

**TEMPLETON COMMUNITY  
SERVICES DISTRICT  
FINANCIAL STATEMENTS  
JUNE 30, 2022**



**Leaf & Cole, LLP**  
*Certified Public Accountants*

**TEMPLETON COMMUNITY SERVICES DISTRICT  
FINANCIAL STATEMENTS  
JUNE 30, 2022**

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*Certified Public Accountants*  
*A Partnership of Professional Corporations*

## **Independent Auditor's Report**

To the Board of Directors  
Templeton Community Services District

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and the business-type activities of Templeton Community Services District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the business-type activities of Templeton Community Services District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit 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 Templeton Community Services District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, 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 Templeton Community Services District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Templeton Community Services District's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 49 to 57 as identified in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Leaf & Cole LLP*

San Diego, California  
December 6, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of the Templeton Community Services District ("District") provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which begin on page 9.

### **Financial Statements**

This discussion and analysis provides an introduction and brief description of the District's financial statements including the relationship of the statements to each other and the significant difference in the information they provide. The District currently provides water, sewer, drainage, solid waste disposal, fire protection, street lights, park and recreation services and a community center and maintains its accounting records in accordance with generally accepted accounting principles.

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (on pages 9 and 10) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Business-type activities are reported in the same manner as the statement of net position and the statement of activities. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

### **Reporting the District as a Whole**

#### **The Statement of Net Position and the Statement of Activities**

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position--the difference between assets and liabilities--as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base and the condition of the District's assets, to assess the overall health of the District.

In the statement of net position and the statement of activities, we divide the District into two kinds of activities:

- Governmental activities - Several of the District's basic services are reported here, including the general fund, fire protection, parks and recreation, street lights and community facilities. Taxes and assessments, program fees, rental, grant and interest income finance most of these activities.
- Business-type activities - The District charges a fee to customers to help cover all or most of the cost of certain services. The District's water, sewer, drainage and solid waste services are reported here.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Reporting the District's Most Significant Funds

#### Fund Financial Statements

The fund financial statements begin on page 11 and provide detailed information about the District's most significant funds.

- Governmental funds--Several of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services provided. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliations on pages 12 and 14.
- Business-type funds--When the District charges customers for the services it provides--whether to outside customers or to other units of the District--these services are generally reported in business-type funds. Business-type funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the District's enterprise funds (a component of business-type funds) are the same as the business type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for business-type funds.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### The District as a Whole

The District's combined net position increased from \$38,945,944 a year ago to \$40,974,342 at June 30, 2022. Our analysis below focuses on the net position and changes in net position of the District's governmental and business-type activities.

### Net Position

|  | Governmental Activities |              | Business-Type Activities |               | Total Government |               |
|--|-------------------------|--------------|--------------------------|---------------|------------------|---------------|
|  | 2022                    | 2021         | 2022                     | 2021          | 2022             | 2021          |
| <b><u>Assets:</u></b>                                |                         |              |                          |               |                  |               |
| Current and other assets                             | \$ 5,657,768            | \$ 5,989,104 | \$ 19,166,858            | \$ 16,699,759 | \$ 24,824,626    | \$ 22,688,863 |
| Capital assets                                       | 2,724,747               | 2,659,250    | 29,236,481               | 29,825,201    | 31,961,228       | 32,484,451    |
| Total Assets   | 8,382,515               | 8,648,354    | 48,403,339               | 46,524,960    | 56,785,854       | 55,173,314    |
| <b><u>Deferred Outflows of Resources:</u></b>        |                         |              |                          |               |                  |               |
| Actuarial deferred outflows related to contributions | 1,851,613               | 1,077,918    | 1,887,994                | 846,444       | 3,739,607        | 1,924,362     |
| <b><u>Liabilities:</u></b>                           |                         |              |                          |               |                  |               |
| Noncurrent liabilities                               | 1,321,953               | 2,490,437    | 4,597,229                | 6,079,294     | 5,919,182        | 8,569,731     |
| Other liabilities                                    | 234,053                 | 185,317      | 10,008,602               | 9,186,590     | 10,242,655       | 9,371,907     |
| Total Liabilities                                    | 1,556,006               | 2,675,754    | 14,605,831               | 15,265,884    | 16,161,837       | 17,941,638    |
| <b><u>Deferred Inflows of Resources:</u></b>         |                         |              |                          |               |                  |               |
| Actuarial deferred inflows related to contributions  | 665,246                 | 133,168      | 698,804                  | 76,926        | 1,364,050        | 210,094       |
| Deferred inflows related to leases                   | -                       | -            | 2,025,232                | -             | 2,025,232        | -             |
| Total Deferred Inflows of Resources                  | 665,246                 | 133,168      | 2,724,036                | 76,926        | 3,389,282        | 210,094       |
| <b><u>Net Position:</u></b>                          |                         |              |                          |               |                  |               |
| Net investment in capital assets                     | 2,724,747               | 2,659,520    | 24,692,026               | 24,997,156    | 27,416,773       | 27,656,676    |
| Restricted   | 3,415,998               | 3,619,782    | 58,869                   | 58,869        | 3,474,867        | 3,678,651     |
| Unrestricted   | 1,872,131               | 638,048      | 8,210,571                | 6,972,569     | 10,082,702       | 7,610,617     |
| Total Net Position                                   | \$ 8,012,876            | \$ 6,917,350 | \$ 32,961,466            | \$ 32,028,594 | \$ 40,974,342    | \$ 38,945,944 |

Net position of the District's governmental activities increased \$1,095,526. The net position of our business-type activities increased by \$932,872. Business-type revenues exceeded expenses by more than \$2.7 million dollars and transferred in excess of \$1.8 million to governmental activities. Total liabilities decreased by more than \$175,000 as the District continued to pay down long-term debt, and make contributions to fund other postemployment benefits. The continued funding of the other postemployment benefits resulted in significant changes in the actuarial assumptions.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Changes in Net Position

|   | Governmental Activities |                   | Business-Type Activities |                     | Total Government    |                     |
|---|-------------------------|-------------------|--------------------------|---------------------|---------------------|---------------------|
|   | 2022                    | 2021              | 2022                     | 2021                | 2022                | 2021                |
| <b>Revenues:</b>                        |                         |                   |                          |                     |                     |                     |
| <b>Program Revenues:</b>                |                         |                   |                          |                     |                     |                     |
| Fees and charges for services           | \$ 347,329              | \$ 174,138        | \$ 5,922,212             | \$ 5,868,284        | \$ 6,269,541        | \$ 6,042,422        |
| Capital grants and contributions        | 180,074                 | 172,211           | 87,224                   | 1,098,311           | 267,298             | 1,270,522           |
| <b>General Revenues:</b>                |                         |                   |                          |                     |                     |                     |
| Taxes and assessments                   | 1,871,219               | 1,813,430         | -                        | -                   | 1,871,219           | 1,813,430           |
| Interest income                         | (99,837)                | 16,566            | (211,721)                | 86,548              | (311,558)           | 103,114             |
| Other income                            | 80,271                  | 114,938           | 88,026                   | 131,819             | 168,297             | 246,757             |
| <b>Total Revenues</b>                   | <b>2,379,056</b>        | <b>2,291,283</b>  | <b>5,885,741</b>         | <b>7,184,962</b>    | <b>8,264,797</b>    | <b>9,476,245</b>    |
| <b>Expenses:</b>                        |                         |                   |                          |                     |                     |                     |
| General fund                            | 1,160,627               | 1,246,697         | -                        | -                   | 1,160,627           | 1,246,697           |
| Fire protection                         | 1,224,424               | 1,135,459         | -                        | -                   | 1,224,424           | 1,135,459           |
| Parks and recreation                    | 677,585                 | 501,641           | -                        | -                   | 677,585             | 501,641             |
| Street lights                           | 30,403                  | 35,065            | -                        | -                   | 30,403              | 35,065              |
| Community Facility                      | 2,039                   | 2,945             | -                        | -                   | 2,039               | 2,945               |
| Water                                   | -                       | -                 | 1,543,067                | 1,610,175           | 1,543,067           | 1,610,175           |
| Sewer                                   | -                       | -                 | 1,372,991                | 1,391,754           | 1,372,991           | 1,391,754           |
| Drainage                                | -                       | -                 | 12,657                   | 13,796              | 12,657              | 13,796              |
| Solid waste                             | -                       | -                 | 19,499                   | 39,975              | 19,499              | 39,975              |
| Interest on long-term liabilities       | -                       | -                 | 193,107                  | 207,051             | 193,107             | 207,051             |
| <b>Total Expenses</b>                   | <b>3,095,078</b>        | <b>2,921,807</b>  | <b>3,141,321</b>         | <b>3,262,751</b>    | <b>6,236,399</b>    | <b>6,184,558</b>    |
| Change in Net Position Before Transfers | (716,022)               | (630,524)         | 2,744,420                | 3,922,211           | 2,028,398           | 3,291,687           |
| Transfers                               | 1,811,548               | 1,347,343         | (1,811,548)              | (1,347,343)         | -                   | -                   |
| <b>Increase in Net Position</b>         | <b>\$ 1,095,526</b>     | <b>\$ 716,819</b> | <b>\$ 932,872</b>        | <b>\$ 2,574,868</b> | <b>\$ 2,028,398</b> | <b>\$ 3,291,687</b> |

### **Governmental Activities**

Revenues for the District's governmental activities increased by \$87,773 principally due to a return of program revenues in the parks and recreations fund. Total expenses increased \$173,271 between 2022 and 2021. Changes in actuarial assumptions result in a significant increase in the net OPEB expense.

### **Business-Type Activities**

Revenues of the District's business-type activities decreased \$(1,299,221) and expenses decreased by \$(121,430) between 2022 and 2021. The District recognized nearly \$54,000 more in fees and charges for revenues, but saw a decrease of nearly \$1.1 million in capital grants and contributions.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Capital Asset and Debt Administration

#### Capital Assets

At June 30, 2022, the District had \$54,052,149 invested in a broad range of capital assets, including a water system, sanitation system, buildings, park facilities and fire equipment. Current year additions included the E7160 Wildland Fire Truck, the Cal Fire Station - Ramada and Tract 2992 Filippini Acceptances.

#### **Capital Assets at Year-End**

|                            | Governmental Activities |                     | Business-Type Activities |                      | Totals               |                      |
|----------------------------|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
|                            | 2022                    | 2021                | 2022                     | 2021                 | 2022                 | 2021                 |
| Land                       | \$ 633,429              | \$ 633,429          | \$ 3,640,457             | \$ 3,640,457         | \$ 4,273,886         | \$ 4,273,886         |
| Water delivery entitlement | -                       | -                   | 6,734,312                | 6,734,312            | 6,734,312            | 6,734,312            |
| Construction-in-progress   | 172,666                 | 57,750              | 139,326                  | 69,771               | 311,992              | 127,521              |
| Buildings and improvements | 3,400,398               | 3,372,434           | 34,745,567               | 34,708,187           | 38,145,965           | 38,080,621           |
| Equipment                  | 1,288,234               | 1,219,674           | 2,047,425                | 1,801,130            | 3,335,659            | 3,020,804            |
| Vehicles                   | 860,199                 | 930,540             | 390,136                  | 390,136              | 1,250,335            | 1,320,676            |
|                            | <u>\$ 6,354,926</u>     | <u>\$ 6,213,827</u> | <u>\$ 47,697,223</u>     | <u>\$ 47,343,993</u> | <u>\$ 54,052,149</u> | <u>\$ 53,557,820</u> |

#### Debt

At June 30, 2022, the District had loans payable to the State of California, Water Resources Control Board and the San Luis Obispo County Flood Control and Water Conservation District. During the current year, the District added no additional loans payable, and made principal payments of \$240,248 on the existing loans payable.

#### **Outstanding Debt at Year-End**

|               | Governmental Activities |             | Business-Type Activities |                     | Totals              |                     |
|---------------|-------------------------|-------------|--------------------------|---------------------|---------------------|---------------------|
|               | 2022                    | 2021        | 2022                     | 2021                | 2022                | 2021                |
| Loans Payable | <u>\$ -</u>             | <u>\$ -</u> | <u>\$ 4,470,155</u>      | <u>\$ 4,746,125</u> | <u>\$ 4,470,155</u> | <u>\$ 4,746,125</u> |

### Economic Factors and Next Year's Budget and Rates

The District's management and Board of Directors considered many factors when setting the budget including the economy and employment growth. These indicators were taken into account when adopting the general fund budget for 2022. Amounts budgeted for general fund expenditures in 2023 are \$1,413,036, an increase of \$188,469 from the final 2022 budgeted expenditures of \$1,224,567 due to the entire retiree health insurance expense now being funding through the general fund.

### Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the District offices at (805) 434-4900.

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

|   | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>         |
|---|------------------------------------|-------------------------------------|----------------------|
| <b><u>ASSETS:</u></b>                                   |                                    |                                     |                      |
| Cash and cash equivalents                               | \$ 1,946,168                       | \$ 16,165,320                       | \$ 18,111,488        |
| Accounts receivable                                     | 38,557                             | 822,133                             | 860,690              |
| Grant receivable  | 5,927                              | -                                   | 5,927                |
| Accrued interest receivable                             | 8,925                              | 52,675                              | 61,600               |
| Inventory   | -                                  | 34,061                              | 34,061               |
| Prepaid expenses  | -                                  | 8,568                               | 8,568                |
| Restricted Assets:                                      |                                    |                                     |                      |
| Restricted cash   | 3,658,191                          | 58,869                              | 3,717,060            |
| Lease receivable  |                                    | 2,025,232                           | 2,025,232            |
| Capital Assets:   |                                    |                                     |                      |
| Land and other non-depreciable capital assets           | 806,095                            | 10,514,095                          | 11,320,190           |
| Plant and equipment,<br>net of accumulated depreciation | <u>1,918,652</u>                   | <u>18,722,386</u>                   | <u>20,641,038</u>    |
| <b>TOTAL ASSETS</b>                                     | <u>8,382,515</u>                   | <u>48,403,339</u>                   | <u>56,785,854</u>    |
| <b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>           |                                    |                                     |                      |
| Deferred outflows related to OPEB contributions         | 77,687                             | 63,544                              | 141,231              |
| Deferred outflows related to pension contributions      | 1,565,526                          | 1,711,993                           | 3,277,519            |
| Deferred outflows related to pension                    | <u>208,400</u>                     | <u>112,457</u>                      | <u>320,857</u>       |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>             | <u>1,851,613</u>                   | <u>1,887,994</u>                    | <u>3,739,607</u>     |
| <b><u>LIABILITIES:</u></b>                              |                                    |                                     |                      |
| Accounts payable  | 143,747                            | 288,450                             | 432,197              |
| Accrued wages   | 18,647                             | 6,189                               | 24,836               |
| Customer deposits                                       | 8,600                              | 33,935                              | 42,535               |
| Unearned revenue  | 63,059                             | -                                   | 63,059               |
| Prepaid capacity fees                                   | -                                  | 9,680,028                           | 9,680,028            |
| Noncurrent Liabilities:                                 |                                    |                                     |                      |
| Due within one year                                     | 28,774                             | 371,161                             | 399,935              |
| Due after one year                                      | <u>1,293,179</u>                   | <u>4,226,068</u>                    | <u>5,519,247</u>     |
| <b>TOTAL LIABILITIES</b>                                | <u>1,556,006</u>                   | <u>14,605,831</u>                   | <u>16,161,837</u>    |
| <b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>            |                                    |                                     |                      |
| Deferred inflows related to OPEB                        | 138,471                            | 77,341                              | 215,812              |
| Deferred inflows related to pensions                    | 526,775                            | 621,463                             | 1,148,238            |
| Deferred inflows related to leases                      | <u>-</u>                           | <u>2,025,232</u>                    | <u>2,025,232</u>     |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>              | <u>665,246</u>                     | <u>2,724,036</u>                    | <u>3,389,282</u>     |
| <b><u>COMMITMENTS AND CONTINGENCIES</u></b>             |                                    |                                     |                      |
| <b><u>NET POSITION:</u></b>                             |                                    |                                     |                      |
| Net investment in capital assets                        | 2,724,747                          | 24,692,026                          | 27,416,773           |
| Restricted for capital improvements                     | 3,415,998                          | -                                   | 3,415,998            |
| Restricted for debt service                             | -                                  | 58,869                              | 58,869               |
| Unrestricted  | <u>1,872,131</u>                   | <u>8,210,571</u>                    | <u>10,082,702</u>    |
| <b>TOTAL NET POSITION</b>                               | <u>\$ 8,012,876</u>                | <u>\$ 32,961,466</u>                | <u>\$ 40,974,342</u> |

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

**TEMPLETON COMUNITY SERVICES DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

| <b>Functions/Programs:</b>           | Expenses            | Program Revenues                    |  | Net (Expense) Revenues and Changes in Net Position |                             |                      |
|--------------------------------------|---------------------|-------------------------------------|--|--|-----------------------------|----------------------|
|                                      |                     | Fees and<br>Charges for<br>Services | Capital Grants<br>and<br>Contributions | Governmental<br>Activities                         | Business-Type<br>Activities | Total                |
| <b>Governmental Activities:</b>      |                     |                                     |  |  |                             |                      |
| General fund                         | \$ 1,160,627        | \$ 60                               | \$ -                                   | \$ (1,160,567)                                     | \$ -                        | \$ (1,160,567)       |
| Fire protection                      | 1,224,424           | -                                   | 154,373                                | (1,070,051)  | -                           | (1,070,051)          |
| Parks and recreation                 | 677,585             | 347,269                             | 25,701                                 | (304,615)  | -                           | (304,615)            |
| Street lights                        | 30,403              | -                                   | -                                      | (30,403)   | -                           | (30,403)             |
| Community facilities                 | 2,039               | -                                   | -                                      | (2,039)  | -                           | (2,039)              |
| Total Governmental Activities        | <u>3,095,078</u>    | <u>347,329</u>                      | <u>180,074</u>                         | <u>(2,567,675)</u>                                 | <u>-</u>                    | <u>(2,567,675)</u>   |
| <b>Business-Type Activities:</b>     |                     |                                     |  |  |                             |                      |
| Water                                | 1,543,067           | 3,072,180                           | 81,783                                 | -  | 1,610,896                   | 1,610,896            |
| Sewer                                | 1,372,991           | 2,655,410                           | 5,441                                  | -  | 1,287,860                   | 1,287,860            |
| Drainage                             | 12,657              | 8,704                               | -                                      | -  | (3,953)                     | (3,953)              |
| Solid waste                          | 19,499              | 185,918                             | -                                      | -  | 166,419                     | 166,419              |
| Interest on long-term liabilities    | 193,107             | -                                   | -                                      | -  | (193,107)                   | (193,107)            |
| Total Business-Type Activities       | <u>3,141,321</u>    | <u>5,922,212</u>                    | <u>87,224</u>                          | <u>-</u>   | <u>2,868,115</u>            | <u>2,868,115</u>     |
| Total Activities                     | <u>\$ 6,236,399</u> | <u>\$ 6,269,541</u>                 | <u>\$ 267,298</u>                      | <u>(2,567,675)</u>                                 | <u>2,868,115</u>            | <u>300,440</u>       |
| <b>General Revenues:</b>             |                     |                                     |  |  |                             |                      |
| Taxes and assessments                |                     |                                     |  | 1,375,597  | -                           | 1,375,597            |
| Interest income                      |                     |                                     |  | (99,837)   | (211,721)                   | (311,558)            |
| Other income                         |                     |                                     |  | 80,271   | 88,026                      | 168,297              |
| Total General Revenues               |                     |                                     |  | <u>1,356,031</u>                                   | <u>(123,695)</u>            | <u>1,232,336</u>     |
| <b>Transfers</b>                     |                     |                                     |  | <u>1,811,548</u>                                   | <u>(1,811,548)</u>          | <u>-</u>             |
| Total General Revenues and Transfers |                     |                                     |  | <u>3,167,579</u>                                   | <u>(1,935,243)</u>          | <u>1,232,336</u>     |
| Change in Net Position               |                     |                                     |  | 599,904  | 932,872                     | 1,532,776            |
| Net Position at Beginning of Year    |                     |                                     |  | <u>6,917,350</u>                                   | <u>32,028,594</u>           | <u>38,945,944</u>    |
| <b>NET POSITION AT END OF YEAR</b>   |                     |                                     |  | <u>\$ 7,517,254</u>                                | <u>\$ 32,961,466</u>        | <u>\$ 40,478,720</u> |

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

**TEMPLETON COMMUNITY SERVICES DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

**ASSETS**

|                             | <u>General<br/>Fund</u> | <u>Fire<br/>Protection</u> | <u>Parks and<br/>Recreation</u> | <u>Street<br/>Lights</u> | <u>Community<br/>Facilities</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|-----------------------------|-------------------------|----------------------------|---------------------------------|--------------------------|---------------------------------|---|
| <b>Assets:</b>              |                         |                            |                                 |                          |                                 |   |
| Cash and cash equivalents   | \$ 486,181              | \$ 693,012                 | \$ 691,131                      | \$ 50,061                | \$ 25,783                       | \$ 1,946,168                            |
| Accounts receivable         | -                       | 28,020                     | 9,954                           | 583                      | -                               | 38,557                                  |
| Grant receivable            | -                       | 5,927                      | -                               | -                        | -                               | 5,927                                   |
| Accrued interest receivable | 272                     | 5,817                      | 2,706                           | 85                       | 45                              | 8,925                                   |
| Cash - restricted           | -                       | 2,732,256                  | 925,935                         | -                        | -                               | 3,658,191                               |
| Total Assets                | <u>\$ 486,453</u>       | <u>\$ 3,465,032</u>        | <u>\$ 1,629,726</u>             | <u>\$ 50,729</u>         | <u>\$ 25,828</u>                | <u>\$ 5,657,768</u>                     |

**LIABILITIES AND FUND BALANCES**

|                     |               |                |                |               |          |                |
|---------------------|---------------|----------------|----------------|---------------|----------|----------------|
| <b>Liabilities:</b> |               |                |                |               |          |                |
| Accounts payable    | \$ 5,835      | \$ 92,009      | \$ 34,565      | \$ 11,338     | \$ -     | \$ 143,747     |
| Accrued wages       | 6,768         | 10,011         | 1,868          | -             | -        | 18,647         |
| Customer deposits   | 1,000         | 5,200          | 2,400          | -             | -        | 8,600          |
| Unearned revenue    | 384           | -              | 62,675         | -             | -        | 63,059         |
| Total Liabilities   | <u>13,987</u> | <u>107,220</u> | <u>101,508</u> | <u>11,338</u> | <u>-</u> | <u>234,053</u> |

|                       |                |                  |                  |               |               |                  |
|-----------------------|----------------|------------------|------------------|---------------|---------------|------------------|
| <b>Fund Balances:</b> |                |                  |                  |               |               |                  |
| Restricted            | -              | 2,732,256        | 925,935          | -             | -             | 3,658,191        |
| Unassigned            | 472,466        | 625,556          | 602,283          | 39,391        | 25,828        | 1,765,524        |
| Total Fund Balances   | <u>472,466</u> | <u>3,357,812</u> | <u>1,528,218</u> | <u>39,391</u> | <u>25,828</u> | <u>5,423,715</u> |

|  |                   |                     |                     |                  |                  |                     |
|--|-------------------|---------------------|---------------------|------------------|------------------|---------------------|
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <u>\$ 486,453</u> | <u>\$ 3,465,032</u> | <u>\$ 1,629,726</u> | <u>\$ 50,729</u> | <u>\$ 25,828</u> | <u>\$ 5,657,768</u> |
|--|-------------------|---------------------|---------------------|------------------|------------------|---------------------|

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

**TEMPLETON COMMUNITY SERVICES DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022**

Total fund balances - Governmental funds \$ 5,423,715

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

|  |                  |           |
|--|------------------|-----------|
| Land and other non-depreciable capital assets        | \$ 806,095       |           |
| Plant and equipment, net of accumulated depreciation | <u>1,918,652</u> |           |
| Total Capital Assets, Net                            |                  | 2,724,747 |

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including noncurrent liabilities, are reported. Noncurrent liabilities relating to governmental activities consist of:

|                             |                  |             |
|-----------------------------|------------------|-------------|
| Compensated absences        | (70,983)         |             |
| Net OPEB Obligation         | (377,735)        |             |
| Net pension liability       | <u>(873,235)</u> |             |
| Total Long-Term Liabilities |                  | (1,321,953) |

In governmental funds, deferred outflows of resources and deferred inflows of resources are not reported. In the statement of net position, the deferred outflows of resources and deferred inflows of resources are reported and consist of:

|   |                  |                  |
|---|------------------|------------------|
| Deferred contributions - OPEB                     | 77,687           |                  |
| Deferred outflows - Pension                       | 208,400          |                  |
| Deferred contributions - Pension                  | 1,565,526        |                  |
| Deferred outflows - OPEB                          | (138,471)        |                  |
| Deferred inflows of resources related to pensions | <u>(526,775)</u> |                  |
| Total Deferred Inflows and Outflows               |                  | <u>1,186,367</u> |

|  |  |                            |
|--|--|----------------------------|
| Total Net Position - Governmental Activities |  | \$ <u><u>8,012,876</u></u> |
|--|--|----------------------------|

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

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

|  | General<br>Fund    | Fire<br>Protection  | Parks and<br>Recreation | Street<br>Lights | Community<br>Facilities | Total<br>Governmental<br>Funds |
|--|--------------------|---------------------|-------------------------|------------------|-------------------------|--------------------------------|
| <b>Revenues:</b>                                     |                    |                     |                         |                  |                         |                                |
| Taxes and assessments                                | \$ -               | \$ 968,332          | \$ 350,748              | \$ 31,779        | \$ 24,738               | \$ 1,375,597                   |
| Measure A parcel tax                                 |                    | 495,622             |                         |                  |                         | 495,622                        |
| Contributions  | -                  | 110,448             | 25,701                  | -                | -                       | 136,149                        |
| Grant revenue  | -                  | 43,925              | -                       | -                | -                       | 43,925                         |
| Other income   | 10,652             | 32,258              | 37,361                  | -                | -                       | 80,271                         |
| Program fees   | -                  | -                   | 320,955                 | -                | -                       | 320,955                        |
| Rental income  | 60                 | -                   | 26,314                  | -                | -                       | 26,374                         |
| Interest income                                      | (3,043)            | (64,944)            | (30,382)                | (959)            | (509)                   | (99,837)                       |
| Total Revenues                                       | <u>7,669</u>       | <u>1,585,641</u>    | <u>730,697</u>          | <u>30,820</u>    | <u>24,229</u>           | <u>2,379,056</u>               |
| <b>Expenditures:</b>                                 |                    |                     |                         |                  |                         |                                |
| Current:   |                    |                     |                         |                  |                         |                                |
| Salaries and wages                                   | 488,751            | 698,912             | 244,091                 | -                | -                       | 1,431,754                      |
| Employee benefits                                    | 1,239,935          | 653,147             | (39,341)                | -                | -                       | 1,853,741                      |
| Professional fees                                    | 127,064            | 7,783               | 845                     | -                | 2,039                   | 137,731                        |
| Program expense                                      | -                  | -                   | 148,433                 | -                | -                       | 148,433                        |
| Payroll taxes  | 40,752             | 57,904              | 21,827                  | -                | -                       | 120,483                        |
| Utilities  | 13,483             | 17,096              | 60,367                  | 30,403           | -                       | 121,349                        |
| Other  | 9,478              | 56,797              | 8,845                   | -                | -                       | 75,120                         |
| Supplies   | 16,254             | 77,596              | 11,430                  | -                | -                       | 105,280                        |
| Insurance  | 95,304             | -                   | -                       | -                | -                       | 95,304                         |
| Dues and fees  | 40,487             | 4,725               | 972                     | -                | -                       | 46,184                         |
| Worker's compensation                                | 1,721              | 13,971              | 2,878                   | -                | -                       | 18,570                         |
| Purchased services                                   | 19,262             | 10,901              | 6,407                   | -                | -                       | 36,570                         |
| Directors  | 23,550             | -                   | -                       | -                | -                       | 23,550                         |
| Vehicle operation                                    | -                  | 47,290              | 3,805                   | -                | -                       | 51,095                         |
| Education  | 1,679              | 7,351               | -                       | -                | -                       | 9,030                          |
| Legal fees   | 8,835              | 57                  | 1,620                   | -                | -                       | 10,512                         |
| Repairs and maintenance                              | 3,321              | 7,184               | 26,733                  | -                | -                       | 37,238                         |
| Travel   | 748                | 1,591               | 1,036                   | -                | -                       | 3,375                          |
| Postage  | 1,492              | -                   | -                       | -                | -                       | 1,492                          |
| Capital outlay                                       | 37,577             | 93,660              | 112,358                 | -                | -                       | 243,595                        |
| Total Expenditures                                   | <u>2,169,693</u>   | <u>1,755,965</u>    | <u>612,306</u>          | <u>30,403</u>    | <u>2,039</u>            | <u>4,570,406</u>               |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>(2,162,024)</u> | <u>(170,324)</u>    | <u>118,391</u>          | <u>417</u>       | <u>22,190</u>           | <u>(2,191,350)</u>             |
| <b>Other Financing Sources</b>                       |                    |                     |                         |                  |                         |                                |
| <b>(Uses):</b>                                       |                    |                     |                         |                  |                         |                                |
| Transfers in   | 2,182,052          | -                   | -                       | -                | -                       | 2,182,052                      |
| Transfers out  | -                  | (218,205)           | (152,299)               | -                | -                       | (370,504)                      |
| Total Other Financing<br>Sources (Uses)              | <u>2,182,052</u>   | <u>(218,205)</u>    | <u>(152,299)</u>        | <u>-</u>         | <u>-</u>                | <u>1,811,548</u>               |
| Net Change in Fund Balances                          | 20,028             | (388,529)           | (33,908)                | 417              | 22,190                  | (379,802)                      |
| Fund Balances at Beginning<br>of Year                | <u>452,438</u>     | <u>3,746,341</u>    | <u>1,562,126</u>        | <u>38,974</u>    | <u>3,638</u>            | <u>5,803,517</u>               |
| <b>FUND BALANCES AT END<br/>OF YEAR</b>              | <u>\$ 472,466</u>  | <u>\$ 3,357,812</u> | <u>\$ 1,528,218</u>     | <u>\$ 39,391</u> | <u>\$ 25,828</u>        | <u>\$ 5,423,715</u>            |

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

**TEMPLETON COMMUNITY SERVICES DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

Total net change in fund balances - Governmental funds \$ (379,802)

Amounts reported for governmental activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to depreciation expense is more than capital outlay. 65,227

In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation earned was more than the amounts used by \$4,430. (5,366)

In the statement of activities, net OPEB obligation is measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, the net OPEB obligation earned was less than the amount used by \$466,333. 504,502

Deferred outflows related to pensions and OPEB are not recognized in the governmental funds. The change in deferred outflows is reflected in pension and OPEB expense in the statement of activities, but not the statement of revenues, expenses and changes in fund balances. The change in deferred outflows totaled \$28,109. 678,267

Deferred inflows related to pensions and OPEB are not recognized in the governmental funds. The change in deferred inflows is reflected in pension and OPEB expense in the statement of activities, but not the statement of revenues, expenses, and changes in fund balances. The change in deferred inflows totaled (\$50,838). (436,650)

Net pension liability is not recognized in the governmental funds. The change in net pension liability is reflected in pension expense in the statement of activities, but not in the statement of revenues, expenses and changes in fund balances. The change in net pension liability totaled (\$145,008). 669,348

Changes in Net Position - Governmental Activities \$ 1,095,526

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



**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2022**

| <b>ASSETS</b>  | <u>Water</u>         | <u>Sewer</u>         | <u>Drainage</u>   | <u>Solid Waste</u> | <u>Total</u>         |
|--|----------------------|----------------------|-------------------|--------------------|----------------------|
| <b>Current Assets:</b>                               |                      |                      |                   |                    |                      |
| Cash and cash equivalents                            | \$ 11,962,142        | \$ 4,100,208         | \$ 105,754        | \$ (2,784)         | \$ 16,165,320        |
| Accounts receivable                                  | 460,963              | 336,246              | 974               | 23,950             | 822,133              |
| Accrued interest receivable                          | 45,629               | 6,894                | 117               | 35                 | 52,675               |
| Inventory  | 34,061               | -                    | -                 | -                  | 34,061               |
| Prepaid expenses                                     | -                    | 8,568                | -                 | -                  | 8,568                |
| <b>Total Current Assets</b>                          | <b>12,502,795</b>    | <b>4,451,916</b>     | <b>106,845</b>    | <b>21,201</b>      | <b>17,082,757</b>    |
| <b>Noncurrent Assets:</b>                            |                      |                      |                   |                    |                      |
| <b>Restricted Assets:</b>                            |                      |                      |                   |                    |                      |
| Cash and cash equivalents                            | -                    | 58,869               | -                 | -                  | 58,869               |
| <b>Total Restricted Assets</b>                       | <b>-</b>             | <b>58,869</b>        | <b>-</b>          | <b>-</b>           | <b>58,869</b>        |
| Lease receivable                                     | 2,025,232            | -                    | -                 | -                  | 2,025,232            |
| <b>Capital Assets:</b>                               |                      |                      |                   |                    |                      |
| Land and other non-depreciable capital assets        | 8,637,875            | 1,726,819            | 149,401           | -                  | 10,514,095           |
| Plant and equipment, net of accumulated depreciation | 4,690,919            | 13,900,521           | 130,946           | -                  | 18,722,386           |
| <b>Total Capital Assets</b>                          | <b>13,328,794</b>    | <b>15,627,340</b>    | <b>280,347</b>    | <b>-</b>           | <b>29,236,481</b>    |
| <b>Other Noncurrent Assets:</b>                      |                      |                      |                   |                    |                      |
| Interfund loan                                       | 843,994              | (843,994)            | -                 | -                  | -                    |
| <b>Total Other Noncurrent Assets</b>                 | <b>843,994</b>       | <b>(843,994)</b>     | <b>-</b>          | <b>-</b>           | <b>-</b>             |
| <b>Total Noncurrent Assets</b>                       | <b>16,198,020</b>    | <b>14,842,215</b>    | <b>280,347</b>    | <b>-</b>           | <b>31,320,582</b>    |
| <b>TOTAL ASSETS</b>                                  | <b>28,700,815</b>    | <b>19,294,131</b>    | <b>387,192</b>    | <b>21,201</b>      | <b>48,403,339</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>               |                      |                      |                   |                    |                      |
| Deferred outflows related to OPEB contributions      | 43,310               | 20,234               | -                 | -                  | 63,544               |
| Deferred outflows related to pension contributions   | 719,287              | 506,438              | 7,465             | 478,803            | 1,711,993            |
| Deferred outflows related to pension                 | 71,579               | 33,794               | 2,488             | 4,596              | 112,457              |
| <b>Total Deferred Outflows of Resources</b>          | <b>834,176</b>       | <b>560,466</b>       | <b>9,953</b>      | <b>483,399</b>     | <b>1,887,994</b>     |
| <b>LIABILITIES</b>                                   |                      |                      |                   |                    |                      |
| <b>Current Liabilities:</b>                          |                      |                      |                   |                    |                      |
| Accounts payable                                     | 157,908              | 130,498              | 44                | -                  | 288,450              |
| Accrued wages  | 3,712                | 2,477                | -                 | -                  | 6,189                |
| Customer deposits                                    | 29,528               | 4,407                | -                 | -                  | 33,935               |
| Accrued interest payable                             | 47,185               | 27,115               | -                 | -                  | 74,300               |
| Prepaid capacity fees                                | 6,610,007            | 3,070,021            | -                 | -                  | 9,680,028            |
| Compensated absences                                 | 13,208               | 9,969                | -                 | -                  | 23,177               |
| <b>Total Current Liabilities</b>                     | <b>6,861,548</b>     | <b>3,244,487</b>     | <b>44</b>         | <b>-</b>           | <b>10,106,079</b>    |
| <b>Noncurrent Liabilities:</b>                       |                      |                      |                   |                    |                      |
| Loans payable  | 3,220,000            | 1,250,155            | -                 | -                  | 4,470,155            |
| Net OPEB obligation                                  | (112,974)            | (185,072)            | (3,438)           | 14,407             | (287,077)            |
| Net pension liability                                | 310,749              | 130,858              | 1,722             | (126,655)          | 316,674              |
| <b>Total Noncurrent Liabilities</b>                  | <b>3,417,775</b>     | <b>1,195,941</b>     | <b>(1,716)</b>    | <b>(112,248)</b>   | <b>4,499,752</b>     |
| <b>TOTAL LIABILITIES</b>                             | <b>10,279,323</b>    | <b>4,440,428</b>     | <b>(1,672)</b>    | <b>(112,248)</b>   | <b>14,605,831</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                |                      |                      |                   |                    |                      |
| Deferred outflows related to OPEB                    | 41,462               | 32,581               | 377               | 2,921              | 77,341               |
| Deferred inflows related to pensions                 | 269,492              | 179,790              | 3,635             | 168,546            | 621,463              |
| Deferred inflows related to leases                   | 2,025,232            | -                    | -                 | -                  | 2,025,232            |
| <b>Total Deferred Inflows of Resources</b>           | <b>2,336,186</b>     | <b>212,371</b>       | <b>4,012</b>      | <b>171,467</b>     | <b>2,724,036</b>     |
| <b>NET POSITION:</b>                                 |                      |                      |                   |                    |                      |
| Net investment in capital assets                     | 10,061,609           | 14,350,070           | 280,347           | -                  | 24,692,026           |
| Restricted for debt service                          | -                    | 58,869               | -                 | -                  | 58,869               |
| Unrestricted   | 6,857,873            | 792,859              | 114,458           | 445,381            | 8,210,571            |
| <b>TOTAL NET POSITION</b>                            | <b>\$ 16,919,482</b> | <b>\$ 15,201,798</b> | <b>\$ 394,805</b> | <b>\$ 445,381</b>  | <b>\$ 32,961,466</b> |

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

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

|  | Water                | Sewer                | Drainage          | Solid Waste       | Total                |
|--|----------------------|----------------------|-------------------|-------------------|----------------------|
| <b><u>Operating Revenues:</u></b>                        |                      |                      |                   |                   |                      |
| Charges for services                                     | \$ 3,072,180         | \$ 2,655,410         | \$ 8,704          | \$ -              | \$ 5,736,294         |
| Franchise fees   | -                    | -                    | -                 | 185,918           | 185,918              |
| Total Operating Revenues                                 | <u>3,072,180</u>     | <u>2,655,410</u>     | <u>8,704</u>      | <u>185,918</u>    | <u>5,922,212</u>     |
| <b><u>Operating Expenses:</u></b>                        |                      |                      |                   |                   |                      |
| Depreciation   | 333,408              | 603,466              | 5,074             | -                 | 941,948              |
| Salaries and wages                                       | 337,525              | 216,279              | 3,648             | -                 | 557,452              |
| Employee benefits  | 142,820              | 104,587              | 1,235             | 19,499            | 268,141              |
| Utilities  | 254,566              | 186,569              | -                 | -                 | 441,135              |
| Repairs and maintenance                                  | 108,752              | 81,201               | -                 | -                 | 189,953              |
| Legal fees   | 54,620               | 12,204               | -                 | -                 | 66,824               |
| Other  | 25,164               | 6,067                | -                 | -                 | 31,231               |
| Nacimeinto operations                                    | 34,885               | -                    | -                 | -                 | 34,885               |
| Professional fees  | 56,617               | 44,711               | -                 | -                 | 101,328              |
| Payroll taxes  | 28,840               | 18,705               | 297               | -                 | 47,842               |
| Water analysis   | 13,537               | 17,655               | -                 | -                 | 31,192               |
| Dues and fees  | 31,828               | 13,887               | 1,767             | -                 | 47,482               |
| Supplies   | 80,653               | 35,082               | -                 | -                 | 115,735              |
| Worker's compensation                                    | 6,389                | 6,584                | 24                | -                 | 12,997               |
| Vehicle operation  | 22,046               | 18,085               | -                 | -                 | 40,131               |
| Purchased services                                       | 9,833                | 6,250                | -                 | -                 | 16,083               |
| Education  | 1,330                | 1,479                | 612               | -                 | 3,421                |
| Travel   | 254                  | 180                  | -                 | -                 | 434                  |
| Total Operating Expenses                                 | <u>1,543,067</u>     | <u>1,372,991</u>     | <u>12,657</u>     | <u>19,499</u>     | <u>2,948,214</u>     |
| Operating Income (Loss)                                  | <u>1,529,113</u>     | <u>1,282,419</u>     | <u>(3,953)</u>    | <u>166,419</u>    | <u>2,973,998</u>     |
| <b><u>Nonoperating Revenues (Expenses):</u></b>          |                      |                      |                   |                   |                      |
| Other income   | 60,757               | 7,462                | -                 | -                 | 68,219               |
| Grants   | 16,080               | -                    | -                 | -                 | 16,080               |
| Lease revenue  | 19,807               | -                    | -                 | -                 | 19,807               |
| Interest income  | (133,267)            | (77,060)             | (1,301)           | (93)              | (211,721)            |
| Interest expense   | (142,431)            | (50,676)             | -                 | -                 | (193,107)            |
| Total Nonoperating Revenues (Expenses)                   | <u>(179,054)</u>     | <u>(120,274)</u>     | <u>(1,301)</u>    | <u>(93)</u>       | <u>(300,722)</u>     |
| Income (Loss) Before Transfers and Capital Contributions | <u>1,350,059</u>     | <u>1,162,145</u>     | <u>(5,254)</u>    | <u>166,326</u>    | <u>2,673,276</u>     |
| <b><u>Transfers and Capital Contributions:</u></b>       |                      |                      |                   |                   |                      |
| Transfers out  | (960,103)            | (654,616)            | (10,910)          | (185,919)         | (1,811,548)          |
| Capital contributions                                    | 65,703               | 5,441                | -                 | -                 | 71,144               |
| Treated wastewater sales                                 | (211,034)            | 211,034              | -                 | -                 | -                    |
| Total Transfers and Capital Contributions                | <u>(1,105,434)</u>   | <u>(438,141)</u>     | <u>(10,910)</u>   | <u>(185,919)</u>  | <u>(1,740,404)</u>   |
| Change in Net Position                                   | 244,625              | 724,004              | (16,164)          | (19,593)          | 932,872              |
| Net Position at Beginning of Year                        | <u>16,674,857</u>    | <u>14,477,794</u>    | <u>410,969</u>    | <u>464,974</u>    | <u>32,028,594</u>    |
| <b>NET POSITION AT END OF YEAR</b>                       | <u>\$ 16,919,482</u> | <u>\$ 15,201,798</u> | <u>\$ 394,805</u> | <u>\$ 445,381</u> | <u>\$ 32,961,466</u> |

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

**TEMPLETON COMMUNITY SERVICES DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

|  | <u>Water</u>         | <u>Sewer</u>        | <u>Drainage</u>   | <u>Solid Waste</u> | <u>Total</u>         |
|--|----------------------|---------------------|-------------------|--------------------|----------------------|
| <b><u>Cash Flows From Operating Activities:</u></b>                        |                      |                     |                   |                    |                      |
| Cash received from customers   | \$ 1,835,591         | \$ 2,187,349        | \$ 8,725          | \$ 184,312         | \$ 4,215,977         |
| Cash payments to suppliers for goods and services                          | (561,980)            | (356,826)           | (10,835)          | (187,338)          | (1,116,979)          |
| Cash payments to employees for services                                    | (1,204,891)          | (818,000)           | (14,415)          | (479,147)          | (2,516,453)          |
| Net Cash Provided by (Used in)   |                      |                     |                   |                    |                      |
| Operating Activities   | <u>68,720</u>        | <u>1,012,523</u>    | <u>(16,525)</u>   | <u>(482,173)</u>   | <u>582,545</u>       |
| <b><u>Cash Flows From Noncapital and Related Financing Activities:</u></b> |                      |                     |                   |                    |                      |
| Receipts from other income   | <u>80,564</u>        | <u>7,462</u>        | <u>-</u>          | <u>-</u>           | <u>88,026</u>        |
| Net Cash Provided by Noncapital and Related Financing Activities           | <u>80,564</u>        | <u>7,462</u>        | <u>-</u>          | <u>-</u>           | <u>88,026</u>        |
| <b><u>Cash Flows From Capital and Related Financing Activities:</u></b>    |                      |                     |                   |                    |                      |
| Acquisition and construction of capital assets                             | (59,057)             | (294,171)           | -                 | -                  | (353,228)            |
| Proceeds from grants   | 16,080               | 3,821               | -                 | -                  | 19,901               |
| Principal paid on loans payable  | (105,000)            | (170,970)           | -                 | -                  | (275,970)            |
| Interest paid on loans payable   | (144,181)            | (56,546)            | -                 | -                  | (200,727)            |
| Receipts from contributed capital  | <u>598,747</u>       | <u>127,493</u>      | <u>-</u>          | <u>-</u>           | <u>726,240</u>       |
| Net Cash Provided by (Used in) Capital and Related Financing Activities    | <u>306,589</u>       | <u>(390,373)</u>    | <u>-</u>          | <u>-</u>           | <u>(83,784)</u>      |
| <b><u>Cash Flows From Investing Activities:</u></b>                        |                      |                     |                   |                    |                      |
| Receipts from interfund loan   | 155,313              | (155,313)           | -                 | -                  | -                    |
| Investment income  | (137,182)            | (83,954)            | (1,329)           | 376                | (222,089)            |
| Net Cash Provided by (Used in) Investing Activities                        | <u>18,131</u>        | <u>(239,267)</u>    | <u>(1,329)</u>    | <u>376</u>         | <u>(222,089)</u>     |
| Net Increase (Decrease) in Cash and Cash Equivalents                       | 474,004              | 390,345             | (17,854)          | (481,797)          | 364,698              |
| Cash and Cash Equivalents at Beginning of Year                             | <u>11,488,138</u>    | <u>3,768,732</u>    | <u>123,608</u>    | <u>479,013</u>     | <u>15,859,491</u>    |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                            | <u>\$ 11,962,142</u> | <u>\$ 4,159,077</u> | <u>\$ 105,754</u> | <u>\$ (2,784)</u>  | <u>\$ 16,224,189</u> |

(Continued)

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

**TEMPLETON COMMUNITY SERVICES DISTRICT  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

|   | <u>Water</u>     | <u>Sewer</u>        | <u>Drainage</u>   | <u>Solid Waste</u>  | <u>Total</u>      |
|---|------------------|---------------------|-------------------|---------------------|-------------------|
| <b><u>Reconciliation of Operating Income (Loss)</u></b> |                  |                     |                   |                     |                   |
| <b>to Net Cash Provided by</b>                          |                  |                     |                   |                     |                   |
| <b><u>(Used in) Operating Activities:</u></b>           |                  |                     |                   |                     |                   |
| Operating income (loss)                                 | \$ 1,529,113     | \$ 1,282,419        | \$ (5,555)        | \$ 166,419          | \$ 2,972,396      |
| <b>Adjustments to reconcile operating</b>               |                  |                     |                   |                     |                   |
| <b>income (loss) to net cash provided by</b>            |                  |                     |                   |                     |                   |
| <b><u>(used in) operating activities:</u></b>           |                  |                     |                   |                     |                   |
| Depreciation  | 333,408          | 603,466             | 6,801             | -                   | 943,675           |
| Transfers   | (1,171,137)      | (443,582)           | (6,054)           | (185,919)           | (1,806,692)       |
| <b>(Increase) Decrease in:</b>                          |                  |                     |                   |                     |                   |
| Accounts receivable                                     | (65,452)         | (24,479)            | 47                | (1,606)             | (91,490)          |
| Inventory   | 10,612           | -                   | -                 | -                   | 10,612            |
| Prepaid expenses  | -                | 10,282              | -                 | -                   | 10,282            |
| Deferred outflows                                       | (475,947)        | (11,944)            | (915)             | (473,017)           | (961,823)         |
| <b>Increase (Decrease) in:</b>                          |                  |                     |                   |                     |                   |
| Accounts payable  | 123,971          | 101,827             | 15                | (1,419)             | 224,394           |
| Accrued wages   | (12,405)         | (9,552)             | -                 | (343)               | (22,300)          |
| Customer deposits                                       | 3,911            | (38,981)            | -                 | -                   | (35,070)          |
| Compensated absences                                    | (8,872)          | (6,693)             | -                 | -                   | (15,565)          |
| Net OPEB obligation                                     | (134,263)        | (395,460)           | (2,414)           | (1,318)             | (533,455)         |
| Net pension liability                                   | (291,446)        | (207,494)           | 834               | (149,733)           | (647,839)         |
| Deferred inflows  | 227,227          | 152,714             | 1,125             | 164,763             | 545,829           |
| Net Cash Provided by (Used in)                          |                  |                     |                   |                     |                   |
| Operating Activities                                    | <u>\$ 68,720</u> | <u>\$ 1,012,523</u> | <u>\$ (6,116)</u> | <u>\$ (482,173)</u> | <u>\$ 592,954</u> |

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

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Note 1 - Organization and Significant Accounting Policies:**

**Organization**

The Templeton Community Services District (the “District”) was organized under the authorization of Section 61,000 et. seq., of the Government Code of the State of California, for the purpose of providing all permissible uses of a community services district. The District currently provides water, sewer, drainage, solid waste disposal, fire protection, street lights, park and recreation services and a community center. The District is governed by an elected Board of Directors.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Cod. Sec. 2100, “Defining the Financial Reporting Entity.” The District is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit’s board, or because the component unit will provide a financial benefit or impose a financial burden on the District. The District has no component units.

**Significant Accounting Policies**

A summary of the District’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**Basis of Presentation**

**Government-Wide Statements**

The District’s financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District’s fire protection, parks and recreation, street lights, community facilities and general funds are classified as governmental activities. The water, sewer, drainage and solid waste funds are classified as business-type activities, and are generally financed by fees charged to external parties for goods or services.

In the government-wide statement of net position, both the governmental and business-type activities are presented on a consolidated basis by column and are reported on a full accrual basis of accounting and the economic resource measurement focus, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net position is reported in three parts; net investment in capital assets, restricted and unrestricted. The statement of net position includes all funds of the reporting entity.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each function of the business-type activities of the District and for each program of the governmental activities. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Basis of Presentation (Continued)**

**Fund Financial Statements**

Fund financial statements report detailed information about the District. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, net position, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on major funds in either the governmental or business-type activities categories. GASB Cod. Sec. 2200, "Comprehensive Annual Financial Report", sets forth minimum criteria for the determination of major funds.

The funds of the District are described below:

**Governmental Funds**

The focus of the governmental funds measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The District reports the general fund, fire protection, parks and recreation, street lights and community facilities as major governmental funds.

**Proprietary Funds**

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports the water, sewer, drainage and solid waste funds as major proprietary funds.

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Measurement Focus and Basis of Accounting**

**Method of Accounting**

Method of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

The District has not elected to apply the option allowed in GASB Cod. Sec P80.103, "Proprietary Fund, Accounting and Financial Reporting" and as a consequence will continue to apply GASB Statements and interpretations.

**Accrual**

Both governmental and business-type activities in the government-wide financial statements and the proprietary financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Earned but unbilled amounts for services provided are accrued and included in accounts receivable and recognized as revenue.

**Modified Accrual**

The governmental funds' financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenue available if collected within 60 days after year-end. The District considers interest, certain taxes, grant revenues, groundwater charges and water delivery charges to be susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on long-term debt, if any, is recognized when due.

**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, deferred outflows of resources, liabilities, deferred inflows of resources 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.

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Revenue Recognition**

The District recognizes revenue from user fees, service charges, program fees and rental fees as they are earned. The District has recorded \$63,059 of unearned revenue for soccer registrations at June 30, 2022.

**Investments**

Investments are stated at their fair value which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

**Allowance for Doubtful Accounts**

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding accounts receivables. Management believes that all accounts receivable were fully collectible, therefore, no allowance for doubtful accounts receivable was recorded at June 30, 2022.

**Taxes and Assessments**

Property taxes and assessments are billed by the County of San Luis Obispo (the "County") to property owners. The District's property tax calendar for the fiscal year ended June 30, 2022, was as follows:

|                  |   |
|------------------|---|
| Lien Date:       | January 1   |
| Levy Date:       | July 1  |
| Due Date:        | First Installment – November 1<br>Second Installment – February 1 |
| Delinquent Date: | First Installment – December 10<br>Second Installment – April 10  |

The County collects the taxes from the property owners and remits the funds to the District periodically during the year. The District has an arrangement with the County whereby the County remits taxes which are delinquent as of each June 30 to the District in exchange for the right to retain the delinquent taxes, penalties, and interest when these amounts are subsequently collected.

**Inventory**

Inventory consist primarily of materials used in the construction and maintenance of capital assets and is valued at the lower of cost (first-in, first-out basis) or market.



**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Leases**

The District is a lessor for leases detailed in Note 8. The District recognizes a lease receivable and a deferred inflow of resources.

At the commencement of the lease, the District initially measures the lease receivable at the present value of the payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently the deferred inflows of resources is recognized as revenue over the lease term.

Key estimates and judgments include how the District determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- The District used the 3% annual increase in the lease as the discount rate.
- The lease term includes the noncancellable period of the lease as well as any extensions available to the lessee. The District expects that the lessee will exercise those options, fully. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

**Capital Assets**

Capital assets purchased or acquired with a cost exceeding \$5,000 and an estimated useful life of more than two years are reported at historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is calculated on the straight-line method over the following estimated useful lives:

|                      |               |
|----------------------|---------------|
| Water                | 5 - 75 years  |
| Sewer                | 10 - 50 years |
| Drainage             | 5 - 50 years  |
| Fire protection      | 5 - 40 years  |
| Parks and recreation | 5 - 10 years  |
| Administration       | 5 - 40 years  |
| Community center     | 40 years      |

Depreciation aggregated \$1,120,317 for the year ended June 30, 2022.

**Compensated Absences**

Accumulated unpaid vacation totaling \$89,794 at June 30, 2022, is accrued when incurred and included in noncurrent liabilities.

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to future periods and so will not be recognized as an outflows of resources (expense) until that time. The District has the following items that qualify for reporting in this category:

- Deferred outflows related to Other Post-Employment Benefits (OPEB) equal to employer contributions made after the measurement date of the net OPEB liability.
- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability, differences between actual and expected experience, and adjustment due to differences in proportions.

In addition to liabilities, the statement of net position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has the following that qualify for reporting in this category:

- Deferred inflows related to OPEB resulting from the net difference between projected and actual earnings on OPEB plan investments.
- Deferred inflows related to pensions resulting from the net difference between projected and actual earnings on pension plan investments, adjustments due to the differences in proportions, and differences between actual and required contributions.

**Fund Balances - Governmental Funds**

The fund balances of the governmental funds are classified as follows at June 30, 2022:

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. Fire and park facility fees are collected for new development. Restricted fire protection and park and recreation fund balances related to facility fees totaled \$3,658,191 and \$2,634,212 at June 30, 2022, respectively. A reserve fund totaling \$58,869 at June 30, 2022 was established as required by the State of California Water Resources Control Board Installment Sale Agreement.

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Fund Balances - Governmental Funds (Continued)**

Committed - Amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board Directors is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Directors.

Assigned - Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned - All other spendable amounts.

**Risk Management**

The District is a member of the Special District Risk Management Authority (Authority). The Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

At June 30, 2022, the District participated in the self-insurance programs of the Authority as follows:

**General and Auto Liability, Public Officials' and Employees' Errors and Omissions and Employment Practices Liability** - Total risk financing limits of \$10 million with a combined single limit at \$10 million per occurrence, subject to the following deductibles:

- \$500 per occurrence for third party generated liability property damage.
- \$1,000 per occurrence for third party auto liability property damage.
- 50% co-insurance after initial \$10,000 cost expended by the Authority, up to \$50,000, per occurrence, for employment related claims;
- Comprehensive and collision on selected vehicles, with deductibles of \$250/\$500 or \$500/\$1,000, as elected.

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Risk Management (Continued)**

Employee Dishonesty Coverage - Total of \$1 million per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction.

Property Loss - Replacement cost, for property on file, if replaced, and if not replaced within two years after the loss, paid on an actual cash value basis, to a combined total of \$1 billion per occurrence, subject to a \$1,000 deductible per occurrence.

Boiler and Machinery - Replacement cost up to \$100 million per occurrence, subject to a \$1,000 deductible.

Public Officials Personal Liability - \$500,000 each occurrence, with an annual aggregate of \$500,000 per each elected/appointed official, subject to a \$1,000 deductible per occurrence.

Workers' Compensation Coverage and Employer's Liability - Includes statutory limits per occurrence for workers' compensation and \$5 million for employer's liability coverage.

The District pays annual premiums for this coverage. They are subject to retrospective adjustments based on claims experienced. The nature and amounts of the adjustments cannot be estimated and are charged to expense as invoiced. There were no instances in the past three years where a settlement exceeded the District's coverage.

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Templeton Community Services District Other Postemployment Benefits Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The District has assets designated for OPEB that are invested in California Employers' Retiree Benefit Trust (CERBT) Strategy 2 which are reported at fair value as reported to the District by CERBT.

Generally accepted accounting principles require that the reported results must pertain to the liability and fiduciary net position information within certain defined time frames. For this report, the following time frames are used:

|                    |                                |
|--------------------|--------------------------------|
| Valuation Date     | June 30, 2020                  |
| Measurement Date   | June 30, 2021                  |
| Measurement Period | June 30, 2020 to June 30, 2021 |

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS financial office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames, for this report, the following time frames are used:

|                    |                                |
|--------------------|--------------------------------|
| Valuation Date     | June 30, 2020                  |
| Measurement Date   | June 30, 2021                  |
| Measurement Period | June 30, 2020 to June 30, 2021 |

**Fair Value Measurements**

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

The District's statement of net position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Negotiable certificates of deposit are considered Level 2 assets and are reported at the fair value reported by the counter-party.
- Investments in the California Local Agency Investment Fund (LAIF) are considered Level 2 assets and are reported at the fair value of the underlying assets as provided LAIF.

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Interfund Transfers**

Interfund transfers for the year ended June 30, 2022, consisted of general fund transfers from the following:

|                      |                       |
|----------------------|-----------------------|
| Water                | \$ (960,103)          |
| Sewer                | (654,616)             |
| Parks and recreation | (152,299)             |
| Fire protection      | (218,205)             |
| Solid waste          | (185,919)             |
| Drainage             | (10,910)              |
| Total                | <u>\$ (2,182,052)</u> |

**Economic Dependency**

The District extracts approximately 46% of its water supply from the underflow of the Salinas River, 8% from reclaimed water from the Selby Ponds, 41% from groundwater wells located in the Atascadero sub basin, and 5% from Nacimiento recharge. Interruption of these sources would impact the District negatively.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the District considers all investment instruments purchased with a maturity of three months or less to be cash. Negotiable certificates of deposit that may be redeemed without significant penalty are considered cash and cash equivalents regardless of the maturity.

**Subsequent Events**

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 6, 2022, the date the financial statements were available to be issued.

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Note 2 - Cash and Investments:**

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

The table below identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provision of the California Government Code or the District's investment policy:

| <b><u>Authorized Investment Type</u></b>       | <b><u>Maximum Maturity</u></b> | <b><u>Maximum Percentage of Portfolio</u></b> | <b><u>Quality Requirements</u></b> |
|--|--------------------------------|---|------------------------------------|
| Local Agency Bonds                             | 5 years                        | None  | None                               |
| U.S. Treasury Obligations                      | 5 years                        | None  | None                               |
| State Obligations                              | 5 years                        | None  | None                               |
| CA. Local Agency Obligations                   | 5 years                        | None  | None                               |
| U.S. Agency Securities                         | 5 years                        | None  | None                               |
| Bankers' Acceptances                           | 180 days                       | 40%   | None                               |
| Commercial Paper                               | 270 days                       | 25%   | A1                                 |
| Negotiable Certificates of Deposit             | 5 years                        | 30%   | None                               |
| Repurchase Agreements                          | 1 year                         | None  | None                               |
| Reverse Repurchase Agreements                  | 92 days                        | 20%   | None                               |
| Medium-Term Notes                              | 5 years                        | 30%   | A Rating                           |
| Mutual Funds                                   | N/A                            | 20%   | Multiple                           |
| Money Market Mutual Funds                      | N/A                            | 20%   | Multiple                           |
| Collateralized Bank Deposits                   | 5 years                        | None  | None                               |
| Mortgage Pass-Through Securities               | 5 years                        | 20%   | AA Rating                          |
| Time Deposits                                  | 5 years                        | None  | None                               |
| California Local Agency Investment Fund (LAIF) | N/A                            | None  | None                               |
| County Pooled Investments                      | N/A                            | None  | None                               |

The District's Investment Policy is more restrictive than the California Government Code. The policy only allows the District to invest in the California Local Agency Investment Fund, FDIC insured accounts and investments collateralized pursuant to the California Government Code Section 53652.

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Note 2 - Cash and Investments: (Continued)**

**Investments Authorized by the California Government Code and the District's Investment Policy  
(Continued)**

Cash and investments held by the District were comprised of the following at June 30, 2022:

|  | Maturity in Years   |              | Total         |
|--|---------------------|--------------|---------------|
|  | Less Than<br>1 Year | 1 - 5 Years  |               |
| California Local Agency Investment Fund (LAIF) | \$ 10,874,386       | \$ -         | \$ 10,874,386 |
| Negotiable certificates of deposit             | 3,783,485           | 4,030,097    | 7,813,582     |
| Money market funds                             | 3,023,169           | -            | 3,023,169     |
| Deposits with financial institutions           | 117,411             | -            | 117,411       |
| Total Cash and Investments                     | \$ 17,798,451       | \$ 4,030,097 | \$ 21,828,548 |
| Financial Statement Classification:            |                     |              |               |
| Cash and cash equivalents                      |                     |              | \$ 18,111,488 |
| Restricted cash                                |                     |              | 3,717,060     |
| Total Cash and Investments                     |                     |              | \$ 21,828,548 |

**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. One of the ways that the District manages its exposure to interest rate risk is by holding only cash and cash equivalents.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided in the previous table that shows the distribution of the District's investments by maturity at June 30, 2022.

**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. Presented below is the actual rating as of the year end for each investment type.

| <u>Investment</u>                  | <u>Rating as of Year End<br/>Standard &amp; Poor's</u> |
|------------------------------------|--|
| LAIF                               | Not Rated  |
| Negotiable Certificates of Deposit | Not Rated  |
| Money Market Funds                 | Not Rated  |



**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Note 2 - Cash and Investments: (Continued)**

**Concentration of Credit Risk**

Concentration of credit is the risk of loss attributed to the magnitude to the District's investment in a single issue.

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The District holds no investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of total District investments.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District 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 custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, 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.

At June 30, 2022, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. At June 30, 2022, no District investments were held by the same broker-dealer (counterparty) that was used by the District to buy the securities.

**Investment in State Investment Pool**

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by 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 cost basis.

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Note 3 - Capital Assets:**

Capital assets consist of the following at June 30:

| <b>Governmental Activities:</b>              |                                     |                     |                    |                                     |
|--|-------------------------------------|---------------------|--------------------|-------------------------------------|
|  | <u>Balance at<br/>June 30, 2021</u> | <u>Increases</u>    | <u>Decreases</u>   | <u>Balance at<br/>June 30, 2022</u> |
| <b>Capital Assets Not Being Depreciated:</b> |                                     |                     |                    |                                     |
| Land   | \$ 633,429                          | \$ -                | \$ -               | \$ 633,429                          |
| Construction in progress                     | 57,750                              | 170,685             | (55,769)           | 172,666                             |
| Total Capital Assets Not Being Depreciated   | <u>\$ 691,179</u>                   | <u>\$ 170,685</u>   | <u>\$ (55,769)</u> | <u>\$ 806,095</u>                   |
| <b>Capital Assets Being Depreciated:</b>     |                                     |                     |                    |                                     |
| Buildings and improvements                   | \$ 3,372,434                        | \$ 27,963           | \$ -               | \$ 3,400,397                        |
| Equipment                                    | 1,219,674                           | 68,561              | -                  | 1,288,235                           |
| Vehicles                                     | 930,540                             | 68,118              | (138,457)          | 860,201                             |
| Total  | 5,522,648                           | 164,642             | (138,457)          | 5,548,833                           |
| Less: Accumulated depreciation               | (3,554,307)                         | (178,369)           | 102,495            | (3,630,181)                         |
| Total Capital Assets Being Depreciated       | <u>\$ 1,968,341</u>                 | <u>\$ (13,727)</u>  | <u>\$ (35,962)</u> | <u>\$ 1,918,652</u>                 |
| <b>Business-Type Activities:</b>             |                                     |                     |                    |                                     |
|  | <u>Balance at<br/>June 30, 2021</u> | <u>Increases</u>    | <u>Decreases</u>   | <u>Balance at<br/>June 30, 2022</u> |
| <b>Capital Assets Not Being Depreciated:</b> |                                     |                     |                    |                                     |
| Land   | \$ 3,640,457                        | \$ -                | \$ -               | \$ 3,640,457                        |
| Water delivery entitlement                   | 6,734,312                           | -                   | -                  | 6,734,312                           |
| Construction in progress                     | 69,771                              | 69,555              | -                  | 139,326                             |
| Total Capital Assets Not Being Depreciated   | <u>\$ 10,444,540</u>                | <u>\$ 69,555</u>    | <u>\$ -</u>        | <u>\$ 10,514,095</u>                |
| <b>Capital Assets Being Depreciated:</b>     |                                     |                     |                    |                                     |
| Buildings and improvements                   | \$ 34,708,187                       | \$ 37,378           | \$ -               | \$ 34,745,565                       |
| Equipment                                    | 1,801,130                           | 246,295             | -                  | 2,047,425                           |
| Vehicles                                     | 390,136                             | -                   | -                  | 390,136                             |
| Total  | 36,899,453                          | 283,673             | -                  | 37,183,126                          |
| Less: Accumulated depreciation               | (17,518,792)                        | (941,948)           | -                  | (18,460,740)                        |
| Total Capital Assets Being Depreciated       | <u>\$ 19,380,661</u>                | <u>\$ (658,275)</u> | <u>\$ -</u>        | <u>\$ 18,722,386</u>                |

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Note 4 -Noncurrent Liabilities:**

Noncurrent liabilities consists of the following at June 30:

|                                  | Balance at<br>June 30, 2021 | Increases         | Decreases             | Balance at<br>June 30, 2022 | Payable<br>Within One<br>Year | Payable<br>After One<br>Year |
|----------------------------------|-----------------------------|-------------------|-----------------------|-----------------------------|-------------------------------|------------------------------|
| <b>Governmental Activities:</b>  |                             |                   |                       |                             |                               |                              |
| Compensated absences (Note 1)    | \$ 65,617                   | \$ 70,982         | \$ (65,616)           | \$ 70,983                   | \$ -                          | \$ 70,983                    |
| Net OPEB liability (Note 7)      | 882,237                     | 231,926           | (736,428)             | 377,735                     | -                             | 377,735                      |
| Net pension liability (Note 6)   | 1,542,583                   | 12,010            | (681,358)             | 873,235                     | -                             | 873,235                      |
| Total                            | <u>\$ 2,490,437</u>         | <u>\$ 314,918</u> | <u>\$ (1,483,402)</u> | <u>\$ 1,321,953</u>         | <u>\$ -</u>                   | <u>\$ 1,321,953</u>          |
| <b>Business-Type Activities:</b> |                             |                   |                       |                             |                               |                              |
| Accrued interest payable         | \$ 81,920                   | \$ 193,108        | \$ (200,727)          | \$ 74,301                   | \$ 74,301                     | \$ -                         |
| Compensated absences (Note 1)    | 38,742                      | 23,177            | (38,742)              | 23,177                      | -                             | 23,177                       |
| Loans payable                    | 4,746,125                   | -                 | (275,970)             | 4,470,155                   | 146,366                       | 4,323,789                    |
| Net OPEB liability (Note 7)      | 243,786                     | 123,835           | (654,698)             | (287,077)                   | -                             | (287,077)                    |
| Net pension liability (Note 6)   | 968,721                     | 54,043            | (706,091)             | 316,673                     | -                             | 316,673                      |
| Total                            | <u>\$ 6,079,294</u>         | <u>\$ 394,163</u> | <u>\$ (1,876,228)</u> | <u>\$ 4,597,229</u>         | <u>\$ 220,667</u>             | <u>\$ 4,376,562</u>          |

Loans payable consist of the following at June 30, 2022:

**Loans Payable**

State of California, Water Resources Control Board (State Water Board) - The District entered into a Construction Installment Sale Agreement (Agreement) with the State of California, Water Resources Control Board in the amount of \$2,815,570 of which the State Water Board agreed to forgive up to \$1,440,134 to help finance the Upper Salinas River Basin Conjunctive Use Project. The Agreement accrues interest at 1.8% with annual payments of principal and interest in the amount of \$58,869. The Agreement matures June 1, 2049. The District has covenanted to fix, prescribe and collect rates, fees, and charges in amounts necessary to cover operations and maintenance cost and shall ensure that net revenues are equal to at least 110% of the maximum annual debt service. Accrued interest totaled \$1,875 at June 30, 2022.

\$ 1,250,155

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Note 4 -Noncurrent Liabilities: (Continued)**

**Loans Payable (Continued)**

San Luis Obispo County Flood Control and Water Conservation District - The District entered into a water delivery entitlement contract in the original amount of \$4,615,000 to pay its share of various capital expenses relating to the funding of design costs, engineering, planning, mapping, acquiring easements and right-of-way, and construction in connection with the Nacimiento Water Project (Project). The District has pledged certain revenues it collects from the operation of the Project for payment of debt service on the loan. The San Luis Obispo County Flood Control and Water Conservation District has refinanced its debt related to the project and revised its cost allocation on more than one occasion resulting in a \$469,475 reduction in the District's share of the project's cost and a revised debt service schedule. Under the most recently revised debt service schedule the loan accrues interest between 3% and 5% with semiannual payments of interest and principal through 2041 as set forth in the contract. Accrued interest totaled \$47,185 at June 30, 2022.

Total Loans Payable

|    |           |
|----|-----------|
| \$ | 3,220,000 |
| \$ | 4,470,155 |

Debt service requirements on loans payable at June 30, 2022 are as follows:

**Business-Type Activities**

| Year Ended<br>June 30 | Loans Payable |              |
|-----------------------|---------------|--------------|
|                       | Principal     | Interest     |
| 2023                  | \$ 146,366    | \$ 179,109   |
| 2024                  | 147,020       | 172,954      |
| 2025                  | 157,687       | 166,538      |
| 2026                  | 163,366       | 159,735      |
| 2027                  | 174,056       | 152,544      |
| 2028 - 2032           | 961,081       | 659,325      |
| 2033 - 2037           | 1,175,308     | 452,520      |
| 2038 - 2042           | 1,161,327     | 172,190      |
| 2043 - 2046           | 269,311       | 25,033       |
| 2048 - 2050           | 114,633       | 3,104        |
| Total                 | \$ 4,470,155  | \$ 2,143,052 |

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Note 5 - Prepaid Capacity Fees:**

The District records capacity fees collected as a liability until its duty to perform has been completed and service has begun at which time these fees are recorded as contributed capital. Following is a summary of the prepaid capacity fees liability at June 30, 2022:

|                                   |              |
|-----------------------------------|--------------|
| Balance at Beginning of Year      | \$ 9,024,932 |
| Add: Capacity fees received       | 726,240      |
| Less: Water and sewer connections | (71,144)     |
| Balance at End of Year            | \$ 9,680,028 |

**Note 6 - Defined Benefit Pension Plan:**

**General Information About the Pension Plans**

**Plan Descriptions** - All qualified permanent and probationary employees are eligible to participate in the Miscellaneous Plan or the Safety Plan of the Templeton Community Services District (All Plans) a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. The Plans consist of both the Miscellaneous Plan and the PEPRA Plan.

**Benefits Provided** - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Miscellaneous plan members with five years of service are eligible to retire at age 50 with statutory reduced benefits. PEPRA miscellaneous members with five years of service are eligible to retire at age 52 with statutorily reduced benefits, Safety plan members with five years of service are eligible to retire at age 50 with statutorily reduced benefits and Safety PEPRA plan members are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability retirement benefits after five years of service. The death benefit is the basic death benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees Retirement Law, per contract. The Plan's provisions and benefits in effect at June 30, 2022 are summarized as follows:

|   | Prior to<br>January 1, 2013 | Miscellaneous<br>On or After January 1, 2013 |                          |
|---|-----------------------------|--|--------------------------|
|   |                             | With Prior<br>Service                        | Without<br>Prior Service |
| Benefit formula                                   | 3.0% @ 60                   | 2.5% @ 55                                    | 2.0% @ 62                |
| Benefit vesting schedule                          | 5 years service             | 5 years service                              | 5 years service          |
| Benefit payments                                  | Monthly for life            | Monthly for life                             | Monthly for life         |
| Retirement age                                    | 50+                         | 50+  | 52+                      |
| Monthly benefits, as a % of eligible compensation | 2.0% to 3.0%                | 2.0% to 2.5%                                 | 1.0% to 2.5%             |
| Required employee contribution rates              | 8.0%                        | 8.0%   | 6.75%                    |
| Required employer contribution rates              | 15.250%                     | 11.590%                                      | 7.590%                   |

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Note 6 - Defined Benefit Pension Plan: (Continued)**

**General Information About the Pension Plans (Continued)**

**Benefits Provided (Continued)**

|   | Prior to<br>January 1, 2013 | Safety<br>On or After January 1, 2013 |                          |
|---|-----------------------------|---------------------------------------|--------------------------|
|   |                             | With Prior<br>Service                 | Without<br>Prior Service |
| Benefit formula                                   | 3.0% @ 50                   | 3.0% @ 55                             | 2.7% @ 57                |
| Benefit vesting schedule                          | 5 years service             | 5 years service                       | 5 years service          |
| Benefit payments                                  | Monthly for life            | Monthly for life                      | Monthly for life         |
| Retirement age                                    | 50+                         | 50+                                   | 50 - 57                  |
| Monthly benefits, as a % of eligible compensation | 3.0%                        | 2.4% to 3.0%                          | 2.0% to 2.7%             |
| Required employee contribution rates              | 9.0%                        | 9.0%                                  | 13.0%                    |
| Required employer contribution rates              | 23.710%                     | 20.640%                               | 13.130%                  |

In addition to the contribution rates above, the District was also required to make payments of \$158,376 for the miscellaneous Tier 1 plan, \$3,559 for the Miscellaneous Tier 2 Plan and \$5,586 for the Miscellaneous PEPR Plan, \$35,738 for the Safety Tier 1 Plan, \$365 for the Safety Tier 2 Plan and \$1,578 for the Safety PEPR Plan toward its unfunded actuarial liability during the year end June 30, 2022.

The miscellaneous and the miscellaneous safety plans are closed to new members that are not already CalPERS eligible participants.

**Contribution Description** - Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial process. The Plans actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

The District reported the following net pension liability for its proportionate share of net pension liability of the risk pool at June 30, 2022:

|                         | <u>Proportionate<br/>Share of Net<br/>Pension Liability</u> |
|-------------------------|---|
| Miscellaneous Risk Pool | \$ 1,018,641  |
| Safety Risk Pool        | 171,266   |
|                         | <u>\$ 1,189,907</u>   |

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Note 6 - Defined Benefit Pension Plan: (Continued)**

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

The District's net pension liability for the risk pool is measured as the proportionate share of the risk pool's net pension liability. GASB 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer's proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer's proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer's rate plan liability and asset-related information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

The District's proportionate share of the net pension liability as of June 30, 2020, the valuation date, was calculated as follows:

- In determining an employer's proportionate share, the employer rate plans included in the Plan were assigned to the miscellaneous or safety risk pool. Estimates of the total pension liability and the fiduciary net position were first determined as of the valuation date, June 30, 2020.
- Each employer rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The District's proportionate share percentage at the valuation date was calculated by dividing the District's net pension liability for each of its employer rate plans by the net pension liability as of the valuation date.

The District's proportionate share of the net pension liability as of June 30, 2021, the measurement date, was calculated as follows:

- Each risk pool's total pension liability was computed at the measurement date, June 30, 2021, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2020, was computed by subtracting the respective risk pool's fiduciary net pension from its total pension liability.
- The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2021, was calculated by applying the District's proportionate share percentage as of the valuation date (described above) to the total pension liability and fiduciary net position as of June 30, 2020, to obtain the total pension liability and fiduciary net position as of June 30, 2021. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Note 6 - Defined Benefit Pension Plan: (Continued)**

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

The District's proportionate share percentage of the net pension liability as of June 30, 2020 and June 30, 2021, was as follows:

|                              | <u>Miscellaneous</u> | <u>Safety</u>      |
|------------------------------|----------------------|--------------------|
| Proportion - June 30, 2020   | 0.050737%            | 0.005571%          |
| Proportion - June 30, 2021   | 0.053647%            | 0.004880%          |
| Change - Increase (Decrease) | <u>0.002910%</u>     | <u>(0.000691)%</u> |

For the year ended June 30, 2022, the District recognized a pension expense of \$66,053. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30, 2022:

|  | <u>Miscellaneous Risk Pool</u>           |  |
|--|--|--|
|  | <u>Deferred Outflow<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
| Pension contributions subsequent to the measurement date                               | \$ 2,731,022                             | \$ -                                     |
| Differences between actual contributions made and proportionate share of contributions | -  | (139,700)                                |
| Changes in assumptions   | 16,246                                   | (16,246)                                 |
| Differences between expected and actual experience                                     | 114,230                                  | -  |
| Net difference between projected and actual earnings on pension plan investments       |  | (889,221)                                |
| Adjustment due to difference in proportions  | 121,144                                  | -  |
| Total  | <u>\$ 2,982,642</u>                      | <u>\$ (1,045,167)</u>                    |

|  | <u>Safety Risk Pool</u>                  |  |
|--|--|--|
|  | <u>Deferred Outflow<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
| Pension contributions subsequent to the measurement date                               | \$ 546,497                               | \$ -                                     |
| Differences between actual contributions made and proportionate share of contributions | -  | (1,136)                                  |
| Differences between expected and actual experience                                     | 29,261                                   | -  |
| Net difference between projected and actual earnings on pension plan investments       | -  | (101,936)                                |
| Adjustment due to difference in proportions  | 39,976                                   | -  |
| Total  | <u>\$ 615,734</u>                        | <u>\$ (103,072)</u>                      |



**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Note 6 - Defined Benefit Pension Plan: (Continued)**

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

The \$2,731,022 (Miscellaneous Risk Pool) and the \$546,497 (Safety Risk Pool) reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources in the previous chart will be recognized in future pension expense as follows:

| Measurement Period<br>Ended June 30 | Deferred Outflows/(Inflows)<br>of Resources |                    |
|-------------------------------------|---|--------------------|
|                                     | Miscellaneous                               | Safety             |
| 2023                                | \$ (173,249)                                | \$ 3,688           |
| 2024                                | (177,834)                                   | (73)               |
| 2025                                | (196,727)                                   | (9,397)            |
| 2026                                | (245,737)                                   | (28,053)           |
| Total                               | <u>\$ (793,547)</u>                         | <u>\$ (33,835)</u> |

**Actuarial Assumptions**

Total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

|                                  |   |
|----------------------------------|---|
| Valuation Date                   | June 30, 2020   |
| Measurement Date                 | June 30, 2021   |
| Actuarial Cost Method            | Entry Age Normal  |
| Actuarial Assumptions:           |   |
| Discount Rate                    | 7.15%   |
| Inflation                        | 2.75%   |
| Salary Increases                 | Varies by Entry Age and Service   |
| Mortality Rate Table             | Derived using 2010 CalPERS' experience study for the period 1997 - 2007   |
| Post Retirement Benefit Increase | Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter |

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the test revealed that none of the tested employer rate plans run out of assets. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The stress test results are presented in a detailed report "GASB Statements 67 and 68 Crossover Testing Report" for measurement date June 30, 2021 based on June 30, 2020 valuations that can be obtained from the CalPERS' website.

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Note 6 - Defined Benefit Pension Plan: (Continued)**

**Discount Rate (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns on all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. Those geometric rates of return are not of administrative expenses.

| <u>Asset Class</u> | <u>New Strategy<br/>Allocation</u> | <u>Real Return<br/>Years 1 - 10<sup>(a)</sup></u> | <u>Real Return<br/>Years 11 +<sup>(b)</sup></u> |
|--------------------|------------------------------------|---|---|
| Global Equity      | 50.0%                              | 4.80%   | 5.98%   |
| Fixed Income       | 28.0                               | 1.00  | 2.62  |
| Inflation Assets   | -                                  | 0.77  | 1.81  |
| Private Equity     | 8.0                                | 6.30  | 7.23  |
| Real Estate        | 13.0                               | 3.75  | 4.93  |
| Liquidity          | 1.0                                | -   | (0.92)  |
|                    | <u>100.0%</u>                      |   |   |

<sup>(a)</sup>An expected inflation of 2.0% used for this period

<sup>(b)</sup>An expected inflation of 2.92% used for this period

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Note 6 - Defined Benefit Pension Plan: (Continued)**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District’s proportionate share of the net pension liability of the risk pool as of the Measurement Date, calculated using the discount rate, as well as what the District’s proportionate share of net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

|                         | 1% Decrease<br>(6.15%) | Current Discount<br>Rate (7.15%) | 1% Increase<br>(8.15%) |
|-------------------------|------------------------|----------------------------------|------------------------|
| Miscellaneous Risk Pool | \$ 2,405,149           | \$ 1,018,641                     | \$ (127,562)           |
| Safety Risk Pool        | 416,472                | 171,266                          | (30,140)               |
|                         | \$ 2,821,621           | \$ 1,189,907                     | \$ (157,702)           |

**Note 7 - Other Postemployment Benefits:**

**General Information About the OPEB Plan**

**Plan Description** - The District’s defined benefit OPEB plan, Templeton Community Services District Other Postemployment Benefits Plan, (OPEB Plan) provides OPEB for all permanent full-time general and public safety employees of the District. The OPEB Plan is a single-employer defined benefit OPEB plan administered by the California Employers’ Retiree Benefit Trust (CERBT). The District’s Code grants the authority to establish and amend the benefit terms of the OPEB plan to the District’s Board of Directors. CERBT issues a publicly available financial report that can be obtained at the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

**Benefits Provided** - The OPEB plan provides retiree medical (including prescription drug benefits) coverage to eligible retirees and their eligible dependents through the CalPERS Health Program. The District provides a maximum monthly contribution based on the amount provided to active employees (currently targeted at the cost for family coverage in the PERS Platinum P.P.O. Plan). The District’s contribution will continue for the lifetime of the retiree and any surviving eligible spouse. Eligibility for retiree health benefits requires retirement from the District and commencement of pension benefits under PERS (typically on or after age 50 with at least 5 years of service).

**Employees Covered** - At June 30, 2022, the following employees were covered by the benefit terms:

|  |    |
|--|----|
| Inactive employees or beneficiaries currently receiving benefit payments | 10 |
| Inactive employees entitled to but not yet receiving benefit payments    | -  |
| Active employees electing coverage                                       | 19 |
| Active employees waiving coverage  | 13 |
| Total  | 42 |

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Note 7 - Other Postemployment Benefits: (Continued)**

**General Information About the OPEB Plan (Continued)**

**Contributions** - The contribution requirements of the District are established and may be amended annually by the Board of Directors. The District's Board of Directors had previously established a policy of funding the Annual Required Contribution (ARC) on a pay as you go basis, under which contributions to the plan are generally made at the same time and in the same amount as retiree benefits and expenses become due. However, the District has made discretionary contributions to CERBT in addition to continuing to fund benefit payments from the District's general assets. No discretionary contributions were made for the year ended June 30, 2022.

**Net OPEB Liability** - The District has elected to use the "Lookback" method where assets and liabilities are measured as of the prior fiscal year-end, but applied to the current fiscal year. The measurement date (when assets and liabilities are measured) is June 30, 2021.

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                                |  |
|--------------------------------|--|
| Discount Rate                  | 6.0 percent  |
| Expected Return on Plan Assets | 6.0 percent  |
| Inflation                      | 2.50 percent   |
| Payroll Growth Rate            | 2.75 percent   |
| Healthcare Cost Trend Rates    | 6.40 percent for fiscal year 2020, gradually decreasing over several decades to an ultimate rate of 4.00% in fiscal year 2076 and later years. |

Mortality rates were based on the assumptions for Public Agency Miscellaneous and Fire members published in December 2017 CalPERS experience study. These tables include 15 years of static mortality improvement using 90% of Scale MO-2016.

The assumptions used in this report are based on the Alternative Measure Method assumptions outlined in Paragraph 33 of GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

The assumed gross return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. The weighted asset class estimates are combined with the inflation and investment expense assumptions to produce the portfolio long-term expected rate of return. The assumed asset weighting is based on target allocations published by CERBT.

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Note 7 - Other Postemployment Benefits: (Continued)**

**Actuarial Assumptions (Continued)**

| Asset Class<br>(CERBT Strategy 2) | Target Allocation at<br>Measurement Date | Long-Term Expected<br>Real Rate of Return | Long-Term Expected<br>Nominal Rate of Return |
|-----------------------------------|--|---|--|
| Equity                            | 40%                                      | 4.80%                                     | 5.98%  |
| Fixed Income                      | 43%                                      | 1.10%                                     | 2.62%  |
| TIPS                              | 5%                                       | 0.25%                                     | 1.46%  |
| Commodities                       | 4%                                       | 1.50%                                     | 8.87%  |
| REITs                             | <u>8%</u>                                | 3.20%                                     | 5.00%  |
| Total                             | <u>100%</u>                              |   |  |

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.0%. The District has historically funded its retiree health insurance on the “pay as you go” method. Per the Templeton Community Services District strategic financial policies, 2016-17 the budget calls for the sewer and general funds to contribute 1% of its respective net OPEB liability to CERBT while continuing to fund current retiree benefits. The contribution rate will be increased 1% each year up to a maximum of 10% until such time as the net OPEB liability is 100% funded.

**Changes in the Net OPEB Liability**

The changes in the net OPEB liability for the OPEB plan are as follows:

|  | Increase (Decrease)            |                                      |                                    |
|--|--------------------------------|--------------------------------------|------------------------------------|
|  | Total OPEB<br>Liability<br>(a) | Plan Fiduciary<br>Net Pension<br>(b) | Net OPEB<br>Liability<br>(a) - (b) |
| Balance at June 30, 2021                       | \$ 3,068,941                   | \$ 1,942,918                         | \$ 1,126,023                       |
| Changes Recognized for the Measurement Period: |                                |                                      |                                    |
| Service cost                                   | 84,818                         | -                                    | 84,818                             |
| Interest                                       | 184,793                        | -                                    | 184,793                            |
| Differences between expected actual experience | 135,667                        | -                                    | 135,667                            |
| Changes of assumptions                         | 126,551                        | -                                    | 126,551                            |
| Employer contributions                         | -                              | 1,166,171                            | (1,166,171)                        |
| Net investment income                          | -                              | 401,772                              | (401,772)                          |
| Benefit payments                               | (147,755)                      | (147,755)                            | -                                  |
| Administrative expense                         | -                              | (749)                                | 749                                |
| Net Changes                                    | <u>384,074</u>                 | <u>1,419,439</u>                     | <u>(1,035,365)</u>                 |
| Balance at June 30, 2022                       | <u>\$ 3,453,015</u>            | <u>\$ 3,362,357</u>                  | <u>\$ 90,658</u>                   |

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Note 7 - Other Postemployment Benefits: (Continued)**

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate:

|                    | 1.0% Decrease<br>(5.0%) | Discount Rate<br>(6.0%) | 1.0% Increase<br>(7.0%) |
|--------------------|-------------------------|-------------------------|-------------------------|
| Net OPEB liability | \$ 558,054              | \$ 90,658               | \$ (291,378)            |

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (8.5 percent decreasing to 4.5 percent) or 1-percentage-point-high (10.5 percent decreasing to 6.5 percent) than the current healthcare cost trend rates:

|                    | 1.0% Decrease<br>(5.0% Decreasing<br>to 3.0%) | Healthcare Cost<br>Trend Rates (6.0%<br>Decreasing to 4.0%) | 1.0% Increase<br>(7.0% Decreasing<br>to 5.0%) |
|--------------------|---|---|---|
| Net OPEB liability | \$ (308,410)                                  | \$ 90,658   | \$ 578,002                                    |

**OPEB Plan Fiduciary Net Position**

The California Public Employees' Retirement System's California Retirement Benefit Trust (CERBT) issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained from the California Public Employees' Retirement System, CERBT, Post Office Box 942703, Sacramento, California 94429-2703.

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2022, the District recognized OPEB expense/(benefit) of \$359,761. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30, 2022:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| OPEB contributions subsequent to the measurement date                         | \$ 141,231                        | \$ -                             |
| Net difference between projected and actual earnings on OPEB plan investments | -                                 | (215,813)                        |
| Total   | \$ 141,231                        | \$ (215,813)                     |

**TEMPLETON COMMUNITY SERVICES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Note 7 - Other Postemployment Benefits: (Continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

The \$141,231 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 measurement date will be recognized as a reduction of the net OPEB liability during the year ended June 30, 2022. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Years Ended<br>June 30 |  |                     |
|------------------------|--|---------------------|
| 2023                   |  | \$ (48,628)         |
| 2024                   |  | (58,419)            |
| 2025                   |  | (53,249)            |
| 2026                   |  | (55,517)            |
| Total                  |  | <u>\$ (215,813)</u> |

**Note 8 - Commitments and Contingencies:**

**Contracts**

The District has entered into various contracts for the purchase of material and construction of water facilities. The amounts contracted are based on the contractors' estimated cost of construction. At June 30, 2022, the total unpaid amount on these contracts is approximately \$31,492.

**Litigation**

There are pending lawsuits in which the District is involved. The District's management and legal counsel estimate that the potential claims against the District, not covered by insurance, resulting from such litigation would not materially affect the operations or financial condition of the District.

**Grant Funding**

The District has received grant funding for various purposes that may be subjected to review and audit by the funding agencies. Such potential audits could result in a request for reimbursement for expense disallowed under the terms and conditions of the funding source. Management is of the opinion that no material liabilities will result from such potential audits.

**Cell Site Leases**

The District has entered into three cell site leases with lease terms ranging from 20 - 26 years. The lessees are required to make monthly fixed payments ranging from \$1,820 to \$5,464 with discount rates of 3%. The leases include multiple extensions in 5-year increments. At June 30, 2022; the lease receivable totaled \$2,025,232 and deferred inflows of resources totaled \$2,025,232. The District recognized \$19,807 in lease revenue during the year ended June 30, 2022.

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Note 8 - Commitments and Contingencies: (Continued)**

**Coronavirus Pandemic**

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The District is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the District's customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the District's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

**Note 9 - New Governmental Accounting Standards:**

**GASB No. 91**

In May 2019, the Governmental Accounting Standards Board issued Statement No. 91 "Conduit Debt Obligations". The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The effective date of this pronouncement has been postponed by 12 months by GASB Statement No. 95. The District has not determined the effects of this pronouncement on the financial statements of the District in the year of implementation.

**GASB No. 92**

In January 2020, the Governmental Accounting Standards Board issued Statement No. 92 "Omnibus 2020". The requirements of this statement are effective at various dates up to and including fiscal years and reporting periods beginning after June 15, 2021. The effective date of this pronouncement has been postponed by 12 months by GASB Statement 95. This pronouncement did not and is not expected to have a material effect on the financial statements of the District in the year of implementation.

**GASB No. 93**

In March 2020, the Governmental Accounting Standards Board issued Statement No. 93 "Replacement of Interbank Offered Rates". The requirements of this statement are effective at various dates up to and including reporting periods ending after December 31, 2021. The effective date of this pronouncement has been postponed by 12 months by GASB Statement 95. This pronouncement is not expected to have a material effect on the financial statements of the District in the year of implementation.



**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Note 9 - New Governmental Accounting Standards: (Continued)**

**GASB No. 94**

In March 2020, the Governmental Accounting Standards Board issued Statement No. 94 “Public - Private and Public - Public Partnerships and Availability Payment Arrangements”. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. The effective date of this pronouncement has been postponed by 12 months by GASB Statement 95. As used in this pronouncements these Partnerships are an arrangement in which the government (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset such as infrastructure or other capital assets for a period of time in an exchange or an exchange-like transaction. The statement also provides guidance on accounting and financial reporting for availability payment arrangements in which the government compensates the operator for services that may include the designing, constructing, financing, maintaining, or operating an underlying nonfinancial assets for a period of time in and exchange or exchange-like transaction. The District has not yet determined the effects of this pronouncement on the financial statements in the year of implementation.

**GASB No. 95**

In May 2020, the Governmental Accounting Standards Board issued Statement No. 95 “Postponement of the Effective Dates of Certain Authoritative Guidance”. The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing for one year the effective dates of GASB Statements 83, 84, 88 – 93 as well as implementation guides 2018-1, 2019-1 and 2019-2. In addition, the effective dates of GASB Statement 87 and Implementation Guide 2019-3 have been postponed by 18 months.

**GASB No. 96**

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96 “Subscription-Based Information Technology Arrangements (SBITA’s)”. This Statement (1) defines SBITA’s (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including the implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for fiscal years beginning after June 15, 2022 and all reporting periods thereafter. Earlier application is encouraged. The District has not determined the effects of this pronouncement on the financial statements of the District in the year of implementation.

**GASB No. 97**

In June 2020, the Governmental Accounting Standards issued Statement No. 97 “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - An Amendment of GASB Statements No.14 and No. 84 and Supersession of GASB Statement No. 32”. This statement requires that for purposes of determining whether a primary government is financial accountable for a potential component unit, the absence of a governing board should be treated the same as the appointment of a voting majority. The statement requires that a Section 457 plan be classified as either pension or other employee benefit plan depending on whether the plan meets the definition of a pension plan. This statement supersedes the remaining provisions of GASB Statement No. 32.

**TEMPLETON COMMUNITY SERVICES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Note 9 - New Governmental Accounting Standards: (Continued)**

**GASB No. 98**

In October 2021, the Governmental Accounting Standards Board issued Statement No. 98 “The Annual Comprehensive Financial Report”. This statement establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replaces instances of Comprehensive Annual Financial Report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this statement effective for fiscal years ending after December 15, 2021. This pronouncement did not have a material effect on the financial statements of the District in the year of implementation.

**GASB No. 99**

In April 2022, the Governmental Accounting Standards Board issued Statement No. 99 “Omnibus 2022”. This statement enhances the comparability in accounting and financial reporting and improves consistency in authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GAB Statements and (2) accounting and financial reporting for financial guarantees. The requirement of this pronouncement are effective on various dates ranging from upon issuance through fiscal years beginning through fiscal years beginning after June 2023. This pronouncement did not and is not expected to have a material effect on the financial statements of the District in the year of implementation.

**GASB No. 100**

In June 2022, the Governmental Accounting Standards Board issued Statement No. 100 “Accounting Changes and Error Corrections an amendment of GASB Statement No. 62”. This statement defined accounting changes. This statement also addresses corrections of errors in previously issued financial statements. The requirements of this statement effective for fiscal years ending after June 15, 2023. This pronouncement is not anticipated to have a material effect on the financial statements of the District in the year of implementation.

**GASB No. 101**

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101 “Compensated Absences”. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences. In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this statement effective for fiscal years ending after December 15, 2023. This pronouncement is not anticipated to have a material effect on the financial statements of the District in the year of implementation.

**TEMPLETON COMMUNITY SERVICES DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>      | Variance With<br>Final Budget<br>Positive<br>(Negative) |
|--|----------------------------|-------------------------|--------------------|---|
| <b><u>Revenues:</u></b>                |                            |                         |                    |   |
| Income                                 | \$ 10,500                  | \$ 10,500               | \$ 7,669           | \$ (2,831)  |
| Total Revenues                         | <u>10,500</u>              | <u>10,500</u>           | <u>7,669</u>       | <u>(2,831)</u>  |
| <b><u>Expenditures:</u></b>            |                            |                         |                    |   |
| Current:                               |                            |                         |                    |   |
| Salaries and wages                     | 492,637                    | 492,637                 | 488,751            | 3,886   |
| Employee benefits                      | 269,558                    | 269,558                 | 1,239,935          | (970,377)   |
| Insurance                              | 95,318                     | 95,318                  | 95,304             | 14  |
| Payroll taxes                          | 37,309                     | 37,309                  | 40,752             | (3,443)   |
| Worker's compensation                  | 1,800                      | 1,800                   | 1,721              | 79  |
| Supplies                               | 10,000                     | 10,000                  | 16,254             | (6,254)   |
| Purchased services                     | 13,475                     | 13,475                  | 19,262             | (5,787)   |
| Professional fees                      | 132,220                    | 132,220                 | 127,064            | 5,156   |
| Utilities                              | 12,895                     | 12,895                  | 13,483             | (588)   |
| Directors                              | 25,000                     | 25,000                  | 23,550             | 1,450   |
| Dues and fees                          | 45,435                     | 45,435                  | 40,487             | 4,948   |
| Postage                                | 1,250                      | 1,250                   | 1,492              | (242)   |
| Legal fees                             | 14,000                     | 14,000                  | 8,835              | 5,165   |
| Other                                  | 6,755                      | 6,755                   | 9,478              | (2,723)   |
| Travel                                 | 1,780                      | 1,780                   | 748                | 1,032   |
| Repairs and maintenance                | 1,500                      | 1,500                   | 3,321              | (1,821)   |
| Education                              | 3,725                      | 3,725                   | 1,679              | 2,046   |
| Capital outlay                         | 59,910                     | 59,910                  | 37,577             | 22,333  |
| Total Expenditures                     | <u>1,224,567</u>           | <u>1,224,567</u>        | <u>2,169,693</u>   | <u>(945,126)</u>  |
| Excess (Deficiency) of Revenues        |                            |                         |                    |   |
| Over Expenditures                      | <u>(1,214,067)</u>         | <u>(1,214,067)</u>      | <u>(2,162,024)</u> | <u>(947,957)</u>  |
| <b><u>Other Financing Sources:</u></b> |                            |                         |                    |   |
| Transfers in                           | <u>1,210,783</u>           | <u>1,209,502</u>        | <u>2,182,052</u>   | <u>972,550</u>  |
| Total Other Financing Sources          | <u>1,210,783</u>           | <u>1,209,502</u>        | <u>2,182,052</u>   | <u>972,550</u>  |
| Net Change in Fund Balance             | \$ <u>(3,284)</u>          | \$ <u>(4,565)</u>       | 20,028             | \$ <u>24,593</u>  |
| Fund Balance at Beginning of Year      |                            |                         | <u>452,438</u>     |   |
| <b>FUND BALANCE AT END OF YEAR</b>     |                            |                         | <u>\$ 472,466</u>  |   |

**TEMPLETON COMMUNITY SERVICES DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022**

**SCHEDULES OF PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
MISCELLANEOUS RISK POOL  
LAST TEN FISCAL YEARS**

|   | Measurement<br>Date<br><u>June 30, 2021</u> | Measurement<br>Date<br><u>June 30, 2020</u> | Measurement<br>Date<br><u>June 30, 2019</u> | Measurement<br>Date<br><u>June 30, 2018</u> | Measurement<br>Date<br><u>June 30, 2017</u> |
|---|---|---|---|---|---|
| Proportion of the Collective Net Pension Liability  | 0.053647%                                   | 0.050737%                                   | 0.048287%                                   | 0.046041%                                   | 0.045310%                                   |
| Proportionate Share of the Collective Net Pension Liability   | 1,018,642                                   | 2,140,125                                   | 1,933,660                                   | 1,735,155                                   | 1,786,151                                   |
| Covered-Employee Payroll  | 1,183,843                                   | 1,188,815                                   | 1,081,735                                   | 1,036,636                                   | 987,238                                     |
| Proportionate Share of the Collective Net Pension Liability as Percentage of Covered-Employee Payroll | 86.05%                                      | 180.02%                                     | 178.76%                                     | 167.38%                                     | 180.92%                                     |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                            | 90.30%                                      | 78.91%                                      | 79.71%                                      | 80.26%                                      | 78.40%                                      |
|   | Measurement<br>Date<br><u>June 30, 2016</u> | Measurement<br>Date<br><u>June 30, 2015</u> | Measurement<br>Date<br><u>June 30, 2014</u> | Measurement<br>Date<br><u>June 30, 2013</u> | Measurement<br>Date<br><u>June 30, 2012</u> |
| Proportion of the Collective Net Pension Liability  | 0.043534%                                   | 0.039221%                                   | 0.043518%                                   | N/A   | N/A   |
| Proportionate Share of the Collective Net Pension Liability   | 1,512,312                                   | 1,076,027                                   | 1,075,549                                   | N/A   | N/A   |
| Covered-Employee Payroll  | 1,019,823                                   | 1,039,124                                   | 1,032,147                                   | N/A   | N/A   |
| Proportionate Share of the Collective Net Pension Liability as Percentage of Covered-Employee Payroll | 148.29%                                     | 103.55%                                     | 104.21%                                     | N/A   | N/A   |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                            | 80.11%                                      | 84.63%                                      | 82.9%                                       | N/A   | N/A   |

**Notes to Schedules:**

**Changes in Benefit Terms** - The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date.

**Changes in Assumptions** - The discount rate was changed from 7.65 percent as of the June 30, 2016 measurement date to 7.15 percent as of the June 30, 2017 measurement date.

**Omitted Years** - GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

**TEMPLETON COMMUNITY SERVICES DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022**

**SCHEDULES OF PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
SAFETY RISK POOL  
LAST TEN FISCAL YEARS**

|   | Measurement<br>Date<br><u>June 30, 2021</u> | Measurement<br>Date<br><u>June 30, 2020</u> | Measurement<br>Date<br><u>June 30, 2019</u> | Measurement<br>Date<br><u>June 30, 2018</u> | Measurement<br>Date<br><u>June 30, 2017</u> |
|---|---|---|---|---|---|
| Proportion of the Collective Net Pension Liability  | 0.004880%                                   | 0.005571%                                   | 0.005207%                                   | 0.004955%                                   | 0.004775%                                   |
| Proportionate Share of the Collective Net Pension Liability   | 171,266                                     | 371,181                                     | 325,053                                     | 290,708                                     | 285,325                                     |
| Covered-Employee Payroll  | 445,925                                     | 130,207                                     | 160,142                                     | 206,410                                     | 166,898                                     |
| Proportionate Share of the Collective Net Pension Liability as Percentage of Covered-Employee Payroll | 38.41%                                      | 285.07%                                     | 202.98%                                     | 140.84%                                     | 170.96%                                     |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                            | 90.60%                                      | 78.75%                                      | 79.46%                                      | 80.38%                                      | 79.95%                                      |
|   | Measurement<br>Date<br><u>June 30, 2016</u> | Measurement<br>Date<br><u>June 30, 2015</u> | Measurement<br>Date<br><u>June 30, 2014</u> | Measurement<br>Date<br><u>June 30, 2013</u> | Measurement<br>Date<br><u>June 30, 2012</u> |
| Proportion of the Collective Net Pension Liability  | 0.004632%                                   | 0.003984%                                   | 0.005834%                                   | N/A   | N/A   |
| Proportionate Share of the Collective Net Pension Liability   | 239,876                                     | 164,151                                     | 218,847                                     | N/A   | N/A   |
| Covered-Employee Payroll  | 158,932                                     | 159,479                                     | 162,431                                     | N/A   | N/A   |
| Proportionate Share of the Collective Net Pension Liability as Percentage of Covered-Employee Payroll | 150.93%                                     | 102.93%                                     | 134.73%                                     | N/A   | N/A   |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                            | 81.72%                                      | 86.94%                                      | 81.79%                                      | N/A   | N/A   |

**Notes to Schedules:**

**Changes in Benefit Terms** - The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date.

**Changes in Assumptions** - The discount rate was changed from 7.65 percent as of the June 30, 2016 measurement date to 7.15 percent as of the June 30, 2017 measurement date.

**Omitted Years** - GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

**TEMPLETON COMMUNITY SERVICES DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022**

**SCHEDULES OF CONTRIBUTIONS TO THE PENSION PLAN  
MISCELLANEOUS RISK POOL  
LAST TEN FISCAL YEARS**

|  | <u>June 30, 2022</u>    | <u>June 30, 2021</u>    | <u>June 30, 2020</u>    | <u>June 30, 2019</u>    | <u>June 30, 2018</u>    |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Actuarial Determined Contribution                                    | \$ 303,816              | \$ 285,651              | \$ 245,737              | \$ 208,019              | \$ 179,408              |
| Contributions in Relation to the Actuarially Determined Contribution | <u>303,895</u>          | <u>285,246</u>          | <u>245,438</u>          | <u>208,019</u>          | <u>179,408</u>          |
| Contribution Deficiency (Excess)                                     | <u>\$ (79)</u>          | <u>\$ 405</u>           | <u>\$ 299</u>           | <u>\$ -</u>             | <u>\$ -</u>             |
| <br>Covered Payroll  | <br><u>\$ 1,212,018</u> | <br><u>\$ 1,183,843</u> | <br><u>\$ 1,188,815</u> | <br><u>\$ 1,081,735</u> | <br><u>\$ 1,036,636</u> |
| <br>Contributions as a Percentage of Covered-Employee Payroll        | <br>25.07%              | <br>24.09%              | <br>20.65%              | <br>19.23%              | <br>17.31%              |
|  | <u>June 30, 2017</u>    | <u>June 30, 2016</u>    | <u>June 30, 2015</u>    | <u>June 30, 2014</u>    | <u>June 30, 2013</u>    |
| Actuarial Determined Contribution                                    | \$ 169,404              | \$ 160,545              | \$ 160,666              | \$ N/A                  | \$ N/A                  |
| Contributions in Relation to the Actuarially Determined Contribution | <u>169,404</u>          | <u>160,545</u>          | <u>160,666</u>          | <u>N/A</u>              | <u>N/A</u>              |
| Contribution Deficiency (Excess)                                     | <u>\$ -</u>             | <u>\$ -</u>             | <u>\$ -</u>             | <u>\$ N/A</u>           | <u>\$ N/A</u>           |
| <br>Covered Payroll  | <br><u>\$ 987,238</u>   | <br><u>\$ 1,019,823</u> | <br><u>\$ 1,039,124</u> | <br><u>\$ N/A</u>       | <br><u>\$ N/A</u>       |
| <br>Contributions as a Percentage of Covered-Employee Payroll        | <br>17.16%              | <br>15.74%              | <br>15.46%              | <br>N/A                 | <br>N/A                 |

**Notes to Schedules:**

Methods and assumptions used to determine contribution rates:

|                           |   |
|---------------------------|---|
| Actuarial Cost Method     | Entry Age   |
| Amortization Method       | Level Percent of Payroll  |
| Asset Valuation Method    | Market Value  |
| Discount Rate             | 7.50%   |
| Projected Salary Increase | 3.30% to 14.20% depending on Age, Service, and type of employment   |
| Inflation                 | 2.75%   |
| Payroll Growth            | 3.00%   |
| Individual Salary Growth  | A merit scale varying by duration of employment coupled with an assumed annual production inflation growth of 0.25% |

**Omitted Years** - GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

**TEMPLETON COMMUNITY SERVICES DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022**

**SCHEDULES OF CONTRIBUTIONS TO THE PENSION PLAN  
SAFETY RISK POOL  
LAST TEN FISCAL YEARS**

|   | <u>June 30, 2022</u>  | <u>June 30, 2021</u>  | <u>June 30, 2020</u>  | <u>June 30, 2019</u>  | <u>June 30, 2018</u>  |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Actuarial Determined Contribution                                       | \$ 128,019            | \$ 108,035            | \$ 42,802             | \$ 44,862             | \$ 47,569             |
| Contributions in Relation to the Actuarially<br>Determined Contribution | <u>128,011</u>        | <u>107,977</u>        | <u>42,756</u>         | <u>44,862</u>         | <u>47,569</u>         |
| Contribution Deficiency (Excess)  | <u>\$ 8</u>           | <u>\$ 58</u>          | <u>\$ 46</u>          | <u>\$ -</u>           | <u>\$ -</u>           |
| <br>Covered Payroll   | <br><u>\$ 530,776</u> | <br><u>\$ 445,925</u> | <br><u>\$ 130,207</u> | <br><u>\$ 160,142</u> | <br><u>\$ 206,410</u> |
| <br>Contributions as a Percentage of Covered-<br>Employee Payroll       | <br>14.12%            | <br>24.21%            | <br>32.84%            | <br>28.01%            | <br>23.05%            |
|   | <u>June 30, 2017</u>  | <u>June 30, 2016</u>  | <u>June 30, 2015</u>  | <u>June 30, 2014</u>  | <u>June 30, 2013</u>  |
| Actuarial Determined Contribution                                       | \$ 39,936             | \$ 36,027             | \$ 47,969             | \$ N/A                | \$ N/A                |
| Contributions in Relation to the Actuarially<br>Determined Contribution | <u>39,936</u>         | <u>36,027</u>         | <u>47,969</u>         | <u>N/A</u>            | <u>N/A</u>            |
| Contribution Deficiency (Excess)  | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ N/A</u>         | <u>\$ N/A</u>         |
| <br>Covered Payroll   | <br><u>\$ 166,898</u> | <br><u>\$ 158,932</u> | <br><u>\$ 159,479</u> | <br><u>\$ N/A</u>     | <br><u>\$ N/A</u>     |
| <br>Contributions as a Percentage of Covered-<br>Employee Payroll       | <br>23.93%            | <br>22.67%            | <br>30.08%            | <br>N/A               | <br>N/A               |

**Notes to Schedules:**

Methods and assumptions used to determine contribution rates:

|                           |   |
|---------------------------|---|
| Actuarial Cost Method     | Entry Age   |
| Amortization Method       | Level Percent of Payroll  |
| Asset Valuation Method    | Market Value  |
| Discount Rate             | 7.50%   |
| Projected Salary Increase | 3.30% to 14.20% depending on Age, Service, and type of employment   |
| Inflation                 | 2.75%   |
| Payroll Growth            | 3.00%   |
| Individual Salary Growth  | A merit scale varying by duration of employment coupled with an assumed annual production inflation growth of 0.25% |

**Omitted Years** - GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

**TEMPLETON COMMUNITY SERVICES DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022**

**SCHEDULES OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS**

|  | <u>2022</u>         | <u>2021</u>         | <u>2020</u>         | <u>2019</u>         | <u>2018</u>         | <u>2017</u>   | <u>2016</u>   | <u>2015</u>   | <u>2014</u>   | <u>2013</u>   |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Total OPEB Liability</b>  |                     |                     |                     |                     |                     |               |               |               |               |               |
| Service cost   | \$ 84,818           | \$ 80,108           | \$ 106,907          | \$ 185,063          | \$ 202,325          | \$ N/A        | \$ N/A        | \$ N/A        | \$ N/A        | \$ N/A        |
| Interest   | 184,793             | 177,731             | 226,827             | 179,118             | 157,200             | N/A           | N/A           | N/A           | N/A           | N/A           |
| Change of benefit terms  | -                   | -                   | -                   | -                   | -                   | N/A           | N/A           | N/A           | N/A           | N/A           |
| Differences between expected and actual experience                             | 135,667             | 11,656              | (712,253)           | -                   | -                   | N/A           | N/A           | N/A           | N/A           | N/A           |
| Changes of assumptions   | 126,551             | -                   | 34,702              | (1,680,933)         | (532,326)           | N/A           | N/A           | N/A           | N/A           | N/A           |
| Benefit payments   | (147,755)           | (165,263)           | (148,438)           | (145,250)           | (178,943)           | N/A           | N/A           | N/A           | N/A           | N/A           |
| <b>Net Change in Total OPEB Liability</b>                                      | <u>384,074</u>      | <u>104,232</u>      | <u>(492,255)</u>    | <u>(1,462,002)</u>  | <u>(351,744)</u>    | <u>N/A</u>    | <u>N/A</u>    | <u>N/A</u>    | <u>N/A</u>    | <u>N/A</u>    |
| <b>Total OPEB Liability - Beginning</b>  | <u>3,068,941</u>    | <u>2,964,709</u>    | <u>3,456,964</u>    | <u>4,918,966</u>    | <u>5,270,710</u>    | <u>N/A</u>    | <u>N/A</u>    | <u>N/A</u>    | <u>N/A</u>    | <u>N/A</u>    |
| <b>Total OPEB Liability - Ending (a)</b>                                       | <u>\$ 3,453,015</u> | <u>\$ 3,068,941</u> | <u>\$ 2,964,709</u> | <u>\$ 3,456,964</u> | <u>\$ 4,918,966</u> | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> |
| <b>Plan Fiduciary Net Position</b>   |                     |                     |                     |                     |                     |               |               |               |               |               |
| Contributions - Employer   | \$ 1,166,171        | \$ 385,380          | \$ 341,077          | \$ 1,467,547        | \$ 178,943          | \$ N/A        | \$ N/A        | \$ N/A        | \$ N/A        | \$ N/A        |
| Net investment income  | 401,772             | 87,077              | 118,587             | 9,665               | -                   | N/A           | N/A           | N/A           | N/A           | N/A           |
| Benefit payments   | (147,755)           | (165,263)           | (148,438)           | (151,251)           | (178,943)           | N/A           | N/A           | N/A           | N/A           | N/A           |
| Administrative expense   | (749)               | (809)               | (273)               | (381)               | -                   | N/A           | N/A           | N/A           | N/A           | N/A           |
| <b>Net Change in Plan Fiduciary Net Position</b>                               | <u>1,419,439</u>    | <u>306,385</u>      | <u>310,953</u>      | <u>1,325,580</u>    | <u>-</u>            | <u>N/A</u>    | <u>N/A</u>    | <u>N/A</u>    | <u>N/A</u>    | <u>N/A</u>    |
| <b>Plan Fiduciary Net Position - Beginning</b>                                 | <u>1,942,918</u>    | <u>1,636,533</u>    | <u>1,325,580</u>    | <u>-</u>            | <u>-</u>            | <u>N/A</u>    | <u>N/A</u>    | <u>N/A</u>    | <u>N/A</u>    | <u>N/A</u>    |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                                | <u>\$ 3,362,357</u> | <u>\$ 1,942,918</u> | <u>\$ 1,636,533</u> | <u>\$ 1,325,580</u> | <u>\$ -</u>         | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> |
| District's Net OPEB Liability - Ending (a) - (b)                               | <u>\$ 90,658</u>    | <u>\$ 1,126,023</u> | <u>\$ 1,328,176</u> | <u>\$ 2,131,384</u> | <u>\$ 4,918,966</u> | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> |
| <b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b> | 97.4%               | 63.3%               | 55.2%               | 38.35%              | 0.0%                | N/A           | N/A           | N/A           | N/A           | N/A           |
| Covered-Employee Payroll   | \$ 1,581,938        | \$ 1,275,494        | \$ 1,195,308        | \$ 1,277,171        | \$ 1,233,245        | \$ N/A        | \$ N/A        | \$ N/A        | \$ N/A        | \$ N/A        |
| District's Net OPEB Liability as a Percentage of Covered-Employee Payroll      | 5.7%                | 88.3%               | 111.1%              | 166.88%             | 398.9%              | N/A           | N/A           | N/A           | N/A           | N/A           |

(Continued)



**TEMPLETON COMMUNITY SERVICES DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022**

**SCHEDULES OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS**

**Notes to Schedules:**

In place of an actuarial valuation the total OPEB liability has been measured using the Alternative Measurement Method as described in GASB Statement 75 for plans with fewer than 100 employees (active and inactive) being provided benefits through the OPEB plan as of the beginning of the measurement period.

The District has elected to use the GASB 75 "Lookback" method where assets and liabilities are measured as of the prior fiscal year end, but applied to the current fiscal year.

Although the OPEB Plan is administered through a trust, the fiscal year 2019 OPEB payments were paid from the District's general assets rather than from the trust assets.

The GASB 75 Alternative Measurement Method rules require that net OPEB liability changes resulting from demographic experience and assumption changes be recognized immediately in OPEB expense.

Fiscal year 2018 was the first year of implementation. The District must eventually disclose a 10-year history of the schedule of changes in net OPEB liability and related ratios.

**TEMPLETON COMMUNITY SERVICES DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022**

**SCHEDULES OF OPEB CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

|   | <u>2022</u>   | <u>2021</u>   | <u>2020</u>   | <u>2019</u>   | <u>2018</u>   |
|---|---------------|---------------|---------------|---------------|---------------|
| Actuarial Determined Contribution                                       | \$ N/A        | \$ N/A        | \$ N/A        | \$ N/A        | \$ N/A        |
| Contributions in Relation to the Actuarially<br>Determined Contribution | N/A           | N/A           | N/A           | N/A           | N/A           |
| Contribution Deficiency (Excess)  | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> |
| Covered-Employee Payroll  | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> |
| Contributions as a Percentage of Covered-<br>Employee Payroll           |               | N/A           | N/A           | N/A           | N/A           |
|   | <u>2017</u>   | <u>2016</u>   | <u>2015</u>   | <u>2014</u>   | <u>2013</u>   |
| Actuarial Determined Contribution                                       | \$ N/A        | \$ N/A        | \$ N/A        | \$ N/A        | \$ N/A        |
| Contributions in Relation to the Actuarially<br>Determined Contribution | N/A           | N/A           | N/A           | N/A           | N/A           |
| Contribution Deficiency (Excess)  | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> |
| Covered-Employee Payroll  | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> |
| Contributions as a Percentage of Covered-<br>Employee Payroll           | N/A           | N/A           | N/A           | N/A           | N/A           |

**Notes to Schedules:**

The District does not have a formal funding policy and does not calculate an actuarial determined contribution.

Methods and assumptions used to determine contribution rates:

|                             |   |
|-----------------------------|---|
| Actuarial Cost Method       | Entry age   |
| Amortization Method         | Level percentage of payroll, closed                               |
| Amortization Period         | N/A   |
| Asset Valuation Method      | N/A   |
| Inflation                   | 2.75 percent  |
| Healthcare Cost Trend Rates | 6.80 percent initial, decreasing an ultimate rate of 4.40 percent |
| Salary Increases            | N/A   |

**TEMPLETON COMMUNITY SERVICES DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022**

**SCHEDULES OF OPEB CONTRIBUTIONS (CONTINUED)  
LAST TEN FISCAL YEARS**

**Notes to Schedules: (Continued)**

|                           |  |
|---------------------------|--|
| Investment Rate of Return | The District does not have a formal funding policy and does not calculate an actuarial determined contribution. The District uses the pay-as-you-go method under which contributions to the Plan are generally made at the same time and in the same amount as retiree benefits and expenses become due. |
| Retirement Age            | Age 50 with 5 years of service for miscellaneous members entering before January 1, 2013 and all safety members. Age 52 with five years of service for miscellaneous members entering on or after January 1, 2013.   |
| Mortality                 | The base RP-2014 headcount - weighted white collar table adjusted to 2006 for healthy mortality and the base RP-2014 headcount-weighted disabled mortality table adjusted to 2006 for disabled mortality. Generational projection using scale MP-2017 was applied to these base rates after 2006.        |

\* Fiscal year 2018 was the first year of implementation. The District must eventually disclose a 10-year history of the contributing investment return, and payroll schedules.