgeted by source in accordance with California Government Code Section 61110, as amended by Senate Bill 135. The Board reviews and updates the budget quarterly. The district also prepares an annual expenditure plan for capital purchases or improvements valued over \$5,000 with a life expectancy of five years or more. These expenditures are capitalized and depreciated over their useful life.

Changes in Net Position – Year Over Year

Tables Seven, Eight, and Nine present the changes in the district’s net position resulting from operations over a three-year period. These tables include comparative data from the 2021–2022 fiscal year and are intended to help identify trends in assets and liabilities. By examining year-over-year changes, the district can better assess financial performance, operational impacts, and long-term fiscal sustainability.

**TABLE 7
CHANGES IN NET POSITION AS A RESULT OF WATER OPERATIONS
YEAR OVER YEAR**

Water Fund (Operations)	2022-2023	2023-2024	2024-2025	Increase/Decrease from prior year
Current and Other Assets	\$ 522,412	\$ 537,438	\$ 168,243	\$ (369,195)
Capital and Fixed Assets	\$ 637,283	\$ 638,262	\$ 1,115,739	\$ 477,478
Current and other Liabilities	\$ 83,346	\$ 98,849	\$ 241,138	\$ 142,289
Long Term Liabilities	\$ 365,062	\$ 331,681	\$ 297,369	\$ (34,312)
Total Net Assets	\$ 711,287	\$ 745,170	\$ 745,475	\$ 305
Net Assets - Beginning	\$ 720,373	\$ 711,287	\$ 745,169	\$ 33,882
Operating Revenues	\$ 552,631	\$ 621,744	\$ 605,200	\$ (16,544)
Operating Expenses	\$ 517,141	\$ 541,035	\$ 558,242	\$ 17,207
Net Operating Income	\$ 35,491	\$ 80,709	\$ 46,958	\$ (33,751)
Depreciation Expenses	\$ 44,577	\$ 46,827	\$ 46,652	\$ (175)
Change in Net Assets	\$ (9,086)	\$ 33,882	\$ 306	\$ (33,576)
Net Assets - Ending	\$ 711,287	\$ 745,169	\$ 745,475	\$ 306

Water Fund – Net Position

The Water Fund’s net assets increased by \$306 compared to the prior year. This modest gain is primarily attributed to the reduction in long-term debt and the district’s investment in capital projects during 2025, most notably the Anker Tank Replacement Project.

**TABLE 8
CHANGES IN NET POSITION AS A RESULT OF SEWER OPERATIONS
YEAR OVER YEAR**

Sewer Fund	2022-2023	2023-2024	2024-2025	Increase/Decrease from prior year
Current and Other Assets	\$ 181,808	\$ 257,430	\$ 312,216	\$ 54,786
Capital and Fixed Assets	\$ 1,593,653	\$ 1,475,934	\$ 1,406,589	\$ (69,345)
Current and other Liabilities	\$ 18,717	\$ 17,382	\$ 47,169	\$ 29,787
Long Term Liabilities	\$ -	\$ -	\$ -	\$ -
Total Net Assets	\$ 1,756,744	\$ 1,715,982	\$ 1,671,636	\$ (44,345)
Net Assets - Beginning	\$ 1,827,331	\$ 1,756,742	\$ 1,715,980	\$ (40,762)
Operating Revenues	\$ 392,988	\$ 416,886	\$ 434,536	\$ 17,650
Operating Expenses	\$ 363,566	\$ 339,929	\$ 361,936	\$ 22,007
Net Operating Income	\$ 29,422	\$ 76,957	\$ 72,600	\$ (4,356)
Depreciation Expenses	\$ 100,011	\$ 117,719	\$ 116,946	\$ (773)
Change in Net Assets	\$ (70,589)	\$ (40,762)	\$ (44,346)	\$ (3,583)
Net Assets - Ending	\$ 1,756,742	\$ 1,715,980	\$ 1,671,634	\$ (44,346)

Sewer Fund – Net Position

The Sewer Fund’s total net assets decreased by \$44,346 compared to the prior year. Current and other assets increased by \$54,786, while operating revenues rose by \$17,650. However, operating expenses also increased by \$22,007, resulting in a \$4,356 decrease in net operating income. Depreciation expenses decreased slightly by \$773.

**TABLE 9
CHANGES IN NET POSITION AS A RESULT OF FIRE OPERATIONS
YEAR OVER YEAR**

Fire Fund	2022-2023	2023-2024	2024-2025	Increase/Decrease from prior year
Current and Other Assets	\$ 251,786	\$ 296,063	\$ 358,629	\$ 62,566
Capital and Fixed Assets	\$ 422,124	\$ 375,115	\$ 329,169	\$ (45,945)
Current and other Liabilities	\$ 28,683	\$ 33,366	\$ 36,095	\$ 2,729
Long Term Liabilities	\$ 124,550	\$ 103,828	\$ 82,164	\$ (21,664)
Total Net Assets	\$ 520,677	\$ 533,985	\$ 569,540	\$ 35,556
Net Assets - Beginning	\$ 518,095	\$ 520,677	\$ 533,985	\$ 13,308
Operating Revenues	\$ 132,651	\$ 151,937	\$ 163,714	\$ 11,777
Operating Expenses	\$ 81,150	\$ 91,620	\$ 82,213	\$ (9,408)
Net Operating Income	\$ 51,501	\$ 60,317	\$ 81,502	\$ 21,184
Depreciation Expenses	\$ 48,919	\$ 47,009	\$ 45,946	\$ (1,063)
Change in Net Assets	\$ 2,582	\$ 13,308	\$ 35,556	\$ 22,247
Net Assets - Ending	\$ 520,677	\$ 533,985	\$ 569,540	\$ 35,556

Fire Fund – Net Position

The Fire Fund’s total net assets increased by \$35,556 compared to the prior year. Operating revenues rose by \$11,777, while operating expenses decreased by \$9,408, contributing to the overall improvement in financial performance. Current and other assets increased by \$62,566, while capital and fixed assets declined by \$45,945. Long-term liabilities decreased by \$21,664, further strengthening the fund’s net position.

**TABLE 10
CAPITAL ASSETS PROPERTY & EQUIPMENT**

	FY 2023-2024	FY 2024-2025	Difference
Water			
Land	\$ 6,461	\$ 6,461	\$0
Water System Infrastructure	\$ 2,192,409	\$ 2,716,538	\$524,130
Sewer			
Land	\$ 20,860	\$ 20,860	\$0
Sewer System Infrastructure	\$ 4,184,927	\$ 4,232,529	\$47,601
Fire			
Land	\$ 5,106	\$ 5,106	\$0
Buildings	\$ 367,424	\$ 367,424	\$0
Equipment - Trucks, Clothing, Radios, Tools	\$ 877,436	\$ 877,436	\$0
Total Property & Equipment	\$ 7,654,623	\$ 8,226,354	\$571,731
Less Accumulated Depreciation	\$ (5,165,312)	\$ (5,374,856)	(\$209,544)
Total Property & Equipment (net of depreciation)	\$ 2,489,311	\$ 2,851,498	\$362,187

Capital Assets

As of June 30, 2024, the District had \$2.85 million invested in utility capital assets, net of accumulated depreciation. These assets include land, buildings, site improvements, water transmission infrastructure, water storage facilities, pump stations, wastewater transmission systems, and emergency vehicles and equipment. Capital investments are financed through a combination of net revenue, long-term debt, and customer contributions.

**TABLE 11
LONG-TERM DEBT – NET OF CURRENT PORTION**

	FY 2023-2024	FY 2024-2025	Difference
Water			
L/T Davis Grunsky Loan	\$ 178,143	\$ 158,798	(\$19,345)
L/T Davis Grunsky Deferred Interest	\$ 28,956	\$ 25,728	(\$3,228)
L/T I-Bank	\$ 124,582	\$ 112,843	(\$11,738)
Total L/T Notes - Water	\$ 331,681	\$ 297,369	(\$34,312)
Sewer			
L/T Sewer to Water - Cash Flow	\$ -	\$ -	\$0
Total L/T Notes - Sewer	\$ -	\$ -	\$ -
Fire			
L/T Fire to Water - Firehouse Expansion	\$ 90,527	\$ 82,164	(\$8,363)
L/T Fire to Water - Truck	\$ 13,301	\$ -	(\$13,301)
Total L/T Notes - Fire	\$ 103,828	\$ 82,164	(\$21,664)
Total L/T Notes Payable	\$ 435,509	\$ 379,533	\$ (55,976)

Long-Term Debt and Interfund Loans

The district's water system construction was partially financed through a \$675,000 loan from the State of California under the Davis–Grunsky Act, with interest at 2.5% per annum deferred per loan provisions. This loan matures on January 1, 2034. Additionally, the installation of an aluminum dome roof on the Anker Lane redwood water reservoir was funded by a \$254,457 loan from the California Infrastructure and Economic Development Bank (I-Bank), originally issued at 4.07% interest and refinanced in 2014 at 3.82%. This loan matures on August 1, 2034. In fiscal year 2013–2014, the district undertook a major renovation of the firehouse, including a new four-engine bay. The \$307,400 project was financed using \$125,000 from the fire department's ending fund balance and \$182,400 through an interfund loan from the water department, with interest at 4.50% per annum and a revised maturity date of June 30, 2034. In January 2016, the District purchased a water tender for \$122,735, funded by \$12,735 from the fire department's ending fund balance and \$110,000 via another interfund loan from the water department, also at 4.50% interest, maturing on June 30, 2026. The Board has also designated a portion of the fire department's ending fund balance to establish a reserve account for future debt and equipment purchases. In October 2023, the Board of Directors passed Resolution 2023-04, authorizing the placement of a ballot initiative on the March 2024 Presidential Primary Election ballot. The initiative proposed replacing the existing \$75 per parcel fee with a \$95 per parcel special benefit assessment to support fire protection and emergency medical services. The measure was approved by voters and is set to remain in effect until its expiration in 2035.

Description of Currently known Facts or Conditions that may have a Significant Effect on the Financial Position or Results of Operations

Wastewater Billing Adjustment and Rate Study

In May 2025, the District was notified by the City of Arcata that it had underbilled the district for wastewater treatment services covering all of fiscal year 2024 and the first nine months of fiscal year 2025. The city is seeking payment of \$173,000 for the underbilled amount. The district is scheduled to meet with the City in November 2025 to discuss the matter; at this time, it is unclear whether the district will be responsible for the full amount or what the payment terms will be. In response, the district has updated its fiscal year 2026 budget to reflect corrected wastewater treatment billing, adding approximately \$100,000 in anticipated expenses. Additionally, in September, the Board approved hiring a consultant to conduct a rate study for both wastewater and water fees. Public hearings are expected to be held during the winter, with potential implementation of new rates in January or February 2026.

There are no other currently known facts or conditions that may have a significant effect on the financial position or results of operations of the district.

Requests for Additional Information

The Management Discussion and Analysis (MD&A) report is intended to provide a general overview of the Fieldbrook Glendale Community Services District's financial condition and operational highlights. For questions regarding the information presented in this report or to request additional financial details, inquiries should be directed to the President of the Board, Fieldbrook Glendale Community Services District, P.O. Box 2715, McKinleyville, CA 95519.