

**FIELDBROOK GLENDALE COMMUNITY
SERVICES DISTRICT**

MCKINLEYVILLE, CA

ANNUAL FINANCIAL REPORT

JUNE 30, 2025



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Fieldbrook Glendale Community Services District
McKinleyville, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of Fieldbrook Glendale Community Services District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Fieldbrook Glendale Community Services District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Fieldbrook Glendale Community Services District, as of June 30, 2025, and the respective changes in financial position and where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fieldbrook Glendale Community Services District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

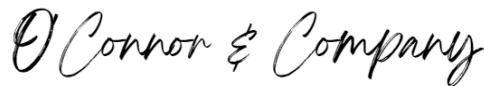
In performing an audit in accordance with generally accepted auditing standards in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fieldbrook Glendale Community Services District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fieldbrook Glendale Community Services District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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.



O'Connor & Company

Novato, California
December 18, 2025

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2025

This section presents management's analysis of the Fieldbrook Glendale Community Services District's (the District's) financial condition and activities as of and for the year ended June 30, 2025. 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 like 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 to be 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

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION & ANALYSIS
 June 30, 2025

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	Business Type		Governmental	Business Type			
	(Fire)	(Water/Sewer)	Total	(Fire)	(Water/Sewer)	Total	\$	%
Current and other assets	\$ 215,201	\$ 539,903	\$ 755,104	\$ 167,636	\$ 620,317	\$ 787,953	\$ (32,849)	-4%
Board designated assets	143,429	50,000	193,429	128,429	50,000	178,429	15,000	8%
Notes Receivable/Payable	(103,828)	103,828	-	(124,550)	124,550	-	-	0%
Capital/Fixed assets	329,170	2,509,129	2,838,299	375,115	2,114,196	2,489,311	348,988	14%
Total Assets	\$ 583,972	\$ 3,202,860	\$ 3,786,832	\$ 546,630	\$ 2,909,063	\$ 3,455,693	\$ 331,139	10%
Current and other liabilities	\$ 14,430	\$ 265,828	\$ 280,258	\$ 12,644	\$ 116,232	\$ 128,876	\$ 151,382	117%
Long term liabilities	-	319,848	319,848	-	331,681	331,681	(11,833)	-4%
Total Liabilities	\$ 14,430	\$ 585,676	\$ 600,106	\$ 12,644	\$ 447,913	\$ 460,557	\$ 139,549	30%
Net investment in capital assets	\$ 329,170	\$ 2,154,970	\$ 2,484,140	\$ 375,115	\$ 1,749,135	\$ 2,124,250	\$ 359,890	17%
Unrestricted	96,943	412,214	509,157	30,442	662,015	692,457	(183,300)	-26%
Board Assigned	143,429	50,000	193,429	128,429	50,000	178,429	15,000	8%
Net Position	\$ 569,542	\$ 2,617,184	\$ 3,186,726	\$ 533,986	\$ 2,461,150	\$ 2,995,136	\$ 191,590	6%

The District's net position for all funds as of June 30, 2025, was \$3,186,726, reflecting an increase of \$191,590 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 \$32,849 from June 30, 2024. Capital and fixed assets remain the largest portion of the District's holdings, totaling \$2,838,294 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.

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION & ANALYSIS
 June 30, 2025

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

	Water	Sewer	Fire	Total
Current and other assets	\$ 227,687	\$ 312,216	\$ 215,201	\$ 755,104
Capital/Fixed assets	1,102,539	1,406,589	329,170	2,838,298
Interfund Notes Receivable/Payable	103,828	-	(103,828)	-
Board Assigned	50,000	-	143,429	193,429
Total Assets	\$ 1,484,054	\$ 1,718,805	\$ 583,972	\$ 3,786,831
Current and other liabilities	\$ 241,138	\$ 47,170	\$ 14,430	\$ 302,738
Long Term Liabilities	297,368	-	-	297,368
Total Liabilities	\$ 538,506	\$ 47,170	\$ 14,430	\$ 600,107
Net investment in capital assets	\$ 748,380	\$ 1,406,589	\$ 329,170	\$ 2,484,139
Unrestricted	147,168	265,047	96,943	509,158
Board Assigned	50,000	-	143,429	193,429
Total Net Position	\$ 945,548	\$ 1,671,636	\$ 569,542	\$ 3,186,726

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	\$ 591,924	\$ 391,617	\$ -	\$ 983,541
Taxes and assessments	-	-	141,618	141,618
Unrestricted investment earnings	10,203	4,578	10,777	25,558
Grant Revenue	213,272	-	3,437	216,709
Other Income	3,073	38,342	7,883	49,298
Total Revenues	818,472	434,537	163,715	1,416,724
Expenses:				
Water/Sewer services	571,442	361,936	-	933,378
Public Safety	-	-	82,214	82,214
Depreciation expenses	46,652	116,946	45,945	209,543
Total Expenses	618,094	478,882	128,159	1,225,135
Result of Operations	\$ 200,378	\$ (44,345)	\$ 35,556	\$ 191,589
Total net position - beginning	\$ 745,170	\$ 1,715,980	\$ 533,986	\$ 2,995,136
Total net position - ending	\$ 945,548	\$ 1,671,635	\$ 569,542	\$ 3,186,725

District revenues for the reporting period totaled \$1,416,724, derived from water and sewer charges, late payment fees, installation and connection fees, taxes, assessments, and investment earnings.

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION & ANALYSIS
 June 30, 2025

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 \$933,378, while public safety expenses for the fire department totaled \$82,214. Depreciation expenses posted for the period were \$209,543. As a result of operations, the District's total net position increased by \$191,589.

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

Water	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:								
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)	100%	-	-	-	0%
Other revenue	3,073	839	2,234	266%	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	271,491	243,416	28,075	12%	263,715	271,491	(7,776)	-3%
Insurance	5,461	5,662	(201)	-4%	5,592	5,461	131	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)	-15%	840	690	150	22%
Property Taxes	512	224	288	129%	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	-	124	(124)	-100%	686	-	686	100%
Bad Debt/Bank fees	10,505	22,195	(11,690)	-53%	9,737	10,505	(768)	-7%
Licenses & Fees	20,582	6,908	13,674	198%	7,374	20,582	(13,208)	-64%
Payroll expense	13,887	13,503	384	3%	14,100	13,887	213	2%
Total Expense	561,967	530,634	31,333	6%	551,666	561,967	(10,301)	-2%
Results of Operations	33,030	65,296	(32,266)	-49%	32,486	33,030	(544)	-2%
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								
Depreciation	46,652	46,827	2,250	5%	43,956	46,652	(2,696)	-6%
Interest Expense	9,475	10,400	(852)	-8%	8,927	9,475	(548)	-6%
Total Other Expense	56,127	57,227	1,398	2%	52,883	56,127	(3,244)	-6%
Net Other Income/Expense	(45,924)	(31,413)	(17,009)	54%	(44,851)	(45,924)	1,073	-2%
Net Income	\$ (12,894)	\$ 33,883	\$ (49,275)	-145%	\$ (12,365)	\$ (12,894)	\$ 529	-4%

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.

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 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 \$31,333, 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

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 13). 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.

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2025

TABLE 5
RESULTS OF SEWER OPERATIONS
YEAR OVER YEAR - 2026 ADOPTED BUDGET

Sewer	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	\$ 382,986	\$ 369,720	\$ 13,266	4%	\$ 376,196	\$ 382,986	\$ (6,790)	-2%
Fee for service	8,630	12,170	(3,540)	-29%	8,565	8,630	(65)	-1%
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	65,977	49,638	16,339	33%	68,529	65,977	2,552	4%
Insurance	3,856	3,350	506	15%	3,637	3,856	(219)	-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	12,791	10,968	1,823	17%	13,499	12,791	708	6%
Fuel/Transportation	2,004	5,105	(3,101)	-61%	840	2,004	(1,164)	-58%
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	-	123	(123)	-100%	686	-	686	0%
Bad Debt/Bank fees	3,000	7,918	(4,918)	-62%	8,928	3,000	5,928	198%
Licenses & Fees	6,309	4,917	1,392	28%	4,851	6,309	(1,458)	-23%
Payroll expense	18,969	38,113	(19,144)	-50%	14,100	18,969	(4,869)	-26%
Total Expense	361,935	339,929	22,006	6%	444,003	361,935	82,068	23%
Results of Operations	29,681	41,961	(12,280)	-29%	(59,242)	29,681	(88,923)	-300%
Other Income								
Interest Earnings	4,578	4,971	(393)	-8%	3,615	4,578	(963)	-21%
Connection Fees	38,342	30,025	8,317	28%	39,027	38,342	685	2%
Total Other Income	42,920	34,996	7,924	23%	42,642	42,920	(278)	-1%
Other Expense								
Depreciation	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	(74,026)	(82,723)	8,697	-11%	(65,694)	(74,026)	8,332	-11%
Net Income	\$ (44,345)	\$ (40,762)	\$ (3,583)	9%	\$ (124,936)	\$ (44,345)	\$ (80,591)	182%

Wastewater Fund Summary

Sewer revenues increased by \$9,726, primarily driven by higher business and commercial activity. Fees on 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 \$22,006, with treatment costs increasing by \$52,068 and contract labor by \$16,339. 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 \$8,317 and depreciation decreased by \$773. The net of other income and expenses improved by \$8,697.

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2025

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	Actuals			Budget	Actuals		
	2024-2025	2023-2024	\$S Change	% Change	2025-2026	2024-2025	\$S Change	% Change
Revenues:								
Property Taxes	\$ 89,367	\$ 86,432	\$ 2,935	5%	\$ 86,788	\$ 89,367	\$ (2,579)	-3%
Special Benefit Assessment	52,250	41,400	10,850	0%	53,105	52,250	855	2%
Other Income	7,883	8,314	(431)	63%	2,000	7,883	(5,883)	-75%
Total Revenue	149,500	136,146	13,354	10%	141,893	149,500	(7,607)	-5%
Expenses:								
Director Fees	599	599	-	0%	599	599	-	0%
Benefit Assessment Fee	2,400	2,339	61	3%	419	2,400	(1,981)	-83%
Insurance	27,000	23,873	3,127	13%	26,978	27,000	(22)	0%
Professional services	5,294	8,692	(3,398)	-39%	8,032	5,294	2,738	52%
Dues & Memberships	1,456	3,152	(1,696)	-54%	3,152	1,456	1,696	116%
Utilities	12,719	11,554	1,165	10%	11,656	12,719	(1,063)	-8%
Transportation/travel	4,192	2,959	1,233	42%	3,180	4,192	(1,012)	-24%
Supplies	5,026	4,024	1,002	25%	4,632	5,026	(394)	-8%
Maintenance expenses	5,914	12,832	(6,918)	-54%	5,750	5,914	(164)	-3%
Equipment	367	3,638	(3,271)	-90%	3,500	367	3,133	854%
Chief's Incentive Program	600	300	300	100%	-	600	(600)	-100%
Payroll Expenses	2,675	2,094	581	28%	1,956	2,675	(719)	-27%
Total Expense	68,242	76,056	(7,814)	-10%	69,854	68,242	1,612	2%
Results of Operations	81,258	60,090	21,168	35%	72,039	81,258	(9,219)	-11%
Other Income								
Grant/Donation Revenues	3,437	4,403	(966)	9%	-	3,437	(3,437)	-100%
Interest Earnings	10,777	11,388	(611)	59152%	3,200	10,777	(7,577)	-70%
Total Other Income	14,214	15,791	(1,577)	-10%	3,200	14,214	(11,014)	-77%
Other Expense								
Deprecation	45,946	47,009	(1,063)	-4%	47,009	45,946	1,063	2%
Interest Expense	5,374	6,276	(902)	-12%	5,374	5,374	-	0%
Fire Grant Expenses	8,596	9,288	(692)	0%	-	8,596	(8,596)	-100%
Total Other Expense	59,916	62,573	(2,657)	-4%	52,383	59,916	(7,533)	-13%
Net Other Income/Expense	(45,702)	(46,782)	1,080	-2%	(49,183)	(45,702)	(3,481)	8%
Net Income	\$ 35,556	\$ 13,308	\$ 22,248	167%	\$ 22,856	\$ 35,556	\$ (12,700)	-36%

Fire Department Summary

Revenues for the Fire Department increased by \$13,354, 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.

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2025

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 2022–2023 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	2022-2023	2023-2024	2024-2025	Increase/Decrease from prior year
Current and Other Assets	\$ 522,412	\$ 537,438	\$ 381,515	\$ (155,923)
Capital and Fixed Assets	637,283	638,262	1,102,539	464,277
Current and other Liabilities	83,346	98,849	241,138	142,289
Long Term Liabilities	365,062	331,681	297,368	(34,313)
Total Net Position	\$ 711,287	\$ 745,170	945,548	\$ 200,378
Net Position - Beginning	\$ 720,373	\$ 711,287	\$ 745,170	\$ 33,883
Operating Revenues	552,631	621,744	818,472	196,728
Operating Expenses	517,141	541,035	571,442	30,407
Net Operating Income	35,490	80,709	247,030	166,321
Depreciation Expenses	44,577	46,827	46,652	(175)
Change in Net Position	(9,086)	33,882	200,378	166,496
Net Position - Ending	\$ 711,287	\$ 745,170	\$ 945,548	\$ 200,378

Water Fund – Net Position

The Water Fund's net assets increased by \$200,378 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.

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2025

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	1,406,590	(69,344)
Current and other Liabilities	18,717	17,382	47,171	29,789
Long Term Liabilities	-	-	-	-
Total Net Position	\$ 1,756,744	\$ 1,715,982	\$ 1,671,635	\$ (44,347)
Net Position - Beginning	\$ 1,827,331	\$ 1,756,742	\$ 1,715,980	\$ (40,762)
Operating Revenues	392,988	416,886	434,537	17,651
Operating Expenses	363,566	339,929	361,936	22,007
Net Operating Income	29,422	76,957	72,601	(4,356)
Depreciation Expenses	100,011	117,719	116,946	(773)
Change in Net Position	(70,589)	(40,762)	(44,345)	(3,583)
Net Position - Ending	\$ 1,756,742	\$ 1,715,980	\$ 1,671,635	\$ (44,345)

Sewer Fund – Net Position

The Sewer Fund's total net assets decreased by \$44,347 compared to the prior year. Current and other assets increased by \$54,786, while operating revenues rose by \$17,651. 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	\$ 358,630	\$ 62,567
Capital and Fixed Assets	422,124	375,115	329,170	(45,945)
Current and other Liabilities	28,683	33,365	36,094	2,729
Long Term Liabilities	124,550	103,828	82,164	(21,664)
Total Net Position	\$ 520,677	\$ 533,985	\$ 569,542	\$ 35,557
Net Position - Beginning	\$ 518,095	\$ 520,677	\$ 533,985	\$ 13,308
Operating Revenues	132,651	151,937	163,716	11,779
Operating Expenses	81,150	91,620	82,214	(9,406)
Net Operating Income	51,501	60,317	81,502	21,185
Depreciation Expenses	48,919	47,009	45,945	(1,064)
Change in Net Position	2,582	13,308	35,557	22,249
Net Position - Ending	\$ 520,677	\$ 533,985	\$ 569,542	\$ 35,557

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2025

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 \$62,567, 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 AND EQUIPMENT**

	FY 2023-2024	FY 2024-2025	Difference
Water			
Land	\$ 6,461	\$ 6,461	\$ -
Water System Infrastructure	2,192,409	2,703,338	510,929
Sewer			
Land	20,860	20,860	-
Sewer System Infrastructure	4,184,927	4,232,528	47,601
Fire			
Land	5,106	5,106	-
Buildings	367,424	367,424	-
Equipment - Trucks, Clothing, Radios, Tools	877,436	877,436	-
Total Property & Equipment	7,654,623	8,213,153	558,530
Less Accumulated Depreciation	(5,165,312)	(5,374,856)	(209,544)
Total Property & Equipment (net of depreciation)	\$ 2,489,311	\$ 2,838,297	\$ (163,750)

Capital Assets

As of June 30, 2025, 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**

Water	FY 2023-2024	FY 2024-2025	Difference
Davis Grunsky Loan	\$ 178,144	158,798	\$ (19,346)
Davis Grunsky Deferred Interest	28,956	25,728	(3,228)
I-Bank	124,582	112,843	(11,739)
Total Water	331,682	297,369	(34,313)
Fire			
Fire to Water interfund	103,828	82,164	(21,664)
Total	\$ 435,510	\$ 379,533	\$ (55,977)

Fieldbrook Glendale Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

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 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.

Fieldbrook Glendale Community Services District
STATEMENT OF NET POSITION
For the Year Ended June 30, 2025

<u>ASSETS</u>	<u>Government Activities</u>	<u>Business Activities</u>	<u>Totals</u>
Current assets:			
Cash and investments	\$ 213,101	\$ 396,064	\$ 609,165
Accounts receivable	-	107,054	107,054
Grant and other receivables	-	36,152	36,152
Interest receivable	<u>2,100</u>	<u>632</u>	<u>2,732</u>
Total current assets	<u>215,201</u>	<u>539,902</u>	<u>755,103</u>
Long-term assets			
Non-depreciable capital assets	5,106	748,495	753,601
Depreciable capital assets (net of depreciation)	<u>324,064</u>	<u>1,760,634</u>	<u>2,084,698</u>
Total capital assets	<u>329,170</u>	<u>2,509,129</u>	<u>2,838,299</u>
Interfund loans receivable/(payable)	(103,828)	103,828	-
Board designated cash	<u>143,429</u>	<u>50,000</u>	<u>193,429</u>
Total long-term assets	<u>368,771</u>	<u>2,662,957</u>	<u>3,031,728</u>
Total assets	<u>583,972</u>	<u>3,202,859</u>	<u>3,786,831</u>
 <u>LIABILITIES AND NET POSITION</u>			
Current liabilities:			
Accounts payable	14,430	227,896	242,326
Customer deposits	-	1,678	1,678
Interest payable	-	1,943	1,943
Total current liabilities	<u>14,430</u>	<u>231,517</u>	<u>245,947</u>
Long-term liabilities:			
Due within one year	-	31,083	31,083
Due in more than one year	-	294,120	294,120
Current deferred interest payable	-	3,228	3,228
Deferred interest payable, net of current portion	-	<u>25,728</u>	<u>25,728</u>
Total long-term liabilities	<u>-</u>	<u>354,159</u>	<u>354,159</u>
Total liabilities	<u>14,430</u>	<u>585,676</u>	<u>600,106</u>
Net position:			
Net investment in capital assets	329,170	2,154,970	2,484,140
Unrestricted	<u>240,372</u>	<u>462,213</u>	<u>702,585</u>
Total net position	<u>\$ 569,542</u>	<u>\$ 2,617,183</u>	<u>\$ 3,186,725</u>

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

Fieldbrook Glendale Community Services District
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

	Program Revenue			Net (Expense) Revenue		
	Expenses	Charges for Services	Capital Grants and contributions	Governmental Activities	Business Type Activities	
Function:						
Governmental activities						
Fire protection	\$ 128,159	\$ -	\$ 3,437	\$ (124,722)	\$ -	\$ (124,722)
Total government activities	<u>128,159</u>	<u>-</u>	<u>3,437</u>	<u>(124,722)</u>	<u>-</u>	<u>(124,722)</u>
Business-type activities						
Water	618,094	591,924	213,272	-	187,102	187,102
Sewer	478,881	429,958	-	-	(48,923)	(48,923)
Total business-type activities	<u>1,096,975</u>	<u>1,021,882</u>	<u>213,272</u>	<u>-</u>	<u>138,179</u>	<u>138,179</u>
Total	<u>\$1,225,134</u>	<u>\$1,021,882</u>	<u>\$ 216,709</u>	<u>(124,722)</u>	<u>138,179</u>	<u>13,457</u>
Change in net position				<u>(124,722)</u>	<u>138,179</u>	<u>13,457</u>
Net (Expense) revenue						
General revenues:						
Taxes:						
Current secured taxes				80,931	-	80,931
Current unsecured taxes				4,341	-	4,341
Prior year taxes				2,289	-	2,289
Timber yield tax				148	-	148
St Wildlife Refuge in lieu tax				10	-	10
Homeowners' exemptions				712	-	712
Property tax assessments				52,250	-	52,250
Prop 172 transfer				937	-	937
Interest revenue				10,382	-	10,382
Miscellaneous income				7,883	3,073	10,956
Unrestricted investment earnings				395	14,781	15,176
Total revenues				<u>160,278</u>	<u>17,854</u>	<u>178,132</u>
Changes in net position				35,556	156,033	191,589
Net position, beginning of period				<u>533,986</u>	<u>2,461,150</u>	<u>2,995,136</u>
Net position, end of period				<u>\$ 569,542</u>	<u>\$ 2,617,183</u>	<u>\$ 3,186,725</u>

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

Fieldbrook Glendale Community Services District
BALANCE SHEET
 GOVERNMENTAL FUND
 June 30, 2025

<u>ASSETS</u>	<u>Fire Fund</u>
Current assets:	
Cash in savings	\$ 16,160
Cash in County Treasury	340,370
Interest receivable	<u>2,100</u>
Total assets	<u>\$ 358,630</u>
<u>LIABILITIES AND NET POSITION</u>	
Liabilities:	
Accounts payable	\$ 14,430
Interfund loans payable	<u>103,828</u>
Total liabilities	<u>118,258</u>
Net position:	
Fund balance - Government Fund- committed	<u>240,372</u>
Total liabilities and fund balance	<u>\$ 358,630</u>
Total fund balance - government fund	\$ 240,372
Amounts reported for governmental activities in the Statement of Net Position are different because capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The total capital assets, net of accumulated depreciation, are:	<u>329,170</u>
Net position - governmental activities	<u>\$ 569,542</u>

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

Fieldbrook Glendale Community Services District
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended June 30, 2025

REVENUES

General Revenues:

Current secured taxes	\$ 80,931
Current unsecured taxes	4,341
Prior year taxes	2,289
Timber yield tax	148
St Wildlife Refuge in lieu tax	10
Homeowners' exemptions	712
Property tax assessments	52,250
Prop 172 transfer	937
Interest revenue	<u>10,382</u>
Total general revenues	<u>152,000</u>
Grant and contributions	3,437
Miscellaneous income	7,883
Investment earnings	<u>395</u>
Total revenues	<u>163,715</u>

EXPENDITURES

Fire Protection:

Chief's expenses	599
Insurance	27,001
Professional fees	5,294
Dues and memberships	1,457
Utilities	12,719
Travel and fuel	4,192
Supplies	5,026
Repairs and maintenance	5,914
Equipment and small tools	367
Benefit assessment collection fee	2,400
Chiefs' Incentive Program	600
Payroll	2,675
Grant match expense	8,596
Interest on interfund loan	<u>5,374</u>
Total expenses	<u>82,214</u>

Change in fund balance	81,501
Fund balance, beginning of period	<u>158,871</u>
Fund balance, end of period	<u>\$ 240,372</u>

Amounts reported for governmental activities in the Statement of Activities are different because:

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds. These expenses include:

Depreciation	<u>\$ (45,945)</u>
Change in Net Position - Governmental Activities	<u>\$ 35,556</u>

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

Fieldbrook Glendale Community Services District
STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2025

<u>ASSETS</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Current assets:			
Cash and investments	\$ 115,130	\$ 280,934	\$ 396,064
Accounts receivable	75,772	31,282	107,054
Grant and other receivables	36,152	-	36,152
Interest receivable	633	-	633
Total current assets	<u>227,687</u>	<u>312,216</u>	<u>539,903</u>
Capital assets:			
Land	6,351	-	6,351
Rights-of-way	110	20,860	20,970
Construction in progress	721,174	-	721,174
Sewage collection system	-	4,223,551	4,223,551
Buildings and equipment	46,406	8,978	55,384
Water distribution system	1,935,758	-	1,935,758
Less accumulated depreciation	<u>(1,607,260)</u>	<u>(2,846,799)</u>	<u>(4,454,059)</u>
Total capital assets	<u>1,102,539</u>	<u>1,406,590</u>	<u>2,509,129</u>
Other assets:			
Interfund loans receivable/(payable)	103,828	-	103,828
Board designated cash	50,000	-	50,000
Total other assets	<u>153,828</u>	<u>-</u>	<u>153,828</u>
Total assets	<u>1,484,054</u>	<u>1,718,806</u>	<u>3,202,860</u>
 <u>LIABILITIES AND NET POSITION</u>			
Current liabilities:			
Accounts payable	181,003	46,893	227,896
Customer deposits	1,401	278	1,679
Interest payable	1,943	-	1,943
Total current liabilities	<u>184,347</u>	<u>47,171</u>	<u>231,518</u>
Long-term liabilities:			
Due within one year	31,083	-	31,083
Due in more than one year	294,120	-	294,120
Current deferred interest payable	3,228	-	3,228
Deferred interest payable	25,728	-	25,728
Total long-term liabilities	<u>354,159</u>	<u>-</u>	<u>354,159</u>
Total liabilities	<u>538,506</u>	<u>47,171</u>	<u>585,677</u>
Net position:			
Net investment in capital assets	748,380	1,406,590	2,154,970
Unrestricted	197,168	265,045	462,213
Total net position	<u>\$ 945,548</u>	<u>\$ 1,671,635</u>	<u>\$ 2,617,183</u>

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

Fieldbrook Glendale Community Services District
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Total</u>
Operating revenues:			
Water sales and sewer charges	\$ 580,888	\$ 382,988	\$ 963,876
Grant Revenue	213,272	-	213,272
Late fees	10,126	6,168	16,294
Installation and permit fees	<u>910</u>	<u>40,802</u>	<u>41,712</u>
Total operating revenues	<u>805,196</u>	<u>429,958</u>	<u>1,235,154</u>
Operating expenses:			
Purchased water and sewer service	202,611	224,111	426,722
Directors' fees	2,995	-	2,995
Contract labor and administration	271,493	65,977	337,470
Insurance	5,461	3,856	9,317
Professional fees	7,038	8,160	15,198
Dues and memberships	1,607	1,607	3,214
Assessment fees	227	227	454
Utilities	17,363	12,791	30,154
Travel and fuel	690	2,004	2,694
Property taxes	285	810	1,095
Supplies	3,186	3,334	6,520
Repairs and maintenance	4,039	10,780	14,819
Bank charges	5,662	3,000	8,662
Loan Fees	13,200	-	13,200
Other expenses	12,223	6,309	18,532
Depreciation	46,652	116,946	163,598
Payroll	<u>13,887</u>	<u>18,969</u>	<u>32,856</u>
Total operating expenses	<u>608,619</u>	<u>478,881</u>	<u>1,087,500</u>
Operating income (loss)	<u>196,577</u>	<u>(48,923)</u>	<u>147,654</u>
Non-operating revenues (expenses):			
Miscellaneous revenue	3,073	-	3,073
Interest revenue	10,203	4,578	14,781
Interest expense	<u>(9,475)</u>	<u>-</u>	<u>(9,475)</u>
Total non-operating revenues (expenses)	<u>3,801</u>	<u>4,578</u>	<u>8,379</u>
Changes in net position	<u>200,378</u>	<u>(44,345)</u>	<u>156,033</u>
Net position, beginning of period	<u>745,170</u>	<u>1,715,980</u>	<u>2,461,150</u>
Net position, end of period	<u>\$ 945,548</u>	<u>\$ 1,671,635</u>	<u>\$ 2,617,183</u>

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

Fieldbrook Glendale Community Services District
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Water Fund	Sewer Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 787,100	\$ 447,149	\$ 1,234,249
Payments to employees	(13,887)	(18,969)	(32,856)
Payments to suppliers	<u>(428,927)</u>	<u>(313,156)</u>	<u>(742,083)</u>
Net cash provided (used) by operating activities	<u>344,286</u>	<u>115,024</u>	<u>459,310</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(510,929)	(47,602)	(558,531)
Proceeds from capital grants	1,636	-	1,636
Principal payments on long-term debt	(10,902)	-	(10,902)
Interest payments on long-term debt	<u>(9,659)</u>	<u>-</u>	<u>(9,659)</u>
Net cash provided (used) by capital and related financing activities	<u>(529,854)</u>	<u>(47,602)</u>	<u>(577,456)</u>
Cash flows from investing activities:			
Interest and investment income (loss)	10,203	4,578	14,781
Miscellaneous revenue	3,073	-	3,073
Principal payments on interfund loan to fire fund	<u>20,722</u>	<u>-</u>	<u>20,722</u>
Net cash provided by investing activities	<u>33,998</u>	<u>4,578</u>	<u>38,576</u>
Net increase (decrease) in cash and cash equivalents	(151,570)	72,000	(79,570)
Cash and cash equivalents - beginning of period	<u>316,700</u>	<u>208,934</u>	<u>525,634</u>
Cash and cash equivalents - end of period	<u>\$ 165,130</u>	<u>\$ 280,934</u>	<u>\$ 446,064</u>
Reconciliation of operating income (loss) to net cash provided (used in) operating activities:			
Operating income (loss)	\$ 196,577	\$ (48,923)	\$ 147,654
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	46,652	116,946	163,598
Changes in certain assets and liabilities:			
Accounts receivable	(18,005)	17,213	(792)
Accounts payable	119,153	29,810	148,963
Customer deposits	<u>(91)</u>	<u>(22)</u>	<u>(113)</u>
Net cash provided (used) by operating activities	<u>\$ 344,286</u>	<u>\$ 115,024</u>	<u>\$ 459,310</u>
Cash and investments	\$ 115,130	\$ 280,934	\$ 396,064
Board designated cash	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total cash and investments	<u>\$ 165,130</u>	<u>\$ 280,934</u>	<u>\$ 446,064</u>

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

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Fieldbrook Glendale Community Services District (the District) is presented to assist in understanding the financial statements. The financial statements and notes are representations of management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

A. Reporting Entity

There are several other governmental agencies that provide services within the District's boundaries, including the Fieldbrook School District and the County of Humboldt. These other entities have independently elected boards and no elements of oversight responsibility to the District. Consequently, financial information for these agencies is not included in the basic financial statements of the District.

The financial statements of the District have no component units. The major activities of the District include operating a water utility, a sewage collection system, and a fire protection facility in the Fieldbrook and Glendale area, County of Humboldt, State of California. The County of Humboldt collects tax revenue for the fire fund. The District has contracts with Humboldt Bay Municipal Water District (HBMWD) for the purchase of water for resale, meter reading, billing, and collection of funds, and with the City of Arcata for wastewater processing. The District's highest level of decision-making authority is its elected Board of Directors.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and statement of activities and changes in net position display information about the reporting government. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes and other nonexchange revenues. Business-type activities are financed as a whole or in part by fees charged to external parties for services.

During operations, the District has activity between funds for Capital Assets. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, balances between governmental and enterprise funds are eliminated so that only the net amount is included as internal balances.

The statement of activities demonstrates the degree to which the direct expenses of given functions or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The District does not allocate indirect expenses to functions in the statement of activities and changes in net position. Program revenues include charges to customers who purchase, use, or directly benefit from services provided by a given function, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Because of their spending measurement *focus*, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-wide and Fund Financial Statements (concluded)

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, net position/fund equity, revenues, and expenditures/expenses.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The District reports the following major funds:

Governmental Fund

General Fund - The General Fund, also referred to as the Fire Fund, is the general operating fund of the District. It is used to account for all financial resources except those required to be in another fund. Fire Department operations are accounted for in the General Fund.

Enterprise Funds

Sewer Utility Fund - The Sewer Utility Fund accounts for the operations of the sewer system.

Water Utility Fund - The Water Utility Fund accounts for the operations of the water system.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to what is being measured; the basis of accounting refers to the timing of the recognition of revenues and expenditures in the accounts and their reporting in the financial statements.

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The hierarchy is split between four different types of fund balances, Restricted, Committed, Assigned and Unassigned. As of June 30, 2025, fund balances for the governmental general fund consist of a committed fund balance.

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Committed Fund Balance - includes amounts that can be used only for the specific purpose determined by the Board of Directors. Commitments may be changed or lifted only by the Board of Directors taking the same formal action. The formal action must occur prior to the end of the reporting period. The amount which will be subject to the constraint may be determined in the subsequent period.

Fund Balance Flow Assumption

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first when there is an expenditure for which restricted resources are available. When committed, assigned, or unassigned amounts are available for use, it is the District's policy to use the restricted resources first when there is an expenditure for which restricted resources are available.

Fund Financial Statements

The governmental fund types use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Their revenues are recognized when susceptible to accrual, i.e., when they become measurable and available. Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. For this purpose, the District considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable.

The proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer utilities are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types are accounted for on an economic resource's measurement focus using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

Net Position and Fund Equity

In the government-wide financial statements, net position is reported in three categories: net investment in capital assets; restricted net position and unrestricted net position. *Net investment in capital assets* describes the portion of net position that is represented by the current book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets. *Restricted net position* represents net position restricted by parties outside the District (such as creditors, grantors, contributors, laws and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets. All other net position is considered unrestricted. *Unrestricted* describes the portion of Net Position not restricted as to use.

Net Position Flow Assumption

When both restricted and unrestricted resources are available, it is the District's policy to use the restricted resources first when there is an expenditure for which restricted resources are available.

Elimination of Interfund Activity

As a rule, the effect of interfund activity has been eliminated from the governmentwide financial statements. Exceptions to this general rule are charges between the District's water and wastewater functions and the fire protection function of the District.

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (concluded)

In addition, the District reports the interest received by the Water District and interest expense paid by the Fire District on the construction and water tender loans. The District's management considers the loans to earn a higher return on unrestricted cash.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Cash deposited in external investment pools are cash equivalents when deposits and withdrawals may be made at any time without prior notice or penalty. The District invests a portion of its proprietary fund cash in the Local Agency Investment Fund (LAIF), an external investment pool.

E. Fair Value Hierarchy of Cash and Investments

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy consisting of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, that can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability. The valuation method used for rental properties is the Leased Fee Market method, which is dependent on the income generated from the rental properties.

The District did not have investments subject to recurring fair value measurements as of June 30, 2025.

The District participates in two external investment pools: the Humboldt County Treasurer's Investment Pool and the Local Agency Investment Fund (LAIF). The County Pool is operated in accordance with applicable state laws and regulations, and the reported value of the District's investment in the County Pool is determined as the fair value.

The District accounts for cash equivalents in its various investment accounts at fair value. Fair value is the amount at which a financial instrument can be exchanged in a current transaction between willing parties.

F. Accounts Receivable and Payables

Activity between funds that are representative of lending/borrowing outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Trade accounts receivable is reported net of a provision for uncollectable accounts that is equal to 0.50% of sales plus those accounts the District expects to be uncollectable.

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

G. Capital Assets

Capital assets consist of land, rights-of-way, buildings, furniture, equipment, the water distribution system, and the sewage collection system. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life more than 5 years. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at their acquisition value on the date donated. Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, and overhead. The costs of betterments or repairs that extend the life of a capital asset are added to capital accounts. Management periodically reviews capital assets for impairment and did not note any changes that would require evaluation during the year.

Depreciation of all exhaustible capital assets is charged as an expense against its operations, with accumulated depreciation reflected in the statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Trucks and Equipment	5-10
Buildings and Improvements	20-40
Improvements and Upgrades	10-40
Utility Plant	10-50

H. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

I. Fund Balance Classification Policy

When a fund balance commitment or assignment is required, the Board proposes and adopts a resolution at its regularly scheduled board meeting. If the resolution requires amendment or modification, the Board proposes and adopts an amendment to the resolution.

J. Property Taxes

Property taxes are assessed and collected each fiscal year according to the following property tax calendar

Lien Date	March 1
Levy Date	July 2
Due Dates	November 11 - 1st installment, February 1 - 2nd installment
Delinquent Dates	December 10 - 1st installment, April 10 - 2nd installment

Since the passage of California Proposition 13, beginning with fiscal year 1978-79, taxes are based either on a 1% rate applied to the 1975-76 assessed value of the property, or on 1% of the sales price of the property on sales transactions and construction which occur after the 1975-76 assessment. The amount collected by the County is distributed in accordance with State law to the various public agencies. Therefore, the District does not levy a specific tax rate but receives a share of the property tax revenue based on the State formula. The District's tax rate is \$1.00/\$100 of assessed value, the maximum allowable under Proposition 13.

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2025

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The General Manager submits a proposed operating budget for the governmental fund and proprietary funds for the fiscal year commencing on July 1 to the District's Board of Directors. Public hearings are conducted to obtain taxpayers' and ratepayer comments. A preliminary budget is legally adopted in June and a final budget is legally adopted in August, following the closing of the prior period.

The budget is prepared on a detailed line-item basis. Management does not budget for capital purchases but considers and approves capital purchases separately from the budget process. Revenues are budgeted by source per the California Government Code Section 61110, as amended by Senate Bill 135.

NOTE 3 - CASH AND INVESTMENT FUNDS

A. Cash Equivalents and Investments

Cash equivalents and investments consisted of the following at June 30, 2025:

	Enterprise Funds																				
	Water	Sewer	Total																		
	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">General Fund</th> </tr> <tr> <th></th> <th style="text-align: center; border-bottom: 1px solid black;">Fire District</th> <th style="text-align: center; border-bottom: 1px solid black;"></th> </tr> </thead> <tbody> <tr> <td>Commercial account</td> <td style="text-align: right;">\$ 16,160</td> <td></td> </tr> <tr> <td>Pooled funds Humboldt County – Board designated</td> <td style="text-align: right;">143,429</td> <td></td> </tr> <tr> <td>Pooled investment funds Humboldt County</td> <td style="text-align: right; border-bottom: 1px solid black;">196,941</td> <td></td> </tr> <tr> <td>Total cash and investment funds – General Fund</td> <td style="text-align: right; border-bottom: 3px double black;">\$ 356,530</td> <td></td> </tr> </tbody> </table>				General Fund			Fire District		Commercial account	\$ 16,160		Pooled funds Humboldt County – Board designated	143,429		Pooled investment funds Humboldt County	196,941		Total cash and investment funds – General Fund	\$ 356,530	
	General Fund																				
	Fire District																				
Commercial account	\$ 16,160																				
Pooled funds Humboldt County – Board designated	143,429																				
Pooled investment funds Humboldt County	196,941																				
Total cash and investment funds – General Fund	\$ 356,530																				
Commercial accounts:																					
Checking	\$ 28,980	\$ -	\$ 28,980																		
Savings	56,179	280,934	337,113																		
Undeposited	22,193	-	22,193																		
Subtotal	107,352	280,934	388,286																		
Pooled investment funds:																					
Local Agency Investment Fund (LAIF)	7,778	-	7,778																		
Board designated (LAIF)	50,000	-	50,000																		
Total LAIF	57,778	-	57,778																		
Total cash and investment funds																					
Enterprise funds	\$ 165,130	\$ 280,934	\$ 446,064																		

Authorized Investments

The District participates in two external investment pools: the Humboldt County Treasurer's Investment Pool and the Local Agency Investment Fund (LAIF). The District accounts for investments in these pools at amortized cost. Management considers the difference between book value and fair value immaterial. Both pools determine fair value quarterly.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 3 - CASH AND INVESTMENT FUNDS (concluded)

A. Cash Equivalents and Investments (concluded)

The custodial credit risk for deposits and investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits.

The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors.

LAIF is a fund for pooling surplus cash of local government agencies and is chartered and administered by California State Treasurer's Office. LAIF has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

The Humboldt County Treasurer's Investment Pool is administered by the County of Humboldt Treasurer's Office and conforms to the California Government Code. The County's portfolio normally consists of U.S. Treasury issues, U.S. Agency agreements, banker's acceptances, and the LAIF. All cash invested by the County in demand deposit accounts is collateralized to 110% with approved U.S. Government securities, such as Treasury Bills and other U.S. Treasury issues.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2025 was as follows:

	Enterprise Funds		
	Water	Sewer	Total
Accounts receivable			
Utility billing	\$ 97,166	\$ 46,202	\$ 143,368
Customer deposits	1,401	277	1,678
Allowance for uncollectible accounts	(22,795)	(15,197)	(37,992)
Accounts receivable - net	\$ 75,772	\$ 31,282	\$ 107,054

Trade accounts receivable is reported net of a provision for uncollectible accounts that is equal to 0.50% of sales plus those accounts the District expects to be uncollectable.

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 5 - CAPITAL ASSETS AND INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT

The change in the General Fund - Fire Department capital assets and investment in capital assets, for the year ended June 30, 2025, is as follows:

	Balance 6/30/24	Additions	Disposals	Balance 6/30/25
Governmental Activities:				
Capital assets, not depreciated:				
Land	\$ 5,106	\$ -	\$ -	\$ 5,106
Capital assets, being depreciated:				
Building	367,423	-	-	367,423
Furniture and equipment	877,438	-	-	877,438
Total capital assets, being depreciated	1,244,861	-	-	1,244,861
Less accumulated depreciation	(874,852)	(45,945)	-	(920,797)
Total capital assets being depreciated, net	370,009	(45,945)	-	324,064
Investment in capital assets	\$ 375,115	\$ (45,945)	\$ -	\$ 329,170

Depreciation expense of \$45,945 was charged to the General Fund - Fire Department for the year ended June 30, 2025.

The change in business-type activities (Sewer and Water Fund) capital assets and investment in capital assets, net of related debt for the year ended June 30, 2025, is as follows:

	Balance 6/30/24	Additions	Disposals	Balance 6/30/25
<u>Water Fund</u>				
Capital assets, not depreciated:				
Land	\$ 6,351	\$ -	\$ -	\$ 6,351
Right-of-Way	110	-	-	110
Construction in Progress	222,193	498,981	-	721,174
Total capital assets, not depreciated	228,654	498,981	-	727,635
Capital assets, being depreciated:				
Building	46,406	-	-	46,406
Water distribution system	1,923,810	11,948	-	1,935,758
Total capital assets, being depreciated	1,970,216	11,948	-	1,982,164
Less accumulated depreciation	(1,560,608)	(46,652)	-	(1,607,260)
Total capital assets being depreciated, net	409,608	(34,704)	-	374,904
Investment in capital assets	\$ 638,262	\$ 464,277	\$ -	\$ 1,102,539
<u>Sewer Fund</u>				
Capital assets, not depreciated:				
Right-of-Way	\$ 20,860	\$ -	\$ -	\$ 20,860
Capital assets, being depreciated:				
Building and equipment	8,978	-	-	8,978
Sewage collection system	4,175,949	47,602	-	4,223,551
Total capital assets, being depreciated	4,184,927	47,602	-	4,232,529
Less accumulated depreciation	(2,729,853)	(116,946)	-	(2,846,799)
Total capital assets being depreciated, net	1,455,074	(69,344)	-	1,385,730
Investment in capital assets	\$ 1,475,934	\$ (69,344)	\$ -	\$ 1,406,590

Depreciation expense of \$46,652 and \$116,946 was charged to Water and Sewer Fund operations, respectively, for the year ended June 30, 2025.

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 6 - NOTES PAYABLE AND INTERFUND LOANS

The 2014 renovation of the firehouse and grounds was partially financed with a loan in the amount of \$182,400 from the Water Department. The loan, bearing interest at 4.50% per annum as of June 30, 2024, with annual interest rate reviews, is payable in semi-annual installments with the loan maturing on June 30, 2034.

The 2016 purchase of a water tender truck for the Fire Department was partially financed with a loan in the amount of \$110,000 from the Water Department. The loan, bearing interest at 4.50% per annum as of June 30, 2024, with annual interest rate reviews, is payable in semi-annual installments with the loan maturing on June 30, 2026.

The interfund loan balances are recorded on the statement of net position as Interfund Loans Receivable/(Payable). These balances are eliminated in the statement of net position.

The installation of a New Aluminum Dome Roof onto the District's Anker Lane 400,000-gallon water reservoir was financed by the California Infrastructure and Economic Development Bank (I-Bank). The effective date of the agreement was May 1, 2009. The principal amount of the loan was \$254,457. Due to declining interest rates, I-Bank initiated refinancing, and the loan was refinanced as of March 1, 2014. Principal payments are due annually on August 1, and the loan matures on August 1, 2034. Interest at 3.82% is payable semi-annually.

Construction of the water system was financed in part by a \$675,000 loan from the State of California under the Davis-Grunsky Act (DG). Interest at 2.50% per annum was payable semiannually but was deferred in accordance with the provisions of the loan. Deferred interest is payable on January 1 of each year in the amount of \$3,228. Principal is payable annually on January 1 of each year with the loan maturing on January 1, 2034. Interest is payable semiannually at 2.50% of the outstanding loan balance.

The payments of the loans from the Water Fund to the General (Fire) Fund are partially funded by a 10-year property assessment. The activity for the year ended June 30, 2025, is as follows:

<u>Fire Fund</u>	<u>Beginning Balance</u>	<u>Advance</u>	<u>Payment</u>	<u>Ending Balance</u>
Interfund loans from Water Fund	\$ 124,550	\$ -	\$ (20,722)	\$ 103,828
Less: current portion	<u>(20,722)</u>	<u>-</u>	<u>(942)</u>	<u>(21,664)</u>
Long-term liabilities	<u>\$ 103,828</u>	<u>\$ -</u>	<u>\$ (21,664)</u>	<u>\$ 82,164</u>

The activity for the long-term obligations, for the business-type activities for the year ended June 30, 2025, is as follows:

<u>Water Fund</u>	<u>Beginning Balance</u>	<u>Advance</u>	<u>Payment</u>	<u>Ending Balance</u>
I-Bank	\$ 135,861	\$ -	\$ (11,280)	\$ 124,581
DG principal	197,016	-	(18,873)	178,143
Contract retention	-	22,479	-	22,479
DG deferred interest	<u>32,184</u>	<u>-</u>	<u>(3,228)</u>	<u>28,956</u>
Total	<u>365,061</u>	<u>27,479</u>	<u>(33,381)</u>	<u>354,159</u>
Less: current portion	<u>(33,380)</u>	<u>-</u>	<u>(931)</u>	<u>(34,311)</u>
Long-term liabilities	<u>\$ 331,681</u>	<u>\$ 27,479</u>	<u>\$ (34,312)</u>	<u>\$ 319,848</u>

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 6 - NOTES PAYABLE AND INTERFUND LOANS (continued)

The annual debt service requirements to maturity are as follows:

Interfund Loan from Water Fund to Fire Fund - Firehouse Renovation

<u>Years Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 8,363	\$ 3,981
2027	8,744	3,600
2028	9,142	3,202
2029	9,558	2,786
2030	9,992	2,351
2031 to 2034	<u>44,728</u>	<u>4,646</u>
Total	<u>90,527</u>	<u>20,566</u>
Due within one year	<u>(8,363)</u>	<u>(3,981)</u>
Due after one year	<u>\$ 82,164</u>	<u>\$ 16,585</u>

Interfund Loan from Water Fund to Fire Fund - Water Tender

<u>Years Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 13,301	\$ 450
Total	<u>13,301</u>	<u>450</u>
Due within one year	<u>(13,301)</u>	<u>(450)</u>
Due after one year	<u>\$ -</u>	<u>\$ -</u>

California Infrastructure and Economic Development Bank

<u>Years Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 11,738	\$ 4,535
2027	12,216	4,077
2028	12,713	3,601
2029	13,231	3,106
2030	13,769	2,590
2031 to 2033	<u>60,914</u>	<u>4,770</u>
Total	<u>124,581</u>	<u>22,679</u>
Due within one year	<u>(11,738)</u>	<u>(4,535)</u>
Due after one year	<u>\$ 112,843</u>	<u>\$ 18,144</u>

Davis Grunsky

<u>Years Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Deferred Interest</u>
2026	\$ 19,345	\$ 4,214	\$ 3,228
2027	19,829	3,724	3,228
2028	20,324	3,226	3,228
2029	20,833	2,704	3,228
2030	21,354	2,181	3,228
2031 to 2034	<u>76,458</u>	<u>3,359</u>	<u>12,815</u>
Total	<u>178,143</u>	<u>19,408</u>	<u>28,955</u>
Due within one year	<u>(19,345)</u>	<u>(4,214)</u>	<u>(3,228)</u>
Due after one year	<u>\$ 158,798</u>	<u>\$ 15,194</u>	<u>\$ 25,727</u>

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 7 - RISK MANAGEMENT

The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500, et seq. Each entity has an equal voice in the selection of a board which oversees the Authority. The District's obligations under the arrangement are to pay billed premiums for the specified coverage provided. The SDRMA may pay dividends to members or may make additional assessments depending on loss experience. No dividends have been declared, and no additional assessments have been levied against the District.

The District has a total risk financing limit of \$2.5 million per occurrence for General and Auto Liability, Public Officials' and Employees' Errors and Omissions and Employee Practices Liability, subject to a \$500 and \$1,000 per occurrence for third party general and auto liability property damage, respectively. In addition, there is a 50% co-insurance of cost expended by SDRMA more than \$10,000 up to \$50,000 per occurrence for employment related claims if certain criteria are not met. The District also has Employee Dishonesty Coverage with a total of \$1.0 million per loss and Property Loss coverage for replacement cost on scheduled property and mobile equipment coverage subject to a small deductible.

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial and risk pool coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this coverage in any of the past three years.

Financial information pertaining to SDRMA can be obtained from its administrative offices at 1112 I Street, Suite 300, Sacramento, California 95814.

NOTE 8 - PROPERTY TAXES

The lien date for secured property taxes is March 1 of each year. Taxes are levied as of July 1 on all secured real property and are due and payable November 1 and February 1 of the following fiscal year. Humboldt County is responsible for assessing, collecting, and distributing property taxes in accordance with enabling legislation.

Since the passage of California Proposition 13, beginning with fiscal year 1978-79, taxes are based either on a 1% rate applied to the 1975-76 assessed value of the property, or on 1% of the sales price of the property on sales transactions and construction which occur after the 1975-76 assessment. Assessed values on properties (exclusive of increases related to sales transactions and improvements) can rise at a maximum of 2% per year. The amount collected by the County is distributed in accordance with State law to the various public agencies. Therefore, the District does not levy a specific tax rate but receives a share of the property tax revenue based on State formula. The District's tax rate is \$1.00/\$100 of assessed value, the maximum allowable under Proposition 13.

During fiscal year 1993-94, an alternate method of property tax allocation (the "Teeter Plan") was adopted. Under this plan, the county auditor/controller distributes 100% of current secured taxes billed to taxing entities during the current year, whether collected or not. The District recognizes property tax revenues (including tax increment revenues) to the extent of each year's tax allocation received or to be received within 60 days after the end of each fiscal year.

On November 5, 2013, the voters approved an assessment of \$75 per parcel for a period of ten years. The tax became effective July 1, 2014, and sunset in the 2024-2025 fiscal year. Property taxes are used to fund governmental activities, which are fire protection and emergency response. The Board submitted a ballot measure to renew and increase the per parcel assessment to \$95. The measure was approved by voters and is set to remain in effect until its expiration in 2035.

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 9 - WATER PURCHASE, WASTEWATER TREATMENT AND ENGINEERING CONTRACTS

The District has a contract with HBMWD whereby HBMWD agreed to provide customer service, cash management and accounting services for the District's water and sewer systems and operational and maintenance services for the water system. The District paid actual costs, as incurred, for staff time and material/supplies used in or for the District, and a pre-determined fixed allocation for the HBMWD's General Manager and Superintendent's time.

The District has a contract with HBMWD to purchase the District's water. Under the contract, the District pays HBMWD a rate that includes cost allocations of various factors designed to cover costs associated with the operation, maintenance, repair and replacement of the HBMWD's base water facilities and drinking water treatment facilities.

The District has an agreement with the engineering consulting firm GHD (Consultants) whereby the Consultants agreed to provide general engineering services as requested by the District and the District agreed to compensate the Consultants for time and materials per the Consultant's fee schedule in effect at the time the services were performed.

In 1992, the District and the City of Arcata executed a Sewer Service Agreement for treatment and discharge of wastewater. The contract limits the amount of effluent collected for treatment to 71,200 average gallons per day. The average is calculated during the dry months of June through September. The District pays user charges based on the costs of providing sewer services in accordance with the City's standard billing for sewer service charges as set by the Arcata Municipal Code. A modified agreement was adopted by the District's Board of Directors on November 17, 2020. The agreement was modified to reflect changes to the City of Arcata's Municipal Code and requirements of the State Water Resources Control Board. No changes were made to the effluent limits or user charges.

NOTE 10 - RELATED PARTY TRANSACTIONS

The District paid \$802 to Central Avenue Service Station for fire truck maintenance. Central Avenue Service Station is owned by Richard Grissom, a District Board Member.

NOTE 11 - BOARD DESIGNATED ASSETS - WATER RATE STABILIZATION RESERVE AND FIRE DEBT SERVICE RESERVE

The District's Board resolved to establish a rate stabilization reserve of \$50,000 to comply with the installment sale agreement that was entered into as of May 1, 2009, with the California Infrastructure and Economic Development Bank (I-Bank). The agreement requires the District to fix, charge and collect, or cause to be fixed, charged and collected, in each fiscal year, such rates and charges so that the net revenue will be at least 110% of the sum of annual debt service and debt service on subordinate debt. Increases other than those related to the original ordinance to set rates annually are governed by the California Constitution Article XIII D.

The Board resolved to maintain the designated reserve even though revenue enhancements and expenditure reductions have resulted in noncompliance with the agreement.

The fire department has loans for the firehouse renovation and a fire truck that extends beyond the special benefit tax assessment which expires in fiscal year 2024-2025. The District's Board resolved to annually designate a portion of the fire department's ending fund balance to establish a reserve account for future debt payments in case the special benefit tax assessment is not renewed. The current amount that the Board has designated for the fire department loans is \$143,429.

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 12 - RATE STABILIZATION

In November 2018, resolution #2018-07 was approved by the District's Board. The resolution allows for an automatic rate adjustment based on the pass-through of wastewater treatment costs. The Ordinance will sunset five years from the date of adoption pursuant to California Government Code, Section 53755. The District has no plans to replace it with a new resolution.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

"Anker" Water Tank Project

In August of 2019, the Board adopted a resolution authorizing the general manager to execute on behalf of the District an application to the FEMA Hazard Mitigation Grant Program and Pre-Disaster Mitigation Program for the FGCS Water Tank Seismic Retrofit Project. The project will place a new 400,000-gallon water tank adjacent to the existing redwood water tank located on Anker Lane. The total project is estimated to be \$1,258,970. FEMA will fund 75% of the project, \$944,226. The District applied for and has received a grant from the North Coast Resource Partnership (NCRP) to fund the local match requirement of \$314,744.

The project is broken into two phases, phase one consists of planning, design, engineering, and environmental documentation. Phase two is construction and implementation. The District has completed phase one. Phase two is scheduled to begin in March of 2022 and was scheduled to be completed in October of 2022. The project's estimated construction costs have increased due to inflationary pressures, so the District applied for supplemental funding.

In November 2023, the District was notified that the request for supplemental funding was approved. The total project is estimated to be \$1,818,991. FEMA will fund 75% of projects totaling \$1,377,228. NCRP will fund the local match requirement of \$441,763. The District anticipates the project will be completed in October of 2025.

Humboldt County Financial Reporting

The County of Humboldt has ongoing issues with timely financial reporting. For the past several years, the County has been behind posting closing and allocation entries for funds held in the County Treasury.

As a result of the slow reporting, the District has not recorded interest income on its cash held by the County treasury. After the preparation of this financial record the total interest income was provided by the County. It does not have a material impact on the financial results included in these financial statements and will be recorded in the subsequent fiscal year.

City of Arcata Wastewater Billing

In May 2025, the District was notified by the City of Arcata that the City had underbilled the District for wastewater treatment services for all fiscal year 2024 and the first nine months of fiscal year 2025. The City is seeking payment of approximately \$173,000 related to this underbilling.

The District is scheduled to meet with the City in December 2025 to review the matter. At this time, it is uncertain whether the District will be responsible for the full amount or what the final payment terms may be. Because the outcome of this matter cannot presently be determined, no liability has been recorded in the accompanying financial statements.

Fieldbrook Glendale Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 14 - SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were available to be issued.

In July 2025, the District received \$478,163 from the Rural Community Assistance Corporation (RCAC). These funds were provided to ensure the District had sufficient resources to cover costs associated with the Anker Tank Project. The receipt for this funding strengthens the District's available financial resources for the project. No adjustments to the accompanying financial statements were required because of this event.

Fieldbrook Glendale Community Services District
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - FIRE FUND
For the Year Ended June 30, 2025
(Unaudited)

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Positive (negative) Variance
Revenues				
General revenues	\$ 139,893	\$ 152,000	\$ 152,000	\$ -
Other revenue	2,000	7,883	7,883	-
Unrestricted investment earnings	3,200	395	395	-
Grant/in-kind revenue/donations	-	3,437	3,437	-
Total revenues	<u>145,093</u>	<u>163,715</u>	<u>163,715</u>	<u>-</u>
Expenditures				
Chief's expenses	599	599	599	-
Insurance	26,978	27,001	27,001	-
Interest	5,374	5,374	5,374	-
Professional services	8,032	5,294	5,294	-
Dues and memberships	3,152	1,457	1,457	-
Utilities	11,656	12,719	12,719	-
Transportation and travel	3,180	4,192	4,192	-
Supplies	4,632	5,026	5,026	-
Maintenance	5,750	5,914	5,914	-
Equipment & small tools	3,500	367	367	-
Benefit assessment collection fee		-	-	-
Grant match expense		8,596	8,596	-
Benefit assessment fee	419	2,400	2,400	-
Chiefs' Incentive Program	-	600	600	-
Payroll	1,956	2,675	2,675	-
Total expenditures	<u>75,228</u>	<u>82,214</u>	<u>82,214</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 69,865</u>	<u>\$ 81,501</u>	<u>81,501</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>158,871</u>	
Fund balance, end of year			<u>\$ 240,372</u>	