

**DAGGETT
COMMUNITY SERVICES DISTRICT
FINANCIAL STATEMENTS
(With Independent Auditor's Report Thereon)
JUNE 30, 2022**



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Certified Public Accountant

**DAGGETT
COMMUNITY SERVICES DISTRICT
FINANCIAL STATEMENTS
(With Independent Auditor's Report Thereon)
JUNE 30, 2022**

DAGGETT COMMUNITY SERVICES DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Daggett Community Services District

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Daggett 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 Daggett Community Services District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Daggett 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Daggett 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

My 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 my 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, I:

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

I am 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Daggett Community Service District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the 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 auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Firm's signature

Menifee, California
April 23, 2024

DAGGETT COMMUNITY SERVICES DISTRICT

BALANCE SHEET / STATEMENT OF NET POSITION

GOVERNMENT WIDE

AS OF JUNE 30, 2022

	General Fund	Reconciling Items	Governmental Activities	Business-Type Activities	Statement of Net Position
ASSETS					
Cash and Investments	\$ 73,711	\$ -	\$ 73,711	\$ 5,846	\$ 79,557
Accounts Receivable	1,638	-	1,638	17,020	18,658
Prepaid Expenses	-	-	-	-	-
Land	-	31,679	31,679	10,280	41,959
Other Capital Assets, Net of Accumulated Depreciation (Note D)	-	613,598	613,598	181,060	794,658
Total Assets	75,349	645,277	720,626	214,206	934,832
DEFERRED OUTFLOW OF RESOURCES					
	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	75,349	645,277	720,626	214,206	934,832
LIABILITIES					
Accounts Payable	177,500	-	177,500	2,734	180,234
Salaries and Benefits Payable	31,644	-	31,644	-	31,644
Total Liabilities	209,144	-	209,144	2,734	211,878
DEFERRED INFLOW OF RESOURCES					
Unavailable Revenue	-	-	-	-	-
	-	-	-	-	-
FUND BALANCE / NET POSITION					
Fund Balance:					
Unassigned	(133,795)				
Total Fund Balance	(133,795)				
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	\$ 75,349				
Net Position					
Invested in capital assets, net of related debt			645,277	720,626	1,365,903
Interfund Transfers			-	-	-
Unassigned			(133,795)	(509,154)	(642,949)
Total Net Position			\$ 511,482	\$ 211,472	\$ 722,954

See Independent Auditor's Report and Notes to the Financial Statements

DAGGETT COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCE
GOVERNMENT WIDE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Government Funds</u>	<u>Reconciling Items</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Statement of Activities</u>
Revenues:					
Property Taxes	125,565	-	125,565	-	125,565
Grant Revenue	151,710	-	151,710	-	151,710
Interest Income	3	-	3	-	3
Water Utility Fund	-	-	-	174,415	174,415
Total Revenues	<u>277,278</u>	<u>-</u>	<u>277,278</u>	<u>174,415</u>	<u>451,693</u>
Expenditures / Expenses					
Personnel Services	37,072	-	37,072	43,590	80,662
Fire	91,136	-	91,136	-	91,136
Parks	-	-	-	-	-
Street Lighting	-	-	-	-	-
Water Services	-	-	-	25,785	25,785
Administration	180,671	-	180,671	48,084	228,755
Board Stipend	12,000	-	12,000	-	12,000
Depreciation	-	24,822	24,822	16,175	40,997
Capital Purchase	239,600	(239,600)	-	-	-
Interest and Fees	874	-	874	-	874
Total Expenditures / Expenses	<u>561,353</u>	<u>(214,778)</u>	<u>346,575</u>	<u>133,634</u>	<u>480,209</u>
Excess (deficiency) of Revenues over Expenditures	(284,075)	214,778	-	40,781	40,781
Change in Net Assets	-	-	(69,297)	-	(69,297)
Fund Balance / Net Assets June 30, 2021	(137,937)	430,499	292,562	343,996	636,558
Adjustment to Fund Balance / Net Assets June 30, 2021	288,217	-	288,217	(173,305)	114,912
Adjusted Fund Balance / Net Assets June 30, 2021	<u>150,280</u>	<u>430,499</u>	<u>580,779</u>	<u>170,691</u>	<u>751,470</u>
Interfund Transfers Water Utility Fund	-	-	-	-	-
Fund Balance / Net Assets June 30, 2022	<u>(133,795)</u>	<u>-</u>	<u>511,482</u>	<u>211,472</u>	<u>722,954</u>

See Independent Auditor's Report and Notes to the Financial Statements

DAGGETT COMMUNITY SERVICES DISTRICT

GOVERNMENT FUNDS COMBINED BALANCE SHEET AS OF JUNE 30, 2022

	General Fund	Reconciling Items	Governmental Activities
ASSETS			
Cash and Investments	\$ 73,711	\$ -	\$ 73,711
Accounts Receivable	1,638	-	1,638
Prepaid Expenses	-	-	-
Land	-	31,679	31,679
Other Capital Assets, Net of Accumulated Depreciation (Note D)	-	613,598	613,598
Total Assets	75,349	645,277	720,626
DEFERRED OUTFLOW OF RESOURCES			
	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	75,349	645,277	720,626
LIABILITIES			
Accounts Payable	177,500	-	177,500
Salaries and Benefits Payable	31,644	-	31,644
Total Liabilities	209,144	-	209,144
DEFERRED INFLOW OF RESOURCES			
Unavailable Revenue	-	-	-
	-	-	-
FUND BALANCE / NET POSITION			
Fund Balance:			
Unassigned	(133,795)		
Total Fund Balance	(133,795)		
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	\$ 75,349		
Net Position			
Invested in capital assets, net of related debt			645,277
Interfund Transfers			-
Unassigned			(133,795)
Total Net Position			\$ 511,482

See Independent Auditor's Report and Notes to the Financial Statements

DAGGETT COMMUNITY SERVICES DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Government Funds</u>	<u>Reconciling Items</u>	<u>Governmental Activities</u>
Revenues:			
Property Taxes	125,565	-	125,565
Grant Revenue	151,710	-	151,710
Interest Income	3	-	3
Water Utility Fund	-	-	-
Total Revenues	<u>277,278</u>	<u>-</u>	<u>277,278</u>
Expenditures / Expenses			
Personnel Services	37,072	-	37,072
Fire	91,136	-	91,136
Parks	-	-	-
Street Lighting	-	-	-
Water Services	-	-	-
Administration	180,671	-	180,671
Board Stipend	12,000	-	12,000
Depreciation	-	24,822	24,822
Capital Purchase	194,600	(194,600)	-
Debt Service:			
Bond Principal Retirement	-	-	-
Bond Interest and Fees	874	-	874
Total Expenditures / Expenses	<u>516,353</u>	<u>(169,778)</u>	<u>346,575</u>
Excess (deficiency) of Revenues over Expenditures	(239,075)	169,778	
Change in Net Assets			(69,297)
Fund Balance / Net Assets June 30, 2021	(182,937)	475,499	292,562
Adjustment to Fund Balance / Net Assets June 30, 2021	288,217		288,217
Adjusted Fund Balance / Net Assets June 30, 2021	<u>105,280</u>	<u>475,499</u>	<u>580,779</u>
Interfund Transfers Water Utility Fund	-	-	-
Fund Balance / Net Assets June 30, 2022	<u>(133,795)</u>		<u>511,482</u>

DAGGETT COMMUNITY SERVICES DISTRICT

BUSINESS-TYPE BALANCE SHEET

WATER UTILITY FUND

AS OF JUNE 30, 2022

	<u>Business-Type Activities</u>
ASSETS	
Cash and Investments	\$ 5,846
Accounts Receivable	17,020
Land	10,280
Other Capital Assets, Net of Accumulated Depreciation (Note D)	181,060
Total Assets	<u><u>214,206</u></u>
LIABILITIES	
Accounts Payable	2,734
Salaries and Benefits Payable	-
Current	-
Long Term	-
Total Liabilities	<u>2,734</u>
NET ASSETS	
Invested in Capital Assets, net of related debt	191,340
Interfund Transfers	-
Unassigned	20,132
Total Net Assets	<u>211,472</u>
Total Liabilities and Net Assets	<u><u>214,206</u></u>

DAGGETT COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND EQUITY
WATER UTILITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

OPERATING REVENUES	
Water Sales	174,415
Total Revenues	174,415
 OPERATING EXPENDITURES	
Regular Salaries	59,766
Maintenance - Equipment	17,122
Depreciation and Amortization	-
Legal and Professional	3,391
Office Expense	27,570
Water Testing	25,785
Total Operating Expenditures	133,634
Income/(Loss) from Operations	40,781
 NON-OPERATING REVENUE	
Interest Income	-
Other Miscellaneous Income	-
Total Non-Operating Revenue	-
 OTHER NON-OPERATING ITEMS	
Interest on Long Term Debt	-
Total Non-Operating Items	-
NET INCOME/(LOSS)	40,781
Beginning Net Assets, June 30, 2021	343,996
Adjustment to Beginning Net Assets	(173,305)
Adjusted Beginning Net Assets	170,691
Interfund Transfers	-
Ending Net Assets June 30, 2022	211,472

See Independent Auditor's Report and Notes to the Financial Statements

DAGGETT COMMUNITY SERVICES DISTRICT

STATEMENT OF CASH FLOWS WATER UTILITY FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>Cash Flows from Operating Activities</u>	
Net Income/(Loss) from Operations	40,781
<u>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</u>	
Depreciation Expense	16,175
Change in Accounts Receivable	(16,718)
Change in Accounts Payable	(57,243)
Change in Prepaid Expenses	(4,041)
Net Cash Provided/(Used) by Operating Activities	(21,046)
Net Cash Provided/(Used) in Investing Activities	-
Net Cash Provided/(Used) by Financing Activities	-
Net Increase/(Decrease) in Cash	(21,046)
Cash at Beginning of Period	26,892
Cash at End of Period	5,846
Composition of Cash at Period End	
Cash on Hand and in Checking	5,846
Cash in Savings	-
	5,846

DAGGETT COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District has two funds for recording monies. The General fund receives and disburses all monies for the regular business of the district which is fire, lighting and parks. A Debt Service Fund collects tax revenues and pays the interest and principal on the General Obligation Bonds.

The Water Utility Fund is a separately maintained proprietary account for receipts and disbursements of water delivery items, including Revenue Bonds.

Measurement Focus / Basis of Accounting

The accounts of the District are organized on the basis of funds or groups of accounts, each of which is considered to be a separate accounting entity. The general fund summarizes all District financial activities. The current financial resources measurement focus and the modified accrual basis of accounting are followed for the general fund for financial reporting purposes. Under the modified accrual basis of accounting, expenditures are recorded when the liability is incurred and revenue is recorded when received in cash unless susceptible to accrual, i.e., measurable and available to finance the District's operations.

The District has implemented the financial reporting model, as required by the provisions of GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", as of July 1, 2003. The government wide financial statements are prepared using the flow of economic resources and the accrual basis of accounting. In the accrual basis of accounting, expenses and revenues are recorded in the period they occur when the amounts can be identified and measured. Depreciable capital assets are reported in the balance sheet net of accumulated depreciation.

The District has elected to combine its fund and government-wide financial statements.

Cash

The District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value. Cash and investments held by the District at June 30, 2022, consisted of the following:

Petty Cash	\$	43
On Deposit		79,514
Total	\$	<u>79,557</u>

The deposits of the District are entirely insured or collateralized with securities held by the District or held by its agent in the name of the District.

Authorized Deposits/Investments

In accordance with Section 53601 of the California Government Code, the District may invest in the following types of investments:

- Securities of the U.S. Government, or its agencies
- Certificates of Deposit (or Time Deposits)
- Negotiable Certificates of Deposit
- Local Agency Investment Fund (State Pool) Demand Deposits
- Other investments that are, or may become, legal investments through the State of California Code and with prior approval.

The District is in compliance with the above requirements.

DAGGETT COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Account Group

In The accounting and reporting treatment applied to the General Fixed Assets associated with a fund is determined by its measurement focus. All Governmental Funds are accounted for on a spending or "financial flow" measurement focus.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Long-term debt is recorded in the Debt Service account group.

Property Taxes

Real property taxes are levied on October 15, against owners of record at March 1. The taxes are due in two installments, on November 1 and February 1, and become delinquent after December 10 and April 10, respectively. Tax liens attach annually as of 12:01am on the first day of March in the fiscal year for which the taxes are levied. Property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided it is collected within 60 days of the end of the fiscal year.

Accounting Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Risk Management

The District is exposed to various risks of loss related to torts; theft of or damage to, or destruction of assets; errors or omissions; injuries to employees and the public; or acts of God. For the year ended June 30, 2022, the District has provided for protection against possible losses with insurance.

Taxes Receivable

Taxes receivable reflect monies due to the District at the fiscal year end that have been levied and an enforceable legal claim exists. Deferred taxes represent the portion of the levied tax revenue that is not expected to be received and available for use within 60 days of the fiscal year end. At June 30, 2022 there was \$1,638 due to the District regarding taxes receivable.

Accounts Receivable

Accounts receivable reflect monies due at the fiscal year end that were received and available for use within 60 days of that date.

	<u>General Fund</u>
County Tax Revenue	<u>\$ 1,638</u>
	<u>Water Company</u>
Receivable from Customers	<u>\$ 17,020</u>
	<u>Debt Service</u>
County Tax	<u>\$ -</u>

DAGGETT COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE B: BUDGETARY PROCEDURE

Prior to the beginning of each fiscal year, the Board of Directors adopts and files an itemized statement of estimated operating expenditures, reserve requirements and anticipated revenues, other than taxes with the San Bernardino Auditor-Controller. The source of financing for these costs and reserve requirements are (1) the available fund balance carried forward from the preceding years, (2) revenue other than property taxes, and (3) property taxes. Each year's appropriation lapses at year end.

NOTE C: MANAGEMENT SUBSEQUENT REVIEW

Management has performed a subsequent review of events up until the date the financial statements were issued, April 23, 2024.

NOTE D: CAPITAL ASSETS

Capital assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the general fund and in the government wide financial statements are capitalized at cost, or at estimated historical costs if original cost is not available, and contributions are recorded at fair value at the date received. Depreciation is provided on depreciable capital assets in the government wide financial statements over their estimated useful lives on the straight-line method. Depreciable assets include structures and improvements and equipment.

A summary of changes in capital assets is as follows:

	GENERAL FUND			
	Beginning Balance	Additions	Retirements	Ending Balance
Assets (at cost)				
Land	\$ 31,679	-	-	\$ 31,679
Construction in Progress	45,000	-	(45,000)	-
Structures and Improvements	288,475	262,500	-	550,975
Equipment	304,145	240,000	-	544,145
Total Assets (at cost)	<u>\$ 669,299</u>	<u>\$ 502,500</u>	<u>\$ (45,000)</u>	<u>\$ 1,126,799</u>

A summary of changes in accumulated depreciation for capital assets is as follows:

	Beginning Balance	Additions	(Dispositions)	Ending Balance
Allowance for Depreciation and Amortization				
Structures and Improvements	\$ 201,227	17,568	-	\$ 218,795
Equipment	255,473	7,254	-	262,727
Total Accumulated Depreciation and Amortization	<u>\$ 456,700</u>	<u>\$ 24,822</u>	<u>\$ -</u>	<u>\$ 481,522</u>

Capital Assets net of Depreciation at June 30, 2022

\$ 645,277

Non-Depreciable Assets - Land	31,679
Depreciable Assets - Net	613,598
Total	<u>\$ 645,277</u>

DAGGETT COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE D: CAPITAL ASSETS (Continued)

WATER FUND				
	Beginning Balance	Additions	Retirements	Ending Balance
Assets (at cost)				
Land	\$ 10,280	-	-	\$ 10,280
Structures and Improvements	337,699	-	-	337,699
Equipment	1,043,967			1,043,967
Office Equipment	10,943	-	-	10,943
Water Rights	24,978	-	-	24,978
Intangible Plant Utility Cost	87,438	-	-	87,438
Total Assets (at cost)	\$ 1,515,305	\$ -	\$ -	\$ 1,515,305

A summary of changes in accumulated depreciation for capital assets is as follows:

	Beginning Balance	Additions	(Dispositions)	Ending Balance
Allowance for Depreciation and Amortization				
Structures and Improvements	\$ 281,961	6,958	-	\$ 288,919
Machinery and Equipment	927,448	9,217	-	936,665
Office Equipment	10,943		-	10,943
Intangible Cost	87,438	-	-	87,438
Total Accumulated Depreciation and Amortization	\$ 1,307,790	\$ 16,175	\$ -	\$ 1,323,965

Capital Assets net of Depreciation at June 30, 2022	\$ 191,340
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Non-Depreciable Assets - Land	10,280
Depreciable Assets - Net	181,060
Total	\$ 191,340

REQUIRED SUPPLEMENTARY INFORMATION

See Independent Auditor's Report

DAGGETT COMMUNITY SERVICES DISTRICT
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES
GENERAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND JUNE 30, 2021

	<u>General Fund 2022</u>	<u>General Fund 2021</u>	<u>Difference</u>
Revenues:			
Property Taxes	\$ 125,565	\$ 300,000	\$ 174,435
Grant Revenue	151,710	104,550	(47,160)
Other Miscellaneous Income	-	9,088	9,088
Interest Income	3	3	-
Total Revenues	<u>277,278</u>	<u>413,641</u>	<u>136,363</u>
Expenditures / Expenses			
Personnel Services	37,072	32,460	(4,612)
Fire	91,136	-	(91,136)
Administration	180,671	183,441	2,770
Capital Purchase	239,600	45,000	(194,600)
Board Stipend	12,000	12,100	100
Interest expense	874	-	(874)
Total Expenditures / Expenses	<u>561,353</u>	<u>273,001</u>	<u>(288,352)</u>
Excess (deficiency) of Revenues over Expenditures	(284,075)	140,640	424,715
Fund Balance / Net Position:			
Beginning Fund Balance June 30, 2021	(137,937)	234,479	
Adjustment to Beginning Fund Balance	288,217	45,000	
Adjusted Beginning Fund Balance June 30, 2021	150,280	279,479	
Interfund Transfers Water Utility Fund	-	-	
Ending Fund Balance June 30, 2022 & 2021	<u>(133,795)</u>	<u>420,119</u>	

DAGGETT COMMUNITY SERVICES DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY, BUDGET AND ACTUAL GENERAL FUND

FOR THE FISCAL YEAR END JUNE 30, 2022 and 2021

	Budget 2022	Actual 2022	Over/(Under) Budget
Revenues:			
Property Taxes	\$ 125,000	\$ 125,565	\$ 565
Grant Revenue	150,000	151,710	1,710
Interest Income	-	3	3
Fire Department Fee Income	-	-	-
Other Miscellaneous Income	13,225	-	(13,225)
Total Revenues	288,225	277,278	(10,947)
Expenditures / Expenses			
Personnel Services	50,000	37,072	(12,928)
Fire	80,000	91,136	11,136
Parks	3,000	-	(3,000)
Street Lighting	5,000	-	(5,000)
Administration	180,000	180,671	671
Board Stipend	12,000	12,000	-
Capital Purchase	150,000	239,600	89,600
Debt Service:			
Bond Principal Retirement	-	-	-
Bond Interest and Fees	874	874	-
Total Expenditures / Expenses	480,874	561,353	80,479
Excess (deficiency) of Revenues over Expenditures	(192,649)	(284,075)	(91,426)
Change in Net Assets			
Fund Balance / Net Position:			
Beginning of the year		(137,937)	
Prior Year Adjustment		288,217	
Interfund Transfers Water Utility Fund		-	
End of the Year		(133,795)	

DAGGETT COMMUNITY SERVICES DISTRICT
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGE IN FUND EQUITY
 WATER UTILITY FUND
 FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND JUNE 30, 2021

	<u>Actual 2022</u>	<u>Actual 2021</u>	<u>Difference</u>
OPERATING REVENUES			
Water Sales	174,415	207,407	(32,992)
Total Revenues	<u>174,415</u>	<u>207,407</u>	<u>(32,992)</u>
OPERATING EXPENDITURES			
Regular Salaries	59,766	58,072	1,695
Maintenance - Equipment	17,122	17,778	(656)
Depreciation and Amortization	-	-	-
Legal and Professional	3,391	3,521	(130)
Office Expense	27,570	28,626	(1,056)
Water Testing	25,785	4,480	(2,841)
Total Operating Expenditures	<u>133,634</u>	<u>112,477</u>	<u>(2,988)</u>
Income/(Loss) from Operations	<u>40,781</u>	<u>94,930</u>	<u>(30,004)</u>
NON-OPERATING REVENUE			
Interest Income	-	-	-
Other Miscellaneous Income	-	-	-
Total Non-Operating Revenue	<u>-</u>	<u>-</u>	<u>-</u>
OTHER NON-OPERATING ITEMS			
Interest on Long Term Debt	-	-	-
Total Non-Operating Items	<u>-</u>	<u>-</u>	<u>-</u>
NET INCOME/(LOSS)	<u>40,781</u>	<u>94,930</u>	<u>(30,004)</u>
Beginning Net Assets	343,996	85,655	
Adjustment to Beginning Net Assets	(173,305)	-	
Adjusted Beginning Net Assets	170,691	85,655	
Interfund Transfers	-	-	
Ending Net Assets, June 30, 2022 & 2021	<u>211,472</u>	<u>180,586</u>	

See Independent Auditor's Report

DAGGETT COMMUNITY SERVICES DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND EQUITY, BUDGET AND ACTUAL WATER UTILITY FUND AS OF JUNE 30, 2022

	Budget 2022	Actual 2022	Over/(Under) Budget
OPERATING REVENUES			
Water Sales	140,000	174,415	(34,415)
Total Revenues	140,000	174,415	(34,415)
OPERATING EXPENDITURES			
Regular Salaries	64,200	59,766	4,434
Maintenance - Equipment	20,000	17,122	2,878
Depreciation and Amortization	-	-	-
Legal and Professional	5,500	3,391	2,109
Office Expense	5,000	27,570	(22,570)
Water Testing	45,300	25,785	-
Total Operating Expenditures	140,000	133,634	(13,149)
Income/(Loss) from Operations	-	40,781	(21,266)
NON-OPERATING REVENUE			
Interest Income	-	-	-
Other Miscellaneous Income	-	-	-
Total Non-Operating Revenue	-	-	-
OTHER NON-OPERATING ITEMS			
Interest on Long Term Debt	-	-	-
Total Non-Operating Items	-	-	-
NET INCOME/(LOSS)	-	40,781	(21,266)
Beginning Net Assets		343,996	
Adjustment to Beginning Net Assets		(173,305)	
Adjusted Beginning Net Assets		170,691	
Interfund Transfers		-	
Ending Net Assets, June 30, 2021 & 2022		211,472	

Note: Budgeted amounts were obtained from the 2021 year budget as 2022 year budget amounts were not available.

SUPPLEMENTARY INFORMATION

See Independent Auditor's Report

DAGGETT COMMUNITY SERVICES DISTRICT

GENERAL INFORMATION
AS OF JUNE 30, 2022

Type of Governmental Unit	-	Special District
Date of Formation	-	January 3, 1955
Statutory Authority	-	California Government Code, Section 61000, et. seq., Title 6 Division 2, Part 5.
Audit Report Period	-	July 1, 2021 thru June 30, 2022
Formed in County of	-	San Bernardino, California
Governing Body	-	Board of Directors
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Kareen A. Golden	President	November 2026
Mark Staggs	Director	November 2026
Sally Vintus	Director	November 2024
Robert Whipple	Director	November 2026
Lee Hiatt	Director	November 2024
Other Officer	-	Crystal Romero - General Manager
Method of Accounting	-	Modified Accrual
District's Funds	-	General Fund - Government Fund Debt Service Fund - Government Fund Water Utility Fund - Business Fund
Location of Financial Records	-	33703 Second Street Daggett, California 92327

Depositories

Chase Bank 1291 East Main Street Barstow, California 92311	Union Bank of California 239 East Main Street Barstow, California 92311
San Bernardino County Treasury County of San Bernardino San Bernardino, California	

DAGGETT COMMUNITY SERVICES DISTRICT

SUMMARY OF INSURANCE

AS OF JUNE 30, 2022

<u>COVERAGE</u>	<u>SERVICE PROVIDER</u>	<u>POLICY PERIOD</u>
Fire, Lighting Extended Coverage	Special District Risk Management Authority (SDRMA) Member #6823	July 1, 2021 to June 30, 2022
<u>Property and Contents</u> \$1,000,000,000	(SDRMA)	
<u>Comprehensive General Liability</u> \$10,000,000	(SDRMA)	
<u>Auto Liability</u> \$10,000,000	(SDRMA)	
<u>Fidelity Bond</u> \$1,000,000	(SDRMA)	
<u>Worker's Compensation Insurance</u> All District employees are covered by this policy	Fire Agencies Self Insurance System (FASIS) Policy #DAG001	

Note: See insurance papers and policies for actual terms and conditions.

DAGGETT COMMUNITY SERVICES DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES

AS OF JUNE 30, 2022

2022-001 Accounting and Financial Reporting (Quickbooks Online) - Material Weakness

Condition: The District is not entering all transactions in District accounting software (Quickbooks Online). Instead, the District is using a separate Quickbooks file for water billing and payments.

Criteria: All financial transactions should be recorded into Quickbooks Online on a timely basis.

Cause: The District has a very small accounting department and staff members are not fully able to be, and have not been, adequately trained to record all transactions into one Quickbooks Online file on a timely basis.

Effect: Failure to report all transactions into one Quickbooks Online file could result in a misstatement of income and expenses for the year.

Recommendation: I recommend the District provide training on Quickbooks Online to District staff and that the District continue to engage the services of a local bookkeeping firm to review the transactions on a monthly basis.

Managements Response: Management concurs with the recommendation. District accounting staff will receive additional training on Quickbooks Online and the District will continue to engage an outside bookkeeping firm to review transactions on a monthly basis.

2022-002 Management Review of Bank Account Reconciliations - Significant Deficiency

Condition: There was not evidence that the District's bank account reconciliations are being reviewed by management on a timely basis.

Criteria: All District bank account reconciliations should be reviewed by management on a timely basis.

Cause: District management was not aware that bank account reconciliations should be reviewed on a timely basis.

Effect: Failure to review all District bank account reconciliations on a timely basis could result in errors or irregularities going unnoticed.

Recommendation: I recommend the District appoint a Board member to review all bank reconciliations on a monthly basis

Managements Response: Management concurs with the recommendation. The Board will appoint one member to review the District's bank account reconciliations on a monthly basis.