

ARVIN COMMUNITY SERVICES DISTRICT
ANNUAL FINANCIAL REPORT

June 30, 2023

Arvin Community Services District
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June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Arvin Community Services District
Arvin, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Arvin Community Services District (District), as of and for the year 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 Arvin Community Services District, as of June 30, 2023, 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 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Responsibilities of Management 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, 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 error or fraud.

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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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 and *Government 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 and *Government 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.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Operating Expenses, as listed in the table of contents, is presented for purposes of additional analysis and is 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 our opinion, the Schedule of Operating Expenses, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 20, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and on compliance.

Van Lant & Fankhaenel, LLP

June 20, 2024

BASIC FINANCIAL STATEMENTS

Arvin Community Services District
Statement of Net Position
June 30, 2023

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 8,951,392
Accounts Receivable	669,010
Prepaid Items	63,176
Inventory	206,609
Total Current Assets	9,890,187

Noncurrent Assets:

Special Assessment Receivable	2,542
Capital Assets Not Being Depreciated:	3,650,950
Capital Assets, Net of Accumulated Depreciation	21,065,791
Total Noncurrent Assets	24,719,283
Total Assets	34,609,470

LIABILITIES

Current Liabilities:

Accounts Payable	54,175
Accrued Payroll	27,665
Customer Deposits	85,126
Current Portion of Long-term Debt	273,861
Total Current Liabilities	440,827

Noncurrent Liabilities:

Long-term Debt, less current portion	7,021,469
Total Noncurrent Liabilities	7,021,469
Total Liabilities	7,462,296

NET POSITION

Net Investment in Capital Assets	17,461,157
Unrestricted	9,686,017
Total Net Position	\$ 27,147,174

The accompanying notes are an integral part of this statement.

Arvin Community Services District
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2023

OPERATING REVENUES

Water Sales	\$ 4,013,788
Fees and Permits	<u>1,096,600</u>
Total Operating Revenues	<u>5,110,388</u>

OPERATING EXPENSES

Administration and General	625,791
Pumping and Power	891,069
Source of Supply	13,212
Transmission and Distribution	1,597,972
Depreciation	<u>1,081,234</u>
Total Operating Expenses	<u>4,209,278</u>
Operating Income (Loss)	<u>901,110</u>

NON-OPERATING REVENUES (EXPENSES)

Other Income	6,699
Interest Income	13,162
Interest Expense	<u>(146)</u>
Total Non-Operating Revenues (Expenses)	<u>19,715</u>

Change in Net Position	920,825
Net Position - Beginning of Year	<u>26,226,349</u>
Net Position - End of Year	<u><u>\$ 27,147,174</u></u>

The accompanying notes are an integral part of this statement.

Arvin Community Services District
Statement of Cash Flows
Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 5,006,441
Payments to Employees	(855,437)
Payments to Suppliers for Goods and Services	<u>(2,496,819)</u>
Net Cash Provided (Used) By Operating Activities	<u>1,654,185</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Interest Payments on Loans	(146)
Principal Payments on Loans	(261,659)
Proceeds from Loans	1,584,051
Purchases of Capital Assets	<u>(2,512,822)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(1,190,576)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on Cash and Cash Equivalents	<u>13,162</u>
Net Cash (Used) Provided By Investing Activities	<u>13,162</u>

Net (Decrease) Increase in Cash and Cash Equivalents	476,771
Cash and Cash Equivalents - Beginning of Year	<u>8,474,621</u>
Cash and Cash Equivalents - End of Year	<u>\$ 8,951,392</u>

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET

CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ 901,110
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	1,081,234
Other Income	6,699
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(121,073)
(Increase) Decrease in Prepaids	(2,111)
(Increase) Decrease in Inventory	(152,956)
(Increase) Decrease in Special Assessment Receivable	1,652
Increase (Decrease) in Accounts Payable	(75,795)
Increase (Decrease) in Accrued Payroll	4,929
Increase (Decrease) in Compensated Absences	1,721
Increase (Decrease) in Customer Deposits	<u>8,775</u>
Net Cash Provided By Operating Activities	<u>\$ 1,654,185</u>

The accompanying notes are an integral part of this statement.

Arvin Community Services District
Notes to Financial Statements
June 30, 2023

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Arvin Community Services District (District) was formed on November 20, 1956 to provide municipal water service for the residents of the Arvin area. Arvin became an incorporated city in 1962 but did not assume the responsibility for water service. The District provides municipal water service to approximately 4,106 customers in the City of Arvin and surrounding county area. The district is governed by an elected five member Board of Directors.

The District has no oversight responsibility for any other governmental entity, nor is the District's operation a component unity of any other governmental entity. Therefore, the reporting entity consists only of District operations.

Basis of Accounting and Measurement Focus

As a governmental agency, the District is subject to accounting and reporting standards established by the Governmental Accounting Standards Board (GASB). As the majority of revenues consist of water sales and related services, the District as a whole, for financial statements purposes, is classified as a proprietary fund. Separate financial statements are provided for the proprietary fund. The District uses the accrual basis of accounting. The financial activities of the District are accounted for using the economic resources measurement focus. Under this method, all assets and liabilities associated with its operations are included on the statement of net position; revenues are recorded when earned and become measurable; and expenses are recorded when liabilities are incurred.

The District reports its water operations as a single enterprise fund.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents. As of June 30, 2023, the District has cash deposits with a bank and the County Treasury.

Inventories

Inventories consist of residential water meters, pipes, and fittings. Inventory is valued at average cost based on a first-in, first-out (FIFO) inventory method.

Capital Assets

The District records the acquisition of capital assets and additions, improvements, and other capital outlays that significantly extend the life of an asset. Capital assets are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

Arvin Community Services District
Notes to Financial Statements
June 30, 2023

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Donated capital assets received prior to the implementation of GASB 72 were recorded at fair value on the date of donation. Donated capital assets received subsequent to the implementation of GASB 72 are recorded at acquisition value as of the date received. Capital assets purchased by the District are carried at cost. Assets are depreciated using the straight-line method of depreciation over their estimated useful lives ranging from five to thirty years.

Revenue and Expenses

Revenues and expenses are distinguished between operating and nonoperating items. Operating revenues generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are fees in connection with providing water services to customers.

Operating expenses include the costs of providing water services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

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 disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Net Position

The difference between assets and liabilities is reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net investment in capital assets, consists of capital assets, net of accumulated depreciation and reduced by the outstanding principal of related debt. Restricted net position reflects the carrying value of assets less related liabilities that have external constraints placed on them by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions, or enabling legislation. Unrestricted net position represents the remaining fund equity balance.

Arvin Community Services District
Notes to Financial Statements
June 30, 2023

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Position Flow Assumption

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 policy to consider restricted net position to have been depleted before unrestricted net position.

Compensated Absences

District employees accumulate vacation hours for subsequent use or for payment upon termination or retirement. Accumulated vacation pay is accrued when earned by employees and is included in accrued expenses in the statement of net position.

Budget

The District's Board of Directors adopts an annual budget which is delivered to the County Auditor-Controller and the Kern County Board of Supervisors. Although a budget is adopted annually, it is used primarily as a guideline for the Board in regulating expenses. There is no legal compulsion to stay within the adopted budget in the payment or classification of expenditures.

2) CASH AND INVESTMENTS

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

Cash on Hand	\$ 2,003
Deposits with Financial Institutions	8,578,855
County Investment Pool	<u>370,534</u>
Total Cash and Investments - Statement of Net Position	<u>\$ 8,951,392</u>

Investments Authorized by the District's Investment Policy

The District's investment policy authorizes investment of funds in the Investment Pool of the County of Kern. The investment policy does not address investment of debt proceeds held by bond trustee that are governed by the provisions of debt agreements.

Arvin Community Services District
Notes to Financial Statements
June 30, 2023

2) CASH AND INVESTMENTS - Continued

Disclosures Relating to Interest Rate Risk and Credit 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. The District manages its exposure to interest rate risk by investing funds only in the County investment pool; however, the District does not have a formal policy regarding interest rate 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. The District does not have a formal policy regarding credit risk. The County investment pool 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 for deposits, 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 District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2023, the District had deposits with financial institutions in excess of federal depository insurance limits of \$8,328,855, which were collateralized by securities held by the pledging Financial Institution's Agent but not in the District's name.

Fair Value of Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not hold investments subject to the fair value hierarchy as of June 30, 2023.

Arvin Community Services District
Notes to Financial Statements
June 30, 2023

2) CASH AND INVESTMENTS - Continued

Deposits with County Pool

Cash funds deposited with the Kern County Treasurer's office are in a pooled money fund. The County of Kern Investment Pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by California Government Code Section 27143. Pooled funds may be invested in: (1) direct obligations of the United States government to the payment of which the full faith and credit of the United States government is pledged, (2) certificates of deposit at savings and loan associations and federally insured banks when secured by acceptable collateral and, (3) savings accounts at savings and loan associations and banks, to the extent fully insured. 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 the County for the entire County portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County, which are recorded on an amortized cost basis.

3) CAPITAL ASSETS

Capital assets are presented as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 247,062	\$ -	\$ -	\$ 247,062
Construction in Progress	2,791,117	612,771	-	3,403,888
Total Capital Assets, Not Being Depreciated	<u>3,038,179</u>	<u>612,771</u>	<u>-</u>	<u>3,650,950</u>
Capital Assets Being Depreciated:				
Buildings	444,328	-	-	444,328
General Plant	995,186	90,535	-	1,085,721
Transmission and Distribution Facilities	7,552,531	1,483,527	-	9,036,058
Source of Supply	17,536,582	305,764	-	17,842,346
Pumping Plant	607,297	20,225	-	627,522
Total Capital Assets Being Depreciated	<u>27,135,924</u>	<u>1,900,051</u>	<u>-</u>	<u>29,035,975</u>
Less Accumulated Depreciation:				
Buildings	(282,543)	(14,811)	-	(297,354)
General Plant	(397,227)	(83,738)	-	(480,965)
Transmission and Distribution Facilities	(2,695,002)	(268,081)	-	(2,963,083)
Source of Supply	(3,084,183)	(702,079)	-	(3,786,262)
Pumping Plant	(429,995)	(12,525)	-	(442,520)
Total Accumulated Depreciation	<u>(6,888,950)</u>	<u>(1,081,234)</u>	<u>-</u>	<u>(7,970,184)</u>
Capital Assets Being Depreciated, Net	<u>20,246,974</u>	<u>818,817</u>	<u>-</u>	<u>21,065,791</u>
Total Capital Assets, Net of Depreciation	<u>\$ 23,285,153</u>	<u>\$ 1,431,588</u>	<u>\$ -</u>	<u>\$ 24,716,741</u>

Arvin Community Services District
Notes to Financial Statements
June 30, 2023

4) LONG-TERM DEBT

The following summarizes changes in long-term liabilities for the year ended June 30, 2023:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated Absences	\$ 38,025	\$ 7,673	\$ 5,952	\$ 39,746	\$ 7,949
Loans from Direct Borrowings:					
SWRCB - 2017	592,757	-	22,798	569,959	22,798
SWRCB - 2018	5,340,435	1,584,051	238,861	6,685,625	243,114
Total Long-term Liabilities	<u>\$ 5,971,217</u>	<u>\$ 1,591,724</u>	<u>\$ 267,611</u>	<u>\$ 7,295,330</u>	<u>\$ 273,861</u>

State Water Resources Control Board Loan - 2017

Arvin Community Services District entered into a Agreement with the California State Water Resources Control Board on July 31, 2017 to provide a Planning Loan as a part of the Arsenic Mitigation Project - Phase II Test Wells & Project Design Program. The planning funded by this agreement is related to the possible construction / implementation project known as the Arsenic Mitigation - Phase II Test Wells and Design. This planning project will identify adequate test well locations and evaluate water quality to ensure that no treatment would be required. The receipt of funding on this Agreement is not a commitment to and does not obligate the State Water Board to provide funding for any eventual construction/implementation project.

Amount of funding as per the Agreement is \$744,361. The eligible start date is February 1, 2017 and the project was completed in September of 2018. The State converted the loan to a zero interest note with a term of 30 years. The principal outstanding at June 30, 2023 was \$569,959.

The future debt service payments on the loan are as follows:

Year Ending June 30,	Principal
2024	\$ 22,798
2025	22,798
2026	22,799
2027	22,798
2028	22,798
2029 - 2033	113,992
2034 - 2038	113,992
2039 - 2043	113,992
2044 - 2048	113,992
Total	<u>\$ 569,959</u>

Arvin Community Services District
Notes to Financial Statements
June 30, 2023

4) LONG-TERM DEBT - Continued

State Water Resources Control Board Loan - 2018

Arvin Community Services District entered into an Agreement with the California State Water Resources Control Board on April 12, 2019 to provide a Planning Loan as a part of the Arsenic Mitigation Project- Phase II Test Wells & Project Design Program. The planning funded by this agreement is related to the possible construction / implementation project known as the Arsenic Mitigation - Phase II Test Wells and Design. This planning project will identify adequate test well locations and evaluate water quality to ensure that no treatment would be required. The receipt of funding on this Agreement is not a commitment to and does not obligate the State Water Board to provide funding for any eventual construction/implementation project.

The amount of funding as per the Agreement is \$6,807,182. The eligible start date is September 18, 2018. The project is expected to be completed in the fiscal year ending June 30, 2024. The State converted the loan to zero interest, with a term of 30 years. The principal outstanding at June 30, 2023 was \$6,685,625.

The future debt service payments on the loan are as follows:

Year Ending June 30,	Principal
2024	\$ 243,114
2025	243,113
2026	243,114
2027	243,113
2028	243,114
2029 - 2033	1,215,568
2034 - 2038	1,215,568
2039 - 2043	1,215,568
2044 - 2048	1,215,568
2049 - 2051	607,785
Total	<u>\$ 6,685,625</u>

5) EMPLOYEE RETIREMENT SYSTEMS

On January 11, 1988 the Board of Directors approved the establishment of a defined contribution pension plan (Money Purchase Plan) for the District's employees. This plan is presently administrated by John Hancock on behalf of management. The contribution rate of the Money Purchase Plan is 7 percent of the management's annual salary.

Arvin Community Services District
Notes to Financial Statements
June 30, 2023

5) EMPLOYEE RETIREMENT SYSTEM - Continued

In 2003 non-management employees joined Labor Union Local Number 220. The District has paid into the local union's non-management employee's retirement fund since 2004. The non-management employee's retirement plan is currently administered by the Construction Laborers' Trust. The District's contribution rate is \$1.40 per hour for all eligible employees, including the general manager.

Contributions to retirement plans total \$10,400 for the year ended June 30, 2023.

There are no assets accumulated in a trust that meets the criteria in GASB No. 73, paragraph 4.

6) CONTINGENCIES

The District is involved in various litigations arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2023.

7) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the California Association of Mutual Water Companies, Joint Powers and Insurance Management Authority (JPRIMA). JPRIMA is a group of California mutual water companies who have pooled funds to provide self-insurance coverage to its members.

The Authority is governed by a board consisting of seven members who are elected at-large from the membership. The board controls the operations of the Authority including selection management and approval of operating budgets. The relationship between the District and the Authority is such that the Authority is not a component unit of the District for financial reporting purposes.

The purpose of the Authority is to provide risk financing and risk management services by arranging and administering programs of insurance. The District is insured up to \$10,000,000 with a \$1,000 deductible per occurrence for property damage claims and up to \$1,000,000 for workers' compensation liability with no deductible. The District is also ensured under the Authority for automobile, property, employment practices, employee dishonesty, public officials and employee liability, and various other claims with various coverage limits.

During the past three fiscal years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year. There were no claims liabilities reported in these financial statements as of June 30, 2023.

Arvin Community Services District
Notes to Financial Statements
June 30, 2023

8) SUBSEQUENT EVENTS

In September 2023, subsequent to the end of the fiscal year, the District entered into an installment sale agreement for \$7,315,000 to finance the installation of a solar power system expected to generate 1.62 megawatts of electricity on 6 acres of land with 3,000 ground mounted solar panels. The District is expected to reduce electricity costs at a rate that exceeds the loan repayment.

SUPPLEMENTARY INFORMATION

Arvin Community Services District
Schedule of Operating Expenses
For the Year Ended June 30, 2023

Administration and General	
Salaries	\$ 239,322
Employee Benefits	7,909
Supplies and Services	<u>378,560</u>
Total Administration and General	<u><u>\$ 625,791</u></u>
Pumping	
Utilities	\$ 799,958
Repairs and Maintenance	<u>91,111</u>
Total Pumping	<u><u>\$ 891,069</u></u>
Source of Supply	
Supplies and Services	<u>\$ 13,212</u>
Total Source of Supply	<u><u>\$ 13,212</u></u>
Transmission and Distribution	
Salaries	\$ 576,414
Employee Benefits	38,442
Supplies and Services	433,204
Repairs and Maintenance	<u>549,912</u>
Total Transmission and Distribution	<u><u>\$ 1,597,972</u></u>