FAIRBANKS RANCH
COMMUNITY SERVICES DISTRICT

Annual Financial Report
with
Independent Auditor's Report Thereon

June 30, 2023

FAIRBANKS RANCH COMMUNITY SERVICES DISTRICT

Annual Financial Report
For the Year Ended June 30, 2023

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FECHTER
& COMPANY
Certified Public Accountants

Craig R. Fechter, CPA, MST
(1976 - 2022)

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fairbanks Ranch Community Services District
Encinitas, California

Opinions

We have audited the accompanying financial statements of the Fairbanks Ranch Community Services District (District), as of and for the fiscal years ended June 30, 2023, 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 District as of June 30, 2023, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 the 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.

Management's Responsibility for the Financial Statements

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

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 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.

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Board of Directors
Fairbanks Ranch Community Services District

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, 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 the 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 the 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.

Board of Directors
Fairbanks Ranch Community Services District

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI 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 RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Fechter & Company
Certified Public Accountants

Fechter & Company

Sacramento, California
April 23, 2024

FAIRBANKS RANCH COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis
For the Year Ended June 30, 2023

This section of the Fairbanks Ranch Community Services District's (the District) annual financial report presents an analysis of the District's financial performance during the fiscal year ended June 30, 2023. This information is presented in conjunction with the audited basic financial statements, which follows this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2022-2023

- The assets of the District exceeded liabilities at the close of the 2022-2023 fiscal year by $4,554,356 (net position). Of this amount, $1,222,654 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors and $3,331,702 is invested in capital assets.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are composed of four components: Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, and Notes to the Financial Statements.

REQUIRED BASIC FINANCIAL STATEMENTS

The Statement of Net Position presents information about all the District's assets and liabilities and provides information about the nature and amounts of investments in resources (Assets) and the obligations to District creditors (Liabilities). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information on how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The Statement of Revenues, Expenses, and Changes in Net Position measures the success of the District's operations over the past year and determines whether the District has recovered its costs through sewer services charges.

The Statement of Cash Flows provides information regarding the District's cash receipts and cash disbursements during the year. This statement may report cash activity in four categories: operating, capital and related financing, noncapital financing, and investing. This statement differs from the Statement of Revenues, Expenses, and Changes in Net Position because this statement only accounts for transactions that result in cash receipts or cash disbursements.

The financial statements mentioned above are reported on the books of the District as a proprietary fund and is used to account for the District's sewer service. Sewer service charges are used to fund the ongoing operations of the District, including administrative, operations, treatment, collections, and acquisitions of capital assets.

The Notes to the Financial Statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by accounting principles generally accepted in the United States of America that are not otherwise present in the financial statements. The Notes to the Financial Statements can be found immediately following the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Condensed Statements of Net Position
June 30, 2022 and 2023

			Changes from 2022 to 2023	
	2022	2023	Amount	Percentage
Assets				
Current assets	$ 1,491,134	$ 1,282,057	$ (209,077)	-16.3%
Capital assets	3,545,193	3,331,702	(213,491)	-6.4%
Total Assets	5,036,327	4,613,759	(422,568)	-9.2%
Liabilities				
Current	153,593	59,403	(94,190)	-158.6%
Total Liabilities	153,593	59,403	(94,190)	-158.6%
Net Position				
Investment in capital assets	3,545,193	3,331,702	(213,491)	-6.4%
Unrestricted	1,337,541	1,222,654	(114,887)	-9.4%
Total Net Position	$ 4,882,734	$ 4,554,356	$ (328,378)	-7.2%

The following is a brief explanation for the balance changes of the Condensed Statement of Net Position for the year ended June 30, 2023:

- Current assets decreased by $209,077 largely due to cash used to acquire capital assets and to pay down accounts payable.
- The decrease in capital assets is due to additions of $50,643, offset by depreciation of $264,134.
- Total liabilities decreased by $94,190 due to a decrease in accounts payable.
- The total net position of the District decreased by $328,378 mainly due to an operating loss of $354,548.

A summary of the District's Statement of Revenues, Expenses, and Changes in Net Position is presented below.

Condensed Statement of Activities
Fiscal Years Ended
June 30, 2022 and 2023

	2022	2023	Changes from 2022 to 2023 Amount	Percentage
Program Revenues				
Charges for services	$ 548,725	$ 670,587	$ 121,862	22.2%
	548,725	670,587	121,862	22.2%
General Revenues				
Investment earnings	5,954	26,170	20,216	339.5%
Total General Revenues	5,954	26,170	20,216	339.5%
Total Revenues	554,679	696,757	142,078	25.6%
Expenses				
Sewer	1,074,596	1,025,135	(49,461)	-4.6%
Total Expenses	1,074,596	1,025,135	(49,461)	-4.6%
Changes in Net Position	(519,917)	(328,378)	191,539	36.8%
Beginning Net Position	5,402,651	4,882,734	(519,917)	-9.6%
Ending Net Position	$ 4,882,734	$ 4,554,356	$ (328,378)	-6.7%

The following is a brief explanation for the balance changes of the Condensed Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2023:

- Charges for services increased by $121,862 due primarily to an increase in rates for sewer service from $800 to $990 per Equivalent Dwelling Unit (EDU).
- Investment earnings increased by $20,216 due primarily to an increase in interest rates.
- Expenses decreased by $49,461 from the prior year mainly due to decreases in repair and maintenance expenses.

CAPITAL ASSETS

The District's capital assets are composed of sewer lines, pump stations, force mains, and the treatment plant. The District currently operates and maintains two sewer pump stations and approximately 16 miles of pipeline. Annual depreciation is calculated using the straight-line method over the estimated useful lives of the capital assets. Actual repairs, upgrades, or replacements to capital assets are based upon a review of an asset's physical conditions, as well as its expected useful life.

	Balance at July 1, 2022	Additions	Deletions & Completed Construction	Balance at June 30, 2023
Capital assets, not being depreciated:				
Land	$ 1,121,000	$ -	$ -	$ 1,121,000
Construction in progress	36,364	-	(5,500)	30,864
Subtotal	1,157,364	-	(5,500)	1,151,864
Capital assets, being depreciated:				
Structures and improvements	5,880,558	-	-	5,880,558
Equipment	2,702,982	50,643	5,500	2,759,125
Service vehicle	31,912	-	-	31,912
Subtotal	8,615,452	50,643	5,500	8,671,595
Less Accumulated Depreciation	(6,227,623)	(264,134)	-	(6,491,757)
Net Capital Assets, being depreciated	2,387,829	(213,491)	5,500	2,179,838
Net Capital Assets	$ 3,545,193	$ (213,491)	$ -	$ 3,331,702

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The current economy does not have a significant effect on the District's finances due to: 1) the relative affluence of the area, and 2) the fact that the District's annual sewer service charge is collected on the County property tax bills, and is part of the County's Teeter Plan program which guarantees that service charges placed on the tax roll are paid out to the District.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's customers, investors and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact Chuck Duffy at the Fairbanks Ranch Community Services District at 605 Third Street, Encinitas, CA 92024. He can be reached at 760-479-4125.

BASIC FINANCIAL STATEMENTS

FAIRBANKS RANCH COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

ASSETS		
Current assets		
Cash and investments	$	1,223,462
Taxes and special assessments receivable		26,063
Interest receivable		9,097
Prepaid insurance		23,435
Total current assets		1,282,057
Non-current assets		
Capital assets, nondepreciable		1,151,864
Capital assets, depreciable, net		2,179,838
Total noncurrent assets		3,331,702
Total Assets		4,613,759
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities		59,403
Total current liabilities		59,403
Total Liabilities		59,403
NET POSITION		
Investment in capital assets		3,331,702
Unrestricted		1,222,654
Total Net Position	$	4,554,356

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

FAIRBANKS RANCH COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

OPERATING REVENUES	
Sewer service and standby charges	$ 670,587
Total operating revenues	670,587
OPERATING EXPENSES	
Sewerage collection and treatment	635,053
General and administrative	125,948
Depreciation	264,134
Total operating expenses	1,025,135
Operating loss	(354,548)
NON-OPERATING REVENUE	
Investment earnings	26,170
Total non-operating revenues	26,170
Change in net position	(328,378)
Net position - beginning	4,882,734
Net position - ending	$ 4,554,356

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

FAIRBANKS RANCH COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

Cash Flows From Operating Activities		
Cash receipts from customers	$	659,901
Cash payments for services and supplies		(858,147)
Net cash used by operating activities		(198,246)
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets		(50,643)
Net cash used by capital and related financing activities		(50,643)
Cash Flows from Investing Activities		
Interest received		19,850
Net cash provided by investing activities		19,850
Net decrease in cash and cash equivalents		(229,039)
Cash and cash equivalents, beginning of year		1,452,501
Cash and cash equivalents, end of year	$	1,223,462
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	$	(354,548)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation		264,134
Changes in operating assets and liabilities:		
Increase in taxes and special assessments receivable		(10,686)
Increase in prepaid insurance		(2,956)
Decrease in accounts payable		(94,190)
Total adjustments		(107,832)
Net cash used by operating activities	$	(198,246)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Fairbanks Ranch Community Services District (the District) was formed in 1987 as the result of a reorganization involving the dissolution of the Fairbanks Ranch Sanitation District (FRSD). As a successor agency, the District encompasses the boundaries of the FRSD. The service boundary encompasses over 1,200 acres located near the intersection of San Dieguito Road and El Apajo Road and serves approximately 610 homes, along with the Fairbanks Plaza, the Solana Santa Fe Elementary School, Fairbanks Ranch Association and the Fairbanks Ranch Fire Station. Sewer services are funded by an annual sewer service charge levied on each parcel receiving sewer service.

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

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The accounts of the District are that of an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds' operating revenue, such as charges for services, results from exchange transactions associated with the principal activities of the funds. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, taxes, and investment earnings, result from nonexchange transactions or ancillary activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Future Accounting Pronouncements

If applicable, GASB Statements listed below will be implemented in future financial statements:

Statement No.100	"*Accounting Changes and Error Corrections*"	The provisions of this statement are effective for fiscal years beginning after June 15, 2023.
Statement No.101	"*Compensated Absences*"	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents have been defined as demand deposits and highly liquid investments with an original maturity of 90 days or less. Cash includes amounts in demand and time deposits. Investments are stated at fair value (quoted market price or best available estimate thereof, see Note 2).

E. Investments

Investments are reported in the accompanying financial statements at fair value. Changes in fair value that occur during a fiscal year are recognized as income from property and investments reported for that fiscal year. Income from property and investments includes interest earnings, changes in fair value, and any gains or losses realized upon liquidation, maturity, or sale of investments. There are no significant differences between fair value and cost at June 30, 2023.

F. Receivables and Payables

Management estimates all receivables at June 30, 2023, to be collectible, as any receivables deemed uncollectible have been written off.

G. Claims and Judgments

When it is probable that a claim liability has been incurred at year-end, and the amount of the loss can be reasonably estimated, the District records the estimated loss, net of any insurance coverage. At June 30, 2023, in the opinion of the District's counsel, the District had no material unreported claims that would require a loss provision in the financial statements, including losses for claims that are incurred but not reported. Small dollar claims and judgments are recorded as expenditures when paid, if any.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Capital assets have an estimated useful life greater than one year and have a cost greater than $5,000. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Construction-in-progress costs are capitalized and transferred to their respective fixed asset category upon completion of the project.

Depreciation is charged to operations using the straight-line method based on the estimated useful life of an asset. Land and construction in progress are not depreciated.

Structures and improvements	15-50 years
Equipment	3-20 years

I. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category as of June 30, 2023.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District does not have any items that qualify for reporting in this category as of June 30, 2023.

J. Net Position

In the Statement of Net Position, net position is classified in the following categories:

Investment in capital assets – This amount consists of capital assets net of accumulated depreciation.

Restricted net position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position – This amount is all net position that does not meet the definition of investment in capital assets or restricted net position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Net Position Flow of Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's practice to consider restricted net position to have been depleted before unrestricted net position is applied.

L. Operating Revenues and Expenses

Operating revenues, such as charges for services (sewer service charges), result from exchange transactions associated with the principal activity of the District. Nonoperating revenues, such as investment income, result from nonexchange transactions or ancillary activities in which the District receives value without directly giving equal value in exchange.

Operating expenses include the costs of providing sewer, and related services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

M. Use of Estimates

The preparation of financial statements in accordance 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 could differ from those estimates and assumptions.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2023, consist of the following:

Deposits with financial institutions	$ 129,866
Investments	1,093,596
Total Cash and Investments	$ 1,223,462

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code and the District's Investment Policy

The District is legally empowered by statute and resolution to invest in the California State Investment Pool – Local Agency Investment Fund (LAIF) and checking and money market deposits with said deposits being FDIC insured and/or collateralized.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. At June 30, 2023, District's investments in the Local Agency Investment Fund (LAIF) have a maturity of less than one year.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At June 30, 2023, the District's investment in LAIF is not rated.

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. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2023, the District's deposits of $129,866 are covered by the Federal Deposit Insurance Corporation.

California Local Agency Investment Fund

The District is a voluntary participant in LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized basis.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The District's investments in LAIF are not subject to the fair value hierarchy.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance at July 1, 2022	Additions	Deletions & Completed Construction	Balance at June 30, 2023
Capital assets, not being depreciated:				
Land	$ 1,121,000	$ -	$ -	$ 1,121,000
Construction in progress	36,364	-	(5,500)	30,864
Subtotal	1,157,364	-	(5,500)	1,151,864
Capital assets, being depreciated:				
Structures and improvements	5,880,558	-	-	5,880,558
Equipment	2,702,982	50,643	5,500	2,759,125
Service vehicle	31,912	-	-	31,912
Subtotal	8,615,452	50,643	5,500	8,671,595
Less Accumulated Depreciation	(6,227,623)	(264,134)	-	(6,491,757)
Net Capital Assets, being depreciated	2,387,829	(213,491)	5,500	2,179,838
Net Capital Assets	$ 3,545,193	$ (213,491)	$ -	$ 3,331,702

Business-Type Activities:	
Sewer	264,134
Total Depreciation Expense	$ 264,134

NOTE 4 – COMMERCIAL INSURANCE POLICY

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District purchases commercial insurance for its exposure to risk. The District is insured against claims and judgments for general, automobile liability, and public officials and management liability (up to $1,000,000 per occurrence). Property insurance was purchased with coverage of up to $4,130,000, subject to a $1,000 deductible. The District has also purchased excess liability insurance (up to $10,000,000 per occurrence). Settled claims have not exceeded any of the District's coverage amounts in any of the last three fiscal years, and there were no significant reductions in the District's insurance coverage during the year ended June 30, 2023. The District's insurance coverage also includes inland marine, unscheduled equipment, scheduled equipment, and excess liability. There is no deductible on the general liability insurance. There are varying deductibles between $500 and $1,000 for automobile and miscellaneous coverage.

NOTE 5 – CONTINGENCIES

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 23, 2024, the date which the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements available to be issued.