

**TOMALES VILLAGE
COMMUNITY SERVICES DISTRICT**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

for the year ended June 30, 2022

ROBERT W. JOHNSON
Certified Public Accountant

TABLE OF CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1-3
Management Discussion and Analysis	4-5
Basic Financial Statements:	
Statement of Net Position and Governmental Fund Balance Sheet	6
Statement of Activities and Changes in Net Position	7
Statement of Revenues, Expenses and Changes in Net Position – Enterprise Fund	8
Statement of Cash Flows – Enterprise Fund	9-10
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances – Park	11
Statement of Revenues and Expenditures – Budget and Actual – Park	12
Notes to Financial Statements	13-24
Supplemental Information:	
Principal Officials	26



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tomales Village Community Services District
Tomales, California

Opinions

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of Tomales Village Community Services District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the 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 financial position of the governmental activities, the business-type activities, and each major fund of Tomales Village Community Services District as of June 30, 2022, 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, as well as accounting systems prescribed by the California State Controller's Office and State Regulations governing Special Districts.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the State Controller's Minimum Audit Requirements for California Special Districts. 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 Tomales Village 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 Tomales Village 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 opinion. 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgement 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 Tomales Village 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tomales Village 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 Management's Discussion and Analysis, and other required supplementary information as listed in the Table of Contents 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 other 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Tomales Village Community Services District's basic financial statements. The accompanying supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Robert W. Johnson, An Accountag Corporation

Citrus Heights, California
September 1, 2022

**TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING JUNE 30, 2022**

1. Introduction

This section of the District's Financial Statement presents our analysis of the District's financial position and performance for the Fiscal Year that ended June 30, 2022. Readers are encouraged to read this section in conjunction with the accompanying financial statements.

2. Financial Summary

The audited financial statements report the Sewer Program on a business-type accounting basis with accruals, capital assets and depreciation. The Park Program is reported on a governmental-fund basis in the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances with an adjustment to report the Park in the government-wide report on a comparable basis with the Sewer Program, also showing capital assets and depreciation in the column for Statement of Activities, but not in the Governmental Fund column or the report on the next page. That next page includes a comparison of actual results to budget for the Park Program. The Sewer Program, reported on a business basis, does not include a comparison of actual to budget.

Condensed Financial Statements – Government Wide

Statement of Net Position (Sewer and Park)

	2022	2021
Assets:		
Current assets	\$271,291	\$308,364
Other assets	37,505	39,572
Capital assets, net	1,731,695	1,787,155
Total Assets	<u>\$2,040,491</u>	<u>\$2,135,091</u>
Liabilities and net position:		
Current liabilities	\$86,747	\$74,485
Long-term debt, less current portion	53,824	97,419
Total liabilities	<u>140,571</u>	<u>171,904</u>
Total net position	<u>1,899,920</u>	<u>1,963,187</u>
Total liabilities and net position	<u>\$2,040,491</u>	<u>\$2,135,091</u>

Statement of Activities (Sewer and Park)

	2022	2021
Operational revenues	\$186,486	\$196,198
Operational expenses	310,383	248,484
Operational loss	(123,897)	(52,286)
General revenues/expenses	60,630	55,899
Change in net position	<u>(\$ 63,267)</u>	<u>\$ 3,613</u>

3. Detailed Analysis

The TVCSD is a special district formed under Government Code 61000 to operate and manage the community's wastewater treatment plant (WWTP) and Tomales Community Park. The WWTP is funded through sewer service fees and some Ad Valorem property taxes. The WWTP provides sewer service for 126 sanitary units in 101 parcels on 13 acres and the three Tomales campus of the Shoreline Unified School District (SUSD.) SUSD uses one-third of system capability, and therefore funds one-third of the annual budget. The operation of the Tomales Community Park is funded through donations, park rentals, fund raisers, grants, and County of Marin Measure A sales taxes dedicated to parks and open spaces.

The Sewer Program records \$43,913 in depreciation of its WWTP infrastructure annually and has not required significant capital improvements since 2009/2010. Expenses have been maintenance, repair and replacement during the past twelve years. The Tomales Community Park made major progress in 2019/2020 in rebuilding the gazebo. Ongoing Park Program maintenance, repair and utility costs in 2021/2022 were increased to include \$6,970 for daily sanitation of the playground equipment and bathrooms in compliance with public health orders to prevent the spread of COVID-19. And in 2021/2022 playground surface material costing \$8,133 was added.

4. Significant Capital Asset and Long-Term Debt Activity

When the District was formed in 1998/1999, the Wastewater Treatment Plant was acquired from North Marin Water District. The District was able to garner a Small Communities Grant from SWRCB and a loan of \$315,594 at 2.5% through the State Revolving Fund to fund major improvements in 2002/2003. The last payment on this debt will be made in December 2022. The amount due is \$25,295.32 The District has a solar system to provide the energy to operate the wastewater treatment system and irrigation field. To acquire the system, the District sold \$305,000 in zero interest Clean Renewable Energy Bonds in July 2009. The bonds have four more payments due totaling \$71,764.72. All existing long-term debt will be fully repaid in July 2025.

5. Currently Known Facts, Decisions or Conditions

The major funding source for Tomales Community Park, Marin County Measure A sales tax, expired in March 2022, but its renewal was unequivocally approved by the voters in June 2022. Expenses during 2021/2022 were kept low because of the uncertainty of the passage of the renewal near year-end. With the funding in place, the TVCSD Board is now considering hiring staff to provide oversight of park rentals, maintenance and improvements. During 2020 to 2021 pandemic public health regulations kept travelers at home and reduced park rentals. However, with the pandemic easing, park visitors are back and cleaning costs are continuing. Adequate staffing will provide consistent planning and better use of the park.

The District faces the challenge of limiting costs to keep rates competitive for the 126 residences, businesses and the school district in the Sewer Program. Expenses have been kept under budget for the previous five years. However, costs increased significantly in 2021/2022 because of deferred maintenance, work on the Strategic Plan, and replacement of the retiring General Manager. The higher expenses have reduced cash balances, so careful planning and evaluation of options for funding will be necessary. The busy year made progress in many ways which will pay off in the long-run. Sewer plant electrical costs have been reduced for the future by the 2021/2022 maintenance work and analysis of power usage. Accounts receivable and sewer service charges have been analyzed and issues resolved. With the Strategic Plan and a new General Manager, long-term planning will begin. The videotaped imaging work done in 2021/2022 showed that the system's pipes are still in good shape, but SCADA improvements are planned immediately for the Supervisory Control and Data Acquisition system.

Contacting the Administrator

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact General Manager Mary Halley at Tomales Village Community Services District, Post Office Box 303, Tomales, CA 94971 or admin@tomalescsd.ca.gov or 707-878-2767.

TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2022

	Governmental Fund			Enterprise Fund	Total
	General Fund	Park Adjustments	Statement of Net Position	Sewer	
ASSETS					
Current assets:					
Cash and cash equivalents (Note 3)	\$ 93,729	\$ -	\$ 93,729	\$ 86,637	\$ 180,366
LAIF (Note 3)	31,106	-	31,106	42,582	73,688
Accounts receivable	-	-	-	-	-
Interest receivable	58	-	58	136	194
Prepaid expenses	15	-	15	14,961	14,976
Current portion of note receivable (Note 4)	-	-	-	2,067	2,067
Interfund receivable	-	-	-	-	-
Total current assets	<u>124,908</u>	<u>-</u>	<u>124,908</u>	<u>146,383</u>	<u>271,291</u>
Other assets:					
Note receivable, net of current portion (Note 4)	-	-	-	7,505	7,505
Restricted cash – LAIF (Note 3)	-	-	-	<u>30,000</u>	<u>30,000</u>
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,505</u>	<u>37,505</u>
Capital assets, at cost (Notes 5 and 6):	-	593,790	593,790	2,071,040	2,664,830
Less accumulated depreciation	-	<u>107,010</u>	<u>107,010</u>	<u>826,125</u>	<u>933,135</u>
	<u>-</u>	<u>486,780</u>	<u>486,780</u>	<u>1,244,915</u>	<u>1,731,695</u>
	<u>\$ 124,908</u>	<u>\$ 486,780</u>	<u>\$ 611,688</u>	<u>\$1,428,803</u>	<u>\$2,040,491</u>

See notes to financial statements

	Governmental Fund			Enterprise Fund	
	Park		Statement of Net Position	Sewer	
LIABILITIES	General Fund	Adjustments			Total
Current liabilities:					
Current portion of long-term debt (Note 6)	\$ -	\$ -	\$ -	\$ 43,595	\$ 43,595
Accounts payable	2,176	-	2,176	40,976	43,152
Interfund payable	-	-	-	-	-
Total current liabilities	<u>2,176</u>	<u>-</u>	<u>2,176</u>	<u>84,571</u>	<u>86,747</u>
Long-term debt, net of current portion (Note 6)	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,824</u>	<u>53,824</u>
Total liabilities	<u>2,176</u>	<u>-</u>	<u>2,176</u>	<u>138,395</u>	<u>140,571</u>
Fund balances/ net position					
Fund balances (Note 8):					
Unassigned	<u>122,732</u>	<u>(122,732)</u>	<u>-</u>		
Total fund balances	<u>122,732</u>	<u>(122,732)</u>	<u>-</u>		
Total liabilities and fund balances	\$ <u>124,908</u>				
Net position (Note 8):					
Net investment in capital assets		486,780	486,780	1,147,496	1,634,276
Restricted		-	-	30,000	30,000
Unrestricted		<u>122,732</u>	<u>122,732</u>	<u>112,912</u>	<u>235,644</u>
Total net position		<u>609,512</u>	<u>609,512</u>	<u>1,290,408</u>	<u>1,899,920</u>
		\$ <u>486,780</u>	\$ <u>611,688</u>	\$ <u>1,428,803</u>	\$ <u>2,040,491</u>

TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES
OF NET POSITION
for the year ended June 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Park	\$ <u>29,203</u>	\$ <u>-</u>	\$ <u>1,287</u>	\$ <u>-</u>
Total governmental activities	<u>29,203</u>	<u>-</u>	<u>1,287</u>	<u>-</u>
Business-type activities:				
Sewer	<u>281,180</u>	<u>185,199</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>281,180</u>	<u>185,199</u>	<u>-</u>	<u>-</u>
Total	\$ <u>310,383</u>	\$ <u>185,199</u>	\$ <u>1,287</u>	\$ <u>-</u>

General revenues/expenses:

Property taxes
Interest income
Other revenue
Interest expense

Change in net position

Net position – beginning

Net position – ending

See notes to financial statements

Net (Expense) and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$(27,916)		\$(27,916)
(27,916)		<u>27,916</u>
	\$(95,981)	(95,981)
	(95,981)	(95,981)
(27,916)	(95,981)	(123,897)
-	9,871	9,871
151	1,062	1,213
42,698	8,062	50,760
<u>-</u>	(1,214)	(1,214)
<u>42,849</u>	<u>17,781</u>	<u>60,630</u>
14,933	(78,200)	(63,267)
<u>594,579</u>	<u>1,368,608</u>	<u>1,963,187</u>
<u>\$ 609,512</u>	<u>\$ 1,290,408</u>	<u>\$ 1,899,920</u>

TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUND - SEWER
for the year ended June 30, 2022

Operating revenues:		
Service charges		\$ 185,199
Connection fees		-
Other		<u>-</u>
Total operating revenues		185,199
Operating expenses:		
Collection	\$ 18,080	
Treatment	61,767	
Disposal	37,627	
Administrative and general	119,793	
Depreciation	<u>43,913</u>	
Total operating expenses		<u>281,180</u>
Operating loss		(95,981)
Non-operating revenues (expenses):		
Property taxes	9,871	
Interest income	1,062	
SUSD sinking fund revenue	8,062	
Other revenue	-	
Interest expense	<u>(1,214)</u>	
		<u>17,781</u>
Income/(loss) before contributions		(78,200)
Capital contributions		<u>-</u>
Change in net position		(78,200)
Total net position:		
Beginning		<u>1,368,608</u>
Ending		<u>\$1,290,408</u>

See notes to financial statements

TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
ENTERPRISE FUND - SEWER
for the year ended June 30, 2022

Cash flows from operating activities:		
Receipts from customers		\$ 186,065
Payments to suppliers		(231,361)
Payments to employees		(<u>8,568</u>)
Net cash provided by (to)		
operating activities		(53,864)
Cash flows from noncapital financing activities:		
Property taxes and other income		17,933
Cash flows from capital and		
related financing activities:		
Payment of long-term debt	\$(40,864)	
Interest expense	(1,214)	
Property additions	<u>-</u>	(42,078)
Cash flows from investing activities:		
Interest income		<u>1,062</u>
Net increase(decrease) in cash and cash		
equivalents		(76,947)
Cash and cash equivalents:		
Beginning of year		<u>236,166</u>
End of year		<u>\$ 159,219</u>

See notes to financial statements

TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS, continued
ENTERPRISE FUND - SEWER
for the year ended June 30, 2022

Reconciliation of operating income (loss) to net cash
provided by (to) operating activities:

Operating loss \$(95,981)

Adjustments to reconcile operating
income (loss) to net cash provided by
operating activities:

Depreciation \$ 43,913

Changes in operating assets and liabilities:

Receivables \$ 2,856

Interfund receivable -

Prepays (14,961)

Payables 10,309

Total adjustments 42,117

Net cash provided by
(to) operating activities \$(53,864)

Supplemental information:

Cash expended for interest \$ 1,214

See notes to financial statements

TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND - PARK
for the year ended June 30, 2022

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Park	\$ 17,656	\$ -	\$ 17,656
Capital outlay	-	-	-
Depreciation	<u>-</u>	<u>11,547</u>	<u>11,547</u>
Total program expenditures/ expenses	<u>17,656</u>	<u>11,547</u>	<u>29,203</u>
Program revenues:			
Service fees	<u>-</u>	<u>-</u>	<u>-</u>
General revenues:			
Property taxes	-	-	-
Measure A	41,848	-	41,848
Contributions	1,287	-	1,287
Interest	151	-	151
Other	<u>850</u>	<u>-</u>	<u>850</u>
	<u>44,136</u>	<u>-</u>	<u>44,136</u>
Excess of revenues over expenditures/changes in net position	26,480	(11,547)	14,933
Beginning fund balances/ net position	<u>96,252</u>	<u>498,327</u>	<u>594,579</u>
Ending fund balances/ net position	<u>\$ 122,732</u>	<u>\$ 486,780</u>	<u>\$ 609,512</u>

See notes to financial statements

TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
GOVERNMENTAL FUND - PARK
for the year ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Measure A	36,474	41,848	5,374
Contributions	200	1,287	1,087
Grants	-	-	-
Interest	180	151	(29)
Rental	-	850	850
Power refund	-	-	-
Other	-	-	-
Total revenues	<u>36,854</u>	<u>44,136</u>	<u>7,282</u>
Expenditures:			
Measure A - maintenance	6,025	17,656	(11,631)
Measure A - capital outlay	52,850	-	52,850
Miscellaneous	-	-	-
Total expenditures	<u>58,875</u>	<u>17,656</u>	<u>41,219</u>
Excess of revenues (expenditures)	<u>\$ (22,021)</u>	<u>\$ 26,480</u>	<u>\$ 48,501</u>

See notes to financial statements

TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

1. Organization:

The Tomales Village Community Services District (the “District”) is an independent special district formed in 1999 to manage the village’s wastewater treatment plant formerly operated by the North Marin Water District. The Sewer Program is funded through sewer service fees and some property taxes. The Tomales Community Park was founded as a 501(c)(3) organization funded through donations, park rentals, fund raisers and grants. The park was merged into the District in 1998. With the passage of the County of Marin Measure A sales tax dedicated to parks and open spaces, the Park Program has been funded largely from that revenue source since 2013. The District is governed by a five-member board elected by the voters of Tomales Village.

2. Summary of Significant Accounting Policies:

The basic financial statements of Tomales Village Community Services District have been prepared in conformity with generally accepted accounting principles 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. The more significant of the District’s accounting policies are described below.

Measurement Focus

Government-Wide Statements – The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall District. The District’s government-wide financial statements distinguish between the governmental and business-type activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties. Separate statements for each fund category – governmental and proprietary – are presented.

Fund Financial Statements – The fund financial statements provide information about the District’s funds. Separate statements for each fund category – governmental and proprietary – are presented. The District reported the following funds in the accompanying financial statements:

TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2022

2. Summary of Significant Accounting Policies, continued:

Measurement Focus, continued

Sewer Fund- The sewer fund is a proprietary (enterprise) fund is used to account for sewer operations that are financed and operated in a manner similar to private business enterprises. The intent of the District is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

General Fund- The general fund is a governmental fund is used to account for all financial resources of the park department. This fund is mainly supported by taxes and intergovernmental revenues.

Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Nonoperating revenues, such as grants, donations and investment earnings, result from nonexchange transactions or ancillary activities. All revenues and expenses not meeting the definition of operating revenues and expenses are reported as nonoperating.

The governmental fund is accounted for on a "current financial resources" measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are recorded when received in cash, except revenues subject to accrual (generally 60 days after year-end) are recognized when due. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2022

2. Summary of Significant Accounting Policies, continued:

Depreciation

Fixed assets are stated at cost or estimated historical cost.

Depreciation of those assets is computed by the use of the straight-line method over the estimated useful lives.

Maintenance, repairs and renewals of a minor nature are charged to expense as incurred. Major repairs or renewals and betterments which extend the useful life are capitalized.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents, including restricted assets. Cash in banks and deposits in the State of California Local Agency Investment Fund (LAIF) are considered to be cash and cash equivalents.

Investments

Investments consist of LAIF (State of California pooled investment fund). Investments are stated at fair value. Such investment is within the State statutes and the District's investment policy.

Use of Estimates

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

TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2022

2. Summary of Significant Accounting Policies, continued:

Budget and Budgetary Accounting

The Board of Directors annually adopts an operating budget. The operating budgets are prepared on the accrual basis to match the operating statements.

Property Taxes

The District's monthly sewer service rate and applicable property taxes are levied annually as components of the Marin County property tax bill. Property taxes attach as an enforceable lien on property as of January 1 proceeding the fiscal year for which property taxes are collected. Taxes are payable to the county in two installments on November 1 and February 1. The County of Marin collects these taxes and remits them to the District. Property taxes are recognized as revenue in the period for which levied, which is the fiscal year during which the payments are due, provided the taxes are receivable within sixty days after year-end.

TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2022

2. Summary of Significant Accounting Policies, continued:

Net Position and Fund Balance

Net position is classified in the following categories:

Net Investment in capital assets – groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted – presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – represents the net position of the District, which are not restricted or invested in capital assets net of related debt.

Fund balance is classified in the following categories:

Restricted – includes fund balance amounts that are subject to externally enforceable legal restrictions or constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed – includes fund balance amount that can only be used for specific purposes pursuant to constraints imposed by the formal actions of the District's Board of Directors.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.

Unassigned – includes fund balance which has not been classified within the above mentioned categories.

TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2022

3. Cash and Cash Equivalents:

At year-end the carrying amount of the District's deposits was \$180,366 and the bank balance was \$207,558. The bank balance was covered by Federal depository insurance and NCUSIF insurance. Cash consists of:

	Balance, June 30, <u>2022</u>
Checking (4)	\$ 82,747
Savings	107
Money market (2)	<u>97,512</u>
	<u>\$ 180,366</u>

Cash and investments consists of the following at June 30, 2022:

Restricted – connection fees (LAIF)	\$ 30,000
Designated – Measure A funds	92,083
Unrestricted	<u>161,971</u>
	<u>\$ 284,054</u>

TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2022

3. Cash and Cash Equivalents, continued:

Investments:

California statutes authorize the District to invest in a variety of credit instruments as provided for in the California Government Code Section 53600, Chapter 4 – Financial Affairs. The Government Code allows investments in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, medium-term corporate notes, mutual funds and the State Treasurer's Local Agency Investment Fund (LAIF). The investment in LAIF is reported at fair value.

	<u>Carrying Amount</u>	<u>Fair Value</u>
Balance, June 30, 2022		
Local Agency Investment Fund	\$ <u>103,688</u>	\$ <u>103,688</u>

4. Note Receivable:

The balance of a note due from the Shoreline Unified School District (SUSD) in the amount \$34,984 was transferred to the District in October 1999. The original note in the amount of \$39,736 was contracted by North Marin Water District in June of 1985 at an annual interest rate of six percent, due November 2026. The note was for SUSD's portion of sewer improvements completed prior to the transfer to the District and is unsecured. Scheduled maturities of principal and interest for the note receivable are as follows at June 30:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,067	\$ 574	\$ 2,641
2024	2,191	450	2,641
2025	2,321	320	2,641
2026	2,461	180	2,641
2027	<u>532</u>	<u>32</u>	<u>564</u>
	\$ <u>9,572</u>	\$ <u>1,556</u>	\$ <u>11,128</u>

TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2022

5. Capital Assets:

Changes in enterprise capital assets for the year-ended June 30, 2022 are as follows:

<u>Sewer</u>	<u>Balance, 6/30/21</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, 6/30/22</u>
Land	\$ 52,788	\$ -	\$ -	\$ 52,788
Maps & records	17,248	-	-	17,248
Sewer treatment	791,666	-	-	791,666
Solar equipment	269,945	-	-	269,945
Pond improvements	<u>939,393</u>	<u>-</u>	<u>-</u>	<u>939,393</u>
	<u>\$2,071,040</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,071,040</u>

Changes in governmental capital assets for the year-ended June 30, 2022 are as follows:

<u>Park</u>	<u>Balance, 6/30/21</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, 6/30/22</u>
Land	\$ 132,000	\$ -	\$ -	\$ 132,000
Equipment	<u>461,790</u>	<u>-</u>	<u>-</u>	<u>461,790</u>
	<u>\$ 593,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 593,790</u>

TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2022

6. Long-term Debt:

The following is a summary of the long-term debt activities for the year ended June 30, 2022:

	<u>Balance, 7/1/21</u>	<u>New Debt Issued</u>	<u>Debt Retired</u>	<u>Balance, 6/30/22</u>	<u>Current Portion</u>
State Water Resource Control Board	\$ 48,577	\$ -	\$ 22,923	\$ 25,654	\$ 25,654
Clean Renewable Energy Bonds	<u>89,706</u>	<u>-</u>	<u>17,941</u>	<u>71,765</u>	<u>17,941</u>
	<u>\$ 138,283</u>	<u>\$ -</u>	<u>\$ 40,864</u>	<u>\$ 97,419</u>	<u>\$ 43,595</u>

State Water Resource Control Board

A construction loan from the State Water Resources Control Board in December 2003 was converted to a note payable in December 2008. The loan is repaid annually in installments of \$24,137 including principal and interest at 2.5%. The loan matures in December 2022.

TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2022

6. Long-term Debt, continued:

Clean Renewable Energy Bonds

On July 14, 2009 the District issued \$305,000 of clean renewable energy bonds as authorized by the Internal Revenue Service under Section 54 of the Internal Revenue Code (the Code) of 1986, as amended. The bonds were issued at a 0% interest rate and benefits of the bonds are paid in form of federal tax credits in lieu of interest. The District installed two solar power systems at the irrigation field and the treatment plant with the proceeds from the bonds.

Annual payments of \$17,941 are due annually in December and the final payment is due July 2025.

The future annual maturities of all long-term borrowings as of June 30, 2022 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 43,595	\$ 641	\$ 44,236
2024	17,941	-	17,941
2025	17,941	-	17,941
2026	<u>17,942</u>	<u>-</u>	<u>17,942</u>
	<u>\$ 97,419</u>	<u>\$ 641</u>	<u>\$ 98,060</u>

7. Risk of Loss:

Tomales Village Community Services District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During the 2022 fiscal year, the District purchased certain commercial insurance coverages to provide for those risks.

TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2022

8. Equity:

Fund Balance (Park):

Restricted	\$ -
Committed	-
Assigned	-
Unassigned	<u>122,732</u>
	<u>\$ 122,732</u>

Statement of Net Position (Park and Sewer):

Total net position consists of:

Net investment in capital assets	\$1,634,276
Restricted	
Connection fees - sewer	30,000
Unrestricted	
Board designated	
Capital asset reserve – sewer	\$ 40,000
Operating reserve – sewer	<u>99,653</u>
	139,653
Undesignated	<u>95,991</u>
	<u>235,644</u>
	<u>\$1,899,920</u>

TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2022

9. Subsequent Events:

Management has evaluated subsequent events through September 1, 2022, the date these June 30, 2022 financial statements were available to be issued.

10. Major Customer:

The District has one major customer, Shoreline Unified School District, that accounted for 33% and \$60,379 of operating sewer revenues for the year ended June 30, 2022. The District expects to maintain this relationship with the customer.

11. COVID-19 and Other External Factors:

The Tomales Village Community Services District was impacted in 2020/2021 by the COVID-19 pandemic with difficulty finding contractors and supplies, sanitizing costs and loss of park rental income. In 2021/2022 the noticeable impact has been reduced to the cost of daily rest room and playground equipment sanitizing. The District has received praise from renters for the exceptionally clean rest rooms. There is still less park rental income, and there are procurement delays due to staff and supply shortages, but these impacts are minor.

SUPPLEMENTAL INFORMATION

TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
PRINCIPAL OFFICIALS
for the year ended June 30, 2022

Board of Directors:

Donna Clavaud	President
Bill Bonini	Vice President
Peter MacLaird	
Dru Fallon O'Neill	
John Ward	

Operations:

Mary Halley	General Manager
Melinda Bell	Financial Manager
Cynthia Hammond	Secretary

